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Congressional Record

SEVENTY-FOURTH CONGRESS, FIRST SESSION

SENATE

FRIDAY, JUNE 14, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Pope
Ashurst	Costigan	La Follette	Radcliffe
Austin	Couzens	Lewis	Reynolds
Bachman	Davis	Lonergan	Russell
Bailey	Dickinson	Long	Schall
Bankhead	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McCarran	Sheppard
Black	Fletcher	McGill	Shipstead
Bone	Frazier	McKellar	Smith
Borah	George	McNary	Steiwer
Brown	Gerry	Maloney	Thomas, Okla.
Bulkley	Gibson	Minton	Townsend
Bulow	Glass	Moore	Trammell
Burke	Gore	Murphy	Vandenberg
Byrd	Guffey	Murray	Van Nuys
Byrnes	Hale	Neely	Wagner
Capper	Harrison	Norbeck	Walsh
Caraway	Hastings	Norris	Wheeler
Chavez	Hatch	Nye	White
Clark	Hayden	O'Mahoney	
Connally	Johnson	Overton	
Coolidge	Keyes	Pittman	

Mr. LEWIS. I announce that the Senator from Mississippi [Mr. BILBO], my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Kentucky [Mr. LOGAN], the Senator from Arkansas [Mr. ROBINSON], and the Senator from Missouri [Mr. TRUMAN] are unavoidably detained from the Senate, that the Senator from Maryland [Mr. TYDINGS] is detained on account of illness in his family, and that the Senator from Utah [Mr. THOMAS] is absent on account of important public business. I will ask that this announcement stand for the day.

Mr. AUSTIN. I wish to announce that the Senator from Rhode Island [Mr. METCALF], the Senator from New Jersey [Mr. BARBOUR], and the Senator from Wyoming [Mr. CAREY] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

MONUMENT IN MEMORY OF JEAN JULES JUSSERAND

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting copy of a note from the French Ambassador, expressing appreciation on behalf of the French Government and people for the vote of the Congress authorizing the erection at Washington of a monument in memory of Mr. Jusserand, former Ambassador of France, which, with the accompanying paper, was referred to the Committee on the Library.

JOHN L. SUMMERS AND OTHERS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation for the relief of John L. Summers, former disbursing clerk, Treasury Department, and various former Treasurers of the United States, which, with the accompanying paper, was referred to the Committee on Claims.

EDGAR M. BARBER AND LEO MARTINUZZI

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation for the relief of Edgar M. Barber, special disbursing agent, Paris, France, and Leo Martinuzzi, former customs clerk, which, with the accompanying paper, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a petition of sundry citizens, being postal employees of St. Paul, Minn., praying for the prompt enactment of the bill (H. R. 6990) to fix the hours of duty of postal employees, and for other purposes, and the bill (H. R. 7688) to provide for the appointment and promotion of substitute postal employees, and for other purposes, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate petitions of sundry citizens of the United States, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a resolution adopted by a mass meeting of railroad employees, in station, tower, and telegraph service, held at Chicago, Ill., favoring the prompt enactment of legislation extending the Emergency Railroad Transportation Act to June 16, 1936, which was ordered to lie on the table.

He also laid before the Senate telegrams in the nature of memorials from several citizens of Wichita, Kans., remonstrating against the enactment of the so-called "Wheeler-Rayburn public-utilities bill", which were ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by the Medical Society of the State of New York, opposing the enactment of title 2 of the so-called "Banking Act of 1935", which were referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Committee Pro-Puerto Rican Economical and Political Legislation, New York City, N. Y., endorsing a legislative plan looking to the economic recovery of Puerto Rico, which was referred to the Committee on Territories and Insular Affairs.

Mr. WALSH presented resolutions adopted by the Independent Milk Dealers' Association, Boston, Mass., opposing proposed amendments to the Agricultural Adjustment Act pertaining to the dairy industry, which were referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by Old Colony Lodge No. 1533, Loyal Order of Moose, of Plymouth, Mass., favoring the taking of necessary action for the relief of the cotton textile industry, which was referred to the Committee on Agriculture and Forestry.

He also presented a letter in the nature of a memorial from A. H. Ferguson, manager transportation bureau of the New Bedford (Mass.) Board of Commerce, remonstrating against the enactment of legislation transferring the duties and functions of the Board of Army Engineers of the War Department to a new administrative division of the Government, which was referred to the Committee on Expenditures in the Executive Departments.

He also presented letters in the nature of petitions from H. W. Bascom, general secretary of the Newton (Mass.) Young Men's Christian Association, and F. W. Lacey, general

secretary of the Melrose (Mass.) Young Men's Christian Association, praying for the enactment of the so-called "Kerr bill", being House bill 8163, pertaining to the deportation of aliens, which were referred to the Committee on Immigration.

He also presented a letter in the nature of a petition from Daniel M. Long, chairman substitute committee, National Association of Letter Carriers, Branch No. 34, Boston, Mass., in behalf of 350 regular substitute letter carriers of the Boston postal district, praying for the enactment of House bill 7688, known as the "Mead substitute letter carriers bill", which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition, numerously signed, of sundry citizens of Worcester, Mass., praying for the enactment of pending legislation extending the effective period of the Emergency Railroad Transportation Act for 1 year, which was ordered to lie on the table.

He also presented the petition of the Women's Auxiliary of the Massachusetts Civil Service Reform Association, with offices at Boston, Mass., praying for the enactment of the bill (S. 476) relating to promotions of civil-service employees, and the bill (S. 1952) extending the classified executive civil service of the United States, which was ordered to lie on the table.

PROPOSED BANKING ACT OF 1935

Mr. WALSH presented a letter from the executive secretary of the Massachusetts Bankers Association with an accompanying copy of a resolution adopted at the annual convention of that association, which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

MASSACHUSETTS BANKERS ASSOCIATION,
Boston, Mass., June 10, 1935.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Enclosed is a resolution adopted at the annual convention of the Massachusetts Bankers Association, which was held at Swampscott, Mass., on June 7, 1935. This resolution pertains to the proposed banking act of 1935.

It might interest you to know that the membership of this association at the present time is 118 national banks and 73 trust companies out of a total of 203 commercial banks, together with 98 savings banks and 54 cooperative banks. The nonmember commercial banks are the smaller type of bank, and their resources, as compared to the total resources, are negligible.

This data is set forth to inform you that the membership of this association embraces practically 100 percent of the total resources of the commercial banks of Massachusetts.

We earnestly urge you to give this resolution your consideration.

Very truly yours,

JOHN S. GWINN,
Executive Secretary.

Copy of a resolution adopted at the annual convention of the Massachusetts Bankers Association June 7, 1935

This association welcomes the enactment of laws tending to increase the safety of the funds of bank depositors, the more orderly functioning of commercial credit, and the strictest supervision of banks in accordance with established laws.

UNDER TITLE I

We believe that the basis for admission of banks applying for membership in the F. D. I. C. should be not only satisfactory proof of solvency and adequate capital but should take into consideration the general character and ability of its banking management; that the fixed rate to be charged by the F. D. I. C. should not exceed one-twelfth of 1 percent per annum.

UNDER TITLE II

We believe that title II of the Banking Act of 1935 changes so many of the fundamentals of the Federal Reserve System, and fails to cover so many possible important features of a thoroughgoing revision of our banking system, that the enactment of this section of the banking bill would be very disturbing. We would recommend that Congress set this section aside for further study and consideration.

If title II of the proposed act is to have further consideration—

We believe that the governors of the various Federal Reserve banks should be elected each year by their directors and that the approval by the Federal Reserve Board should only be required once in 3- to 5-year periods, always with the understanding that they may be removed for cause.

We believe that the Federal Reserve Board should consist of five members. The part of the bill with reference to the open-market purchases, rediscount rates and reserve requirements should be handled by a committee consisting of the Federal Reserve Board and four Federal Reserve bank governors, elected annually by the Federal Reserve bank governors, this committee of nine to have equal voting power.

We believe that the power to change the reserve requirements should have a maximum and a minimum requirement, should be of an emergency nature, and the present law we feel is sufficient to care for this emergency.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2223) to amend section 1 of the act of July 8, 1932, reported it without amendment and submitted a report (No. 873) thereon.

Mr. AUSTIN (for Mr. CAREY), from the Committee on Military Affairs, to which was referred the bill (S. 2799) to provide for licensing the taking of water from the Government-owned main at Cascade Locks, Oreg., reported it without amendment and submitted a report (No. 874) thereon.

Mr. FLETCHER, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3018. A bill to authorize the Secretary of War to acquire by donation land at Valparaiso, in Okaloosa County, Fla., for aviation field, military, or other public purposes (Rept. No. 875); and

H. R. 7022. A bill to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air-defense bases generally (Rept. No. 888).

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2930. A bill to provide a preliminary examination of the Sammamish River, Wash., with a view to the control of its floods (Rept. No. 876);

S. 2933. A bill to provide a preliminary examination of the Nisqually River, Wash., with a view to the control of its floods (Rept. No. 877);

S. 2934. A bill to provide a preliminary examination of the Duwamish River, Wash., with a view to control of its floods (Rept. No. 886);

S. 2938. A bill to provide a preliminary examination of the Cedar River, Wash., with a view to control of its floods (Rept. No. 878); and

S. 2950. A bill granting the consent of Congress to the county of Saline, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Miami, Mo. (Rept. No. 879).

Mr. BURKE, from the Committee on Claims, to which was referred the bill (S. 2321) for the relief of S. M. Price, reported it without amendment and submitted a report (No. 880) thereon.

Mr. WHITE (for Mr. BAILEY), from the Committee on Claims, to which was referred the bill (S. 2751) for the relief of Walter C. Price and Joseph C. Lesage, reported it without amendment and submitted a report (No. 881) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 69) to provide for the erection of a suitable memorial to the Fourth Division, American Expeditionary Forces, reported it without amendment and submitted a report (No. 882) thereon.

Mr. WAGNER, from the Committee on Interstate Commerce, to which was referred the joint resolution (S. J. Res. 144) to provide for the payment of compensation and expenses of the Railroad Retirement Board as established and operated pursuant to section 9 of the Railroad Retirement Act of June 27, 1934, and to provide for the winding up of its affairs and the disposition of its property and records, and to make an appropriation for such purposes, reported it without amendment and submitted a report (No. 883) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 2488) for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, killed in line of duty, reported it with amendments and submitted a report (No. 884) thereon.

Mr. MOORE, from the Committee on Interstate Commerce, to which was referred the bill (S. 1633) to amend the Interstate Commerce Act, as amended, and for other pur-

poses, reported it with amendments and submitted a report (No. 885) thereon.

Mr. SCHWELLENBACH, from the Committee on Military Affairs, to which was referred the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the Expeditionary Forces, reported it with an amendment and submitted a report (No. 887) thereon.

PREVENTION OF WAR PROFITEERING

Mr. SHEPPARD. From the Committee on Military Affairs, for the Senator from Kentucky [Mr. LOGAN], I report back favorably with additional amendments the bill (H. R. 5529) to prevent profiteering in time of war and to equalize the burdens of war and thus provide for the national defense, and promote peace, and I submit a report (No. 889) thereon. I ask that the bill be referred to the Committee on Finance in accordance with the original understanding.

The VICE PRESIDENT. Without objection, it is so ordered.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 12th instant that committee presented to the President of the United States the enrolled bill (S. 2591) for the relief of Lyman C. Drake.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 3043) for the relief of the State of Maine (with an accompanying paper); to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 3044) for the relief of Mrs. Don Nelson; to the Committee on Claims.

By Mr. LA FOLLETTE:

A bill (S. 3045) providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State; to the Committee on Indian Affairs.

Mr. DUFFY. I introduce a bill as a substitute for Senate bill 2428, previously introduced by me, and ask that it be referred to the Committee on Finance.

I also introduce a bill to take the place of Senate bill 2465, previously introduced by me, and ask that it be referred to the Committee on Patents.

By Mr. DUFFY:

A bill (S. 3046) to amend the Revenue Act of 1934 to allow as deductions from gross income contributions to unemployment-benefit funds; to the Committee on Finance.

A bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes; to the Committee on Patents.

By Mr. COPELAND:

A bill (S. 3048) granting a pension to Dennis Smith; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 3049) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3050) granting the consent of Congress to the States of New York and Vermont to construct, maintain, and operate a bridge across Lake Champlain between Rouses Point, N. Y., and Alburg, Vt.; to the Committee on Commerce.

By Mr. BARKLEY:

A bill (S. 3051) for the relief of William E. Reynolds; to the Committee on Military Affairs.

By Mr. WHITE:

A bill (S. 3052) granting an increase of pension to Mary E. Stevenson; to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 3053) conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes; to the Committee on Indian Affairs.

A bill (S. 3054) to provide for the disposition of unclaimed deposits in national banks; to the Committee on Banking and Currency.

By Mr. SMITH:

A bill (S. 3056) for the relief of N. May Jernegan and Warren Norris Jernegan; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 3057) for the relief of John B. Jones; to the Committee on Military Affairs.

By Mr. ASHURST:

A bill (S. 3058) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States" approved July 1, 1898, and acts amendatory thereof and supplemental thereto, and for other purposes; to the Committee on the Judiciary.

PURCHASE OF SUPPLIES AND GOVERNMENT CONTRACTS

Mr. WALSH. I ask consent to introduce a bill for appropriate reference, and in view of its importance I also ask to have it printed in the RECORD. It is a brief bill.

The VICE PRESIDENT. Without objection, the bill will be received, appropriately referred, and printed in the RECORD.

The bill (S. 3055) to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes, was read twice by its title, referred to the Committee on Education and Labor, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That in connection with all or any purchases of or contracts for construction, supplies, materials, or service, except personal services, made, extended, or modified hereafter and prior to June 30, 1937, by any executive department, independent establishment, or other agency of the United States, by the District of Columbia, or by any corporation, all the stock of which is beneficially owned by the United States (all of the foregoing being hereinafter designated as agencies of the United States), there shall be required to be included in the proposal or contract a representation or agreement that all persons in classes or employment described specifically or by reference in the invitation to bid, while engaged in the production of the supplies or in the carrying out of the contract or the production of supplies or materials or the furnishing of services in connection therewith, have been and will be paid not less than such minimum wages and employed not to exceed such maximum number of hours as shall be designated specifically or by reference in the invitation to bid, and that no person under 16 years of age has been or will be employed in the production of the supplies or the carrying out of the contract or the production of supplies or materials or the furnishing of services in connection therewith.

SEC. 2. In all or any contracts or agreements made, extended, or modified hereafter and prior to June 30, 1937, by the United States or any agency thereof, for the loan or grant of funds to any State, Territory, possession, including subdivisions and agencies thereof, municipality, the District of Columbia, person, or corporation, there shall be included a representation or agreement by the borrower or grantee, if not a governmental unit, and, whether or not a governmental unit, a covenant that it will require a representation or agreement from those with whom it contracts or from whom it makes purchases of supplies in connection with the carrying out of projects or operations wholly or in part with funds so loaned or granted to it, that all persons in classes of employment described specifically or by reference in the contract or agreement for the loan or grant by the United States or agency thereof, while engaged in the carrying out of the projects or operations or in the production of supplies or materials or the furnishing of services in connection therewith, have been and will be paid not less than such minimum wages and employed not to exceed such maximum number of hours as shall be specified in such contract or agreement for loan or grant, and that no person under 16 years of age has been or will be employed in the carrying out of such projects or operations or in the production of supplies or materials or the furnishing of services in connection therewith.

SEC. 3. Every representation or agreement made pursuant to the provisions of this act shall provide: (1) That any branch thereof shall render the contracting party liable to the United States as and for liquidated damages in a sum equal to the minimum wage represented to have been or agreed to be paid the employee or employees for the period of employment in violation of the representation or agreement; (2) that any sums due as liquidated dam-

ages may be withheld out of the moneys due on the contract; (3) that any breach thereof shall entitle the other contracting party to cancel the contract in which the representation or agreement is included; (4) that representatives of the agency of the United States, a party to or furnishing funds for the purchase or contract, may inspect the relevant pay roll and time records of the person, firm, or corporation making the representation or agreement.

SEC. 4. This act shall be applicable to contracts, otherwise subject to its provisions, entered into prior to the enactment of this act, where permitted by the terms of such contracts.

SEC. 5. The provisions of this act shall be carried out under the direction of the President and in accordance with such orders, rules, and regulations as he may issue for that purpose. The President may authorize any of his functions under this act to be performed by an agency or agencies now existing or hereafter established within the Government. The funds appropriated and made available pursuant to section 220 of the National Industrial Recovery Act by the Fourth Deficiency Act, fiscal year 1933, and by the Emergency Relief Appropriation Act of 1935, are hereby made available for the expenses of administration of this act.

DEVELOPMENT OF VOCATIONAL EDUCATION—AMENDMENT

Mr. POPE submitted an amendment intended to be proposed by him to the bill (S. 2883) to provide for the further development of vocational education in the several States and Territories, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

AMENDMENTS TO SOCIAL-SECURITY BILL

Mr. GEORGE submitted an amendment, and Mr. WAGNER submitted three amendments, intended to be proposed by them, respectively, to House bill 7260, the so-called "Social Security Act", which were severally ordered to lie on the table and to be printed.

REGULATION OF COMMERCE IN PETROLEUM

Mr. THOMAS of Oklahoma. Mr. President, on February 25 I introduced in the Senate Senate bill 2027, a bill to regulate commerce in petroleum, and for other purposes. This bill was considered by the committee and was reported favorably and is now on the calendar. When the original bill was introduced the interstate compact had not been sent to Congress. Likewise the Supreme Court decision which considerably affects the petroleum industry had not been rendered. At this time I desire to submit an amendment to this bill in the nature of a substitute and ask that the amendment as submitted be printed in the RECORD and also be printed in the usual form and lie on the table. Furthermore, Mr. President, as a part of my remarks, I submit for the RECORD a statement which I ask to have printed.

The VICE PRESIDENT. Without objection, the amendment will be received, printed, and lie on the table and will also be printed in the RECORD, and the statement referred to by the Senator from Oklahoma will likewise be printed in the RECORD.

Amendment in the nature of a substitute intended to be proposed by Mr. THOMAS of Oklahoma to the bill (S. 2027) to regulate commerce in petroleum, and for other purposes: Strike out all after the enacting clause and insert the following:

"FINDINGS

"SECTION 1. Petroleum is an exhaustible natural resource the prevention of the waste of which in time of peace, as well as in time of war is essential to provisions for and the maintenance and support of the Army and Navy, to the economic and efficient operation of and provision for the instrumentalities of interstate and foreign commerce, and to the economic and efficient operation of and provision for industry in the United States required for the maintenance and support of the Army and Navy. Waste of petroleum is prevented by the orderly, systematic, and scientific development of fields or pools of petroleum and by the balancing of supply with demand.

"Movement in commerce of petroleum and petroleum products in excess of current demand therefor, directly and injuriously affects commerce in petroleum among the several States and with foreign nations and causes waste of petroleum.

"To balance supply with demand and thereby to prevent waste it is necessary and desirable to coordinate commerce in petroleum among the several States and with foreign nations and to coordinate State and Federal activities with respect to petroleum.

"Petroleum moves in commerce in a constant and continuous current in which that which moves in intrastate commerce is commingled with that which moves in interstate or foreign commerce and directly affects it, so that such regulation of commerce as is herein authorized is essential to the regulation of commerce in petroleum among the several States and with foreign nations.

"CONSENT TO INTERSTATE COMPACT

"SEC. 2. The consent of Congress is hereby given to an interstate compact to conserve oil and gas, executed in the city of Dallas, Tex., the 16th day of February 1935, by the representatives of the States of Oklahoma, Texas, California, and New Mexico, and there recommended for ratification by representatives of the States of Arkansas, Colorado, Illinois, Kansas, and Michigan, and since ratified by the States of New Mexico, Kansas, Oklahoma, and Texas, for the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations by the prevention of physical waste by the means specified in articles III and IV of said compact, which compact is now deposited in the Department of State of the United States: *Provided*, That nothing therein or herein contained shall impair or in any manner affect, or be construed as impairing or in any manner affecting, any right, power, or jurisdiction of the United States: *And provided further*, That in the event it shall be found by the board created by section 3 of this act, at a hearing to which the Governors of all the compacting States, or their respective representatives, are invited to attend, that the compacting States are acting beyond the scope of the terms of the said compact or in a manner not consistent with the purposes of this act, it shall so certify to the President, who shall in such event by proclamation suspend the operation of said compact pending further consideration by the Congress, which may under said circumstances or for any other reason or at any other time withdraw its consent to and terminate said compact.

"PETROLEUM ADMINISTRATIVE BOARD

"SEC. 3. There is hereby established in the Department of the Interior the Petroleum Administrative Board, to be composed of 5 members, 1 of whom shall be chairman. The members shall be appointed by the President for 6 years, except that 2 of the original appointees shall be appointed for terms of 2 years, 2 for 4 years, and 1 for 6 years, and except that any person appointed to fill a vacancy shall be appointed only for the unexpired term of his predecessor. The members shall hold office until their successors are appointed and qualify, and shall receive compensation at the rate of $9,000 per annum. The board shall function under the general supervision of the Secretary of the Interior. The board shall appoint such qualified and trained employees as may be necessary in carrying out the purposes of this act, and their compensation shall be fixed in accordance with the Classification Act of 1923, as amended. The scientific and professional employees of the board shall be selected solely upon the basis of their scientific or professional qualifications. The board from time to time shall elect a vice chairman to act in the absence of the chairman. The board shall have a seal which shall be judicially recognized.

"The board shall cooperate with executives, officials, and agencies of the States and with any agency created under the interstate compact consented to by this act in the study and investigation of the status of petroleum reserves and sources of supply to encourage the discovery and systematic and orderly development of sources of supply, to assist in improving methods of production, to study the possibility and expense of repressuring existing fields and related matters pertaining to the petroleum industry, and may hold joint hearings upon such matters with any authorized agency. It is authorized to make investigations and collect data from the industry, and to this end it may require reports from persons engaged in the industry and may examine and inspect books, records, papers, and properties for the purpose of verifying such reports and ascertaining the facts. The several departments, bureaus, and agencies of the United States shall, at its request, provide the board with records and information which they may have available pertaining to the petroleum industry. The board is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act and to determine procedure for hearings, and it shall have the power to examine witnesses, receive evidence, administer oaths and affirmations, and to take affidavits and depositions.

"Rules and regulations issued under this act and orders or determinations made under sections 5, 6, 7, 9, and 13, before becoming effective, shall be reviewed and approved by the Secretary of the Interior if found by him to conform to the provisions of this act relating thereto.

"ADVISORY COMMITTEES

"SEC. 4. The President is hereby authorized and directed to appoint a Petroleum Advisory Committee from the petroleum industry and such other advisory committees as deemed necessary by him. The Petroleum Advisory Committee, and other advisory committees if appointed, may make recommendations to the Petroleum Administrative Board and perform such other functions as may be delegated to it by the President. No funds appropriated from the Treasury of the United States shall be expended for any purposes of such committees.

"APPROVAL OF PLANS FOR THE ORDERLY, SYSTEMATIC, AND SCIENTIFIC DEVELOPMENT OF POOLS OR FIELDS

"SEC. 5. The Board is authorized to approve voluntary agreements between and among persons engaged in the petroleum industry or plans for the orderly, systematic, and scientific development of fields or pools where it finds after hearing that such agreements or plans will protect interstate or foreign commerce, prevent waste, or aid in providing for the support and maintenance of the Army and Navy. A field or pool within the meaning of this section is any commercially productive accumu-

lation of crude petroleum in its natural reservoir. Whenever any such agreement or plan has been executed by a majority in both number and interest of the persons having the right to produce oil from said field or pool, as determined by the Board, and approved by said Board, and the Board has reason to believe that any person is engaged in drilling or other activities affecting said field or pool which disrupt or threaten to disrupt the effective operation of the agreement or plan incorporated therein, or plan, the Board shall immediately call a hearing at a time and place convenient to all parties in interest as determined by it, and shall through the medium of such hearing determine whether the purposes of this act to protect interstate or foreign commerce, to prevent waste, or to aid in providing for the national defense, will be defeated or threatened with defeat by such drilling or other activities, and should it find that any of such purposes will be defeated or threatened with defeat, it shall order such person to cease and desist from such drilling or other activities.

"In the approval of any such agreement relating to any field or pool located within any State in which there is a duly established regulatory commission or agency charged with the duty of conserving oil and gas and preventing the waste thereof, the Board is directed to consider such agreement jointly with such commission or agency, or representatives thereof, before granting approval to such agreement.

"DETERMINATIONS OF FACT

"SEC. 6. After fair and impartial consideration of pertinent information submitted by any commission, officer, or other agency established under State law for the purpose of conserving oil and gas and preventing the physical waste thereof in any State, the systematic analysis of appropriate statistical data, and consultation with such sources of information within the petroleum industry as it may deem necessary, the Board shall determine periodically, within such limit as is consistent with the prevention of physical waste, the following facts: (1) The reasonable market demand for petroleum in the United States; (2) that part of such demand which constitutes the reasonable market demand for petroleum from each producing State, specifically determining the quantity required from current production to supply such demand from each producing State. The Board shall inform any duly constituted State authority charged under State law with the duty of regulating or restricting the production of petroleum of its said determinations and shall also give public notice of said determinations.

"In any State in which there is no State authority authorized to regulate or restrict production of petroleum or in which no such authority does regulate or restrict production, the Board or agency designated by it is authorized to and shall, if found by it necessary in order to effectuate the purposes of this act to prevent waste and to protect in interstate or foreign commerce, determine in accordance with the provisions of this section the reasonable market demand for crude petroleum from any pool, field, lease, property, storage, well, or other source of supply in such State, and to give notice of such determinations under rules and regulations prescribed by the Board: *Provided*, That such determinations shall be based on an equitable and ratable taking by each producer from a common source of supply: *And provided further*, That in such determinations there shall be no unreasonable discrimination in favor of any one such common source of supply as against another.

"QUOTAS TO PROTECT INTERSTATE COMMERCE AND PREVENT WASTE WHEN FOUND NECESSARY BECAUSE OF EXCESS PRODUCTION

"SEC. 7. When and only when the production of crude petroleum in any State exceeds the reasonable market demand therefor, as determined under this act, and the Board after hearing expressly finds that such excess supply or production directly and injuriously affects commerce among the several States or with foreign nations, and causes waste, the Board shall prescribe quotas of crude petroleum for movement in commerce in such manner and to such extent as will limit the movements of petroleum in commerce to the reasonable market demand as determined by the Board, but shall limit its quotas prescribed hereunder to such particular areas or particular sources of supply as it finds necessary in fairly accomplishing the purposes of this act to balance supply with demand and to prevent waste.

"AMENDMENT OF ACT OF FEBRUARY 22, 1935, AND COORDINATION OF IT WITH THIS ACT

"SEC. 8. The act entitled 'An act to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, and for other purposes', approved February 22, 1935 (Public, No. 14, 74th Cong.), is hereby amended by striking out section 13 thereof providing that said act shall cease to be in effect on June 16, 1937.

"All functions vested in the President by sections 5, 7, 9, and 10 of the said act of February 22, 1935, shall hereafter be vested in the Board; provided that all orders, rules, and regulations heretofore approved by the President or agency designated by him under said act shall remain in full force and effect unless and until amended or revoked under the terms of said act of February 22, 1935, as amended. Any petroleum or any constituent part thereof moved or to be moved in commerce in violation of the provisions of this act, including any quota prescribed pursuant to section 7, shall be considered 'contraband oil' and subject to the provisions of the said act of February 22, 1935, relating to 'contraband oil.'

"IMPORTS

"SEC. 9. The importation of petroleum and its products, including natural asphalt, is hereby limited as hereinafter provided to such quantities as will prevent imports of petroleum and its products, including natural asphalt, from so interfering with current domestic production by supplying an undue proportion of domestic, consumptive, and export demand for petroleum and its products, including natural asphalt, as to directly and injuriously affect commerce in petroleum among the several States and with foreign nations and cause waste of petroleum.

"The four quarters of the calendar year shall be reckoning periods. To the end of 1940, or until such time as the total domestic production plus the percentage of such reasonable market demand hereinafter allowed to imports, shall be insufficient to supply the reasonable market demand, the allowed rate of imports of crude petroleum and the products of crude petroleum, all combined, and including natural asphalt, in barrels total for any reckoning period of three calendar months, shall be 13.50 percent of the quantity of crude petroleum, determined under section 6 to be the reasonable market demand from the United States during the first month of such reckoning period. Crude petroleum or products thereof imported and supplied to vessels at American ports shall be deemed imports, excepting bunker fuel oil for foreign vessels engaged in foreign trade.

"In advance of each reckoning period the Board shall hold a hearing, consider applications for quotas, make fair and equitable allocations, and establish, within the limits herein fixed, just and reasonable quotas of crude petroleum and the various products thereof, including natural asphalt, for persons desiring to import the same during the period, in proportion to their proven trade or manufacturing demand for such imports, over and above their customary and available domestic supply, if any.

"Quotas of particular products shall not be allowed to such extent as will, on the whole, increase the normal importation ratios of such products to the aggregate of crude and other products imported, except when the Board finds a shortage in the domestic supply of such particular products, and should the allowed ratio of crude petroleum, fuel oil, gas oil, paraffin, and asphalt, in aggregate barrels, to all other products of petroleum allowed to be imported, fall below the average ratio which prevailed in the last 6 months of 1932, each barrel excess of such other products having a boiling point below 400° F. shall be deemed the equivalent of three barrels for the purpose of computing total allowable imports. Should the allowable crude-oil production for the United States for any quarter be larger or smaller proportionately than that amount fixed for the first month of any quarter or should there be an overage or shortage of actual imports in comparison with the allowable imports in a quarter, as determined on above basis, such differences shall be adjusted up or down in subsequent quarters, and the final ratio of imports to such demand for consumption in the United States and the demand for export from the United States, reduced to a monthly basis, in each instance shall be 4.50 percent to the end of 1940 or until otherwise ordered as provided in this section. Nothing herein stated shall prevent the importation of products with a boiling point above 400° F. or crude oil in different ratios to the aggregate than those which prevailed in the last 6 months of 1932.

"Whenever the total domestic production of crude petroleum and the products of crude petroleum plus that percentage of the reasonable market demand which is herein allowed to imports into this country, shall be insufficient to meet the reasonable market demand without unduly depleting domestic reserves, then the Board is directed to increase such proportion allowed to imports to an amount sufficient to supply such deficiency, upon the basis of findings made after proper hearings are held.

"The Board shall adopt and promulgate appropriate rules and regulations to permit imports in bond for export, including manufacture in bond and including oil imported under a drawback application coupled with export of resultant products, and such imports shall not be charged against import quotas or included in the computations under section 6.

"When quotas are in effect under this section it shall be unlawful for any person, except as otherwise herein provided, to import into the United States crude petroleum or any product thereof in excess of his quota or without having been assigned a quota under this section.

"No tariff, duty, or excise tax now in force shall be affected by the provisions of this act.

"COURT REVIEW

"SEC. 10. Any person aggrieved by an order issued by the Board in a proceeding under this title to which such person is a party may obtain a review of such order in the Circuit Court of Appeals of the United States, within any circuit wherein such person resides or has his principal place of business, or in the Court of Appeals of the District of Columbia, by filing in such court within 60 days after the entry of such order, a written petition praying that the order of the Board be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon any member of the Board, and thereupon the Board shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, and enforce or set aside such order, in whole or in part. No objection to the order of the Board shall be considered by the court unless such objection shall have been urged before the Board. The finding of the Board as to the facts, if supported by substantial evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing

before the Board, the court may order such additional evidence to be taken before the Board and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Board may modify its findings as to the facts, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court, affirming, modifying, and enforcing or setting aside, in whole or in part, any such order of the Board, shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

"ENFORCEMENT

"SEC. 11. If any person fails or neglects to obey any order, rule, or regulation of the Board while the same is in effect, the Board or the United States by its Attorney General may apply to an appropriate district court of the United States for the enforcement of such order, rule, or regulation. The court shall enforce obedience to such order, rule, or regulation by a writ of injunction or other proper process, mandatory or otherwise.

"PENALTIES

"SEC. 12. Any person who shall violate any provision of this act or any order, rule, or regulation issued or promulgated or quota prescribed pursuant to this act shall be guilty of an offense and upon conviction thereof in any court of the United States of competent jurisdiction shall be punished by a fine not to exceed $2,000 or by imprisonment for not longer than 6 months, or by both such fine and imprisonment, and each day such violation continues shall be deemed a separate offense.

"VOLUNTARY INDUSTRIAL AGREEMENTS

"SEC. 13. The Petroleum Advisory Committee shall be authorized to assist in the formulation of voluntary agreements between members of the industry whereby nonintegrated or semi-integrated producers, refiners, and marketers may compete in their operations on a fair basis with the producing, refining, and marketing units of integrated organizations in the oil industry, or whereby such nonintegrated or semi-integrated producers, refiners, and marketers may be assured fair access to markets. To this end it may provide for the holding of meetings and conferences of members of the industry. Each such agreement shall be valid and effective when the Board finds that such agreement will accomplish the purposes herein stated and approves said agreement. The Board shall withdraw its approval of any such agreement whenever it finds that such agreement or operations thereunder fail to accomplish the purposes herein stated. Each such agreement shall contain a provision for the payment of adequate minimum wages to employees and the maintenance of fair maximum hours of labor for employees. Such minimum wages shall in no case be less than the respective scale in effect June 15, 1935.

"SEPARABILITY OF PROVISIONS

"SEC. 14. If any provision of this act or any clause, sentence, or part hereof be held unconstitutional or invalid for any reason, or the applicability thereof to any person, circumstance, commodity, or class of transactions with respect to any commodity be held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons, circumstances, commodities, and classes of transactions shall not be affected thereby.

"DEFINITIONS

"SEC. 15. The words defined in this section shall have the following meaning when found in this act, to wit:

"(a) 'Petroleum industry' means the producing, selling, shipping, processing, refining, transporting, or otherwise dealing in petroleum or the products thereof, including natural gasoline and natural gas produced in conjunction with petroleum.

"(b) 'State' means the District of Columbia, and any State, Territory, or possession of the United States.

"(c) 'Person' means any natural person, corporation, association, partnership, joint-stock company, business trust, or an unincorporated organization or any receiver, trustee, or other liquidating agent of any of the foregoing.

"(d) 'Reasonable market demand' means the amount of petroleum, minus proper adjustments for imports and reasonable seasonal withdrawals from storage, required to be produced to meet the current consumptive demand for petroleum and petroleum products, plus proper adjustments for exports (exclusive of exports from import in bond) and reasonable seasonal additions to storage.

"APPROPRIATION AUTHORIZED

"SEC. 16. There is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, a sum sufficient to carry out the purposes of this act. Such appropriation shall be available for the payment of the transportation and Federal travel allowance of duly authorized State officials to whom proper travel authority has been issued by the Board for necessary travel in connection with this act.

"SHORT TITLE

"SEC. 17. This act may be cited as the 'Federal Petroleum Act.'"

Amend the title to read as follows: "A bill to consent to an interstate compact, to conserve petroleum resources, to regulate commerce in petroleum, and for other purposes."

The statement submitted by Mr. THOMAS of Oklahoma is as follows:

When the original oil bill, S. 2027, was introduced by me, the interstate compact between oil-producing States had not been submitted to Congress. No decision by our Supreme Court had defined the powers of the Federal Government in its relation to industry as provided by the National Industrial Recovery Act. Some uncertainty existed as to how far it was necessary to go with legislation affecting the industries of the country.

Much confusion heretofore existing has now been clarified. The benefits the industry was receiving under the N. I. R. A. have now ceased. Something is necessary to enable the petroleum industry to maintain the service it renders to the country in preserving for continued use a commodity so essential to our welfare and defense.

The Federal petroleum bill, as amended to meet the recent N. R. A. decision of the Supreme Court, gives congressional consent to the interstate compact, safeguards the rights of every oil-producing State, offers the aid and assistance of the Federal Government to these States, assures the scientific determination of the national consumptive demand, guarantees to each oil-producing State its right and equitable share of the markets for petroleum and its products against any importers of foreign oil or any State or group of States which might attempt to seize more than its rightful and proportionate share of those markets, and by so doing assures continuity of employment to labor, continues the purchasing power of the oil States and protects the Nation against the wasteful dissipation of a natural resource invaluable in time of war.

If the interstate oil compact, to which Congress consents in this measure, will do the job, well and good. We want the job done. And if the compact is sufficiently all-embracing and if the officials operating under the compact and under its authority can regulate production satisfactorily and distribution satisfactorily, then, of course, there would be no occasion for further action by the Federal Government. But in the event the compact for any reason should not work satisfactorily, it is thought by many to be advisable to have congressional legislation in the nature of a sort of a reserve which we might fall back on.

The administrative board set up in this measure is directed to cooperate with the agencies of the interstate oil compact and to make studies and investigations and to provide data and statistics which should assure the States in the compact the fullest possible information as well as direct assistance of the Federal Government if they should require it.

The bill provides for an Advisory Committee from the industry to cooperate with the new Administrative Board and also to assist in the formulation of voluntary agreements between members of the industry whereby nonintegrated or semi-integrated producers, refiners, and marketers may compete in their operations on a fair basis with the producing, refining, and marketing units of integrated organizations in the oil industry or whereby such nonintegrated or semi-integrated producers, refiners, and marketers may be assured fair access to markets. Each such agreement shall contain a provision for the payment of adequate minimum wages to employees and the maintenance of fair maximum hours of labor for employees.

To protect each State in its proper share of the national market, the Board is directed to periodically determine, after fair and impartial consideration of all facts, the reasonable market demand for petroleum in this country and that part of such demand which constitutes the reasonable market demand from each producing State and to furnish these figures to any duly constituted State regulatory body. In States where there is no such authority the Board or agency designated by it is authorized to determine the reasonable market demand for crude petroleum from pools, wells, or other source of supply in the State, basing these determinations on an equitable and ratable taking by each producer from a common source of supply.

This bill does not regulate production in any State. No quotas for production are provided. When production in any State exceeds the reasonable market demand, then the Board, after hearings, is authorized to propose quotas for movement in commerce to limit such movements in commerce to the reasonable market demand from that State, limiting the quotas prescribed to such particular areas or sources of supply as it may find necessary.

Monthly imports are limited by the act to a definite proportion of the reasonable market demand as ascertained by the Board, supplies for vessels being deemed imports, except bunker oil for foreign vessels engaged in foreign trade. Allocations and quotas are to be made to importers in proportion to their proven trade or manufacturing demands.

Following is a detailed discussion of the act as it has been corrected to bring it into line with the decision of the Supreme Court of the United States:

Section 1 of the bill presents findings which are based upon the exhaustive hearings which have already been held by both branches of the Congress. It sets forth that petroleum is an exhaustible natural resource essential to the national defense, prevention of whose waste is essential to the national defense and to the economic operation of the instrumentalities of interstate and foreign commerce, while supply of crude petroleum in excess of current demand directly and injuriously affects interstate commerce and causes waste. The findings hold that "Petroleum

moves in commerce in a constant and continuous current in which that which moves in intrastate commerce is commingled with that which moves in interstate or foreign commerce and directly affects it, so that such regulation of commerce as is herein authorized is essential to the regulation of commerce in petroleum among the several States and with foreign nations.

The second section of the bill is formal consent of Congress to the interstate compact executed at Dallas, February 16.

Section 3 establishes in the Interior Department the Petroleum Administrative Board of five members, at $9,000 a year for 6 years, their terms being staggered so that appointments of part of the Board may be made each 2 years. The authority of this Board is very positively limited by the bill. It is directed to make studies for the benefit of the industry as well as to encourage the discovery and orderly development of new sources of supply. The Board is authorized to approve voluntary agreements for the development of fields or pools where it finds, after hearing, that such agreements will protect interstate or foreign commerce, prevent waste, or aid in providing for the support and maintenance of the Army and Navy. It is also authorized to approve voluntary industrial agreements which may be presented to it by the Petroleum Advisory Committee to be nominated from the industry by the President. This committee is authorized to hold meetings and conferences of members in the industry to formulate these agreements which will make possible competition of others with the producing, refining, and marketing units of integrated organizations.

Scientific determination of the reasonable market demand for petroleum in this country is to be made by the Board after impartial consideration of all appropriate data, and also of that part of such demand which properly belongs to each producing State, furnishing this information to the proper State regulatory authorities, or where there is no such authority, making further determinations as to the reasonable market demand for crude from any source of supply in such a State, provided that in such determinations there should be no unreasonable discrimination in favor of any one common source of supply against another, and that these determinations are based on equitable and ratable takings of each producer from a common source.

When necessary to protect interstate commerce and prevent waste, because of excessive production in any State over the reasonable market demand from that State, the Board is authorized to propose quotas for movement in commerce.

The bill strikes out the expiration date of the Connally hot-oil bill.

In section 9, imports are definitely limited by the bill to 4.5 percent of the market demand. Reckoning periods are set up covering the 4 quarters of the calendar year. At such reckoning periods the Board is authorized to establish quotas for the various importers, these quotas not to increase the normal importation ratio of particular products to the aggregate of crude and other products imported except in case of a shortage in the domestic supply of such product. The limitation on such imports is to continue until 1940, or until such time as the total domestic production plus this percentage of market demand permitted to imports shall be insufficient to meet the demand in this country, in which case the Board is directed to increase the proportion allowed to such imports to the amount necessary to provide for such deficiency.

Sections 10, 11, and 12 provide for court review, enforcement of regulations by United States district courts, and impose penalties of $2,000 or 6 months' imprisonment, or both. Section 13 authorizes the formulation of voluntary industrial agreements through the industrial advisory committee which is set up in the industry. The remainder of the bill covers the separability provisions, definitions, and authorization of appropriation.

BIRTHDAY OF BRIG. GEN. AARON SIMON DAGGETT

Mr. WALSH. Mr. President, I submit a resolution, which I send to the desk and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 151) was read, as follows:

Whereas Brig. Gen. Aaron Simon Daggett, United States Army, retired, celebrates his ninety-eighth birthday on June 14, 1935; and

Whereas General Daggett is the oldest officer on the retired list of the United States Army, the oldest officer who served during the Civil War and the Spanish-American War; and

Whereas Gen. Aaron Simon Daggett, who was born at Green Corner, Maine, June 14, 1837, and who enlisted as a private in Company E of the Fifth Maine Volunteer Infantry on April 27, 1861, served throughout the Civil War, attaining the rank of lieutenant colonel, participated in 18 battles of the Civil War, was twice wounded, and thrice commended for gallant and meritorious service during the Civil War; and

Whereas General Daggett served during the Spanish-American War and participated in the battle at San Juan, Cuba, in July 1898, and later participated in the Philippines in the battles at Imus River and Bacoor; and

Whereas he later served as a colonel of the Fourteenth Infantry in China and was recommended for gallantry in the Battle of Yangtsun; and

Whereas although all the allied troops participating in the suppression of the Boxer Rebellion endeavored to be the first to reach and scale Pekin's "Chinese city" wall and open the massive gates from within, this feat was accomplished by troops of the Fourteenth Infantry, commanded by then Colonel Daggett, who, with his troops, was also the first of the allies to enter the imperial city and who had command of the "forbidden city (innermost and most holy)" within his grasp when General Chaffee's order to cease firing was received; and

Whereas the military record of Gen. Aaron Simon Daggett will forever serve as an inspiring influence to American youth, instilling in them the quality of patriotism and the desire to freely and voluntarily serve in the defense of their country: Therefore be it

Resolved, That the United States Senate hereby felicitates and congratulates Gen. Aaron Simon Daggett on his ninety-eighth birthday and acknowledges with gratitude the distinguished, patriotic service which he has rendered to his country; and be it further

Resolved, That a copy of this resolution be appropriately inscribed and presented to General Daggett by the Secretary of the Senate.

Mr. WALSH. The language of the resolution sets forth its objective. It congratulates General Daggett upon his birthday and the distinguished service he has rendered to the country. He is the oldest living retired Army officer in America. A similar resolution passed the House of Representatives today. I ask for the adoption of the resolution.

The resolution was considered by unanimous consent and agreed to.

The preamble was agreed to.

CUSTODY OF FEDERAL DOCUMENTS

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 6323) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BARKLEY. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. BARKLEY, Mr. MCKELLAR, and Mr. NORBECK conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 2756) authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 7982) to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife administered by the Department of Agriculture, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, and Mr. HOPE were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R.

8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LUDLOW, Mr. SNYDER, Mr. ZIONCHECK, Mr. DOCKWEILER, Mr. MORAN, Mr. BUCHANAN, and Mr. POWERS were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5532. An act to provide for the acquisition of a portrait of Thomas Walker Gilmer;

H. R. 5730. An act to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels, and for other purposes", approved March 27, 1934; and

H. R. 7590. An act to create a Central Statistical Committee and a Central Statistical Board, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 410. An act to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes; and

S. 2100. An act to amend an act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, by adding three new sections to be numbered 802 (a), 802 (b), and 802 (c), respectively.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 5532. An act to provide for the acquisition of a portrait of Thomas Walker Gilmer; and

H. R. 5730. An act to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy, with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels, and for other purposes", approved March 27, 1934; to the Committee on Naval Affairs.

H. R. 7590. An act to create a Central Statistical Committee and a Central Statistical Board, and for other purposes; to the Committee on Commerce.

EXPENSES OF N. R. A. ADMINISTRATION

Mr. KING. Mr. President, I intended day before yesterday, when we were considering the N. R. A. joint resolution, to have inserted in the RECORD a statement appearing in the New York Times of that date, which shows that the cost of the N. R. A., that is the cost of the employees and the various administrative agencies, codes, and so on, amounted to $93,884,596, and that does not include many other costs, figures as to which are not available. I ask that the statement be inserted in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 12, 1935]

COST OF N. R. A. RULE PUT AT $93,884,595—EXPENSE OF ADMINISTERING 578 CODES IN 2 YEARS REVEALED BY CONFERENCE BOARD—SOME ITEMS NOT COVERED—AMOUNTS SPENT BY INDUSTRIES AND INDIVIDUALS NOT LISTED IN NATIONAL STUDY

The cost of administering the N. R. A. and its 578 codes in the 2 years ending this month has been $93,884,595, according to a report of a study made public yesterday by the National Industrial Conference Board.

This amount represents merely the general administrative cost of the N. R. A. entailed for industry and the Government. Additional costs not included in the total are the expenses of code formulation, outlays of individuals attending hearings, litigation expenditures in connection with code enforcement, additional cost of manufacture under the codes, and business men's time spent on code problems.

COST OF ACTIVITY ITEMIZED

The total is distributed in the report as follows:

Code Authority expenditures	$71,704,406
National Recovery Administration	18,110,091
Interior Department, administration of petroleum code	2,214,963
Agricultural Adjustment Administration, code administration	565,646
National Labor Relations Board	1,214,489
National Steel Labor Relations Board	25,000
Textile Labor Relations Board	50,000
Total	93,884,595

The report points out that expenditures multiplied as the code system became more extensive. Code authority costs in the last year approximately doubled those of the earlier period.

"In the construction industry annual code administration costs amounted to about $8,400,000, to which the general contractors division alone contributed over $2,700,000," the report said. "The combined annual cost for 18 industries engaged in the production or distribution of construction materials and supplies was over $7,900,000, including $4,900,000 for the administration of the code of the lumber and timber products industry and its 102 divisions and subdivisions.

"The various distributive trades, exclusive of those dealing in construction materials, and including 21 industries together with 11 divisions of the wholesaling trade, showed annual expenditures of $9,900,000.

"The 1934 budget of the motor-vehicle retailing trade alone amounted to over $2,000,000. A total of 24 industries producing various finished articles of clothing indicated a combined annual cost of $4,900,000.

"Exceptionally small budgets were those of the haircloth industry, the animal soft hair industry, and the cylinder-mold and dandy-roll industry, in each of which annual costs below $1,000 were indicated.

GOVERNMENT AGENCIES' EXPENSE

"Three governmental agencies which incurred expenditures in connection with the administration of codes—the National Recovery Administration, the Department of the Interior, and the Department of Agriculture—cost for the 2-year period ending June 30, 1935, approximately $20,900,000.

"The National Recovery Administration expended in the 1934 fiscal year $6,632,491. Estimated expenditures for the 1935 fiscal year showed an increase of $11,477,600.

"Expenditures in connection with the administration of the code of the petroleum industry by the Department of the Interior included the following reported items: Oil regulations, emergency expenditures, actual, 1934, $533,255; estimated, 1935, $81,700; Petroleum Administrative Board, actual, 1934, $117,608; estimated, 1935, $82,400; Petroleum Administration, none in 1934; estimated, 1935, $1,400,000. The combined total for the 2-year period ending June 30, 1935, indicated a cost of $2,214,963.

"The Agricultural Adjustment Administration of the Department of Agriculture had joint supervision with the Recovery Administration over a few codes, the latter agency dealing primarily with the labor provisions. The reported expenditures of the A. A. A. in connection with the administration of the codes amounted to $21,646 in 1934 and were estimated at $544,000 for 1935.

"The National Labor Relations Board involved an actual cost of $199,489 in 1934 and an estimated cost of $1,015,000 for 1935, or a total of $1,214,489 for the 2-year period. The estimated expenditures of the National Steel Labor Relations Board and of the Textile Labor Relations Board for the year ending June 30, 1935, were $25,000 and $50,000, respectively."

ESCAPING ELECTRICAL BONDAGE—ARTICLE BY ERNEST W. GIBSON, JR.

Mr. NORRIS. Mr. President, I ask unanimous consent to have inserted in the RECORD an article appearing in the Vermonter, entitled "Escaping From Electrical Bondage" by Ernest W. Gibson, Jr.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Vermonter, May 1935]

ESCAPING FROM ELECTRICAL BONDAGE

By Ernest W. Gibson, Jr.

Brattleboro is a town of nearly 10,000 population. It is located on the Connecticut River, which is a great natural-power resource. There are other natural-power resources within a very short distance of Brattleboro. Notwithstanding this fact the town of Brattleboro until the year 1930 was being obliged to pay very high rates for electricity.

In 1906 there existed in Brattleboro two corporations—the Brattleboro Gas Light Co., which served the residents with both gas and electricity, and the Brattleboro Street Railway Co., operating between West Brattleboro and Fort Dummer. The street-railway company was practically entirely locally financed. Originally this stock was all purchased by natives of Brattleboro for $100 a share. In 1906 a representative came to Brattleboro to purchase the local street-railway and the gas-light companies. Bickmore & Co. were serving as the purchasing agent for the Twin State Gas & Electric Co. Bickmore & Co. secured a local citizen to go around

to the holders of the stock of the street-railway company and to purchase that stock, if possible, for $25 a share and, if not possible to do that, the purchasing agent was authorized to throw in with that $25, $25 worth of preferred stock in the utility company.

Through this citizen all of the stock and assets of the Brattleboro Street Railway Co. were purchased for $27,000, immediately sold to the Twin State Gas & Electric Co., and placed on its books at a valuation of approximately $250,000.

As far as it is possible to determine, Bickmore & Co. purchased the Brattleboro Gas Light Co. at relatively the same time for approximately $200,000 and immediately transferred the property to the utility company, which immediately placed the Brattleboro Gas Light Co. on its books at a valuation of about $500,000.

By these two transactions the Twin State Gas & Electric Co. wrote up the purchase price of the Brattleboro Street Railway Co. and the Brattleboro Gas Light Co. from about $230,000 to $750,000. Since that time this write-up has been kept in the fixed capital of the utility company, a basis upon which it attempts to base its rates. In the following years proper depreciation was not charged on either the gas-light or Brattleboro street railway properties. In 1923 the Twin State Gas & Electric Co. entirely abandoned the Brattleboro street-railway system, but retains its valuation of $220,000 today in the fixed capital of the Twin State Gas & Electric Co.

The records of the Twin State Gas & Electric Co. for the years between 1906 and 1913 have been entirely lost or destroyed. The company's history indicates the reason for this. In 1913 the Twin State Gas & Electric Co. was forced to break down into component parts its valuation of its Brattleboro properties, to wit, $920,019.45.

A significant thing happened as a result. The utility company, probably not daring to put too large a fixed capital upon its electrical division in Brattleboro, placed its electrical railroad in the valuation covering its gas plant, and that is where the $220,000 worth of abandoned street railroad is today.

In 1929 some of the younger people of Brattleboro, feeling that the Twin State company was entirely too arbitrary in its dealings with customers and that it was charging exorbitant rates to consumers, determined that they would investigate the company and see if a rate reduction could not be brought about and a better attitude secured toward its customers.

After a preliminary study was made a complaint was filed early in March 1929 to the Public Service Commission of Vermont, alleging that the Twin State was charging too high rates for electricity, was producing gas of a low quality, and that its rate schedule in general for electricity was inequitable. This was done because it had come to our group's attention that the Legislature of the State of Vermont in 1929 had appropriated $5,000 for the use of the public service commission to conduct a State-wide investigation of existing rates. Our group desired some of that spent in investigating the Brattleboro situation. The public service commission would not grant us any money for this purpose.

Before I go further I might state that the Twin State Gas & Electric Co. was in 1930 completely controlled by the Mid-West Utilities group, which in turn was completely controlled by Samuel Insull.

Regardless of the denial by the commission of our request for funds, we continued to make a study and we again asked for a hearing. Early in 1930 the Insull representatives were considering separating the properties of the Twin State Gas & Electric Co. in New Hampshire from their properties in Vermont and it was necessary for them to have a hearing on this. All this time we were urging a reduction by public statements and by letters to the public service commission.

On April 4, 1930, some of us were asked to meet Mr. Buttrick, president of the Twin State, and Chairman Shaw of the public service commission, at the Hotel Windham in Bellows Falls. This we did. On April 28, 1930, we were advised by letter from Chairman Shaw that the company had informed him that it was considering modifying electrical rates in Brattleboro. At that time our rates were as follows:

First 25 kilowatt-hours per month at 10 cents per kilowatt-hour.
Next 25 kilowatt-hours per month at 9 cents per kilowatt-hour.
Next 50 kilowatt-hours per month at 8 cents per kilowatt-hour.
Next 1,400 kilowatt-hours per month at 6 cents per kilowatt-hour.
All over 1,500 kilowatt-hours per month at 5 cents per kilowatt-hour.
Minimum charge, $1 per month.

Under that rate 100 kilowatt-hours cost $3.75; 60 kilowatt-hours cost $5.55.

This modification was to go into effect if we would desist in our efforts. So for the time being we desisted.

On June 2, 1930, new rates were issued.

Under these new rates, which were a complete change, for an 8-room house 100 kilowatt-hours cost $6.70; 60 kilowatt-hours cost $5.10.

Still our group felt that these were not satisfactory. We so notified the Twin State and we let it be publicly known that we were considering urging the town to go into a municipal ownership of an electric plant. Shortly thereafter on December 5, 1930, the Twin State Co. issued another alleged rate reduction.

Under that rate schedule for an 8-room house 100 kilowatt-hours cost $6.40 and 60 kilowatt-hours cost $4.80.

There the matter rested until the Federal Trade Commission published its report, which showed how the Brattleboro Street Railroad, which had been abandoned a long time, was still a part of the fixed capital of the Twin State. Thereupon in the fall of 1932 our group asked the selectmen of the town of Brattleboro to request an investigation by the public service commission into electric rates existing in Brattleboro.

The matter of this hearing was continued along from time to time through no fault of the public service commission, but because we who were interested were unable to get financial assistance that we might have an unbiased appraisal of the electrical division of the Twin State. This dragged along for about a year, and then in desperation our group determined to bring the matter to a head. We asked the town meeting in 1934 to approve an investigation of the feasibility of establishing a municipal electric plant and to make an appropriation for this investigation. That this move would be made became known to the electric company in the latter part of 1933. Shortly thereafter, on February 7, 1934, the company issued another rate reduction.

According to that rate an eight-room house would get 100 kilowatt-hours for $5.75 and 60 kilowatt-hours for $4.15.

Regardless of this rate reduction, the article was placed in the town-meeting warrant to have a committee appointed to consider the advisability of the town's establishing a municipal electric plant and an appropriation of $750 was asked. This move was bitterly opposed by the Twin State Co. in the Brattleboro Reformer and by friends of the company at the town meeting. Nevertheless, by a vote of 1,403 to 601, this article was adopted and a committee of five was appointed thereafter by the selectmen. None of the committee appointed were active supporters of the municipal-plant movement, yet the committee reported favoring the principle of municipal ownership, but recommending further study before definite steps were taken.

Fearful that the town would advocate a municipal plant, the Twin State Co. before the town meeting of 1935 issued another rate reduction February 1, 1935, which was as follows:

First 20 kilowatt-hours per month at 8 cents per kilowatt-hour.
Next 20 kilowatt-hours per month at 5 cents per kilowatt-hour.
Next 40 kilowatt-hours per month at 3 cents per kilowatt-hour.
All used in excess of 80 kilowatt-hours per month at 2 cents.

Under the new rate anyone could purchase 100 kilowatt-hours for $4.20 and 60 kilowatt-hours for $3.20.

Compare the rate schedule in effect for several years when we started to investigate this matter with the rate schedule now put in effect by the Twin State Co., voluntarily, through its fear of municipal competition:

For 100 kilowatt-hours, January 1, 1930, $8.75.
For 100 kilowatt-hours, March 1, 1935, $4.20.
For 60 kilowatt-hours, January 1, 1930, $5.50.
For 60 kilowatt-hours, March 1, 1935, $3.20.

The residential users are not the only ones who have been benefited by our present investigation. Commercial and power users have been benefited by reductions. The Twin State itself says that it has caused a saving to consumers of electricity in Brattleboro of $50,000 annually in the reductions made from June 1930 until February 1935. Fifty thousand dollars a year saved to the inhabitants of any small community speaks for itself.

Our group feels that a proper rate has not yet been given to Brattleboro by the Twin State Co. It is our belief from the study we have made that the rate in Brattleboro should start at 5 cents and should go progressively downward from that top. We feel that a municipal plant can make money on such a rate. The town of Hudson, Massachusetts, which is a town similar to Brattleboro, has such a rate. That plant is a municipal plant.

The latest move of the opponents of municipal ownership and of the opponents of reasonable electric-light rates is to insist that no town can go into the business of distribution of electricity and finance the same without a vote of two-thirds of those present and attending the meeting called for that purpose. In that way the power companies and those interested in their behalf are seeking to take away from the consumer the most effective club he has had with which to enforce a reduction of light rates, the great force of public opinion.

We do not require our vote in town meeting whereby we determine our tax rate to be carried by a two-thirds vote nor do we elect our officers by requiring a two-thirds vote. But the argument now is, before we can issue bonds to pay for the installation of a municipal electric system, two-thirds of those present and voting must approve of this. That certainly is far removed from the principles of democracy. It is the practice and first step toward the creation of an oligarchy.

Once more, before I conclude, I ask each and every one of you that reads this article to take your pad and pencil and compare what you actually pay for lights with what you would pay if you lived in Brattleboro today. Remember that the present Brattleboro rates were only obtained through an aroused public opinion and a fear on the part of the utility company of that aroused public opinion.

Vermont is a natural site for power. Cheap power should be abundant to residents of this State because they are fortunate to live in such surroundings, but cheap power is not available to residents of Vermont. The reason? You know as well as I. We have given away our natural resources.

PUBLIC UTILITIES' PROFITS IN NEW YORK

Mr. BARKLEY. Mr. President, in the New York Times of June 12 appeared an article showing $27,000,000 profit by utilities on an investment of $29,300,000, as revealed before a committee of the New York Legislature making investigation of utilities of that State. I ask unanimous consent that the entire article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 12, 1935]

$27,000,000 PROFIT BY UTILITY BARED—10-YEAR NET BY CONSOLIDATED ON A $29,300,000 INVESTMENT IN WESTCHESTER COMPANY—$23,000,000 "WATER" SEEN—OFFICER SOUGHT AS WITNESS "RESIGNED OR DISAPPEARED", MACK HEARING IS TOLD

The Consolidated Gas system has invested $29,300,000 in cash in the Westchester Lighting Co. since 1925 and has received more than $27,000,000 in dividends from the subsidiary over the same period, according to testimony yesterday before the legislative committee investigating public utilities.

The Consolidated system has owned the Westchester company since 1904. It acquired the entire stock then without paying any cash, nor did it invest any new money in the company until 1925, the testimony showed.

The rapid return to the Consolidated on its Westchester investment was the high light in a day of testimony that revealed tactics by utility companies that were characterized either by witnesses or by John E. Mack, the committee's counsel, as "the use of burglar tools", "corporate acrobatics", and "plain watering of stock."

$23,000,000 INFLATION SEEN

It was shown that from 1900 to 1904, with the United Gas Improvement Co., of Philadelphia, running the Westchester company, a $3,000,000 company became a $30,000,000 company, the testimony indicating that $23,000,000 of the increase was water.

Charges were made at the hearing that abandoned gas-tank sites, garages, and land on which wrecked and dismantled gas plants were the principal structures, were included in the Westchester company rate base as "used and useful property."

One witness declared that when the chairman of the board of directors of the Westchester company was wanted for an explanation of how he sold a piece of property, owned by a company of his, to the lighting company at an apparently inflated value, "he either resigned or disappeared", and has not been found to date.

FEARON ATTACKS COMMISSION

These and other charges about items in rate bases led State Senator George R. Fearon, member of the committee, to demand to know "what the public service commission has been doing about it all these years." He said that the people of Westchester "have been giving the legislature hell for these conditions, and its about time they were told where the responsibility lies."

His attempt to persuade Mr. Mack to investigate the public service commission at this time failed, the committee counsel reiterating that he did not intend to look into the commission until he had finished investigating the rates and could report whether rate regulation by the commission had failed.

The final flare-up of the day came when Mr. Mack accused E. L. Phillips & Co., of which Ellis L. Phillips is the head, of violating the law prohibiting the practice of law by a corporation. The Phillips Co., according to the testimony, maintained a legal department to serve itself and its affiliates, and charged the cost of the legal department, plus 20 percent overhead, plus a 5-percent fee. The practice was ended in 1932 and any prosecution is outlawed by the statute of limitations, Mr. Mack explained after adjournment.

The hearing was the first held since Governor Lehman signed the $300,000 appropriation measure for the continuance of the committee's work.

THE COMPANY'S GENESIS TOLD

The hearing opened with William T. Harris, assistant counsel to the committee, as the witness. Mr. Harris testified that in 1900, 14 small companies, with capital stock worth $3,403,550 on the market, were merged to form the Westchester Lighting Co. The Westchester Co. assumed the obligations of the smaller companies, and issued securities of its own at a face value of $14,177,600 in exchange for the stock of the smaller companies.

No surplus existed to justify the $10,000,000 increase in securities, nor was any plant added, the witness testified. The U. G. I. Co., which controlled the Westchester Co., put another $1,300,000 "water" in by accepting that amount for canceling one service contract it had with the subsidiary, and then writing out a new one a few months later, the witness brought out.

In 1904 U. G. I. sold the property to the Consolidated Gas by what was termed "a curious bit of corporate acrobatics." The following transaction took place all in one day, the testimony showed:

A "24-hour corporation" known as the "New York & Westchester Lighting Co." was formed, and all the physical properties of the Westchester company, but not the franchises, were transferred to it. It issued $12,500,000 bonds to the U. G. I. to pay for the property. Then the U. G. I. transferred all the stock of the Westchester Lighting Co. to the Consolidated Gas Co., the sole consideration being the guaranteeing by the Consolidated of all the obligations of the Westchester company. The "dummy" company then was merged back into the Westchester company and the $12,500,000 bonds became the liability of the Westchester Lighting Co., and guaranteed by the Consolidated.

Thus the fixed capital grew from $19,000,000 to $31,500,000 without any physical addition to the plant, according to the testimony.

The witness testified under questioning that the natural tendency of the companies is to try to keep their rate base equal to the securities outstanding, or in excess of them, and he therefore contended that the transaction, despite company disclaimers, did affect the rate base.

No additional money was put into the company from then on, except sums used for construction purposes, for which bonds were issued, the testimony continued.

The following table shows the actual cash investment made by the Consolidated after 1925, the net earnings after all charges, and the dividends declared:

Year	Total cash investments	Net income	Dividends
1925	$12,970,000	$2,017,118	$907,900
1926	12,970,000	2,226,180	907,900
1927	22,500,000	2,949,827	1,583,049
1928	22,500,000	3,750,919	2,100,000
1929	22,500,000	4,488,622	2,100,000
1930	22,500,000	4,328,315	4,200,000
1931	29,300,000	4,220,752	4,517,333
1932	29,300,000	4,031,579	4,180,000
1933	29,300,000	3,473,748	3,803,800
1934	29,000,000	2,310,324	2,926,100

OLD PLANT IN RATE BASE

The committee then turned to testimony concerning the old Yonkers Gas Works at Ashburton Avenue, Yonkers. The plant was abandoned in 1924 and dismantled in 1927, and it has been on the market, for sale or lease, several times since then. The witness, Mr. Harris, showed that the land, and some of the delapidated buildings, still figure in the rate base at a value of $971,000.

"Was there a fire here?" Judge Mack asked, after looking at a picture of the property taken by a member of his staff.

"A fire wouldn't have hurt any," Mr. Harris responded.

A company statement, issued during the hearing, declared that the testimony was immaterial, since the gas companies no longer determine their charges on a rate base, but by competition, since they earn only about 2 percent on their investment. About $685,000 of the amount should have been retired, however, Randall J. Le Boeuf, Jr., company counsel, said.

After going at length into the fact that the property was used barely at all, even for storage purposes, Mr. Mack took up the acquisition by the Westchester Lighting Co. of a piece of property in Ossining.

The Ossining parcel was owned, and used as a car barn, by the Hudson River & Eastern Traction Co. Its president, and owner of half the stock, was F. A. Stratton, who also was president of the Westchester Lighting Co. until 1927, when he became chairman of the board.

The trolley company ceased operation in May 1926, and by 1928 all its assets had been liquidated except the car barn, which the lighting company was renting for a garage at $100 a month. In 1928 it bought the property, 0.6 of an acre, with the old building, for $25,000, or at the rate of $40,000 an acre. It bought a half acre of adjoining property soon afterward for $2,000, or $4,000 an acre, according to the testimony.

To show that the car barn was of no value, testimony was introduced that the company had to spend $36,000 to repair it.

"RESIGNED OR DISAPPEARED"

When Mr. Stratton was first sought for questioning, the committee was informed he was in Florida. Later, according to the testimony, he was reached by telephone at his home, was asked to let himself be questioned, and since has not been located.

"Is he still chairman of the board?" Mr. Mack asked.

"Well, he either resigned or disappeared", the witness answered.

Later the witness sought to prove by figures on assessed valuations and the company's own insurance system that the Westchester Lighting Co. property was carried at a book value 90 percent higher than its present actual value.

This led to the attack on the public service commission. Senator Fearon asked what procedure the public service commission followed in establishing valuations. Mr. Mack told him that the United States Supreme Court and the appellate division in this State had ruled that a number of factors not considered by the public service commission must be taken into account as factors in a rate base.

At this point, former Speaker Joseph A. McGinnies said:

"Judge Mack, my recollection is—I may be mistaken—that the public service commission, in one of their reports, either in 1932 or 1933, referring to a rate case which had been brought to bring about a reduction of rates in the Westchester Lighting Co., said no evidence had been submitted to them which would warrant a reduction in the rates. I wish you would have your people look up and see as to that. It was right after all that agitation came up in Westchester County and they were before the legislature and had hearings."

"No evidence was submitted by whom?" Melvin L. Krulevitch, associate counsel, asked.

"In behalf of the people or consumers which would warrant a reduction in rates", Mr. Mack replied.

"Yes, they were asking for a reduction in rates", Speaker McGinnies reiterated. "My recollection is that in their reports they stated that no evidence had been submitted to them that would warrant the reduction of rates."

INVESTIGATION DEMANDED

Senator Fearon then put in his demand for an investigation of the public service commission, saying:

"Judge, the people over in Westchester County have been giving the legislature hell and charging the legislature with responsibility for the high rates. I think the committee is entitled to a report by counsel as to whether or not there was a rate case, whether or not there was more than one rate case, whether or not the public service commission allowed what this witness says were improper valuations in fixing that rate base.

"Let's find out who is responsible, if there is any responsibility, if there are any rate bases and whether it is the legislature or whether it is the public service commission. I think we ought to have an investigation as to that angle of this thing in order to check up here and tie in with this testimony."

Mr. Mack promised to have the facts about the Westchester rate cases ready when the committee reconvenes at 9 o'clock this morning, but the investigation of the public service commission will be held in abeyance.

"What has the public service commission been doing all these years?" Senator Fearon demanded a bit later.

"I refer you to them," Mr. Mack answered.

"I'm for referring you to them," retorted Senator Fearon. "That's in the resolution creating this committee."

The investigation of the legal department of the Phillips Co., which controlled the Long Island Lighting Co. system until recently, had been under way only a few minutes when Arthur J. Baldwin, the company attorney, tried to interrupt and correct some figures from the floor.

He was immediately put on the stand, where he spent half an hour in an effort to explain that the Phillips Co. had not really been engaged in the practice of law. He admitted that he would not have advised the practice. He was not the company attorney at the time.

The committee, which consists mostly of lawyers, pounced eagerly on the Phillips' legal department, and the members amused themselves trying various ways of phrasing questions to make Mr. Baldwin admit that the company had engaged in the practice of law as a side line.

The harassed Mr. Baldwin directed his explanations first in the direction of Mr. Mack, then toward the committee members, and finally toward the jury box in which the newspaper men were seated.

ADDRESS BY MRS. GEORGE B. SIMMONS BEFORE "GRASS ROOTS" CONVENTION

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by Mrs. George B. Simmons, of Marshall, Mo., at the Springfield, Ill., Republican "grass roots" convention.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SPRINGFIELD, ILL., June 10 (Special).—Following is in part the address of Mrs. George B. Simmons, of Marshall, Mo., the farm wife, before the grass roots convention:

"With the eyes of a whole world on us, we are met today in deep devotion to our beloved Nation. Our Constitution and our representative form of government are being attacked. Personal liberty and property rights face definite dangers. We have come because we realize the blessings we have had, and we want to keep them for ourselves and our children.

"I, a Missouri farm woman, can speak to you because we have freedom of speech. You, who are representatives of our great newspapers, can publish what we do and say here because we have freedom of the press. You, who make this vast audience, could come because we have the right of the people peaceably to assemble. These are only three of the safeguards to our liberty given to us by our precious Constitution. We are all here because we believe with Lincoln that 'right makes might.'

"We love this, our own country, and we are ready, as he once counseled when our Nation was imperiled, to 'dare to do our duty as we understand it.' And so, with minds and hearts and souls determined upon our common purpose of patriotic service, we can ask ourselves: 'What does our America require of us?'"

LOVE OF COUNTRY FIRST

Here Mrs. Simmons refers to two articles she wrote for the Saturday Evening Post telling the reactions of a farm woman to the planned economy a la Wallace and Tugwell. She continued as follows:

"One reason I am here today is that I have been assured that the Republican Party desires now above all considerations of partisanship to offer to people of patriotism and common sense a medium for such mobilization. Here we are to put love of country first.

"We who have come from generations of conservative southern Democrats are in a position both peculiar and pathetic. We see that either this administration is not Democratic or we have been mistaken all of our lives, but either way, we have no party. As a kinsman of mine recently said, 'I didn't leave the Democratic Party. It left me.' Those whom we helped to elect and, indeed, whom some of you helped to elect, have betrayed us. I have it upon good Republican authority that no administration ever went into power upon a better platform. The trouble has been that as soon as the election was certain the platform was forsaken.

"Not only has the platform been repudiated but we have had thrust upon us as rulers persons for whom we have never had any chance to vote. These have been appointed by those whom we did elect. They have assumed powers that tend daily to curtail our freedom and make positive a slavery hateful to us who have tried to be intelligent citizens. They waste our money until we are appalled, and our imaginations stagger at the sizes of the figures with which they juggle so carelessly.

STRAIGHT THINKING NEEDED

"I believe it is only fair to draw a very clear line between the Democratic Party as some of us have known and loved it, before this iniquitous era of 'brain rust' began to corrode our national honor, and this communistic, un-American regime we now so sadly suffer. I believe that the Republican Party will do wisely to conduct its campaigns upon principles and upon plans that will come from straight thinking.

"For our America requires of us, first of all, that we think, and then that we have courage to act as our thinking has pointed the way. It is hard work to think, but this is no time for indifference, or for carelessness. Sir Joshua Reynolds once said, 'There is no expedient to which a man will not resort to avoid the real labor of thinking'; and Oliver Wendell Holmes wrote that 'liberty involves that necessity for perpetual choice which is the kind of labor men have always dreaded.' And I say to you that we must not allow ourselves to be caught up in a dust storm of catch phrases, or to be sunk in a mire of senseless generalities.

"We must get the facts, and we can, if we are persistent enough. Today, as a farm woman, I believe that the biggest reason so many farmers signed the various contracts thrust at them by the bureaucrats of the Agricultural Department has been because they did not get all the facts.

ONE-SIDED CONTRACTS

"I asked a good many farmers if they read the contracts, and I never found one who realized about clause 9 of the 1934 corn-hog contract, yet it plainly demanded that the signer agree to comply with such rulings as the Secretary of Agriculture had made heretofore and might make hereinafter.

"My husband said he would not sign any contract that bound him and did not as much bind the other party to it, and that it was just another tax scheme, which we all know it was, and is. But it is far worse than anything we have ever known, because it collects the farmers' liberty along with the processing taxes.

"The desire to rule us, to dominate American farmers, runs rampant and vicious through all these 'triple A' schemes. I feel an awful sense of personal disillusionment when I view how news they at Washington can take as favorable to the 'triple A' is exaggerated, and how those of us who dare to oppose these fantastic mistakes are discredited.

RIDICULES FARM PILGRIMS

"Take this recent march of farmers to Washington: The Kansas City Star printed the fact that of the 40 or so who went from my own State of Missouri nearly all were from one cotton-producing county in the southeastern part of the State. Yet see how immediately announcements came out of Washington that the Congress was so impressed that now these proposed amendments to the Agricultural Adjustment Act would be passed without much trouble. I read it, and I just thought, 'I reckon if somebody would turn one swallow loose in our Nation's Capitol in January most of our Congressmen would get out their straw hats and think it was summer.'

"I didn't feel any happier after President Roosevelt stood up before that hand-picked bunch that so wrongly claimed to represent all farmers and called me a 'high and mighty liar', for I am one who does not believe that some soft-handed fathead down in Washington can run my husband's farm better than he can!

"Now Mr. Chester Davis of the 'triple A' tells us that the Department of Agriculture has received a 'mandate' from the wheat growers to continue wheat control until 1939, yet the best figures available show that 15 percent of the wheat growers of the Nation voted in this recent so-called referendum in which the voting was secret. In a country where representative government is supposed to be right, how can 15 percent issue a mandate? A young farmer sat in my study out on our farm the day when the voting was being done and said there was no use to vote because with the vote secret it would be in favor whether it was or not! He was correct, of course."

Mrs. Simmons related her father's recent experience with the cattle-buying bureaucrats and then continued:

"And so when I hear and read how those over us are going to regulate all business, and how electric power plants are to be built to compete, as they must, with the very private businesses whose tax money must go to support the Government-owned plants, when I consider the sanctimonious indictments of business and industry, the mealy mouthed bids for the favor of the man in the street, the promises that neither a King Midas nor an Angel Gabriel could ever fulfill, I remember these contracts sent out for farmers to sign, and the high-powered salesmanship used to get the farmers' names on the desired line, and I am sickened with a horrible nausea at the thought of how much worse political trickery can be than even the most flagrant business mismanagement!

"There is a ridiculousness strangely lacking in wit or humor about an administration undertaking to convert and compel all business to heavenly ways, when at the very same time that administration is itself setting the example of breaking contracts and of seizing more than two-fifths of the gold out of its citizens' dollars, and of subsidizing one class with money it has taxed out of another class.

THANKFUL TO HIGH COURT

"I am so thankful for the recent Supreme Court decision. It gives us hope that we can save our Constitution. And I know a definite amusement and a sense of personal vindication in the specific occasion for the decision. When we moved to our farm 22 years ago, with less than $35, and with 30 red hens, our entire investment in livestock, some of our neighbors in the well-to-do cattle- and hog-raising community where we live did not bother to laugh behind their hands at what they called our "chicken business." They laughed right to our faces. But we kept on, and I am neither sorry nor apologetic because we have devoted half a lifetime to poultry raising and to helping others with their poultry problems. Among all our industries the poultry industry stands near the top in size and in importance, and I think it can take a bow when we see how two chickens have tolled the bell for the Blue Eagle.

"But I have not told you this in a facetious sense alone. I wish we could all realize how the smallest tasks can sometimes come to real importance, so that we might know better than to despise the day of small things, and might thus be led to a diviner self-respect. Former President Theodore Roosevelt once said: 'Do the best you can with what you have, where you are,' and if every person hearing my voice today would take his words for a creed by which to live our America and our Constitution and our future would be safe!

WOULD CONQUER DEFEATISM

"We must cast off the defeatist feeling that has been shackling our minds and our hands. We must remember that, as Tennyson wrote, 'Mockery is the fume of little hearts', and we must not allow the ridicule and scorn of those who now seek autocratic power over us to drive us away from the individualism, whose rugged strength contributed so much to the character that pioneered to make our Nation.

"A feature writer from a big city newspaper came to me for an interview. In the midst of it he exclaimed: 'But surely you do not believe in rugged individualism, Mrs. Simmons!'

"So I asked him: 'Did you ever stop to think that there is one gift only that the Creator has given to you that he has never given to any other human being, and that it is the gift of your own separate personality, your individuality? Do you suppose there can be a more unpardonable sin than to throw that gift back into his face?'

A JOB AND AN OBLIGATION

"The Republican Party faces a tremendous obligation and an enormous job. You who now seek plans for its future serviceability will do well to remember that envy must forever be ignorant and imitation childish, and that you will accomplish nothing but downfall and disgrace if you give up to imitation of the political expediency that now besmirches the face of our Republic, and if you allow yourselves to succumb to a lazy apeing of the so-called 'new deal.'

"The values of truth and of principle and of right must be recognized, and if following them means stumbling uphill with a cross to the crucifixion, then all loyal citizens of our Nation must be willing to shoulder their crosses."

DENIES BEING HARD-HEARTED

Mrs. Simmons here warned against hero worship and the political effect of spending of four or five billion dollars now in prospect, and continued:

"I am not a hard-hearted, unfeeling person. I never turned a tramp from our farm home door without feeding him, and while I do not publish my gifts, I do not forget to give them. But I believe that Archbishop Sumner was right when he said, 'The only true secret of assisting the poor is to make them agents in bettering their own condition.' Is this present administration doing this when it teaches them that the world owes them a living, and the Government is going to pay it to them, and when farmers cannot get helpers for the farm work, because those on Government relief get more from that relief than the farmer can afford to pay?

"Sometimes I hear the question, 'Well, what would the farmers have done without their benefit payments last year after the drought? Didn't they need the money?'

"And my answer is that certainly, after the worst drought ever known, many farmers needed help, but our Nation and its people have always helped those made unfortunate by droughts and floods and pestilences and accidents, but never before did a government demand that the unfortunate sign away their rights before they could receive the help they needed. It has remained for the new deal to drive that hard and tragic bargain.

SAYS ALL PRICES RISE

"Somebody else exclaims, 'Well, aren't prices better? Look at what food costs us!' And I answer, 'Yes; prices of farm products are higher, but so are prices of what the farmer must buy, and he has so little to sell, not only because of the drought but because of the Government's policy of wasteful destruction, that of what avail are higher prices to the farmer who has nothing to sell and everything to buy?'

"And then there is the inevitable last question, 'What would you do, if you don't like what the new deal is doing?'

"So I bring my same recipe for farm progress—lower taxes, lower interest rates, and to be let alone, unhindered, to do the best we can. Every business and industry in our Nation would benefit if agriculture could have these three, and likewise every business and industry would further benefit if they could also have lower taxes, lower interest, and freedom from bureaucratic meddling!

FOR ECONOMY, TAX CUTS

"All taxes can be lowered if expenses of government can be reduced and if political graft can be cleaned out of government. Our tax system is a mess, and about the only changes ever made in it are additional taxes, so that we go from very bad to much worse, year after year.

"If the Republican Party wishes to render real service to our Nation, it will renew respect for thrift, and for saving. It will remember the ways of Calvin Coolidge, and take the long look ahead that good management demands, and guide our country again into the only financial plan that ever can save us—working hard, and living within our means, and paying what we already owe!

"We could have lower interest rates on farm lands, if the people who have money to lend had faith in the Government; but if you had $10,000 to lend on a farm, money you perhaps had saved by means of the self-sacrifice of a lifetime, would you lend it, realizing that very likely the farmer who would borrow it would be prohibited by law from raising all he could, and that when pay day would come the Government might rule that he owed you only half of it? There never can be any sense or righteousness before our Creator in man-muddled scarcity. The new deal can never succeed until God gives to its proponents absolute control over the weather and over human nature. And He never will. There never was and there can never be any better policy than honesty.

WOULD BE LET ALONE

"When I say that we need to be let alone, unhindered, there are always those—and most unfortunately for our Nation—who at once imagine I mean that farmers and business men should be allowed to become cruel tyrants who consider none but themselves. Such is the state of mind that has come because we have too many false and careless labels, too many misplaced price tags, too much befogging of real facts and real issues by the people who want to live off of somebody else's labor, and by the politicians who want to get their votes by encouraging them in their deadbeat ways.

"If you let a man alone, you stop hindering him; but now these excessive taxes with their deceiving duplications hinder us; these too high interest charges hinder us; the loss of our foreign markets that the policies of President Roosevelt and Secretary of Agriculture Henry A. Wallace have precipitated hinder us; industrial unrest hinders; and lack of faith in man and in institutions, brought on by loss of confidence in those who have been elected to do a certain thing and have gone straightway to do something different; uncertainty about what bureaucratic rulings will come with the morning—all these and more now hinder us farmers from going ahead in any orderly way.

"I tell you, you do not know, unless you are a farmer who tries to think and to study and to make an honest living, the awful tension that we suffer now. I should like to be relieved of it, if only long enough to get one good night's sleep.

CALLS NEW DEAL TRICKY

"The greatest detriments to any honest business today, whether it be farming, or running a store, or managing a bank, or a power plant, or a manufacturing center, or anything else you may mention, are the meddling of this administration, and the examples of trickery and of political opportunism and of broken promises that it has set. And the pity is that so many have not yet realized how they are being deceived, or how surely things are not what they may seem.

"Belief in the integrity of government is almost as basic as belief in God. Indeed, it is difficult to maintain belief in God when we have lost faith in government and in our fellow men who have promised to uphold our liberties.

"Give me positive and complete assurance that the Republican Party means business when it makes its promises, and that when it builds its platform it intended to stay on it, that those whom it elects will remember and try their best to fulfill their promises, and to use common sense and actual honesty, and I am ready to stand by the Republican Party.

CHALLENGE FOR PARTY

"This is the challenge that must be met. Not in a lot of flowery speeches; not in 'sound and fury, signifying nothing'; not in promises of some utopian fairyland that can never be found or made in a practical world; not in grandiose schemes for reforms impossible to human nature this side of the grave; not in profligate wasting of money our children's children will have to slave to pay; not in stooping to the use of personal wiles founded craftily upon a conceited belief in a personal charm that has been exploited so sickeningly, to try to cajole and flatter the public into imagining that all that glitters is gold; not in vast propaganda machinery whose experts take turns at singing a hallelujah chorus for this administration's head and his bureaucratic henchmen, and at filling themselves at the tax trough—not in any of these is there any insurance for our future.

Instead, we need to undertake the simple tasks that, rightly done, can bring economy and order and usefulness and progress for our country. We need to lay out a plan of action that is humanly possible to carry out, and then get to work, without fear or favor, to accomplish it. Our America needs statesmanship in those whom we shall elect, and true and intelligent citizenship in the hearts of all of us, more than ever before in our Nation's

history. These qualities, with the service they can bring, are not impossible.

ASKS FOR COMMON SENSE

We stand today, as did the Prophet Isaiah, between what Dr. Henry Van Dyke aptly called "the fierce radicals on the one hand and the sullen conservatives on the other", and the words of Isaiah then are just as apropos for us now:

"In quietness and confidence shall be your strength
In rest and in returning ye shall be saved."

Today the Republican Party must have the quietness of purpose and of determination whose strength must forever be finer and more lasting than any ballyhoo of those who boast when they put their harness on, and have nothing of which to boast, when somebody snatches it from their useless hands.

The Republican Party must have such confidence in the integrity of its own plans and its own patience and persistence in working these plans that there can be given to it, as there will be, the confidence of a Nation of people who are done with betrayal, and who must have and be thankful for a party in which they can believe. The Republican Party must give us a rest from foolish and costly experiments, and return to courage and thrift and sanity.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. HARRISON. I ask unanimous consent that the formal reading of the bill may be dispensed with and that the bill be read for amendment, committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. Mr. President, as briefly as possible I shall explain the provisions and purposes of the pending measure, the so-called "social security" bill. I shall try to make the explanation as brief as possible, and I trust Senators will permit me to finish my analysis before I shall be asked to yield for any questions. At the conclusion of my statement I shall be glad to answer any questions with respect to the bill that I can or make any further explanation that may be desired.

In general, the purpose of this legislation is to initiate a permanent program of assistance to our American citizens in meeting some of the major economic hazards of life. It is, of course, impossible for all social problems to be met with this measure, nor does it attempt to do so. Many problems remain untouched by its provisions; some because not within the purview of Federal legislation, and some because it was decided proper that this legislation should be directed only against those major causes of insecurity for which experience has developed an efficient remedy.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I had hoped that I might be permitted to finish my explanation before interruption came, but I yield.

Mr. LONG. I do not want to ask about the bill. I want to find out what course the Senator proposes to take with reference to the bill. Are we first to consider committee amendments?

Mr. HARRISON. Unanimous consent has been granted that committee amendments shall be first considered.

Mr. LONG. Then it will be some time before we come to the point of the introduction and consideration of any individual amendments which Senators may wish to offer?

Mr. HARRISON. I hope we may expedite the matter as much as possible, but I doubt whether we will reach that point for several hours.

Nor is the bill intended as emergency legislation, to cope with an emergency situation, but rather it is designed as a well-rounded program of attack on principal causes of insecurity which existed prior to the depression and which we may expect to continue in the years to come. The depression did not create but merely accentuated and forcefully brought to our attention, human suffering resulting from these principal hazards of life.

This measure includes several related subjects. It attacks major problems presented by recurrent unemployment, by destitution of the aged and blind, and of physically handicapped or orphaned children, and seeks to accomplish these purposes largely through encouragement given the States to meet these problems by State action.

Before mentioning any details I wish first to call attention to the general outline of this measure. Neglecting for the moment its provisions dealing with public health and vocational education, this legislation may be classified into three general kinds of provisions, designed to meet three major problems: (1) Pensions for the aged and blind, (2) provisions for child welfare, and (3) unemployment-insurance provisions.

I might here mention the Federal appropriations required for the purposes of this legislation. The measure authorizes about three and one-half million dollars for Federal supervisory and administrative expenses in carrying out the provisions encouraging State pension and child-welfare services; and for allotments to States authorizes $49,750,000 for State old-age pensions, $24,750,000 for dependent children, generally called "mothers' pensions", and $11,991,000 for other items, including child health and welfare services, pensions to the blind, and vocational education. Eight million dollars is authorized for augmenting the public-health service of the States. This makes a total for the fiscal year 1936 of a little less than $98,000,000. The measure authorizes increased appropriations with respect to pensions and vocational education in succeeding years.

In addition to the above, there is an authorization of $4,000,000 as a grant in aid to assist States in administering unemployment insurance for 1936, and $49,000,000 annually thereafter, which amounts will be more than offset by a tax imposed by the measure on employers of four or more persons. Likewise, it is thought that the other taxes the bill imposes on employers and on employees will offset the fiscal requirements of Federal annuity provisions of the measure.

As I have stated, besides augmenting existing public health and vocational rehabilitation services, the measure has three general types of provisions: First, those dealing with pensions for the aged and blind; second, those pertaining to child welfare; and, third, unemployment insurance legislation. At this point I wish to discuss briefly each of these classes in the order named.

In taking up the problem of security for the aged, I should first like to mention a few facts pertinent to this question. Some seven and one-half millions in this country are over 65, and best estimates indicate that about a million of these are dependent on the public for relief. A huge number are on the Federal Emergency Relief, which was not designed and is not suited to meet this permanent problem.

As the trend of our civilization leads away from the farm and into the cities, a growing percentage of our people have come to depend for subsistence on a weekly pay check, and, when cut off from employment because of age, have become dependent on the helping hand of public charity. We are all familiar with the poorhouses to which many of these aged must now turn, and those with experience in the local administration of poorhouses will recognize the wastefulness and inefficiency of this method of taking care of the needy aged.

Many States have sought a better method for meeting this problem. Thirty-three of our States and the Territories of Alaska and Hawaii have State pension laws for the care of destitute aged, and the number of beneficiaries increases rapidly despite the financial difficulties confronting State and local governments. Because of this financial stringency, as might be expected, pensions in many cases are necessarily quite inadequate.

Further, the States face an increasing burden of pension costs in the years to come. The percentage of people over 65 to the total population is rapidly increasing, and a study

of age groups as shown by the census, indicates that the number of these old will be about doubled by 1970. So, obviously, the burden of taking care of these increasingly large groups of needy aged should be met in some manner other than merely the present methods.

The provisions of the social-security bill dealing with this problem may be grouped according to the two purposes sought to be accomplished; first, that of alleviating, and second, that of largely eliminating the said prevalence of poverty in old age.

Eliminating, so far as possible, the necessity of providing a charitable pension for aged people is a primary object of this legislation. In 1931, while Governor of New York, President Roosevelt felt this need, and in a message to the legislature with respect to the gratuitous old-age pension of the State, said:

> I have many times stated that I am not satisfied with the provisions of this law. Its present form, although objectionable as providing for a gratuity, may be justified only as a means intended to replace to a large extent the existing methods of poorhouse and poor-farm relief. Any great enlargement of the theory of this law would, however, smack of the practices of a dole. Our American aged do not want charity, but rather old-age comforts to which they are rightfully entitled by their own thrift and foresight in the form of insurance. It is, therefore, my judgment that the next step to be taken should be based on the theory of insurance by a system of contributions commencing at an early age.

It has been found actuarially possible, and the bill provides a method, for those in industry to contribute from year to year a tax, covered into the Treasury of the United States, sufficient to bear the costs of an old-age annuity for those in industry.

These are provisions for what we may term, for convenience in distinguishing them from other pension provisions, annuities.

Beginning in 1937, all employees in the United States, save casual and agricultural labor, private domestic servants, employees of the Federal or State Governments, and of nonprofit religious, charitable, scientific, literary or educational employers, will pay a Federal tax of 1 percent of their wages, up to $3,000 per year salary, which tax will be increased one-half per cent each 3 years, until it reaches a maximum of 3 percent for 1949 and thereafter. Employers of these employees also pay a similar tax at the same rates, based on the taxable pay of each employee, and also are required to deduct the employee's tax from his wages, and report and pay both taxes to the Bureau of Internal Revenue. Penalties with respect to this tax are those of the revenue act, and as collection devices the Commissioner of Internal Revenue may prescribe the purchase of stamps or other tokens. This tax is calculated as sufficient to provide funds, covering the cost of the annuities in the years to come, which will be paid, with only one or two small exceptions, to those workers in industry who paid the tax.

These employees of industry are eligible for annuities on reaching 65, if they have paid tax on total wages of $2,000 or more earned during 5 or more years after 1936 and before reaching the age of 65.

The Finance Committee added an amendment which provides that a man will receive this annuity only if he has retired from regular employment. This was based on the belief that no person holding a regular job should retain this job after 65, receiving an annuity along with his pay check. Rather, he should retire and make it possible for others to obtain work.

These annuities are based roughly on the salary which has been earned after 1936. The measure provides a pension, however, of larger amounts where small salaries or a short period under the system would otherwise result in a very small pension. The annuity is $15 per month for the first $3,000 in salary before the employee reaches 65, plus about 83 cents per month for each additional thousand, up to $45,000, plus about 42 cents per month for each thousand over $45,000, with the further provision that no pension may exceed $85 per month.

For example, take the case of a person whose average salary is $100 per month, retiring at the age of 65. His monthly pension would be:

$17.50 where he earned wages 5 years.
$22.50 where he earned wages 10 years.
$32.50 where he earned wages 20 years.
$42.50 where he earned wages 30 years.
$51.25 where he earned wages 40 years.

A lump-sum benefit of 3½ percent of all wages is provided for the estate of any person dying before 65, and a like amount is paid any person retiring at 65 and not eligible for benefits. For example, suppose such wages after 1936 amounted to $10,000, this benefit would be $350.

This plan is expected to take care of a majority of our people in the future, but there are some groups, not employed by industry, necessarily omitted under this system. It was thought proper, and the Finance Committee amendment to the measure accordingly provides, that these groups, such as farmers and professional men, be given an opportunity, as similar as possible to those in industry, to build an annuity. Persons who desire may, in very small installments, or by lump-sum payment, purchase annuities from the Treasury which will pay them up to $100 per month after they reach 65. These annuities are, of course, on an actuarial basis, and accordingly require no tax measure or appropriation, and none is provided in the bill.

There is yet a third group to consider, those who now or in the future face a dependent old age and have not been able to secure either of the annuities which I have just mentioned. For a complete old-age program this group must also be considered. This is the second part of the old-age security plan—providing for those whose old-age dependency cannot be eliminated by these annuities.

The social-security bill authorizes the appropriation of $49,750,000 for 1936, and such sum as may be needed annually thereafter, to be allotted the States with approved plans, to be used in making payments under their old-age pension laws. The average pension now paid by the 33 States and 2 Territories which have already enacted these laws is about $15 per person per month. Accordingly, up to $15 a month per beneficiary the Federal Government will match whatever the States appropriate. This Federal aid will be available immediately to each State with a satisfactory plan for State old-age pensions and will result in the Federal Government bearing half the costs of paying pensions up to $30 per month per beneficiary. If the State wishes to add to its costs and pay a more liberal pension, of course it is at liberty to do so.

The administration of these pension laws is left to the States themselves, with an absolute minimum of Federal participation, other than the granting of the money to match State funds. It is right and proper for the States, where old-age pension laws began, to go on administering these laws in their own way, for their own people.

The measure provides, however, for obvious reasons, a limitation on requirements States might set up, and which might leave large groups ineligible for a pension in any State. It may have a residence requirement of not exceeding 5 of the 9 years preceding application for a pension, and a continuous residence requirement of 1 year immediately preceding application. Further, United States citizens, who have met the residence requirement, may not be excluded on a citizenship requirement.

To sum up, for old-age security, the measure provides for Federal industrial annuities, for voluntary annuities, and, in addition, provides assistance to the States in paying pensions to those so unfortunate as to face old age without these annuities, or other income of their own.

The necessity of the bill making this twofold attack upon destitution in old age can be readily appreciated when one realizes the terrific cost of trying to meet the problem by merely grants in aid to the States to pay gratuitous pensions. As I have stated, the number of needy old people is steadily increasing. The average length of life is getting longer; industrial civilization has made it harder for the young to care for their parents. For these reasons, if the measure merely granted aid to the States for old-age pensions, the cost would grow enormously. The actuaries say that if this was the only plan providing for the aged,

by 1960 the total annual cost of pensions, to the State, Federal, and local governments, would be as much as $2,000,000,000. In drafting the social-security bill, therefore, it was thought necessary to look around for additional means of meeting this problem; and the thing that has been proposed and sponsored by the President is the national system of old-age annuities which I have just described, which will be paid for in large part by the very people who will get the benefits.

By inaugurating this threefold system—and this is very important—we will thus be vastly reducing the Federal and State burden of paying the gratuitous pension, for this annuity system should eliminate the necessity of a gratuitous pension in at least half the cases. I have said that the actuaries figured that in the absence of any all-embracing Federal system the total cost by 1960 for State old-age pensions might be $2,000,000,000. With the self-supporting Federal system in existence, however, the annual cost by 1960 for the State old-age pensions would almost certainly be less than $1,000,000,000. This system, therefore, would mean a saving of over a billion dollars a year.

It is well worth while to remember this tremendous saving to the Federal and State Governments, in considering placing on industry the graduated pay-roll tax it will assume under this uniform national system. This tax on employers, and the tax on employees, begins in 1937 with equal contributions of 1 percent, and is 2 percent in 1943. Even when it reaches its maximum of 3 percent in 1949, it will amount, on the average, to only something like 1 percent of the regular selling price of the average employers' product. This is a relatively small amount to pay for a system which will provide annuities in lieu of gratuitous pensions costing over a billion dollars a year, and will bring assurance of a small but regular income to more than half of our aged people.

Besides the saving to the Nation as a whole, the annuity system will give to the worker the satisfaction of knowing that he himself is providing for his old age.

This system of meeting the problem of the needy aged is the nearest approach to ideal that could be reached after months of patient study. It is believed to be within the financial ability of our Government, and achieves in the largest measure found possible, the ideal of the President and those of us who believe as he does, of banishing the gaunt specter of need in old age.

Besides the grant in aid to States for assistance in paying pension for the needy aged—and this does not refer to one who has reached the age of 65 only, but he must be in need—the bill authorizes $3,000,000 for 1936, and such sums as may be necessary thereafter to match State funds for pensions to those totally blind. Approximately the same conditions attach to these grants in aid as attach to grants for State old-age pensions.

I do not know when any committee was ever moved more than was the Finance Committee when several old gentlemen, who were totally blind, were led into the committee room by their dogs and presented their case for aid to the needy blind in this country. I may say, with reference to the blind, that the provision was not in the bill as it passed the House, but is a Senate committee amendment.

As indicative of the need of this provision I might mention two or three pertinent facts. About half of the States already have such pension laws, but State financial stringency has resulted in very inadequate provision.

There are more than 65,000 listed as totally blind by the 1930 census, which recognizes this as an understatement, and of these nearly 45 percent are persons over 65, as much blindness comes from causes developing late in life. Due to this fact, and the difficulty of finding suitable occupations, it is not surprising that less than 15 percent of the blind are gainfully employed. Encouragement to the blind to become self-supporting is, of course, desirable, but the fact that only a few even of the 15 percent gainfully employed are self-supporting shows the necessity of encouraging and financially assisting these State pensions for the blind.

The Federal agency passing on State plans providing pensions for the blind and aged, and State unemployment insurance plans, and which administers the contributory annuity system, is the Social Security Board. Before passing on to the next phase of the bill, that dealing with child-welfare, I will mention the main provisions as to the Social Security Board.

This is a three-member board, and the Finance Committee amended the bill to provide that during membership a person could engage in no other employment; that no more than two members shall belong to the same political party, and established the Board in the Department of Labor.

Board members serve 6-year staggered terms and are, with the advice and consent of the Senate, appointed by the President, who also designates which shall be chairman.

This Board is, as I have mentioned, in general the Federal administrative agency for Federal annuities, and passes on State plans and other matters with respect to assistance for the blind and aged and for unemployment insurance.

It appoints and fixes compensation for needed officers and employers, of which attorneys and experts are not subject to civil service. Its report is, of course, made through the Department of Labor.

Your committee's amendment locating the Board in the Department of Labor was largely because by this arrangement savings might be effected, and its work could be better integrated with other agencies that are now in the Department of Labor.

I now direct your attention to the second phase of the measure, that of child welfare. At the outset I desire to pay tribute to the great work the States have done in this field, and to mention that all the provisions of the bill affecting children are designed to assist the States.

The large problems relating to child welfare are the problems of the child in the broken home without adequate income, the neglected child, and the crippled child. In addition, the matter of child and maternal health is of vital importance.

The pending bill has provisions designed to alleviate each of these hazards.

With respect to the first child-welfare problem, that of the child in the broken home, where there is no adequate income, I desire to call your attention to facts developed by the relief survey. This survey indicates that there are some 350,000 families of this type, with 700,000 children, which have been supported by the relief. With relief no longer available the necessity will naturally arise of throwing these children in institutions, as the mother cannot usually care for them and at the same time go out and work.

The problem of keeping such broken families together has caused 45 States to enact laws, generally termed "mothers' pensions", and with the termination of the Federal emergency relief measures it would seem almost imperative that the States be assisted in bearing the financial burden of providing these pensions.

The measure meets this situation by authorizing an appropriation of $24,750,000 for 1936, and such amounts as may be needed annually thereafter, for grants in aid, to be apportioned among the States for use in paying pensions to dependent children. Where the State has an approved plan, the Federal Government thus will bear one-third the cost of the total pension, except in no case shall the Federal share exceed $6 per month where there is one dependent child, and $4 for each additional child where there is more than one dependent child. These limits are roughly in accordance with the limitations in the allowances to the widows and families of World War veterans, as the contemplated total pension would amount to $18 for the first child and $12 each for any additional children in the family.

A State will not have to aid every child which it finds to be in need. Obviously, for many States, that would be too large a burden. It may limit aid to children living with their widowed mother, or it can include children without parents living with near relatives. The provisions are not for general relief of poor children but are designed to hold broken families together.

The Ways and Means Committee report, in mentioning the next problem of child welfare, the alarmingly large number of neglected children, said that they "are in many respects the most unfortunate of all children, as their lives have already been impaired." To assist the States in strengthening public-welfare agencies, especially in rural areas, and thus helping to care for homeless and neglected children, the measure authorizes an appropriation of $1,500,000 for 1936 and for each year thereafter. This grant to the States is to be apportioned by first giving $10,000 to each State, and dividing the remainder among the States on the basis of their respective rural populations, as compared with the total rural population of the United States.

The importance of the provisions for crippled children, the third problem attacked, is evidenced by the fact that there are between 300,000 and 500,000 of these, many of whom can be effectively dealt with by early treatment. This will not only save them from lifelong physical impairment but also from being public charges.

The measure authorizes $2,850,000 annually to assist the States in meeting this problem, especially in rural areas and those in economic distress. The appropriation is on a 50-50 matching basis, apportioned first $20,000 to each State, the remainder to the several States based on the number of crippled children and the cost of locating and hospitalizing them.

The fourth and last problem attacked is that of maternal and infant care. From 1922 to 1929 the Federal Government participated in this program, and all but three States cooperated. Due to financial stress this work has been curtailed, and several States have felt unable to continue it.

The American maternity and infancy death rate, particularly in rural areas, is much higher than that of most civilized countries, and experience has taught that an intelligent program is very effective in remedying this condition. The measure accordingly has authorization for $3,800,000 annually to be used in aiding the States. This is to be allotted, first $20,000 to each State, then $1,800,000 is apportioned according to the live births of each State, compared to total live births throughout the country. This is on a 50-50 matching basis. In addition, $980,000 is for allotment without the necessity of the State matching, based on the financial needs of the State in carrying out its plan, and taking into consideration the live births in the State.

Approval of State plans for children is vested in the Children's Bureau, which has done notable work for many years. The measure authorizes $625,000 annually for its expenses in administration, and for further study and investigation.

Save this sum, it will be noted, all the appropriations for child welfare are granted to and administered by the States under State law. The apportionment of these funds is largely administrative, as I have indicated in dealing with each provision. This is also true with respect to passing on State plans for child welfare, the principal duties of the Bureau being to make suggestions and to determine whether State plans meet the requirements set out in the bill. I shall briefly mention these principal requirements, which are believed proper to insure the greatest benefits from the grants in aid for child welfare which have been just reviewed.

State plans for crippled children, for maternal and child health, and for dependent children must each be State-wide in operation, with the State contributing financially to its support, and with a State agency charged with final administrative responsibility, and making reports to the Secretary of Labor. The Chief of the Children's Bureau passes on whether these requirements are met, and, in the case of mothers' pensions, on whether the methods of administration are efficient. In no case, however, does this include jurisdiction to pass on tenure of office, selection, or compensation of State personnel. In the case of mothers' pensions any person whose claim is denied must be given a right of appeal to the State agency, and the plan cannot have a residence restriction excluding any child who lived within the State a year before aid is requested or, in case the child is born within the year, if the child's mother has lived in the State a year. In carrying out child-welfare services the measure provides for the State and Children's Bureau to jointly work out a plan.

To sum up, the provisions of the social-security bill affecting children are for grants in aid to the States, assisting them in making provision for dependent children in broken homes, which are usually termed "mothers' pensions"; also for child-welfare services, for medical assistance to crippled children, and for mother and infant health. In addition, the appropriation authorized for continuing and augmenting existing vocational education and public-health services will be of benefit to children as well as adults.

We have discussed two of the three main phases of this legislation—provisions for the aged and blind, and those for child welfare. I have omitted any discussion of the parts of the bill dealing with public health and vocational education. This omission is not because I deem these provisions of small importance, but because they are along traditional lines, merely augmenting and extending these services, and meeting universal approval. The necessity of the provisions was demonstrated at the hearings by a host of witnesses.

The third and last great phase of this measure is the attack upon unemployment. In discussing the provisions with respect to unemployment insurance, I wish to again emphasize that it is not the purpose of unemployment insurance to meet the extraordinary situation with which we are now faced.

This situation is being met by the public-works program, and if in the future a similar emergency again must be met, it will probably call for some similar effort. The field of unemployment insurance is essentially that of meeting the normal condition of temporary lack of employment, and to mitigate the immediate effects of large-scale unemployment.

For in normal times, and in fact even in boom years, there is always considerable unemployment. Some 3,000,000 people who wanted work did not obtain it in the comparatively prosperous year of 1928. When machinery is replaced by more efficient machinery, when overproduction arises from any of many causes, when an industry is dying because its product is being supplanted, men are thrown out of work.

Further, with little thought directed toward stabilization, many industries operate with considerable irregularity of employment. There are peak periods and there are low periods, and a plant that employs thousands of men in March and April carries on with merely a skeleton force in the autumn months. The thousands who are thus dropped face a resulting period of unemployment, exhausting, in many instances, their meager savings, and sometimes becoming a charge on charity before an opportunity for regular wages is again afforded them.

It has always been natural for the cost of this unemployment to fall upon the local community. Those who are out of work first look to their neighbors for help; and, when that source is no longer sufficient, to their local and State governments. Unemployment may, in extraordinary depressions, necessitate the Federal Government assisting the States to meet the problem, but otherwise the problem of so-called "normal" unemployment is one that primarily is of local concern.

This has long been recognized by the States, and the problem of meeting this "normal" unemployment has been the subject of earnest study by commissions established by them. Especially has this been true since 1929, when increasing ranks of the unemployed brought the necessity of some action more keenly to public attention.

It is significant that almost every State commission investigating the subject urged some form of unemployment insurance, and, while differing as to details, uniformly recognized that part or all of the cost should be borne by employers in industry and that reserves should be built up in good times to help in providing for the welfare of those unfortunates cut off from regular work by seasonal unemployment, or that resulting from the many other causes found even in normal times.

Looking backward, it is easy to see how unfortunate it was that no more steps were taken toward actually inaugurat-

ing State unemployment insurance systems. For instance, if the State of Ohio had started unemployment insurance back in 1923, paying their workers who were honestly unemployed half their wages for periods of not longer than 6 months, the fund would have stayed wholly solvent for 2½ years after the depression began. Probably the rigors of the depression would have been largely mitigated with such a system in force throughout the several States. Certainly the regular income still received by each man who lost his job would not only have kept up his courage in the face of adversity but would also have given him a purchasing power enabling him to consume products of industry, which were left unsold on the shelves of the clothing store and the grocery.

One large factor deterring States from acting on the recommendations of commissions for the establishment of unemployment insurance has been the belief that it would put the local industry of the State at a competitive disadvantage with industries of States which did not have such systems. "If", the argument runs, "this burden, small though it may seem, is placed on the employers of this State, and is not likewise placed on the employers of our neighboring States, we shall in effect be driving industry out of our State and into the neighboring States, if we pass this bill."

The argument was made that if, for example, an unemployment-insurance plan were put into effect in Ohio, and no unemployment-insurance plan were put into effect in Kentucky, the industries of Ohio would be affected disadvantageously.

While, despite this obstacle, Wisconsin enacted an unemployment compensation law in 1932, and during the past winter Washington, Utah, New York, and New Hampshire also enacted such laws, other States have been deterred because of the fear of interstate competition, and it has been considered a most desirable step for the Federal Government to eliminate this barrier to State legislation.

This object is accomplished by the provisions of title 9 of the bill, which I now call to your attention. An excise tax is levied on employers of four or more persons, effective for 1936, and payable first in January 1937. This tax is for the first year 1 percent of the employer's pay roll, and increases to 2 percent for the second, and 3 percent for the third and subsequent years. Against this tax, up to 90 percent thereof, the employer may credit any amount he pays the State for State unemployment compensation. This places employers of all States on the same footing, and allows and encourages the inauguration of State compensation laws by eliminating the fear of driving business out of the State by the imposition of the burden of supporting a State unemployment-insurance system.

The credit of State contributions against this Federal tax is allowed whenever the Social Security Board, established by the measure, finds that the State law is a genuine unemployment-insurance measure fulfilling a few minimum standards set up in the bill. These standards are not designed to limit the States from using wide discretion in the types of unemployment insurance established by them, but only to insure the satisfactory working of any unemployment-compensation system.

There are six of these requirements. First, so as to provide a close check-up on malingers, benefits are to be paid through public employment offices, where the State has such offices. Second, to insure satisfactory reserves, benefits are not to begin until after the State has required contributions to be collected for 2 years. Third, the funds must be used only to pay unemployment compensation. The fourth provision is for the protection of the worker, who is ordinarily cut off from benefits where he refuses proffered employment. It provides that such proffered employment need not be accepted where the hours or other conditions of the job offered are substantially less attractive than those of similar jobs in the locality, and that the employment is not such as to necessarily interfere with his union affiliations. The fifth requirement is that the State law does not create a system which cannot be amended when experience indicates the need for such amendment.

The sixth and last requirement is that the State unemployment funds be deposited with the Secretary of the Treasury. This requirement is coupled with the provision that interest be paid on the State balances, and is for the purpose of safeguarding their investment. It is thought that no matter how soundly invested by the States, there would come times of unemployment when the investment would have to be liquidated in large quantities, with a depressing effect on the securities and a resulting loss.

In completing my statement on unemployment insurance I wish to call your attention to two amendments the Finance Committee thought wise to add, which provide for wider choice of types of unemployment-insurance systems and also for a stabilization incentive to employers. As I said before, the State of Wisconsin was the first State to pass an unemployment-compensation law. The statute was based upon a very definite philosophy that if employers are given a real cash incentive to stabilize and regulate their employment they will be able to make progress in eliminating so-called "normal" unemployment. The Wisconsin law provides that every employer shall set up reserves against the unemployment of his own employees, and when his reserve fund reaches a certain amount he will thereafter have contributions reduced so as to pay only such sums as are necessary to keep the reserves up to this amount. It is therefore to his advantage to prevent unemployment and so escape the necessity of large contributions to these reserves. It is easily seen that the heart of this system is the lessening of contributions because of good employment experience, and that for it to be effective such credit should be allowed against Federal as well as State tax. The bill was passed by the house allowing only pool-type systems such as will be set up under the New York law and not providing for this stabilizing credit. The senate amendments allow either type of system and also the credit against Federal tax.

If the provision adopted by the House had been carried through in the Senate bill, then the Wisconsin system would have had to be completely changed. The Senate Finance Committee thought that the State itself should decide between these systems and adopt the one they thought most beneficial.

The final provisions of unemployment insurance are for grants in aid to States with approved systems, for their use in paying the costs of administering the system. As I have stated, there is a Federal tax and an allowance of 90 percent of credit against this tax because of contributions to State unemployment systems. The remaining 10 percent, which remains in the Federal Treasury, is thought sufficient to offset an appropriation authorized by the measure, to be allotted to States for these administrative costs.

Mr. President, I desire to congratulate the House of Representatives on the great improvement they made in the bill which was originally presented. They have made a marked improvement and I believe the Senate Committee on Finance has further improved the proposed legislation.

Mr. President, in concluding this statement, may I add that the development of our industrial civilization has presented these pressing problems which this legislation seeks partly to meet. The President has pointed the way, and the measure before you is the result of careful study by the Committee on Finance. The committee received the assistance of the best experts on this question throughout the country. It coordinates the efforts to lessen the major hazards of our civilization. It deals with matters which other countries have already dealt with, and from whose experience we can be guided. It will not commence with unwise speed, but rather will be a gradual development, proceeding carefully and surely for the goal which is now far distant.

Further study, beyond that already given would avail us little, and the need for delay in this legislation does not exist, as the provisions of the measure itself provide for no hasty action which might have a retarding effect upon recovery. I trust, therefore, with such reasonable discussion as may be found necessary, we may proceed without delay

to the consideration of this bill, with every hope of its appeal to an expeditious passage.

Mr. HASTINGS. Mr. President, I do not know whether or not the Senator covered the point I am about to make, as I did not hear the very first part of his discussion; but I wish to give an illustration and see whether the Senator can explain how this situation is to be met:

For instance, if a man 50 years of age going into this plan on January 1, 1937, is earning $100 a month and pays in until he is 65 and lives out his expectancy of 12 years, he will be entitled under this plan to $17.50 a month, or $210 a year. In 12 years that will amount to something like $2,500. There will have been paid in by him and for him during that time $24 for the first, second, and third years, and $36 for the next 2 years, making $144. If that $144 were invested in an annuity, as is the plan here, it would earn him only $1.17 a month, something like $14 a year, or a total of $168 during the 12 years as against twenty-five hundred and some odd dollars he would get under the plan proposed by the bill. It costs for that particular individual something over $2,300.

In view of the fact that this plan contemplates that the taxes collected shall pay all the expenses, I ask the Senator to explain—and I am not asking this question for any other purpose than to have the explanation from the chairman of the committee—I should like to have the chairman of the committee explain to the Senate how this difference of $2,300 in that particular class is made up.

Mr. HARRISON. I may say here to the Senator from Delaware that, without question, under the plan favored treatment is accorded to those who are now of advanced years.

Mr. HASTINGS. Let me give the Senator another illustration, in order to show that, from the point of view of some persons, there must be discriminations existing in this bill. That is one of the objections I have to it. If we take a young man who enters employment in 1949, when the full tax of 6 percent is payable and he pays in for a period of 45 years he will have earned during that time $54,000, and under the plan will be entitled to $53.75 a month, or $645 a year. If he should live out his expectancy, he would have paid to him under the plan $7,740; while if the same young man had paid in the same amount under some regular annuity plan, from which he got all the benefits, he would be entitled under the ordinary plan which the insurance companies adopt—and this is figured out carefully—to $68.50 a month, or $822 a year, which over a 12-year period would make a payment to him of $9,864. As under the plan proposed by the bill, he will get only $7,740; he will, therefore, lose $2,124. Of course, I am not asking the Senator to do anything more than assume that my figures are correct. I have gone over them with some care.

Mr. HARRISON. Are the figures based on the 3 percent the employer pays?

Mr. HASTINGS. Yes; on the 3 percent the employer pays and the 3 percent the employee pays. If that fund were paid in, as is done in the case of many of the corporations of the country—unfortunately by not enough of them—and an insurance policy taken out for that man, and he should start to work at 20 and should work for 45 years and should make his full pay every month, he would be entitled at the end of the 45-year period, when he reached 65, to have paid to him $68.50 a month; and, if he lived out his expectancy, $9,864, while under this plan he would lose $2,124.

I cite those two extreme illustrations—the first one I gave, and the second—in order that the Senate may know that the way the difference in favor of the elder man is made up is by punishing the youth of the Nation. In this connection I might call attention to the fact that the same thing is true with respect to the provision for death benefits.

If a man enters the plan at the age of 60 years and earns $1,200 a year for 5 years, at the end of the period he will have earned a total of $6,000. If he should die just as he reached the age of 65, his estate would be entitled to have paid to it a lump sum of $210. The amount this particular man has paid in, plus the accumulated interest at 3 percent, will amount to $76.92, making an overpayment to the estate of $133.08. This is one end of the problem. I have worked out the other end of it also.

But if we take the illustration of a man who begins to pay in the year 1949 and pays for a period of 45 years, we find that his estate is entitled to $1,890, although the amount the employee has contributed to the fund, with its accumulated compound interest, would amount to $3,383.52, showing a loss to his estate of $1,493.52.

I invite attention to the fact that this same youth is penalized if he should pay in for 45 years and then die at the age of 65 in that his estate would receive only $1,890, whereas the amount he has paid in, with accumulated interest, would be $3,383.53, a difference of $1,493.52; so if he lives to be 77 and draws his pension he has a loss of $2,124, while if he dies at 65 before beginning to draw his pension, his estate is out $1,493.52.

Mr. President, in my own time I propose to discuss the discrimination at some length, and if I have time and the chairman of the committee does not hurry me too much, I desire to point out several other discriminations. I wish the Senator from Mississippi to understand—and I know he does understand—that I shall do so for no other purpose than to present to the Senate and to the country the facts with respect to the matter.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. FLETCHER. I ask the Senator from Delaware if he has separated the amount paid in by the insured from the accumulated interest? He mentioned the two together. I think it is important to separate the accumulated interest from the total amount paid in.

Mr. HASTINGS. I have based all the figures I am using upon the figures which it is contemplated the Government uses under the plan. The theory of the Government under this plan is that the amounts paid in plus 3-percent interest will take care of the whole plan. The point I make is that in order for that to be true—and I expect to show that it is not true in fact—we must discriminate between the young man of today and the old man of today and give the older man a great advantage. My theory is that in the later years the young man who participates in this plan, when he, too, grows to be old, will call upon the Congress to make up to him in 1980 that which has been taken from him in order to take care of some older man who lived in the year 1940.

I merely desired to call this point to the attention of the Senator, so that before he concludes, if he so desires, he may discuss it.

Mr. HARRISON. Of course, the Senator from Delaware need not suggest to me that I have any doubt about the sincerity of his opinion. In the first place, I never question the motives of the sincerity of any Member of this body. I do not know of any member of the committee who attended more regularly and more diligently performed his duties in connection with the consideration of this measure than did the Senator from Delaware.

It is natural that there should be a difference of opinion and different interpretations of the bill. There is no difference as to this particular matter between the Senator from Delaware and myself when it comes to the fundamental facts. It is quite true that when the bill shall go into effect as a law, those persons of advanced age will be favored. However, as suggested by the Senator from Illinois, this is not an investment plan. It is a plan which is worked out for security in the years to come. We are trying to be of help to people in their old age. I cannot believe that those of the younger generation, who are to realize in later years under the plan, will begrudge the possible advantage to those men who now have reached 55 or 60 years of age.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Mississippi yield to the Senator from California?

Mr. HARRISON. Certainly.

Mr. JOHNSON. I should like to inquire whether or not the Senator from Mississippi and the Senator from Dela-

ware have discussed the constitutionality of the pending measure? [Laughter.]

Mr. HARRISON. Mr. President, I do not want to have any bill passed that cannot be upheld by the Supreme Court. I say nothing against the Supreme Court. We have done everything we could to eliminate questionable matters of constitutionality. We had before us a representative of the Department of Justice with instructions that he should study the bill from every angle. There was assigned to this work in the Department of Justice one of the assistants to the Attorney General, who is a most highly respected man and a really great lawyer. The views of the Department through this man and others whose views we have received are that the bill will be upheld by the Court on all constitutional questions.

Mr. JOHNSON. Mr. President——

Mr. LA FOLLETTE. Mr. President, before the constitutional question gets much farther away from the suggestion of the Senator from Delaware I should like to make a suggestion or two.

Mr. JOHNSON. Let met say that the query I put to the Senator from Mississippi was more rhetorical or intended to be more facetious than otherwise, because long ago in my experience, the first I had in government, I learned that whenever there is any progress to be made, whenever we touch the human equation, whenever we seek to aid those who are in distress and those who require sympathetic treatment on the part of the Government, always there arises the bogey man of unconstitutionality.

Mr. LA FOLLETTE. Mr. President——

Mr. HARRISON. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I think the Senator has completely answered the suggestion of the Senator from Delaware, but I did want to add one or two suggestions if he will permit.

In the first place, the shedding of tears about the burdens placed upon the youth under this plan would be viewed with less sympathy if we should stop to think that without this plan and, except for this extraordinary emergency, the youth of the Nation would be, as usually they now are, called upon to meet, without any assistance, the burden of the aged dependent.

In the second place, the Senator from Delaware lumps in the contributions made by the employer in arriving at this apparent differentiation between the treatment of the younger group and those who are in the older groups at the time the system shall go into operation. I see no reason in the world, if the plan is to be agreed to at all, why we should not require the employer to help take care of the aged in his employ for whom he has made in the past no provision whatsoever.

In that connection I desire to point out that, as a matter of fact, if we separate the contributions of the employee and the employer, we find in every instance, whether they be aged or in the younger group, that when they become eligible for annuities under the proposed plan they will receive more than they themselves will have contributed.

Mr. McNARY. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. Certainly.

Mr. McNARY. In the Senator's very able presentation of the bill he stated somewhere in his remarks that those over 76 years of age constitute 7,500,000 of our population. I think the Senator must have meant 65 years of age.

Mr. HARRISON. Yes; I meant over 65 years of age. If I said 76, I was in error.

Mr. FRAZIER. Mr. President, I should like to ask the chairman of the committee a question, if I may.

I have had some inquiries from men working for corporations that have pension plans of some kind. They wished to know if an exemption could be made whereby their company would give them a larger pension under the plan they are now working under, and under which they have been paying for a number of years, than would be given under the plan offered here.

I should like to know whether that matter has been considered by the committee.

Mr. HARRISON. I may say to the Senator from North Dakota that the issue which was more sharply contested before the committee than any other was that of permitting private pension plans to continue and be excepted from the plan outlined in the bill. The thought of some of the best lawyers was submitted on it; and they thought we would be taking a very doubtful position if we permitted some companies to carry on their private plans and be exempt from the tax and at the same time imposed this tax on others. We were informed that there is no pension plan in operation by any private institution at the present time which is more favorable than the one we are here offering.

Mr. WAGNER. Mr. President, I desire to say that there is nothing in the proposed legislation which would prevent an employer, if he desired to do so, from supplementing the amount of pension paid under this system by having a pension system of his own to add to that provided under the proposed legislation.

Mr. FRAZIER. I assumed, of course, that was the situation.

REGULATION OF PUBLIC-UTILITY HOLDING COMPANIES

Mr. WHEELER. Mr. President, I should like to call attention to some clippings showing what has happened with reference to utility stocks since the passage of the so-called "Wheeler-Rayburn bill."

I read from the New York Times of June 12 the following headlines:

Utility to float $35,000,000 issue.
Southern California Edison files plan with S. E. C. for additional refunding.
New 3¾'s to replace 5's.

An article in the Washington Evening Star of June 12 is headed:

Stocks tend up after hesitancy.
Power shares cancel part of loss.

The article says, among other things:

Obviously apprehensive that a wild wave of selling in utilities was in prospect following Senate passage of the Wheeler-Rayburn bill with its "death-penalty" clause for some holding companies, the market was nervous at the opening, but quickly regained its composure when there was no disposition to follow up initial declines.

An article in the New York Herald Tribune of June 12 is headed "Stocks climb to '35 high; whole list up. Utilities lead advance as Senate vote comes after market is closed; coast prices off later."

Again, Mr. President, I call attention to this heading in the New York Times of June 12: "$27,000,000 profit by utility bared. Ten-year net by Consolidated on a $29,300,000 investment in Westchester Co.; $23,000,000 'water' seen."

In other words, according to this statement, they made a profit of $27,000,000 in 10 years on an investment of $29,300,000.

I desire also to correct a statement which was made by me in debate the other day. In a running debate—I am not sure whether or not it was with the Senator from Iowa [Mr. DICKINSON]—I made, among other things, the following statement:

In my judgment no one can come before the Congress and justify the necessity for holding companies. As has been pointed out by the President of the United States and has been pointed out by the former president of the United States Chamber of Commence when he testified before the House committee, and as was pointed out by Mr. Owen D. Young when he testified before the Banking and Currency Committee, there is not any excuse for the tremendous loss involved in the holding company system; there is not any business for them to do; there is not any excuse for their existence. No one has come before the committee seeking to justify the set-up of all these holding companies.

That statement was made by me in a running debate; but I had on my desk at the time a statement which had been made by Mr. Young before the Banking and Currency Committee in answer to questions by former Senator Brookhart.

Mr. Owen D. Young, chairman of the board of the General Electric Co., has written me a letter in which he corrects the statement I made, and calls my attention to the

fact that my statement did not correctly state his point of view. I did not correct my remarks that evening after the debate was over; otherwise, I should have changed them to conform to Mr. Young's testimony. I am very glad at this time to ask permission to place in the RECORD the letter of Mr. Owen D. Young to me of June 7, calling my attention to the correction. Of course I had no intention of misquoting him, and there was no excuse for it, because I had his testimony before me. It is just one of those things that occur in running debate.

I ask that Mr. Young's letter and also the clippings from which I have read the headlines be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

GENERAL ELECTRIC CO.,
New York, June 7, 1935.

Hon. BURTON K. WHEELER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WHEELER: I am told that you made the following statement on the floor of the Senate:

"In my judgment, no one can come before the Congress and justify the necessity for holding companies. As has been pointed out by the President of the United States and has been pointed out by the former president of the United States Chamber of Commerce when he testified before the House committee, and as was pointed out by Mr. Owen D. Young when he testified before the Banking and Currency Committee, there is not any excuse for the tremendous loss involved in the holding-company system; there is not any business for them to do; there is not any excuse for their existence. No one has come before the committee seeking to justify the set-up of all these holding companies."

The only time that I recall testifying before the Banking and Currency Committee of the Senate on the question of holding companies was at a hearing on February 15, 1933, when a subcommittee of the Committee on Banking and Currency was investigating the Insull situation. In that hearing, after urging the simplification of holding-company structures, I was asked by Mr. Pecora, "How would you provide for that, if you care to give the committee your views and suggestions about it?"

For your convenience, I now quote from the record on pages 1517 and 1518, as follows:

"Mr. YOUNG. I should like to see us work toward the end of having not more than one holding company superimposed on the operating companies in the public-utility field.

"Senator BROOKHART. Why have any?

"Mr. YOUNG. I think there is a very real reason, Senator, for having a holding company. A public-utility company, in the first place, has to be organized in the State of its operation, and should be. It does, as Mr. Insull, Jr., said this morning, a purely local business. There is a great advantage, not only from the standpoint of connecting different units with transmission, but there is a great advantage on the technical side in unifying those different operating companies; and there is also on the financial side justification for it through diversifying the risk. If you take one operating utility in an industrial community, and another operating utility in an agricultural section which produces cotton, and another operating utility in an agricultural section which produces wheat, and another operating utility perhaps in the fruit district of California, I think you will find that the securities of that holding company, in which all those utilities are grouped——

"Senator BROOKHART (interposing. Why do you need to group them?

"Mr. YOUNG. Excuse me. Is a safer investment than an investment in any one of those operating companies. For instance, if the cotton crop fails your utility earnings there may go down; if the fruit crop fails they may go down there; if the industry of a particular town is paralyzed they may go down there, but the general average, if you can create a situation where, through holding company, the earnings of these utilities have something like the same diversity that the country itself has, then you get in the security of the holding company a better security through diversification, especially in the common shares, than you would in any one operating company.

"Senator BROOKHART. Your idea is that if cotton would be a loss you would charge that to wheat and fruit, and if wheat and fruit would prove a loss it would be charged to cotton?

"Mr. YOUNG. No; not at all, Senator. If the earnings of an individual operating company in the Cotton Belt should go down, it may well be that the earnings in the fruit belt may have gone up, and therefore the fruit belt company may be able to continue its dividends even if the Cotton Belt company may have had to suspend them.

"The CHAIRMAN. But, as a matter of fact, that has never happened in the history of the United States covering any long period.

"Mr. YOUNG. Oh, it is constantly happening that there is a substantial variation in the earnings of these operating units.

"The CHAIRMAN. That may be for a year, but I said for a long time. Can you point to any utility where that has been true?

"Mr. YOUNG. That is the point. That in each year through these unifications you get something of the same kind of diversity, something of the same kind of safety, that you could not get through a long period with each individual company.

"Mr. PECORA. Might not the desirable things that you have referred to be effected through an operating company with branches in the various sections or States?

"Mr. YOUNG. You see, in the case of the General Electric Co., which is not a public-utility company, we own plants in Fort Wayne, Ind., in Erie, Pa., in Schenectady, N. Y., in Pittsfield, Mass., in Bridgeport, Conn., in Lynn, Mass., in Philadelphia, Pa., and so we are able to get diversity, because one corporation may own plants located in different communities. But in the case of public utilities, where each unit has to be incorporated within the State of its operation, and subject to the commission of that State, it is impossible to get the same diversity without the use of a holding company. You can only get the same diversity in the public-utility field through a holding company, whereas in the manufacturing business you are able to get it by one straight operating company.

"Mr. PECORA. You think, though, one holding company would suffice for a number of units of operating companies?

"Mr. YOUNG. I should like to see us work toward—and I say work toward because it is important in these sensitive times not to disturb more than we are obliged to the existing structures—but I should like to see us work toward the final objective of not having more than one holding company superimposed on operating units in the public-utility field."

It does not seem to me that your statement which I first quoted fairly reflects my position on the usefulness of a holding company, and I would be very glad if you would clarify the record either by the insertion in it of this letter, or by adequate quotations from my testimony.

I am convinced that the holding company is a very useful instrument through which to group utility operating companies which, by their nature, must be local, into an efficient economic unit. In this way the cost of power can be reduced, service can be given to communities which could not otherwise obtain it, and the safety of the investment can be increased through the diversity factor over what it would be in any one of the individual operating companies. I see no more reason for abolishing the holding company merely because abuses have crept into its operation than I do for abolishing the automobile because of the disasters which come from reckless drivers. The important thing is to restrain and correct the abuses and not to abolish a useful instrument.

Believe me to be,
Very respectfully yours,

OWEN D. YOUNG.

[From the New York Times of June 12, 1935]

UTILITY TO FLOAT $35,000,000 ISSUE—SOUTHERN CALIFORNIA EDISON FILES PLAN WITH S. E. C. FOR ADDITIONAL REFUNDING—NEW 3¾'S TO REPLACE 5'S—PROPOSED FINANCING FOLLOWS RECENT CONVERSION OF $68,360,000 BONDS

The Southern California Edison Co. yesterday filed with the Securities and Exchange Commission's office in San Francisco a registration statement covering the proposed issuance of $35,000,000 of additional 3¾ percent refunding mortgage bonds. About 3 months ago the company sold $73,000,000 of refunding 3¾'s.

It is understood that the banking group that will underwrite the new issue will be headed by the First Boston Corporation and will be composed of virtually the same houses that underwrote the previous issue of bonds in April. These houses were E. H. Rollins & Sons, Inc., Blyth & Co., Inc., Brown, Harriman & Co., Inc., Lazard Freres & Co., Inc., Edward B. Smith & Co., Dean Witter & Co., Field, Glore & Co., William R. Staats Co., Kidder, Peabody & Co., White, Weld & Co., Coffin & Burr, Inc., Pacific Co. of California, and Stone & Webster & Blodget, Inc.

The proceeds of the $73,000,000 issue were used to retire $55,000,000 of 5 percent bonds due in 1951 and $13,360,000 of 5's due in 1939. The new issue will be used to retire on September 1 next, $32,000,000 of refunding 5's due in 1952.

With the additional 5's retired, the company will have refunded all of its higher rate bonds except $29,300,000 of 5's due in 1954 and $4,648,000 of Pacific Light & Power 5's of 1942. There is in addition a $3,600,000 issue of Edison 4½'s due in 1955.

Total conversion of bonds following the issuance of the additional series of refunding bonds will aggregate $100,360,000 of 5 percent bonds replaced by 3¾ percent bonds, thus effecting a substantial saving in annual interest requirements of the company.

[From the Washington Evening Star of June 12, 1935]

STOCKS TEND UP AFTER HESITANCY—POWER SHARES CANCEL PART OF LOSS—RAILROAD SHARES CLIMB

By Victor Eubank, Associated Press financial writer

NEW YORK, June 12.—The stock market withstood a flurry of selling in utilities today and then got back into its forward stride without difficulty.

Obviously apprehensive that a wild wave of selling in utilities was in prospect following Senate passage of the Wheeler-Rayburn bill with its "death penalty" clause for some holding companies, the market was nervous at the opening, but quickly regained its composure when there was no disposition to follow up initial declines.

Leading commodities leaned backward, but corporate bonds were held fairly well in line by railroad issues which entered their sixth consecutive day of rising prices. Foreign exchanges moved narrowly, with both sterling and francs a trifle easy.

Among shares working fractions to a point or more higher were American Can, Westinghouse, International Harvester, Du Pont, Chrysler, General Motors, United States Steel, Bethlehem, General Electric, Allied Chemical, Houdaille, Hershey, Santa Fe, Pennsylvania, Northern Pacific, Great Northern, and Union Pacific. Prominent utilities regaining much of their early losses included American Telephone, Pacific Gas, American Water Works, United Corporation, and Consolidated Gas. Western Union overcame its loss completely and showed a fractional gain.

Indications of a sharp division of opinion among members of the House committee that will write the next chapter in the utility holding company legislation following the narrow margin by which the Dieterich amendment was defeated in the Senate yesterday lent considerable encouragement to followers of power and light shares who still think it is too early to give up hope for passage of purely regulatory legislation in place of that desired by the administration.

The fact that only one or two large blocks of these shares were offered at the opening indicated to market analysts that present owners had decided to stick to their guns, at least until a more definite trend had developed in the House committee's attitude toward the legislation.

Much of the activity in railroad shares again centered in western roads whose prospects for improved traffic load are considered bright because of the larger farm output indicated in most sections. In addition, settlement of the lumber strike in the Pacific Northwest has released to these lines large shipments of lumber which ordinarily would have been moved by boat, but has been converted in order to speed delivery to dealers whose stocks were at the near vanishing point. Freight carloadings of carriers thus far reporting for last week have shown uniform increases over both the previous week and last year.

[From the Washington Evening Star of June 11, 1935]

CURB IS STEADIER AS UTILITIES RISE—MODEST RALLY IN POWER SHARES RECORDED, BUT MOST OILS EASE

NEW YORK, June 11.—A modest rally in utility shares gave the curb market a steadier tone today.

Most all of the standard trading favorites, which were hesitant and generally lower yesterday coincident with lengthy debate in the Senate over the Wheeler-Rayburn utility holding bill, advanced as much as one-half point under a fairly broad demand.

Prominent on the upturn were such shares as American Gas, Cities Service, Electric Bond & Share, and Niagara Hudson. Other stocks selling higher included Bunker Hill & Sullivan, Greyhound, Lake Shore Mines, Pioneer Gold, Sunshine, and Technicolor.

[From the New York Herald Tribune of June 12, 1935]

STOCKS CLIMB TO 1935 HIGH; WHOLE LIST UP—UTILITIES LEAD ADVANCE AS SENATE VOTE COMES AFTER MARKET IS CLOSED; COAST PRICES OFF LATER—RAILS, STEELS, OILS GATHER STRENGTH—CRYSTAL SUGAR IS STAR PERFORMER ON NEW PLAN; AVERAGE GAINS 0.63 PERCENT

By C. Norman Stabler, financial editor

Stocks continued their advance yesterday, a gain of 0.63 point on the average being sufficient to carry the list to a new 1935 high, but the major news of the day came after the close when the Senate passed the public-utility holding bill by a wide margin. As so often happens on those rare days when a piece of important news comes after 3 o'clock, the interest of the financial community shifted to the Pacific coast, where the difference in time makes it possible to trade after New York's tickers have been stilled.

In San Francisco public-utility shares broke sharply. Offerings were not large, but the western traders displayed some nervousness, even though the power and light shares listed on the coast markets are dealt in intrastate business, and so would be exempt from the provisions of the Washington legislation.

Before the close here the public utilities displayed a good tone. There was a vote on the Dieterich amendment, which would have transformed the Wheeler-Rayburn bill into a simple regulatory measure; but it was beaten by the vote of the Vice President when the Senators recorded a 44-to-44 tie. Defeat of the measure was in accordance with the desires of the President. It is possible that the close vote on this proposal, which came right at the close, encouraged some of the Street to think that the Senate might frown on the entire bill, but such was far from the case, for it went through with a margin that indicated great solidarity.

UTILITIES CLIMB EARLY

Before the final action, however, utilities shares bounded along, with Southern California Edison displacing American Telephone in leadership. It closed up 2⅛ points at a new high, special attention being paid because of the completion of plans for underwriting its new issue of $35,000,000 in 3¾-percent refunding mortgage bonds. Consolidated Gas also was active and advanced fractionally, as did Commonwealth and Southern. Telephone advanced a half point to another new high for the year.

Rails, steels, and oils were next in favor, and there were individual star performers in the manufacturing group. The common and preferred of American Crystal Sugar advanced 1¾ and 3 points, respectively, each scoring a new high when shareholders ratified a recapitalization plan. Under it the accrued dividends on the preferred will be eliminated and a new 6-percent senior stock issue will be offered to the present holders of a 7-percent stock on a basis of 1.6 shares for 1. Other sugar stocks also behaved well.

LATE BUYING AIDS RAILS

Gains of one or more points were registered by a representative group of speculative leaders, including Allied Chemical, American Can, Case, Chrysler, Du Pont, Harvester, and Loews, while among the rails Atchison, Great Northern preferred, Northern Pacific, and Union Pacific received good support. Rail stocks got their best buying late in the day, while throughout the day rail bonds were the feature of the senior market.

The mining division moved along with the upward trend, but the silvers produced no sensation, gains being restricted in most cases. The spot price of the metal was marked down one-eighth cent here to 73 cents, but computations from the latest Treasury statement show that the Treasury is still more than $2,000,000,000 short of the ratio which it is ordered to maintain. Gold assets, listed in the Treasury statement, are $8,926,874,014, so that under the Silver Purchase Act the Government should have $2,975,624,671 in silver.

Commodity markets generally were sluggish and the bullish Government forecast on winter wheat exerted little or no market influence. Most price fluctuations were narrow and wheat closed off one-eighth to one-fourth cent, while corn was down one-eighth to one-half. Cotton likewise closed slightly lower, losses being limited to 3 to 5 points.

[From the New York Times of June 12, 1935]

$27,000,000 PROFIT BY UTILITY BARED—10-YEAR NET BY CONSOLIDATED ON A $29,300,000 INVESTMENT IN WESTCHESTER COMPANY—$23,000,000 "WATER" SEEN—OFFICER SOUGHT AS WITNESS "RESIGNED OR DISAPPEARED", MACK HEARING IS TOLD

The Consolidated Gas system has invested $29,300,000 in cash in the Westchester Lighting Co. since 1925 and has received more than $27,000,000 in dividends from the subsidiary over the same period, according to testimony yesterday before the legislative committee investigating public utilities.

The Consolidated system has owned the Westchester company since 1904. It acquired the entire stock then without paying any cash, nor did it invest any new money in the company until 1925, the testimony showed.

The rapid return to the Consolidated on its Westchester investment was the highlight in a day of testimony that revealed tactics by utility companies that were characterized either by witnesses or by John E. Mack, the committee's counsel, as "the use of burglar tools, corporate acrobatics, and plain watering of stock."

$23,000,000 INFLATION SEEN

It was shown that from 1900 to 1904, with the United Gas Improvement Co. of Philadelphia running the Westchester company, a $3,000,000 company became a $30,000,000 company, the testimony indicating that $23,000,000 of the increase was water.

Charges were made at the hearing that abandoned gas-tank sites, garages, and land on which wrecked and dismantled gas plants were the principal structures, were included in the Westchester company rate base as "used and useful property."

One witness declared that when the chairman of the board of directors of the Westchester company was wanted for an explanation of how he sold a piece of property owned by a company of his, to the lighting company at an apparently inflated value, "he either resigned or disappeared" and has not been found to date.

FEARON ATTACKS COMMISSION

These and other charges about items in rate bases led State Senator George R. Fearon, member of the committee, to demand to know "what the public service commission has been doing about it all these years." He said that the people of Westchester "have been giving the legislature hell for these conditions, and it's about time they were told where the responsibility lies."

His attempt to persuade Mr. Mack to investigate the public service commission at this time failed, the committee counsel reiterating that he did not intend to look into the commission until he had finished investigating the rates and could report whether rate regulation by the commission had failed.

The final flare-up of the day came when Mr. Mack accused E. L. Phillips & Co., of which Ellis L. Phillips is the head, of violating the law prohibiting the practice of law by a corporation. The Phillips company, according to the testimony, maintained a legal department to serve itself and its affiliates, and charged the cost of the legal department, plus 20 percent overhead, plus a 5-percent fee. The practice was ended in 1932, and any prosecution is outlawed by the statute of limitations, Mr. Mack explained after adjournment.

The hearing was the first held since Governor Lehman signed the $300,000 appropriation measure for the continuance of the committee's work.

COMPANY'S GENESIS TOLD

The hearing opened with William T. Harris, assistant counsel to the committee, as the witness. Mr. Harris testified that in 1900 14 small companies, with capital stock worth $3,403,550 on the market, were merged to form the Westchester Lighting Co. The Westchester company assumed the obligations of the smaller companies and issued securities of its own at a face value of $14,177,600 in exchange for the stock of the smaller companies.

No surplus existed to justify the $10,000,000 increase in securities, nor was any plant added, the witness testified. The U. G. I. Co., which controlled the Westchester company, put another $1,300,000 "water" in by accepting that amount for canceling one service contract it had with the subsidiary and then writing out a new one a few months later, the witness brought out.

In 1904 U. G. I. sold the property to the Consolidated Gas by what was termed "a curious bit of corporate acrobatics." The following transaction took place all in one day, the testimony showed:

A "24-hour corporation", known as the "New York & Westchester Lighting Co.", was formed, and all the physical properties of the Westchester company but not the franchises were transferred to it. It issued $12,500,000 bonds to the U. G. I. to pay for the property. Then the U. G. I. transferred all the stock of the Westchester Lighting Co. to the Consolidated Gas Co., the sole consideration being the guaranteeing by the Consolidated of all the obligations of the Westchester company. The "dummy" company then was merged back into the Westchester company, and the $12,500,000 bonds became the liability of the Westchester Lighting Co. and guaranteed by the Consolidated.

Thus the fixed capital grew from $19,000,000 to $31,500,000 without any physical addition to the plant, according to the testimony.

The witness testified, under questioning, that the natural tendency of the companies is to try to keep their rate base equal to the securities outstanding, or in excess of them, and he therefore contended that the transaction, despite company disclaimers, did affect the rate base.

No additional money was put into the company from then on, except sums used for construction purposes, for which bonds were issued, the testimony continued.

The following table shows the actual cash investment made by the Consolidated after 1925, the net earnings after all charges, and the dividends declared:

Year	Total cash investments	Net income	Dividends
1925	$12,970,000	$2,017,118	$907,900
1926	12,970,000	2,226,180	907,900
1927	22,500,000	2,949,827	1,583,049
1928	22,500,000	3,750,919	2,100,000
1929	22,500,000	4,488,622	2,100,000
1930	22,500,000	4,328,315	4,200,000
1931	29,300,000	4,220,752	4,517,333
1932	29,300,000	4,031,579	4,180,000
1933	29,300,000	3,473,748	3,803,800
1934	29,000,000	2,310,324	2,926,100

OLD PLANT IN RATE BASE

The committee then turned to testimony concerning the old Yonkers Gas Works, at Ashburton Avenue, Yonkers. The plant was abandoned in 1924 and dismantled in 1927, and it has been on the market, for sale or lease, several times since then. The witness, Mr. Harris, showed that the land and some of the dilapidated buildings still figure in the rate base at a value of $971,000.

"Was there a fire here?" Judge Mack asked after looking at a picture of the property taken by a member of his staff.

"A fire wouldn't have hurt any," Mr. Harris responded.

A company statement, issued during the hearing, declared that the testimony was immaterial, since the gas companies no longer determine their charges on a rate base, but by competition, since they earn only about 2 percent on their investment. About $685,000 of the amount should have been retired, however, Randall J. Le Boeuf, Jr., company counsel, said.

After going at length into the fact that the property was used barely at all, even for storage purposes, Mr. Mack took up the acquisition by the Westchester Lighting Co. of a piece of property in Ossining.

The Ossining parcel was owned and used as a car barn by the Hudson River & Eastern Traction Co. Its president, and owner of half the stock, was F. A. Stratton, who also was president of the Westchester Lighting Co. until 1927, when he became chairman of the board.

The trolley company ceased operation in May 1926 and by 1928 all its assets had been liquidated except the car barn, which the lighting company was renting for a garage at $100 a month. In 1928 it bought the property, 0.6 of an acre, with the old building, for $25,000, or at the rate of $40,000 an acre. It bought a half acre of adjoining property soon afterward for $2,000, or $4,000 an acre, according to the testimony.

To show that the car barn was of no value, testimony was introduced that the company had to spend $36,000 to repair it.

"RESIGNED OR DISAPPEARED"

When Mr. Stratton was first sought for questioning the committee was informed he was in Florida. Later, according to the testimony, he was reached by telephone at his home, was asked to let himself be questioned, and since has not been located.

"Is he still chairman of the board?" Mr. Mack asked.

"Well, he either resigned or disappeared", the witness answered.

Later the witness sought to prove by figures on assessed valuations and the company's own insurance system that the Westchester Lighting Co. property was carried at a book value 90 percent higher than its present actual value.

This led to the attack on the public service commission. Senator Fearon asked what procedure the public service commission followed in establishing valuations. Mr. Mack told him that the United States Supreme Court and the appellate division in this State had ruled that a number of factors not considered by the public service commission must be taken into account as factors in a rate base.

At this point former Speaker Joseph A. McGinnies said:

"Judge Mack, my recollection is—I may be mistaken—that the public service commission, in one of their reports, either in 1932 or 1933, referring to a rate case which had been brought to bring about a reduction of rates in the Westchester Lighting Co., said no evidence had been submitted to them which would warrant a reduction in the rates. I wish you would have your people look up and see as to that. It was right after all that agitation came up in Westchester County and they were before the legislature and had hearings."

"No evidence was submitted by whom?" Melvin L. Krulevitch, associate counsel, asked.

"In behalf of the people or consumers which would warrant a reduction in rates", Mr. Mack replied.

"Yes, they were asking for a reduction in rates", Speaker McGinnies reiterated. "My recollection is that in their reports they stated that no evidence had been submitted to them that would warrant the reduction of rates."

INVESTIGATION DEMANDED

Senator Fearon then put in his demand for an investigation of the public service commission, saying:

"Judge, the people over in Westchester County have been giving the legislature hell and charging the legislature with responsibility for the high rates. I think the committee is entitled to a report by counsel as to whether or not there was a rate case, whether or not there was more than one rate case, whether or not the public service commission allowed what this witness says were improper valuations in fixing that rate base.

"Let's find out who is responsible, if there is any responsibility, if there are any rate bases and whether it is the legislature or whether it is the public service commission. I think we ought to have an investigation as to that angle of this thing in order to check up here and tie in with this testimony."

Mr. Mack promised to have the facts about the Westchester rate cases ready when the committee reconvenes at 9 o'clock this morning, but the investigation of the public service commission will be held in abeyance.

"What has the public service commission been doing all these years?" Senator Fearon demanded a bit later.

"I refer you to them", Mr. Mack answered.

"I'm for referring you to them", retorted Senator Fearon. "That's in the resolution creating this committee."

The investigation of the legal department of the Phillips Co., which controlled the Long Island Lighting Co. system until recently, had been under way only a few minutes when Arthur J. Baldwin, the company attorney, tried to interrupt and correct some figures from the floor.

He was immediately put on the stand, where he spent half an hour in an effort to explain that the Phillips Co. had not really been engaged in the practice of law. He admitted that he would not have advised the practice. He was not the company attorney at the time.

The committee, which consists mostly of lawyers, pounced eagerly on the Phillips legal department, and the members amused themselves trying various ways of phrasing questions to make Mr. Baldwin admit that the company had engaged in the practice of law as a side line.

The harassed Mr. Baldwin directed his explanations first in the direction of Mr. Mack, then toward the committee members, and finally toward the jury box in which the newspaper men were seated.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the amendments of the House to the joint resolution (S. J. Res. 113) to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 2756. An act authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes; and

H. R. 6836. An act to provide for the printing and distribution of Government publications to The National Archives.

SOCIALISTIC TRENDS OF DEMOCRATIC PARTY

Mr. HALE. Mr. President, since the Democratic Party came into power in 1933 a good deal has been said about the socialistic tendencies of that party.

I have before me the Socialist Party platform adopted by the national convention in Milwaukee, Wis., on May 25, 1932; and I shall read that platform to the Senate. It begins:

We are facing a break-down of the capitalist system. This situation the Socialist Party has long predicted. In the last campaign, it warned the people of the increasing insecurity in American life and urged a program of action which, if adopted, would have saved millions from their present tragic plight.

Today, in every city in the United States, jobless men and women by the thousands are fighting the grim battle against want and starvation, while factories stand idle and food rots on the ground. Millions of wage-earners and salaried workers are hunting in vain for jobs, while other millions are only partly employed.

Unemployment and poverty are inevitable products of the present system. Under capitalism the few own the industries. The many do the work. The wage earners and farmers are compelled to give a large part of the product of their labor to the few. The many in the factories, mines, shops, offices, and on the farms obtain but a scanty income and are able to buy only a part of the goods that can be produced in such abundance by our mass industries.

Goods pile up. Factories close. Men and women are discharged. The Nation is thrown into a panic. In a country with natural resources, machinery and trained labor sufficient to provide security and plenty for all, masses of people are destitute.

Capitalism spells not only wide-spread economic disaster but class strife. It likewise carries with it an ever-present threat of international war. The struggle of the capitalist class to find world markets and investment areas for their surplus goods and capital was a prime cause of the World War. It is today fostering those policies of militarism and imperialism which will, if unchecked, lead to another world conflict.

From the poverty, insecurity, unemployment, the economic collapse, the wastes, and the wars of our present capitalistic order only the united efforts of workers and farmers, organized in unions and cooperatives and above all, in a political party of their own, can save the Nation.

UNEMPLOYMENT AND LABOR LEGISLATION

1. A Federal appropriation of $5,000,000,000 for immediate relief for those in need, to supplement State and local appropriations.

2. A Federal appropriation of $5,000,000,000 for public works and roads, reforestation, slum clearance, and decent homes for the workers by Federal Government, States, and cities.

3. Legislation providing for the acquisition of land, buildings and equipment necessary to put the unemployed to work producing food, fuel, and clothing, and for the erection of houses for their own use.

4. The 6-hour day and the 5-day week without a reduction of wages.

5. A comprehensive and efficient system of free public employment agencies.

6. A compulsory system of unemployment compensation with adequate benefits, based on contributions by the Government and by employers.

7. Old-age pensions for men and women 60 years of age and over.

8. Health and maternity insurance.

9. Improved systems of workmen's compensation and accident insurance.

10. The abolition of child labor.

11. Government aid to farmers and small home-owners to protect them against mortgage foreclosure, and a moratorium on sales for nonpayment of taxes by destitute farmers and unemployed workers.

12. Adequate minimum wage laws.

SOCIAL OWNERSHIP

1. Public ownership and democratic control of mines, forests, oil, and power resources, public utilities dealing with light and power, transportation, and communication, and of all other basic industries.

2. The operation of these publicly owned industries by boards of administration on which the wage workers, the consumers, and the technicians are adequately represented; the recognition in each industry of the principles of collective bargaining and civil service.

BANKING

Socialization of our credit and currency system and the establishment of a unified banking system, beginning with the complete governmental acquisition of the Federal Reserve banks and the extension of the services of the Postal Savings banks to cover all departments of the banking business and the transference of this department of the Post Office to a Government-owned banking corporation.

TAXATION

1. Steeply increased inheritance taxes and income taxes on the higher incomes and estates of both corporations and individuals.

2. A constitutional amendment authorizing the taxation of all Government securities.

AGRICULTURE

Many of the foregoing measures for socializing the power, banking, and other industries, for raising living standards among the city workers, etc., would greatly benefit the farming population.

As special measures for agricultural upbuilding, we propose:

1. The reduction of tax burdens, by a shift from taxes on farm property to taxes on incomes, inheritances, excess profits, and other similar forms of taxation.

The Republican and Democratic Parties, both controlled by the great industrialists and financiers, have no plan or program to rescue us from the present collapse. In this crisis, their chief purpose and desire have been to help the railroads, banks, insurance companies, and other capitalist interests.

The Socialist Party is today the one democratic party of the workers whose program would remove the causes of class struggles, class antagonisms, and social evils inherent in the capitalist system.

It proposes to transfer the principal industries of the country from private ownership and autocratic, cruelly inefficient management to social ownership and democratic control. Only by those means will it be possible to organize our industrial life on a basis of planned and steady operation without periodic breakdowns and disastrous crises.

It proposes the following measures:

Mr. President, I have before me a pamphlet issued by the League for Constitutional Government, 18 East Forty-eighth Street, New York City, setting forth the 45 measures referred to in the socialist platform, and giving in parallel columns the new-deal answer to each one of those measures. I ask unanimous consent that in printing what I am about to read the parallel system be adopted.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HALE. I read first from the Socialist Party platform, and then the new-deal answer:

UNEMPLOYMENT AND LABOR LEGISLATION

1. The F. E. R. A. Act of 1933, approved May 12, 1933, stated as its purpose, "to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering by unemployment." $950,000,000 for this act appropriated in 1934 and $3,300,000,000 for National Industrial Recovery appropriated in 1934.

2. The President received a blank check for $4,880,000,000 in 1935 for this purpose.

3. Covered by the F. S. H. C., Federal Subsistance Homesteads Corporation, and E. C. W., Emergency Conservation Works (which directs the Civilian Conservation Corps).

4. Covered in N. R. A. codes, and the socialistic Wagner labor bill, which has the support of the "brain trust."

6. Covered by the social-security bill.

7. Covered by the social-security bill.

8. Covered by the social-security bill.

9. Covered by the social-security bill.

10. Covered by N. R. A. codes, and "brain trust" desires to have the Child Labor Amendment to the Constitution ratified which will regiment the youth of America under Federal control.

11. Covered by the H. O. L. C., F. C. A., etc.

12. Wagner bill again. Result: Federal dictatorship of wages.

SOCIAL OWNERSHIP

1. Reforestation, P. A., Petroleum Administration, T. V. A., Tennessee Valley Authority, etc.

2. Covered by the socialistic N. R. A.

BANKING

Covered by the new Eccles banking law passed by the House, now before the Senate.

TAXATION

1. We are to hear about this later.

AGRICULTURE

1. Covered by processing taxes, etc.

AGRICULTURE—continued

2. Increased Federal and State subsidies to road building and educational and social services for rural communities.
3. The creation of a Federal marketing agency for the purchase and marketing of agricultural products.
4. The acquisition by bona fide cooperative societies and by governmental agencies of grain elevators, stockyards, packing houses, and warehouses, and conduct of these services on a nonprofit basis. The encouragement of farmers' cooperative societies and consumers' cooperatives in the cities, with a view of eliminating the middleman.
5. The socialization of Federal land banks and the extension by these banks of long-term credit to farmers at low rates of interest.
6. Social insurance against losses due to adverse weather conditions.

7. The creation of national, regional, and State land utilization boards for the purpose of discovering the best uses of the farming land of the country, in view of the joint needs of agriculture, industry, recreation, water supply, reforestation, etc., and to prepare the way for agricultural planning on a national and, ultimately, on a world scale.

CONSTITUTIONAL CHANGES

1. Proportional representation.
2. Direct election of the President and Vice President.
3. The initiative and referendum.
4. An amendment to the Constitution to make constitutional amendments less cumbersome.
5. Abolition of the power of the Supreme Court to pass upon the constitutionality of legislation enacted by Congress.

6. The passage of the Socialist Party's proposed workers' rights amendment to the Constitution empowering Congress to establish national system of unemployment, health, and accident insurance and old-age pensions, to abolish child labor, establish and take over enterprises in manufacture, commerce, transportation, banking, public utilities, and other business and industries to be owned and operated by the Government, and, generally, for the social and economic welfare of the workers of the United States.
7. Repeal the eighteenth amendment and take over the liquor industry under Government ownership and control, with the right of local option for each State to maintain prohibition within its borders.

CIVIL LIBERTIES

1. Federal legislation to enforce the first amendment to the Constitution so as to guarantee freedom of speech, press, and assembly, and to penalize officials who interfere with the civil rights of citizens.
2. The abolition of injunctions in labor disputes, the outlawing of "yellow dog" contracts, and the passing of laws enforcing the rights of workers to organize into unions.
3. The immediate repeal of the espionage law and other repressive legislation, and the restoration of civil and political rights to those unjustly convicted under war-time laws.
4. Legislation protecting aliens from being excluded from this country or from citizenship or from being deported on account of their political, social, or economic beliefs, or on account of activities engaged in by them which are not illegal for citizens.
5. Modification of the immigration laws to permit the reuniting of families and to offer a refuge to those fleeing from political or religious persecution.

THE NEGRO

The enforcement of constitutional guaranties of economic, political, and legal equality for the Negro.
The enactment and enforcement of drastic antilynching laws.

INTERNATIONAL RELATIONS

While the Socialist Party is opposed to all war, it believes that there can be no permanent peace until socialism is established internationally. In the meantime, we will promote all measures that promise to promote good will and friendship among the nation of the world, including:
1. Reduction of armaments, leading to the goal of total disarmament by international agreement, if possible; but if that is not possible, by setting an example ourselves. Soldiers, sailors, and workers unemployed by reason of disarmament to be absorbed, where desired, in a program of public works to be financed in part by the savings due to disarmament. The abolition of conscription, of military training camps, and the R. O. T. C.
2. The recognition of the Soviet Union and the encouragement of trade and industrial relations with that country.
3. The cancelation of war debts due from the Allied Governments as part of a program for wiping out war debts and reparations, provided that such cancelation does not release money for armaments but promotes disarmament.
4. The entrance of the United States into the World Court.
5. The entrance of the United States into the League of Nations under conditions which will make it an effective instrument for world peace and renewed cooperation with the working-class parties abroad, to the end that the League may be transformed from a league of imperialist powers to a democratic assemblage representative of the aspirations of the common people of the world.

AGRICULTURE—continued

2. F. E. R. A. schools, etc.

3. Covered by F. S. R. C., Federal Surplus Relief Corporation.

4. Many legislative proposals would extend varied forms of credit to cooperatives and farmers, also Senate bill 2367 seeks to turn farm tenancy into ownership and House of Representatives bill 2066 to alleviate farm indebtedness.

5. Covered by new Eccles Banking Law.

6. Does the Government desire to regulate weather conditions? Farm legislation already used to cover losses to farmers from abnormal weather conditions.
7. Covered by A. A. A. and Government new tariff laws.

CONSTITUTIONAL CHANGES

4. Already proposed by one Cabinet member.

5. Will the "brain trust" and advisors be able to get away with this? House of Representatives bill 7997 proposes drastic restriction of the Supreme Court's power.
6. Wagner labor bill again.

7. F. A. C. A., Federal Alcohol Control Administration.

CIVIL LIBERTIES

1. This un-American program illustrates why only 2½ percent of the popular vote in 1932 was cast in favor of the un-American Socialist Party platform.

2.
3.
4. The Secretary of Labor is doing her part to carry out this program.
5.

THE NEGRO

This new-deal legislation was defeated after a great effort.

INTERNATIONAL RELATIONS

The Socialist Party is a world party, not an American party.

2. The new-deal "brain trust" put this over.

3. Is the new deal making any effort to collect war debts?

4. This new-deal legislation was defeated.
5. A "brain trust" hope; will be proposed later.

INTERNATIONAL RELATIONS—continued

6. The creation of international economic organizations on which labor is adequately represented to deal with problems of raw material, investments, money, credit, tariff, and living standards from the viewpoint of the welfare of the masses throughout the world.

7. The abandonment of every degree of military intervention by the United States in the affairs of other countries. The immediate withdrawal of military forces from Haiti and Nicaragua.

8. The withdrawal of United States military and naval forces from China and the relinquishment of American extraterritorial privileges.

9. The complete independence of the Philippines and the negotiation of treaties with other nations safeguarding the sovereignty of these islands.

10. Prohibition of the sales of munitions to foreign powers.

Mr. President, from what I have read it would appear that nearly all the recommendations of the Socialist Party have either been approved or acted on at the suggestion of the administration. One glaring exception is with reference to the question of national defense. In that the administration has not in any way followed the recommendations of the Socialist Party.

The people of the county, since the President took office in 1933 and came out for the new deal, have been led to believe that most of the radical and drastic legislation which was proposed and put up to the Congress was temporary in its form and was devised by the President and his advisers after careful consideration to take care of an existing emergency. From what I have read here today it appears that this is not the case. It appears that almost everything the new deal has done has already been recommended to the country in the Socialist platform of 1932.

The country has had a chance to act on this Socialist program. In the election in 1932 Norman Thomas, the candidate of the Socialist Party, ran on the platform I have just read. Mr. Thomas has an attractive personality and is an able man; and yet, Mr. President, in that election he received only between 800,000 and 900,000 votes. At that same election President Roosevelt, running on a particularly sane and constitutional platform, received nearly 23,000,000 votes. The Republican candidate, Mr. Hoover, received about 16,000,000 votes. Therefore, the Socialist candidate, running on the platform I have read and which, as I have said, has been largely followed out by the present administration, received only about 2½ percent of the vote cast in the country.

What possible reason the Democratic Party can give for following out this program I cannot see. If Mr. Thomas had been elected, with a Socialist majority in the House of Representatives and a Socialist majority in the Senate they could not have done more for the benefit of their program than the Democratic Party, under President Roosevelt, has done since the Democrats came into power.

Mr. President, if Mr. Thomas had been elected President and had sought to frame legislation to carry out the terms of the Socialist platform, he could not have done a better job in selecting the framers from the point of view of those who favor socialism than the present administration has done; and the same thing may be said of the appointing of officials to carry out the provisions of the legislation passed by the Congress.

I cannot understand what has happened to the Democratic Party to cause it to abandon its fine traditions and the principles for which it has always stood.

Mr. President, I have here a pamphlet also issued by the League for Constitutional Government, which will, I think, throw certain light on the questions I have been discussing. I do not vouch for the accuracy of everything said in the pamphlet, and in certain cases I have eliminated allusions to the President which I do not care to put in the RECORD.

I shall read this pamphlet to the Senate, and I think Senators will find it of interest. The title of the pamphlet is "The System of Stealing Party Nominations", and the pamphlet reads as follows:

While but few persons deny that the theory back of the so-called "new deal" is socialism, the whole Nation is asking:

INTERNATIONAL RELATIONS

6.
7.
8.
9.

More new-deal un-American philosophy.

"What has happened to the sound and stable old Democratic Party that it should be sponsoring legislation designed to provide a soviet form of government in the United States?"

The answer is this: The Democratic Party has been deliberately "captured"—some use the word "stolen"—by the advocates of socialism and elements that do not adhere to American principles. And it has been captured through the use of the socialistic political invention called the "primary."

True, many of the old-time leaders have not been "captured" or "stolen", and they never will be, because they always have been, and still are, loyal American citizens, devoted to the doctrine of individualism so ably defended by Jefferson and Cleveland, who was the CARTER GLASS of his day. But the machinery of the party, nationally, has been captured by those who contend that pure socialism in this country is the short cut to universal happiness and prosperity. Evidence to sustain this statement is abundant, and, as it is available to those who wish to make the investigation, let us trace the steps taken.

The Socialist Party, the open and above-board organization, has been functioning in the United States for more than 30 years. It has appeared on the ballot of a number of States and has several times presented a Presidential candidate. However, the showing made was not enough at any time to cause any disturbance in political circles. It became manifest, therefore, some years ago, that political control—and, mind you, the first thing they seek is political control, because only through that control can their legislative and economic program be made effective—could not be attained in the United States through a third party because of the strength of the two great political organizations. And what made the two major parties strong was the convention system of nominating candidates.

Certain radical groups disgruntled because, under that system, they could neither name radical candidates for office nor secure platforms bristling with socialistic planks, began to agitate for the primary system which originated in Socialist headquarters. The contention was that this system would avoid corruption and prevent boss control of the parties. It was labeled as a "progressive" idea, and the word "progressive" at that time had great weight with the unthinking, just as the term "social reform" has great weight with that element at this time. Under the primary system, candidates who announce themselves for office have their names placed on the primary ticket of the party with which they pretend to affiliate and their nomination depends upon their support at the primary polls. Naturally such a system absolutely destroys party responsibility.

The plan was popularized by propaganda and agitation; but, as it was presented as a most advanced step in our political life, it was finally adopted in most of the States because there was no organized or intelligent opposition to it. Experience has demonstrated that only a small fraction of the eligible voters go to the primary polls. This has enabled any well-organized minority to move its forces en masse into the primary of either party, name its candidates, and thus gain control of that party.

The first concrete evidence that this system was to be employed to steal one of the old parties came from North Dakota. The Socialists there had not been successful in arousing the farmers to socialistic theories. The grievances of the agricultural sections had been played up and magnified; but yet, when it came to voting, the citizens walked into the polls and cast their ballots for the regular Republican ticket.

As early as 1916 a few Socialist organizers in that State agreed that success could not be attained through any third party, and that to gain political control they must steal the Republican Party which was the dominant political organization in that State. In an affidavit made by Judge L. J. Palda and used in a suit for libel brought by Ray McKaig against Gov. Frank E. Gooding, of Idaho, appears this language:

"He (one of the leading Socialists) did many years ago state to me in a conversation, I then being chairman of the Republican central committee of this county, that he had a plan whereby they would finally get control; that he had come to the conclusion that he would not get the people to use force; that what they were going to do was to organize and steal the prevailing parties in the various States, and steal the organization in the various States, and in that way gain control."

In 1916 the Socialist Party of North Dakota went underground and changed its name to the Nonpartisan League. This was done

through the instrumentality of A. C. Townley, who had been a Socialist organizer. Townley is quoted as saying that if they would sugar-coat socialism with another name he would not only make the farmers swallow the pill but would make them pay for so doing.

H. E. Gaston, who is now assistant to, and is said to be in charge of publicity for, Secretary of the Treasury Henry Morgenthau, Jr., became a publicity representative for the Nonpartisan League. In 1920 he wrote a book upon the subject. In it several times he refers to "capturing" the Republican Party. "An incident of the summer", he wrote in one place, "was the capture of the Republican State committee at Bismarck by league representatives", and a few pages further on he called attention to the fact that the Republican State convention was "league controlled."

The plan to steal parties worked. Forming a strong organization among the farmers, most of whom in politics were Republicans, Townley and his followers walked into the Republican primaries, captured practically all nominations and the party machinery, electing their ticket. The State immediately engaged in certain "experiments" such as going into the banking business, the building-and-loan business, the flour-mill business, the grain-elevator business, the hail-insurance business, and others. The harm done and the expense attached to the failure of all these experiments is so well known it need not here be cited.

Believing they had found the route to ultimate complete political and economic control in this Nation through the system of capturing the primaries of the old parties, the advocates of pure socialism organized in a number of Western States. In some they entered the Democratic, in others the Republican, primaries, and with marked success. But as the scorching sun of publicity was turned upon their experimental proposals, in most instances the nonpartisan candidates were defeated at the polls.

There remained within the movement, however, two factions, one still holding to the third-party idea, the other to the steal-the-party plan. Many of the old-time, stand-pat Socialists did not believe in boring into the primaries of the conservative parties. Others, especially the intellectuals, followers of what is known as "Fabian Socialists" (Fabian socialism was a name given in 1884 to a group of Socialists in England who recognized that the blunt language of Marx did not appeal to average intelligence. Therefore they revised the language of the then existing Socialist Party in such a manner as to conceal the real purpose. They further took the position that if socialism was ever to amount to anything, they must take it off the street and make it popular in the drawing rooms. Fabian socialism is pure socialism wearing frock coats and high hats), believe the short cut to Federal control rested in stealing the party method.

About the time the Nonpartisan League was functioning in the Northwest a little band of professional dissenters, meeting in the city of New York, formed a third-party movement called the "Committee of Forty-eight." A convention was held in St. Louis in 1920. As practically each delegate had a scheme of his own, no action was taken. Most of the delegates adjourned to take part in a convention to be held at Chicago known as the "Farmer-Labor Party." There Parley P. Christensen, an I. W. W. attorney, was named for President. He attracted an inconspicuous number of supporters at the polls, and from then on the third-party faction began to wane and the group urging the system of capturing the primaries of the old parties developed considerable strength.

In 1921 the Socialist Party, as such, seeing its membership dwindling to a mere handful, concluded that it might get farther if it joined in a movement with the other discordant groups, and so adopted a resolution providing for the calling of a conference of all such groups, which conference was held in 1922 at Cleveland to develop a plan of united political action.

Among those who, at that time, apparently believed in the capturing scheme was William Johnston, president of the International Machinist Association, and chairman of the convention that nominated Robert M. La Follette on the Progressive ticket in 1924. He was quoted by the Cleveland Plain Dealer, when the original conference was being held, as stating that "the main purpose of the meeting is to set up active participation of Progressive voters in the primaries." "With the success of the movement of Progressive political action in the recent election", he is quoted as saying, "we feel that more can be accomplished by working through present political parties than in the formation of an independent organization."

The conference developed two factions, one taking the position outlined by Mr. Johnston and the other, strict adherence to the third-party plan. For the time being the former prevailed. The New York Call, then the outstanding Socialist newspaper, editorially commenting on the conference in its issue of December 14, 1922, said that "the division came over the question of whether to organize a new party or organize outside of parties and attempt to capture the various primaries."

"To those who uphold the latter point of view," the editorial continues, "the party means nothing—the primaries everything. * * * To them a party is neither good nor bad, just as a public office is neither good nor bad; if a worker or a supporter of the workers captures the nomination, the party is good. If they do not, the party is bad.

It will be recalled that following this idea of capturing party nominations through the primaries, there appeared in both Senate and House a small group, some elected as Republicans and some as Democrats, who formed a bloc of their own and began agitation for socialist proposals such as government ownership and control of certain industries, notably utilities. This was one of the first signs of the appearance of this group in our Federal Government as an organized movement. The advocates of the capture system now began to believe they had proven their methods correct.

Then came the election year of 1924. The Republicans nominated Calvin Coolidge; the Democrats, John W. Davis. Following the convention of the two major parties, the Conference for Progressive Political Action (Socialist) met in Cleveland. The third-party element had control of the convention. Senator Robert M. La Follette was named as candidate for President. While nominally a Republican, he advocated very few Republican principles. Senator BURTON K. WHEELER, of Montana, was named for Vice President. While nominally a Democrat, he had departed afar from Democratic doctrine. Both were members of the so-called "radical bloc" in Congress at that time. The name Progressive Party was adopted and, hoping to gain much support from those who some 14 years before had followed the political program of the late Theodore Roosevelt, went to the polls and supported La Follette.

The results of the election showed that the advocates of the third-party system had again failed and it was then the devotees of the capture system came into control of the discordant elements. This other element determined to test its theories of governmental control of industries and even the private affairs of the people through Federal legislation. This is the element which is still very much in the saddle.

Turn again to the Cleveland convention of 1924 which nominated the late Senator Robert M. La Follette, and note some of those prominent in that convention and later others who were La Follette supporters during the campaign, men and women who today are holding key positions in a so-called "Democratic administration" and directing the course of certain experimental legislation of the nature described by a Socialist writer as designed deliberately to bring about pure socialism in the United States.

Foremost among these is found Basil M. Manly, now a member of the Federal Power Commission but then the directing genius of the People's Legislative Service, which name the bloc of Senators and Representatives previously mentioned operated under—some of them nominally Democrats and some of them nominally Republicans. Mr. Manly was a member of the executive committee of the National Conference for Progressive Political Action sponsoring the convention that nominated the late Robert M. La Follette, and a member of the campaign committee of the Progressive Party of 1924. A book called "Where La Follette Stands on Fifty Living Issues" states that it was "compiled by Basil M. Manly" and published by the "La Follette for President Committee."

In this book appeared extracts from the utterances of the late Senator, and among them this one: "I expect to stand here and make a fight alone for Government ownership and control of the railroads. I am for Government ownership of railroads and every other public utility—every one * * *." It is to be assumed that this, likewise, is still the doctrine of Mr. Manly.

Among the other members of the campaign committee were J. A. Franklin, Sidney Hillman, and Rose Schneiderman, all of whom were made members of the Labor Advisory Board of the National Recovery Act. Frederic C. Howe, a special appointee in the Department of Labor to help along the so-called "Agricultural Adjustment Act", was likewise a member of the La Follette campaign committee. Indeed, a large number of the members of the La Follette campaign committee who aided in the defeat of the regular Democratic candidate, Hon. John W. Davis, are now holding key positions under a Democratic administration.

Leo Wolman, another member of the Labor Advisory Board, above mentioned, was also a La Follette supporter. In 1922 Miss Schneiderman, above mentioned, was a candidate of the Farmer-Labor Party for Senator from New York. In 1924 she was a La Follette elector for that State. Frank P. Walsh, also prominent in the present administration but who nominally is still a Democrat, was another elector for La Follette in New York.

Donald Richberg, now credited with being assistant President, was chairman of the resolutions committee. The resolutions adopted declared for the "public ownership of water power and the creation of a public superpower system"; for the "public ownership of railroads"; favored "submitting a constitutional amendment providing that Congress may by enacting a statute make it effective over a judicial veto." That means the overriding of a decision of the Supreme Court. Since Mr. Richberg had much to do with the drafting of this platform, it is to be presumed he is thoroughly in harmony with the proposals therein expressed. Mr. Richberg was also a member of the advisory council of the committee on coal and giant power established by the League of Industrial Democracy, a Socialist subsidiary, and composed of those who adhere to the legislative-action system to gain their ends in the United States.

After the convention had adjourned, A. A. Berle, Jr., a member of the original "brain trust", with a number of others sent a telegram of congragulations to Senator La Follette. In that telegram appeared this language, "We believe that the time has come for a new deal. * * *." Frederic C. Howe, above mentioned, attached his name to this message.

Prof. Rexford Tugwell was one of a number of college professors who joined in the movement to elect the late Senator La Follette President.

There are others, now part of the Democratic administration, who, in 1924, following the fortunes of La Follette, had a part in the defeat of the Honorable John W. Davis, the regular Democratic nominee. Among the appointees of the present administration are several who call themselves "Republicans" but who, in the past, have allied themselves with just such movements as the one

that nominated the late Senator La Follette. They often take part in Republican primaries but fail to vote the ticket on election day.

With the defeat of La Follette, the steal-the-party element in the Socialist movement gained control. They began to lay their plans. They awaited the psychological time to act. It came with the depression in the middle of the Hoover administration. They were not so foolish as to steal the Republican Party because it was not in good repute with the voting public. Instead, attention naturally was turned to the Democratic Party. It had been out of power for more than a decade, and its leaders, anxious to gain lost ground, naturally would ardently support whoever was named by the Chicago convention.

The intelligentsia in the Socialist movement—that is to say the "brain trusters"—long had their eye on Franklin D. Roosevelt. He was induced to believe that, as President of the United States, he could rebuild the whole structure of society.

This group, at least a year before the convention, began to popularize the name of Franklin D. Roosevelt. He was pictured to the farmers as the one and only man who could save them. The wage earners were told he was their friend. The disgruntled elements of society in general were rallied to his support. Indeed, there was a well-organized and cleverly managed campaign to secure his nomination before the names of any of the other contenders on the 1932 Democratic convention were scarcely more than just mentioned. There is plenty of evidence to sustain the declaration that in practically every State, save possibly a few south of the Mason and Dixon's line, the elements that had been fostering different third-party movements, and who backed La Follette in 1924, together with many who had even supported the open Socialist Party, had been joined to go en masse into the Democratic primaries and aid in electing delegates favorable to Mr. Roosevelt.

And so the steal-the-party element captured delegation after delegation. Even though lacking the necessary number to nominate at the start, they were able to make, as so often has been done in the past, a few trades. Mr. Roosevelt became the Democratic nominee for President; that is to say, he ran under that name, but, in truth, was the nominee of the Socialist groups.

The campaign was made on the issue of restoring prosperity. The socialistic element remained in the background, permitting the old-time Democrats to take the active lead and to gain the support of the conservative element. Nothing was said by Mr. Roosevelt nor by any Democratic campaigner that gave even a clue to the nature of the socialistic program which their group planned on putting into effect, and which now clutters the Federal statute books. The direct pledge was made by the Democratic candidate that the cost of conducting Federal Government would be reduced 25 percent. That had a conservative appeal. The direct pledge was made that a system of sound money would be maintained, by which the people believed he meant the retention of the gold standard. That had a conservative appeal. The direct pledge was made that bureaucracy would be destroyed in Washington, and that had a conservative appeal. Mr. Roosevelt was then elected. It was hailed as a Democratic victory. But was it?

Considering the nature of the legislation that has been enacted, none of which was discussed publicly during the campaign and practically all of which is not in harmony with the platform pledges, and certainly not in harmony with the principles of the Democratic Party of the past, was it not, in truth, a Socialist triumph?

There are, indeed, but few old-time Democrats who have not awakened to the fact that their party has been stolen from them. They hope in time to recover it.

Orderly government depends upon the maintenance of two strong political parties, one a check upon the other, but both must be soundly American. Republicans who are getting much satisfaction out of the situation, however, should not laugh too soon. There is much evidence to cause the belief that their party, also, is to be stolen in 1936. The bright lads in the Socialist movement recognize the fact that their legislative program has not worked the way the public expected. It has not ended the depression but has worked the way the "brain trusters" expected. It has done a great deal not only to weaken constitutional government but to cripple the entire financial, industrial, agricultural, and labor structure of the United States. The tax burden has become unbearable. Faultfinding, directed against the administration, is common throughout the Nation. The almost unanimous decisions of the Federal courts declaring certain important features of new-deal legislation unconstitutional has caused the saner element in the Democratic Party to question the political wisdom of the President. There is a decided revolt on the part of able Democratic Senators.

But regardless of what happens between now and the convention of 1936, the renomination of Mr. Roosevelt seems most likely. Should the Republicans name some strong, sound, conscientious person in whom the people have confidence, Roosevelt's chances of reelection would be slim. But these powerful socialistic groups do not intend to permit a conservative Republican to be nominated. Roosevelt's defeat and the election of that character of a Republican would put a decided crimp in the socialistic program. Those who have so far cleverly directed it from positions of authority in Washington do not propose to be disturbed. The socialistic bureaus have already been established by law. Most of them will remain even though there may be changes in the nature of the legislation creating them.

No matter how useless or how expensive a bureau may be, once established by Congress, it has always remained undisturbed. These bureaus created by new-deal legislation are in the hands of socialistically inclined persons. They are planning to remain there.

Since the renomination of Mr. Roosevelt seems certain there will be no need for the socialistic element going into Democratic primaries next year. They plan, therefore, to move en masse into the Republican primaries, gain enough delegates to the Republican National Convention to name their candidate for President, and that candidate is to be one whose views are in harmony with those entertained by the members of the "brain trust." It will, then, make little difference to them which party succeeds at the polls. They remain in power.

That this scheme is in the offing is obvious. During the past year much has been heard in Republican circles about liberalizing the party. Meetings have already been held in many States for that purpose, but those directing the scheme have not as yet satisfactorily explained what they mean by liberalizing the party, but it sounds interesting, and has attracted a considerable number of persons. It appears certain that those advocating liberalizing simply mean that the sound American philosophy which has been the meat and bone of the party since it was founded is to be scrapped and some of the socialistic theories now afloat are to be substituted.

This liberalizing element insists that the party must pass into the hands of a younger element. This does not of necessity mean younger in years. Indeed, years have nothing whatever to do with it. The younger element are those who, regardless of age, are ready to depart from the fundamental philosophy of the Republican Party and become contaminated with the idealistic theories of socialism. The person 80 years of age who does this becomes a member of the younger element, while the lad casting his first vote who refuses to transfer his allegiance from sound Americanism to unsound theories remains a member of the older element.

Already the friends of at least two well-known liberals, Glenn Frank and William Allen White, both of this younger element, have sent up trial balloons to see which way the wind blows. These liberals have been invited to speak before Republican gatherings. Following the campaign methods of Franklin D. Roosevelt, their statements are those of conservatives. In consequence, they have found some favor in the minds of those who do not know their mental background, just as Mr. Roosevelt found favor in the minds of Democrats who did not know of his mental background. There is every reason to believe that the trial balloons of other so-called "liberals" will soon be floating in the air.

Unless the American people become alive to the situation, in November 1936 they will find themselves between the devil and the deep blue sea when it comes to voting for President. There will be no choice for a sound American, for, regardless of who wins at the polls, it will be neither a Democrat nor a Republican victory, but a Socialist triumph, just as the election of 1932 was a Socialist triumph, although the Democrats thought they had been restored to power.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate, by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On May 29, 1935:

S. 82. An act to authorize the disposal of surplus personal property, including buildings, of the emergency conservation work.

On June 3, 1935:

S. 1384. An act to amend the Emergency Farm Mortgage Act of 1933, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, and to amend the Farm Credit Act of 1933, and for other purposes; and

S. J. Res. 88. Joint resolution to abolish the Puerto Rican Hurricane Relief Commission and transfer its functions to the Secretary of the Interior.

On June 4, 1935:

S. 1023. An act to provide for the payment of a military instructor for the high-school cadets of Washington, D. C.

On June 6, 1935:

S. 1212. An act to amend section 1383 of the Revised Statutes of the United States; and

S. 2899. An act to provide for increasing the limit of cost for the construction and equipment of an annex to the Library of Congress.

On June 7, 1935:

S. 1469. An act to transfer certain lands from the Veterans' Administration to the Department of the Interior for the benefit of Yavapai Indians, Arizona;

S. 1522. An act to provide funds for cooperation with public-school districts in Glacier County, Mont., in the improvement and extension of school buildings to be available to both Indian and white children;

S. 1523. An act to provide funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.;

S. 1524. An act to provide funds for cooperation with school district no. 23, Polson, Mont., in the improvement and extension of school buildings to be available to both Indian and white children;

S. 1525. An act to provide funds for cooperation with joint school district no. 28, Lake and Missoula Counties, Mont., for extension of public-school buildings to be available to Indian children of the Flathead Indian Reservation;

S. 1526. An act to provide funds for cooperation with the school board at Brockton, Mont., in the extension of the public-school building at that place to be available to Indian children of the Fort Peck Indian Reservation;

S. 1528. An act for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.;

S. 1530. An act to authorize appropriations for the completion of the public high school at Frazer, Mont.;

S. 1533. An act to provide funds for cooperation with Marysville School District No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children;

S. 1534. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.;

S. 1535. An act to provide funds for cooperation with White Swan School District No. 88, Yakima County, Wash., for extension of public-school buildings to be available for Indian children of the Yakima Reservation;

S. 1536. An act to provide funds for cooperation with the public-school board at Covelo, Calif., in the construction of public-school buildings to be available to Indian children of the Round Valley Reservation, Calif.;

S. 1537. An act to provide funds for cooperation with the School Board of Shannon County, S. Dak., in the construction of a consolidated high-school building to be available to both white and Indian children;

S. 1539. An act relating to undelivered parcels of the first class;

S. 2105. An act to provide for an additional number of cadets at the United States Military Academy, and for other purposes; and

S. 1609. An act for the relief of the present leaders of the United States Navy Band and the band of the United States Marine Corps.

On June 10, 1935:

S. 742. An act for the relief of Charles A. Lewis;

S. 1027. An act for the relief of Dr. R. N. Harwood; and

S. J. Res. 92. Joint resolution making final disposition of records, files, and other property of the Federal Aviation Commission.

On June 11, 1935:

S. 448. An act to authorize a preliminary examination of Coquille River and its tributaries in the State of Oregon with a view to the control of its floods;

S. 449. An act to authorize a preliminary examination of Umpqua River and its tributaries in the State of Oregon, with a view to the control of its floods;

S. 905. An act for the relief of Edith N. Lindquist;

S. 1038. An act authorizing adjustment of the claim of Elda Geer;

S. 1317. An act authorizing a preliminary examination of the Nehalem, Miami, Kilchis, Wilson, Trask, and Tillamook Rivers, in Tillamook County, Oreg., with a view to the controlling of floods; and

S. 2505. An act authorizing a preliminary examination of Sebewaing River, in Huron County, Mich., with a view to the controlling of floods.

On June 13, 1935:

S. 41. An act for the relief of the Germania Catering Co., Inc.;

S. 42. An act for the relief of Emmett C. Noxon;

S. 285. An act to reimburse the estate of Mary Agnes Roden;

S. 416. An act for the relief of Las Vegas Hospital Association, Las Vegas, Nev.;

S. 462. An act to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon;

S. 535. An act for the relief of William Cornwell and others;

S. 558. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department;

S. 581. An act for the relief of Harold E. Seavey;

S. 1305. An act to further extend relief to water users on United States reclamation projects and on Indian irrigation projects;

S. 1474. An act for the relief of Paul H. Creswell;

S. 1487. An act for the relief of Mick C. Cooper;

S. 1513. An act to add certain lands to the Siskiyou National Forest in the State of Oregon;

S. 1712. An act to amend section 4878 of the United States Revised Statutes, as amended, relating to burials in national cemeteries;

S. 2287. An act to authorize the crediting of service rendered by personnel (active or retired) subsequently to June 30, 1932, in the computation of their active or retired pay after June 30, 1935;

S. 2467. An act for the retirement of William J. Stannard, leader of the United States Army Band; and

S. 2536. An act providing for the suspension of annual assessment work on mining claims held by location in the United States.

AMENDMENT OF MIGRATORY BIRD HUNTING STAMP ACT

The PRESIDING OFFICER laid before the Senate the following action of the House of Representatives:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 13, 1935.

Resolved, That the House agree to the amendment of the Senate to the bill (H. R. 7982) to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes, with the following amendment:

In the first line of page 2 of said amendment strike out "joint resolution" and insert "act."

Mr. NORBECK. I move that the Senate concur in the amendment of the House to the amendment of the Senate.

The motion was agreed to.

SOCIAL SECURITY

The Senate resumed the consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. WAGNER obtained the floor.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulow	Couzens	Guffey
Ashurst	Burke	Davis	Hale
Austin	Byrd	Dickinson	Harrison
Bachman	Byrnes	Donahey	Hastings
Bailey	Capper	Duffy	Hatch
Bankhead	Caraway	Fletcher	Hayden
Barkley	Chavez	Frazier	Johnson
Black	Clark	George	Keyes
Bone	Connally	Gerry	King
Borah	Coolidge	Gibson	La Follette
Brown	Copeland	Glass	Lewis
Bulkley	Costigan	Gore	Lonergan

Long	Murray	Reynolds	Trammell
McAdoo	Neely	Russell	Vandenberg
McCarran	Norbeck	Schall	Van Nuys
McGill	Norris	Schwellenbach	Wagner
McKellar	Nye	Sheppard	Walsh
McNary	O'Mahoney	Shipstead	Wheeler
Maloney	Overton	Smith	White
Minton	Pittman	Steiwer	
Moore	Pope	Thomas, Okla.	
Murphy	Radcliffe	Townsend	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. WAGNER. Mr. President, the senior Senator from Mississippi [Mr. HARRISON] has given the Senate so comprehensive an explanatory statement regarding the pending bill that I can add little. But as the sponsor of the measure, and as a long-time advocate of social insurance, I ask that the Senate bear with indulgence my remarks upon the subject.

ECONOMIC INSECURITY AS AN INDICTMENT OF AMERICA

Mr. President, social insecurity in its modern aspects has not been an offshoot of the depression. It has been a persistent problem since the dawn of the factory era, intensified by the increasing urbanization of American life and by the virtual disappearance of free farm lands in the West.

To grasp the full ethical and economic implications of this problem, we must indulge in a brief survey of our history since the Civil War. During that time our energy and genius built upon this continent a Nation of unparalleled economic strength. Our mechanical equipment became the most extensive and the most efficient in the world. Our fabulous resources seemed to insure us against the possibility of adversity. Our wealth doubled and redoubled until it exceeded the wildest flights of fancy. No accomplishment seemed too great for us to attain. We became at once the envy and the admiration of the universe, and a shining example for the ages yet to come.

If some prophet of old could have foreseen the material wealth with which we were to be blessed, what else might he have prophesied? He would have envisaged the worker liberated from the nerve-racking struggle for bread alone, secure against the peril of unemployment, enjoying opportunities to work under conditions calling forth creative intelligence, and enjoying ample leisure for the cultivation of family life and the enrichment of spiritual outlook. He would have seen the man who has become too old to work spending his declining days in mellow comfort, tasting neither the humiliation of charity nor the bitterness of unrequited efforts. He would have been sure that little children would be spared the gnawing hunger of poverty, and that society would recognize in full its obligation to care for the fatherless and the maimed.

But if this prophet had awakened during the period between 1922 and 1929, which was regarded as the era of unmatched prosperity, what a rude disillusionment would have been his. Three million unemployed, deprived even during so-called "good times" of the sacred human right to earn their bread, were being fed upon dogma about self-reliance and individual thrift. Fully 20,000,000 families were living in the cold cellars of poverty dug beneath the streets of our most prosperous cities. Countless old people were being buffeted from pillar to post, forced at best to rely upon the help of younger relatives whose own slender resources were scarcely equal to the task. Children without end were being denied the simple joys of carefree childhood, their minds handicapped by improper schooling, their bodies stunted by the relentless pressure of factory work. Misery and destitution were the sordid realities of every Main Street, not in a poverty stricken country, but in a land where the inequitable distribution of tremendous wealth was sharpening the tragic contrast between the House of Have and the House of Want.

Some people there were, it is true, who saw the solemn tragedies lying beneath the gilded surface of our national life. But their protests were ignored and their warnings were derided. As early as 1928 I had the bitter experience of encountering the public apathy which greeted my proposals for a survey of unemployment, for the creation of a Nation-wide job exchange system, and for the inauguration of a long-range public-works program. After the onslaught of depression, I introduced in 1930 and 1931 the first two measures designed to promote Federal encouragement of unemployment insurance laws in the several States. Containing essentially the same idea which has crystallized in the present bill, they were promptly buried in committee. Then I introduced the first resolution calling for a special senatorial investigation of the whole problem of unemployment insurance. Pursuant to it, a committee of three Senators held protracted hearings. The majority members wrote a report deprecating the potentialities of Federal action; and I filed a minority report again urging immediate legislation along the lines of the measure now before the Senate. It is gratifying to note that many Senators who were doubtful of the wisdom of this type of social legislation a few years ago are now its stanch and hearty advocates.

When future historians of the gilded age from which we have emerged seek a moral to adorn their story, they will find that social injustice brought the retribution of sure decline. The income of the masses, shriveled by the blight of wide spread unemployment and uncompensated old age, was not sufficient to buy the goods flowing from the ever expanding factories. The huge profits of the few, which could not be spent in self indulgence, were reinvested again and again in plants and machines. When the market became flooded with unsold surpluses, the depression came with the certainty of nightfall.

From that emergency we have been rescued by a program combining constructive action with enduring faith in the essential fortitude and strength of the American character. We now seek a new era of well being in which the social inequalities of the past will be driven forever from the scene. We seek a more even tempered and widely diffused economic enjoyment that will provide a bulwark against the resurgence of hard times. The social-security bill draws its inspiration from both of these objectives. It is a compound in which are blended elements of economic wisdom and of social justice.

UNEMPLOYMENT INSURANCE: LEGISLATIVE PHASE

At the very hub of social security is the right to have a job. Even in the care-free decade of the nineteen twenties, an average of 1,500,000 workers per year were care-worn and tormented by the visitation of unemployment. Between 1922 and 1933, 15 percent of our total man power remained idle and disdained. When 15,000,000 people walked the streets of despair in early 1933, we knew at last that the fall and rise of our national prosperity kept pace with the rise and fall of unemployment; and we knew that until we solved this baffling enigma, our bravest and sincerest efforts would spend themselves in vain.

There is no quick relief for unemployment that has reached its zenith, any more than there is a sure cure during the last stages of a malignant disease. But the common experience of many progressive countries has revealed a relatively humane and economical method of alleviating the sporadic or seasonal unemployment which occurs even during normal times. And in addition to its curative aspects, it is a method which serves as a check upon further unemployment. Needless to say, this remedy is unemployment insurance.

There are many reasons why unemployment insurance in the United States should be developed along State lines. The tremendous expanses of our territory and the infinite variety of our industrial enterprises create totally dissimilar conditions in different parts of the country. Besides, it would be unwise to fit an inflexible strait-jacket upon the entire Nation without testing by comparison in operation the two or three major proposals for unemployment insurance, each of which has elements of merit urged by divergent schools of reputable thought.

At the same time, the disheartening results of 50 years of agitation for unemployment insurance prove conclusively that there will be no substantial action unless the Federal Government plays its part. Less than one-half of 1 percent of the workers in this country are covered by the much-heralded private and voluntary plans for their protection. And so paralyzing has been the fear of unfair competition by backward States that only Wisconsin dared to proceed in splendid isolation by enacting an unemployment-insurance

law. The very fact that four other States have taken the same course in the short period of time since the inception of this measure is the best token of the validity of Federal encouragement.

The social-security bill sets up two powerful Federal incentives to State action. In the first place, it appropriates $4,000,000 for the fiscal year beginning this June, and authorizes the appropriation of $49,000,000 for each succeeding year, to be allocated among the States in the form of subsidies for the administration of such unemployment-insurance laws as they may enact. These subsidies will be on the basis of need, taking due account of the population of the respective States, the number of persons covered by their unemployment-insurance laws, and other relevant factors.

As a second incentive to State action, the bill imposes a Federal excise tax upon the total pay roll of each employer engaging four or more workers. This tax is fixed at 1 percent for 1936, 2 percent for 1937, and 3 percent for each succeeding year. Against this imposition any employer may offset, up to 90 percent, whatever sums he contributes to pulsory unemployment-insurance funds created under the State law. Since the States will be anxious to draw this Federal tax back into their own borders, the natural result will be the enactment of unemployment-insurance laws in every State.

Practically no restrictions are placed upon the types of statutes that the States may enact. They may provide for State-wide pooled funds or for individual company reserves. They may exact contributions from employers, or from employees, or from both. They may add their own contributions if they desire to do so. The only important requirement is that the State law shall be genuinely protective, and that its revenues shall be devoted exclusively to the payment of insurance benefits.

UNEMPLOYMENT INSURANCE: ECONOMIC POTENTIALITIES

It is obvious that a 3-percent pay-roll tax cannot be a panacea for a burden of unemployment such as we have borne in the past. As contemplated in the present bill, its protective features would extend to only 24,000,000 people out of 48,000,000 gainfully employed. At best it would provide, after a waiting period of 4 weeks, 15 weeks of benefit payments to the unemployed, at a rate equal to about 50 percent of the working wage, but in no case more than $15. If the rate of unemployment between 1936 and 1950 should be the same as it was between 1925 and 1934, the total wage and salary loss in the covered group of workers would be $75,000,000,000, or over six times the sum that would be raised by a 3-percent pay-roll tax.

But such a simple analysis overlooks both the purpose and the indirect effects of unemployment insurance. In the first place, it is designed not to supplant, but rather to supplement the public-works projects which must absorb the bulk of persons who may be disinherited for long periods of time by private industry. It is designed to provide for intermittent, short term unemployment, a remedy that is more dignified, more humane, more certain, and more economical than emergency relief, with its inflated ballyhoo and its deflating effect upon the moral stamina of the recipients.

More important, unemployment insurance will serve a preventive as well as an ameliorative function. The mere focus of business attentiveness upon the problems of the jobless will tend to prolong work, just as the study of life insurance has tended to increase the length of the average life. The drive toward the ultimate goal of a stabilized industry will be quickened by the inauguration of a coordinated Nation-wide campaign against the most demoralizing of all economic evils. A provision in the present bill requires that the Federal tax rebate shall be used to encourage a close connection between State job-insurance laws and unemployment-exchange offices. This provision emphasizes the fact that the relief of existent unemployment is but a subordinate phase of the main task of providing work for all who are strong and willing.

The bill provides an even more specific incentive to business men to diminish the volume of unemployment. If a State law permits an employer to reduce the amount of his State contribution because of his good employment record, he may offset against his Federal tax not only the amount of his actual payment under the State law but also the amount of the reduction that he has won. For otherwise he would not benefit in the slightest by securing such a reduction. This special allowance is designated in the bill as an "additional credit."

At the same time it should be noted that the bill takes great pains to prevent any State from circumventing the law by allowing employers such reductions in their contributions as would enable them to recapture the Federal tax without setting up adequate safeguards against unemployment. Thus it is provided that a taxpayer who is contributing to a State-wide pooled fund shall receive an "additional credit" from the Federal Government only if the State reduction that he has won is based upon his comparatively good record during at least 3 years of actual compensation experience. Let us now suppose that a taxpayer is subject to a State law under which he guarantees to maintain the employment of a designated group of workers and contributes to a segregated guaranteed employment fund to cover breaches in his guaranty. In such case he would be allowed an "additional credit" only if his guaranty had been perfectly fulfilled in the past and if his guaranteed employment account amounts to at least 7½ percent of the pay roll that it protects. Finally, if a taxpayer is participating in a State system whereby each employer maintains an isolated reserve account for his own workers, his enjoyment of "additional credits" from the Federal Government will be hedged in by safeguards similar to those surrounding guaranteed accounts.

Added to its salutary effects upon the overt activities of business men, unemployment insurance will have a stabilizing effect upon industry by providing income in times of stress for those consumers who otherwise would be without purchasing power to patronize the markets. By way of illustration, we may examine the likely effects had the present bill become law in 1922. The 3-percent tax upon pay rolls, even if we assume, contrary to my own firm opinion, that an unemployment-insurance system might not have checked the business decline in the slightest, would have provided $10,000,000,000 for unemployment relief between 1922 and 1933. It would have provided an accumulative reserve of $2,000,000,000 in 1929. There can be little doubt that the prompt release of this reserve flood of purchasing power would have mitigated and abbreviated the downswing of the business cycle.

Contrary to these claims are the arguments advanced from time to time that the taxes involved in unemployment insurance would curtail the purchasing power of the public during prosperous times, and thus provoke the advent of depressions. But it should not be overlooked that business regression is encouraged, not by a general collapse of national purchasing power, but by an insufficient dispersion of purchasing power among masses of wage earners. A pay roll tax upon employers alone would intensify this maldistribution only upon the assumption that the tax would be shifted entirely to wage earners by means of lower wages or higher prices or both. To my mind such an assumption is based upon an overmechanical concept of economic forces. It accepts bodily the wage fund theory of the classical economists that real wages can be neither raised nor lowered by legislation. Its logical corollary is laissez faire. In truth, the various factors, including custom, bargaining power, and standards of living, that help to determine wage rates will not be nullified by the imposition of a pay roll tax. Moreover, the several States may add their contributions to unemployment insurance by means of the general taxing power, and thus may exercise their power to redistribute more justly rather than to concentrate income. Even if we assume that part of the cost of the insurance would be shifted to wage earners, the temporary reduction in their purchasing power would only be a small part of the increased purchasing power that would be returned to them in benefits when most needed.

Nor is there any ground upon which to rest the claim that unemployment insurance, by withdrawing money from circulation, might depress the level of business activity. Un-

employment insurance funds are not buried under the ground. The present bill requires that all State funds, in order that contributors to them may qualify for Federal tax rebates, shall be deposited in separate accounts with the Secretary of the Treasury. Centralized management of this reservoir of purchasing power will have a tremendous stabilizing effect upon industrial operations and credit transactions. In addition, it will obviate the necessity of dumping securities upon an overburdened market when hard times call for the liquidation of unemployment reserves. Instead, the United States Government will simply take up the securities which have been issued to the depositing States. Or if the Federal Government has elected to issue non-negotiable obligations, it may pursue the alternative of canceling them as they are paid.

OLD AGE DEPENDENCY IN THE UNITED STATES

Partial insecurity in the prime of life is highly provocative of complete dependency in later years. The needy old are exonerated from the unjust stigma of improvidence by a study of income in the United States. It has been revealed that during the year 1929 about 6,000,000 families living in dire poverty were able to save nothing. Fifty-nine percent of all American families, who were earning less than $2,000 each, could save only 1.4 percent of their annual income. In contrast, a family earning $5,000 saved 17 percent of its income, while a family earning between $50,000 and $100,000 stored up 44 percent. Viewed in the large, 80 percent of the families in the United States owned only 2 percent of the savings, while the remaining 20 percent of the families accounted for 98 percent of the savings.

Even a momentary glimpse at these statistics makes it abundantly clear why about one-half of the total number of people in the United States over 65 years of age are dependent. Moreover, the situation is being constantly aggravated by the lengthening span of the average life, by the general rise in population, and by the technological changes driving the elderly worker from the factory. While only 3,000,000 inhabitants of this country were more than 65 years old in 1900, there are about 7,500,000 in this category today, there will be approximately 13,500,000 by 1960, and 19,000,000 by the end of the century. Thus we may expect within 25 years to be confronted by seven or eight million elderly folk without means of self-support.

The care of the old cannot be left indefinitely to the miserably weak pension laws which exist in only 33 States. Due to the unusual difficulties which localities always encounter when attempting to raise money, and to the general lethargy which surrounds social legislation until it receives some Federal impetus, the average monthly pension under State legislation is only $15.50 per month. At the present time, to the Nation's shame, every person over 65 years of age upon the pension rolls of the States is matched by three people upon the relief rolls.

TEMPORARY RELIEF: OLD AGE PENSIONS

To meet these pressing needs, the social security bill inaugurates a system of Federal subsidies to the States for old age pensions. For this purpose, there is appropriated $49,750,000 for the fiscal year 1936, and for each succeeding year there is authorized to be appropriated whatever amounts may be necessary to round out the plan. While these grants will be on an equal matching basis, they will in no case exceed $15 per month per person. This check upon Federal expenditure will in no wise circumscribe the limits of State activity. Those people who bewail that this bill in practice will limit pensions to $30 per month are shedding crocodile tears, because the average protection afforded today is less than half that sum; and because no evidence can be produced to show that Federal aid will prove an anchor rather than a propeller to progressive State action.

While a great degree of flexibility is permitted to State pension systems qualifying for Federal assistance, certain fundamental requirements must be observed. Relief must extend to every county in the State, nor can it be denied to any needy person who is a citizen of the United States and who has lived in the State for 1 year immediately preceding his application and for any 5 years during the 9 years preceding his application. This fusion of Federal and State responsibilities is along well established lines and has proved uniformly successful in this country.

The claim cannot be sustained that the cost of these pensions will be a greater burden than the country should bear. If we assume an average pension of $20 per month for each dependent person, this plan during the first year of its operation will cost the 48 States only $109,000,000, ranging from $11,000,000 in New York to $107,000 in Vermont. During the next 15 years, assuming the all-important fact that we enact contemporaneously the Federal old age benefit plan, the grand total of Federal and State expenditures for pensions will be only $2,445,000,000, or $163,000,000 per year. The high water mark will be about $1,200,000,000 in 1960, and will decline thereafter to a level of about $1,000,000,000 per year by 1980. Certainly these are not excessive sums for so great a task in a country as wealthy as ours.

In truth, the argument addressed to cost overlooks the simple fact that every civilized community does and must support its old and dependent people in some way. In this country we have been doing it largely by inefficient relief methods, by shabby pension systems, and by imposing burdens upon millions of younger members of families, with consequent impairment of their industrial efficiency, their morale, and their own opportunities for future independence. Our present method of dealing with the old is compounding the rate of old age dependency at terrific speed. More systematic treatment will involve a saving in material expenditures, a restoration of national self-esteem, and a salvaging of precious human values.

Fear has been expressed that the enactment of a comprehensive system of old age assistance would increase the number of persons upon the pension rolls. Long citations to this effect have been drawn from the experience of foreign countries. But granting the truth of this prediction, it is totally irrelevant. We might reduce the number of pensioners to zero by abolishing every pension law in every State. Of course, the enlargement of pension facilities will multiply the number of people receiving aid, just as the extension of workmen's compensation laws has increased the volume of relief against accidents. But pensions are no more the cause for poor people growing old than accident insurance is the cause for people getting hurt. Pensions do not create the evil; they merely recognize it and provide the most effective remedy.

PERMANENT RELIEF: RETIREMENT BENEFITS

However, sole reliance upon a system of old age gratuities might provoke unduly large increases in public expenditures. The cost would rise to $2,500,000,000 per year by 1980. The proportion of the total population dependent upon such assistance would rise from 15 percent in 1936 to 50 percent in 1957 and remain stable thereafter. For this reason it is necessary that the core of old age relief should be not gratuities but a systematic and actuarially sound system of earned old age benefits. Such a system, in addition to placing a governor upon general taxation, will provide an infinitely more humane method of dealing with the problem. Security after a life of work should be a matter of right, not of charity; it should be a certainty, not a mere expectancy.

In the long history of agitation for social insurance in this country, every proposal for consolidated public responsibility has been confronted by the plea that the matter should be left to the initiative of private enterprise. Thus it is now urged that all businesses possessing private pension systems should be exempted entirely from the provisions of Federal law. The best answer is experience. For a hundred years the way has been cleared for the development of private pension systems. But, aside from the railways, only about 2,000,000 people in the United States are within their purview. In many cases, even where a system exists, its protection is unfunded and uncertain. It is amazing to note that only about 4 percent of the workers covered by such plans actually draw any benefits upon retirement. A rapid labor turnover, or a dismissal for one cause or another, cuts

short their expectancy before its maturity. Students of this problem tell us that the encouragement of private pension systems promotes the antisocial practice of discharging men in middle age and is closely allied with the company dominated union. Despite claims to the contrary, no private system provides certain benefits to the run of average workers which are superior to those contemplated by the pending bill.

But while the Federal plan of old age benefits proposed under this bill is uniform in its application, there is nothing that would prevent any private system which might be more liberal in its terms from supplementing the public system. The accounting problems involved in such adjustments are well known and relatively simple.

The social security bill therefore provides a Federal system of old age benefits, computed and maintained upon an actuarial basis. Beginning January 1, 1942, any employee will be entitled to retire upon reaching the age of 65 or at any time thereafter, and to receive upon retirement monthly benefit payments from an "old age fund" in the United States Treasury. These benefits will represent a fixed percentage of the worker's earnings between January 1, 1937 and the time he reaches the age of 65. They will thus depend upon his average salary and his period of service subsequent to the inception of the system. Special allowances in the form of higher rates are to be made for the older workers of today, who will retire within a comparatively short period of time. The plan will cover employees of all grades and salaries, but that part of a man's annual income above the first $3,000 will be ignored in calculating benefits.

A few simple figures will convey an idea of the amount of protection afforded by this system. In the typical case of a man who works 40 years after the passage of the proposed law, the monthly benefit payment will be $32.50 if his average salary has been $50, $51.25 if it has been $100, $61.25 if it has been $150, and $71.25 if it has been $200. In the event a person dies before attaining the age of 65, or before receiving in benefits an amount equal to at least 3½ percent of his earnings between the inception of the system and his 65th birthday, his estate will receive an amount sufficient to bring his total receipts up to 3½ percent of such earnings.

The old age fund for the payment of these benefits will be maintained by annual appropriations beginning with the fiscal year ending June 30, 1937. These appropriations will be based upon actuarial principles and mortality tables, and will be sufficient to build up an adequate reserve and to pay 3 percent interest thereon.

Only those who know the frightful social cost of old age dependency will envisage in entirety the human values that will be salvaged by the establishment of this system. And it must not be overlooked that industry will receive its full measure of benefit. The incentive to the retirement of superannuated workers will improve efficiency standards, will make new places for the strong and eager, and will increase the productivity of the young by removing from their shoulders the uneven burden of caring for the old. The purchasing power that will result from a flood of benefit payments, beginning with $52,000,000 in 1942 and rising gradually to $3,511,000,000 in 1980 will have an incalculable effect upon the maintenance of industrial stability.

VOLUNTARY ANNUITIES

To provide opportunities for self-protection to persons of modest means who are excluded from the provisions of the Federal benefit plan, and who do not want to rely upon the gratuitous pensions, the bill contemplates the sale of annuity bonds by the Federal Government. These shall have a maturity value not in excess of $100.

PROTECTION OF THE YOUNG, THE MAIMED, AND THE SICK

Certainly the depression that has affected the strong could not have been expected to overlook the weak. Seven million four hundred thousand children under 16 years of age are now members of families upon the relief rolls. Only 109,000 families in the United States are receiving aid in the form of mothers' pensions under State laws, while at least 300,000 families are in need of such assistance. These pensions, where in effect, range as low as $7.29 per month per family, and are paid in only one-half of the counties within the States in which they operate. In addition, there are 300,000 homeless children, 200,000 new delinquents every year, and perhaps 500,000 who are crippled. For all these unfortunate groups, as well as for public health, maternal aid, and the care of the blind, the social security bill makes modest appropriations along the well developed lines of Federal subsidies to the States. These grants will be extended primarily upon a matching basis in order to stimulate the States to action, but they will take full account of the special needs of those localities which are genuinely without capacity to help themselves.

FINANCIAL ASPECTS

The total cost of all of these minor expenditures for the next 15 years will be less than $2,000,000,000. I have referred earlier to the special tax for unemployment insurance. Aside from old age pensions, which will be supported by general revenues, the main outgo will be in connection with the Federal old age benefits. To cover this, two types of taxes are imposed.

First, every employer is to pay an excise tax upon his total pay roll, but no single salary will figure in this computation to an extent greater than $3,000 per year. This tax will begin at 1 percent for the calendar year 1937, and will rise by one-half percent every 3 years until it reaches its maximum of 3 percent for 1949 and subsequent years.

The second tax is to be levied against wages and paid by employees, at the same rate and upon the same terms as the employers' tax. Thus the total burden upon each employer will be exactly the same as that imposed upon all of his employees.

The two revenue measures will yield over $15,000,000,000 by 1950, while the cost of old age benefits until that time will total only $2,445,000,000. Allowing for interest, the reserve fund will reach $14,000,000,000 within 15 years.

CONSTITUTIONAL VALIDITY OF THE MEASURE

In examining the constitutionality of this measure we may pass very quickly over the sections which provide for outright Federal subsidies to the States for old age assistance, for child welfare, for unemployment relief, for public health, and for maternal care. Analogous grants have formed a part of the fabric of our Government for half a century. Since the Maternity Act of 1921 was upheld in the case of Massachusetts against Mellon, found in Two hundred and Sixty-two United States Reports, page 47, I do not believe that a single reputable authority has questioned the plenary power of Congress to extend such assistance.

Let us turn then to the part of the bill which provides for Federal benefit payments to employees retiring at the age of 65. It is clear that no distinction ever has been, or logically can be, drawn between Federal subsidies to the States as organic entities and Federal aid to large classes of stricken individuals. The test in either case is whether the grant is within the authority of Congress to appropriate money.

Our Constitution provides, in part, that the Congress shall have power—

> To lay and collect taxes * * * to pay the debts and provide for the common defense and general welfare of the United States.

It is now generally agreed that this general welfare clause is a restriction upon the power to tax rather than an independent grant of legislative authority. But it has been equally clear for at least 75 years that the power to tax is coextensive with the power to spend; and that both, far from being circumscribed by the enumerated powers of Congress, extend to every tender solicitude for the general welfare.

Hundreds of illustrations come readily to mind where unchallenged expenditures of Congress have been far more tenuously linked to the general welfare than those contemplated by the present bill. Congress has appropriated money for the relief of the distressed inhabitants of other lands. Can there be less power to ameliorate the wide spread distress of our own people? Congress has devoted funds to the extinction of the Mediterranean fruit fly. Was that fly a greater scourge than unemployment? Congress has provided generously for the victims of Mississippi River floods. Are these floods more constant or more dreadful than the

advent of uncared for old age? Such comparisons invite no speculation.

Having probed the question of appropriations, let us now examine the tax sections of the bill. It is indisputable that the tax imposed upon pay rolls and wages by section 8 is a genuine revenue measure. It is calculated to raise $300,000,000 during the first year of its existence, and $2,000,000,000 annually within a dozen years. And when a genuine revenue measure is in question, the power of Congress to tax is practically unrestrained. In Flint against Stone Tracy Co., reported in Two Hundred and Twenty United States Reports, page 107, the Supreme Court said:

The Constitution contains only two limitations on the right of Congress to levy excise taxes; they must be levied for the public welfare and are required to be uniform throughout the United States.

In Brushaber against Union Pacific Railroad, found on the first page of the Two Hundred and Fortieth volume of United States Reports, the highest tribunal added that the authority of Congress to tax "is exhaustive and embraces every conceivable power of taxation."

The Flint case also brushed aside the argument that an excise tax might be invalid because it singled out specific groups and excluded others. It was there said:

As to the objection that certain organizations, labor, agricultural, and horticultural, fraternal and benevolent societies, loan and building associations, and those for religious, charitable, or educational purposes, are exempted from the operation of the law, we find nothing in that to invalidate the tax As we have had frequent occasion to say, the decisions of this Court from an early date to the present time have emphasized the right of Congress to select the objects of excise taxation, and within this power to tax some and leave others untaxed, must be included the right to make exemptions such as are found in this act.

Viewed in isolation, there can be no doubt that all of the excise taxes embodied in the social-security bill are a valid exercise of congressional power. The only serious question is whether they may be set aside on the ground that their real intent is to stimulate social insurance laws by the several States, or that they form part of a designing Federal scheme to invade the provinces reserved for State action. But no constitutional principle is more firmly embedded in case law than that no concomitant motive will invalidate an otherwise valid exercise of the taxing power. In Veazie Bank against Fenno, reported on page 533 of the eighth volume of Wallace, the Supreme Court upheld an act of Congress levying a 10 percent tax upon bank notes issued by State banks, although the clear intent and the accomplishment was to drive these notes out of existence. In McCray against United States, One Hundred and Ninety-fifth United States Reports, page 27, sustaining tax measures discriminating against the sale of yellow oleomargarine, Mr. Justice White said:

It is self-evident that on their face they levy an excise tax. That being their necessary scope and operation, it follows that the acts are within the grant of Federal power.

The most persuasive opinion, however, is contained in the Two Hundred and Forty-ninth volume of United States Reports, at page 86. In the case of United States against Doremus upholding the constitutionality of the Harrison Narcotic Act, the Court said:

An act may not be declared unconstitutional because its effect may be to accomplish another purpose as well as the raising of revenue. If the legislation is within the taxing authority of Congress—that is sufficient to sustain it.

And further corroboration by Mr. Justice Sutherland, writing for the Court, came in *Magmano Co.* v. *Hamilton* (292 v. c. 40), where it was said:

From the beginning of our Government, the courts have sustained taxes although imposed with the collateral intent of effecting ulterior ends which, considered apart, were beyond the constitutional power of the lawmakers to realize by legislation directly addressed to their accomplishment.

The further objection may be raised that the excise tax and the income tax levied by section 8 are invalid because the measure taken as a whole indicates rather strongly that these taxes may be used to defray the costs of the special benefits to workers retiring at the age of 65. While the Supreme Court has not decided this question, the constitutionality of the Agricultural Adjustment Act, which went much further by directing that the proceeds of the taxes provided for therein should be devoted to specific purposes elaborated in the same act, was maintained by Judge Brewster of the United States District Court for Massachusetts. In the case of Franklin Process Co. against Hoosac Mills Corporation, located at page 552 of the eighth volume of the Federal Supplement, we read:

The act, taken as a whole, leaves no doubt of the legislative intent to levy the tax for the purposes of defraying the expenses of administering the act and paying the debts incurred for benefit payments. * * * If * * * it should appear on the face of the act that it was calculated to benefit only private interests, it would be the duty of the court, I take it, to declare the tax unlawful. It is not, however, within the province of the court to substitute its judgment for that of Congress upon the effect of a particular measure manifestly designed to promote the general welfare of the people of the United States. It is no objection that individuals will derive profit from the consummation of the legislative policy. Individuals benefit from every bounty, subsidy, or pension provided for by statute, whether Federal or State.

The famous child-labor tax case, embalmed in the Two Hundred and Fifty-ninth volume of United States Reports, beginning on page 20, has been cited in opposition, but it is not applicable. There the Supreme Court said:

In the light of all these features of the act, a court must be blind not to see that the so-called "tax" is imposed to stop the employment of children within the age limits prescribed. Its prohibitory and regulatory effects and purposes are palpable. All others can see and understand this. How can we properly shut our minds to it? * * * So here the so-called "tax" is a penalty to coerce the people of a State to act as Congress wishes them to act in respect of a matter completely the business of the State government under the Federal Constitution.

In marked contrast, the social security bill embraces not a penalty but a series of genuine tax provisions. Nor does it embrace a single regulatory feature extending within the boundaries of the several States, except the regulations incidental to the collection of all taxes.

The tax embraced in section 9 of the bill involves exactly the same considerations. Its only additional feature is the rebate allowed to taxpayers who contribute to unemployment insurance funds created under State laws. But this allowance falls squarely under the protection of Florida against Mellon, as reported in Two Hundred and Seventy-three United States Reports, at page 12. There the Federal estate tax, under the Revenue Act of 1926, allowed an exemption, up to 80 percent, based upon the taxpayers' subjection to similar estate taxes under State law. Florida, having no such law, claimed the act an unconstitutional discrimination designed to coerce the States to pattern their statutes upon the Federal Government's ideal. These objections were overruled, Mr. Justice Sutherland stating in the opinion of the Supreme Court that—

The contention that the Federal tax is not uniform because other States impose inheritance taxes, while Florida does not, is without merit. Congress cannot accommodate its legislation to the conflicting or dissimilar laws of the several States nor control the diverse conditions to be found in the various States which necessarily work unlike results from the enforcement of the same tax. All that the Constitution (art. 1, sec. 8, cl. 1) requires is that the law shall be uniform in the sense that by its provisions the rule of liability shall be the same in all parts of the United States.

There remains to be considered only the extent to which the very recent decision of the Supreme Court in Railroad Retirement Board against the Alton Railroad Co. affects the Federal old-age benefit system. Insofar as that case went upon the ground that there was no direct relationship between the regulation of interstate commerce and the retirement of superannuated workers, it has no bearing here. The present bill is based not upon the commerce power but upon the power to tax and to spend for public purposes. But it may be argued that the decision in the Alton case threatens the present project with extinction under the due-process clause, since it held that the pooled funds arrangement embodied in the railroad retirement law violated the fifth amendment. But the Supreme Court in that case was tremendously influenced by the specific provisions of the particular pooling system under fire, particularly in its application to past periods of service, and it is far from certain that the Court intended to strike down every Con-

gressional attempt to spread the incidence of major industrial risks.

It is doubly hard to believe that the Court desired to sound the death knell of all forms of social insurance, in view of its broad language in *Malton Timber Co.* v. *Washington* (243 U. S. 219), upholding a State workmen's compensation act.

The opinion said:

> To the criticism that carefully managed plants are in effect required to make good the losses arising through the negligence of their competitors, it is sufficient to say that the act recognizes that no management, however careful, can afford immunity from personal injuries to employees in hazardous occupations, and prescribes that negligence is not to be the determinative of the question of responsibility of the employer or the industry. Taking the fact that accidental injuries are inevitable, in connection with the impossibility of foreseeing when, or in what particular plant or industry they will occur, we deem that the State acted within its power in declaring that no employer should conduct such an industry, without making fairly apportioned contributions adequate to maintain a public fund for indemnifying injured employees and the dependents of those killed, irrespective of the particular plant in which the accident might happen to occur.

In my opinion, this decision is precisely applicable to old age and unemployment insecurity. But irrespective of the shadows that the Alton case may cast upon the validity of pooled funds, there is the further consideration that the social-security bill makes no provisions for pooling as that term has been understood. The old age benefits are paid, not from a pool, but from an account fed by appropriations from the general funds of the United States. If this procedure constitutes pooling within the prohibition of the Alton case, then it is hard to conceive of a Federal expenditure that would merit the sanction of the Supreme Court.

The decision of the Supreme Court in the case of A. L. A. Schechter Poultry Corporation against United States invalidating certain features of the National Industrial Recovery Act has no application to the pending bill, which contemplates neither delegation of power nor the extension of Federal authority under the commerce clause.

The social-security bill embraces objectives that have driven their appeal to the conscience and intelligence of the entire Nation. We must take the old people who have been disinherited by our economic system and make them free men in fact as well as in name. We must not let misfortune twist the lives of the young. We must tear down the house of misery in which dwell the unemployed. We must remain aware that business stability and prosperity are the foundation of all our efforts. In all these things we are united, and in this unity we shall move forward to an era of greater security and happiness.

Mr. LONG. Mr. President, I should like to ask the Senator from New York a question.

Mr. WAGNER. I yield.

Mr. LONG. I understand that, under the proposed plan, if a State put up its $15 per person, the United States would contribute its $15, so that the State could pay the person above the specified age $30 a month.

Mr. WAGNER. Mr. President, the Senator from Louisiana [Mr. LONG] refers only to the old-age-pension feature of the bill.

Mr. LONG. I understand. The point I wish to make is this. Let us take a State like Mississippi. The taxes of the State of Mississippi are already so high that half the property in that State was advertised for sale at a tax sale a year or so ago. If they should meet the requirements of the $15 to every person within the pensionable age it would require taxes for pensions alone in that State in excess of the total taxes now collected by the State of Mississippi, and that is only a small part of the bill, as the Senator says. I shall propose an amendment to the bill, on Monday, perhaps—I hope to have it looked over by that time by some parties whom I wish to consult—so that these benefits may be paid without taxing any laboring man, without taxing any poor man, without a State having to tax its property. I will propose that the Federal Government shall furnish the States the money with which to pay the old-age pensions, and other things of the kind, by levying a graduated tax only on those, wherever they may live, whose wealth is in excess of 100 times the average family fortune, and graduate it from that figure up.

In other words, under the amendment, which I hope I may have the support of the Senator from New York in having adopted, I think we can actually grant the benefits proposed under the bill without imposing burdens upon the people to whom we are supposed to be giving benefits, by levying a graduated tax to be paid only by those whose fortunes begin at not less than 100 times the average family fortune.

Mr. WAGNER. Of course, I am not in a position either to support or refuse to support the proposed amendment until I have a chance to read it.

Mr. LONG. I know that.

Mr. WAGNER. Under the old-age-pension feature of the bill, the money is to be paid in entirety by the taxpayers of the United States and of the States.

Mr. LONG. I understand. I do not expect the Senator to commit himself. I know his heart is already open on this kind of a matter, and I want to ask him to keep his mind open.

Mr. FLETCHER. Mr. President, will the Senator from Louisiana permit me to ask the Senator from New York a question?

Mr. LONG. I yield.

Mr. FLETCHER. There are some organizations, some incorporations, which are already operating certain pension plans of their own. Are they taken into consideration in the bill? In other words, will the people who have been for years participating in plans which have been in successful operation lose all they have been entitled to?

Mr. WAGNER. So far as past acts are concerned, any potential benefits that have accrued to workers through contribution by employers or employees, or both, are in no way affected by this bill. Any worker retiring at any time in the future may receive in full whatever has been stored up in his behalf. The only question is whether employers, by continuing their contributions to private systems in the future, should be allowed to escape the provisions of this bill. I strongly urge that they should not. These private systems are not extensive in the United States, and a study shows that only about 4 percent of the workers under them actually draw benefits. In many cases men are discharged in middle life and never receive the benefits.

In addition, the private systems increase the immobility of the workers. I think a system that makes a man free to leave his employment and still enjoy a pension in old age is preferable to one that glues him to a particular job. But there is nothing in the bill that prevents an employer from being more generous with his workers than the Federal plan requires. He may easily supplement the Federal plan with one of his own.

Mr. NORRIS. Mr. President, the question of the Senator from Florida leads me to ask another question of the Senator from New York, going, I think, a little further along the line of the Senator's question.

Let us take a concrete case. I understand the Pennsylvania Railroad has a pension system. I do not know anything about its details, but I am assuming that it has been very successful, a system in which the employees contribute a portion of the funds from which the employees receive pensions after retirement.

If a man had been an employee of the Pennsylvania Railroad for 25 or 30 years at the time this proposed law went into effect, he would have a very considerable interest in that pension system. What effect would the enactment of this measure have on that man and on that system?

Mr. WAGNER. There is no absolute obligation that the railroad pay the pension. It is a pure gratuity, and the promise may be revoked before fulfillment.

Mr. NORRIS. Then perhaps we ought to take an example a little different from that. As I have said, I am not familiar with this pension matter, but I should like to ask the Senator this question. Under some of the systems where the employer has been contributing, as well as the employee,

where the employee has been contributing for a number of years, and old age is about to come upon him, and he has a direct interest in the fund, what is going to happen to him?

Mr. WAGNER. There is nothing to interfere with an employer paying at any time in the future whatever pensions have accrued due to action already undertaken. And as to future undertakings, he has a perfect right to supplement whatever money may come out of the Federal pension funds.

Mr. NORRIS. Let us take a concrete case. The proposed law would provide for levying a tax on both the employer and the employee, running ultimately to 3 percent. Under the old system, we will assume, it was something different.

Mr. WAGNER. The employee has no assurance under the old system.

Mr. NORRIS. I know he has no assurance, but even if he has no assurance, it has been operating for a good many years, a great many people are getting benefits from it, and no one would want to destroy it if it is possible to avoid it. What would happen in that kind of a case?

Mr. WAGNER. In the first place these voluntary associations are not as widespread as the Senator assumes.

Mr. NORRIS. That may be true. I am asking the question, I may say to the Senator, not as a critic; I am as much in favor of the proposed legislation as the Senator is. However, I do not want to do any harm to any other system, which may involve both the employer and employee, since they have invested money in a fund or something of the kind, which would make it unfair, for instance, to levy an additional tax upon those people.

Mr. WAGNER. There is no additional tax, because these taxes operate only in the future. The employer is at liberty not to continue his private contributions in the future. Nothing destroys what he has done in the past, or prevents the employees from reaping the benefits of what he has done. All this bill provides is that, as to the future, the worker will have the absolutely sure protection of a public system.

Mr. NORRIS. I see that.

Mr. WAGNER. Whereas under these private systems the worker depends upon a mere matter of generosity.

Mr. NORRIS. I understand that.

Mr. WAGNER. If the firm fails, the employee loses his pension.

Mr. NORRIS. That is true.

Mr. WAGNER. But there is nothing to interfere with an employer who may desire to be more generous than the law.

Mr. NORRIS. I understand that.

Mr. WAGNER. That is all that happens.

Mr. NORRIS. That does not answer the question, if the Senator will allow me to say so, in the particular case I cited.

Mr. WAGNER. There is nothing to destroy such a system as the Senator assumes, except that in the future the employer and the employee are taxed to help finance the public system.

Mr. NORRIS. I hope there is nothing to destroy it, but if they are paying under a system which has been in operation for years, and then they are called upon to pay into this system in addition to that, it might mean a burden which would be unfair.

Mr. WAGNER. The Senator refers to the employee?

Mr. NORRIS. And the employer.

Mr. WAGNER. There is no double payment, because the employer can wind up the old system. As to what has already been paid under it, the worker has a vested right to whatever contributions he has made. He does not lose that money.

Mr. NORRIS. If he had such a vested right, he would not get it under this bill; he would get it as a matter of law. There may be some systems under which he would not.

Mr. WAGNER. An effort will be made upon this floor to perpetuate private systems in the future; but I think it is a very undesirable thing.

Mr. NORRIS. I think I agree with the Senator. I do not want to do anything to interfere with the operation of this measure, which I think is one of the most forward steps we have taken in a great many years, but, at the same time, I should hate to have the system injure other systems, some of which, in years past, have done a magnificent work.

Mr. WAGNER. I do not see how this plan can possibly injure or interfere with what these private systems have done, or with money already paid in to pay future benefits. These benefits may still be paid. There are bound to be some minor difficulties of adjustment, just as there were in relation to the workmen's compensation laws. At the time they were adopted there were some States where workers were paid greater compensation for injuries under the private plans than were provided by the new laws. But in order to protect all the other workers, it was necessary to pass mandatory legislation.

Mr. HARRISON. Mr. President, I ask unanimous consent that there be inserted in the RECORD at this point a very illuminating article written by Mr. Edwin E. Witte, executive director Committee on Economic Security, on the question of private pension plans.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

SOME REASONS WHY EMPLOYERS MAINTAINING INDUSTRIAL RETIREMENT SYSTEMS SHOULD NOT BE EXEMPTED FROM THE TAX IMPOSED IN TITLE VIII OF THE SOCIAL SECURITY ACT

(By Edwin E. Witte, executive director Committee on Economic Security, June 13, 1935)

I. RELATIVELY FEW EXISTING PRIVATE INDUSTRIAL RETIREMENT SYSTEMS GIVE AS ADEQUATE PROTECTION TO THE EMPLOYEES THEY INCLUDE AS THEY WILL RECEIVE UNDER TITLE II OF THE SOCIAL SECURITY ACT

Up-to-date information regarding industrial pension plans is very scant. The exhaustive study by Murray W. Latimer, Industrial Pensions Systems in the United States and Canada, brings the story down only to the early months of 1932. Since then there has been a considerable increase in the number of group annuity policies issued by insurance companies; and despite some abandondonments, some increases in the total number of industrial pension plans. In May 1932 there were, according to Latimer, 434 industrial pension plans, exclusive of railroad companies. Firms having such plans employed approximately 2,000,000 employees. Mr. Forster testified in the Senate hearings on the Social Security Act that there are now in the neighborhood of 600 industrial pension plans applicable to a total of between two and three million employees. Three hundred of these plans involve insurance through insurance companies, and, according to Mr. Forster, these plans apply to 1,000,000 employees. The information furnished by the Equitable Life Assurance Society, which is included in the Senate hearings on page 725, agrees fairly well with this estimate of Mr. Forster's as to the number of group annuity plans which are insured through insurance companies, reporting that there were 325 such plans in operation in December 1934. The number of employees reported covered, however, was very much smaller than estimated by Mr. Forster, being only 290,000.

The 600, or thereabouts, pension plans now in operation differ greatly as to their provisions. The following general statements, however, are believed to accurately summarize, in general terms, some of the principal features of these plans:

1. Many industrial pension plans have no reserves whatsoever, or only very inadequate reserves. This statement does not apply to the 325 plans which are insured through the insurance companies, and also does not apply to some of the noninsured plans. While the insured plans are one-half of the total number, they have only about one-tenth of the employees covered in industrial pension plans.

2. The benefits payable under a majority of the industrial pension plans are less than those to which employees will become entitled under title II of the Social Security Act. Under title II the annuity rate is one-half of 1 percent per month (6 percent per year) of the first $3,000 of the earnings of the employee during his industrial lifetime; one-twelfth of 1 percent per month (1 percent per year) of the earnings between $3,000 and $45,000; and one twenty-fourth of 1 percent per month (one-half of 1 percent per year) of the earnings in excess of $45,000. In practically all cases this figures out as an annual annuity of at least 1½ percent of the employee's total earnings. Latimer's study of more than 400 industrial pension plans in 1932 revealed that the majority of these plans provide for an annuity (annual) of 1 percent per year, and only 25 percent have an annuity rate of above 1½ percent.

3. Few, if any, of the existing industrial pension plans make any provisions for the transfer of credits when an employee leaves employment to take work elsewhere. The most liberal of the plans provides that this employee shall in such a case get back the money he personally contributed; in no case does the employee get all of the contributions standing to his credit unless he remains with the company until age of retirement.

4. Practically all industrial pension plans provide for payment of annuity benefits only to employees who remain in employment until they reach the retirement age (with the variation that many plans provide for payment of death benefits to the estates of employees who die before reaching the retirement age). Fully one-

half of all industrial employees lose their jobs or retire voluntarily before they reach age 65. Under the existing industrial pension plans such employees who quit work or voluntarily retire before they reach the retirement age get no benefits at all, except for the rate, in some cases, of the money they themselves have contributed.

5. Most of the industrial pension plans can be discontinued at the option of the employer. This applies particularly to uninsured plans, which almost invariably are noncontractual. It is well-settled law that employees have no redress when employers discontinue or modify industrial pension plans, even if they have already been retired on a pension.

II. THERE IS NOTHING IN THE SOCIAL SECURITY ACT (AS A MATTER OF LAW) WHICH WILL COMPEL ANY EXISTING PLAN TO BE DISCONTINUED OR WHICH WILL IN ANY MANNER AFFECT THE RETIREMENT ALLOWANCES OF EMPLOYEES ALREADY PENSIONED

The question at issue is one of tax exemption, not of the right to continue industrial pension plans. The Social Security Act does not outlaw industrial pension plans or regulate them in any manner. Employers may feel that they cannot pay the taxes imposed in title VIII and also continue their industrial pension plans, but they are not prevented from doing so.

With regard to employees already retired, not only is there nothing in the bill which would require employers to discontinue or modify the pension grants already made, but it would be outrageous for them to use this bill as an excuse for doing so. Under a proper industrial pension plan reserves have been created for the payment of the pensions to people who have been retired. Under most of the existing plans the employers can discontinue the pensions at any time, but if they use the Social Security Act as an excuse for doing so they are exhibiting gross bad faith.

III. WHETHER OR NOT EMPLOYEES ARE EXEMPTED FROM THE TAX IMPOSED IN TITLE VIII, ALL OR NEARLY ALL OF THE EXISTING INDUSTRIAL PENSION PLANS WILL HAVE TO BE FUNDAMENTALLY ALTERED

It is inconceivable that Congress will grant exemptions to industrial pension plans which do not provide for transfer of credits or payment of benefits to employees who leave employment before the retirement age. Few, if any, of the existing plans provide for such transfer of credits. Most of the uninsured plans further provide that the employers may discontinue these plans at their option, and these clauses will certainly have to be eliminated before the Social Security Board can make the finding that these plans give as liberal benefits as those under the Social Security Act. Changes in these provisions will necessitate changes also in the rate of contributions or the benefit scale, or both, since the cost of the industrial pension plans is figured on the assumption that the great majority of all persons hired will never qualify for pensions. In short, all or practically all existing industrial pension plans will have to be fundamentally recast whether the employers are exempted from the tax in title VIII or not.

IV. IT WILL NOT BE APPRECIABLY, IF AT ALL, MORE DIFFICULT TO ALTER THE EXISTING INDUSTRIAL PENSION PLANS TO GIVE BENEFITS SUPPLEMENTAL TO THOSE UNDER TITLE II THAN TO ALTER THESE PLANS TO MEET THE CONDITIONS WHICH MUST BE IMPOSED IF EMPLOYERS ARE TO BE EXEMPTED FROM THE TAX IN TITLE VIII

A considerable number of firms with industrial pension plans have already announced that if the Social Security Act is passed they will alter their present plans to give only supplemental benefits to those which will be received by employees under the provisions of title II. Progressive employers will gain many advantages through such supplemental benefit plans. To set up such supplemental plans will require extensive changes in the present industrial pension plans, but there are no insurmountable obstacles. Mr. Folsom of the Eastman Kodak Co. has stated that in France this company maintains an industrial pension plan supplemental to the governmental plan and has had no difficulty with this plan.

As noted under III above, all or nearly all existing industrial pension plans will have to be very materially modified even if an amendment is adopted to exempt employers who maintain approved plans from the tax imposed in title VIII. These changes will at least, in many cases, have to be quite as extensive as those which are necessary to convert the existing plans into plans giving supplemental benefits to those provided under the Social Security Act.

V. THE EXEMPTION OF EMPLOYERS HAVING INDUSTRIAL PENSION PLANS FROM THE TAX IMPOSED IN TITLE VIII IS UNFAIR TO OTHER EMPLOYERS

In all amendments which have been proposed, employers are not required to elect whether they wish to be exempted for all their employees or to be included within the provisions of the Social Security Act. The amendments proposed contemplate that some of the employees only of the exempted employers are to be outside of the act. This is done on the theory that the employees shall be left free to determine for themselves whether the industrial pension plan is more favorable to them or the Social Security Act.

Actually, most industrial pension plans treat all employees alike, which means all employees either are better or worse off under the industrial pension system than under the Social Security Act. The freedom of an individual employee to choose under which plan he will come is inserted in the proposed amendments, not for the benefit of the employees, but for the benefit of the employers. Under the Social Security Act a higher percentage for computing annuities applies to employees who have relatively small total earnings. This gives an advantage to the employees who make contributions for a relatively short time—that is, to the workers who are now half old. If one of the proposed exemption amendments is adopted and individual employees are allowed to choose which plan they prefer, it is very natural that the older employees will be the ones who are brought under the Social Security Act. These employees will get a disproportionate share of the benefits and the employers who have the industrial pension plans will thereby escape a part of the liability which they ought to help to bear.

VI. EMPLOYERS WILL GAIN NOTHING THROUGH EXEMPTION, EXCEPT INSOFAR AS THEY ARE ABLE TO TRANSFER THE BURDEN OF PROVIDING PENSIONS FOR THEIR OLDER EMPLOYEES TO THE NATIONAL FUND

Under existing plans which are at all adequate the rate of contributions required from employers is at least 3 percent. This is the maximum rate that employers will have to pay under the Social Security Act, and that rate will not apply until 1949.

The only way that employers can gain through exemption is through having only their younger employees in the industrial pension plans while the older workers are within the national system. Through such a method employers can pay higher benefits to their younger workers because they escape the accrued liability for their older employees. As noted previously, however, this is at the expense of other employers who operate without an exemption.

VII. EXEMPTION OF INDUSTRIAL PENSION PLANS LEAVES THE DOOR OPEN TO GRAVE ABUSES OF EMPLOYMENT POLICIES

Where employers have private industrial pension plans they can greatly reduce the cost of such plans through employing as few workers of middle age or older as possible. The labor unions have often claimed that this is a policy of many of the firms which now have industrial pension plans. Whether this claim is correct or not, it is evident that such abuses are possible, and there is nothing in any amendments proposed which in any manner guards against this danger.

In this connection it should be noted that the arguments which can legitimately be made in support of individual employer unemployment reserves do not apply to private industrial pension plans. Individual employer accounts in unemployment compensation are advocated because they are expected to reduce unemployment since the employers must pay for the cost of their own unemployment. In industrial pension plans employers will likewise try to keep down costs, and can do so by employing as few older workers as possible, or by getting these older workers to come under the national system. Old age, however, is a very different risk from unemployment, inasmuch as everybody gets old. While it is socially desirable that unemployment should be reduced to a minimum, it is socially undesirable that the workers past middle age should be barred from employment.

VIII. THE ADOPTION OF AN EXEMPTION AMENDMENT WILL VERY GREATLY INCREASE THE DIFFICULTIES OF ADMINISTERING THE SOCIAL SECURITY ACT

One great difficulty will be to determine whether an industrial pension plan does or does not provide benefits which are more liberal than those which are provided under title II of the Social Security Act. An industrial pension plan, for instance, may allow annuities at a higher rate than does title II, but may apply (as is common) only to employees who have been with the firm for 6 months, a year, or other specified period of time. Is such a plan more liberal than title II? Similarly, an industrial pension plan may make no provisions for death benefits, although being distinctly more liberal than title II in regard to annuity allowances. Many other similar questions are certain to arise, and the Social Security Board will face an almost impossible task in trying to measure equivalents.

Another factor which will greatly increase the administrative difficulties is the necessity for including in any exemption amendment provisions governing taxes or credits when employees leave the employment of exempted firms. Such provisions are absolutely essential since the purpose of the Social Security Act is to provide old-age security for all industrial workers. If an exemption is allowed, there must either be a provision for the transfer of the accumulated reserve funds or for back payment of the taxes which the exempted employers would have had to pay on account of the employees who have left their employment and have come into the national fund. In either case, the computations will be most difficult. Transfers from plant to plant are very common in American industry, and in the normal case occur many times during the life of an industrial worker.

IX. THE ADOPTION OF AN EXEMPTION AMENDMENT WOULD PROBABLY MAKE TITLE VIII UNCONSTITUTIONAL

The constitutionality of the tax imposed in title VIII depends upon whether this is a genuine tax levy or a subterfuge for an unconstitutional regulation of intrastate commerce. If an exemption is allowed from the tax in title VIII to employers who establish approved industrial pension plans, it is evident on its face that it is not a genuine tax levy.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the joint resolution (S. J. Res. 112) extending the effective period of the Emergency Railroad Transportation Act, 1933.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 113) to extend until April 1, 1936, certain provisions of title 1 of the National Industrial Recovery Act, and for other purposes, and it was signed by the President pro tempore.

EXCHANGE OF LANDS AT QUANTICO, VA.

The PRESIDING OFFICER (Mr. HATCH in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., which was, on page 2, line 22, to strike out "4" and insert "14."

Mr. TRAMMELL. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

MEMORIAL PARK AT KENNESAW MOUNTAIN, GA.

Mr. SHEPPARD. Mr. President, I call up from the table the conference report on House bill 59, submitted by me on the 10th instant, and ask for the immediate consideration of the report.

There being no objection, the report was considered and agreed to, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 59) to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

MORRIS SHEPPARD,
DUNCAN U. FLETCHER,
ROBERT D. CAREY,
Managers on the part of the Senate.

JOHN J. MCSWAIN,
LISTER HILL,
HARRY C. RANSLEY,
Managers on the part of the House.

SOCIAL SECURITY

The Senate resumed the consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

WHO SHALL BE TAXED—THE BEGGAR OR THE MULTIMILLIONAIRE?

Mr. LONG. Mr. President, I hope I may have the attention of the Senators from New York, Mississippi, and other States who are interested in the bill.

On Monday I shall offer a plan which I believe ought to meet a very hearty response from those who are actually interested in social security. I do not think there is anybody here who believes he is going to do the working man or poor man any good with a pension or unemployment plan if he is levying upon him a tax which will be as heavy as the good he will get out of it. In other words, already the working man in this country is underpaid. He does not receive a subsistence wage. He is not able to lay up anything, because he does not earn as much as it would take to buy the bare necessities of life, and only a very small percentage of our people—less than 4 percent of them—earn as much as their bare subsistence costs within the same period of time.

Those are not my figures alone, Mr. President. Those are the figures which have been gleaned by many disinterested publications, and by the Government itself.

Mr. WAGNER. Mr. President, I have said that time and time again.

Mr. LONG. That is all the more reason why my amendment should be sponsored by the Senator from New York, who, I am glad to say, has said it time and time again, and I have heard him say it. When we realize that 96 percent of our people make less than is needed for bare subsistence, we know that those people who not only have none of the luxuries of life, who do not have the conveniences of life, and who, in fact, have far less than the bare essentials of life, certainly those people should not be taxed for the purpose of their own relief. Such is like trying to pull a sick man up out of his sick bed by his bootstraps when he has not even a boot on his foot.

Therefore, I am heartily in favor of all the systems of relief contemplated by the bill.

I think I am the first Member of this body ever to propose an old-age pension and much of this legislation by any resolution or by any bill which has been introduced in the Senate. I think I introduced in the United States Congress the first effort to grant an old-age pension to the people of the United States.

Mr. President, if we admit—as the Senator from New York says, and as I have confirmed, and we are both on solid ground—that 96 percent of the people of the United States earn far less than the bare essentials of life, earn less than will buy luxuries or even conveniences, earn even less than it takes to buy what the United States Government says is necessary to keep together soul and body, hair and hide, then certainly we do not wish to levy on those people a tax for any future benefits when they must live today and are not making a living today.

Only a week or two ago I saw published a table which showed that over 95 percent of the savings of the American people from their earnings are saved by something like 3 percent of the people. The table showed that something like one-half of the people did not earn enough to save anything at all, and that about one-half of the people, I think, earned so little that even by starving themselves their savings were infinitesimal and amounted to almost nothing. That is one reason why I say to the Senate that if we tax the beggar in his youth—and 96 percent of our people, nearly all of them are more or less beggars when they are making a subsistence wage—to provide for the beggar in his old age, we are not helping the beggar very much.

Further than that, I wish to say that there are States in the Union, such as the State of Mississippi, that have no natural resources to tax, except bare land. The State of Mississippi has no oil, it has no gas, it has no sulphur, it has no salt. The State of Mississippi has not even a fishing ground. That State has to get its shrimp, its crabs, and most of the fish used in the State from outside its boundaries. Most of its fish have to be taken out of the Gulf of Mexico in the waters of the State of Louisiana, and the fishermen have to pay a tax to the State of Louisiana before the fish can be carried by boat to the State of Mississippi, where the canning factories undertake to put them into containers for the market.

The State of Mississippi has been very badly off through no fault of its people. Many of my relatives live in the State of Mississippi. I have traveled that State from one end to the other, and from one side of the State to the other.

It is said by authorities of the State of Mississippi that if it were called upon to supply its one-half of the money for pensions alone—not for all the other things that it is proposed to do by way of social relief in this bill—if the State of Mississippi were called upon to supply the $15 a month that is needed for old-age pensions alone, it would take more money than the entire tax revenues of the State of Mississippi. That does not include unemployment insurance nor does it include many other features of this bill. It is a physical impossibility for the money to be raised in that way. It never can be done. It never will be done.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. The statement which the Senator makes is rather surprising to me—that the amount necessary to be raised by the State of Mississippi, for instance, in order to match the $15 per month to all those eligible for pensions under this bill, would amount to more than all the taxes for all State purposes. Has the Senator a list or

table showing the number of eligibles in the State who would be entitled to this pension, and has he multiplied that number by the $15 a month or $180 a year which would be the minimum, so that he is sure his statement is correct?

Mr. LONG. Yes. I shall be glad to give the Senator the figures tomorrow morning, word by word and letter by letter. There is no material difference. I based my statement upon figures given me from the State of Mississippi. The Governor of the State, Governor Connor, gave me the information I am now giving. I shall be glad to get the figures and give them to the Senator.

Mr. BARKLEY. Does the Senator contend that that information will apply to all the States?

Mr. LONG. I am coming to that. It will apply to many of the States. As a matter of fact, it will apply to a large number of the States. Unfortunately, those who have the wealth to pay would domicile themselves in States where they would be less affected by taxation.

For example, we put on an income tax in Louisiana. Already there are men who are going to locate themselves in other States to keep from paying the little income tax of from 2 to 6 percent to the State of Louisiana.

I know that these figures are substantially correct, and I know that this bill is even less than a shadow. It takes the principles incorporated in the bills or resolutions I have heretofore offered in the Senate, and it proposes to do what is contained in some of them; but no man would ever receive 5 cents' worth of anything if it should be carried out. It would simply mean that the laboring man receiving less than a wage on which he can live would not only pay for a pension, something he cannot now pay, but the cost of collecting the payment from him would be deducted from the amount received.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WAGNER. Has the State of Louisiana passed any law providing for old-age pensions?

Mr. LONG. We have a local pauper assistance law. The State of Louisiana has done much social-security work, including what are known as the "paupers." We do not call our payments "old-age pensions", and they are not old-age pensions, no more than the people to be paid by this bill. This ought to be called a "pauper's bill", because we do not give an old-age pension when we require a man to take a pauper's oath and prove that he is not able to live without the so-called "pension."

I want to show Senators how this measure will act. In Louisiana we had a free-schoolbook law. All that a child had to do to get free schoolbooks was to take the pauper's oath, or to make out a declaration that the father and mother did not have the means with which to buy schoolbooks. That was a thing that we could not get the children of Louisiana to do. They would rather stay away from school than to make the pauper's declaration that their parents were not able to buy books for them. So what we did in Louisiana on this social-security work—I call it social-security work; education comes within that purview, I believe—was to provide that every child could have free schoolbooks whether he did or did not take the oath of a pauper. The books came to him as an absolute matter of right. Every child used free schoolbooks. None, rich or poor, used any other kind.

We have here what Senators call an "old-age pension" bill. We never have said that we had old-age pensions in Louisiana, but to some extent we have what there is contained in this bill. We call it a "pauper's law", under which in some cases a man is given a pension. As many as 500 persons are beneficiaries of that law in one parish in my State—in other States it would be called a "county"—and I understand the parish St. Landry has at one time had a large number, maybe nearly as many as I have mentioned; at least it did have at one time, if it has not now. Under that State law an annuity of $12 or $15 a month is granted to those in a helpless condition. That is what we call a "pauper's aid", given to the beneficiaries by the county board or the governing authorities, by what we call in Louisiana the "parish police jury." Let me say that resort to that law, of course, has been restricted. Very few people want to take a pauper's oath, and the subdivisions of the State would not be able to pay the annuity if many applied for it.

There is only one kind of old-age pension that is worth anything, and that is a universal pension. If pensions are paid only to those who can satisfy the governing authorities by proof that they are unable to care for themselves and that a pension is necessary for their welfare, immediately the dispensation of the pension fund is subjected to politics of the locality, and it is within the power of the local authorities to say at any time they want to, "John Smith does not need this pension", or "John Smith is not entitled to this pension"; or, if not that, the applicant is at least forced to degrade himself by proving that he is a pauper before he can go on the rolls. The only kind of a pension that is worth anything whatever to the people of the United States is one that is paid without people having to place themselves in the attitude of being paupers or indigents in order to get it. Therefore, if I were writing this bill, I would strike out the proviso which requires that only those coming within its qualifications, who might be said to be paupers, shall be paid pensions; and I would give a pension to every man who had reached 60 years of age and whose income did not exceed a certain amount or the value of whose property did not exceed a certain amount. That is the only basis upon which to put an old-age pension and make it practicable and feasible.

Secondly, if we are going to pay old-age pensions this Government ought to do it. I would not have proposed that in the Senate had I not thought that it ought to have been done as one of the elements of social security. Let us pension a man and not tax a man for the pension. If we are going to tax my son and my daughter and collect out of their weekly pay roll a sufficient amount to pay my pension and are going to take out the cost of administration from that and give me what is left for a pension, I do not know but that I would be better off if I took such surplus as my son and my daughter might be able to give me, without going to the expense of paying the administrative costs in Washington.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Nebraska?

Mr. LONG. I yield.

Mr. NORRIS. While I think the Senator's statement and the general propositions laid down by him as to compelling the people who are going to be the beneficiaries to pay the taxes have a great deal of weight, nevertheless, if there were nothing in the bill except what the beneficiary when he got old was going to get, it would still, I believe, have many elements of merit.

Mr. LONG. That is insurance.

Mr. NORRIS. Yes. And still it could be said, as an objection to such a measure, "If you would let me handle the money, I would have made more out of it." Sometimes that would be true, but we all know, from our own experience that, as a general rule, it has not been so.

Mr. LONG. I admit all that.

Mr. NORRIS. Most men when they were earning, if they had properly invested their money, or if they had not lost it in some plan by which they expected to make a lot of money, would have when they reach old age a pretty good "nest egg", and so it would be a good thing if we did not do anything else—I should like to do more, of course, as I think everyone else would, but if we only went that far, it would accomplish a great deal of good.

Mr. LONG. If they were made to save something?

Mr. NORRIS. If they were made to save something.

Mr. LONG. I admit that; I admit that every man ought to take out a life-insurance policy; if he could, he ought to have some life insurance. I always have had, but it is mighty hard to understand how a man can lay up very much for his old age when during his useful years he is making less than it takes to live in the barest poverty. That is the point I am making. How can a group of men, 96 percent of whom are earning less money than it takes to live

in what is even worse than poverty, lay up enough money for the future to be of any real good? It would be better for a man to starve himself a little more during his useful years than he is now starving himself or that at least 96 percent of us are starving ourselves. In other words, if we are eating half enough it would be better to eat two-fifths enough and to save up one-tenth against the time when it will be needed even worse. But we cannot collect very much money for the Federal Treasury if we are levying the tax upon 96 percent of the people who are now earning, according to the Government tables, less than it costs not for luxuries, not for conveniences, but for the bare subsistence necessities of life.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. Following the inquiry I made of the Senator a while ago, he was referring specifically to the State of Mississippi. I find in the hearings, on page 321, a table showing the number of eligibles in 1934.

Mr. LONG. What does the Senator mean by "eligibles"?

Mr. BARKLEY. Those above 65 years of age.

Mr. LONG. I propose to pension at the age of 60.

Mr. BARKLEY. In the hearings it is shown that there are 14,218 people in the State of Mississippi——

Mr. LONG. Who are over 65?

Mr. BARKLEY. Who are over 65.

Mr. LONG. I would not have the pension start at 65. That is not a pension.

Mr. BARKLEY. In order to match the $15 per month, which amounts to $180 a year, the State of Mississippi would be required to contribute $2,559,000.

Mr. LONG. What does the Senator mean by eligibles at 65—if they have reached 65 regardless of what they are doing?

Mr. BARKLEY. If they have reached 65 and are eligible for pension.

Mr. LONG. What does the Senator mean by "eligible"?

Mr. BARKLEY. I mean under the terms of this bill. If the Senator is going to apply it to everybody who reaches 60 or 65 or whatever the age may be, regardless of conditions or circumstances, of course the number would be larger, but I am taking the number who would be eligible under this measure. So it would require the State of Mississippi to raise two and one-half million dollars, and it would require my State to raise about $3,000,000. For the ordinary expenses of the State we raise now about $18,000,000, which, of course, includes the road tax and all that. I call the attention of the Senator to that because of his statement a while ago——

Mr. LONG. I will show the Senator I am right.

Mr. BARKLEY. That the contribution of the State of Mississippi, for instance, and I supposed he was taking that as typical of a great number of States——

Mr. LONG. I am right, and what the Senator has there is wrong.

Mr. BARKLEY. Is greater than all the taxes they raise for all purposes. Of course I am not going to get into a controversy with the Senator——

Mr. LONG. We will not have any controversy; we will go on the figures that the Senator cannot dispute; we will not argue on figures. Here is what this bill does: It proposes to start a pension first at 65. If we are going to start pensions at 65, why not make it 75? Then we will not have any expenses at all; or make it 85. That would be the best way. [Laughter.]

The PRESIDING OFFICER. The Chair will remind the occupants of the galleries that under the rules of the Senate no signs of approval or disapproval are permitted.

Mr. HARRISON. Mr. President, will the Senator permit me to interrupt him?

Mr. LONG. Let me finish this; then I will be glad to yield. To begin with, men cannot obtain employment at an age past 50, and the greatest economist have argued that the age of unemployment ought to be 45 or 50.

I have never yet known of anybody to propose an old-age-pension plan that was worth the paper it was written on when it proposed to pay a pension to anyone later than at 60 years of age. At the age of 60 there is generally no employment possible. I know Mississippi. I know what Mississippi needs as well as almost any man, probably as well as its own Representatives in Congress, because I have been through the State many times. There are the same kind of people in Mississippi as there are in northern Louisiana in the rural sections. My father and my grandmother came from Mississippi, Smith County. I know Mississippi people.

If we are going to start at the age of 65 with a pension, then my figures will have to be changed, but I do not propose to start at the age of 65. I propose to start at age 60. If we are going to start at age 75, we would have to change my figures again. I am told that for the first few years the bill would apply only to those who are over 70 years of age. It may be that that provision was stricken out of the bill, but there was a provision in the bill originally that it should apply only to those over 70 years of age. That was contained in the original recommendation of the President, though it may have been stricken out of the bill.

Who are eligible? Are we going to leave the matter of who shall be eligible for this pension to be determined by politicians, like the relief is now, where a man is told, "If you do not vote right you will be taken off the relief roll"? I do not want any old man to have to depend upon politics in order to stay on the pension roll or the relief roll, because it is the rottenest, crookedest, most corrupt game that is carried on in the United States today in politics, and that is saying something.

If we have to have the eligibility of every man for a pension determined by a local board or a State board or a Government board, if it is necessary to have a local board or a State board or a Government board determine that he is entitled to a pension, and if he must be subject to being taken off the pension roll from day to day or from month to month, that is not the kind of plan I want to see adopted. If that is what this is to be, it would prove to be a curse and not a benefit. If a man were compelled to realize from day to day, from month to month, from year to year, that he is a pauper, and must go through the embarrassment of proving that he is a pauper, that he has not any hogs in the woods nor any cow to milk nor any land to call his own, nor any son who might be helpful, then we would not have a pension system at all; we would not have even a pauper system to start with. I make that as an absolute statement of fact based upon my experience in social work in a State that does the best social work in America today—the State of Louisiana.

I propose that a pension should be paid to people who are over 60 years of age. I know Mississippi, I know Louisiana, I know Arkansas, each State nearly as well as I know the other—that is, the general run of people. I have traveled through those States all my life. I traveled them when I was 16 years of age and 17 years of age and many times since. I have been through them many, many times. Of all the people who have passed the age of 60 years in Mississippi there are not 10 percent who are not entitled to an age allowance.

According to insurance statistics issued by the life-insurance companies, we are told that only a few out of every hundred who passes the age of 60 is able to take care of himself. Senators have some Government figures tending to show that nearly everybody over 60 years of age can take care of himself, but the figures of the insurance companies who have been in the business say to the contrary, and I will show it by their advertisements. They read something like this:

> Only so many out of every 100 persons who has passed the age of 60, are not dependent upon charity or upon his folk or someone else for help.

Therefore I say that in my opinion from 90 to 95 percent of the common, ordinary run of people over 60 years of age are eligible to draw a pension, and the only way there will ever be a pension provided that is fit to talk about will be

to provide a pension that shall be given to every eligible man free of politics. Otherwise it would mean that in my State I would be one of the men controlling the pension, if I continued as a friend of some of the administrators down there in the area in which I live. It might be that Senator Huey Long and Gov. O. K. Allen and our political organization would have the right to say who should get a pension and who should not get a pension in Louisiana.

Do I know what that would mean? Indeed, I do. I know I would have the right to put 14,000 people on the pension rolls of Louisiana; and that is about the same number Mississippi would have. We have about the same population in Louisiana that Mississippi has. Do I not know if I had the power and the right to put 14,000 people on a free pension in Louisiana that Huey Long's and O. K. Allen's politicians would put Long and Allen men on the pension roll if we would let them? Do I not know that Representative FERNANDEZ, of New Orleans, who would have about 2,000 people eligible for the pension roll in his congressional district, would try to put 2,000 Fernandez people in his district on the pension roll, when he has 5 or 10 or 20 times that many people down there who need a pension?

Are we going to have a political thing of that kind? Do I not know that some of the parishes even in that State who have a few hundred on the pension rolls, or "pauper rolls", as we call them down in Louisiana, the politicians would have only their friends on the roll or the fathers of their friends or the mothers and aunts of their friends?

You are going down to my State of Louisiana and tell me we can put only 14,000 on relief. Who most needs a pension in Louisiana? The colored people are among the poorest people we have in some instances. About one-third to 40 percent of our people are colored people. They do not vote in many of the Southern States. How many of them will ever get on the pension rolls? Huh! How many do you think? I give you just one guess to figure out how many will ever get on the pension rolls unless their sons and daughters and they themselves are on the voting list. That may seem like cheap demagoguery, but I am not afraid to say it. I am one southern Senator who can tell the truth about this matter. I am not afraid to say it. I do not want a pension system that will be of help only to those who declare themselves paupers and prove themselves unable to earn a living and eligible to be put on the roll.

There is only one pension that will be worth anything at all, and that is a pension which goes to everybody who reaches a certain age. Do not make it an age that is the dying age. Do not make it an age when the death rattle is sounding in a man's throat. Make it an age when he is reasonably certain not to be able to take care of himself. If you are not going to start a man's old-age allowance until he is 65 or 70, you are going to wait until the Lord's threescore and ten years' time allowed man on earth is nearly over.

Do not make it necessary that one must depend upon the whims and decisions of politicians to get on the pension roll.

Therefore, if Mississippi pays a pension to every man who is 60 years old who needs it—I know what I am talking about and the Governor of Mississippi knows what he is talking about—if we provide payment of a pension to every man 60 years of age who needs it, it will cost the State of Mississippi one and one-fourth to one and one-half times its present tax revenues just to pay the pension.

I took the United States census as my guide. I ascertained from the United States census how many people in Louisiana were over 60 years of age. Then what did I do? I took the United States insurance companies' statistics and figured from that what percent of those people were able to earn their own living. After deducting that number obtained in that way, I found that to pay this pension it would cost Louisiana more money than it raises for all other purposes put together in the State of Louisiana. According to the census reports, after deducting the people the insurance companies say are able to take care of themselves, still the State of Louisiana, to pay the others over 60 years of age a pension of $15 a month, would have to raise more money than it raises for all other purposes put together that are paid from the State treasury of Louisiana. I have forgotten how many millions of dollars it is, probably $12,000,000 or possibly $14,000,000. I have not the exact figures.

Mr. President, I am not condemning this effort. If I had been drawing an old-age-pension bill, I might have called into counsel the person who first proposed an old-age-pension plan to the Congress. I might have called in that kind of person. I might not. Perhaps I would not have been on friendly terms with him, and then I would not have called him in; but the chances are I would have called in someone who had first proposed old-age-pension plans to the United States Senate.

Do not misunderstand me. I am not condemning this effort. I am not fighting this bill. I am not opposing this bill. It probably will do no harm, to speak of, that will not have some corresponding good. Like the Senator from Nebraska, I think, taking it up one side and down the other, it is a gesture with some harm and some good in it; but apparently it makes a pretense to carry out the principles I have advocated. While it does not actually do so, nevertheless it is not a bill that I should oppose, except for being a void. What I am trying to show to the authors of the bill is this:

You want a pension bill enacted, and I want a pension bill enacted. This bill does not propose to enact a pension bill. We have here a pauper's-oath proposal which, if it ever amounts to anything, will operate in many States in a way that is fatally defective. Therefore, what I am saying to Senators is this:

On Monday I shall come in here—I hope before this bill shall have passed the stage of amendment—with what? I want Senators to listen to me. I shall propose that we provide an old-age pension of $30 a month. Payable to whom? To every man and woman in the United States who is over 60 years of age who has an income of less than $300 a year or $500 a year, whatever should be the proper amount—I am willing to be governed in that matter by the advice of my colleagues—or whose property ownership is less than a certain amount of money. That is what I shall do. I shall propose to carry out unemployment insurance and everything else that is in this bill. The bill does not propose to do enough.

How would I do it if it were left to me? Would I tax the pay roll of the man who is working? No; because the workingman is not getting today enough money to live on, even though he is working—and half of those who come within the class of workingmen are not working. I certainly would not say to a man who, according to the Government's own statistics, is making less money than it takes fairly to subsist upon even in poverty that he ought to be made to pay a tax for a pension in his old age, when he is not half living in his young age.

Therefore, I shall propose an amendment on Monday morning, or Monday afternoon—whatever time we meet—which will do all the good things pretended to be here contemplated. I shall not strike out one of the benefits proposed by the bill. I shall only add to them, and provide that in order to get the money to pay them we shall levy a tax of 1 percent upon all persons who own wealth and property in the United States which is more than 100 times greater than the average family fortune, and graduate the tax up on the succeeding millions owned by any one man, so as to get whatever amount of money may be required to carry out the purposes of the bill.

That would mean that $1,700,000 of every man's fortune would be altogether exempt from the taxes I shall propose. Therefore, the man who has one and one-half million dollars shall not have to pay a copper cent for the purposes of this bill; but if he has $2,000,000, he will have to pay 1 percent on, say, the last half million. Then I propose to make the tax 2 percent, and 4 percent, and 6 percent, and graduate it on up, so that the man who has four or five or six million dollars will pay a higher tax in proportion. I do not propose to tax the beggar or the weak, and I do not propose to tax

persons who are already undernourished and already underpaid.

That is the amendment with which I am coming in here on Monday morning. That will carry out the purposes of the Government. We are supposed to be decentralizing wealth. We ought not to tax the beggar to help the prince, or even tax the beggar to help another beggar. We ought to tax the prince to help the beggar if we find that the beggar is such a person as ought to be helped by bounties granted to him by law.

So I ask my colleagues to hold an open mind for the amendment I shall propose here Monday afternoon if we meet Monday at noon, or Monday morning if we meet Monday morning. I ask my colleagues to think to themselves in this fashion: Are you willing to go back to your States and tell your people that you have voted for "social security" or "social relief" when, in order to get it, you have called upon them to pay a tax which they cannot pay? Are you willing to say to the laboring man, "I voted for unemployment insurance that will amount to anything", when all you have done is to vote to tax his own pay check, and that check is now less than he can live on?

That is what I want the Members of the Senate to think about; and I want them to think whether or not they will be willing to support this beneficial legislation along the lines that we said in the Chicago convention we would advocate, namely, legislation that would give the people a share in the distribution of the wealth of the country. I am quoting the words of the President of the United States, who delivered that promise at the Chicago convention, that we would provide a share in the distribution of the wealth of the country to the people who need it. That is what we said. We are not doing that when, in order to support the benefits of this bill, we tax the poor man who is making a thousand dollars a year or $500 a year, who has a family that it takes $2,000 a year to clothe and feed and house, and who therefore needs an income of $2,000 a year.

Mr. BONE. Mr. President——

Mr. LONG. I yield to my friend from Washington.

Mr. BONE. I realize that I have no right to suggest to the Senator the propriety or lack of propriety of any amendment he may offer, or the practical wisdom of offering an amendment to any one bill; but I am wondering if that sort of an amendment might not jeopardize the bill.

Mr. LONG. It would not hurt anything if it did.

Mr. BONE. I merely wish to ascertain the Senator's idea as to whether it might not be wiser to propose the type of amendment the Senator has in mind to one of the revenue-raising bills which will come over from the House, because there might be those here who would be willing to vote for this bill, and are very anxious to vote for it, who might not be willing to vote for it if that sort of a rider were attached.

I am in harmony with the Senator's idea of increasing taxes in order to meet the necessary expenses of the Government and the necessary expenses of the type of legislation we are now considering; but I am so highly desirous of seeing this type of legislation enacted that I am fearful that anything attached to it of that character, which we might attach to another bill with more hope of having it adopted, might jeopardize this bill.

Mr. LONG. The place where it belongs is on this bill.

Mr. BONE. I have no quarrel with the theory of raising more money to care for these very large expenses.

Mr. LONG. I am satisfied that the Senator has not been here to hear my remarks. I have demonstrated that the people will not get anything under this bill. I have demonstrated it very thoroughly, I think, as the Senator will see if he reads my remarks; but if we are to provide money for old-age pensions, it ought to go in this bill. We propose in this bill to provide money for old-age pensions, and we propose in this bill to provide money for unemployment insurance. If we are to provide for old-age pensions and if we are to provide for unemployment insurance we shall have to provide for raising the money in some way, because it is not provided for here.

Why, just see what is provided. Read this. This is really funny:

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State—

Listen to this:

to aged needy individuals—

Aged needy individuals, paupers, found to be paupers by the governing board of the county or State, controlled by the politicians, of whom I am one!

I am trying to keep the people out of the hands of men of my type and worse.

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, there is hereby authorized to be appropriated * * * $49,750,000 a year.

Think of that! Talk about appropriating the little, infinitesimal amount of $49,000,000 to pay old-age pensions to all the people in the United States who are in need of those pensions. It is the most absurd and ridiculous thing I ever heard of in my life. That will not pay for the ribbons of the typewriters it will take to mail out the envelopes to the old-age pensioners of the United States. I know what I am talking about. I figured this thing out long, long ago, when I introduced the first old-age pension bill or resolution that ever came into the United States Senate, at least that I ever heard about.

I figured out how much it would cost. Do Senators know how much it would take? It would take $3,000,000,000. That is what it would take, according to the statistics of the United States Government, deducting those who earn their own living according to the tables of the life-insurance companies—and they are the most accredited statistics of which we have any knowledge. According to the Government statistics and according to the deductions made by the life-insurance companies, according to their tables—and their mortality tables have been accepted as authoritative by acts of Congress and by all the courts—according to them it will take something in excess of $3,000,000,000 to pay old-age pensions to the people in the United States, who are entitled to them at the rate of $30 a month. And the proposal here is to appropriate $49,000,000.

Talk about appropriating $49,000,000, and go back to the people and tell them that we have provided for old-age pensions. That will not pay half the pensions in the city of New Orleans alone. It is an absurd thing to talk about, if we are to do anything.

Then where are we to get the $49,000,000? It would mean taxing the poor devil who is to get the pension. It is ridiculous! It is absolutely absurd!

I want my good friends to know I am with them heart and soul and body; I was away ahead of them in this old-age-pension matter.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER (Mr. BURKE in the chair). Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. I think the Senator is confused. The $49,000,000 is for old-age assistance. That is to be paid by the taxpayers of the United States.

Mr. LONG. Very well. That is the Government's part of it. It is our part.

Mr. WAGNER. It is the Government's part. The other part is to be paid by the taxpayers of the States.

Mr. LONG. The other half?

Mr. WAGNER. Today all of the States which have pension laws—and I want to remind the Senator that his State has not one——

Mr. LONG. According to what these Government statistics show, Louisiana has not anything.

Mr. WAGNER. The Senator's State has not such a law; that is what I mean. They have not a pension law, and 35 States have inaugurated a system of pensions.

Mr. LONG. Louisiana has one of those things.

Mr. WAGNER. No.

Mr. LONG. Louisiana calls it a pauper law. We will not call it a pension, because a man who has to take a pauper's oath is not getting a pension. Under the proposed legislation a man would get a pension whether he took a pauper's oath or not. This thing says "needy people."

Mr. WAGNER. I do not desire to get into a controversy with the Senator about that, because the records are here as to whether States pay pensions or not, and how much they are.

Mr. LONG. The records are not here.

Mr. WAGNER. I was afraid the Senator was confusing this.

Mr. LONG. No; I am not.

Mr. WAGNER. It is money supplied by the taxpayers of the United States.

Mr. LONG. I understand. It is supposed to provide for payment up to $15 a month by the Government of the United States and $15 a month by the States, in order to make the $30.

Mr. WAGNER. Exactly.

Mr. LONG. Forty-nine million dollars is half of it, then, and the State has to put up the other $49,000,000, and that will make $98,000,000, substantially a hundred million dollars, and we would have one hundred million when we need three billion.

Mr. WAGNER. I should be glad to examine the Senator's figures——

Mr. LONG. I have been trying for years to get the Senator to talk this matter over with me.

Mr. WAGNER. I do not want to interrupt the Senator; I merely wanted to correct what I thought was misinformation.

Mr. LONG. No; I am right, absolutely.

Mr. WAGNER. The States of the Union today are paying a little less than $40,000,000 in old-age pensions.

Mr. LONG. Very well.

Mr. WAGNER. At least we are matching, and, of course, as the number of States making such payments increases, our assistance will increase, and we will hope that Louisiana will pass a law.

Mr. LONG. If the Senator will listen to me, I will show him that Louisiana has such a law. Louisiana authorizes its police juries, which are the same as the boards of governors of the counties, to pay paupers, when they want to put people on the pauper's roll. We give it the right name. Louisiana calls a spade a spade, and a "t" a "t", and an "i" an "i." We do not call these payments old-age pensions. We call them help to paupers, and that is the definition which ought to be given to what is proposed here.

A pension is something given to someone like a soldier. The Spanish-American War veteran does not have to take an oath and say that he is a pauper in order to get a pension. The World War veteran did not have to do it. The Civil War veteran did not have to take an oath that he was needy and destitute in order to get a pension, and I wish to say to my friend from Mississippi and to my good friend from New York—and he is my friend—I say to them that we know the dictionary too well to call such a thing as is proposed a pension when it is paupers' assistance. That is what it is. I can take the dictionary and show that this thing is not a pension. It is assistance to paupers who take the pauper's oath, provided politicians approve them. That is all it is.

Down in Louisiana we are honest people in our use of language. I do not mean that others are not honest in their language, but I mean we are not extravagant. We give paupers help, just as the bill before us proposes paupers' help, and the administration has been sandbagging Louisiana with these Government statistics because we will not change the word "pauper" to "pensioner." A pauper is not a pensioner.

If my friend from New York will do what he ought to do about this matter he will change the wording and say "pauper's assistance" instead of "old-age assistance", because when the language is "to aid needy individuals" it is taken out of the category of being a pension and it is made a payment to a pauper. That is what is done. It is not a pension at all, nothing of the kind.

For a long time I have wanted to talk this matter over with the Senator from New York, because his heart is in the right place and his mind, I believe, would yield to the figures. If he will come and listen to the figures I will give him from the life-insurance companies of the State of New York and the city of New York, which he knows to be reliable, and will compare those figures with the Government statistics, he will find the conditions in States like the State of Mississippi and the State of Louisiana, which latter State is not so much better off but is some better off than Mississippi, because we have minerals there. Oil, and salt, and fish, and oysters, and crabs, and pepper, and gas, and minerals like salt and copper, and all such minerals, are found in abundance in the State of Louisiana. There is located in Louisiana the big port of New Orleans, and it can boast many things like that which the State of Mississippi does not possess. It also has a few millionaires from whom to collect income taxes, something of which Mississippi has not so much.

I beg Senators to listen when I tell them that, according to the statistics of the life-insurance companies, there are only a few men out of every hundred who pass the age of 60 who are not dependent upon charity for support.

The mortality tables of the larger insurance companies have been accepted by the Government, and have been accepted by courts in every State, and by United States courts. If today we pay a pension to everyone in the United States over 60 years of age, we shall pay out not less than $3,000,000,000 a year. If we are limited to the $49,000,000 provided by the bill, and $49,000,000 more, or $100,000,000 in all, that will give $1 where we need $30; and then if there is taken out of that the cost of administration, we shall not have enough money to pay the postage necessary to send out the money. I am going to bring in the figures on Monday.

If the Senator from New York [Mr. WAGNER] will give me part of his time on Sunday I will meet him and give him the figures in his hotel, or I will meet him in his office, or he can meet me in my office, and I will show him that, in his own words, 96 percent of the people today are making less than a mere subsistence living, and that we cannot afford to tax people of that kind for their relief in their old age when they are not now getting enough money with which to buy food to eat.

Mr. BONE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BONE. Will the Senator tell us what proposal he makes in his amendment with respect to the increase in taxation?

Mr. LONG. Yes; I will. Here is what I propose: I propose that the money with which to make all these relief payments shall be raised by tax, but that the tax shall not be levied on any except those whose wealth exceeds 100 times the average family fortune of the United States.

Mr. BONE. Will the Senator leave that to be determined by the Treasury Department, or how will he make that calculation?

Mr. LONG. I will put the calculation in the bill, or do it otherwise. I will provide that there shall be an exemption on a man's first $1,700,000.

Mr. BONE. $1,700,000,000?

Mr. LONG. No; $1,700,000. That amount is exempt from the tax. On the first $1,700,000 no tax is to be paid. That limit is too high, but still we can make that limit. I am trying to make the limit so high that no one on earth will have a right to kick about it. It ought to be that the exemption was no more than $100,000, but we can make the limit the figure I have given, so that there shall be no tax for the purpose levied on any fortune except one which is 100 times the size of the average family fortune, and not take money away from the poor devil who is earning $500 and who actually needs $2,000 to buy food and to buy the necessities of life. The poor fellow who only has enough for a bare subsistence, the man whom we claim we are helping, who is starving to death already, who cannot send his children to school, whose children's clothes are tattered—we cannot

afford to levy a tax on him for an old-age pension. We are not doing any good to him if we do. In many cases we should be doing harm to him.

If we are going to give old-age pensions, let us give them to those who need them, but not provide for them in such a way that the determination of who is to receive them will simply be made by the State politicians or any bureaucrat.

I ought to be able to convince some of my friends here that I am somewhat idealistic in this. By what I propose I am excluding myself and friends from having the right to say who shall draw a pension in my State and who shall not draw a pension in my State. I am excluding myself from having a hand in handling that great political club with which we could say to a man, "You will have to be with HUEY LONG in order to get the pension, and if you are not with him you will not get it," because I am looking forward to what will be done in 47 other States, and I am looking forward to the time in my own State when the pension will mean something to the people. I know it does not mean anything as the bill is now drawn.

Therefore, I desire to say to my friends, if any of them wish to make any suggestions between now and Monday concerning my amendment—which does not provide for a tax, as I said, upon the first $1,700,000—I shall be glad to have them do so. If any one thinks the figure ought to be lower than that I should agree with him, and if the Senate would support a lower exemption I should prefer to have the lower exemption. However, I desire to put it on a basis where no one can say that the taxation for this work of social security has been placed upon the back of the man who can be hurt a little bit by paying it. That is what I wish to do.

Mr. BONE. Mr. President, I did not hear all of the Senator's argument. Does he propose his tax in the form of a capital levy?

Mr. LONG. Yes, sir.

Mr. BONE. I am wondering if that could be sustained under our Constitution without an amendment.

Mr. LONG. Yes, sir; it can be sustained. Not only can it be sustained, but it was the basis upon which the law of the United States was founded. It was the basis of the law upon which the United States started as a Government, and the only reason why we are in this fix today is because we departed from it. According to the statement made by the Senator from New York [Mr. WAGNER]—and it should have been made a thousand times more strongly—no one can question, topside nor bottom, the right of the United States to levy a tax on property and to graduate the tax. Nobody can question it. There is not a doubt about it.

I am not going to argue with the Senator from New York [Mr. WAGNER] the constitutionality of the taxes imposed under this bill. It is barely possible the Supreme Court may not sustain the constitutionality of some of the levies proposed in the bill. I hope they will, but they may not. I am not going to give the Senator from New York the kind of advice I gave him on the N. R. A., because he did not take my advice the last time and he might not take it this time; and since I was right the last time and he did not take advantage of my advice, he may be right this time, because, to say the least, both might be a guess; and in view of the fact that my friend from New York is a better lawyer than I am this might be his time to be right. I am not going to argue the matter.

It may be that the Supreme Court of the United States will hold the levies under this bill to be not valid under the Constitution; but there is no question about the levy of a uniform tax on property—none whatever. There can be no doubt about that. Nobody who has ever gone through a law school will ever be found who can argue anything to the contrary. There is no doubt about that. What I tell the Senate is constitutional. What I tell them is real. What I tell them is actual. What I tell the Senate helps these people. What I tell the Senate punishes no one. It gives the people of the United States actual unemployment relief, actual pension relief, actual social relief, and the burden of it is borne in such amounts as are ample to create a fund 30 times the one provided in this bill, and the burden of it is borne by people who have $1,700,000 or more.

Mr. President, I shall be here on Monday with the amendments I have suggested. If Senators have any suggestions to offer, I hope they will offer them. I shall be glad to give copies of my amendment to Members of the Senate who are interested in it, between now and tomorrow morning, as soon as I shall have perfected my amendment; and when I do, if they have any suggestions to make, either before we come to the Senate or on the floor of the Senate, which would perfect the amendment in accordance with what they think is their better judgment, I shall be glad to have them, in order that we may follow that system rather than follow the plans that are set forth and enumerated in this bill, which are not ample, not sufficient, which are burdensome, and in many instances will do more harm than they will do good.

Mr. HARRISON. Mr. President, I was about to make a few observations, but I notice that the Senator from Louisiana has left the Senate Chamber, and I do not care to make them in his absence.

Mr. McNARY. Mr. President, will the Senator be content to recess at this time, and begin with the committee amendments in the morning at 12 o'clock?

Mr. HARRISON. I think there ought to be an executive session at this time.

Mr. McNARY. I have no objection to that. However, on account of the great number of Senators who are absent from the Senate Chamber at this time, I think we ought not to begin with the committee amendments until tomorrow.

Mr. HARRISON. I do not wish to have the Senate get into any controversial matters tomorrow. I am willing to agree that we shall recess until tomorrow if we can have an agreement as to limitation of debate, and so forth, and try to wind up the consideration of the bill on Monday.

Would there be any objection to having a recess taken until 11 o'clock tomorrow morning?

Mr. McNARY. I do not think the recess ought to be taken until 11 o'clock a. m. I think it should be taken until 12 o'clock noon tomorrow.

Mr. HARRISON. I should like to have disposed of the Senate committee amendments about which there is no question, or about which there will be no debate. I do not expect, however, to conclude the consideration of the bill tomorrow.

Mr. McNARY. If the Senator will agree to the Senate taking a recess at this time until 12 o'clock tomorrow, I can assure him that there will not be any unnecessary delay, but I should not like to have the session commence at 11 o'clock in the morning.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 112) extending the effective period of the Emergency Railroad Transportation Act, 1933, and it was signed by the President pro tempore.

ST. CLAIR RIVER BRIDGE, PORT HURON, MICH.

Mr. VANDENBERG. Mr. President, Senate bill 1788, Calendar No. 900, is a Michigan bridge bill, the enactment of which is necessary in connection with our public-works program. The measure is in satisfactory form, approved by all the departments, and unanimously reported by the Committee on Commerce. Will the Senator from Mississippi yield in order that I may ask unanimous consent for its present consideration?

Mr. HARRISON. I yield for that purpose.

Mr. VANDENBERG. I ask unanimous consent for the present consideration of Senate bill 1788.

There being no objection, the Senate proceeded to consider the bill (S. 1788) authorizing the State of Michigan to construct, maintain, and operate a toll bridge across the St. Clair River at or near Port Huron, Mich., and to acquire other transportation facilities between said State and Canada, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to facilitate international commerce the State of Michigan, by and through its State bridge commission or the said successors of said commission, be, and is

hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the St. Clair River at a point suitable to the interests of navigation, at or near the city of Port Huron, Mich., and the city of Sarnia, Canada, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada. For like purposes the State of Michigan, by and through its State bridge commission or the successors of said commission, is hereby authorized to purchase, maintain, and operate all or any ferries across the St. Clair River within 5 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada.

SEC. 2. There is hereby conferred upon the State of Michigan and its State bridge commission, or the successors of said commission, the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Michigan as may be needed for the location, construction, operation, and maintenance of said bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of said State, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in said State. And the State of Michigan and its State bridge commission, or the successors of said commission, may exercise in the Dominion of Canada all rights, powers, and authority which shall be granted or permitted to it or them by the proper authorities of the Dominion of Canada or the Province of Ontario, including the entering upon lands and acquiring, condemning, occupying, possessing, and using such real estate and other property in the Dominion of Canada as may be needed for such location, construction, operation, and maintenance of such bridge.

SEC. 3. Notwithstanding any restriction or limitation imposed by the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, or by the Federal Highway Act, or by any act amendatory of or supplemental to either thereof, the Secretary of Agriculture may extend Federal aid under such acts, for the construction of said bridge, out of any moneys allocated to the State of Michigan with the consent of the State highway department of said State.

SEC. 4. The said State of Michigan, by and through its State bridge commission, or the successors of said commission, is hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordance with the provisions of this act.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund which shall be sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 40 years from the completion thereof. If revenue bonds or other obligations of the State shall be issued to provide for the payment of the cost of such bridge and its approaches and of any such ferry or ferries and the necessary lands, easements, and appurtenances thereto, such sinking fund shall be sufficient to pay the principal and interest of such bonds or obligations as such principal and interest shall fall due, and the redemption or repurchase price of all or any of such bonds or other obligations redeemed or repurchased before maturity. After a sinking fund sufficient for such amortization or for such payment shall have been so provided such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 6. Nothing herein contained shall require said State bridge commission, or the successors of said commission, to maintain or operate any ferry or ferries purchased hereunder, but, in the discretion of said commission or its successors, any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and dismantled whenever in the judgment of said commission or its successors it may seem expedient so to do. The commission and its sucessors may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge.

SEC. 7. The State of Michigan, by and through its State bridge commission, or the successors of said commission, be, and is hereby, authorized to acquire by purchase or by condemnation any existing bridge, tunnel, or ferry (each of which is hereinafter termed a "transportation facility" and shall be deemed to include all property, rights, easements, and franchises relating thereto and deemed necessary or convenient for its operation) between the State of Michigan and the Dominion of Canada. The method of condemnation and of ascertaining and making payment of just compensation shall be in accordance with the provisions of section 2 of this act. Said State of Michigan, by and through said commission or its successors, may unite or group into one or more separate projects for financing purposes such transportation facilities so acquired as shall be deemed practicable by said commission or its successors. Said State of Michigan, by and through said commission or its successors, is hereby authorized to fix and charge tolls for the use of such transportation facilities. In fixing the rates of tolls to be charged for the use of such transportation facilities in a single project, the same shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating all such transportation facilities included in the particular project under economical management, and an amount sufficient in addition to the foregoing to provide a sinking fund which shall be sufficient to amortize the aggregate cost of the transportation facilities embraced in the particular project, including reasonable interest and financing costs, as soon as practicable under reasonable charges, but within a period not exceeding 40 years from the date of acquiring such transportation facilities. If revenue bonds or other obligations of the State shall be issued to provide for the payment of the cost of such transportation facilities, such sinking fund shall be sufficient to pay the principal and interest of such bonds or obligations as such principal and interest shall fall due, and the redemption or repurchase price of all or any of such bonds or other obligations redeemed or repurchased before maturity.

SEC. 8. The rights to alter, amend, or repeal this act is hereby expressly reserved.

EXECUTIVE SESSION

Mr. HARRISON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BURKE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations (and withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for appointment, by transfer, in the Regular Army.

Mr. WHEELER, from the Committee on Interstate Commerce, reported favorably the nomination of Clyde L. Seavey, of California, to be a member of the Federal Power Commission for the term expiring June 22, 1940 (reappointment).

Mr. WAGNER, from the Committee on Interstate Commerce, reported favorably the nomination of Anning S. Prall, of New York, to be a member of the Federal Communications Commission for the term of 7 years from July 1, 1935 (reappointment).

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. TRAMMELL, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters in the State of Florida.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

FEDERAL HOME LOAN BANK BOARD

The Chief Clerk read the nomination of John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board.

Mr. RUSSELL. I ask that the nomination go over until tomorrow.

The PRESIDING OFFICER. Without objection, the nomination will go over until tomorrow.

BUREAU OF INTERNAL REVENUE

The Chief Clerk read the nomination of William M. Welch to be collector, district of Massachusetts.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The Chief Clerk read the nomination of Theodore J. Bauer to be assistant surgeon.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Nelson Trusler Johnson, of Oklahoma, to be Ambassador Extraordinary and Plenipotentiary to China.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. HARRISON. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

FEDERAL COMMUNICATIONS COMMISSION

Mr. WAGNER. Mr. President, about 2 months ago the Senate unanimously confirmed the nomination of Anning S. Prall to be a member of the Federal Communications Commission. That was for the short term. The President has sent in his nomination for the full term. The Committee on Interstate Commerce again this morning unanimously reported the nomination favorably; and I ask, under the circumstances, that his nomination be now confirmed.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, in view of the statement made by the Senator from New York, I have no objection.

The Chief Clerk read the nomination of Anning S. Prall, of New York, to be a member of the Federal Communications Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

RECESS

Mr. HARRISON. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

Mr. McNARY. Mr. President, I suggest that the recess be taken until 12 o'clock. There is a very important matter coming up before the Committee on Privileges and Elections tomorrow morning.

Mr. HARRISON. Then, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 55 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Saturday, June 15, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 14 (legislative day of May 13), 1935

UNITED STATES DISTRICT JUDGE

Elwood Hamilton, of Kentucky, to be United States district judge, western district of Kentucky, to succeed Charles I. Dawson, resigned.

UNITED STATES ATTORNEY

John B. Tansil, of Montana, to be United States attorney, district of Montana, to succeed James H. Baldwin, appointed United States district judge for the district of Montana.

UNITED STATES MARSHAL

John E. Sloan, of Pennsylvania, to be United States marshal, western district of Pennsylvania, vice J. Hilary Keenan, resigned.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. John Edward Nolan, Infantry (detailed in Quartermaster Corps), with rank from January 4, 1929.

PROMOTIONS IN THE REGULAR ARMY

TO BE CAPTAIN

First Lt. Harris Fulford Scherer, Cavalry, from June 12, 1935.

TO BE FIRST LIEUTENANTS

Second Lt. Louis Ellis Massie, Air Corps, from June 7, 1935.

Second Lt. Stuart Phillips Wright, Air Corps, from June 12, 1935.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICER

To be brigadier general, Adjutant General's Department, National Guard of the United States

Brig. Gen. Francis Guy Ash, Adjutant General's Department, West Virginia National Guard.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

Lt. Comdr. Robert W. Hayler to be a commander in the Navy from the 1st day of May 1935.

Lt. George P. Kraker to be a lieutenant commander in the Navy from the 1st day of February 1935.

Lt. Frederick C. Sachse to be a lieutenant commander in the Navy from the 1st day of May 1935.

Lt. John B. Longstaff to be a lieutenant commander in the Navy from the 1st day of June 1935.

Lt. (Jr. Gr.) Elijah W. Irish to be a lieutenant in the Navy from the 6th day of March 1934.

Lt. (Jr. Gr.) Ernest S. L. Goodwin to be a lieutenant in the Navy from the 30th day of June 1934.

Lt. (Jr. Gr.) Lermond H. Miller to be a lieutenant in the Navy from the 1st day of February 1935.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of June 1935:

Clement R. Criddle	Arthur H. Graubart
John D. Reppy	Charles E. Tolman, Jr.

Ensign Robert B. Farquharson, Jr., to be a lieutenant (junior grade) in the Navy from the 4th day of June 1934.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 2d day of June 1935:

Gilbert H. Mitchell	Levering Smith
Charles L. Frazer	John R. Leeds
Harold E. Baker	Thomas M. Fleck
Odale D. Waters, Jr.	Stephen M. Archer
Alfred G. Ward	Theodore H. White
Lloyd M. Mustin	John M. Grider
William W. Brown	Earl P. Finney, Jr.
Henry G. Munson	Richard C. Williams, Jr.
Porter Lewis	Harold L. Sargent
John S. Horner	Edwin C. Woodward
Harry Hull	Robert E. Vandling
George W. Bailey	Jack I. Bandy
Sidney A. Ernst	Norman E. Blaisdell
David D. Scott	George R. Beardslee
Frank H. Brumby, Jr.	William B. Perkins
Ernest D. Hodge	Ernest M. Snowden
Harry L. Reiter, Jr.	Hugh L. Hendrick, Jr.
Morton Sunderland	Maximilian G. Schmidt
Ernest P. Abrahamson	Alvin W. Slayden
Ronald L. Wilson	George W. Kehl
Richard H. Lambert	Barry K. Atkins
Burl L. Bailey	John Corry
Robert H. Weeks	Ralph M. Wilson
Spencer L. Shaw	Jacob C. Myers
Paul G. Osler	Robert O. Beer
George L. Raring	Daniel L. Carroll, Jr.
William J. Dimitrijevic	Frank M. Parker
Robert B. Fulton, 2d	Henry I. Allen, Jr.
John M. Lietwiler	Allen M. Shinn
Herbert M. Coleman	John L. Counihan, Jr.
Selden C. Small	Lucien E. Wagnon
Joel C. Ford, Jr.	Rex B. Little
William R. Franklin	William L. Tagg
Clayton R. Simmers	Robert C. Young
Howard R. Prince	Bruce McCandless
Jacob A. Lark	William R. Cox
Paul H. Grouleff	Allen B. Adams, Jr.
Joseph C. Wylie, Jr.	Mason J. Hamilton
Francis M. Douglass	Henry C. DeLong
Scott K. Gibson	George R. Luker
William I. Bull	Samuel F. Quarles

George C. Hunter	Allen A. Ovrom
William H. Groverman, Jr.	Clare B. Smiley
William W. Vanous	John C. DeWitt, Jr.
John S. Lewis	Malcolm T. Munger
Thomas D. F. Langen	Howard E. Shelton, Jr.
George W. Pressey	Harry W. Seely
Robert P. Walker	Albert S. Major, Jr.
George O. Hobbs	James A. Thomas
Max C. Mather	Philip W. Cann
Jack W. Wintle	Jack Roudebush
Alton E. Parker	William C. F. Robards
Arthur H. Vorpahl	Garry W. Jewett, Jr.
Malcolm E. Garrison	John F. Fairbanks, Jr.
Mark E. Dennett	Nathaniel M. Dial
Reynolds C. Smith	James D. Collett
Robert D. Roblin	John H. Hooper
Bernard W. Freund	Adolphe Wildner
DeWitt C. McIver, Jr.	Charles M. Lyons, Jr.
John W. Ramey	Herbert L. Jukes
Norman J. Sampson	Joseph A. McGoldrick
John B. Smith	Roland O. Lucier
James G. Marshall	Harvey H. Head
Lindsey Williamson	Hinton A. Owens
William Winter, Jr.	George R. Wilson
John S. Fahy	Juan P. Domenech
Richard D. Harwood	George E. Porter, Jr.
Ennis W. Taylor	

Midshipman Dermott V. Hickey to be an ensign in the Navy, revocable for 2 years from the 6th day of June 1935.

Surgeon Earl C. Carr to be a medical inspector in the Navy with the rank of commander from the 1st day of August 1934.

Alvin H. Grunewald, a citizen of Wisconsin, to be an assistant dental surgeon in the Navy with the rank of lieutenant (junior grade) from the 1st day of June 1935.

Lewis M. Smylie, a citizen of West Virginia, to be an assistant dental surgeon in the Navy with the rank of lieutenant (junior grade) from the 1st day of June 1935.

Richard F. Redden, a citizen of the District of Columbia, to be an assistant dental surgeon in the Navy with the rank of lieutenant (junior grade) for temporary service from the 1st day of June 1935.

Paymaster George C. Simmons to be a pay inspector in the Navy with the rank of commander from the 1st day of August 1934.

Lieutenant (junior grade) Richard H. Gingras to be a lieutenant in the Navy from the 1st day of April 1935.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 2d day of June 1935:

Charles C. Gold	Victor B. McCrea
Nicholas J. Nicholas	Otto A. Scherini
Paul D. Williams	John J. Sutton
Michael B. O'Connor	John G. Tennent, 3d
Samuel P. Moncure	Charles Keene, Jr.

Assistant Paymaster William L. Patten to be a passed assistant paymaster in the Navy with the rank of lieutenant from the 1st day of June 1934.

MARINE CORPS

Lt. Col. Ross E. Rowell to be a colonel in the Marine Corps from the 14th day of May 1935.

The following-named captains to be majors in the Marine Corps from the 1st day of June 1935:

Joseph W. Knighton	James A. Mixson

The following-named first lieutenants to be captains in the Marine Corps from the 1st day of June 1935:

Lawrence T. Burke	Thomas J. Walker, Jr.
Thomas B. White	Maxwell H. Mizell

The following-named second lieutenants to be first lieutenants in the Marine Corps from the 2d day of June 1935:

Ellsworth N. Murray	James G. Smith
Alpha L. Bowser, Jr.	Forest C. Thompson

The following-named meritorious noncommissioned officers to be second lieutenants in the Marine Corps, revocable for 2 years, from the 6th day of June 1935:

Sgt. Michael S. Currin	Corp. Henry B. Cain
Sgt. Lewis J. Fields	

CONFIRMATIONS

Executive nominations confirmed by the Senate June 14 (legislative day of May 13), 1935

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Nelson Trusler Johnson to be Ambassador Extraordinary and Plenipotentiary to China.

MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION

Anning S. Prall to be a member of the Federal Communications Commission.

COLLECTOR OF INTERNAL REVENUE

William M. Welch to be collector of internal revenue, district of Massachusetts.

PUBLIC HEALTH SERVICE

Theodore J. Bauer to be assistant surgeon.

POSTMASTERS

ALABAMA

Robert L. Stallworth, Evergreen.
Richard Glenn Rice, Northport.

ALASKA

Agnes Moran, Nenana.

CALIFORNIA

Charles W. Spencer, Aptos.
Richard G. Glover, Camarillo.
Raymond D. Siler, Corning.
Robert A. Ascot, Highland.
Edwin C. Halverson, Lynwood.
Charles M. Gorham, Mar Vista.
Enoch H. Russell, Ramona.
Jessie R. South, Santa Clara.

GEORGIA

Robert G. Hartsfield, Bainbridge.
Charles R. Brumby, Cedartown.
Hal D. Austin, Conyers.
Olive S. Fraser, Hinesville.
Sadie W. Crittenden, Shellman.
James H. Mahone, Talbotton.
Jones R. Arnold, Thomson.

IDAHO

Halo M. Hart, Preston.
Mercedes Tremblay, Priest River.

IOWA

Kathryn Fagan, Ayrshire.
Blanche M. Oslen, Ellsworth.
William R. Flemming, Forest City.
DeEtta I. Reindl, Manly.
Mark A. Trumbull, Manson.
Leonard L. Snyder, Oskaloosa.
Ruth M. Stoltz, Ottumwa.
Otto Germar, Volga.
Olive A. Burrows, Wilton Junction.

KANSAS

Eugene Franklin Glover, Caldwell.
Richard R. Bourne, Delphos.
Max H. Dyck, Fowler.
Elizabeth C. Johnson, Hartford.
Orville K. McQueen, Kirwin.
Harold J. Schafer, McPherson.
Oscar J. Strong, Mound City.
Charles L. Krouse, Onaga.
Dick A. De Young, Prairie View.
Thomas W. Ross, Sterling.
George F. Popkess, Toronto.
John H. Pennebaker, Virgil.
Wilders D. McKimens, Westmoreland.

MARYLAND

Edmund H. Bray, Easton.
George L. Edmonds, Rockville.

MINNESOTA

Percy L. Hakes, Brownton.
Robert M. Foster, Buffalo Lake.

Alton E. Torgrimson, Grand Meadow.
Delwin B. Clabaugh, Swanville.

MISSISSIPPI

Frederick J. Fugitt, Booneville.
Mrs. Dewey M. Collins, Boyle.
John B. Glenn, Brookville.
Mr. Ethel W. Still, Clarksdale.
James B. Keeton, Grenada.
Samuel A. Witherspoon, Meridian.
Arthur V. Smith, Pascagoula.

MONTANA

Hiram B. Cloud, Wolf Point.

NEBRASKA

Naomi G. Fackler, Burwell.
Harold Hald, Dannebrog.
J. Melvern West, Herman.
Fred C. Johnson, Merriman.
Albert H. Bahe, Ohiowa.
Ben G. Worthing, Overton.
Effie E. Adams, Ralston.

NEW MEXICO

Laura W. Martinez, Tierra Amarilla.

NEW YORK

Edward P. McCormack, Albany.
Harold F. Garrison, Fort Montgomery.
Timothy J. Gibson, Lindenhurst.
John A. Donahue, Newburgh.
Francis J. A. Marlborough, Smithtown Branch.

NORTH CAROLINA

George M. Sudderth, Blowing Rock.
Patrick H. McDonald, Carthage.
Wingate A. Lambertson, Rich Square.
Henry E. Earp, Selma.
John R. Dildy, Wilson.

NORTH DAKOTA

Catherine Ross, Arthur.
Herman A. Borcherding, New England.
William Stewart, Butte.
Dorothy L. Schultz, Carpio.
Frank M. McConn, Fairmount.
Mildred Peck, Glenburn.
Loren J. Savage, Litchville.
Bland Elsberry, Rocklake.
Christian H. Budke, Sherwood.
Howard Miller, Werner.
John H. Case, Wishek.

OKLAHOMA

Blanche Lucas, Ponca City.
Robert R. McCarver, Wister.

PUERTO RICO

George P. DePass, San Juan.

SOUTH CAROLINA

Philip M. Clement, Charleston.
John R. Rivers, Chesterfield.

TEXAS

Ephraim B. Hyer, Buckholts.
Ross H. Johnson, Burnet.
Otis G. Baker, Jr., Edna.
Alva C. Cotney, Follett.
Mildred M. Hardie, Freer.
Rosa M. Boucher, Gorman.
Cecil R. Coale, Orange.
Mansel R. Coffee, Perryton.
Charlie C. Truitt, Pittsburg.
Lemuel O. Robbins, Raymondville.
Charles B. Morris, Rhome.
Frank Clark, Rockwall.
Roy C. Owens, Tyler.
Ellis Campbell, Wills Point.

VERMONT

Jeremiah C. Durick, Fair Haven.
Richard Harlie Standish, Montpelier.

WEST VIRGINIA

Hugh B. Lynch, Chester.
George C. Sowards, Hurricane.
Joseph F. Blackman, Parsons.

WISCONSIN

Joseph Schmidlkofer, Chilton.
David A. Holmes, Milton.
Clarence G. Schultz, Neenah.
John P. Snyder, Oconomowoc.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 14 (legislative day of May 13), 1935

POSTMASTER

Thomas S. Starodoj to be postmaster at Ware, in the State of Massachusetts.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 14, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We withdraw again, our Heavenly Father, to the gray and solemn ministry of the cloud. Encircle it with a rainbow; walk again upon the troubled waters and breathe upon us the spirit of the world to come. Bless us with the morning that shall enable us to look to the fulfillment of tomorrow. A heavy hand has been laid upon us. Another Member has been removed from our congressional family. Buoyant of spirit, schooled by training, and a wise counselor. Help the sorrowing hearthstone to feel the sympathy that comes from the rent in Thine own heart. Hide the gloom of the present through the gladness of the eternal promise: "Though the earthly house of this tabernacle be dissolved, we have a building of God, a house not made with hands, eternal in the heavens." O Thou of infinite love, Thou of the burning purity, let the star of Bethlehem light up the stairway that leads to the Father's paradise. In our Savior's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

PORT CITIES IN OUR INTERNATIONAL RELATIONS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech made by Hon. Cordell Hull, Secretary of State.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. SNELL. Mr. Speaker, reserving the right to object, what is the speech about?

Mr. RANKIN. It is a speech on the port cities and our international relations.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, under permission granted me to extend my remarks in the RECORD, I am inserting an address delivered by the Honorable Cordell Hull, Secretary of State, before the Conference of Seaport Cities on International Trade, in New York City on June 12, 1935.

It is one of the most masterful presentations of our international relations, especially from a standpoint of economic recovery, that I have ever read. It shows that we have at the head of our Department of State a real statesman, who not only compares most favorably with the leading premiers of the world but a man who has a thorough grasp of the great economic and international problems with which the world is now grappling.

I hope every Member of the House and every Member of the Senate reads this address carefully. I wish it could be read by every citizen and every student throughout the land. For, in my opinion, it points the way to world recovery and to world peace.

Secretary Hull's address follows:

I am very happy to have the opportunity to address this great convention, called for the purpose of promoting the interests and development of the ports of the United States. The prosperity of our port cities and the rebuilding of our foreign trade occupy an important place in the larger and broader program of our whole international economic relations.

We are met in the greatest port of the world, a port which handles more tonnage than any one of its great competitors in England, on the European Continent, or in the Orient. Boston, Philadelphia, Baltimore, Norfolk, New Orleans, Galveston, Los Angeles, San Francisco, and Seattle rank high in the list of important world ports, along with London, Hamburg, Rotterdam, Antwerp, Liverpool, Singapore, Hong Kong, and Shanghai.

There are, all told, more than 300 ports in the United States through which our trade with foreign countries passes. The volume of commerce passing through these ports reflects and, in turn, reacts upon the prosperity of the entire Nation. Between 1929 and 1933 the cargo tonnage of water-borne imports and exports declined from 108,000,000 tons to 59,000,000 tons. A recovery of the tonnage of exports and imports to the predepression level would give tremendous stimulus to economic activity throughout the length and breadth of the entire land.

Railroads and trucking firms which carry the goods from the centers of production to these three-hundred-odd ports and in turn back again to the various centers of consumption would experience a tremendous stimulus if we could again recover the volume of port traffic, approximating the 52,000,000 or 53,000,000 tons handled by the Atlantic ports prior to the depression, the 23,000,000 tons handled in the Gulf ports, the 16,000,000 or 17,000,000 tons in the Pacific ports, and the 16,000,000 or 17,000,000 tons handled in the ports of the Great Lakes region. New activity would be stimulated in the repair plants and shipbuilding yards; the business of exporting and importing firms, shipping offices, insurance houses, brokerage houses, and foreign-exchange institutions, and the employment by these firms of hand and brain workers would be increased. This activity would be carried back in the various processes of production for the export market and in all the intermediate distributive stages handling both export and import goods. The activity of our port cities has been in the past an index and barometer of the economic health and prosperity of the entire Nation. This will continue to be the case in the future only if we turn our backs definitely away from the doctrine and practice of self-sufficiency and economic nationalism which has gripped the world so mightily and disastrously in the last few years.

An indication of the greatly increased business that the trade-agreements program may be expected to bring to American ports and shipping is afforded by the results of the Cuban agreement. Our exports to Cuba during the first 7 months in which the agreement was in force, from September 1934 to March 1935, amounted to 645,000 tons, against only 365,000 tons during the corresponding period a year earlier, an increase of 77 percent. Between the same periods our imports from Cuba increased from 1,305,000 tons to 1,804,000 tons, or by about 38 percent.

Trade agreements have been signed with 5 countries and negotiations are in progress with 13 other countries. These 18 countries accounted in 1934 for 39.1 percent of our exports and for 45.5 percent of our imports on the basis of value. On the assumption that these agreements, now completed or actually being negotiated, will increase trade on an average only one-half as much as the increase which has resulted from the Cuban agreement, there would be added in the course of a year some 7,000,000 or 8,000,000 tons to our export and import cargoes. Several million additional tons to the total cargo entering and leaving our ports would have no mean significance for the prosperity of our port cities. But this is merely the beginning. The full fruits of our trade agreements will not be seen in the first few months. The cumulative effect, reacting upon world-wide prosperity, will, I hope and believe, carry our foreign-trade tonnage back to the full high level of former times. This is the prize which the successful pursuance of the trade-agreements program holds out to those interested in ports and in the shipping of the United States.

The close relationship of the rise and power of port cities to the development and spread of civilization is well known to all students of history.

The remains of ancient harbor works have been found in Crete, attesting the commercial intercourse between Crete and Egypt nearly 4,000 years before the Christian era. As early as the thirteenth century B. C., the Phoenicians built harbors at Sidon and Tyre, and, on the basis of the commercial intercourse thereby developed, a great civilization was reared. The numerous harbors developed in the Mediterranean Basin in ancient Greece and Rome constitute the foundation upon which was erected the great commercial development and the glorious culture of ancient times. The Middle Ages were stirred from intellectual stagnation by the commercial intercourse and contract with the eastern world which followed in the wake of the Crusades. The unparalleled splendor of the Renaissance, its arts, literature, and early scientific inquiries, had its material basis in the great Italian ports and in the wealth born out of a radiating network of world-wide commercial relations. The association of the trading towns along the Baltic, known as the Hanseatic League, continued in full strength for over 3 centuries. The impetus given to commerce by this remarkable association of maritime towns carried trade to all points within the Baltic Basin, west to England and east to Russia, and served as an outpost and connecting point to older trade routes on the Continent and to the Far East. The regional headquarters of the Hanseatic League lived on into modern times in Antwerp, Bergen, and London, until finally its influence was swallowed up in the great commercial development of the eighteenth and nineteenth centuries, and in the growth of national sentiment and control.

In the New World also port towns played a great role in economic development. In 1609 Henry Hudson sailed up the great river which bears his name and in the next year a beginning was made of the rapidly flourishing Dutch trade in furs with the Indians. Thus developed the earliest beginning of the great port of New York, first in the rich trade with Holland, and later in the trade with the southern English colonies and with the Antilles. With the coming of English control the ports of New York, Boston, and Philadelphia shared in the rapidly growing and world-wide expansion of British commerce. In addition, there developed the enormously important port of New Orleans, which served the great inland territory later to be added to our great domain.

These great ports served a vital function in the development of the colonial period and in the early years of the Republic. Trade was vital to the very life of the New World and synonymous with the economic progress of the new nation. The tonnage of the vessels engaged in foreign trade in the port of New York alone increased from 18,000 tons to 146,000 tons in the 12 years from the formation of the Federal Union to the turn of the century.

History is replete with illustrations of nations which have languished and perished in consequence of a hermit policy, and in consequence of restraints and prohibitions placed upon intercourse with the outside world. The building of docks, quays, wharves, warehouses, terminals, and merchant fleets, the development of lines of commercial intercourse reaching out into all parts of the world—these activities form the first stage in the economic development of new countries, and continue, after industrial maturity has been reached, to furnish the means for expansion and progress.

An address on the subject of our foreign trade and our ports would not be complete without some mention of the act approved by the President on June 18, 1934, providing for the establishment, operation, and maintenance of foreign-trade zones in ports of the United States. This act provides that in each port of entry there may be established, after due authorization, a zone into which goods may be imported without being subject to the customs laws of the United States and in which they may be stored, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated. Because of the large amount of preparation required, no foreign-trade zone has thus far been established, but it is hoped that before long the facilities provided by this act may be availed of. While it is not to be expected that the establishment of foreign-trade zones will greatly add to the volume of our foreign trade, a gradual development of our reexport business may be expected to result from them. The act authorizing these zones opens up an additional field of profitable business for our people.

Our great port cities have a peculiarly vital interest in our neighbor countries on this great hemisphere. The friendly relations promoted and encouraged at the Montevideo Conference continue to bear fruit. A spirit of cordiality, confidence, cooperation, and good will, is steadily gaining ground between the countries of the new world, and this spirit of friendship cannot fail to bear fruit in the material and cultural advance of all these nations. The port cities can play their part in dissipating misunderstanding and prejudice and in nurturing the spirit of cooperation, mutual confidence, and respect between the United States and other American countries. This country will not turn back from the policy of the good neighbor, manifested at Montevideo and supported day by day by new evidences of cooperation and good will.

May I at this point take the occasion to say a word about two fallacies that are being worked overtime by lobbies and unfair opponents of our trade-agreements program. I refer first to the misconception which has become more or less wide-spread with respect to the recent imports of agricultural products and particularly grains and fodders. Let me say at once that for many years back we have year by year imported a limited quantity of grains, meats, vegetables, and dairy products, and even cotton. There are special reasons for this, such as seasonal factors, special varieties, transportation costs, etc. The proportion of imports in relation to the total domestic production has always been insignificant. Moreover, we have normally exported enormously more than we imported.

With respect to the recent imports, the fact is that our imports of dairy products, vegetables, meats, and fruits were in the 8-month period from July 1934 to February 1935, inclusive, considerably smaller in quantity than in the preceding 10-year average for the like period. Only in feeds and fodders is the importation greater than in former years. This increase in imports is due to the calamitous drought which reduced the production of grain products to almost a half of its normal level. The small restriction of output due to the A. A. A. amounts to less than 5 percent of normal production, while the drought reduced the normal supply by 45 percent. Farmers in need of feed grains for livestock and poultry have urgently needed the driblets of imports that have come in. How small these imports are can be seen when I tell you that these slight importations offset by less than 2 percent the shortage created by the drought.

I make this brief observation because it has been alleged that our trade-agreements program is flooding our domestic market with foreign agricultural products. This is not the case. Indeed, these importations have come in over the tariffs of the act of 1930, which in the case of these products have not been touched by any trade agreement.

In our trade-agreements program we are faithfully bearing in mind all sections of agriculture and industry in the entire country. We scrutinize with the utmost care every item of our trade with each country with whom we negotiate. We have gone far enough in our program to know that mutually profitable trade can be materially increased. Such trade expansion reacts cumulatively to the advantage of the whole country by increasing the volume of purchasing power and thereby expanding both the foreign and the domestic market for our agricultural and industrial products.

The second fallacy to which I wish to allude is the "buy at home" slogan. It is used by nationalistic and isolationist groups throughout the world. It is intended virtually to prevent imports into any country, no matter how desirable. Carried to its logical conclusion it would mean the end not merely of imports but of exports as well. A nation must buy if it wants to sell. "Buy American" really means: Don't sell abroad any cotton, tobacco, lard, fruits, automobiles, electrical and agricultural machinery, or other burdensome surpluses. In reality it means: Destroy the prosperity of large sections of our agriculture and our export industries, and with them the prosperity of our great port cities.

We have reached a critical period in the progress toward world-wide recovery. In this country and in some others substantial progress has been made. But in the world as a whole recovery thus far has fallen short of the desired goal. It has proceeded by fits and starts and recurring recessions. The millions of unemployed, the low level of productive activity, the continued stagnation in the heavy-goods industries, and the insignificant advance made in the physical volume of world trade attest how really inadequate is the progress thus far made. And when one looks at the international situation, it is not difficult to see some of the weighty reasons why these unwelcome facts confront us.

There are a number of fundamental conditions without which a full measure of industrial recovery in any important country is not possible. In the first place, there must be present a material basis for recovery in the revival of demand in the capital and durable goods industries and in the whole range of constructional activities. After 6 years of depression we have reached a point in this country, for example, in consequence of the accumulated need for replacement, repairs, and renewals, and in consequence of the continued development of new technics, new processes, and new products, which foreshadows an enormous improvement, a great forward march, in the heavy capital goods industries. Thus the material and technological condition for a sustained and pronounced revival is, I believe, present.

In the second place, there is needed a better balance in the domestic cost-price situation. Costs in certain important heavy and constructional industries are abnormally swollen. We have not yet worked our way down to bedrock. A large section of our industry is maintaining an artificial price situation, is endeavoring to move forward under the heavy burden of inflated capitalization, excessive overhead charges, wasteful overcapacity, and obsolete units and equipment. Never was improvement in industrial efficiency more needed than now. We cannot hold our place in the world if industry is to rely on doles, subsidies, and other artificial arrangements which bolster up and keep alive inefficiency at the expense of the progress and expansion of the vigorous and efficient units in our economy. We must come down from our artificial stilts to solid reality if we are to achieve substantial industrial prosperity and if we are to hold our place in the world market. To this end we need renewed application of business energy and initiative.

Thirdly, we must leave no stone unturned to reach progressively a better balance in the international price structure. The world economy has been subjected to a number of violently destructive upheavals during the course of the depression. Each of these disruptions in the balance of prices has set in motion devastating waves of wild speculation which obstruct the normal processes of production and exchange.

We must minimize to the utmost possible extent the possibility of further serious upheavals. Statesmen in many countries are inquiring whether the time has not arrived when cooperation between leading countries could put an end to serious exchange fluctuations. Such action would enormously facilitate the remaining need for international price adjustments which must be made before a genuine balance has again been reached.

As progress is made in this direction, we may confidently expect a loosening of the quantitative and other artificial barriers to trade which have been erected as bulwarks of protection against the chaotic international price and monetary situation. We find a growing willingness among foreign countries to go along in our trade-agreements program to ease trade restrictions and to remove progressively the prevailing discriminatory practices. More and more, as the balance in the international structure is improved by the continued progress made in exchange stabilization, we may anticipate an accumulating movement in the direction of freeing the channels of international commerce. While we must proceed as rapidly as possible on many fronts, it is not necessary to solve all at once the many baffling problems which confront humanity at this moment in the field of international economic relations.

The final thing which is needed to bring about recovery, without which the material technological basis and the price balance just referred to become mere dead mechanisms without vital driving power, is the resurgence of the spirit of enterprise based on renewed confidence. Business calculations with respect to the expansion of investment activity depend not merely upon the technical needs of industry, upon cost and price relationships, but also upon confidence in the workability of human institutions, in the facilities and safeguards provided for both old and new enterprise, and in sufficient flexibility of costs and prices so that the efficient unit can go forward unhindered by the fetters imposed by abnormal restrictions upon production or by arbitrary rigidities in costs and prices. It is most gratifying in this connection to observe an improvement in confidence and in business in our own country. I predict this will gather large momentum in the coming months.

It is of utmost importance that we seek by every means at our disposal to solidify and make more secure the stability thus far reached and to facilitate continued progress toward an improved international situation. But there are some ominous tendencies present in the world which, if persisted in, cannot fail to bring disaster and to undo whatever progress has thus far been made toward greater world stability. We witness all about us a reckless competitive building up of armaments, a recurrence of the mad race which prior to 1914 led the nations of the world headlong to destruction. If persisted in this course will again plunge the world into disaster. If it remains unchecked, we shall witness national bankruptcies, hopelessly unbalanced budgets, and consequent inevitable inflation, together with the utter destruction of such measure of national stability as has thus far been achieved. The world cannot extricate itself from this relentless circle if it does not stop its extravagant military expenditures. International sanity requires both military and economic disarmament.

Isolationism has been tried and found wanting. It has destroyed $22,000,000,000 of international trade. It leaves every nation struggling as best it can to save for itself whatever it can from the general wreckage. The resulting international situation which confronts the world today gives cause for grave concern to every thinking person. We cannot afford, after years of experience, to discount its powerful effect upon peace, economic security, and stable governments everywhere. The issues involved are enormously greater than the petty interests of this or that industry in tariff protection. The explosives packed in the current nationalistic tendencies may result, as they have resulted, in the further disorganization of social and economic fabrics.

Facing these threatened dangers, however, I have faith in the great traditions and strength of our American civilization, and I also have faith that statesmanship will, before it is too late, respond to the world crisis and find a workable solution.

PEACE HATH HER VICTORIES

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech by our colleague the gentleman from Minnesota [Mr. CHRISTIANSON], made on June 8, which demonstrates how Sweden settles its difficulties without going to war.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. KNUTE HILL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. THEODORE CHRISTIANSON, of Minnesota, at Pocono Pines, Pa., June 8, 1935:

We are gathered here to observe the thirtieth anniversary of the separation of two peoples, closely related, that from time immemorial have lived side by side on the Scandinavian Peninsula. Personally, I have seen neither Norway nor Sweden. Like my father before me, I was born in Minnesota. It is 85 years since my paternal grandparents, in obedience to an instinct which for unnumbered ages had prompted men and women of their blood to sail in ships out of Norwegian fiords into the sea, left their ancestral homes to seek more room and wider opportunities in a new land. I assume that most of you, like myself, are far removed from the European scene. You have become warp and woof in the fabric of America.

Nevertheless, although we belong wholly to this country, we cannot separate ourselves entirely from the Old World. We are the inheritors of traditions which have been brought to these shores. The British, the Irish, the French, the Germans, the Dutch and the Scandinavians came during the formative period; they contributed not only most of the blood of America, but most of its traditions and institutions. These peoples, and the others who followed, are a part of us, as we are a part of them. Nothing can happen to them that does not in a measure concern us.

It does not evidence, therefore, any narrow clannishness that we gather here to recall an event of historic importance and wide significance that brought honor and credit to our kinsmen across the sea, any more than it convicts a man of chauvinism, of whatever nationality his ancestors may have been, to observe Magna Carta day, to wear a sprig of shamrock in one's coat lapel, to thrill at the Marseillaise, to attend a performance of Goethe's Faust, or to drink Italian wine in commemoration of Christopher Columbus.

In order to understand what happened on June 7, 1905, it is important to know something of the history of the union between Norway and Sweden, which was severed on that day. The partnership under which these two countries had shared one king for 90 years, was one of the byproducts of the Napoleonic wars. King Gustavus IV of Sweden, sharing the prejudice of many of the reigning monarchs of his day against the young upstart from

Corsica, mixed in the European melee, and paid for it by losing Finland to Russia. The Swedish people thereupon rid themselves of their king and in due season placed in the line of succession to the throne the son of an obscure French lawyer, who as a young man had enlisted in the marines as a private and, following the rising star of Bonaparte, had become Marshal Charles Jean Bernadotte of France. The new crown prince, who, when he became king of Sweden assumed the title of Charles XIV, repaid his former leader by joining the European coalition against him, cast the deciding die at Leipzig, and claimed for his reward the crown of Norway, which for 433 years had rested somewhat easily on the head of the King of Denmark. Norway, Barnadotte thought, would be a fair recompense for Sweden's loss of Finland.

It was not difficult to persuade the great powers, for by transferring Norway from Denmark to Sweden they would not only recognize adequately Sweden's assistance in putting Napoleon in his place, but inflict a fitting punishment upon Frederick VI of Denmark for the latter's obstinate attachment to the French emperor. Accordingly on January 14, 1814, by the Peace of Kiel, the assignment was made by a group of diplomats who did not scruple to confer what was not within their power to give.

The Norwegian people had, for some time, been considering separation from Denmark, and some of the national leaders had even been planning to bring about a union with Sweden; but when the European powers sought to accomplish that union by giving the Norwegian crown to the Swedish King as a pawn of war, the spirit of nationalism burst into flame and swept over the land. Christian Frederick, Prince of Denmark, who at the time was Viceroy of Norway, undoubtedly did his best to fan the fires. He denounced the peace of Kiel, declared that Norwegian sovereignty resided only in the people, and stepped to the front as the leader of a nationalistic movement.

On April 10, 1814, 112 representatives of the people met at Eidsvold. They assigned to a committee of 15 the duty of drafting a constitution. The instrument that resulted from their labors was liberal without being radical. A British commentator has declared: "There is not probably in the history of mankind another instance of a free constitution not erected amidst ruins and revolutions, not cemented with blood, but taken from the closet of the philosopher, and quietly reared and set to work, and found to be suitable without alteration to all ends of good government." The reason for the success which attended the work of these constitution makers was that what they wrote merely put into words principles and procedures which had long been followed. "The new constitution was but a superstructure of a building of which the foundations had been laid and the lower walls constructed 8 centuries before."

The assembly formally adopted the constitution on May 17, 1814, and on the same day elected Christian Frederick king of Norway. The reign of the new king was short, lasting only 143 days. The former marshal of France, backed by the great monarchs of Europe, invaded the country. Colonel Krebs and his 2,500 Norwegians won brilliant victories at Lier and Matrand, but Christian Frederick's little army could not hope to stand for long against Swedish veterans commanded by one of the greatest warriors of Europe. Bernadotte, showing that he was a statesman as well as a soldier, refrained from pressing his military advantage, offered an armistice, and agreed to accept the Eidsvold constitution with such modifications as were required to effectuate a dynastic union between Norway and Sweden. On August 14, 1814, at the Convention of Moss, the offer was accepted, subject to ratification by the Storthing. The Storthing met on October 7, and 13 days later, by a vote of 72 to 5, agreed to accept the terms of the convention. Christian Frederick reluctantly surrendered his crown and returned to Denmark.

The act of union, which was approved by the Norwegian Storthing and the Swedish Riksdag the following year, like the Norwegian constitution recognized the union as resting, not on the Treaty of Kiel, but on the free consent of the Norwegian people. It recognized also the complete equality of the two kingdoms. It constituted, therefore, a renunciation of the Treaty of Kiel—a fact which must be borne in mind if one wishes to understand the issues involved in the separation which occurred 90 years later.

Within two decades after the union with Sweden was consummated there was launched a movement which was due to influence Norwegian thought profoundly. Norway's literature heretofore had drawn its inspiration from abroad; it had been basically Danish. Henrik Wergeland, the poet, initiated a new trend. He conceived the idea that as the men of Eidsvold had asserted the nation's political independence, Norway's poets and thinkers must establish its cultural independence. He proceeded to draw his literary material, not from classical sources as the Danes and their Norwegian imitators had been wont to do, but from the life of Norway's rural people. He also scorned the current literary forms and incurred the criticism of the patrician Johan Sebastian Welhaven. Between the two a literary feud developed, which shortly divided the nation in two schools of thought. On the one side, with Wergeland, were ranged the common people, who became infected with his fierce nationalism; on the other, back of Welhaven, stood the official class—the defenders of the status quo. The controversy spread from the literary to the political and sociological front. Out of it eventually came the cleavage between the Party of the Left and the Party of the Right. The conservatives were disposed to support the king and the union with Sweden; the liberals, on the other hand, were fierce nationalistis, who fought unceasingly to extend Norway's autonomy.

Ivar Aasen led a movement for the substitution of the local dialects, the "language of the common people", for the literary Danish, which to him was the sign of an ancient bondage. He raised the colloquial speech to a new dignity by reducing it to grammatical form. His work did not find general acceptance, but he succeeded in initiating a movement which has given to the Danish language as used in Norway a distinctly Norwegian flavor.

In 1850 Ole Bull built in Bergen a theater, of which Henrik Ibsen became stage manager, and the following year Bjornstjerne Bjornson, then of youth of 23, collaborated with Ibsen and others in establishing a national theater in the capital, in which Norwegian actors were to present Norwegian plays. Bjornson described the institution as "an outpost of nationalism against foreign supremacy." In 1857 Bjornson revived the Wergeland tradition by publishing Synnöve Solbakken, a novel which glorified the life and character of Norway's rural folk. He was joined by a galaxy of young writers, among whom the most conspicuous were Jonas Lie, Alexander Kielland, and Arne Garborg, who attacked social wrongs and pleaded for a better social order. Edvard Grieg and his contemporaries established a distinctly national school of music. Perhaps the most significant result of the work of these and other men of creative genius was that it developed in the people a new confidence in their native culture. Out of that confidence sprang a national consciousness which paved the way for the events of 1905.

In 1572 the King of Denmark had established in Norway the office of statholder, or viceroy, which served as a connecting link between the crown and the government. That office had been retained when the King of Sweden become King of Norway in 1814. In 1873 the Storthing passed a bill abolishing the office and establishing in its place that of prime minister. The next step to make the Government responsible to the people was taken a year later when the Storthing passed a bill requiring ministers of state to be members of that body and responsible to it. Oscar II vetoed the measure. The next Storthing repassed the bill, as did a third, and each time the King interposed a veto.

According to the terms of the constitution of 1814, a bill passed by three Storthings became a law, notwithstanding the King's objection; but the ministry nevertheless refused to promulgate the measure, taking the position that it amended the constitution and was therefore subject to an absolute veto. The Storthing thereupon impeached the entire ministry and removed it from office. The King finally yielded, after the measure had been so amended as to provide that members of the ministry should be eligible to election to the Storthing from districts in which they were not resident. Through the new constitutional amendment Norway got a cabinet form of government and stepped into line with the most advanced democratic states in Europe.

If the equality stipulated in the act of union had been recognized in practice as it had been acknowledged in theory, there probably would have been no separation of Norway and Sweden in 1905. But, unfortunately, it was not. The Norwegian Constitution was defective in that it made no specific provision for the conduct of foreign affairs; accordingly the King was left with a free hand in the appointment of diplomatic and consular representatives. Inasmuch as there was no Norwegian agency through which he could operate, he acted through the Swedish Minister of Foreign Affairs. Until 1836 the nomination of consuls, who represented Norway and Sweden jointly, was made in actual practice by the Swedish Council of State. Thereafter consuls were nominated by a joint council of State, upon which both countries were represented. In 1842 it was agreed that all commercial treaties which concerned both countries should be ratified by this composite body.

Until 1885, despite occasional controversies, the plan worked. But during that year Sweden incorporated in her constitution a section which provided that all questions of foreign policy should thenceforth be decided by the Swedish Foreign Minister. The effect was to subject the King of Norway and Sweden, while acting on matters which concerned both countries, to direction by the Swedish Government, while he was under no direction from the Norwegian Government. The control of Norway's foreign policy had passed into the hands of a Swedish official who was responsible only to the Swedish Riksdag. The new arrangement presented a direct threat to Norwegian sovereignty and made Norway, insofar as her foreign affairs were concerned, a vassal of Sweden.

The Swedes at once recognized the unfairness of the arrangement and offered to negotiate. They were willing to go full length in redressing the grievance. But by this time the Norwegian people, their spirit of nationalism running strong, were not disposed to accept such terms as the Swedes could afford to give. What the Norwegians had set their hearts on was a separate Norwegian foreign service.

The Norwegians felt that their shipping and foreign-trade interests, twice as great as those of Sweden, needed separate representation. The Swedes, on the other hand, feared that if Norway obtained the rights to negotiate treaties with foreign countries, she might commit herself to obligations that would jeopardize the safety of both countries. This fear was not without foundation, for one or two of the most influential Norwegian leaders had indiscreetly proposed that Russia be given an outlet to the ocean through an ice-free port on the northern coast of Norway, 18 miles from the Finnish-Norwegian boundary. If Russia, like the camel that got its nose inside the tent, effected the slightest penetration of Scandinavian soil, it would be only a question of time, the Swedes believed, until the whole peninsula became a Russian province.

I shall not burden you will all the details of the story of the 20-year effort to solve what had become an unsolvable problem. In 1892 the Storthing, without consulting Sweden, adopted a resolution abolishing the joint consular service, which the King promptly vetoed. In 1895, and again in 1902, a joint commission was created to consider the points at issue. In each case the two countries agreed to disagree. To be sure, the commissioners reached an understanding; they proposed that there should be two separate consular systems, each directed by its home government, and that the relations which the respective consular services were to bear to the minister of foreign affairs should be defined in identical laws passed by the Parliaments of the two countries and not subject to amendment or repeal except by mutual consent. This proposal was hailed in both Norway and Sweden as a solution of the vexed problem; but exchanges of views between the two Governments as to what the "identical laws" should provide disclosed no common ground upon which they could meet.

The Swedish Riksdag, anxious to preserve the union, which was threatened by a rapidly crystallizing Norwegian opinion, made another effort toward a rapprochement. It invited the cabinets of the two kingdoms to negotiate an agreement providing that there should be a joint foreign minister, who might be either a Swede or a Norwegian, to whom the separate consuls of the two nations should be responsible.

The Norwegian Government refused to reopen negotiations, and the Storthing, with only 10 dissenting votes, passed a bill creating a separate Norwegian consular service. The King vetoed the measure, and the Norwegian members of the Swedish-Norwegian ministry resigned. The King, realizing that he could find no one in Norway who would accept the responsibility of forming a new ministry, refused to accept the resignation.

On June 7, 1905, the ministers, headed by Christian Michelsen, the Minister of State, appeared before the Storthing and gave notice of the resignation. Thereupon, without debate, the Storthing unanimously adopted a resolution declaring that inasmuch as the King had no ministry through which he could act, and had declared himself unable to form one, the constitutional royal power had ceased to operate; that the King of Norway was unable to continue to function as such; and that the union of Sweden and Norway had therefore been dissolved. The Storthing empowered the members of the ministry to constitute themselves a temporary government, notified the King that the union was dissolved, and asked him to consent to the election of a member of his family as King of Norway.

The events which followed this coup d'état demonstrated the wisdom and greatness of the Swedish people. There can be little doubt that with their superior wealth and population and their preponderance of military and naval strength they could have forced Norway to remain in the union. To let Norway go meant to weaken Sweden's power to resist possible aggression from outside, as Sven Hedin had pointed out in his discussions with Fridtjof Nansen. The legal question whether Norway could withdraw from the union without Sweden's consent was at least debatable. The situation was one which, between any other two nations, would undoubtedly have brought armed conflict.

On May Day, when events were quickly moving toward a crisis, 30,000 Swedish workingmen marched through the streets of Stockholm, carrying banners inscribed "Justice to Norway, peace with Norway" and "Peace is secured by justice." After listening to a speaker who declared that "Sweden should treat Norway as the Swedes would wish to be treated by the Norwegians if Norway was the larger and stronger nation", the huge throng of Swedish men and women closed their meeting by singing the Norwegian national anthem.

Upon receiving notification that Norway had dissolved the union, King Oscar went through the formality of issuing a protest, but he took no step to prevent the separation. A sincere friend of peace, he refused to involve the two nations in a fratricidal struggle which would weaken and embitter both. The ministry recommended to the Riksdag that no effort be made to maintain the union by force, declaring that a union so maintained would be a source of weakness and not of strength.

The Riksdag passed a resolution offering to negotiate terms of separation after the Norwegian people by a plebiscite had indicated that they desired a severence of the union. By a strange coincidence, on the same day the Storthing ordered a general election to be held on August 13, at which the question of separation would be submitted. On the appointed day 368,208 voted for dissolution, and only 184 against.

In August and September, for more than 3 weeks representatives of the two countries negotiated at Karlstad. They agreed that new fortifications, erected along the border, should be razed. They created a neutral zone within which neither country would ever conduct any military operations. They stipulated that all points at issue between the two kingdoms not involving the independence or integrity of either should be submitted to The Hague tribunal.

The Storthing ratified the agreement on October 9, and 1 week later the Riksdag annulled the act of union. On October 27 Oscar II formally abdicated as King of Norway.

As American citizens, concerned about our own affairs, we should probably not be here today but for the fact that the events which I have related carry a lesson for us and for all the nations of the world. We are in the sixth year of a depression of unprecedented severity and duration. With the rest of the world we are suffering economic shell-shock from the Great War—the most destructive war of all time. We got into that war, although we had much less at stake than Norway and Sweden had in 1905. I believe that the same thing can be said of all the other participants in that titanic struggle. An Austrian archduke was murdered by a rash Serbian youth at Sarajevo. Therefore 10,000,000 men, the very flower of the civilized world, must be murdered, too. Does that make sense? The simplest half-wit could answer that question more wisely than the statesmen of the world answered it 21 years ago.

We entered that struggle in order to "make the world safe for democracy." Disregarding the generally accepted fact that we failed utterly to attain our professed objective, let me ask what business is it of ours whether democracy is "safe" in Europe and Asia. After all, democracy is a thing that springs from within; it cannot be imposed from without. If a people is ready for it, is capable of it, and is determined to have it, that people will get it and retain it, as the experience of the Scandinavian countries, of Holland, and of Switzerland well proves.

If other countries want dictators, let them have them. It is our job to see to it that we do not allow any dictatorship at home.

The theme that flows naturally from the historic facts which we have reviewed today is the futility of war. This country has had six wars, and it is reasonable to believe that all but one of them should, and could, have been averted. The one exception was the War of the Revolution. It justified itself by making it possible for a free people to develop free institutions and to build on this continent the greatest republic of all time.

The War of 1812 was fought to defend our right to use the seas. It did not settle anything; in the treaty of peace which followed it the issue which started it was not even mentioned. It did not give us great military prestige; the only battle in it that reflected any particular credit upon us was the Battle of New Orleans, which was fought after the war was over. The National Capital was sacked and burned, and today the only remaining tangible result of the War of 1812 is that we call the President's home the White House instead of the Executive Mansion—which, I concede, is an improvement, but hardly worth going to war for.

The War with Mexico was unpopular even while it was being fought. It was excoriated by Tom Corwin and condemned by Abraham Lincoln. At that, it had the unique justification that it was the only war since the Revolution out of which we ever got anything worth having. Stripping off the cloak of righteousness with which we like to cover our nakedness, it was a war of conquest. It was the kind of war our Norse ancestors were wont to wage before they became too civilized to fight.

When we come to the Civil War I admit that I am treading on dangerous ground. It has become so intimately tied up to our emotions that anybody who questions its justification is under suspicion of not being as patriotic as he should be. But, while I concede fully that the preservation of the Nation's integrity was worth every drop of blood spilled, I shall adhere to my premise that the Civil War was one which should and could and would have been averted if the Nation's statesmanship had not been utterly bankrupt in the latter fifties. The only truly great political leader of the day was Lincoln, and he came to power only when it was already too late to avert a conflict of arms. For only a fraction of the cost of the Civil War the Federal Government could have bought every slave in the South, paying twice what his master considered him worth, and could thereby have avoided not only the war itself but the carpetbag regime which followed it.

The War with Spain, like the World War, had a euphonious name. It was called a "war for humanity." We started it because we believed that Spain was responsible for blowing up the *Maine*, which we have never been able to prove. We fed the finest young men in the country embalmed beef, killing more of them with putrid food and bad water than the Spaniards did with bullets, and emerged from the affray with nothing to show for our effort but a Pandora's box of continuing and recurring troubles.

The sixth war in which we engaged I have already mentioned. I hope it was our last war, but fear it will not be. If anybody is disposed to question the assertion that our entry into it was the most colossal blunder of our Nation during its entire history, I shall agree to abide by the vote of any intelligent adult audience in the land.

Men are supposed to learn from their past mistakes. Sometimes I wonder whether they do. Today our Government is spending more for the Army and the Navy—for the next war—than ever before in times of peace. This year Congress is making $1,000,000,000 available for defense. By a vulgar display of naval strength in the Pacific we are helping the jingoes of Japan to get more funds for counterdefense from the Japanese Diet. Some day a spark will touch off an emotional powder magazine, and the two defensive navies, covering their camouflage of pretense with the black paint of war, will steam to some spot in waters that "lie east of Suez"; thundering guns will drop their burdens, spars will float among the waves; for a few moments the foam will be streaked with red. Then it will be said in the East that brown boys died for an emperor who was descended from some god, and in the West that white-skinned lads perished to defend some high and mighty principle that everybody talks about and nobody really understands. And a hundred years hence men delving in books and records and surveying the huge costs and insignificant consequences will wonder what in the world those boys did die for.

The time has come for us as Americans to think seriously about how we can keep out of the next war. The time has come to consider how we can preserve civilization in a world that seems determined to destroy it.

I have not come to give you the plans and specifications of a utopia, but I can suggest some things that should be done, and done at once. We should now, while the nations are at peace, redefine neutrality, rewrite the law of contraband, and recheck our ideas concerning the freedom of the seas; this we should do so that when two or more nations come to grips again we shall not find ourselves involved on one side or the other for supplying war materials or refusing so to do. We should let it be known that we do not consider warring peoples a good risk and that therefore we do not purpose to be their banker. We should serve notice upon our own citizens that we will protect their persons and their dollars so long as they keep them both at home, but that if they venture with either into zones of hostility they will do so without the backing of American battleships. We should be honest with our profiteers, telling them frankly that in the next war there will be no profits, and that if they want to spend any money for propaganda they will gain most by spending it for propaganda to keep us out. We should renew our negotiations with the great powers, seeking not only a limitation but a progressive reduction of armaments. We should show by example as well as precept that when we signed the Kellogg-Briand Pact to outlaw war we did not take the name of peace in vain.

It cannot be said of the two nations whose adventure in peaceful adjustment of international controversy we commemorate today, that they did not dare to fight. In their veins coursed the reddest fighting blood of Europe. For a thousand years their forebears scoured the seas and harassed every coast of the then known world. Their depredations made pious priests write into the ritual of the church, "From the fury of the Norsemen, deliver us, O Lord." They overran Russia and established its first dynasty, plundered palaces in Byzantium, conducted campaigns in Syria, Armenia, Palestine, Sicily, and Africa. They established colonies along the coast of Ireland, placed the greater part of England under their dominion, and exacted tribute from Alfred the Great. Under Rollo they invaded France and forced Charles III to surrender that part of his kingdom since known as "Normandy." Under Rollo's descendant, William the Conqueror, they took possession of England in 1066 and imposed the Norman upon the Anglo-Saxon culture. The history of western Europe for many centuries is the story of the exploits of tall blond warriors that came out of the North.

What accounts for the fact that the children of this fighting race became men of peace? Civilization. They not only had lost interest in war by learning its futility, but they had found that the battles that win enduring victories are the battles in which mind engages mind. So it is that the great names of Norway, Sweden, and Denmark today are not, like the Viking names of old, the names of soldiers, but of poets, composers, musicians, painters, sculptors, novelists, dramatists, historians, linguists, critics, architects, engineers, and statesmen. I wonder if we cannot find in the evolution of the people of the north a hint and a promise of what will come, as civilization advances throughout the world, to every people and every race.

The skalds, those poets and prophets of long ago, brooded on such themes as the mysteries of creation, the end of the world, and the death of the gods. They conceived of existence as a constant struggle between good and evil, light and darkness, life and death. In that final tragedy known as "Ragnarok", fate decreed that Odin, Thor, and most of the other gods and heroes of Valhalla would be slain. The sun would darken, fire consume the land, and the sea engulf the earth. But out of the waters would arise a new world, verdant and fruitful, where evil could not intrude, where there would be no more war, and there peace and righteousness would prevail. There a new race of men would appear, to live with the gods that had survived Ragnarok; and over them all would reign a new God, whose name no one dares speak—whose name, indeed, no one knows.

Man's most inspiring hope today is that this dream of the skalds was not merely a poetic fancy but a true and glorious prophecy.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to proceed for 1 minute in order to explain my absence on two roll calls.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, on roll call 93 of June 12 and on roll call 94 of June 13 I was necessarily absent, due to the fact I was acting as chairman of a subcommittee of the Interstate Commerce Committee of the House, which committee was holding hearings on the Pettengill long-and-short-haul bill during the absence of the subcommittee chairman, the gentleman from Indiana [Mr. PETTENGILL], who was acting in a similar capacity on a subcommittee having in charge the holding company bill.

ANTILYNCHING

Mr. MORITZ. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address of my own.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORITZ. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered over the radio:

Friends, I deem it a rare privilege to address you on a practice that has gone farther toward destroying our civilization, returning to an age of persecution and barbarism, and destroying the finest principles of Americanism than any plague that had ever infested this country.

I refer to that despicable, cowardly, criminal form of lawlessness that should be ranked as public enemy no. 1 of law and order, namely lynching.

We shudder as we review the dark, dim days of Salem witchcraft when superstition condemned many innocent victims to horrible death, to the days of the guillotine when human beings were beheaded to satisfy the whim of some monarch. Yet in this year of our Lord, 1935, we tolerate—and in some instances uphold—the mob that steals in under a blanket of darkness, defies the very law created for our protection, and condemns to horrible death some poor soul without so much as a hearing.

Why do I approve of an antilynching law?

Because I, like you, am an American citizen and a believer of the principles upon which our democracy is founded.

It is my firm belief that the one outstanding creed, not only of our Government but also of humanity, decrees:

"A man is innocent until proven guilty."

You can imagine the emotion, the heartache, and heartbreak of some poor mother or wife and family whose loved one is spirited away by the human wolf pack and hung by his neck until dead—a gruesome, horrible death, instigated by human vultures—on suspicion, and suspicion alone, mind you.

My very heart bleeds for many innocent souls who have passed to the great beyond without so much as a trial, the trial that God intended even the humblest should receive.

Have we entered an era of intolerance, returned to an age that mocks law and order, and steeled ourselves to the point that we can view with indifference the most damnable, most unfair, and most barbarous practice known to mankind?

Can the United States of America, after setting an example of Government that the entire world respects, conscientiously condone the cold-blooded, first-degree murder of a blood-thirsty, inhuman pack of monsters who laugh in the face of those who have founded our democracy and in doing so have guaranteed the constitutional protection which every citizen of this great Republic, regardless of creed, race, or color, is rightfully entitled?

I say no, and, in doing so, voice a most emphatic no.

It is my honest belief that those whose hands are stained with the blood of one not proven guilty in a court of justice should be punished accordingly, should be charged with the murder they have committed, and should be punished to the fullest extent of the law.

It is time, good friends, that this most dastardly, most cowardly, and most repulsive form of crime be abolished. The time is ripe when we, as a people, should turn upon the wrongdoers who are responsible for this premeditated form of murder and show these mobs, for once and for all, that we are not a race of savages who will tolerate the taking of a man's life without first granting him the trial that both God and man intended he should have.

It is time, and good time, that we should strike back at those whose victims have no chance to fight back and to uphold the very ideals that years ago prompted our forefathers to go to war with a great empire and gain the independence, liberty, and square deal denied us while under European yoke.

Before proceeding further, may I, with your kind permission, cite an outstanding example of patriotism, courage, and respect for the law that will live long in American annals.

I refer to that heart-broken and most gallant hero and father, Col. Charles A. Lindbergh, whose babe in arms was so cruelly kidnaped and murdered a few years ago.

Would it not have been an easy matter for Lindbergh's far-reaching influence and personal popularity to have incited a flaming mob spirit and have caused the horrible death of a suspect since proven guilty and condemned to death in a court of law?

Yet what action did he take?

None whatever save to mask his emotion, conceal his suffering, and with his head up and heart every bit as stout as when he made history by spanning the Atlantic, say:

"I want this man (with whose identity you undoubtedly are familiar) to receive a fair trial." Yet, there are those who, for far less reason, frequently no reason at all, are so steeped in prejudice, so small of heart, so deprived of character, and so contemptuous of your law and of my law that they will, brazenly and defiantly, seize a man from the very portals of justice, beat him and curse him, inflict upon him multiple tortures too horrible to mention, and hang him by the neck until he is a lifeless, inanimate, cruel testimonial of unspeakable barbarism.

Yet, good friends, it is within our power to put a stop to this terrible foe of civilization, to prove for once and all we are solidly behind the Government we love and to eradicate, for once and all, this public enemy no. 1 of the United States and civilization, the lyncher.

In much the same fashion that our Department of Justice has virtually eliminated the kidnaper, has jailed, and in some instances legally put to death, the gangster element, and has subdued the gunman and murderer in hand-to-hand battle, it also can take steps which will prove for once and all that we, as a people,

will not tolerate (much less sanction) the taking of a life by those with no authority to do so.

My friends, in all humility, I have tried to present facts as I see them. I have tried to reveal the horrors, the injustice and the sorrows caused by those half insane, half inhuman citizens who, unless we act and act quickly, will continue the reign of horror that has been created through this most contemptible and most cowardly of all practices—lynching.

I can only recommend measures that would put an end to a throw-back to the tortures our forefathers opposed so vigorously while banding us into the greatest nation on earth while shedding their blood. In other words I heartily recommend an antilynching law, a law that will punish the offenders and prove to the whole wide world that the United States of America, my United States and your United States, can enforce its own laws, inflict its own penalties, and exercise its own rights without interference of those who strive to tear down the very foundation upon which our Constitution is founded, namely the creed that: "A man is innocent until proven guilty."

And that guilt, mind you, can be proven only in a court of law and not by a band of murderers who would defy all principles of rationalism and Americanism.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. Under the special order of today the gentleman from California [Mr. HOEPPEL] is recognized for 10 minutes.

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include therein three verses of a poem, Our Flag.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, today is the one hundred and fifty-eighth anniversary of the adoption of our flag. Our flag was officially born when George Washington and two compatriots, as representatives of the Continental Congress, called on Mrs. Betsy Ross in Philadelphia and left an order for a flag. It would be futile for me or anyone else to attempt to express in mere words the symbolic value of the Stars and Stripes and what our flag means to us as citizens of a great republic. I fear, however, that too many visualize our flag as more or less the symbol of the veteran rather than the symbol of citizenship.

As a veteran of two wars, I make the assertion without apology that each and every one of us has a sacred obligation to the flag, the symbol of our national life, and that even though the majority of our citizens did not have the opportunity and honor of serving our Nation in war in the military or naval service, nevertheless the spirit of sacrifice and patriotic devotion evidenced by the nonveteran has equaled, if not in some instances eclipsed, that of the veteran himself. In simple justice we cannot ignore the sacrifices and the heroism of the mothers of our race, who instill patriotism and love of country in the hearts of their children from infancy and who thus lend impetus to the determination of the manhood of America to defend right and justice through every hazard. This debt which we owe to the mothers of our race should be gratefully acknowledged on this anniversary of the birth of our flag. The fortitude, patience, and hope which are evidenced by the youth of America today, passing as they are through a most serious economic crisis, portrays, as nothing else can, the high type of citizenship inculcated in the young, inspired, as we know it to be, in the family circle, through the love of God, country, and flag on the part of the parenthood of America.

The cross and the Bible, the two basic symbols of Christianity, are of no avail unless we reflect in our daily lives the precepts based upon their acceptance. Similarly, our Declaration of Independence, our Constitution, and our flag are symbols of American ideals of liberty and justice and we attain to the heights of citizenship, rightfully predicated upon these principles, insofar as we apply them in our daily contact with each other as citizens. We give further confirmation of these principles as we apply them in our relationship with other nations of the world.

Harry L. Burgess, of California, a comrade of mine and a member of the Veterans of Foreign Wars, has written a poem which I ask leave to insert in the RECORD at this point, since it strikingly personifies the flag in our daily lives and voices the sentiments I have here sought to express.

OUR FLAG AND YOU

I am whatever you make me,
And nothing, nothing more,
I am your belief in yourself,
The heights to which people may soar;
I live a life of various moods,
And of passions that urge and lag,
At times I rear myself with pride,
I am the American flag.

When purpose departs and I droop in shame,
And my judgment goes astray,
Still I am all that you hope to be
As you toil from day to day;
I am song and fear, and ennobling hope
That should never, never sag,
I am the Constitution, the courts and the law,
I am the American flag.

I swing aloft with colorful gleam,
A symbol of your own self,
My stars and stripes are your fondest dreams,
Devoid of pilfer and pelf;
They are bright with courage and resolute faith,
When you do not permit them to drag,
I am made from your true hearts and righteous souls
I am the American flag.

THE OLDEST LIVING DEFENDERS OF THE FLAG

While we pay just homage and tribute to our flag and to the defenders of the flag who have passed on, it is proper and appropriate that we also pause to consider and pay tribute to those yet alive who have contributed so much to maintain the honor and prestige due the United States as a nation and the flag which symbolizes it.

It is indeed an honor to me to have this opportunity of reciting the distinguished military service of Brig. Gen. Aaron Simon Daggett, retired, who was born June 14, 1837, at Green Corner, Maine, and who thus today celebrates his ninety-eighth birthday. He is the oldest officer on the retired list.

General Dagget enlisted on April 27, 1861, as a private in Company E of the Fifth Maine Volunteer Infantry, and was commissioned second lieutenant 4 days later. He was promoted to first lieutenant May 27 and to captain August 15 of the same year, 1861. He is a veteran of the Civil War, the Indian Wars, and the Spanish-American War.

He participated in 18 battles of the Civil War, commencing with the First Battle of Bull Run July 21, 1861, and including the Battles of West Point, Gaines' Mills, Goldings' Farm, White Oak Swamp, Second Battle of Bull Run, Battle of Crampton's Gap, Antietam, and Fredericksburg, Va.; Second Battle of Fredericksburg, Salem Church, Gettysburg, Rappahannock Station; operations at Mine Run; Battles of the Wilderness, Spottslvania, Cold Harbor, and Petersburg. At Spottsylvania he was wounded at the "bloody angle", and he was again wounded at Cold Harbor.

He was brevetted major "for gallant and meritorious services in the Battle of Rappahannock Station, November 7, 1863", and was later brevetted lieutenant colonel "for gallant and meritorious services in the Battle of the Wilderness." After the war he was brevetted colonel and brigadier general, United States Volunteers, "for gallant and meritorious services during the Civil War."

After the Civil War, he was commissioned captain, Sixteenth Infantry, and served in various parts of the United States until June 1898, when he embarked, with his command, with the American army of invasion for Cuba.

He participated in the Battle of San Juan, Cuba, in July 1898. Following this, he served in the Philippine Islands where he participated in the battles at Imus River and Bacoor. He served in China with the Chinese Relief Expedition and was recommended for "gallantry in the Battle of Yangstun, China, August 6, 1900, and for energy and good judgment in the attack on Pekin, China, August 14, 1900, and for gallantry and excellent supervision of the attack on the gates of the Imperial City, August 15, 1900."

In the Chinese Relief Expedition, American troops served for the first time in our history with allied troops. The very creditable manner in which our troops comported themselves on the field of battle is described in a volume published in 1903 by the Hudson-Kimberly Publishing Co., of Kansas City, Mo. In this volume, General Daggett, then

colonel of the Fourteenth Infantry, with his command, is credited with being the first to scale the walls of Pekin and the first to open the gates to bring relief to the beleaguered legations and populace, notwithstanding that one of the armies of the allied forces participating endeavored to attain this objective first, but they were repulsed.

The report recounts that Battery F of the Fifth Artillery, commanded by Captain Reilly, who was killed in the attack, shelled the gates preparatory to the action. During the bombardment, General Chaffee was in command of the American troops. Addressing a remark to Captain Leonard, now Major General Leonard, retired, General Daggett stated, "I believe that wall can be scaled." His enlisted trumpeter, Calvin Titus, now Colonel Titus, retired, spoke up, "If you wish, I will try it, sir." General Daggett consented. Titus leading, the Fourteenth Infantry men were soon on top of the wall, and after stopping the Chinese fire, they entered the city and opened the gates, thus permitting the allied troops to enter.

General Daggett, with his command, was the first finally to reach the wall, first actually to scale it, and first to get inside the fortifications.

In paying tribute to General Daggett and his immediate command, the Fourteenth Infantry, I do not wish to detract from the credit due other American troops who participated in the relief of Pekin and whose commendable and creditable service evidenced to the participating allied troops that the American soldier was the equal, if not the peer of any other.

Most remarkable and outstanding in the long, honored, and distinguished career of General Daggett is the fact that at the age of 99 years he is still active in the affairs of his country and his fellow men. According to a communication received, General Daggett is extremely alert mentally. Reading is his hobby. About 2 weeks ago he attended a meeting of National Indian War Veterans and gave a 10-minute address, recounting some of his experiences as a soldier. His friend, Gen. Samuel Sumner of the Indian wars, who is 96 years of age, frequently takes him for an automobile ride.

OLDEST KNOWN RETIRED ENLISTED MEN

It appears fitting on this occasion also to recognize the outstanding service of the oldest known retired enlisted men who served during the Civil War, our Indian wars, and the Spanish-American War. One such is Comrade James H. Wilson, now residing at Watertown, N. Y., who is 96 years of age. The next oldest, according to my knowledge, is Comrade E. M. Waller, a resident of the District of Columbia, who enlisted in the Confederate service at the age of 14 years as a drummer boy in the Thirteenth Tennessee Infantry on June 6, 1861, to serve for a period of 1 year. He was discharged by expiration of term of service immediately after the Battle of Pittsburg Landing, Tenn., in which engagement he, a mere youth, participated. He reenlisted in General Bell's escort of General Forest's cavalry and was in all engagements in which Brigadier General Forest's cavalry forces participated, including Paducah, Ky.; Fort Pillow, Brices Cross Roads, Miss.; and Johnsonville, on the Tennessee River; and was in the advance guard of Hood's army in its advance to Nashville. He participated in all the engagements which were fought in this advance and acted as the rear guard in the retreat of General Hood's troops, which meant that he was under fire virtually every day from the time General Hood's lines were broken at Nashville until they crossed the Tennessee River in their retreat. Comrade Waller was awarded a medal of honor by the Confederacy for outstanding valor on the field of battle.

After the Civil War, Comrade Waller enlisted in the Eleventh Infantry and served during the Indian uprisings in the West. He was discharged in 1878 and reenlisted in the Fifth Cavalry, serving in that regiment continuously until he was placed on the retired list as an enlisted man in June 1902.

The high type of creditable service which Comrade Waller rendered to the Confederacy and later in the Regular service has been continued by him in his retirement. Since 1903 he has been the custodian clerk of All Souls' Unitarian Church in the city of Washington, and has the highest testimonials of esteem and regard from citizens of influence here in the District. He is the present commander of Camp 171, United Confederate Veterans, and brigadier general commanding the District brigade of Confederate veterans. He is also a member of the Retired Men's Association, No. 1, of the District of Columbia.

In closing, it is fitting that I reiterate that the examples of unselfish service which I have just enumerated should inspire our American youth of today to emulate in the conduct of their daily lives the high type of service which was so unstintingly and patriotically given in peace as well as in war by General Daggett, Comrade Waller, and their aged compatriots. [Applause.]

Mr. BLANTON. Mr. Speaker, in recognition and in appreciation of a highly patriotic speech just made by the gentleman, I ask unanimous consent that his time may be extended 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, yesterday a colloquy occurred on the floor of the House between the gentleman from Texas [Mr. BLANTON] and myself, and I wish to say at this time that what I hereafter state will in no wise impugn the motives and action of the gentleman from Texas [Mr. BLANTON]. I regard him as one of the most outstanding Members of this House. He is a personal friend of mine, and I wish to cooperate with him wherever I can in the interest of legislation in behalf of the people.

In the CONGRESSIONAL RECORD of yesterday, on page 9226, the gentleman from Texas [Mr. BLANTON] asked this question:

I asked the gentleman if he advocates what is going on now in Russia.

To this I replied:

In reference to Russia, yes.

As Mr. BLANTON proceeded without giving me time to answer fully, I here wish to affirm that it is my opinion that the Russian people are entitled to the type of government that they themselves wish and that it is not the business of any American to interfere in the internal political problems of a friendly nation. The President himself recognized this basic American principle when he recognized Russia and sent a distinguished Ambassador to represent us.

I wish to reiterate that I am a firm believer in the freedom of speech, in the freedom of religious worship, and also in the free use of the radio by all classes and groups of our own citizenry. It ill behooves me as a citizen to criticize a friendly nation as long as we have millions of our own people unemployed, with a debt problem becoming increasingly burdensome, and very little to cling to in our distress except hope! It is my opinion that if we would pay more attention to our own affairs and abolish special privilege, the creator of communists in this country, we would be more truly living up to the true concepts of Americanism.

As a Christian who believes in the basic teaching of the Bible, I cannot condone or approve of the reported actions of the Russian Government in respect to religion. I believe that every man has a right to worship God according to the dictates of his own conscience, whether he be in Russia, Mexico, or anywhere else, and I do not believe that any nation or any person has the right to attempt to efface the thought of God from the schools.

While I do not approve of the reported attitude of the Russian Government toward religion, my opinion of the Russian people, with whom I lived for 6 years, is that they are a wonderful people. I found them to be a sincere, family-loving, Christian people, honest and upright, and it was a pleasure to be associated with them.

Yesterday I called the attention of the gentleman from Texas [Mr. BLANTON] to a speech delivered by Mr. Gannett, of the Gannett newspapers. I recognize that the newspapers cannot always be right, although I believe they make a sin-

cere effort to give us the truth. I met Mr. Gannett personally at a banquet recently, and he gave us his fair and honest impressions in reference to his journey through Europe and expressed his views in reference to the governments of Europe. I hope that every Member will read what Mr. Gannett said in reference to Russia, which appears in the CONGRESSIONAL RECORD of May 8.

I attended a dinner last winter here in Washington, honoring the Russian Ambassador, at which banquet our late-lamented Speaker, Mr. Rainey, gave a very clear and concise résumé of his experiences and observations in Europe. He did not criticize but rather extolled the Russian idea of cooperation. I have no knowledge of conditions in Russia, except that gained from reading and from the contacts made with persons who have been in Russia, but it would seem to me that if our Government, through the Department of State, finds conditions in Russia to be detrimental or menacing to our country, suitable recommendations should be made by the State Department to the President and, if necessary, to the Congress. I am not concerned with the problems of the Russian people, or any other foreign people, except from the broad standpoint of brotherhood, but I am vitally and basically interested in the well-being of our own people who are being driven into communistic thought by the agencies of entrenched wealth which are becoming increasingly powerful. The failure of our Democratic administration adequately to tax entrenched wealth is an indictment, it would appear, of our intelligence and ability to legislate in the interest of the people.

Our Democratic platform of 1932 specifically pledged a Budget balanced with revenue raised upon the basis of ability to pay. Instead of paying our obligations, we are continuing to vote tax-exempt bonds, which are subscribed to with alacrity by Pierpont Morgan and others of the "ultra-patriotic" group, who are, in fact, so patriotic that they evade income-tax payments wherever possible. Pierpont Morgan, however, did pay income tax to England while he was not paying any to the United States.

Under the new deal, the profits of many corporations have increased. The billions of dollars of surpluses which lie in the vaults of the great corporations are not taxed. Under the new deal the number of persons receiving net incomes of more than $25,000 per annum has increased surprisingly while the number of individuals receiving less than $2,000 per annum has also increased. The rich are getting richer and the poor are getting poorer, according to this.

Our party refuses to adopt the basic principle of equalizing the cost of government through a proper system of taxation wherein wealth will pay its proportionate and just share. If wealth bore its share of taxation, our national indebtedness would not be approximately $35,000,000,000 and there would be no necessity to fear the thought of communism in our country. I have a higher regard for the citizenship of America than to believe that if our people are given a chance for honest labor to provide for themselves and families, they will ever stoop to such a fallacy as communism.

Our Government should appropriate hundreds of millions of dollars for education, for health, and for recreation. Our American youth, under the conditions of the new deal, are suffering inordinately. Unless their families are objects of charity, they cannot obtain Federal work, even in a C. C. C. camp at a starvation wage of $30 per month. It should be borne in mind that the young people of America, thus penalized, are the very individuals who will be called upon ultimately to pay for governmental profligacy and the squandering of billions through the present improper system of borrowing from the rich to give a crumb to the poor.

I am inclined to refer to the Bible to which I subscribe as a guide for human conduct. It is my opinion that we Americans may well cast the beam from our own eyes before we criticize what we hear or what we believe is taking place elsewhere on the globe. I wish to see the new deal a success, not for the sake of our party, not for the sake of the President, but for the sake of our suffering people who are going through an unnecessary Gethsemane because of the fact that our American Congress fails to act legislatively on definite recovery measures now before it.

Communism! There is no danger from that source if we will meet the problems before us courageously and in justice to our people; and it is my sincere belief that those who shout their warnings against communism from the housetops may well retire to the solitude of self-examination to determine whether or not they are doing their part to avert the danger they visualize, and whether the voting of tax-exempt bonds by the billions and increasing our national debt out of all proportion is the kind of a new deal they hoped for and subscribed to when we all so unitedly supported our President in 1932.

I for one will not criticize any nation or any people on their form of government as long as I find so much to do in my own beloved country to alleviate the distress and suffering of our aged, our youth, and our unfortunate unemployed. While I consider it my sacred duty to exercise to the utmost the principle that I am my brother's keeper, I believe that my first duty, as a legislator, is to those who are looking directly to us for assistance, to our own people, and after they are contented, employed, and prosperous, I may utilize my energy in considering the political and economic problems of other nations.

BRIG. GEN. AARON SIMON DAGGETT

Mr. PLUMLEY. Mr. Speaker, by direction of the Committee on Military Affairs I ask unanimous consent for the immediate consideration of House Resolution 243, which extends the felicitations and congratulations of the House and acknowledges with gratitude the distinguished and patriotic service which Gen. Aaron Simon Daggett has rendered to his country.

The Clerk read the resolution, as follows:

House Resolution 243

Whereas Brig. Gen. Aaron Simon Daggett, United States Army, retired, celebrates his 98th birthday on June 14, 1935; and

Whereas General Daggett is the oldest officer on the retired list of the United States Army, the oldest officer who served during the Civil War and the Spanish-American War; and

Whereas Gen. Aaron Simon Daggett, who was born at Green Corner, Maine, June 14, 1837, and who enlisted as a private in Company E of the Fifth Maine Volunteer Infantry on April 27, 1861, served throughout the Civil War, attaining the rank of lieutenant colonel, participated in 18 battles of the Civil War, was twice wounded and thrice commended for gallant and meritorious service during the Civil War; and

Whereas General Daggett served during the Spanish-American War and participated in the Battle of San Juan, Cuba, in July 1898, and later participated in the Philippines in the battles at Imus River and Bacoor; and

Whereas he later served as a colonel of the Fourteenth Infantry in China and was recommended for gallantry in the battle of Yangtsun; and

Whereas, although all the allied troops participating in the suppression of the Boxer Rebellion endeavored to be the first to reach and scale Pekin's "Chinese City" wall and open the massive gates from within, this feat was accomplished by troops of the Fourteenth Infantry, commanded by the then Colonel Daggett, who, with his troops, was also the first of the allies to enter the Imperial City and who had command of the "Forbidden City (Innermost and Most Holy)" within his grasp when General Chaffee's order to cease firing was received; and

Whereas the military record of Gen. Aaron Simon Daggett will forever serve as an inspiring influence to American youth, instilling in them the quality of patriotism and the desire to serve freely and voluntarily in the defense of their country: Therefore be it

Resolved, That felicitations and congratulations are hereby extended to Gen. Aaron Simon Daggett on his ninety-eighth birthday and that the House of Representatives acknowledges with gratitude the distinguished, patriotic service which he has rendered to his country; and be it further

Resolved, That a copy of this resolution be appropriately inscribed and presented to General Daggett by the Clerk of the House of Representatives.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

The resolution was agreed to.

The motion to reconsider was laid on the table.

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the Clerk of the House be authorized and directed to telegraph to this distinguished soldier the fact that the

House has, on this his ninety-eighth birthday, felicitated him by the passage of this resolution.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. BLAND. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may sit during sessions of the House on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

RETIREMENT PENSIONS OF DISTRICT OF COLUMBIA FIRE DEPARTMENT MEMBERS

Mrs. JENCKES of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including facts I have gathered to go with a bill I am introducing today.

The SPEAKER. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, I desire to bring to the attention of the Congress a most important subject. It is a subject in which I hope every Member will become interested. I refer to the discrimination against the rank and file members of the District of Columbia fire department in the awarding of retirement pensions.

One of my first assignments in Congress was as a member of the House Committee on the District of Columbia. In giving my conscientious attention to this assignment I have seen many things for which our District of Columbia Commissioners should be strongly commended, but I am sorry to say not all things.

By my nature, having always extended my deepest sympathy and aid to the oppressed and those who need help, this attitude soon became known here in Washington, with the result that on many occasions I have been requested to intercede on behalf of citizens here in the District of Columbia who thought they were being imposed upon. Naturally an investigation on my part would ofttimes disclose that these claims were without merit, being purely imaginary on the part of the complainants, and on such occasions I would try to pacify the aggrieved persons and make them see their particular problem in its true light.

On the other hand, whenever occasion arose, and with a desire to determine what was right and what was wrong, without regard to politics and without regard to whether or not the person aggrieved was my constituent, and with a full sense of my duty as a member of the District of Columbia Committee of the House of Representatives toward residents of the District of Columbia, I have never failed to sponsor rectifications of wrongs and to expose wrongdoers in a frank and open manner.

For a considerable length of time, as you know, I have been interested in the well-being and welfare generally of the fire department of the District of Columbia, particularly the rank and file thereof. They are a splendid group of men and have rendered a loyal service in years gone by in spite of certain administrative handicaps which, since they have been rectified to a large extent, need not now be discussed.

More recently, my attention was directed to the plight of a group of the rank and file members of the District of Columbia Fire Department, who had been retired from service because of disabilities incurred in line of duty. Charges were made that while retired officers of the fire department were almost unanimously receiving full pensions of half pay, which in the case of a chief engineer of the fire department would amount to $4,000 per year, economies were being practiced on retired privates who at most were eligible to receive but $100 per month or $1,200 per year and who were receiving less than that figure in many instances. Being unable to comprehend such unfair treatment of human beings by human beings, especially those in high offices in the administration of District affairs, I decided to investigate the matter on my own account.

First, I called on Commissioner Melvin C. Hazen for a list of pensioners of the fire department of the District of Columbia, with the retirement rate of each. After great reluctance, and pledging me to utmost secrecy, after a long elapse of time, I finally got this data, and it verified the original charge which had come to me from the general counsel of the City Fire Fighters' Association of the District of Columbia, an organization comprised of the active rank and file of the District of Columbia fire department. This list showed that as of April 4, 1935, there were 204 retired firemen on the pension rolls, of which 68 were officers. Of the officers, all but 4 got the maximum pension allowed by law, of full one-half pay, the 4 not receiving full pensions having been disabled by injuries or illnesses incurred in line of duty; whereas of the 136 retired privates—most of whom were retired for disabilities incurred in line of duty rather than on account of age or length of service—45, or 33⅓ percent, do not get as much as $100 per month.

In the belief that this situation would be rectified if the discrepancies were called to the attention of the District of Columbia Commissioners, I then suggested to the men, through their counsel, that several cases be appealed to the Commissioners for an increase in pension. For no apparent reason, the Commissioners recently turned down the majority of these applicants for an increase in pension, granting increases to but few, in one case raising the pension from $69.16 per month to $70 per month. Think of it—an increase of 84 cents. Just what will this man do with his 84 cents? My investigation further showed that all of the men involved had been incapacitated in line of duty and that increases in pension were denied them while these same District of Columbia Commissioners countenanced the huge pensions mentioned heretofore to officers who had been retired on account of years of service or age with no disability.

Of particular interest at this point is the case of one Sidney Bieber, who was retired on September 1, 1905, with but 6 years' service in the District of Columbia fire department, and all of this in the quasi-clerical position of fire marshal, and who is now receiving a pension of $208.33 per month or $2,500 per annum, although he was never disabled, never subjected himself to danger because his position did not require it, and who never fought a fire in his life, because that is not the function of the fire marshal.

Another case was that of ex-Superintendent of Police Edwin B. Hesse, who in his later life was appointed as superintendent of police from the nonpolice position of chief clerk of the department, who served as superintendent for less than 2 years (his total service in the uniform ranks), and who now receives a pension of $4,000 per year, being $333.33 per month, which is a full one-half of the present salary rate of $8,000 per annum for the major and superintendent of police.

There are innumerable other cases which are almost as flagrant as these, all while these poor disabled men, with injuries or illnesses incurred in line of duty, thrown out of their jobs as no more fit for fire department duty, on very low pensions of less than $100 per month, in one case as low as $40 per month.

Whose fault is this, I next ask? Is it the fault of Congress by failing to provide funds, or of the the District of Columbia Commissioners who administer the pension funds?

By an act of Congress dated February 1, 1916, the Commissioners of the District of Columbia were given authority to retire policemen or firemen for causes stated in the act, including disability incurred in line of duty, at not to exceed half pay. Due to discriminations against privates and lower-ranking officers in the administration of the fund, we next find that Congress passed the law of February 17, 1923, known as "An act to equalize pensions in the police and fire departments." (See section 593 of title 20 of the District of Columbia Code.) Even with this law the Commissioners failed to increase the pensions of the underpaid retirees, and forced one poor private of the police department (one Roberts) to bring a suit to prove the true meaning of the act of February 17, 1923. In this test case (*Daugherty* v. *United*

States ex rel. Roberts, in 58 App. District of Columbia, 308), the court held that every retired policeman and fireman were entitled to receive pensions of full half pay based on the then current salary laws; but notwithstanding this decision the District of Columbia Commissioners still failed and refrained from giving these full pension rates to many pensioners. On July 1, 1930, Congress was prevailed upon to revest the Commissioners with discretion in setting the pension rates, with the limitation of one-half salary, upon said Commissioners' implied promise, at least, to administer the pensions fairly, impartially, and consistently. However, today we find from an examination of the pension rolls that these incapacitated rank and file members of the department are still being discriminated against by receiving very low pensions, when they could and should receive $100 per month, whereas the high ranking retired officers of the fire department are receiving full pensions.

In other words, by the maladministration of the pension funds by former District of Columbia Commissioners, which upon recent opportunity was not rectified by the present Board of Commissioners, the retired officers of the fire department are receiving public moneys for luxuries while the rank and file retired men, with their disabilities and handicaps, are barely able to subsist on the retirement pay to which they must be limited from the very low pensions meted out to them. Mr. Speaker, this condition touches my heart, as it should touch the heart of every Member of Congress.

What is the solution? The bill which I have just introduced to change the provisions of section 584 of title 20 of the Code of Law of the District of Columbia will take away the discretion from the Commissioners of the District of Columbia in setting pensions of those who have been mistreated to date. In other words, under my bill, there will be no more uncertainty when a man must retire, whether it be due to his age, his length of service, or physical disabilities incurred in line of duty. Under my bill, he will receive a full one-half of his salary as a pension, with a minimum of $100 per month, which minimum, I submit, is necessary for a man's existence, especially where he has a family. A second proviso in my bill will make the law applicable to those who are now retired and who have been discriminated against by unfair and inadequate pensions as aforesaid.

This is a humane bill, and should be enacted into legislation at the earliest possible date, for in the meantime, the unfair administrative attitude of our present District of Columbia Commissioners in failing to grant proper pensions to the disabled rank and file members is causing human suffering by depriving them of the necessaries of life, including medical attention, as well as food, clothing, and the like. It will be a law for a definite pension, rather than one subject to the whims of administrative officials, and is in line with more general legislation of Congress, namely the Federal employees' compensation law, which grants $116.66 per month disability pension to anyone disabled on account of an injury or illness incurred in line of duty, provided said employee receives a salary of as much as $2,100 per annum. A minimum of $58.33 per month disability allowance is provided where the disabled employee's salary is as little as $58.33 per month, but these are details, and, as stated, the broad general proposition involved is that if a general Government employee is incapacitated in line of duty he receives a definite disability compensation, and not one which is subject to the whims of administrative officers, as is the case under the present disability and retirement law with respect to firemen and policemen of the District of Columbia.

While I naturally feel embittered at any Government official who would be unfair in his care of subordinates, especially the lowly and humble subordinates, nevertheless, bitterness and recrimination are not the basis for this bill. I would harm none, but only help those who most need help, and if you will indulge me it might not be amiss at this point to allude to the everlasting words of the immortal Abraham Lincoln, who in his second inaugural address stated in part these words:

With malice toward none, with charity for all, with firmness in the right, as God gives us to see the right, let us strive to finish the work we are in; to bind up the Nation's wounds, to care for him who shall have borne the battle, and for his widow and his orphan. * * *

The disabled firemen with injuries or illnesses incurred in line of duty, are the ones who have borne the battle here. Let us, by enacting a definite and appropriate law, properly care for him who shall have borne the battle, and for his widow and his orphan.

EXTENSION OF N. R. A.

Mr. SABATH. Mr. Speaker, due to the severe hoarseness of the Chairman of the Rules Committee I have been requested to call up House Resolution 256.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution the joint resolution (S. J. Res. 113) entitled "Joint resolution to extend until April 1, 1936, the provisions of title I of the National Industrial Recovery Act, and for other purposes", with the amendment of the Senate to the House amendments, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate amendment to the House amendments be, and the same is hereby, agreed to.

Mr. SABATH. Does the gentleman from Pennsylvania [Mr. RANSLEY] desire any time?

Mr. RANSLEY. We would like to have 15 minutes.

Mr. SABATH. Mr. Speaker, I yield to the gentleman the usual 30 minutes, although I understand he is not going to use all of it.

Mr. Speaker, I do not think there is any opposition to this resolution as the Members are familiar with Senate Joint Resolution 113, it having been debated at great length in the House.

Mr. MICHENER. Mr. Speaker, will the gentleman yield for a question?

Mr. SABATH. I yield.

Mr. MICHENER. As I understand, with one exception no such rule as this has ever been brought into the House. Therefore I am not familiar with just how it works and I should like to ask this question: Under this rule, as I understand it, when you adopt the rule you have agreed to the amendments and given approval to the N. R. A. resolution. In other words, there is no opportunity to discuss the amendments or to give them any consideration. There is no opportunity to read the amendments. This is just a question of voting "yes" for the rule, and when you vote "yes" for the rule you adopt the amendment and give approval to the resolution. It is a rarefied type of gag rule.

Mr. SABATH. I disagree with the gentleman that it is a gag rule. It is not a gag rule. If gentlemen on that side had not objected yesterday and if unanimous consent had been granted, as originally agreed to and stated on the floor by your leaders, we would have had only 20 minutes on the side. This resolution will give 1 hour—30 minutes on the side—and in view of the statement of Mr. RANSLEY, ranking Republican member on the Rules Committee, that he desires only 15 minutes, it cannot be charged that anyone is being gagged.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Not now. I cannot yield, because the gentleman is responsible for this extra time being taken by the House.

Mr. RICH. I should like to explain my position to the gentlemen.

Mr. SABATH. I refuse to yield.

I repeat, this is not a gag rule. All this rule does is to take the Senate joint resolution that has been amended by the House and then the House amendment amended by the Senate from the Speaker's table and agree to the Senate amendment. This amendment is similar to the amendment originally offered by the gentleman from Texas in the House, and which was defeated by only a few votes. The amendment is as follows:

Provided, That the exemption provided in section 5 of such title shall extend only to agreements and action thereunder, (1) putting into effect the requirements of section 7 (a), including minimum wages, maximum hours, and prohibition of child labor, and (2) prohibiting unfair competitive practices which offend against existing

law, including the antitrust laws, or which constitute unfair methods of competition under the Federal Trade Commission Act as amended.

Mr. Speaker, this amendment had my support originally and I do not think it necessary to take up any more time in explaining the important need for the passage of this resolution without unnecessary delay.

Mr. Speaker, I now yield to the gentleman from Pennsylvania, reserving the balance of my time.

Mr. RANSLEY. Mr. Speaker, I yield 15 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, insofar as the Republican Membership of the House is concerned, or at least insofar as the leadership is concerned, I am advised that there is no organized opposition to this rule. The few remarks I shall make will be directed principally to the Republicans, and I shall try in this length of time, if I can, to explain the parliamentary situation. If there is anything I say that will be at all interesting to the Democrats, they are welcome to listen, because we have a parliamentary situation here which is rather unique.

At the expense of being tedious, I would like to review for a moment what has taken place with reference to the matter we are about to consider. You will recall that last week we voted an extension of the N. R. A. We passed the Senate joint resolution here in the House with an amendment. The Republican Membership quite generally opposed to the measure. It went over to the Senate, and the Senate sent it back for our consideration with an amendment to the House amendment. In the regular course it went to the Ways and Means Committee. The Ways and Means Committee met and accepted the amendment.

The ordinary parliamentary procedure would be for the Chairman of the Ways and Means Committee to come in and ask unanimous consent to take up the Senate amendments and agree to them or to disagree and ask for a conference. The committee instructed him to bring them up under unanimous consent. If such a request was unanimously agreed to, that would amount to passage of the amendments; but if someone should object, as happened yesterday, then the matter would properly have to come before the House for consideration. How could it come up? The Rules Committee should bring out a rule. This was done, and we are now considering that rule. This rule, on the face of it, would indicate that it is a gag rule or a closed rule; but, as a matter of fact, it is not intended to operate in that way. An hour is given for discussion of this measure, and anyone who wants to discuss it on the Republican side will, I think, have an abundance of time to do so, for I am only going to speak for a few minutes, and I take it from the remarks made by the gentleman from Illinois [Mr. SABATH] there will be sufficient time for anyone on the Democratic side who wants to discuss this amendment to do so.

From a canvass that has been made among the Republicans, I am advised that there is no serious opposition to the amendment; but we have here a parliamentary situation that we should understand.

As I have heretofore stated, the Republicans have gone on record as being against the N. R. A.

Now, they are not seriously opposing this amendment. Why? Because this amendment improves the bill that was voted on by the House. It is always good politics and good statesmanship to vote for any amendments that improve a bill, even if one expects to vote against the bill when thus amended. We should vote to perfect a bill as far as we can; and if the perfecting amendments do not go far enough, the proper and logical course is to vote against such bill.

I want the RECORD to show that the Republicans who voted against the continuation of the N. R. A. when that bill was up for consideration on its merits stand exactly as they did at that time. We oppose the continuation of the N. R. A., for it is dead by the wise and forceful decision of the Supreme Court, and it should be buried without any further formalities.

You will remember that our position at that time was that there may have been some good features about the N. R. A. We could hardly expect to employ 5,400 men and women for 2 years and spend millions of dollars for 2 or 3 years without getting some experience that would be of value. Quite frequently bad experience is good for an individual. You will remember the old adage, "A burnt child dreads fire."

But, as stated before, we maintain that the N. R. A. has been killed by the Supreme Court as far as any practical purpose might be considered.

But in the discussion the other day, when this proposition came up, it developed that, while the amendment placed on the bill by the Ways and Means Committee to the Clark resolution sheared from the President all powers to enforce the codes and contained the word "code", it did not contain the word "agreement." The voluntary agreements remain in the old bill.

I believe that Mr. Richberg and the President himself might have accepted the additional words that we tried to put in on the amendment; but whether they would or not is immaterial now, because it was not done.

The matter went to the Senate, and the Senate put on this amendment. What kind of an amendment is it? It is about the same thing as we had in our motion to recommit when the bill was before us a few days ago, and about the same thing that the gentleman from Texas [Mr. MAVERICK] had in his amendment on the Democratic side. I want to give credit where credit is due, and it is about the same thing as in the amendment that I myself offered when we were considering the bill.

Now, we have that up for consideration today. Here is the Senate amendment. Let me explain briefly what it is. It is worth while paying some attention to it. It is not difficult to understand. It is not complex.

I do not know whether this has been printed or not, but there were only a few copies available yesterday. As I said, the amendment adopted by the House originally provided that the President would not have any power to enforce any codes. This goes on and adds the words:

Provided, That the exemption provided in section 5 of such title shall extend only to agreements and action thereunder (1) putting into effect the requirements of section 7 (a), including minimum wages, maximum hours, and prohibition of child labor; and (2) prohibiting unfair competitive practices which offend against existing law, including the antitrust laws, or which constitute unfair methods of competition under the Federal Trade Commission Act, as amended.

What is section 5 of the N. R. A. law? It is as follows:

SEC. 5. While this title is in effect (or in the case of a license, while section 4 (a) is in effect) and for 60 days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

This section 5 provides in effect that while the N. I. R. A. was in effect, the antitrust law would be suspended.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. VINSON of Kentucky. The gentleman's statement is rather broad. It is an exemption of the antitrust laws from the provision, providing it contained agreements in codes.

Mr. JENKINS of Ohio. I have not come to that yet. I cannot make my statement all in one sentence.

Mr. VINSON of Kentucky. The gentleman said the antitrust laws were suspended.

Mr. JENKINS of Ohio. I say that under the original N. R. A. Act the antitrust laws were suspended so far as its applications to codes were concerned. Of course, it did not suspend all the antitrust laws.

This amendment provides that the exemptions provided in section 5 of such title shall extend only to such "agreements and actions thereunder." What agreements and actions thereunder? Then it goes ahead and says what shall be in those agreements. In other words, we maintained the other day that this whole thing ought to be studied by the Federal Trade Commission and other permanent agencies of the Government that could investigate it and see how far the antitrust laws should be suspended;

and if so, how the matter should be carried out. The amendment of the Senate provides that exemptions provided in section 5 of such title shall extend only to agreements and actions thereunder, but on what conditions? Here is the first condition: That none of these agreements shall be accepted by the President if he intends to operate the N. R. A. or the skeleton that is left unless they comply with this amendment. If he intends to continue it under voluntary agreements, what must the agreements provide? Here is one thing they must provide: They must provide all of the requirements of section 7 (a) which are the requirements that organized labor advocated when the N. R. A. was adopted.

What are these? They must include minimum wages, maximum hours, and prohibition of child labor. All and any agreements adopted and permitted to be adopted by the President, known as "unanimous-consent agreements" or "voluntary agreements", must contain the provisions that I have just enumerated. What else must they contain? No. 2, I think, is called the "Borah amendment", or at least part of it. The conjunction used is "and", not "or." These agreements must contain no. 1 and no. 2. What is the second one? Prohibiting unfair competitive practices which offend against existing law, including the antitrust laws, which constitute unfair methods of competition under the Federal Trade Commission Act as amended.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. In a moment. Why are we as Republicans in favor of this amendment? Because it does in part what we insisted should have been done. We are in favor of the amendment, but we still maintain if the amendment is adopted it will not do what ought to be done. Here is what ought to be done: The Supreme Court killed the N. I. R. A. to all intents and purposes, and we ought to bury it, and we ought to take from it its good points, however, few they may be, and as Mr. Richberg suggested turn the records over to the Federal Trade Commission. That is all he wants. He wanted to keep enough of these men on the pay roll to gather up the records and the information so that it might not be lost, and then we maintain that these should be turned over to the Federal Trade Commission and a study made of the work assumed to be done by the N. R. A. That is what this amendment tends to do in a small way at least.

Mr. SAMUEL B. HILL. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. Yes.

Mr. SAMUEL B. HILL. I am glad that the gentleman favors the Senate amendment, even though he is opposed to the N. R. A. Will the gentleman tell us in what way the Senate amendment either adds to or takes from the Senate joint resolution as amended by the House amendment.

Mr. JENKINS of Ohio. I thought I had just got through telling that. The principal objection that developed to the amendment as offered by the Ways and Means Committee, of which the gentleman is a valuable member, was that it left questionable as to how it would relate to voluntary agreements. The gentleman will remember that in the discussion on the floor he took one position and other majority members of the committee did not agree with him as to how it affected voluntary agreements. I offered an amendment to clarify that, as to where voluntary agreements would find themselves as any court would seek to interpret them, and I maintain now that this amendment does clarify them. If the President permits any to operate under voluntary agreements, it provides that the agreement must contain two things. It must take care of labor and must see that the antitrust laws are not disobeyed in that respect.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. SAMUEL B. HILL. Of course, section 7 (a) remained in the act, and it was obligatory upon the President and upon those entering into voluntary agreements under the act to observe the provisions of section 7 (a). I think that we are all agreed that section 4 (a), which related to voluntary agreements, was the only thing left in the N. R. A. after the Supreme Court decision.

Mr. JENKINS of Ohio. Oh, there is no question about it. The gentleman and his group would have agreed to this, but they did not get it that way from the White House. You would have agreed to it if you had the chance. You were sincere about it, but the language which the White House sent you did not contain it and you would not let us change it, but the Senate did change it.

Mr. SAMUEL B. HILL. There was no amendment offered by the gentleman from Ohio [Mr. JENKINS] or any other Member similar to this language in the Senate amendment. I contend now that under the amendment of the House, section 2 of the act, which was the House amendment, the President and those entering into voluntary agreements can do everything and no more than they can do under the Senate amendment. It particularizes certain things, but does not broaden or detract or narrow the language of the House amendment.

Mr. JENKINS of Ohio. If the gentleman believes that, why did he not propose the Senate amendment and be done with it?

Mr. SAMUEL B. HILL. It is harmless.

The SPEAKER. The time of the gentleman from Ohio [Mr. JENKINS] has expired.

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 10 additional minutes.

Mr. MAY. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MAY. As I understand, under the provision of the original N. I. R. A., the right of collective bargaining and the right to regulate child labor and unfair trade practices as set out in subsections (a) and (b) of the Borah amendment were regulated under codes that were mandatory. This now will apply to voluntary agreements entered into by any particular industry and their employees, and it takes it out of the condemnation of the Supreme Court to that extent?

Mr. JENKINS of Ohio. Exactly. Now, Mr. Speaker, just to recur for a moment to the parliamentary situation, as far as the Republicans are concerned, some of you who voted against the continuance of the National Industrial Recovery Act may feel constrained to vote against this amendment. If you do, I am not trying to tell you how you should vote, but I am trying to explain to you that if you want to vote for this amendment you can do so with all propriety and be absolutely consistent with your other vote, because this amendment does nothing, except that it goes one step farther toward clarifying the situation and taking power away from the President if he seeks to put this skeleton back after Congress has adjourned, during the 9 months of the extension of this bill.

Mr. CRAWFORD. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. CRAWFORD. If a trade association or group of manufacturers enter into a marketing agreement with the President which does not contain the provisions recited in the Senate amendment, will they be subject to prosecution under the antitrust laws?

Mr. JENKINS of Ohio. I should think so.

Mr. CRAWFORD. Is that the gentleman's understanding of the Senate amendment?

Mr. JENKINS of Ohio. That is my understanding of the Senate amendment; yes. If it did not do that, it would not do anything.

Mr. CRAWFORD. But if that agreement contains only the provision on minimum wages, maximum hours, child labor, and section 7 (a), then it does come outside prosecutions under the antitrust laws?

Mr. JENKINS of Ohio. I do not assume that the President would sanction any agreement unless it met the requirements of this amendment that we are considering. If they attempted to operate without regard to the President or the law, they would surely find themselves in jeopardy.

Mr. GIFFORD. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. GIFFORD. I hold in my hand an article signed by one Moley, saying that provision should be made, in any act for the continuation of some form of the National Re-

covery Act, and in the light of what has been suggested, for a constitutional amendment to at once be prepared and presented. I want to ask the gentleman, if there was any argument made in sessions of his committee, if he will tell us about it, or does he know of any proposed action to present to the Congress any constitutional amendment, attempting to remedy this N. R. A. situation according to the theories of this administration?

Mr. JENKINS of Ohio. All I can say is what I have read in the papers. Of course, there may be some people who think that our Government is built upon such fragile foundations that all we need to do when the Court decides against us is to run out and offer an amendment to the Constitution. Of course, I do not think any sensible person or any patriotic person would give one moment's consideration to such a proposition.

It is beyond the comprehension of any reasonable American citizen how anybody, whether he be President or Congressman or Senator, could rise up and challenge the authority of the Supreme Court of these United States, one of the greatest triumvirates of our Government, when by unanimous vote it does its duty.

Mr. GIFFORD. Will the gentleman yield further?

Mr. JENKINS of Ohio. I yield.

Mr. GIFFORD. I would like to ask the gentleman, in view of the spectacular interview given by the President of the United States soon after the decision of the Supreme Court, if the Committee on Ways and Means has any idea of presenting to the people of the country a constitutional amendment in line with what the President suggested at that time should be done?

Mr. JENKINS of Ohio. No; I think I can say, out of respect for the majority members of the Ways and Means Committee, and I dare say there is not a man on the Ways and Means Committee of either party who would countenance such a program for one second; and I also dare say, although I cannot speak for the President, of course, but I will venture the assertion that the President will never live long enough but that he will wish he had never made the statement he made with respect to the decision of the Supreme Court. This was a most unfortunate statement, and the President will never be proud of it.

Mr. GIFFORD. Does the gentleman really think that in a short 2 weeks the President and the Ways and Means Committee have heard sufficiently from the people of the country? As I understood it, their desire was to wait until they heard from the people.

Mr. JENKINS of Ohio. I think they have.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MOTT. If I understand the gentleman's argument correctly, it is that the bill extending the N. R. A., as it is now before us with the Senate amendment, is now harmless, and that it makes no great difference which way we vote on it.

Mr. JENKINS of Ohio. The amendment is of considerable importance from the standpoint that it further restricts the President in reference to his powers over voluntary agreements. They must comply with section 7 (a) and must not violate the fair-trade provisions of the antitrust laws.

Mr. MOTT. I am inclined to agree with the gentleman. And may I suggest in this connection that when the original bill extending the N. R. A. was before the House last week the Republicans here did their best to amend it in substantially the same manner as the Senate amendment now does. We were prevented in our effort to do this by practically a straight party vote on our motion to recommit. Had that motion been adopted the President's powers would have been restricted to the same extent as the Senate amendment now restricts them. Again, had the motion of the gentleman from Texas [Mr. MAVERICK] prevailed when the bill was in the House section 5 would have been eliminated altogether, and that also would have limited the President's powers substantially as provided in the Senate amendment. Republicans supported the Maverick amendment, Democrats opposed it. I am glad to see now that the Senate, having done by this amendment what the Republicans of the House tried to do, that the Democrats of the House have now surrendered on this point and have accepted our views and our arguments in their entirety.

Mr. CHRISTIANSON. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. CHRISTIANSON. Does not the gentleman believe that the real reason for the extension of what is left of N. R. A. is to provide a skeleton research organization for the purpose of attempting to justify the administration of N. R. A.?

Mr. JENKINS of Ohio. It looks very much that way. I am sorry to be forced to that conclusion, but it looks bad. As I have heretofore stated, when the Supreme Court killed N. R. A. we should have buried it.

Mr. CHRISTIANSON. Does the gentleman believe that it is intellectually honest to put that investigation into the hands of those who were engaged in the administration of the N. R. A.? Does he believe it is intellectually honest to permit anybody to investigate his own administration?

Mr. JENKINS of Ohio. I think this should be done: I think the people who investigate trade and commerce ought to be experts in that line. I think the administration should quit playing politics with the business of the country. Throw out the brain trusters and turn business over to business men and labor questions over to laboring men and men interested in the welfare of labor.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MARCANTONIO. As a matter of fact, the Senate amendment is virtually the motion to recommit that was defeated here in the House last week. Am I not correct?

Mr. JENKINS of Ohio. Yes; it is in line with it and with the minority views as printed in the report that accompanied that bill.

Mr. MARCANTONIO. The motion to recommit was proposed on this side of the aisle and defeated by the Democrats but now accepted by both sides.

Mr. JENKINS of Ohio. That is right.

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. FORD of California. Would the gentleman say, in his reasoned opinion, that any man who offers an amendment to the Constitution is un-American?

Mr. JENKINS of Ohio. Oh, no; no; the gentleman is not justified in giving my language any such interpretation, not at all.

Mr. FORD of California. But that is what the gentleman said.

Mr. JENKINS of Ohio. I beg the gentleman's pardon. Anybody would know better than that. The idea of a man asking a question like that! Why, nobody could propose a constitutional amendment but an American; no foreigner has the right to offer an amendment to our Constitution. I doubt the Americanism of any man who, because the Supreme Court finds against him, wants to change the Constitution. Long live the Supreme Court and may it never wear the collar of any man. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. SABATH. Mr. Speaker, I yield to the gentleman from Texas [Mr. MAVERICK] such time as he may desire.

Mr. MAVERICK. Mr. Speaker, a week ago today, June 7, 1935, I addressed this House on the N. R. A. bill before us, and I did so both on the rule and upon the law itself. I suggested then that the bill was being rushed through too quickly; that we were not giving it enough consideration; further, I stated that we are faced with the most important economic issues in our national history; that from a viewpoint of economics, the bill involves the rights of labor, child labor, the Sherman antitrust law, big business and little business, and many other questions.

Thereafter I offered an amendment as section 2 of the bill, which in effect reinstated the Sherman antitrust laws; and I stated then that we should not surrender any right to

prosecute under the Sherman Antitrust Act or give up all rights of labor and the consumers.

I had hoped that the amendment would be adopted, but it was defeated by a small margin of 15 or 16 votes. My opinion is that if we would have had time to discuss the matter and had not rushed the bill through in such a hurry, that the amendment might have been adopted. In fact, I feel sure that it would have been adopted. That is the reason I hate to see bills rushed through the House so hurriedly—we enact some law in that manner, and it goes to the Senate, where the bill is changed, and then we simply agree to everything the Senate does, I do not know, but I presume that we will overwhelmingly do the same today. Now, suppose the amendment that I offered had gotten the sympathetic consideration of the leaders of the party and of the Ways and Means Committee? It could have been improved and made more suitable to the needs of the American people, but we rushed the bill through without much consideration and it goes to the Senate, where they take their time and have the proper amendment made—and now, undoubtedly, we will simply agree to it.

The Borah amendment filed in the Senate, and which the rule we are now discussing seeks to fully approve, is clearer and better than the one I filed in the House, and that is the reason I say that had it received mature consideration, undoubtedly we could have reached the same conclusion as the Senate, without their having to do our thinking and then merely handing us a law, which we are to forthwith approve.

The Borah amendment is as follows:

To the text of said amendment (House amendment in S. J. Res. 113), after the word "repealed" in the last line thereof, insert ": *Provided*, That the exemption provided in section 5 of such title shall extend only to agreements and actions thereunder (1) putting into effect the requirements of section 7 (a), including minimum wages, maximum hours, and prohibition of child labor; and (2) prohibiting unfair competitive practices which offend against existing law, including the antitrust laws, or which constitute unfair methods of competition under the Federal Trade Commission Act, as amended."

Who gets the credit for the beneficial legislation? The Senate, of course. Who ought to have the real power or at least equal power in legislative matters in this country? The House of Representatives, of course, just as the House of Commons has the power in England and most every other country.

I suppose issues have always been beclouded, evaded, and twisted; but more issues are being clouded, evaded, and twisted now than ever before.

Let us, for instance, take the N. R. A. I suggested that we are faced with fundamental, economic changes which will necessitate fundamental changes in our fundamental law, probably the Constitution, and certainly our statutory system. One of my old friends writes to me, down in Texas, and he says that he has no job and has been almost starving to death for several years, has lost all his property and is broke, and that he certainly thinks that I am a fine Congressman, but that he hopes that I will not try to change the Constitution, and ends up by saying, "Thank God for the Constitution." There is a man who is completely broke and hungry and starving writing to me about the Constitution, and, with all due respect to him, I doubt if he has ever read it—who is thanking God for something he knows nothing about. When you are talking about the Supreme Court, you are not talking about the N. R. A.; and when you talk about the N. R. A., you are not talking about the Supreme Court. They are two separate questions.

Therefore, I desire to make myself clear: There is no reason why constitutional changes in government should not at least be discussed.

The point not well understood is the fact that the fundamental change in our law is being confused with Mr. Shechter's sick chicken. The N. R. A., as I have said many times before, was poorly administered; it was unpopular; and when the Supreme Court declared the N. R. A. unconstitutional it was a popular decision—and probably right, according to law. That however, does not change the fundamental necessity of having an elastic form of government for the people in order that they may make the government suit the demands of the people instead of the people having to conform to obsolete laws which keep them in poverty and ignorance.

Whenever anybody says anything about the Constitution we are told that our forefathers wrote it; that, of course, in spite of all scientific progress and the machine age, nothing should ever be done about our political system. That was not, however, the view of those who wrote the Constitution.

Thomas Jefferson said:

Be attentive to amendments to the Constitution to make it keep pace with the advance of the age in science and experience.

He further said, that these changes must be made unless the people will—

Undertake it themselves by force, their only weapon, and work it out through blood, desolation, and long-continued anarchy.

Even Hamilton, whose general philosophy I do not approve, said in the Federalist, no. 22, as follows:

We are apt to rest satisfied that all is safe because nothing improper will be likely to be done, but we forget how much good may be prevented and how much ill may be produced by the power of hindering that which it is necessary to do, and of keeping affairs in the same unfavorable posture in which they may happen to stand at particular periods.

People are often afraid to make a change, saying it is a "leap in the dark." This was said in England when general suffrage was discussed. Slaves, unaccustomed to liberty, have often refused freedom. Slaves to custom, unaccustomed likewise to progress, have often through fear remained in ignorance and poverty. Let us, therefore, discuss our fundamental necessities and do all honorable, legal, courageous things necessary to accomplish our just purposes.

Again, quoting Hamilton:

It is a fundamental maxim of good sense and sound policy which dictates that every power ought to be proportionate to its object. A government ought to contain in itself every power requisite to the full accomplishment of the objects committed to its care, and the complete execution of the trusts for which it is responsible; free from every other control but a regard for the public good and to the sense of the people.

And George Washington, whom all Americans admire, during the time that we were changing from the Confederation to the Constitution in 1785, wrote as follows:

Illiberality, jealousy, and local policy are mixed too much in our public councils, for the good government of the Union. In a word, the confederation appears to me to be little more than a shadow without the substance; and Congress a nugatory body, their ordinances being little attended to. To me it is a solecism in politics; indeed it is one of the most extraordinary things in nature that we should confederate as a nation, and yet be afraid to give the rulers of the Nation, who are the creatures of our own making, appointed for a limited and short duration, and who are amenable for every action, recallable at any moment, and subject to all the evils which they may be instrumental in producing, sufficient powers to order and direct the affairs of the same. By such a policy as this the wheels of government are clogged and * * * from the high ground on which we stood we are descending into the vale of confusion and darkness.

Then Grayson, writing to Madison, wrote as follows:

A partial reformation will be fatal; things had better remain as they are now than not to probe them to the bottom * * * The State of Virginia having gone thus far, it is a matter of great doubt with me whether she had not better go further and propose to the other States to augment the powers of the delegates so as to comprehend all the grievances of the Union, and to combine commercial arrangements with them and make them dependent on each other.

I merely make these references to show that the Constitution is at least worthy of discussion. I can see nothing wrong in discussing it; I can see nothing wrong in discussing political science. I think it well established that science—I mean mechanical science—has advanced far ahead of political science. For that reason we should always attempt to progress, and in discussing the N. R. A. or any other social measure, we must understand the mechanics and fundamentals of government.

I have never advocated "circumventing" the Constitution or violating it; I believe that we should change the Constitution, if necessary for the people, especially if the Constitution must be changed to eliminate child labor, poverty, hunger, and a low standard of living. I do not believe that

we should endure all of these things for the sake of a Constitution. Furthermore, I really believe that orderly discussion of these things is preferable to the making of ill-tempered and ignorant conclusions.

Let us take, for instance, the Civil War. Suppose a constitutional amendment had been passed abolishing slavery and paying the owners of the slaves even twice what the slaves were worth—no doubt, this Nation would have been saved the Civil War and saved 4 years of fratricidal strife, with sickness, hunger, and disturbance, physical destruction, and money waste for all that time. In other words, it is always preferable to do things peacefully, and some of those who claim to love the Constitution have gone so far as to say lately that Lincoln was such a good man that he preferred to go to war rather than change the Constitution. Of course, Lincoln was a good man, but I would suggest that his opinion of the powers of the Executive and Legislature as against the Supreme Court be read. Likewise I call attention to the fact that it took the Civil War to change the Constitution at that time. Therefore, if a necessity exists for the change of the Constitution now, let us do so with thought and consideration and in a peaceful manner.

My colleague and able friend, Mr. DRISCOLL, good Democrat from Pennsylvania, has just called to my attention the Republican attitude on the Constitution in 1860, and I shall discuss it. I think it safe to say that when we speak of judicial decisions, it depends on which foot the shoe fits. Ordinarily when a judge renders a decision favorable to one side he is a learned gentleman, but if he does not he is anything you want to call him. And now we find our Republican brethren shouting to preserve the Constitution, stop having laws altogether and no more progress, and give the people "a full dinner pail"—and let there be no protection of labor, the sweating of children in factories, the small consumer, or any other exploited group. In 1860 the Republicans were denouncing the Democrats because they used the Federal courts, and then, in regard to slavery, said this was done under "the perversions of judicial power", as Mr. DRISCOLL has pointed out, which was an outright attack on the Supreme Court of the United States and the Dred Scott decision. At that time the Republicans were all for progress and abolishing slavery under Abraham Lincoln, whom they have now forgotten. But now, for political expediency, they pose as the sacred defenders of the Constitution and would let the American people be prosperous by letting them starve; be free by letting them be industrial slaves; the children have happy lives by having child labor.

Of course, these statements do not in any way apply to all Republicans, nor even to all Republican leaders and Congressmen, but in effect it applies to some Republican leaders, because it is at least fully fair to state that most of them are not meeting the real economic issues, nor attempting to correct our present economic situation by real thought. They are merely criticizing and offering no substitute.

Now, let us talk about the economic conditions of the Nation with which we are faced; and along with this discussion let us take the N. R. A.. You will understand this is about economics, and not the Constitution. As I stated before, the N. R. A. was not a perfect instrument—it was probably something of a failure—but, at the same time, it could have been improved upon and should have been improved upon in order to eliminate sweatshops, child labor, and to protect the consumer and worker, and business men in general. In other words, with rapid transportation, with the invention of all kinds of new machinery and scientific methods, there has naturally come a great change over this Nation; and, therefore, with Maine being closer to Texas than parts of Texas were to each other even as much as 30 years ago, and with the Nation necessarily more unified, we need laws which meet the new situation. Hence, one principle of the N. R. A.—that is, some unified control in order to protect all the people of the United States—was right. In other words, wholly aside from the N. R. A., there are certain rights of individuals and States which can only be protected by unified national action. Proceeding on that point, I will discuss some of the phases of the N. R. A.

Let us take, for instance, child labor. If the certain States have child labor, working kids from 10 to 14 hours a day, paying them practically nothing, and another State has a law against child labor where they must hire adults and pay decent wages, where are your State rights? That is where one State uses its laws to bring down the standards of labor of another State. Let us take, for instance, unemployment insurance. I think a large majority of the people of the United States believe that we should have unemployment insurance, old-age pensions, and social security in general. Suppose one State refuses to enact any such legislation. A man living in another State has all the benefits of social security, he loses his job, and has a chance to get a job in another State where there is no social security. We will say he takes the job and loses it afterward. Then he has no rights of social security in the State to which he moved, and he has lost his rights of social security in the other State because he has moved away. In unemployment insurance and social security, if we leave it wholly up to the States, there will be 48 different systems, 48 conflicting jurisdictions, 48 different systems of conflicting laws, regulations, and decisions; and it will reduce, in this modern age, the people living in a given area to the standard of the moujiks of Russia in the days of the Czar, when people could not move from place to place. Let us take labor in general. In one State we have modern safety appliances, short hours, and decent working conditions; another State has no regulations and no protection of labor; and therefore we can see very plainly that the conditions of the bad States will naturally hurt the conditions of the good States on account of competition gradually breaking down all good laws. It necessarily follows there must be some national regulatory powers.

Therefore there are certain fundamental things that the Nation as a whole must do for the protection of State rights—for the rights of the people within them. I do not believe that the United States Government should interfere in purely local matters, in municipal government, or in the rights of the police power of the State, or of the State to protect its own citizens—but I do believe that there are certain fundamental social and economic problems which must be dealt with in order to give equal protection to all of the people of the United States. Take education, for instance. I think every child is entitled to an education. I say this because if large portions of the United States are left in illiteracy, it will certainly have a bad effect upon the Nation as a whole. Therefore I believe the Federal Government has a right to assist and cooperate in matters of education. There are many things in which the Government not only should have a right but must have a right to protect the rights of the people as a whole, because when one portion of the United States is adversely affected, this portion adversely affects all other portions of the United States.

Take the N. R. A. as it just lately passed the House. In it we continued the suspension of the antitrust laws enacted 2 years ago. In that way we had suspended also all rights of regulations of codes in local industry and national industry—by it we allowed certain voluntary agreements with the suspension of the antitrust laws, which meant in effect that we allowed the big merchants in centers like New York and Chicago to control prices from those places all over the Nation, and which will run our local merchants out of business. That is certainly a violation of the rights of States and of individuals. Now, when we talk about State rights, let us discuss how they ordinarily come before the courts. I have read a great many decisions, and I see very few, if any, cases where State rights are decided on a basis of the State claiming any rights, or being a party to the suit. Ordinarily, it is some selfish individual with a smart lawyer, ordinarily a very well paid lawyer, who has books, books, books, all over his place, and who uses these books for the protection of the selfish interests of his client. Let us take the Schechter poultry case. Unquestionably, the Supreme Court delivered a very clear opinion and they have clarified many points that are necessary to clarify. They have made it plain that we should not make an unconstitutional and illegal delegation of power. However, who is Mr. Schechter? Is he the State of

Texas or the State of New York? Was any State involved in the case? Was any State right included in there? No! No State was included whatsoever; it was merely one client with a smart lawyer, and the smart lawyer won. Possibly he was right. I merely submit that as a matter for discussion by us.

I have therefore reviewed, first, the constitutional phases of our Government; and, second, the economic phases of our Government as expressed through the N. R. A. or other similar act intended to meet modern industrial life.

Now let us discuss some of the political phases of the N. R. A. and of things in general. When we voted on the N. R. A. last week I read in the newspaper, 3 hours before we passed the N. R. A., this headline: "Congress passes N. R. A." In other words, the newspaper reporters knew 3 or 4 hours before what Congress was going to do. In fact, I have to pick up the paper every morning to see what I am supposed to do. The CONGRESSIONAL RECORD is somewhat long and somewhat tiresome—and I realize that I am making it tiresome right now—and you have to shuffle through many pages to find anything, and even then you do not know exactly what is going to happen. You can read in the paper that a certain rule is coming up the next day for a certain length of time; that at the end of a certain length of time we will vote, and that we will then vote "aye" or "nay." I can get up at 7 o'clock in the morning, go to my hotel door and open it, and there I find a newspaper telling me exactly what I am going to do during the day.

Now, today I read in the Washington Post:

House to extend N. R. A. under gag rule today.

The article further says:

The route to final passage, 2 days ahead of N. R. A.'s June 16 deadline, was specially beaconed late yesterday by a rigid House rule limiting all debate today on the Senate's extension resolution to 1 hour.

Now, the Washington Herald says:

House orders gag. Vote N. R. A. today.

So undoubtedly, the newspapers must be right, for they have never been wrong on predicting exactly what we are going to do.

Be that as it may, I shall vote for this rule, although we rushed the other N. R. A. through quickly in a few minutes—or rather in about an hour and a half—it has since been over in the Senate where they have rather thoroughly discussed it, filibustered it, and where we now understand it; and now, this new N. R. A. before the House provides in effect that the Sherman antitrust law shall not be suspended but shall be enforced—which was provided in my amendment and defeated by a small margin in this House—and it specifically sets out that there shall be no price fixing, and expresses through Congress at least a policy in opposition to sweatshops and child labor, long hours, and abuse of the rights of the ordinary man, and the intention of this legislation is good and should be passed. Therefore, I shall not object to the newspapers telling in advance what I am going to do, but shall be happy to vote for the bill and the rule, because it includes the betteer features of the old N. R. A., with its worst ones eliminated, and should be preserved for the time for purposes of collecting data, information, and statistics if for no other.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, there is in this Government one official who is responsible only to the Congress of the United States, to nobody else; and that is the Comptroller General of the United States, Hon. J. R. McCarl—and he is a good one, even though he is a Republican. He was brought here by Senator NORRIS, one of the ablest and most fearless men in either House of Congress [applause], and J. R. McCarl is an honest, efficient, active, alert, and dependable official of the Government.

I want you colleagues on the other side of the aisle to get this and remember it every time you make a speech such as was made by my friend a moment ago: Not a dollar can be paid out of the Treasury of the United States except by law, by the laws that you pass here on this floor; and if there ever is an attempt made to spend a dollar of money out of the people's Treasury except by law it will be stopped in the twinkling of an eye.

There never has been an instance yet where any attempt was made to spend money against provisions of law but what the Comptroller General of the United States has stopped it immediately. I have seen him stop big Cabinet officers. I have seen him stop the Secretary of War, I have seen him stop the Secretary of the Navy, I have seen him stop the Postmaster General and the Secretary of the Treasury, I have seen him stop organization after organization of the Government when they have attempted to spend money against the provisions of law.

So remember when you go to criticize, remember that you Republicans on that side of the aisle have in office a faithful, honest, efficient Republican officer of this Government, whose duty it is to prevent money being spent except according to law; and he is a man in whom every Democrat has confidence, in whom you have confidence. So it should go out to the American public that their money is safe in the Treasury, so far as being spent unlawfully is concerned; it cannot be spent unlawfully.

Mr. Chairman, I yield back the balance of my time.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Speaker, it has been indicated that an amendment was offered in the House during the consideration of Senate Joint Resolution 113 similar in nature to the Senate amendment upon which we are to pass today. The RECORD will disclose, Mr. Speaker, that no amendment similar to the one now under discussion was offered by anyone. It has been stated that the Senate amendment now under discussion was included in the motion to recommit. The RECORD will disclose that the motion to recommit was for a study of these problems by the Federal Trade Commission. So that the RECORD will be clear I insert herewith the Senate amendment:

To the text of said amendment (House amendment in S. J. Res. 113), after the word "repealed" in the last line thereof, insert ": *Provided*, That the exemption provided in section 5 of such title shall extend only to agreements and actions thereunder (1) putting into effect the requirements of section 7 (a), including minimum wages, maximum hours, and prohibition of child labor; and (2) prohibiting unfair competitive practices which offend against existing law, including the antitrust laws, or which constitute unfair methods of competition under the Federal Trade Commission Act, as amended."

I make the broad statement that there is nothing added to the Senate Joint Resolution 113 as amended by the House. I call your attention to the fact that everything in subsection 1 in the Senate amendment is authorized and required in the original N. I. R. A. and its extension passed last week. I further state that the inclusion of section 7 (a) in any agreement that could be entered into by the President of the United States under the Senate resolution as amended in the House last week is mandatorily required. I quote section 7 (a) in its entirety:

Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor or their agents in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

It will be remembered that under the N. I. R. A. we had three methods set out therein, namely, codes, agreements, and licenses. Codes went out under the Supreme Court decision. The license provisions went out under the operation of the law itself a year ago. Voluntary agreements were all that remained in the N. I. R. A. extension act.

Voluntary agreements are included in section 7 (a). This section says that every agreement approved under this title shall contain the conditions of section 7 (a). In other words, no agreement could have been entered into under the N. I. R. A. or the extension resolution without having in it the provisions of section 7 (a) which gave employees the right to organize and bargain collectively, the right to join a union of their own choosing or refrain from joining one which they did not choose, and provide for maximum hours of labor, minimum rates of pay, and other conditions of employment approved by the President.

Consequently, I say that there could have been no agreement approved by the President either under the original N. I. R. A. or the extension measure that would not include "putting into effect the requirements of section 7 (a), including minimum rates of pay, maximum hours of labor, and prohibition of child labor."

Subsection 2 of the Senate amendment prohibits unfair competitive practices which offend against existing law, including the antitrust law, or which constitute unfair methods of competition under the Federal Trade Commission Act, as amended. It is inconceivable to me that industry would agree or that the President would approve any agreement which contained an unfair competitive practice which was a violation of law or against which the Federal Trade Commission had inveighed. It is inconceivable to me that industry would agree upon unfair competitive practices which were criminal in nature; but if they did reach such an agreement, who would intimate that the President of the United States would approve such agreement? Neither would such agreement contain criminal offenses or unfair methods of competition so determined by the Federal Trade Commission.

In my judgment, the Senate amendment adds nothing to and subtracts nothing from Senate Joint Resolution 113, as amended in the House last week.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield one-half minute to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Speaker, this afternoon at 5 o'clock our distinguished colleague the gentleman from New York [Mr. SISSON] will deliver an address over the radio on the subject of The Judicial Veto. I understand the gentleman has made a very deep study of this subject, and I am sure his talk will be of interest to all the Members.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Speaker, as has been previously explained by the gentleman from Kentucky [Mr. VINSON], the resolution now under consideration adds nothing and subtracts nothing from Senate Joint Resolution 113 as amended by the House.

The gentleman from Ohio has seen fit to find fault with everything connected with the N. R. A. He sees some good in the N. R. A., but says it ought to be killed and it ought to be amended. He finds every possible fault. If it can make the gentleman feel any easier, sleep any sounder, or make him any happier or result in his living longer, may I say that certainly there is no objection to this perfectly harmless amendment being adopted.

The merits and demerits of the N. R. A. and of the House resolution relating to that subject were fully discussed and voted upon on June 7. The amendment to Senate Joint Resolution 113 was adopted by a vote of 265 to 121. So there is no use of additional debate on that subject. It was fully discussed at that time and the amendment was fully explained. Every criticism that could be thought of on the other side of the aisle, so far as the N. R. A. was concerned, was made at that time.

Mr. Speaker, there are two reasons why we are willing to agree to the Senate amendment. First, it means nothing; it adds nothing; neither does it subtract anything from the resolution. On the other hand, if we do not concur in the Senate amendment and send it back to the Senate, this will take additional time and means delay, which those on the other side would like to see happen. They are anxious to kill the N. R. A., of course. I hope the Members on this side and the Members on the other side who believe that there has been some good accomplished through the N. R. A. will vote to concur in the Senate amendment. [Applause.]

Mr. SABATH. Mr. Speaker, I have no further requests for time. Therefore, I move the previous question on the adoption of the resolution.

The previous question was ordered.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. It was stated by the gentleman from Ohio that we would have permission to speak on the amendment submitted by the Senate. May I inquire if we will have an opportunity to discuss the Senate amendment?

The SPEAKER. If the resolution is adopted, that will be the end of the matter.

Mr. RICH. Then we are shut off completely from debate?

The SPEAKER. The Chair has answered the parliamentary inquiry of the gentleman.

The question is on the adoption of the resolution.

Mr. TAYLOR of Colorado. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 336, nays 31, not voting 63, as follows:

[Roll No. 95]

YEAS—336

Adair	Darden	Hildebrandt	May
Allen	Delaney	Hill, Ala.	Mead
Amlie	Dempsey	Hill, Knute	Meeks
Andresen	Dietrich	Hill, Samuel B.	Merritt, N. Y.
Andrew, Mass.	Dingell	Hobbs	Millard
Andrews, N. Y.	Disney	Hoeppel	Miller
Arends	Dobbins	Hoffman	Mitchell, Tenn.
Arnold	Dockweiler	Hook	Monaghan
Ashbrook	Dondero	Hope	Montague
Bacharach	Dorsey	Houston	Montet
Barden	Doughton	Huddleston	Moran
Beam	Doxey	Hull	Moritz
Beiter	Drewry	Imhoff	Mott
Bell	Driscoll	Jacobsen	Murdock
Berlin	Driver	Jenckes, Ind.	Nelson
Biermann	Duffy, N. Y.	Jenkins, Ohio	Nichols
Binderup	Duncan	Johnson, Okla.	Norton
Blackney	Dunn, Pa.	Johnson, Tex.	O'Brien
Bland	Eaton	Johnson, W. Va.	O'Connell
Blanton	Eckert	Jones	O'Connor
Bloom	Edmiston	Kahn	O'Day
Boehne	Eicher	Kee	O'Leary
Boileau	Ekwall	Keller	O'Neal
Boland	Ellenbogen	Kelly	Owen
Boylan	Engel	Kenney	Palmisano
Brewster	Englebright	Kerr	Parks
Brown, Ga.	Evans	Kimball	Parsons
Brunner	Farley	Kleberg	Patterson
Buchanan	Fenerty	Kloeb	Patton
Buck	Fiesinger	Knutson	Pearson
Buckler, Minn.	Fish	Kocialkowski	Peterson, Fla.
Buckley, N. Y.	Flannagan	Kopplemann	Peterson, Ga.
Burdick	Fletcher	Kramer	Pettengill
Burnham	Focht	Kvale	Pfeifer
Caldwell	Ford, Calif.	Lambeth	Pierce
Cannon, Mo.	Ford, Miss.	Lanham	Pittenger
Carlson	Frey	Larrabee	Plumley
Carmichael	Fuller	Lea, Calif.	Polk
Carter	Fulmer	Lee, Okla.	Powers
Casey	Gambrill	Lehlbach	Quinn
Cavicchia	Gasque	Lemke	Ramsay
Chandler	Gavagan	Lewis, Colo.	Ramspeck
Chapman	Gearhart	Lewis, Md.	Randolph
Christianson	Gehrmann	Lloyd	Rankin
Church	Gifford	Lord	Rayburn
Citron	Gilchrist	Lucas	Reece
Clark, Idaho	Gildea	Luckey	Reed, Ill.
Clark, N. C.	Gillette	Lundeen	Reed, N. Y.
Coffee	Goldsborough	McAndrews	Reilly
Colden	Goodwin	McCormack	Richards
Cole, Md.	Granfield	McFarlane	Robertson
Cole, N. Y.	Gray, Pa.	McGehee	Robinson, Utah
Collins	Green	McGrath	Rogers, Mass.
Colmer	Greenway	McGroarty	Rogers, N. H.
Connery	Greenwood	McKeough	Romjue
Cooley	Greever	McLaughlin	Rudd
Cooper, Tenn.	Guyer	McLeod	Ryan
Corning	Gwynne	McMillan	Sabath
Costello	Haines	McReynolds	Sanders, La.
Cox	Halleck	McSwain	Sanders, Tex.
Cravens	Hamlin	Maas	Sandlin
Crawford	Hancock, N. C.	Mahon	Sauthoff
Crosby	Harlan	Mapes	Schaefer
Crosser, Ohio	Hart	Marcantonio	Schneider
Crowe	Harter	Martin, Colo.	Schuetz
Crowther	Hartley	Martin, Mass.	Schulte
Cullen	Healey	Mason	Scott
Cummings	Hennings	Massingale	Scrugham
Daly	Hess	Maverick	Sears

Secrest	Sullivan	Turner	Whittington
Seger	Sumners, Tex.	Turpin	Wigglesworth
Shanley	Sutphin	Umstead	Wilcox
Sirovich	Tarver	Utterback	Williams
Sisson	Taylor, Colo.	Vinson, Ga.	Wilson, La.
Smith, Conn.	Taylor, S. C.	Vinson, Ky.	Withrow
Smith, Va.	Taylor, Tenn.	Wallgren	Wolcott
Smith, Wash.	Terry	Walter	Wolverton
Snell	Thomas	Warren	Wood
Snyder	Thomason	Wearin	Woodruff
Somers, N. Y.	Thompson	Weaver	Woodrum
South	Tobey	Welch	Young
Starnes	Tolan	Werner	Zimmerman
Stefan	Tonry	West	Zioncheck
Stubbs	Truax	Whelchel	The Speaker

NAYS—31

Bacon	Ditter	Kinzer	Rogers, Okla.
Bolton	Ferguson	Ludlow	Stewart
Buckbee	Fernandez	McLean	Taber
Carpenter	Gray, Ind.	Maloney	Thurston
Cartwright	Griswold	Marshall	Tinkham
Castellow	Hancock, N. Y.	Michener	Wilson, Pa.
Darrow	Higgins, Conn.	Ransley	Wolfenden
Deen	Hollister	Rich	

NOT VOTING—63

Ayers	DeRouen	Kennedy, N. Y.	Robsion, Ky.
Bankhead	Dickstein	Kniffin	Russell
Brennan	Dies	Lambertson	Sadowski
Brooks	Dirksen	Lamneck	Shannon
Brown, Mich.	Doutrich	Lesinski	Short
Bulwinkle	Duffey, Ohio	McClellan	Smith, W. Va.
Burch	Dunn, Miss.	Mansfield	Spence
Cannon, Wis.	Eagle	Merritt, Conn.	Stack
Cary	Faddis	Mitchell, Ill.	Steagall
Celler	Fitzpatrick	Oliver	Sweeney
Claiborne	Gassaway	O'Malley	Thom
Cochran	Gingery	Patman	Treadway
Cooper, Ohio	Gregory	Perkins	Underwood
Cross, Tex.	Higgins, Mass.	Peyser	Wadsworth
Culkin	Holmes	Rabaut	White
Dear	Kennedy, Md.	Richardson	

So the resolution was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Oliver with Mr. Treadway.
Mr. Mansfield with Mr. Wadsworth.
Mr. Celler with Mr. Short.
Mr. Cochran with Mr. Merritt of Connecticut.
Mr. Fitzpatrick with Mr. Culkin.
Mr. Eagle with Mr. Holmes.
Mr. Steagall with Mr. Cooper of Ohio.
Mr. Patman with Mr. Dirksen.
Mr. Kennedy of New York with Mr. Fenerty.
Mr. Dickstein with Mr. Lambertson.
Mr. Stack with Mr. Doutrich.
Mr. Sweeney with Mr. Robsion of Kentucky.
Mr. Thom with Mr. Perkins.
Mr. Ayers with Mr. Lamneck.
Mr. Dunn of Mississippi with Mr. O'Malley.
Mr. Richardson with Mr. Rabaut.
Mr. Burch with Mr. McClellan.
Mr. Bankhead with Mr. Cannon of Wisconsin.
Mr. Cross of Texas with Mr. Brennan.
Mr. Lesinski with Mr. Brown of Michigan.
Mr. Russell with Mr. Dear.
Mr. Gassaway with Mr. Claiborne.
Mr. Sadowski with Mr. Kennedy of Maryland.
Mr. Kniffin with Mr. Higgins of Massachusetts.
Mr. White with Mr. Underwood.
Mr. Faddis with Mr. Duffey of Ohio.
Mr. Smith of West Virginia with Mr. Gingery.
Mr. Dies with Mr. Brooks.
Mr. DeRouen with Mr. Peyser.

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. BYRNS's name, and he voted "yea."

Mr. MAHON and Mr. HOFFMAN changed their votes from "no" to "aye."

Mr. DARROW and Mr. THURSTON changed their votes from "aye" to "no."

Mr. KEE. Mr. Speaker, my colleague the gentleman from West Virginia, Mr. SMITH, has been called away on account of important business. He asked me to say that if he were present he would vote "yea."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. RUSSELL, is unavoidably absent. If present, he would vote "yea."

Mr. CONNERY. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. HIGGINS, is unavoidably absent. If present, he would vote "yea."

Mr. DITTER. Mr. Speaker, our colleague, the gentleman from Kentucky [Mr. CARY], is absent on account of the death of our late colleague, Mr. CARDEN. I have a pair with the gentleman from Kentucky. If he were present, he would vote "aye", and I therefore withdraw my vote and answer present.

Mr. MAY. Mr. Speaker, my colleagues [Mr. SPENCE, Mr. CARY, Mr. GREGORY, and Mr. ROBSION] are all necessarily absent on business of the House. If present, they would each vote in the affirmative.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to announce that my colleague, the gentleman from Missouri [Mr. SHANNON], requests that he be paired against the rule. However, in view of the fact that a vote on the rule is, in effect, a vote on the Senate resolution, I ask that he be given a general pair.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H. R. 6323) entitled "An act to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BARKLEY, Mr. McKELLAR, and Mr. NORBECK to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to the bill (H. R. 7982) entitled "An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife administered by the Department of Agriculture, and for other purposes."

EMERGENCY RAILROAD TRANSPORTATION ACT, 1933

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 258.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 319, a joint resolution extending the effecting period of the Emergency Railroad Transportation Act, 1933. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. GREENWOOD. Mr. Speaker, this is a resolution from the Rules Committee providing for the consideration of House Joint Resolution 319, providing for the extension of title I of the Emergency Railroad Transportation Act, which we passed in 1933.

The other titles of the law are permanent law, but title I expires by operation of law on the night of June 16, or next Sunday, at midnight. The purpose of this measure is to extend title I.

This title provides for the Coordinator who has administered the law since its enactment. Because of the emergency in unemployment, the act froze the employment situation on the railroad transportation systems as of that date, May 1933, except that the railroads can take advantage of such vacancies as may arise by death or resignation or retirement. Outside of these vacancies, the employment stands as it did at the time of the enactment of the law. Without this emergency legislation, as I understand it, there would be opened up a field for consolidation of railroads and for a reduction of employees, as the railroads might see fit. We feel that an emergency still exists in reference to employment and that the coordinator should be continued as under the previous act and that the employment situation

should stand as it has stood under the Transportation Act for the last 2 years.

The rule is an open rule and provides for 1 hour of debate, with full right of amendment. Both the railroad men and the railroad management have spoken in high terms of praise of Mr. Eastman as a coordinator and of his services in the administration of this law. We think its passage is imperative as an emergency measure and that title 1 of the act should be continued, and therefore this action becomes necessary.

Mr. TAYLOR of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. TAYLOR of Tennessee. Can the gentleman tell us what has been accomplished up to this time under this title?

Mr. GREENWOOD. As I understand it, there have been certain consolidations presented to Mr. Eastman upon which he has ruled, and certain questions relative to employment. I cannot tell the gentleman about the details as well as some of the members of the committee.

Mr. TAYLOR of Tennessee. I was simply wondering how many actual coordinations have been made.

Mr. GREENWOOD. I cannot give the gentleman that information, but I think the gentleman from Ohio [Mr. CROSSER] or the gentleman from Michigan [Mr. MAPES] can give the gentleman the information, and these gentlemen will be yielded time later.

The President approves this measure, and we feel that the benefits that have been achieved by reason of this law should be preserved and that the policy should be continued for the present. Title 1 of the former act should be extended as provided in the joint resolution.

If there are no further questions, speaking simply on the adoption of the rule, which I hope and trust will be agreed to, I shall yield to others.

Mr. MILLARD. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. MILLARD. Has any report been made by Mr. Eastman or anyone connected with his organization?

Mr. GREENWOOD. I think so, but I would rather the gentleman asked the gentleman from Ohio [Mr. CROSSER] or the gentleman from Michigan [Mr. MAPES]. The hearings were before the Interstate and Foreign Commerce Committee, and they are more familiar with the matter. The resolution shall be discussed by members of the Committee on Interstate and Foreign Commerce.

Does the gentleman from Pennsylvania desire any time?

Mr. RANSLEY. No.

Mr. GREENWOOD. Then, Mr. Speaker, I yield to the gentleman from Ohio [Mr. CROSSER]——

Mr. CROSSER of Ohio. I do not care to make a speech. I simply want the legislation adopted.

Mr. GREENWOOD. Mr. Speaker, no further time being requested on the adoption of the rule, I therefore move the previous question.

The resolution was agreed to.

COMMENCEMENT AT NIAGARA UNIVERSITY

Mr. MEAD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and insert therein an address delivered by the Postmaster General at Niagara University.

The SPEAKER. Without objection, it is so ordered.

There as no objection.

Mr. MEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following commencement address delivered by Hon. James A. Farley to the graduating class of Niagara University, Niagara Falls, N. Y., June 11, 1935:

To the president and faculty of Niagara University may I acknowledge with sincere gratitude the signal honor that has been conferred upon me today. I am happy to become associated with this historic institution and to become a member of its alumni association. The training received under the Vincentian Fathers has enabled the graduates of Niagara by their activities to reflect in achievement the labors so freely given in the name of God by those devoted men whose sacrifices have made possible this great university.

To the graduating class, of which I am happy to be counted as an honorary member, I wish to address my remarks. You are completing a course of excellent training which should fit you well to cope with present-day problems. As a class you are entering into life's work with hundreds of other classes that are being graduated this month from institutions throughout the land. You are part of a great army of men and women possessed of special training entering into a world at a time when great problems are in the course of solution. There are tens of thousands of you new graduates who may not realize that your combined influence is bound to affect the course of future civilization. But such is the case, for the world's economic system is in a period of transition and is extremely sensitive to every new influence entering into what today to many people seems a maze of uncertainty.

Now, where are we to get the guides who will lead the world out of this period of doubt and uncertainty? They must come from such institutions as this—places where men and women may not merely acquire such knowledge as can be found in books or absorbed from the words of the devoted men who have been your teachers. These are the students of yesterday, as you are the students of today. Theirs has been the part of greatest services to humanity, for they are the ones who pass on from generation to generation all that experience and research have taught mankind.

If civilization has any meaning it is that, forever and forever, the effort must be to increase the total of happiness of the world. Success, such as I am sure you all seek—fame, power, riches—serve but for a lifetime, and pass; but what remains is progress. Most of us are not conscious that our selfish aims and ambitions tend to the general good but, inevitably, that is what happens. Fame becomes an example; power resolves itself into leadership; and riches, sooner or later, flow into the common pool of public improvement.

The greatest thing you and those other thousands of men and women who step into the arena of action today have acquired is that you have learned to think.

Man only learns by experience—his own or that of others—and education so gained is the lever that moves the world. It is the power that lifts mankind, that makes it possible to avoid the pitfalls of the past, and harvest the best the future has in store. And the more education is diffused, the surer is that harvest. So I say to you that yours is the glory and the honor and the task to end the doubt and the uncertainty, and carry on the supreme work of progress.

I recognize that I come here from the Capital of the greatest Nation of the world and, as a member of the one Government in the world on which the eyes of all nations are focused. We are looked up to everywhere because of the definite purpose of the present American administration to solve the problem of economic rehabilitation with a completeness that will assure permanency as to time, protection as to people, and prosperity as to result. I recognize also that unexpected events of recent days have intensified the seriousness of situations that continue grave, although definitely progressing toward improvement. These events have imposed on our Government additional problems that must be solved if the battles already won are to be followed by further victories in our fight to effect the conquest of depression. On their practical solution depends the eventual institution of a workable system of industry to provide for all the equitable distribution of the fruits of labor. Only a consuming power sufficient in volume to protect our processes of production, on which our prosperity depends, can save those processes from collapse.

I have come here with a message of confidence. In comparison with all the other nations of the world, these United States stand preeminent. In the genius of our people, the productivity of our soil, and the vast store of our natural resources we possess the elementals which are bound, with proper planning, to provide a high standard of living for all of our citizens.

The proper planning after 2 years of proven results has suffered a temporary set-back. The very nature of that set-back is a proof of the permanency of our institutions, and as loyal Americans living in orderly procedure, we must accept the set-back and proceed according to its terms.

But proceed we will; and you need not fear that our progress will be balked, for, at the helm of our ship of state is a guiding hand which has piloted us safely through the storms of 2 treacherous years. Now that the harbor is in sight you can be sure that he will find his way out of the present shoals into the channel of content and bring the ship safely into the port of prosperity. The accomplishments of the past provide you adequate reasons for your confidence in the future, and you graduates can go out into the world with full assurance that you will have every opportunity of successfully utilizing the training you have received. As you grow older you will be glad that you started on your way at the same time that a fairer and more equitable economic system was in the process of formulation. There is no doubt whatever that a new field of opportunity has been established for the use of America because of the fearlessness, foresight, genius, and the accomplishment of that great humanitarian, our President, Franklin D. Roosevelt.

You graduates of Niagara University who are before me have the privilege of a great opportunity. I have mentioned before the tens of thousands of others who are being graduated this month. Add to them the hundreds of thousands of graduates who have received their degrees during the 5 years that have elapsed since the start of the depression and look ahead another 5 years when other hundreds of thousands will join your ranks, and you have the composite force which will shape future civilization. These college-educated men and women of this decade of transition, together with those thousands of others of your age who will educate themselves, constitute a great trained army upon whom it is

incumbent to provide for the continual expansion of the privileges you have received so that they can be within the reach of all.

Such extension of the privilege of education is the one sure way of relegating to oblivion all of the destructive forces of the many "isms" that are being promoted by the demagogues who seek to destroy by pulling down our democratic institutions, and by those at the opposite pole who seek to have and to hold illicit privilege. Both are in error.

Your training has taught you that error leads to inevitable failure and that truth must predominate. A truth that has been demonstrated through all the centuries of history is that some must lead. Give everyone equal opportunities and always a class of leaders will arise. These leaders are the thinkers and the executives who must provide the ways of progress. On their unselfish utilization of the natural talents bestowed upon them by their Maker and the opportunities they found depends whether or not they can permanently remain in possession of the powers of leadership. Twenty-five years from now, when the leaders of today are gone, the truth of what I am saying will be apparent to you, from among whom will come the leaders of tomorrow whose efforts will make possible the attainment of the goal.

Your first aim should be to extend as far as possible the privileges you have received. A college diploma is no longer a distinction. It should be just as much a right of all our boys and girls who are ambitious for or capable of profiting from that education as has been primary learning in the past. New York State has extended the compulsory-school age this year, which is a step in the right direction, but until the opportunity for higher education is just as general as the present grade- and high-school education, we fall short of that first principle of American citizenship—equal opportunity for all.

You know from your own experience that training by competent teachers is the one sure antidote for blind, and unreasoning, and destructive agitation against democratic government. You know, that the discipline which you have undergone has taught you to control yourselves and to respect our institutions. You know, that if all of our young men and women could have the same benefits that you enjoy the followers of the demagogic agitators would be fewer, that the potential criminals would be fewer, and a more enlightened citizenry would more intelligently solve the present-day problems of distress.

I am prepared to answer the two arguments that would be used against universal extension of higher education. The first argument is the cost. Wouldn't it be far better, if we realize that the pressing problem of the day is unemployment, that we keep our young men and women in training which would benefit them in later life? This would make possible the employment of more of those of mature years and thus reduce the expense we are at present under in taking care of the unemployed. At the same time thousands more would be engaged in the profession of teaching, thus providing jobs of a useful nature, the benefits of which would accrue through the centuries. Of course there would be extension of educational facilities as represented by plant and equipment. Every extension of this nature would provide employment; and what better way can be found for providing jobs than by making a happier people and establishing a citizenry that will cut down the forces that breed crime, communism, and chaos?

The second argument that will be broached is, "What will we do with all our people if they are educated?" America has grown great because of the continual raising of our standards of living. Just as we today would not return to the standards of living of 25 years ago, so will you, 25 years from now, look back on today as an antique age. In the past 25 years we have had a material progress. Motor transportation, rapid communication, high-speed railroad service, palatial ships, radio, massive buildings, motion pictures, mass production, aviation—these and many other advancements have all been on the material side. They have progressed with miraculous speed under the inspiration begotten of a zeal for acquisitiveness. The good is that as a Nation we can have plenty of everything with a minimum of productive effort. The evil that has resulted is that we have a hundred and thirty million of citizens who do not know just how to make possible the utilization of all of these inventions of modern progress. Since they do not know how, the lack of use has prevented them from having the means to afford their utilization even if they knew how to use them. A constant increase of education will implant the desire for continual higher standards of living, for an increasing demand for the finer things of life.

You who have spent 4 years at Niagara know that this area should be the mecca for many thousand more tourists than have actually enjoyed the scenic beauties of this historic river. Travel has fallen off because many have not the means; but if those who have the means would follow their impulses, thousands of others would be at work performing the services incidental to the entertainment of the traveling public. You know that the facilities of traveling can be expanded and utilized by the income which would be provided in the expansion of the facilities themselves. You know that a large part of the people do not travel because the desire has not been implanted in them, and you know that this desire would be implanted by education.

Likewise you know that many people not having a clear perspective on what the future holds are living under conditions that would be intolerable to them if by education the finer modes of living were made apparent. In this age where modern inventions have made possible low-cost houses that would have been considered palaces 50 years ago, those having the means of living in such houses are not always doing so. Only by education can this desire for better housing be promoted. And the very attainment of this desire by those able to do so will continually provide an incentive for a greater number of our citizens to improve their living conditions.

And as in travel and in housing, leisure time will be spent in the enjoyment of wholesome sports, clean plays, instructive lectures, in boating, motoring, and the thousand and one other ways that will promote the physical and mental well-being of our people. In providing the facilities for such recreations, new wealth will be created, which will provide employment out of which a more contented citizenry, improved in mind and body, will receive the benefits in a full measure of such a parade of progress.

But if we are going to create the high order of civilization that I have described, it is necessary to create a desire for its enjoyment, and this desire can only be created by the education of our people so that they can properly appreciate the benefits available. In the whole scheme of things the more informed and the better trained are our people, the more will they be able to have all of the comforts as well as the necessities that can be provided by intelligent planning.

There are so many things to be done that you need have no fear as you go into the whirlpool of life's activities. Direct your talents toward uplifting and unselfishly endeavor to help others upward and your success will take care of itself. If my words seem impractical, just ponder on the fact that for 5 years we have been universally an unhappy people, because material success was the goal. Then realize that just across the Niagara Gorge, a great nation has been able, for a century and a quarter, to live beside this great Nation of ours, in peaceful tranquillity, begotten of utter lack of material defenses; while in Europe, strife and war have resulted because one nation trusted not the other and because one people tried not to help the other.

There is an example of what friendship among nations will bring about. It is a fitting example for us as people to follow. From every other known system of economics we reached the brink of disaster. We are now building by uplifting. Uplifting comes through education. You, who have the benefits of education must use them to uplift others. Do so unselfishly and the results you obtain will well repay the sacrifices made by these good Vincentian Fathers on your behalf. In repaying your debt to them, you will at the same time be producing for posterity a rich heritage, and the sacrifices made by our forefathers who opened up this land of plenty, will at last bear the fruits they intended, and America will be what America deserves to be, a haven of happiness, where all will start with equal opportunities and will achieve in proportion to what they contribute to the general good in effort and energy.

EXTENDING THE EMERGENCY RAILROAD TRANSPORTATION ACT, 1933

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 319, extending the effective period of the Emergency Railroad Transportation Act, 1933.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. LEWIS of Colorado in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. MONAGHAN].

Mr. MONAGHAN. Mr. Chairman and ladies and gentlemen of the Committee, the urgent necessity for this legislation makes me hesitate even to consume the 5 minutes allowed me. I am not making any partisan speech, because I do not believe in making partisan speeches.

In 1933, when Franklin D. Roosevelt was inaugurated President of the United States, the vested interests, railroads, banks, insurance companies, all forms of business were willing to accept his leadership, and under that leadership business continued to increase and the people continued to become happier and their condition more secure.

But just like all business, which is usually selfish and acquisitive, they forgot the benefits that Franklin D. Roosevelt's leadership brought them, and today they vigorously oppose legislation designed to bring recovery.

I call attention to the fact that the President sent a message to Congress urging the enactment of House Joint Resolution 319. For that reason, I hope that the motion of the gentleman from Ohio [Mr. CROSSER] will be approved to add section 2 which our committee struck from the bill, providing that the $2 mileage shall be paid by the railroad companies.

They are the ones to benefit from the legislation, if it is continued, and by all the rules of logic, reason, and justice they should be the ones to pay for its continuance.

Mr. TRUAX. Will the gentleman yield?

Mr. MONAGHAN. I yield.

Mr. TRUAX. Are the railroads opposing this legislation?

Mr. MONAGHAN. They appeared before our committee and opposed the resolution. I may say that the chairman of the Railroad Association came before us, and in response to my question as to what he proposed to do for dismissed employees he was at a loss to respond.

Mr. TRUAX. It is approved by the Railroad Brotherhood?

Mr. MONAGHAN. Yes. Mr. George M. Harrison, president of the Railway Clerks and chairman of the Railway Executives' Association, appeared before our committee and made a very able statement in favor of the resolution.

Mr. TRUAX. This resolution—H. J. Res. 319—proposes to extend the effective period of the Emergency Railroad Transportation Act to June 17, 1936, and also proposes to continue until that date the office of Federal Coordinator of Transportation. These features are contained in title I of the Emergency Railroad Transportation Act and were not enacted as permanent legislation. This title and the office of Federal Coordinator were limited to a period not longer than 2 years which expires June 17, 1935.

In my mind there is no question of a needed continuation of this act. Without doubt that need is elemental and fundamental. The benefits accruing jointly for the railroads themselves, for their employees, and for that portion of the public affected directly and indirectly are manifest. While it may be true that some minor disadvantages may have been experienced through the passage of this act those disadvantages were so slight and of such negligible character as not to be worth serious consideration by the real friends of railroad workers and the patrons of transportation service.

The necessity for the act is quite apparent. Railroads, generally, were in a desperate financial condition; due alone not to the depression but also to their own willful selfishness, greed, and lack of economic foresight, and disregard for the rights of others. More than 750,000 railroad employees were dropped from the pay rolls, starting with the depression and continuing to the enactment of this law. Due to both the depression and the competition of other forms of transportation the net income of railroads today is only 50 percent of that for the period 1923–29. Railroads have exhibited a deplorable lack of foresight in determining and complying with the demands of twentieth-century transportation users. Passengers continue to swelter and wallow in hot, filthy, dusty, grimy passenger cars. Railroad executives and boards of directors could not, or would not, see the dire necessity for improved conditions. It was only upon the receipt of Government finances that they developed and made a part of equipment air-conditioned cars and trains. Worst of all they made no attempt whatsoever to meet the growing competition of automobiles, busses, and trucks with a reduction in freight and passenger rates. On the other hand, freight rates were advanced and passengers in most sections still pay 3.6 cents per mile, which in many cases is prohibitive for the users' pocketbooks.

Pullman companies are nothing more or less than bandits and brigands who compel their passengers to pay from $4 to $6 per night for the use of a lower berth. Passenger rates should be reduced now to a maximum of 2½ cents a mile, and Pullman rates should be reduced 50 percent. A 30-percent general reduction in freight rates would be justified at this time. Then and then only will there be a large increase in customers, patrons, and receipts by the railroads.

Millionaire owners of the railroads and Pullman cars are not only economically blind, they are stubborn. They stick to the oxcart age insofar as rates are concerned. They have been immensely benefited by the Government and taxpayers. Approximately $500,000,000 have been loaned by the Reconstruction Finance Corporation; only $70,000,000 have been repaid; $50,000,000 is in default. Many roads are in receiverships, bankruptcy, or in the hands of trustees. Through the operation of this act large savings can be realized by railroads should they adopt recommendations made by the Coordinator and his staff. The continuation of this act is vitally necessary for the maintenance of the positions of railroad workers now employed. It is absolutely necessary to the reemployment of those of the 750,000 dropped and not as yet reemployed.

The act provides that the railroads shall pay $2 for every mile operated by them, for the maintenance of the act. Many railroads wrongfully oppose this charge. An attempt will be made today to repeal that portion of the act, and to have the cost fall on the Government, hence on the shoulders of the taxpayer. I am thoroughly opposed to this attempted repeal. The carriers themselves benefit more than anyone else. Every move for economy by the Coordinator means increased profits for the railroads, consequently they should pay the bill.

The cost of all forward-facing measures and legislation should be borne by those groups who benefit most financially thereby. Some lawyers doubt the constitutionality of this act. In my judgment it is perfectly sound and wholly constitutional. Repeal this act and the railroads would not abide by voluntary agreements as some have suggested, no more than do certain industrialists abide by voluntary agreements under N. R. A. codes.

When considering legislation designed to benefit the railroad systems generally, we should have the broadest perspective and viewpoint, and always remember that railroad men, the railroad workers, are the warp and woof of all of the great railroad transportation systems. I shall continue in the future, as in the past, to fight for the human rights of these workers. [Applause.]

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. MONAGHAN. Yes.

Mr. GRISWOLD. Does it appear at any place in the hearings that while in 1920 there were in the employ of the railroad 2,033,000 men, in 1929 there were employed only 1,600,000, a loss of 400,000, and further, that in this same year, the railroads showed the greatest decrease in the cost of operation, $1,322,000,000, 70 percent of which was brought about by reason of the reduction of the number of employees.

Mr. MONAGHAN. I believe that point was made by Mr. Harrison when he appeared before our committee.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MONAGHAN. Yes.

Mr. DUNN of Pennsylvania. Did I understand the gentleman to say that the railroad employees are in favor of the bill in its present form?

Mr. MONAGHAN. Yes; and I believe they want the committee amendment rejected. That is, they want the railroads to bear the burden of this benefit which they get under this law.

Mr. DUNN of Pennsylvania. And some Member of the House will present that amendment?

Mr. MONAGHAN. Yes. The gentleman from Ohio [Mr. CROSSER] will present it. I hope the House will accept the amendment of Mr. CROSSER, because without it the law will be virtually worthless, as there will not be any money to operate it unless unappropriated funds in the Treasury be appropriated as a deficiency appropriation or the President sees fit to take the money from the $4,880,000,000 and then it would be taken from worthy causes perhaps for the promotion of emergency employment and relief.

Mr. DUNN of Pennsylvania. I just want to say that I shall vote for whatever the railroad employees want.

Mr. MAPES. Mr. Chairman, so far as I am concerned my position on the resolution can be stated in a very few words. I am in favor of the continuance of the law authorizing the Coordinator of Railroads for another year in view of the present situation. The Coordinator and his staff have made very extensive studies of the railroad situation and have made a great many recommendations and suggested some bills for the consideration of Congress. No consideration has been given to those recommendations by the Congress at this session. Whose fault that is it is not necessary now to determine. It seems to me that the work of the Coordinator and his recommendations will go for naught

largely unless his office is continued long enough to give the Congress an opportunity to make a thorough study of them and the bills that he has suggested. My understanding is that there is no considerable opposition to that feature of this legislation extending the life of the Coordinator. I think a great majority at least of the members of the Interstate and Foreign Commerce Committee believes that under the circumstances the office of the Coordinator should be extended for another year.

The controversy in the committee arose over the second section of the bill, which provides for the assessment of $2 per mile upon the railroads to meet the expenses of the Coordinator's office. The majority of the committee voted to strike out the section containing that provision. Personally, I did not vote for the motion to strike out the section. I do not think that the section in itself has great significance, but the fact is that we are within 2 days of the time when the office of the Coordinator will expire by law; and unless this legislation is enacted promptly, there will be a hiatus there, and just what the effect of that would be I do not know.

I do not place as much significance as some upon the cost of the matter to the railroads. The $2-per-mile assessment, as I understand it, will amount to $530,000; and I understand that that is not a serious matter so far as the railroads are concerned, although, of course, it is an item. That is the way the cost of the Coordinator has been met up to date, and in view of the legislative situation I am in favor of continuing that provision and continuing the office of the Coordinator for another year.

The legislation means a great deal to railroad labor. I think others will discuss that feature of it more in detail, but the law provided that in making consolidations and other changes to bring about economies on the railroads, the number of employees on the railroads could not be reduced below what it was in 1933 except the normal reductions due to death, resignations, and natural retirement, which amount to about 5 percent of the total employment per year, so that now railroad labor under this law could be 10 percent less than it was in 1933, and, of course, as time goes on the reduction might be greater. The law does prevent the discharge of labor because of the consolidations and other changes, and for that reason railroad labor is very much in favor of the passage of the resolution.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. MAPES. Yes.

Mr. MICHENER. There have not been any consolidations up to date?

Mr. MAPES. No. That, however, is natural, because the Coordinator has had to make his study and to make his recommendations, and after he makes his recommendations, adjustments and agreements between the railroads have to be made in order to bring about the necessary changes to put into effect his recommendations.

Mr. MICHENER. I might say to the gentleman from Michigan that the Coordinator has been before the Committee on the Judiciary for weeks with a bill to amend the bankruptcy laws under which railroads are consolidated. As I understand from him, there has been no consolidation possible, and there will be no consolidations until they get additional legislation. I believe the committee will report something within the next couple of weeks.

Mr. MAPES. The statement of my colleague is as I understand the situation, and it seems to me to emphasize the necessity for prolonging the office of the Coordinator until adequate consideration can be given his recommendations by the Congress.

Mr. REECE. Will the gentleman yield?

Mr. MAPES. I yield to my colleague on the committee.

Mr. REECE. It is not anticipated, is it, that there can be any consolidations or savings effected until the roads have gone into bankruptcy to avail themselves of the benefits of the law to which the member of the Committee on the Judiciary referred?

Mr. MAPES. I understand that the elimination of certain terminals and the use of joint facilities, and so forth, can be effected without any bankruptcy proceedings, and it is hoped that the perfectly solvent roads will make some economies of that kind.

Mr. WITHROW. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. WITHROW. The resolution as it passed the Senate contains a provision that requires the railroad companies to contribute $2 per mile?

Mr. MAPES. Yes.

Mr. WITHROW. If we adopt the committee amendment, it will mean that this measure will possibly have to go back to the Senate?

Mr. MAPES. It does not mean that it will possibly have to go back. It means that it will have to go back.

Mr. WITHROW. And it will probably have to be acted on again by the Senate?

Mr. MAPES. It will have to go back to the Senate and if the Senate should adjourn this afternoon over until Monday, it might be quite unfortunate.

I reserve the balance of my time, Mr. Chairman.

Mr. RAYBURN. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, it is necessary, in my judgment, to keep in mind two important points in connection with this legislation. In the first place, it is necessary that we continue the functions of the Coordinator's office for at least a period of 1 year. An extension denied at this time will result in chaos. We would lose much of the valuable work accomplished by that agency created by the Congress only a short time ago. The extension therefore is vital and that is the purport of the resolution now before the committee.

During the next year or two vast changes will occur in the transportation agencies of the Nation. New legislation will be considered by Congress, which will embrace within the one department of government every phase of transportation. During that time we need this agency. Therefore the extension of the agency is of vast importance.

Mr. RICH. Will the gentleman yield?

Mr. MEAD. No; not now. But an extension of the agency without funds would be futile, and therefore the Senate proposal which carries with it the money is as vital as the extension itself. When that amendment is offered I trust the House will give it the approval it merits. To provide for the extension of an agency and then to strangle it by lack of funds would in my judgment be a meaningless act, and one that does not merit the attention of this House. I hope the extension will be granted and that the funds necessary will likewise be made available. I hope, too, that the day will come when every major transportation agency will come under the jurisdiction of the Interstate Commerce Commission or some similar agency. It is unwise and unfair to expect the railroad companies of America to compete with other agencies which are not called upon to meet the requirements of local or Federal authority. [Applause.] Competition must be fair and justifiable and under Federal regulation.

We have too much at stake in the welfare and well-being of the Nation to allow the railroad companies to go along in the future as they have in the past, with new forms of transportation springing up, free of Federal regulation and control, taking away the very heart and profit of the business, much of which should go to the railroads. So you and I, in the course of the next year or two, will be called upon to give considerable thought and study to the great question of bringing the transportation facilities of the Nation within the scope of the Interstate Commerce Commission, and let us, during the interim, continue this agency with funds to carry on its work. [Applause.]

The Emergency Railroad Transportation Act of 1933 created the office of the Federal Coordinator of Transportation. During these 2 years the Coordinator has performed a valuable public service in studying our transportation facilities, in suggesting necessary economies, and in ascertaining wise legislative action for the future.

The Coordinator's investigations strengthened the opinion already held by many high Government officials, including

the President, that a definite economic need exists for increased Federal regulation of all forms of transportation.

Particularly, in connection with the railroad industry, he found financial distress, duplication of services, wasteful practices, and a general need for reorganization and coordination of facilities.

The findings of the Coordinator were made public and are now reflected in several bills pending in this session of Congress, which call for expanded authority by the Interstate Commerce Commission in dealing with the problems of transportation.

With the necessary appropriation to carry out its provisions, this resolution, if passed, will make possible the continuation and achievement of an equitable Federal plan for the coordination and reorganization of our country's all-important but now chaotic transportation systems. The economic stability of the carriers, the welfare of the employees, and the provision for adequate public service, are all involved and dependent upon prompt and effective Federal guidance.

For these reasons, and additionally, in view of the recent fate of the Railroad Retirement Act, we must not neglect to study promptly means to preserve the morale of the employees and the efficiency of our industries. This resolution provides the means for obtaining expert judgment in determining future policy. To stop now, when so much good has been accomplished, would invite a national catastrophe of frightening dimensions.

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has expired.

Mr. RICH. Mr. Chairman, may I ask the Chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN] a question? After listening to the remarks of our colleague from New York [Mr. MEAD], I am under the impression that legislation affecting the railroads of this country and various other forms of transportation, so far as the regulation of rates is concerned, is not going to be acted upon at this session of the Congress; is that a correct statement by the gentleman from New York?

Mr. RAYBURN. The Committee on Interstate and Foreign Commerce has never acted on rates. That was turned over to the Interstate Commerce Commission many years ago.

Mr. RICH. I was under the impression that the Committee on Interstate and Foreign Commerce of the House was going to propose legislation at this session of the Congress whereby all forms of transportation—railroads, trucks, and water—would come under an act giving due consideration to the regulation of rates.

Mr. RAYBURN. In the first place, the Committee on Interstate and Foreign Commerce does not have jurisdiction over all that. The waterway end of it went to the Committee on Merchant Marine and Fisheries. We do hope to pass before the session is over a bus and truck regulatory measure. As for aviation, I do not think we will reach it this session.

Mr. RICH. Then I am wrong in assuming from the statement of the gentleman from New York [Mr. MEAD] that this would lie over until another year before action would be had by your committee?

Mr. RAYBURN. The Interstate Commerce Commission recommended many times the regulation of busses and trucks before the Coordinator was ever thought of. In 1929 the House passed a bill to regulate busses, but it failed in the Senate.

Mr. RICH. Does the House expect to pass a bill on that subject at this session?

Mr. RAYBURN. It does.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. MILLARD. Did the committee hold hearings on this joint resolution?

Mr. RAYBURN. Yes.

Mr. MILLARD. Since 1933?

Mr. RAYBURN. Yes.

Mr. MILLARD. Did the majority of the committee vote to strike out section 2?

Mr. RAYBURN. They did.

Mr. MILLARD. We have not heard any explanation about this yet, at least I have not. In order that I may know how to vote, will the gentleman explain the situation?

Mr. RAYBURN. The only question involved is whether the railroads shall continue to pay $2 a mile, amounting to approximately $530,000 a year with which to defray the expenses of this agency, or whether they should be paid for by appropriation from the Treasury.

Section 2 of the bill is part of the law under which the Coordinator had been operating for the last 2 years.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. PIERCE. What does the committee expect to do with the bill, Senate 1629, commonly known as the "Wheeler bill", which has passed the Senate?

Mr. RAYBURN. I do not know what the subject matter of the bill is just from hearing its number.

Mr. PIERCE. This bill deals with the regulation of trucks and busses.

Mr. RAYBURN. I will say to the House that that matter has been in the subcommittee for some time. They held extensive hearings and are about ready to report to the full committee. We expect to pass through the committee and through the House a bill for the regulation of busses and trucks. Whether or not it will be exactly like the Wheeler bill is another matter.

Mr. PIERCE. I am in favor of this bill, but I am not in favor of regulating the farmers' trucks for the benefit of the Wall Street bankers.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. WOOD. What was the reason for striking out the provision requiring the railroads to contribute on the basis of $2 per mile? Did not the committee feel the railroads should bear their portion of the expense of administering this act?

Mr. RAYBURN. I did not vote for it myself, but it was the majority view of the committee that it should not be continued. Furthermore, there was some doubt in the minds of a number of members of the committee as to whether we could make the railroads pay this $2 a mile if they resisted. They thought, therefore, the cost of administering this act should come out of the general revenues of the Government because it was a matter affecting commerce generally, and we pay the expenses of the operation of the Interstate Commerce Commission.

Mr. WOOD. Does not the gentleman believe the railroads would be willing to continue this payment in view of the fact they are the greatest beneficiaries of the law?

Mr. RAYBURN. The only man who spoke for the railroads spoke against the resolution.

Mr. MAPES. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. REECE].

Mr. REECE. Mr. Chairman, when the Emergency Railroad Transportation Act of 1933 was passed, it carried a provision that the railroads should make a contribution of $1.50 per mile to defray the expenses of its administration. The railroads, during the first year of the existence of this act, did contribute the $1.50 a mile. At the beginning of the second year it was requested that their contribution should be raised to $2 per mile. The railroads interposed no objection to raising the contribution. This gave the administration approximately $500,000 for the year 1933. The Federal Coordinator, who has had charge of the administration of the act, has made extensive studies and has reported to Congress his findings. The reports have not yet been acted upon by Congress. The bills having to do with carrying his reports into effect are now pending in the committees.

The more substantial part of the work of the Federal Coordinator as contemplated when the act was passed has been accomplished. The railroads have borne the expenses of administering the act, amounting to something like $800,000. This is the entire direct expense except that the Federal Coordinator was allotted something more than $350,000 from C. W. A. funds, which have been expended.

It was felt that the railroads should not be called upon to continue to bear the burden of administering this act if it is

continued, for the continuance will be for the general benefit of the country, for commerce in general. Under the act as passed originally the railroads were called upon to make contribution to bear the entire administrative costs of the act. It was felt by the committee that it was unfair to call upon the railroads alone of all transportation agencies involved to bear the entire expense; and, as the chairman of the committee stated a while ago, a serious doubt existed as to their being any legal justification for placing this kind of burden exclusively upon the railroads, especially in view of the more recent decisions of the Supreme Court on questions where similar issues were involved. Out of these considerations the committee handling the matter felt that this amendment should be adopted and that the revenue required to bear the expenses of the Coordinator's office should come out of the general revenues. I do not feel there is any reason why the adoption of this amendment should disturb the enactment of the legislation because while it is true that it means the bill must be sent back to the other body, still it can readily be adopted by the other body so as to become law before the term of the Coordinator expires.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield two additional minutes to the gentleman from Tennessee.

Mr. REECE. Under the original act there is ample authorization for making available funds out of the general revenue with which to carry on the work of the Federal Coordinator.

Mr. MILLARD. Will the gentleman yield?

Mr. REECE. I yield to the gentleman from New York.

Mr. MILLARD. Does the gentleman feel that the overburdened taxpayers should pay between $500,000 and $600,000 out of the Federal Treasury to benefit the railroads mainly? The gentleman is in favor of striking out section 2?

Mr. REECE. The continuance of the Federal Coordinator is not for the benefit of the railroads. The railroads are opposed to the continuation of this office. It is being continued for the benefit of commerce in general, and if it has any effect it has that general effect. Why should one class of citizens, therefore, be called upon to make a contribution in order to bear the expense of one of the functions of an office for the benefit of the general public?

Mr. MILLARD. Have not the railroads willingly and gladly paid their share up to date?

Mr. REECE. They have paid it without objection up to date; yes.

Mr. WOOD. Will the gentleman yield?

Mr. REECE. I yield to the gentleman from Missouri.

Mr. WOOD. The very name of this act indicates what the law intends to do. It is called the Railroad Transportation Act. The gentleman states that this is for the benefit of unified transportation. Does not the gentleman know that when they bring the busses and trucks under the supervision of the Interstate Commerce Commission and under the Coordinator that the rates on busses and trucks, referring to passenger and freight rates, will have to rise, and that the traveling public and the shipping public will be paying more for transportation in order to save the railroads of this country?

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. REECE. Mr. Chairman, the continuance of the office of Federal Coordinator of Transportation has no relation to legislation which is now pending to bring other forms of transportation under the Interstate Commerce Commission. The duties of the Federal Coordinator of Traffic have to do with all forms of transportation, and his recommendations deal with all forms of transportation. The railroads are the only transportation agencies which are called upon under the present act to share in the expense involved in the administration of that office.

Mr. WOOD. What other forms of transportation does the gentleman think are going to benefit by this legislation? It cannot be said that the busses and trucks will benefit, nor the water-transportation systems.

Mr. REECE. The busses, trucks, and water transportation, as well as all other forms of transportation, stand to benefit by the continuation of this office just as much as the railroads. The railroads doubt very seriously that the continuation of this act will benefit them. If its continuance is justified, it is justified only by the effect it may have upon commerce in general.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, there seems to be very little, if any, open objection to the continuance of the Emergency Transportation Act for 1 more year; however, there is a controversy over whether or not the railroad companies should continue to contribute $2 a mile toward the administration of this act, which indeed is a nominal sum. This is an effort on the part of the secret enemies of this legislation to kill the bill by legislative complication.

In my opinion, if the committee amendment which strikes out that requirement is adopted, we would be killing this bill by indirection, because if the amendment is adopted, this resolution will have to go back to the Senate, and if by chance the Senate should adjourn over until Monday, the Emergency Transportation Act of 1933 would die automatically on Sunday, June 16. The other contingency is if by chance this amendment should be adopted, and if by chance the Senate should concur in the amendment, this would mean a request would come before this House for an appropriation of $500,000. It would no doubt be difficult to secure action on such an appropriation, and without the appropriation the act would be ineffective.

Mr. REECE. Will the gentleman yield?

Mr. WITHROW. I yield to the gentleman from Tennessee.

Mr. REECE. At one time there was made available $350,000 out of the P. W. A. fund for the administering of this act. Since the authority was contained in the original act for an expenditure out of the general revenues, an allotment of whatever amount might be necessary could be made for this purpose.

Mr. WITHROW. If we adopt this amendment, we will be led into a lot of difficulties. There are certain Members of this House who want to defeat the Emergency Transportation Act of 1933, and they cannot do it directly, so they are trying to do it indirectly.

Mr. Chairman, the Government and the railroad employees have been very kind to the railroads. Whenever the railroad companies have gone before the Interstate Commerce Commission for a revised rate structure the Commission has always been very sympathetic. Whenever the railroad companies have come to any of the Government financial agencies and asked for loans the Government has given them the money.

On the other hand, the employees have always been fair with the railroad companies. In 1932 the railroad employees throughout the United States voluntarily took a 10-percent cut in their wages. In addition to that, the contracts between the employees and the employers were liberalized.

The result of these concessions made by employees has been that they have suffered a reduction in income of at least 24 percent as compared with earnings of 1929. Figures prepared by the Federal Coordinator of Transportation show that 20 percent of all railroad employees in 1933 received less than $600 per year. More than 50 percent received less than $1,200 per year, and 80 percent received less than $1,800. I quote these figures to show that the cooperation of employees in accepting wage reductions has been at a real and personal sacrifice to the employees.

The railroad companies can well afford to pay the small amount of money which the unamended resolution would assess upon them. If the Emergency Transportation Act is permitted to expire, the result would probably be a ruthless series of consolidations without regard to the interests or welfare of the railroad employees, the public, or railroad stockholders.

It has long been apparent that the railroad executives, if left to their own devices, will complete the ruin of our transportation systems because of their short-sighted policies. It is of utmost importance that they be prevented from further contributing to the economic destruction of the entire country as well.

The railroad executives of today, instead of being operating officials and instead of going out and getting business as they should, have become "wizards" in financing and refinancing. That has become their specialty, at the expense of the employees, their stockholders, and at the expense of the general public.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. GRISWOLD. Will the gentleman yield?

Mr. WITHROW. I yield to the gentleman from Indiana.

Mr. GRISWOLD. Does the gentleman know that today under the P. W. A. the Government holds actual title to over $1,000,000,000 worth of railroad rolling stock and equipment?

Mr. WITHROW. Yes.

Mr. GRISWOLD. And that under the R. F. C. they hold title to $285,000,000 worth of rolling stock and equipment that has been sold to the railroads on trust notes?

Mr. WITHROW. I do.

Mr. Chairman, I agree that there are some consolidations which should be made. I agree that there are some diversions of traffic which should be permitted. But those consolidations and diversions should be made only after a careful, impartial study of the transportation situation, which has not been completed as yet.

Now, if we do fail to pass this Emergency Transportation Act and allow the railroad managements to consolidate as they please, to divert traffic as they please, the result will be nothing short of chaos.

No unreasonable demand is made on railroad companies by this resolution as passed by the Senate. Any amendment will greatly complicate this matter and may perhaps delay action to such an extent as to permit the present act to expire.

In the interest of railroad employees, railroad stockholders, and the public in general I urge that all amendments be defeated and that this resolution be passed intact in the form in which it has been adopted by the Senate. [Applause.]

[Here the gavel fell.]

Mr. MONAGHAN. Mr. Chairman, I yield to the gentleman from New York [Mr. BEITER] such time as he may desire to use.

Mr. BEITER. Mr. Chairman, I am glad of this opportunity to recommend the passage of legislation which will continue the operations of the Emergency Railroad Transportation Act after June 16. After 2 years of operation, during which period many steps have been taken to improve conditions surrounding transportation, it is apparent that some form of authority is needed whereby carriers and their subsidiaries will be encouraged to promote action for more economical transportation service and prepare plans for joint use of terminal facilities and prevent unnecessary duplication of services.

The activities of the Federal Coordinator of Transportation along these lines, together with his regional coordinating committees, has contributed materially to the development and advancement of railroad transportation. Plans for consolidation and regulation, subject to review by the Interstate Commerce Commission, are being made and various surveys undertaken which will result in needed changes in existing conditions applicable to transportation agencies.

Labor conditions under the Transportation Act are more as they should be with respect to the relations existing between employer and employee and a further harmony may be expected if recommendations now in the process of being promulgated are carried out.

The members of the Committee on Interstate and Foreign Commerce have proposed an amendment to the bill now pending which would eliminate section 2 providing for an assessment against each carrier of $2 for every mile of road operated by said carrier. I believe this provision of the bill is of vital importance and necessary to its proper execution and advocate that the reported amendment be rejected by the House.

If the railroad industry were not in dire financial straits due to various causes extension of the Emergency Transportation Act would in all probability not be in order at this time. Obviously, the situation which confronts the railroads, and incidentally some hundreds of thousands of employees, is one that requires continued support.

Mr. MONAGHAN. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Chairman, it seems to me there is just one question on the adoption or rejection of the committee amendment, and that is this: Is the Coordinator performing a governmental function? It is not a question of whether the railroads are being benefited. The fact of the matter is the railroads are being benefited, although they have not asked for this bill. Railroad labor is being benefited, the people who patronize the railroads are being, and, ultimately, the taxpayer is being benefited through the functions of this Coordinator. If they are not, we ought to do away with it.

If we are passing a law for the private benefit of the carriers as such, we are not performing a proper act for the Congress of the United States.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I am sorry, but I cannot yield in the brief time I have.

The Radio Commission does not especially benefit the radio companies. It benefits the public. Our Federal Trade Commission does the same thing for the public, and we do not ask the radio companies to bear the expense and we do not ask the people engaged in interstate commerce to bear the expense of the Federal Trade Commission, nor do we ask private activity to pay for purely governmental activity, the merchant marine, for example.

We are performing a necessary governmental function for the benefit of the people, for the benefit of the employees, and for the benefit of all of us, and it is an unheard-of precedent to put this burden on the railroads. I think the railroads can beat this if they want to go into court and try it out, but they do not want to do that, or, at least, they have not expressed any desire to do so.

I take second place to no man on this floor in being interested in railroad labor. I want to see the employees of the railroads taken care of, but you cannot do this by weakening the railroads that are now down on their knees. The railroads have borrowed $500,000,000 from the United States Government. They are in default to the extent of about $50,000,000 in their payments. In a short time we are going to have the railroads in our lap, whether we want them or not, unless they are able to come back, and we cannot bring the railroads back to benefit railroad labor, to benefit the people who patronize the railroads, to benefit the taxpayers who are going to have to pay whatever the railroads cannot repay on their loans, unless we give them a breathing spell, and this is an opportunity to do that very thing.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. HARLAN. I am sorry; I wish I could yield, but in the time I have, it is impossible.

I am not disturbed by the gentleman from Wisconsin [Mr. WITHROW]. If this goes to the Senate and they should decide to put it over, a hiatus of a couple of days, I do not think, is going to wreck anything. I do not think Mr. Eastman is going to resign and I do not believe his employees are going to be discharged all at once. I do not believe we are going to have any national strike in a couple of days. It will not make a great deal of difference.

Mr. Chairman, the question before this House is whether or not we want this bill to function as a Government proposition or whether we want to call upon a group of our people and compel them to carry the expense of Government. This is all there is to it. There is no precedent for any such action, and in the final analysis, we are going to injure railroad labor by reducing the fund that the railroads may be

able to use in taking care of their employees as we want them to be taken care of.

If this is a bill for the sole benefit of the railroads, Congress ought not to pass it; if it is for the benefit of the public, the railroads ought not be compelled to pay the cost.

[Here the gavel fell.]

Mr. MAPES. Mr. Chairman, I yield 3 minutes to my colleague, the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I understand the Coordinator of Transportation has not been able to bring his work to completion. I have been watching it with a great deal of interest. I think he has established a valuable service, and I hope the work will continue, and that section 2 will be left in the bill.

It is my understanding the Coordinator of Transportation cannot enforce his orders as the Interstate Commerce Commission can enforce its orders or as the Radio Commission can enforce its orders. Perhaps I am mistaken, but I think I am correct. If I am correct in this, there is a vast difference between the Coordinator's powers and those of the Interstate Commerce Commission and the Radio Commission. Primarily, the Coordinator is serving the railroads and their investors at this time. His orders are subject to review by the Interstate Commerce Commission.

The Coordinator has made many recommendations to date which the railroads for some reason have not carried out. Many of the orders are of a very sweeping character, cannot be put into operation immediately, and necessarily involve far-reaching changes of the greatest moment. Many of them involve the highest policy and require time to be made effective. If the railroads will carry out many of the recommendations made by the Coordinator and change the nature of the equipment in use, modernize repair shops, speed up time consumed in transit, give terminal service which the shipping public demands and must have, arrange for pool carload shipments, provide interchangeable equipment, establish a modern rate classification and correct freight and passenger rates more in keeping with the demands of the day, then much tonnage in the form of both freight and passengers will be recovered from trucks, touring cars and even airplanes. This will create more jobs for railway workers, enable roads to earn greater returns for those who have money invested in railway securities, make the financing of rail transportation more practicable and rail securities more acceptable to the investing public, and thus preserve rail transportation. In the absence of this, other modes of transportation will take more and more tonnage away from railroads and finally lead to a genuine collapse of the whole railroad capital and road structure of the Nation.

Railroad-management foresight did not function quickly enough to meet changing conditions. No transportation service can succeed unless it meets the requirements of the shipping or traveling public. That is paramount. The surge of man in his progress upward and outward has never and will never be bound by a lagging transportation. The situation is not at all impossible for the railroads and their management. If the management fails in its initiative and operating efficiency, the employees of the roads and the shipping public are the ones who suffer. We must have railway service for the long hauls, and just as surely we must and will have trucks for the short hauls. One service is as important as the other. Tourists will not travel in automobiles to such a great extent if the railroads, through their management, will meet the service and rate requirements of the traveling public. Travel by rail is much safer than by automobile. From this great reservoir of traffic the railroads can recover much gross and net revenue. Faster trains, more comfortable equipment, and lower rates will without question prove very beneficial to railway management, the traveling public, railroad employees, and the investing public.

Railway management cannot do these things with the present equipment. They need many improvements, as the Coordinator has pointed out. I think the Coordinator has given us a most valuable piece of work. Furthermore, I think the work of the Coordinator has already been of direct benefit, in large measure, to the railroads, and therefore they should pay the $2 per mile to help continue this work. When the Coordinator takes on the powers of a commission, which we hope he will not have to do, then it will be more appropriate for his expenses to be provided for out of the general funds of the Federal Government, for then he will in whole be serving the entire transportation system of the Nation. We cannot permit a situation to be further aggravated or to become more complicated which will further result in more railway employees being thrown out of employment, or which will continue a public sentiment which permits more and more penalties being imposed against the salaries and wages of those employees, and all in the name of greater operating economy. Tonnage must be recovered, service must be given that will induce shippers to use the rails, and through this method the jobs of the railway employees maintained. If this all requires new and modern equipment in the form of rolling stock, machine shops, new rate structures, revised and modernized classifications, consolidations, pooling agreements, new laws which will permit such coordination of operations, and other changes, then let us proceed to get the facts and then make the necessary changes.

Mr. MAPES. Mr. Chairman, I yield the balance of my time to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, I am vitally interested in seeing this act extended. I think it is a most essential thing at this time. The Coordinator has been making a most valuable contribution of the transportation problem by studies he has instituted, with the assistance and cooperation of various committees of the railroads themselves on a voluntary basis, and with the aid of the State commissions in many cases. The benefits that would be derived by the general public, the shippers, and ultimately to the consumer, in the cost of articles that have to be shipped will so far exceed the cost involved that it becomes negligible.

Section 2 on the face of it looks unnecessary. It looks as if it is simply an assessment against the railroads in order to provide a lot of political jobs. As a matter of fact, this research must be continued, probably in a less degree than it has been in the past, but they will spend only so much as is necessary, and the balance will revert so that it is not unfair at all. The railroads are great beneficiaries of this research and there must be money to carry on the work. If the act is permitted to die by inaction on the part of the Congress we are very likely to face chaos in the railroad situation. The Coordinator, pursuant to this act, has recommended many pieces of legislation, which, taken as a whole, will give a complete reorganization of the transportation system.

The Congress has not had an opportunity to properly consider and act upon these legislative proposals and until that is done the office and functions of the Coordinator must be continued to preserve stability and order in the transportation field.

A great many employees are directly concerned. Conditions of employment are still critical. The failure to extend this act will very likely result in as many as 100,000 and perhaps more railroad employees being thrown out of work. They represent a highly specialized trade and profession and it is not easy to reabsorb such large numbers back into gainful employment in other fields.

Certainly the Coordinator's office should be continued pending permanent remedial legislation and nothing done that would permit more than the present allowed reduction in employment in the railroads.

I represent a very important railroad center, St. Paul, Minn., and I am familiar with the gravity of the situation. I earnestly plead that the House pass this very important resolution.

Mr. RAYBURN. Mr. Chairman, I yield the remainder of my time to the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER of Ohio. Mr. Chairman, there are many reasons why we should continue the Emergency Transportation Act for another year. Much work has been done by the Coordinator under the terms of the original Transportation Act. Many recommendations have been made. There is

still much work to be done by the Coordinator before he shall have completed his task. We need all the assistance possible to bring about proper coordination in the railroad industry.

The terms of the Emergency Transportation Act have enabled the coordinator to harmonize the activities of the railroads to a remarkable degree. It is therefore unnecessary to argue to any extent for the continuance of the Emergency Transportation Act for 1 year.

The important question is whether or not we should adopt the committee amendment striking out section 2 of the Senate bill. I reintroduced my bill so as to make it correspond with the Senate wording of the bill because we were so near the time when the Emergency Transportation Act itself would expire that I wanted to make sure of the passage of the bill as it passed the Senate and enable the House to pass the bill, send it to the President for approval, and so assure the continuance of the act for another year. Having done that, the question is whether or not we shall adopt the committee amendment and send the bill back to the Senate.

Under the Transportation Act the railroads have heretofore paid $2 per mile toward defraying the expense of the Coordinator's office.

The gentleman from Ohio [Mr. HARLAN] has undertaken to tell you that the Coordinator's office is of no benefit to the railroads of the country. I say that it benefits the railroads very much. Every aid to a proper coordination of the railroads, every provision for sound economy helps to increase the profits of the railroads. They should be the last to complain about this small $2-a-mile assessment for the upkeep of the Coordinator's office.

Mr. COLDEN. The report states:

Studies made by the Coordinator and his staff reveal large savings as possible to be realized by the railroads should their recommendations be adopted.

Mr. CROSSER of Ohio. That is entirely correct.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. CROSSER of Ohio. Yes.

Mr. HARLAN. Is it not peculiar that the railroads should appear and even oppose this measure, and they never asked for it, if they are being benefited?

Mr. CROSSER of Ohio. The railroads are not all opposed to it.

Mr. HARLAN. I merely have the statement of the chairman of the committee.

Mr. CROSSER of Ohio. The official representative of the short lines of the country came before our committee and advocated passage of the bill.

Mr. HARLAN. The chairman said that.

Mr. TERRY. At a committee hearing held on this bill the president of the railroad association appeared and opposed the extension, the gentleman will remember.

Mr. CROSSER of Ohio. That is correct.

Mr. TERRY. I will ask the gentleman whether he specifically opposed this contribution?

Mr. CROSSER of Ohio. He made no reference to it. I do not think there was any reference made by any railroad officials to the method of paying for the upkeep of the Coordinator's office at all.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. CROSSER of Ohio. I yield.

Mr. ENGLEBRIGHT. If two or more railroads petitioned the Interstate Commerce Commission to consolidate, would the employees, under section 7 (b) of the Emergency Railroad Transportation Act, be protected who might be displaced through the consolidation?

Mr. CROSSER of Ohio. If this law were not continued, they would not be protected.

Mr. ENGLEBRIGHT. In the gentleman's opinion, they would be protected?

Mr. CROSSER of Ohio. They would not be protected if the act is not extended.

Mr. REECE. Will the gentleman yield?

Mr. CROSSER of Ohio. I yield.

Mr. REECE. Does the gentleman feel that there is any constitutional authority for requiring the railroads to make this contribution?

Mr. CROSSER of Ohio. Oh, I think that a good argument can be made to establish such authority. Of course, lawyers could argue both ways.

Now, Mr. Chairman, the more important consideration is as to the possible effect that failure to enact this measure will have on the railway workers of the United States. Everybody knows that one of the great problems that has confronted the Government is reemployment. The failure to pass this bill would result in many persons losing their jobs. When this bill was passed 2 years ago a great deal of difficulty was experienced in arriving at some arrangement that would prevent the wholesale discharge of employees as a result of some of the changes that might be made under the plea of economy. It was finally agreed that the number of men in the employment of the railroads in May 1933 should not be reduced. The only exception made was that the places occupied by those who might retire, those who might die, and those who might resign, might be left vacant. That could amount to 50,000 a year. Therefore under the act as it stands, the railroads may reduce their total employment by 50,000. What would they do if there were no limitation? What would they do if this Emergency Transportation Act should be not continued in force for another year? No one knows. The president of the railway association was asked the question by the gentleman from Montana as to what their purpose would be with regard to laying off these men. He said they would not be disposed to continue them in service if they did not need them. The plain implication was that they were to be thrown out into the cold.

Mr. CONNERY. Will the gentleman yield?

Mr. CROSSER of Ohio. I yield.

Mr. CONNERY. The gentleman considers it is vital to the employees of the railroads to have the Coordinator continued in this position?

Mr. CROSSER of Ohio. I say no one can tell the number of men who will be thrown out of employment if this act is not continued for another year. I do not believe that the American people would approve anything of that kind. We must think in a broader way today. We must realize more fully the unity of creation, the brotherhood of man. If we ruthlessly disregard the rights and welfare of those who have woven their very lives into the railroad systems of the country, the consequences will be such as to cause some of those who sneeringly suggest such a course to whine and howl most loudly. Make no mistake, we cannot disregard the welfare of any number of our people without harming the whole of society. The principles of justice require the greatest consideration for every member of society. Justice is the constant aim of democracy and when we analyze it we see clearly that democracy is brotherhood. A clear understanding of the meaning "brotherhood" will enable us to realize that, in order to have civilization at all, each man must regard the welfare of all others as his own welfare. We must demonstrate the futility of dependence on tooth and claw for existence. We must abandon the abominable doctrine, "Everybody for himself and devil take the hindmost." Edwin Markham states the principle beautifully in the following lines:

The crest and crowning of all good,
Life's final star, is Brotherhood;
For it will bring again to Earth
Her long-lost Poesy and Mirth;
Will send new light on every face,
A kingly power upon the race.
And till it come, we men are slaves,
And travel downward to the dust of graves.

Come, clear the way, then, clear the way;
Blind creeds and kings have had their day,
Break the dead branches from the path;
Our hope is in the aftermath—
Our hope is in heroic men,
Star-led to build the world again.
To this Event the ages ran.
Make way for Brotherhood—make way for Man.

Mr. Chairman, let us vote down this amendment and pass the bill just as it passed the Senate. [Applause.]

Mr. Chairman, to the railroad workers of the United States the railroad retirement legislation is of the very greatest importance. As we all know, men employed in the railroad industry make of their work their life's business. They give

their best efforts to the service and manifest a pride in their vocation that is not in evidence in some other fields of human endeavor. Many of them enter the service when they are mere youths and go on through their lives in the railway service, unless some unfortunate mishap prevents them from doing so. As is always the case when men take pride in their work and devote themselves enthusiastically to the same, a high order of ability is developed by them. Railroad workers therefore establish themselves in the community in such a favorable light that they command the respect of all who come in contact with them. They are influential in the social life of the community in which they live, and they always take a public-spirited interest in political matters and accordingly exert a corresponding influence in politics.

It is highly proper, therefore, that the Congress of the United States should give its most earnest consideration to legislation calculated to promote the welfare of the railroad workers of the United States; not only because it is the right thing to do from the standpoint of the men themselves, but also because of the important service these men render to the country as a whole. Transportation is one of the most essential factors in the development of commerce. The railroad systems of the United States are the greatest in the world. Their efficient operation depends to a very large extent indeed on the intelligence and fidelity of the railway employees themselves. It is very important, therefore, that the Congress of the United States consider legislation relating to the railroad workers, not only with full understanding, but with a sense of appreciation of the value of these men to the country as a whole. Railroad men are thoroughly attentive to their duties and as a matter of necessity, of course, must be and are almost universally punctual. It is a work which will not permit of any disregard of time in the most exact sense of the word. The welfare of the whole American people depends upon the promptness and thoroughness with which they do their work.

It is with pleasure, therefore, that I have twice sponsored legislation providing for the retirement of the railroad workers of the United States when they shall have reached a reasonable age. It is felt by those who have studied the subject long and carefully that it would be to the best interests of all concerned to have railroad workers retire at age of 65. This not only gives assurance that employees intrusted with the care of both life and property are in the very best of physical condition in the prime of life, and therefore fit to do their work to the best possible advantage, but it also gives an opportunity to faithful servants to spend the evening of their lives free from the strain of their work and also free from the worry about finding means to earn a livelihood during the closing days of their lives. The railroad retirement legislation will make it possible for every railway worker who shall have been in the service 30 years to retire with the assurance that he will never suffer distress from want in his old age. Such legislation will not only enable the men who have spent their lives in the employment of railroads to retire free from worry and enjoy the closing years of their lives without undue exertion, but at the same time it will make way for the younger men of America to satisfy their ambition to make the railroad service their life's work. In a word, not only will the retirement legislation assure the aged employees of the United States a measure of justice, happiness, and contentment in the sunset of life, but it will do much to abolish unemployment in the industry. With the establishment of this measure of justice for the railroad workers of the United States, we shall have established a precedent which other industries may follow. With such progress toward a more just economic system, I can see in the not distant future at least a partial realization of the dream which Robert Burns expressed in the closing stanza of his famous poem entitled "A Man's a Man for a' That", as follows:

Then let us pray that come it may,
As come it will for a' that,
That sense and worth, o'er a' the earth,
May bear the gree, and a' that.
For a' that, and a' that,
It's coming yet, for a' that,
That man to man, the warld o'er,
Shall brothers be for a' that!

The Clerk read as follows:

Resolved, etc., That title I of the Emergency Railroad Transportation Act, 1933, shall continue in full force and effect until June 17, 1936, but orders of the Coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority, but notwithstanding the provisions of section 10, no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission enacted or made after this title ceases to have effect.

SEC. 2. That it shall be the duty of each carrier to pay into the fund provided for by section 14 of the Emergency Railroad Transportation Act, 1933, within 20 days after June 16, 1935, $2 for every mile of road operated by it on December 31, 1934, as reported to the Commission, and it shall be the duty of the Secretary of the Treasury to collect such assessments.

With the following committee amendment:

Beginning in line 1, on page 2, strike out all of section 2.

Mr. CROSSER of Ohio. Mr. Chairman, I ask the House to vote down this amendment. This is the amendment I was discussing a moment ago.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was rejected.

The CHAIRMAN. Under the resolution the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LEWIS of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 319, pursuant to House Resolution 258, he reported the same to the House.

The SPEAKER. Under the rule the previous question is ordered.

Mr. RAYBURN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RAYBURN. Inasmuch as both the Senate and the House bills are the same, when would it be in order to ask unanimous consent to substitute the Senate bill for the House bill?

The SPEAKER. The gentleman may do so now if he wishes.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate Joint Resolution 112, extending the effective period of the Emergency Railroad Transportation Act of 1933, and substitute the Senate joint resolution for the House joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House resolution (H. J. Res. 319) was laid on the table.

EXTENSION OF NUISANCE TAXES

Mr. COOPER of Tennessee, from the Committee on Ways and Means, submitted a privileged report (Rept. No. 1227) to accompany House Joint Resolution 324, which was referred to the House Calendar and ordered printed.

EXTENSION OF THE NATIONAL INDUSTRIAL RECOVERY ACT

Mr. SCHNEIDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHNEIDER. Mr. Speaker, since early in the session I have taken the position that any revision or extension of the National Industrial Recovery Act should provide for retention of its good features and elimination of the abuses. I believe that the social progress made through establishment of better relationships between capital and labor, elimination of child labor, and increased wages and purchasing power should be preserved. Similarly, the abuses which have become evident must be eliminated so far as possible to do so by legislative action.

The unfavorable Supreme Court decision set rather definite limits on legislation for continuation of the N. R. A., and the only proposal which has come before the House up to the present time is the stop-gap proposal, Senate Joint

Resolution 113, continuing some of the present organization for the purpose of research and collection of information relative to industrial activity and trade practices.

This resolution provides also for continuation of the authority to make voluntary trade agreements and in its original form allowed business organizations making such codes or agreements to be exempted from the antitrust laws. I am firmly convinced that much of the dissatisfaction with the operation of the N. R. A. was due to the action of large business groups in taking advantage of the apparent legislative intent to waive the antitrust laws in the original act. Under the protection of the act, big business did not hesitate to impose its will upon the smaller independent concerns and individuals in business and there was no firm administrative action to prevent these abuses.

The Progressive group in the House attempted to make sure that monopolies and trusts would not make further raids upon legitimate independent business and would not gouge the consumer by unreasonable price-fixing practices. Under the terms of the amendment introduced by the gentleman from Texas [Mr. MAVERICK] we attempted to specifically repeal the section waiving the antitrust laws. Upon the refusal of a majority of the committee to adopt this amendment, I could not vote for continuation of the N. R. A., even in skeleton form, so long as its real enforcing powers were eliminated, and special privileges to monopolies might be granted without the safeguard of the antitrust laws to protect the great mass of our people.

When the resolution was returned to the Senate for further action, the liberal forces there forced favorable action on the Borah amendment, under which suspension of the antitrust laws is limited to those voluntary agreements and action thereunder which put into effect the requirements of section 7 (a), including minimum wages, maximum hours, and prohibition of child labor; and which prohibits unfair competitive practices which do not offend against existing laws, including the antitrust laws.

Mr. Speaker, this amendment, like the proposal we advanced in the House, prevents business combines from obtaining exemption from the antitrust laws through voluntary codes and agreements which they may draw up if they desire. In view of the fact that the Senate amendment is now a part of the resolution, I can now support the resolution for extension of the National Industrial Recovery Act. I believe, however, that this legislation must be further strengthened by passage of the Wagner-Connery labor-disputes bill, without which labor is now wholly unprotected by governmental collective-bargaining guaranties, and by further action to correct fundamental maladjustments in our economic system.

AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tomorrow night to file a report on the A. A. A. amendment.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, could not the gentleman submit the report by midnight tonight?

Mr. JONES. I do not see how it can be done.

Mr. O'CONNOR. We want to take it up tomorrow if possible.

Mr. JONES. The committee just ordered the bill reported, so it was filed only today.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is it the gentleman's purpose to call up the bill tomorrow?

The SPEAKER. The Chair will state to the gentleman that the House will be in session tomorrow.

Mr. JONES. Mr. Speaker, answering the gentleman, the first intimation of that nature I had was just a moment ago. I had not planned to do it. I do not know what plans may develop in the House. We are going to have great difficulty in getting our report ready by midnight tonight.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KELLER. Mr. Speaker, I ask unanimous consent that on next Monday after the reading of the Journal and the completion of business on the Speaker's desk I may address the House for 15 minutes to answer an attack upon an amendment I proposed to the Constitution made in the Washington Times of June 12 by Mr. James P. Williams, Jr.

The SPEAKER. Under the custom that prevails and the action of the Chair heretofore, the Chair cannot recognize the gentleman today to make a speech on Monday. The Chair hopes the gentleman will defer his request.

REAR ADMIRAL YATES STIRLING, JR.

Mr. VINSON of Georgia, Chairman of the Committee on Naval Affairs, submitted an adverse report (Rept. No. 1228) on the resolution (H. Res. 247) directing the Secretary of the Navy to transmit to the House of Representatives information concerning the activities of Rear Admiral Yates Stirling, Jr., United States Navy.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the adverse report of the committee may be read.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the adverse report, as follows:

[H. Rept. No. 1228, 74th Cong., 1st sess.]

DIRECTING THE SECRETARY OF THE NAVY TO TRANSMIT TO THE HOUSE OF REPRESENTATIVES, AT THE EARLIEST PRACTICABLE MOMENT, CERTAIN INFORMATION

Mr. VINSON of Georgia, from the Committee on Naval Affairs, submitted the adverse report (to accompany H. Res. 247):

The Committee on Naval Affairs, to whom was referred the resolution (H. Res. 247) that the Secretary of the Navy is hereby directed to transmit to the House of Representatives, at the earliest practicable moment, certain information pertaining to a newspaper article by Rear Admiral Yates Stirling, Jr., having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

The action of the committee is based upon the following letter to the chairman of the committee from the Secretary of the Navy:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, June 13, 1935.

MY DEAR MR. CHAIRMAN: A copy of House Resolution 247 was brought to my office by Commander Bogart with the request that the Secretary of the Navy make recommendation in regard thereto.

The Secretary of the Navy is very glad to give the information requested in the first two questions of the resolution, and no information is necessary to obtain this information. The answers are as follows:

First. The newspaper article by Rear Admiral Yates Stirling, Jr., appearing in the Washington Herald, Sunday, June 9, 1935, was not authorized by the Secretary or by anyone delegated by him.

It is not necessary for a naval officer to obtain advance authority to publish an article.

For the information of your committee, I quote herewith article 113 of the Navy Regulations, bearing on this subject:

"(1) No person belonging to the Navy or employed under the Navy Department shall convey or disclose by oral or written communications, publications, or any other means, except as may be required by his official duties, any information whatever concerning the Naval or Military Establishment or forces, or any person, thing, plan, or measure pertaining thereto, when such information might be of possible assistance to a power in time of peace or to an enemy in time of war; or, except by proper naval authority, any information contained in the official records of the Government or otherwise acquired which, for reasons of public policy, should not be disclosed to persons not of the Naval or Military Establishments.

"(2) Officers and other persons in the naval service desiring to publish articles on professional, political, or international subjects shall cause their signature to appear, together with a statement to the effect that the opinion or assertions contained therein are the private ones of the writer and are not to be construed as official or reflecting the views of the Navy Department or the naval service at large. Immediately upon acceptance of such articles for publication, the writer will forward a complete copy thereof to the Secretary of the Navy for the files of the Navy Department."

Subject to the requirements of this and of paragraph (1) above, officers and others in the naval service are at liberty to publish articles without further permission from higher authority.

"(3) No person belonging to the Navy or employed under the Navy Department shall, other than in the discharge of his official duties, disclose any information whatever, whether confidential or nonconfidential, or whether obtained from official records or within the knowledge of the relator, which might be of aid or assistance in the prosecution or support of any claim against the United States. (See act of Mar. 4, 1909, sec. 109.)"

Second. Rear Admiral Yates Stirling, Jr., did not ask for nor did he receive the consent of any of his superior officers or the Secretary of the Navy to publish said article.

It should be stated here that it is not necessary for a naval officer to ask for and receive the consent of anyone before publishing an article.

The above quoted article 113 of the Navy Regulations gives you the entire information on the subject of publication of articles.

Third. Rear Admiral Stirling has been communicated with by telephone and has replied as follows:

A. "In writing similar articles for Hearst newspapers the usual compensation has been $150. I expect that compensation for the article of June 9 will be the same. Check has not yet been received for this article. Such total payment as I may receive will be from the King Features Syndicate, Inc. No payment will be received from any other source."

If, in view of the above, it is the sense of your committee this resolution should be favorably reported, the Secretary of the Navy interposes no objection.

Sincerely yours,

CLAUDE A. SWANSON.

THE CHAIRMAN, COMMITTEE ON NAVAL AFFAIRS,
House of Representatives, Washington, D. C.

Mr. VINSON of Georgia. Mr. Speaker, the letter from the Secretary of the Navy furnishes all the information requested in the resolution introduced by the gentleman from New York [Mr. MARCANTONIO].

Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, I have no quarrel at all with the action of the Committee on Naval Affairs; in fact, I want to take this opportunity to thank the committee for having obtained the information I requested.

However, I cannot let the letter from the Navy Department go by without making a criticism which I think it justly deserves. The article to which the Navy Department has referred is article 113 of the Navy Regulations. This article specifically states:

Officers and other persons in the naval service desiring to publish articles on professional, political, or international subjects shall cause their signature to appear, together with a statement to the effect that the opinion or assertions contained therein are the private ones of the writer and not to be construed as official or reflecting the views of the Navy Department or the Navy service at large.

I have here a copy of the newspaper article which is specified in my resolution of inquiry, and we find right underneath the title the statement:

By Rear Admiral Yates Stirling, Jr., commandant Brooklyn Navy Yard, formerly commander United States naval base, Pearl Harbor, Hawaii.

But not a single word to the effect that his statement was not to be construed as the official statement of the Navy Department, as required by Navy Regulation 113.

I submit that when this article was published in this form the admiral violated the Navy Regulation 113, to which the Department refers in its letter. Not a single word, however, in the Department letter to the effect that Admiral Stirling violated this regulation when he omitted the statement that his article did not reflect the views of the Navy Department.

While the article in and of itself at this time may not be important, and while the fact he received $150 may be perfectly legal and in order, nevertheless the Navy Department should not permit admirals of the United States to violate the regulations and go around making "jingoistic" statements advocating war with a friendly nation, a nation which we have recognized. I think the Navy Department should take action and discipline this admiral, otherwise we shall have set a vicious precedent. If it had been an enlisted man who had violated the regulations, he would have been disciplined, but in this case he happens to be a stuffed shirt, pompous, "jingoistic" admiral, who is trying to get the United States into a war by his statements. Hence, no disciplinary action. I submit, Mr. Chairman, it is high time that the Navy Department take disciplinary action against these "jingoistic" admirals. [Applause.]

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Georgia.

Mr. VINSON of Georgia. The letter from the Secretary gives the Congress all the information called for in the gentleman's resolution.

Mr. MARCANTONIO. Yes. I have no quarrel with that.

Mr. VINSON of Georgia. The gentleman has no apprehension that the Navy Department will not require the admirals as well as enlisted men to live up to its rules and regulations?

Mr. MARCANTONIO. They have to show me.

Mr. VINSON of Georgia. Well, suppose we cross that bridge when we come to it.

Mr. MARCANTONIO. I am going to cross that bridge when I come to it, and the date is on Monday, because I am going to call on the Navy Department and see whether or not they have taken any disciplinary action in this matter.

Mr. VINSON of Georgia. Mr. Speaker, in view of the fact that all of the information sought in the resolution has been furnished, I move to lay the resolution on the table.

The SPEAKER. The question is on the motion of the gentleman from Georgia [Mr. VINSON] to lay the resolution on the table.

The motion was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

Mr. JONES. Will the gentleman withhold his request for just a moment?

Mr. RICH. I withhold by request.

ORDER OF BUSINESS

Mr. JONES. Mr. Speaker, I ask unanimous consent that the business that would be in order on next Monday may be in order tomorrow.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I am perfectly willing to have the bills on the Consent Calendar come up for consideration tomorrow, but I believe we ought to have an understanding as to whether there will be suspensions or not.

Mr. JONES. I cannot tell the gentleman. I take it my request would carry with it all suspensions that may be in order on Monday. I do not know what the plans are at this time.

Mr. MARTIN of Massachusetts. Can the Speaker give us any information on that matter?

The SPEAKER. The Chair may say to the gentleman that there will be at least one suspension offered tomorrow.

Is there objection to the request of the gentleman from Texas?

Mr. TRUAX. Mr. Speaker, reserving the right to object to make a parliamentary inquiry. Is the House going to consider the Private Calendar today?

The SPEAKER. The Private Calendar will be called just as soon as the House is ready to have it called.

Mr. TRUAX. May I ask the gentleman from Texas a question? What is the purpose in asking for the consideration of bills on the Consent Calendar tomorrow?

Mr. JONES. It is hoped that we may be able to bring before the House the A. A. A. amendments for consideration on Monday. If we started on them tomorrow we could not finish in any event.

Mr. TRUAX. Will the A. A. A. amendments be before the House on Monday?

Mr. JONES. The Committee expects to report them to the House at that time.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The gentleman from Pennsylvania [Mr. RICH] asks unanimous consent to proceed for 5 minutes. Is there objection?

Mr. PARSONS. Mr. Speaker, reserving the right to object, may I ask the gentleman upon what subject he desires to talk?

Mr. RICH. I desire to say a few things in reference to printing in the RECORD certain items by the Joint Committee on Printing. I told the Joint Committee on Printing I would mention the matter before the House.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. McFARLANE. Mr. Speaker, reserving the right to object, and I shall not object, I give notice now that it is now past 3 o'clock and we have been waiting here all afternoon to get to the Private Calendar. I shall therefore object to any further requests along this line.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I have no objection to the gentleman extending in the RECORD all of the data and material which he has prepared, but I think it is an injustice to ask us to wait until later in the afternoon before we take up consideration of the bills on the Private Calendar in which many Members are interested. We have been here prepared for 2 days, and it is now nearly a quarter after 3.

Mr. RICH. May I say to the gentleman that I acceded to the request of the gentleman from Texas [Mr. JONES] and deferred my unanimous-consent request. I indulged him that courtesy, and I expect it to be reciprocated. I hope the gentleman from Ohio will not object to this request, and I think the information will be of interest to the Members of the House of Representatives and to the country.

Mr. TRUAX. It always is. I shall not object.

Mr. RICH. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I call the attention of the Members of the House to the action of the Joint Committee on Printing. I was notified about a week ago that Senator NORRIS, who had made an address in the Senate on June 3, asked that 27 maps be tabulated as a part of the RECORD. Not knowing what those maps or charts were, I objected, until I could see them before granting permission. The Joint Committee on Printing was called together. Senator FLETCHER, Senator HAYDEN, the gentleman from North Carolina, Mr. LAMBETH, Chairman of the House Committee on Printing, and myself were present, and I like all of these gentlemen personally.

We had the 27 charts that were asked to be placed in the RECORD hung around the room. After we looked at all of these charts, every member of the joint committee who was present decided that if they were put in the RECORD about half of them would not be intelligible and no one would be able to read them; also several representatives from the Printing Office were of the same opinion. The Senators stated that because of the fact that Senator NORRIS had pointed to these charts during his speech they ought to be put in the RECORD, notwithstanding the fact they would be unintelligible and no one would be able to read them. I told them that if they would vote for a thing of that kind, to place charts in the RECORD that no one could read, I would bring it to the attention of the House, and they all agreed that I should, and I am now making good my promise. I try not to make promises I do not fulfill. Nor would I say something that I would not say before them in person.

I call your attention to pages 8491 to 8532 of the RECORD of Monday, June 3, 1935, and especially to pages 8494 to 8501 and 8508 to 8511 and 8517 to 8518 and 8521 to 8523, inclusive. I defy any Member of the House to read these 16 pages of the RECORD in their entirety. I know that the Senators, as young as they may be, cannot read them.

When we, as members of the Joint Committee on Printing, permit Members of the House or Members of the Senate to insert in the RECORD charts that are unintelligible, charts that are not understandable, or charts that are not readable, then I think as a Joint Committee on Printing we have not the backbone we should have; we have not the initiative to stop Members of Congress from placing in the RECORD things that cannot be read.

I like Senator FLETCHER and Senator HAYDEN and my colleague from North Carolina, Mr. LAMBETH, but we ought to have the backbone to tell the Members of the House and the Members of the Senate that we are not going to publish unreadable, illegible matter. What good is it but to spend taxpayers' money? I voted against its insertion in the RECORD.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield.

Mr. McFARLANE. The gentleman is opposed to the Wheeler-Rayburn bill, is he not, and opposed to the subject matter included in these charts, rather than the way they are extended and placed in the RECORD?

Mr. RICH. No; I am not taking that into consideration. I want to tell the gentleman from Texas that when I oppose a thing I am not afraid to get up here and tell the Membership of the House just what I think about it, and I am not trying to beat around the bush or to go around Robin Hood's barn. Why print anything you cannot read?

Mr. McFARLANE. Is the gentleman for or against the Wheeler-Rayburn bill?

Mr. RICH. What bill is the gentleman talking about?

Mr. McFARLANE. The Wheeler-Rayburn bill. These charts were placed in the RECORD to fully illustrate and explain the splendid address Senator NORRIS made on this subject. You will note that the Senate passed this bill by a vote of 56 to 32 on June 11. I hope we will soon be able to discharge the House committee and bring this bill before the House.

Mr. RICH. That has nothing to do with the insertion of these charts here that cannot be read.

Mr. McFARLANE. It has a great deal to do with it.

Mr. RICH. It is not the subject I am discussing. You cannot read them.

Mr. McFARLANE. Yes; they can be read. I can read them. And the information contained in those charts helped pass this legislation, which, if and when adopted by the House, will go far toward saving the taxpayers many millions of dollars annually in lower light rates.

Mr. RICH. If you can read them, I will buy you a dinner.

Mr. McFARLANE. All right; buy the dinner. I can read them.

Mr. RICH. I will ask the gentleman to come down here in the well of the House, and if he can read any page that he may pick out that I have mentioned, I will buy a dinner for the whole House. [Applause.]

Mr. PARSONS. How much expense is involved in placing the matter in the RECORD?

Mr. RICH. About $800 or $900.

[Here the gavel fell.]

PRIVATE CALENDAR

The SPEAKER. The Clerk will call the first bill on the Private Calendar.

FIDELITY TRUST CO. AND OTHERS

The Clerk called the bill (S. 694) for the payment of the claims of the Fidelity Trust Co., of Baltimore, Md., and others.

Mr. TRUAX. Mr. Speaker, I object.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioner of Internal Revenue be, and he is hereby, authorized and directed to receive, consider, and adjudicate claims for refund of the bankers' special tax paid under the acts of June 13, 1898, and October 22, 1914, in view of the decision of the Supreme Court of the United States in the case of *Fidelity & Deposit Co.* v. *United States* (259 U. S. 296), and *United States* v. *Fidelity & Deposit Co.* (266 U. S. 587), and in accordance with the agreement made March 3, 1925, between the Attorney General and the Secretary of the Treasury as a basis for settlement of such claims: *Provided*, That no claim shall be considered which is filed later than 6 months after the passage of this act.

SEC. 2. That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to such claimants any amount due and allowed in the determination of any such claims which shall have been presented in accordance with this act.

Mr. McFARLANE. Mr. Speaker, due to the confusion existing in the Chamber and the interruption of the gentlemen on the other side, I was not given an opportunity to object to this bill. I am opposed to the bill, and I think it should be passed over.

The SPEAKER. The objection comes too late. The Chair put the question two or three times, and the bill was then ordered to be read by the Clerk.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HARRY P. HOLLIDGE

The Clerk called the bill (S. 760) for the relief of Harry P. Hollidge.

The SPEAKER. Is there objection?

Mr. McFARLANE and Mr. COSTELLO objected, and the bill was recommitted to the Committee on Claims.

GEORGE B. SPEARIN, DECEASED

The Clerk called the bill (S. 781) for the relief of the estate of George B. Spearin, deceased.

The SPEAKER. Is there objection?

Mr. TRUAX and Mr. COSTELLO objected, and the bill was recommitted to the Committee on Claims.

FAIRMONT CREAMERY CO.

The Clerk called the bill (S. 1008) for the relief of the Fairmont Creamery, of Omaha, Nebr.

Mr. McFARLANE and Mr. HOPE objected, and the bill was recommitted to the Committee on Claims.

DINO CARBONELL

The Clerk called the bill (S. 1325) for the relief of Dino Carbonell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise apropriated, to Dino Carbonell, a resident of Italy, or his duly authorized representative, the sum of $500, representing the amount of a United States Treasury bond (3 percent Treasury bond of 1951–1955, serial no. 22346–F) deposited by him with the immigration authorities of the port of New York, N. Y., as security for a bond executed by him and conditioned upon his departure from the United States on or before June 15, 1932, such bond being subsequently forfeited, although such Dino Carbonell departed from the United States within the period fixed in such bond, as extended by such immigration authorities: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 7, strike out the word "representing" and insert "in full settlement of all claims against the United States for."

The committee amendment was agreed to.

The bill, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TERESA DE PREVOST

The Clerk called the next bill, S. 1360, for the relief of Teresa de Prevost.

The SPEAKER. Is there objection?

Mr. McFARLANE and Mr. TRUAX objected, and the bill was recommitted to the Committee on Claims.

MINNIE C. DE BACK

The Clerk called the bill (S. 1392) conferring upon the United States District Court for the Northern District of California, Southern Division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad.

The SPEAKER. Is there objection?

Mr. McFARLANE. I object.

The SPEAKER. It requires two objections. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the United States District Court for the Northern District of California, Southern Division, to hear, determine, and render judgment upon the claim of Minnie C. de Back, of San Francisco, Calif., against the Alaska Railroad for general and special damages by reason of personal injuries alleged to have been sustained by her on or about July 3, 1931, while a passenger aboard one of the trains operated by such railroad.

SEC. 2. In the determination of such claim the Alaska Railroad shall be held liable for any tort committed by any of its servants to the same extent as if it were a private person.

SEC. 3. Such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitation. Proceedings for the determination of such claim, and appeals from, and payment of, any judgment thereon shall be in the same manner as in the case of claims over which such court has jurisdiction under the first paragraph of paragraph 20 of section 24 of the Judicial Code, as amended.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MILES THOMAS BARRETT

The Clerk called the next bill, S. 546, a bill for the relief of Miles Thomas Barrett.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Miles Thomas Barrett, of Portland, Oreg, the sum of $109.85 for his services in the United States Army as a private in the Corps of Engineers for the period of May 7, 1918, to August 19, 1918, both dates inclusive: *Provided*, That his service in the United States Army during the period in question is hereby made honorable by virtue of the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GERMAINE M. FINLEY

The Clerk called the bill (S. 1809) for the relief of Germaine M. Finley.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Germaine M. Finley, widow of James G. Finley, late a Foreign Service officer of the United States at Havre, France, the sum of $2,750, being 1 year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

GEORGE R. SLATE

The Clerk called the bill (H. R. 4259) for the relief of George R. Slate.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, George R. Slate, who was a member of Company G, Third Regiment Virginia Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 2d day of July 1898, and notwithstanding any provisions to the contrary in the act relating to pensions approved April 26, 1898, as amended by the act approved May 11, 1908: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RAYMOND C. BOGART

The Clerk called the bill (H. R. 780) for the relief of Raymond C. Bogart.

Mr. COSTELLO and Mr. TRUAX objected, and the bill was recommitted to the Committee on Naval Affairs.

HERBERT L. STAFFORD

The Clerk called the bill (H. R. 845) for the relief of Herbert L. Stafford.

Mr. TRUAX and Mr. COSTELLO objected, and the bill was recommitted to the Committee on Naval Affairs.

DAVID SCHWARTZ

The Clerk called the bill (H. R. 855) for the relief of David Schwartz.

Mr. McFARLANE and Mr. TRUAX objected, and the bill was recommitted to the Committee on Naval Affairs.

THOMAS T. GESSLER

The Clerk called the bill (H. R. 1070) for the relief of Thomas T. Gessler.

Mr. McFARLANE and Mr. TRUAX objected, and the bill was recommitted to the Committee on Naval Affairs.

CARL A. BUTLER

The Clerk called the bill (H. R. 1470) for the relief of Carl A. Butler.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Carl A. Butler, who was a member of the United States Marine Corps, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 31st day of March 1919: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RUSSELL H. LINDSAY

The Clerk called the bill (H. R. 1714) for the relief of Russell H. Lindsay.

The SPEAKER. Is there objection?

Mr. McFARLANE. Mr. Speaker, I object.

The SPEAKER. Is there further objection?

There was no further objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to appoint Russell H. Lindsay, former ensign, United States Navy, in which grade he served honorably during the World War, an ensign in the United States Navy, and to retire him and place him on the retired list of the Navy as ensign, with retired pay of that grade as provided by law for officers retired by reason of physical disability incident to service.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JOHN P. SEABROOK

The Clerk called the bill (H. R. 2118) for the relief of John P. Seabrook.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers and sailors John P. Seabrook, who was a member of the United States Marine Corps, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a member of that organization on the 20th day of September 1920: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ANTHONY PETER DE YOUNG

The Clerk called the bill (H. R. 2315) for the relief of Anthony Peter De Young.

Mr. COSTELLO and Mr. TRUAX objected, and the bill was recommitted to the Committee on Naval Affairs.

SGT. MAJ. EDMUND S. SAYER

The Clerk called the bill (H. R. 2555) to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), is hereby placed on the retired list of the United States Marine Corps with the rank of lieutenant colonel: *Provided further*, That no increase in active or retired pay or allowances shall result from the passage of this act over and above that now authorized under the act of June 6, 1924, to enlisted men on the retired list.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JOHN E. FONDAHL

The Clerk called the next bill, H. R. 2611, for the relief of John E. Fondahl.

There being no objection the Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged marines John E. Fondahl, formerly private in the Forty-fourth Company, Third Regiment, United States Marine Corps, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States on September 14, 1921: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE FRANCIS GRUNDY

The Clerk called the next bill, H. R. 2710, for the relief of George Francis Grundy.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HANCOCK of New York and Mr. HOPE objected, and the bill, under the rule, was recommitted to the Committee on Naval Affairs.

VICTOR OSCAR GOKEY

The Clerk called the next bill, H. R. 3366, for the relief of Victor Oscar Gokey.

The SPEAKER. Is there objection?

Mr. COSTELLO and Mr. TRUAX objected, and the bill, under the rule, was recommitted to the Committee on Naval Affairs.

WILLIAM H. CLINTON

The Clerk called the next bill, H. R. 3604, to place William H. Clinton on the retired list of the Navy.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the President is authorized to appoint William H. Clinton, formerly a warrant gunner, United States Navy, and to retire him and place him on the retired list of the Navy as a warrant gunner, with the retired pay and allowance of that grade: *Provided*, That a duly constituted naval retiring board finds that the said William H. Clinton incurred physical disability incident to the service while on the active list of the Navy: *Provided further*, That no bounty, back pay, pension, or allowance of any kind shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CAPT. ARTHUR L. BRISTOL, UNITED STATES NAVY

The Clerk called the next bill, H. R. 3760, for the relief of Capt. Arthur L. Bristol, United States Navy.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims of the United States, notwithstanding the lapse of time or any statute of limitations, to hear and determine, in the same manner in which other claims of like nature coming within the statute of limitations are heard and determined by the Court of Claims, the claim of Capt. Arthur L. Bristol, United States Navy, for rental and subsistence allowances alleged to be due him as an officer with dependents (mother, for the years 1922 to 1925, inclusive). Any judgment which may be entered by the Court of Claims in favor of Captain Bristol will be certified to the Congress for payment in the usual manner.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ELZA BENNETT

The Clerk called the next bill, H. R. 4274, correcting date of enlistment of Elza Bennett in the United States Navy.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in the administration of the laws relating to the Navy and the Naval Reserve Elza Bennett, of the United States Navy, shall for all purposes be held and considered to have reenlisted in the Navy on June 26, 1925: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE BRACKETT CARGILL, DECEASED

The Clerk called the next bill, H. R. 4623, for the relief of George Brackett Cargill, deceased.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Navy George Brackett Cargill, deceased, shall be held and considered to have been discharged under honorable conditions as a seaman, second class, United States Navy, on July 22, 1918: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MICHAEL F. CALNAN

The Clerk called the next bill, H. R. 5100, for the relief of Michael F. Calnan.

The SPEAKER. Is there objection?

Mr. MOTT and Mr. HOPE objected, and the bill, under the rule, was recommitted to the Committee on Naval Affairs.

FREDERICK L. CAUDLE

The Clerk called the next bill, H. R. 5782, providing for the advancement in rank of Frederick L. Caudle on the retired list of the United States Navy.

Mr. HANCOCK of New York, Mr. MOTT, and Mr. HOPE objected, and the bill, under the rule, was recommitteed to the Committee on Naval Affairs.

SYLVESTER T. MORIARTY

The Clerk called the next bill, H. R. 966, for the relief of Sylvester T. Moriarty.

The SPEAKER. Is there objection?

Mr. TRUAX and Mr. COSTELLO objected, and the bill, under the rule, was recommitted to the Committee on Naval Affairs.

ORDER OF BUSINESS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that it shall be in order on Monday next for the Speaker to recognize Members for motions to suspend the rules.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that it shall be in order on Monday next to recognize Members for the suspension of the rules.

Is there objection to the request of the gentleman from North Carolina?

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand the request of the gentleman from North Carolina, it was for this one special bill; it did not mean there would be a general suspension day on Monday.

The SPEAKER. The Chair will state to the gentleman from New York that the Chair will only recognize some Member to move to suspend the rules on the bill which the Chair assumes the gentleman refers to.

Mr. SNELL. That is the tax bill; we might as well be perfectly frank about it.

The SPEAKER. That is the understanding.

Mr. SNELL. If it is simply for the purpose of taking care of that one bill, I think it is all right, for several Members have left the city with the understanding that the bill would not be taken up before Monday.

Mr. DOUGHTON. That is why I am submitting this unanimous-consent request.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

THE PRIVATE CALENDAR

BURTON BOWEN

The Clerk called the next bill on the Private Calendar, H. R. 778, for the relief of Burton Bowen.

Mr. COSTELLO and Mr. McFARLANE objected, and, under the rule, the bill was recommitted to the Committee on Naval Affairs.

JOHN M. M'NULTY

The Clerk called the next bill, H. R. 2130, for the relief of John M. McNulty.

Mr. TRUAX. Mr. Speaker, I object.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the President be, and he is hereby, authorized and directed to appoint Lt. Comdr. John M. McNulty, United States Naval Reserve, a lieutenant commander on the Naval Reserve officers' retired list of the United States Navy, with the rank of lieutenant commander, with retired pay of that rank, as provided by law, for officers retired by reason of physical disability incident to service.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Costello: Page 1, after line 9, insert the following: "*Provided*, That no compensation, pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

JOSEPH HORACE ALBION NORMANDIN

The Clerk called the next bill, H. R. 2333, to correct the naval record of Joseph Horace Albion Normandin.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to substitute for the House bill a similar Senate bill, S. 885.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

The Clerk read the Senate bill as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Joseph Horace Albion Normandin, formerly a seaman, United States Navy, shall be held and considered to have been discharged with an ordinary discharge under honorable conditions as of April 18, 1929, the date on which he was given a bad-conduct discharge from the Navy: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefits shall be held to have accrued prior to the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 2333) was laid on the table.

AUSTIN L. TIERNEY

The Clerk called the next bill, H. R. 3390, for the relief of Austin L. Tierney.

By unanimous consent, a similar Senate bill (S. 144) was substituted for the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Austin L. Tierney, who served as a fireman, third-class, United States Navy, shall be held and considered to have been honorably discharged from the naval service of the United States as a fireman, third class, on April 25, 1918: *Provided*, That no compensation, retirement pay, back pay, or other benefits shall be held to have accrued, nor to accrue in the future, by reason of the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider and a House bill (H. R. 3390) were laid on the table.

W. B. FOUNTAIN

The Clerk called the next bill, H. R. 6697, for the relief of W. B. Fountain.

Mr. HOPE, Mr. HANCOCK of New York, and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Military Affairs.

ALBERT D. CASTLEBERRY

The Clerk called the next bill, H. R. 1583, for the relief of Albert D. Castleberry.

Mr. McFARLANE and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Military Affairs.

BERYL M. M'HAM

The Clerk called the next bill, H. R. 6391, for the relief of Beryl M. McHam.

Mr. COSTELLO and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Military Affairs.

FRED M. MUNN

The Clerk called the next bill, S. 417, for the relief of Fred M. Munn.

Mr. McFARLANE and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Military Affairs.

NELLIE T. FRANCIS

The Clerk called the next bill, H. R. 3574, for the relief of Nellie T. Francis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Nellie T. Francis, widow of William T. Francis, late minister resident and consul general at Monrovia, Liberia, the sum of $5,000, equal to 1 year's salary of her deceased husband.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LILY M. MILLER

The Clerk called the next bill, H. R. 7254, for the relief of Lily M. Miller.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the relief of Lily M. Miller, widow of Ransford S. Miller, American consul general, the sum of $9,000, being 1 year's salary of her deceased husband, who died while in the Foreign Service.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YVONNE HALE

The Clerk called the next bill, S. 799, for the relief of Yvonne Hale.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Yvonne Hale, widow of Bernard F. Hale, late American consul at Venice, Italy, the sum of $4,000, equal to 1 year's salary of her deceased husband: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JANE B. SMITH AND DORA D. SMITH

The Clerk called the next bill, H. R. 351, for the relief of Jane B. Smith and Dora D. Smith.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $10,000 to Jane B. Smith, of Plattsburg, N. Y., and $2,500 to her daughter Dora D. Smith, in full settlement against the Government for all claims resulting from injuries sustained when struck by a United States War Department motor vehicle: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

On page 1, line 5, strike out "$10,000" and insert "$7,500"; page 1, line 7, strike out "$2,500" and insert "$750."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE B. GATES

The Clerk called the next bill, H. R. 670, conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims of the United States, notwithstanding the lapse of time or the statute of limitation and the fact that George B. Gates was an employee of the United States as a draftsman at the Boston Navy Yard when he made his invention, and notwithstanding the provisions of the act of Congress approved June 25, 1910, and the amendatory act approved July 1, 1918, to hear, adjudicate, and render judgment on the claim of the said George B. Gates for compensation for the use and manufacture by or for the United States of an invention of said George B. Gates, described in and covered by Letters Patent No. 997616, issued by the Patent Office of the United States July 11, 1911. That the claim of George B. Gates now pending in the Court of Claims, no. 17320, pursuant to Senate resolution considered and agreed to February 9, 1920, be dismissed: *Provided, however*, That the testimony and exhibits heretofore adduced on behalf of claimant and the defendant constitute the record in the present claim for the decision by the Court of Claims.

SEC. 2. From any decision or judgment rendered under the authority of this act application for appellate review may be made by either party in conformity to the law applicable to suits in the Court of Claims by owners of patents under and by virtue of the statute of June 25, 1910, as amended by the act of July 1, 1918; and any judgment in favor of claimant for compensation for the use of his invention shall be paid in the same manner as other judgments for compensation rendered by the Court of Claims.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRED EPPS

The Clerk called the next bill, H. R. 810, for the relief of Fred Epps.

Mr. HANCOCK of New York, and Mr. HOPE objected, and, under the rule, the bill was recommitted to the Committee on Claims.

TEVIS MOTOR CO.

The Clerk called the next bill, H. R. 971, for the relief of the Tevis Motor Co.

Mr. TRUAX and Mr. McFARLANE objected, and, under the rule, the bill was recommitted to the Committee on Claims.

LESTER I. CONRAD

The Clerk called the next bill, H. R. 1540, for the relief of Lester I. Conrad.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U. S. C., title 5, secs. 767 and 770), are hereby waived in favor of Lester I. Conrad, of Oakland, Calif., who sustained an injury while employed as a carpenter for the cold-storage and ice-making plant, American Expeditionary Forces, at Gievres, France, on January 30, 1918, which resulted in permanent physical disability, and his case is authorized to be considered and acted upon under the remaining provisions of such act, as amended, if he files a notice of such injury and claim for compensation with the United States Employees' Compensation Commission not later than 60 days after the date of enactment of this act.

The term "injury", as used in this act, shall have the meaning assigned to such term in section 40 of such act of September 7, 1916, as amended (U. S. C., title 5, sec. 790).

With the following committee amendments:

On page 1, line 9, after the word "who", insert the words "is alleged to have."

On page 2, line 7, after the word "act", insert "*Provided*, That no benefits shall accrue prior to the approval of this act."

And strike out lines 9 to 12, inclusive.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALLEGHENY FORGING CO.

The Clerk called the next bill, H. R. 3162, for the relief of the Allegheny Forging Co.

Mr. McFARLANE and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Claims.

JOHN L. ALCOCK

The Clerk called the next bill, H. R. 3559, for the relief of John L. Alcock.

Mr. McFARLANE and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Claims.

FLOYD HULL

The Clerk called the next bill, H. R. 4226, for the relief of Floyd Hull.

Mr. COSTELLO and Mr. TRUAX objected, and, under the rule, the bill was recommitted to the Committee on Claims.

ANNA FARRUGGIA

The Clerk called the next bill, H. R. 4406, for the relief of Anna Farruggia.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Anna Farruggia, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 as reimbursement of cash bail deposited with former United States Commissioner Arthur G. Fisk, at San Francisco, Calif., and misappropriated by said official.

With the following committee amendments:

On page 1, line 6, strike out the words "as reimbursement of" and insert in lieu thereof "in full settlement of all claims against the United States for."

Page 1, line 10, insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

FLOYD HULL

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to return to Calendar No. 351, the bill (H. R. 4226) for the relief of Floyd Hull.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Floyd Hull, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 in full settlement of all claims against the Government on account of the loss of his thumb on August 6, 1934, while in the performance of his duties with the North Carolina National Guard at Fort Bragg.

With the following committee amendments:

On page 1, line 6, strike out "$2,500" and insert "$1,500."

On page 1, at the end of line 9, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

DISBURSING OFFICERS OF THE ARMY OF THE UNITED STATES

The Clerk called the next bill, H. R. 4841, for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

Mr. HOPE and Mr. MOTT objected, and, under the rule, the bill was recommitted to the Committee on Claims.

GEORGE R. JONES CO.

The Clerk called the next bill, H. R. 4997, for the relief of the George R. Jones Co., a corporation organized under the laws of the State of New Hampshire.

Mr. McFARLANE and Mr. COSTELLO objected, and, under the rule, the bill was recommitted to the Committee on Claims.

MOSES ISRAEL

The Clerk called the next bill, H. R. 5393, for the relief of Moses Israel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Moses Israel the sum of $3,500 for damages suffered by reason of being struck and injured by a Government automobile which was driven by an employee of the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 6, after "$3,500", insert "in full settlement of all claims against the United States."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRANK WILLIAMS

The Clerk called the next bill, H. R. 5521, for the relief of Frank Williams.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frank Williams the sum of $2,500 in full settlement of all claims against the United States Government by reason of being struck and permanently injured by a Government automobile which was driven by an employee of the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LUCILE A. ABBEY

The Clerk called the next bill, S. 43, for the relief of Lucile A. Abbey.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Lucile A. Abbey, in the same manner and to the same extent as if said Lucile A. Abbey had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTATE OF MRS. DONNIE WRIGHT, DECEASED

The Clerk called the next bill, S. 148, for the relief of the estate of Donnie Wright.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Donnie Wright, late of Vicksburg, Miss., the sum of $4,500, in full satisfaction of its claim against the United States on account of the death of said Donnie Wright, caused by injuries received by her in 1929 in an elevator in the post-office building at Vicksburg, Miss.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RALPH E. WOOLLEY

The Clerk called the next bill, S. 391, for the relief of Ralph E. Woolley.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $7,755.47 to Ralph E. Woolley, of Honolulu, Territory of Hawaii, in full satisfaction of all claims against the United States for damages on account of delay in the construction of certain buildings at the Naval Operating Base, Pearl Harbor, Territory of Hawaii, making necessary extra expenditures in connection with the installation, under contract no. 245, dated December 23, 1927, of plumbing, steam, oil distribution, and electrical systems in such buildings: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALFRED W. KLIEFOTH

The Clerk called the next bill, S. 547, for the relief of Alfred W. Kliefoth.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Alfred W. Kliefoth the sum of $3,940.47 in full settlement of all claims against the Government of the United States to reimburse him for personal property lost in Russia in 1918 while in the performance of his duties as assistant military attaché at the American Embassy at Petrograd.

With the following committee amendment:

On page 1, line 10, insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WESTERN ELECTRIC CO., INC.

The Clerk called the next bill, S. 560, for the relief of the Western Electric Co., Inc.

Mr. TRUAX and Mr. COSTELLO objected, and, under the rule, the bill was recommitted to the Committee on Claims.

WESTERN UNION TELEGRAPH CO.

The Clerk called the bill (S. 1051) for the relief of the Western Union Telegraph Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Western Union Telegraph Co. the sum of $1,155.32 in full and final settlement of all claims against the Government for expenses incurred in repairing a Western Union cable which was picked up and cut by the Coast Guard cutter *Pequot*, January 22, 1931, in grappling for a United States submarine cable between Knight Key Harbor and Sombrero Key, Fla.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STEFANO TALANCO AND EDITH TALANCO

The Clerk called the bill (S. 1585) for the relief of Stefano Talanco and Edith Talanco.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Stefano Talanco and his minor daughter, Edith Talanco, both of Bexar County, Tex., the sum of $7,000 in full satisfaction of their claims against the United States for damages on account of personal injuries suffered on May 17, 1932, when a United States Army airplane, piloted by Lieut. E. T. Selzer, crashed into the automobile owned by said Stefano Talanco, which was parked on the Castroville Road, Bexar County, Tex., and in which said Stefano Talanco and Edith Talanco were sitting at the time of such collision, such sum representing (1) $2,000 for permanent personal injuries suffered by said Stefano Talanco, and (2) $5,000 for personal injuries suffered by said Edith Talanco: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 1, line 7, strike out "$9,500" and insert "$7,000"; page 2, line 5, strike out "$7,500" and insert "$5,000."

The committee amendments were agreed to.

The bill, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TAMPA MARINE CO.

The Clerk called the bill (S. 1860) for the relief of the Tampa Marine Co.

Mr. TRUAX and Mr. COSTELLO objected, and the bill was recommitted to the Committee on Claims.

TRIFUNE KORAC

The Clerk called the bill (S. 1863) for the relief of Trifune Korac.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Trifune Korac, out of any money in the Treasury not otherwise appropriated, the sum of $2,000 representing the amount reimbursed by him to the American Employers' Insurance Co. upon the forfeiture of two immigration bonds executed by said company, upon security furnished by said Trifune Korac conditioned upon the appearance before the immigration authorities of Kirsto Temelkovich and Kosta Simonvich, aliens, who, after the forfeiture of said bonds and the payment of the amount thereof by the bonding company, were apprehended through the efforts of said Trifune Korac and subsequently deported: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

On page 1, line 6, strike out the word "representing" and insert "in full settlement of all claims against the Government of the United States for."

The committee amendment was agreed to.

The bill, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARY SERO JOHNSON (NEE MARY SERO)

The Clerk called the bill (H. R. 6296) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Mary Sero Johnson, nee Mary Sero.

Mr. TRUAX and Mr. McFARLANE objected, and the bill was recommitted to the Committee on Indian Affairs.

HORTON & HORTON

The Clerk called the bill (H. R. 6549) for the relief of Horton & Horton.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Horton & Horton, of Houston, Tex., the sum of $21,648.64 in full settlement of all claims against the Government for labor and materials furnished in connection with the proposed construction of three timber seaplane hangars, pavement, and beach at the naval air station, Galveston, Tex., in 1918.

With the following committee amendment:

Page 1, line 6, strike out "$21,648.84" and insert "$19,361.30."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SHIPLEY SADDLERY & MERCANTILE CO.

The Clerk called the bill (H. R. 2213) for the relief of Charles P. Shipley Saddlery & Mercantile Co.

Mr. McFARLANE and Mr. TRUAX objected, and the bill was recommitted to the Committee on War Claims.

ERNST NUSSBAUM

The Clerk called the bill (H. R. 2989) for the relief of Ernst Nussbaum.

Mr. COSTELLO and Mr. McFARLANE objected, and the bill was recommitted to the Committee on War Claims.

FRED G. CLARK CO.

The Clerk called the bill (S. 281) for the relief of the Fred G. Clark Co.

Mr. McFARLANE and Mr. COSTELLO objected, and the bill was recommitted to the Committee on War Claims.

SOUTHERN PRODUCTS CO.

The Clerk called the bill (S. 929) for the relief of the Southern Products Co.

Mr. McFARLANE and Mr. TRUAX objected, and the bill was recommitted to the Committee on War Claims.

JOHN A. JUMER

The Clerk called the bill (S. 1363) for the relief of John A. Jumer.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Tresaury be, and he is hereby, authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to John A. Jumer, of Two Harbors, Minn., the sum of $277, in full satisfaction of his claim against the United States for personal-property losses sustained by him in 1918 while serving as a captain, Dental Corps, United States Army, in the Argonne Forest, France: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JOHN W. DADY

The Clerk called the bill (H. R. 6949) for the relief of John W. Dady.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Without objection, the Clerk will report a similar Senate bill, S. 2333.

There was no objection, and the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of John W. Dady, superintendent and special disbursing agent of the Mission Indian Agency, Riverside, Calif., for payments aggregating $582.50, made to Thomas Lucas, an Indian, as mileage for travel performed by automobile while employed as subforeman in emergency conservation work.

Mr. COSTELLO. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Line 10, after the word "work", insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A House bill (H. R. 6949) was laid on the table.

SOUTHERN OVERALL CO.

The Clerk called the bill (H. R. 4408) for the relief of the Southern Overall Co.

Mr. HOPE and Mr. MOTT objected, and the bill was recommitted to the Committee on War Claims.

THOMAS G. CARLIN

The Clerk called the bill (H. R. 1759) for the relief of Thomas G. Carlin.

The SPEAKER. Is there objection?

Mr. McFARLANE. Mr. Speaker, I object.

The SPEAKER. Is there further objection?

There was no objection.

The SPEAKER. Without objection, a similar Senate bill (S. 1410) will be substituted.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to summon Thomas G. Carlin, formerly captain in the Army of the United States, before a retiring board to inquire whether at the time of his resignation from the Regular Army he was incapacitated for active service, and whether such incapacity was a result of an incident of service, and if, as a result of such inquiry it is found that he was so incapacitated, the President is authorized to nominate said Thomas G. Carlin a captain in the Regular Army and place him immediately thereafter upon the retired list of the Army, with the same privileges and retired pay as are now or may hereafter be provided by law or regulation for officers of the Regular Army: *Provided*, That the said Thomas G. Carlin shall not be entitled to any back pay or allowance.

The bill was ordered to be read a third time, was read a third time, and passed, and a motion to reconsider laid on the table.

A House bill (H. R. 1759) was laid on the table.

HARRY L. REAVES

The Clerk called the bill (S. 1390) for the relief of Harry L. Reaves.

Mr. HANCOCK of New York and Mr. MOTT objected, and the bill was recommitted to the Committee on Military Affairs.

HENRY C. ZELLER AND EDWARD G. ZELLER

The Clerk called the bill (H. R. 781) for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period.

Mr. TRUAX and Mr. McFARLANE objected, and the bill was recommitted to the Committee on Claims.

JAMES P. WHALEN

The Clerk called the bill (H. R. 2325) for the relief of James P. Whalen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended (U. S. C., title 5, secs. 767 and 770), are hereby waived in favor of James P. Whalen, of Cambridge, Mass., who is alleged to have sustained an injury while employed in the Government arsenal at Watertown, Mass., in 1918 and 1919, which resulted in permanent physical disability, and his case is authorized to be considered and acted upon under the remaining provisions of such act, as amended, if he files a notice of such injury and claim for compensation with the United States Employees' Compensation Commission not later than 60 days after the date of enactment of this act.

The term "injury", as used in this act, shall have the meaning assigned to such term in section 40 of such act of September 7, 1916, as amended (U. S. C., title 5, sec. 790).

With the following committee amendments:

Page 1, line 9, after the word "who", insert "is alleged to have"; and on page 2, strike out all of lines 7, 8, and 9 and insert in lieu thereof "Any benefits awarded hereunder shall not accrue prior to the approval of this act."

The amendments were agreed to and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

THOMAS HARRIS M'LAUGHLIN

The Clerk called the bill (H. R. 2730) for the relief of Thomas Harris McLaughlin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission be, and it is hereby, authorized and directed to pay out of the employees' compensation fund to Thomas Harris McLaughlin during his natural life the sum of $25 per month, to date from the passage of this act, as compensation for injuries to his right wrist and arm on or about the 29th day of February 1932, in line of duty and while he was serving as an inmate of the United States Industrial Reformatory at Chillicothe, Ohio.

With the following committee amendment:

Page 1, line 11, strike out the period, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MRS. L. B. GENTRY

The Clerk called the next bill, H. R. 3149, to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That jurisdiction is conferred upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to hear and determine, and to render judgment, as if the United States were suable in tort, on the claim of Mrs. L. B. Gentry, Corpus Christi, Tex., to recover damages for the death of her husband, L. B. Gentry, resulting from injuries sustained when the automobile which the said L. B. Gentry was driving was struck by a United States Army truck near Alice, Tex., on or about September 3, 1931, if such suit is brought within 1 year after the enactment of this act.

SEC. 2. There are authorized to be appropriated such sums as may be necessary to pay any judgment rendered by such court in such suit.

With the following committee amendment:

On page 2, strike out lines 5, 6, and 7, and insert:

"SEC. 2. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, a sum sufficient to pay the judgment rendered against the United States, if any, as a result of suit hereunder."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALLEGHENY FORGING CO.

The Clerk called the next bill, H. R. 3163, for the relief of the Allegheny Forging Co.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TRUAX, Mr. McFARLANE, and Mr. COSTELLO objected, and the bill, under the rule, was recommitted to the Committee on Claims.

MRS. LAWRENCE CHLEBECK

The Clerk called the next bill, H. R. 3575, for the relief of Mrs. Lawrence Chlebeck.

The SPEAKER. Is there objection?

Mr. HANCOCK of New York and Mr. McFARLANE objected, and the bill, under the rule, was recommitted to the Committee on Claims.

JAMES L. PARK

The Clerk called the next bill, H. R. 3907, for the relief of James L. Park.

The SPEAKER. Is there objection?

Mr. TRUAX and Mr. COSTELLO objected, and the bill, under the rule, was recommitted to the Committee on Claims.

E. C. WEST

The Clerk called the next bill, H. R. 4368, for the relief of E. C. West.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to E. C. West, of Dunn, N. C., the sum of $201.59 as reimbursement in full of substitute-clerk hire paid by him from December 31, 1921, to September 30, 1922, while acting as postmaster at Dunn, N. C.

With the following committee amendments:

On page 1, line 6, after the figures, strike out "as reimbursement in full of" and insert in lieu thereof "in full settlement of all claims against the United States for"; and in line 10, after the words "North Carolina", insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A. BRUCE BIELASKI

The Clerk called the next bill, H. R. 4816, for the relief of A. Bruce Bielaski.

The SPEAKER. Is there objection?

Mr. COSTELLO and Mr. McFARLANE objected, and the bill, under the rule, was recommitted to the Committee on Claims.

WARD J. LAWTON

The Clerk called the next bill, H. R. 4821, for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. A similar Senate bill (S. 1656) will be substituted, without objection.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to credit in the accounts of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce, the sum of $204 paid to the Liberty Brush Co., Philadelphia, Pa. (voucher no. 6660), May 17, 1932, which was later disallowed by the Comptroller General of the United States.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 4821) was laid on the table.

WASHINGTON POST CO.

The Clerk called the next bill, H. R. 4830, for the relief of the Washington Post Co.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Without objection, a similar Senate bill (S. 1052) will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of the act of July 31, 1876, being "An act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1877, and for other purposes" (19 Stat. L. 105; U. S. C., title 44, sec. 321), the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Washington Post Co., Washington, D. C., the sum of $109.80 in full settlement and satisfaction of its claim for advertising services rendered the Veterans' Administration in advertising for proposals to furnish labor and materials for certain construction projects as the Veterans' Administration home, Leavenworth, Kans.; Veterans' Administration hospital, Columbia, S. C.; and Veterans' Administration home, Johnson City, Tenn.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: On page 2, line 18, after the figures, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The Senate bill, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 4830) was laid on the table.

CLAIMS OF MILITARY PERSONNEL

The Clerk called the next bill, H. R. 4850, to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the General Accounting Office be, and is hereby, authorized and directed to pay the following claims of military personnel and civilian employees in the amounts shown, which have been approved and recommended for payment by the Secretary of War, for damages to and loss of private property of such personnel incident to the training, practice, operation, or maintenance of the Army, and that such payments be made from the present appropriation of the War Department, entitled "Claims for damages to and loss of private property": Edith Alward, wife of Staff Sergeant Henry J. Alward, $43.50; R. G. Ayers, captain, Infantry, $55.15; Miss G. M. Anderson, civilian employee, $22.30; Harrison B. Beavers, captain, Infantry, $14.85; James H. Blackwell, major, Medical Corps, $45; Clifford Bunting, sergeant, $7.30; Carl B. Byrd, captain, Cavalry, $21.50; Frank T. Balke, lieutenant, Infantry Reserve, $160; Michael J. Byrne, captain, Infantry, $32; Marion Budnick, civilian employee, $22.67; Jasper E. Brady, lieutenant, Infantry, $7.60; M. E. Barker, captain, Chemical Warfare Service, $37.75; Warren R. Carter, first lieutenant, Air Corps, $250; Paul J. Chesterton, sergeant, $146.50; Thomas E. Christ, civilian employee, $21.25; Harvey G. Clark, sergeant, $40; Robert M. Copeland, captain, Corps of Engineers, $3.85; W. A. Copthorne, major, Chemical Warfare Service, $50; James A. Corcoran, sergeant, $4; T. M. Chambliss, major, Infantry, $122.35; Floyd M. Crutchfield, technical sergeant, $17.10; Harvey T. Davis, private (first class), and Mrs. Davis, $108; Willie A. Dennis, staff sergeant, $6.43; Edward F. Durham, civilian employee, $15.70; John H. Daniels, sergeant, $39.75; Gust Ehen, civilian employee, $15.20; Timothy F. Foley, civilian employee, $43.25; Valentine P. Foster, captain, Coast Artillery Corps, $6; Gustav H. Franke, major, Field Artillery, $13.50; John M. Fray, captain, Field Artillery, $17; George Giebler, sergeant, $35.75; Burgo D. Gill, second lieutenant, Field Artillery, $54.75; Alexander O. Gorder, captain, Infantry, $27.30; Willian Grant, master sergeant, $17.64; Chris Gunther, civilian employee, $228.90; L. Perry Hammond, civilian employee, $26.17; Lee W. Haney, first lieutenant, Infantry, $20; Glenn W. Hanna, civilian employee, $30.25; David Heidler, private, $5.15; Francis W. Honeycutt, lieutenant colonel, Field Artillery, $19.10; L. P. Hudson, second lieutenant, Air Corps, $85; M. E. Jennings, first lieutenant, Chemical Warfare Service, $46; Joseph S. Johnson, captain, Infantry, $300; H. D. Jones, sergeant, $14.80; George W. Jones, sergeant, $18.75; Robert F. Keiper, civilian employee, $12.50; George A. Knight, civilian employee, $15; Lewis M. Krostag, private, $104.50; Frank L. Kopp; sergeant, $92.50; C. H. Larrabee, warrant officer, $38; Lyle R. Lappin, sergeant, $44.15; Joe D. Lunday, civilian employee, $71; the estate of Alexander W. Maish, late major, United States Army, retired, $37.95; B. G. Marchi, second lieutenant, Infantry Reserve, $64.50; Frank Monroe, sergeant, $4; Winfield R. McKay, captain, Infantry, $13; Harry J. Mills, private, $55; Timothy M. Montgomery, civilian employee, $11; W. F. O'Neill, civilian employee, $59; Walter E. Prosser, major, Signal Corps, $14; Hartley C. Powell, civilian employee, $139.55; Alexander Phillips, sergeant, $15; Basil H. Perry, captain, Field Artillery, $55.65; Robert K. Perrine, second lieutenant, Infantry, $49.95; J. C. Raaen, first lieutenant, Infantry, $8.75; William J. Ryan, chaplain, $225.75; William T. S. Roberts, first lieutenant, Infantry, $16; August A. Reekast, civilian employee, $17.50; B. L. Robinson, first lieutenant, Corps of Engineers, $10;

J. M. Harmon, first lieutenant, Corps of Engineers, $6.85; David W. Schueler, private, $35.35; A. D. Sanders, first lieutenant, Infantry, $41.05; B. R. Slater, second lieutenant, Infantry Reserve, $174.26; Charles M. Smith, first lieutenant, Infantry, $18.50; I. B. Smock, major, Medical Corps, $100; Allen R. Springer, second lieutenant, Air Corps, $50; Charles G. Stein, sergeant, $40; John A. Sterling, major, Infantry, $50; Robert E. Swab, captain, Infantry, $33.60; Roy J. Taylor, civilian employee, $188.75; John P. Temple, first lieutenant, Air Corps, $15; Willie Thompson, sergeant, $12; Arthur R. Trabold, warrant officer, $4.25; S. C. Vestal, colonel, Coast Artillery Corps, $27.35; P. A. Wakeman, first lieutenant, Signal Corps, $200; E. T. Williams, first lieutenant, Field Artillery, $47.50; Stella E. Williams, second lieutenant Army Nurse Corps, $82.10; Fremon Wright, private, $127.50; George H. Zautner, captain, Quartermaster Corps, $12.

With the following committee amendments:

On page 3, line 11, after the semicolon, insert "R. L. Harris, first lieutenant, Signal Reserve, $24.25"; on page 4, in line 8, after the semicolon, strike out "William J. Ryan, chaplain, $225.75"; on page 4, line 14, after the semicolon, insert "James H. Skinner, second lieutenant, Field Artillery, $38.20."

The committee amendments were agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: Page 2, line 4, after the word "property", insert a comma and the words "in accord with conditions therein stated."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JUDSON STOKES

The Clerk called the next bill, H. R. 4860, for the relief of Judson Stokes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $2,500 to Judson Stokes for damages as the result of injuries suffered when the vehicle which he was operating collided with a United States mail truck on October 30, 1928, near Atlanta, Ga.

With the following committee amendments:

Page 1, line 6, strike out "$2,500" and insert in lieu thereof "$50 per month for 50 months from and after the approval of this act."

Page 1, line 11, after the word "Georgia", insert the following: ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RABBI ISAAC LEVINE

The Clerk called the next bill, H. R. 4974, for the relief of Rabbi Isaac Levine.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,000 to Rabbi Isaac Levine, of Knoxville, Tenn., on account of personal injuries sustained by him as a result of being struck by a truck being recklessly driven by an employee of the United States Government, said injury occurring in Knoxville, Tenn., on December 18, 1933:

With the following committee amendments:

In line 5, strike out the figures "$1,000" and insert in lieu thereof the figures "$500."

In lines 6 and 7, strike out the words "on account of" and insert in lieu thereof the clause "in full settlement of all claims against the United States for."

At the end of the bill add:

": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES PINE

The Clerk called the next bill, H. R. 5971, for the relief of Charles Pine.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Charles Pine the sum of $5,000 for injuries sustained on or about December 24, 1929, by being struck by an automobile operated by an employee of the United States Government, to wit, an employee of the United States Veterans' Bureau.

With the following committee amendments:

In line 6, strike out the figures "$5,000" and insert the figures and words "$3,500, in full settlement of all claims against the United States."

Strike out all of line 8.

At the end of the bill add:

": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BROOKER T. WILKINS

The Clerk called the next bill, H. R. 6177, for the relief of Brooker T. Wilkins.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $1,500 to Brooker T. Wilkins for injuries received as the result of a bullet fired from the rifle range at Fort McPherson, Ga., on February 15, 1926.

With the following committee amendments:

In line 4, strike out the word "funds" and insert the word "money."

In line 6, strike out the figures "$1,500" and insert the figures "$750."

At the end of the bill, add: ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MRS. CLARENCE J. M'CLARY

The Clerk called the next bill, H. R. 6825, for the relief of Mrs. Clarence J. McClary.

There being no objection the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the

Treasury not otherwise appropriated, to Mrs. Clarence J. McClary, of Alexandria, Va., the sum of $10,000. Such sum shall be in full settlement of all claims against the United States on account of the death of Clarence J. McClary, the husband of the said Mrs. Clarence J. McClary, who, at the request of the officers of the Federal Government, accompanied them and assisted in the apprehension and arrest of one Tom Quesenberry, and the said Clarence J. McClary was slain in Loudoun County, Va., March 17, 1935, by the said Tom Quesenberry.

With the following committee amendments:

In line 6, strike out the figures "$10,000" and insert in lieu thereof the figures and words "$75 per month in an amount not to exceed $10,000."

At the end of the bill add:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VITO VALENTINO

The Clerk called the next bill, S. 314, for the relief of Vito Valentino.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Vito Valentino, of Providence, R. I., the sum of $50, in full satisfaction of his claim against the United States for damages for injury done to a stone wall owned by said Vito Valentino at 1171 Douglas Avenue, North Providence, R. I., when a United States mail truck ran into such wall on or about March 29, 1934.

With the following committee amendment:

At the end of the bill, add: ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

C. O. MEYER

The Clerk called the next bill, S. 537, for the relief of C. O. Meyer.

Mr. McFARLANE and Mr. COSTELLO objected, and, under the rule, the bill was recommitted to the Committee on Claims.

RUTH J. BARNES

The Clerk called the next bill, S. 920, for the relief of Ruth J. Barnes.

Mr. TRUAX and Mr. McFARLANE objected, and, under the rule, the bill was recommitted to the Committee on Claims.

MAJ. E. P. DUVAL

The Clerk called the next bill, S. 674, authorizing the President to order Maj. E. P. Duval before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation.

Mr. McFARLANE and Mr. TRUAX objected, and, under the rule, the bill was recommitteed to the Committee on Military Affairs.

DR. ERNEST B. DUNLAP

The Clerk called the next bill, H. R. 6602, for the relief of Dr. Ernest B. Dunlap.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dr. Ernest B. Dunlap, the sum of $2,806. Such sum shall be in full payment of the claim of the said Dunlap against the United States on account of professional services rendered by him between May 2, 1926, and June 30, 1930, inclusive, at the Kiowa Indian Hospital upon verbal authorization of the Superintendent of the Kiowa Indian Agency. Payment for such services was not made because sufficient individual Indian moneys have not been available for such purpose.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dr. Ernest B. Dunlap, of Lawton, Okla., the sum of $2,806 in full settlement of his claim for professional services rendered by him to Indians between May 2, 1926, and June 30, 1930, inclusive, at the Kiowa Indian Hospital, Oklahoma, upon verbal authorization of the Superintendent of the Kiowa Indian Agency."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HEIRS OF JAMES TAYLOR

The Clerk called the next bill, H. R. 7037, to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes.

By unanimous consent, a similar Senate bill (S. 2306) was substituted for the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims, both legal and equitable, notwithstanding any statutes of limitations, to hear, determine, and render final judgment upon the claim of the heirs of James Taylor, a deceased Cherokee Indian, named in his last will and testament dated the 7th day of October 1905 (codicil dated Jan. 7, 1907), as recorded in the office of the clerk of the Superior Court of Cherokee County, State of North Carolina, in Book of Wills, page 139 and the following, against the United States for the value of certain lands including the value of all timber and other property taken therefrom and appropriated to the use and benefit of the United States since the 15th day of March 1869, and for the value of the use of such lands and other property by the United States since said date, March 15, 1869, and for attorney's fees. The lands referred to are in the State of North Carolina, and were the subject matter in Congressional Case No. 1344, *James Taylor* v. *The United States* (H. Doc. 187, 64th Cong., 1st sess.), described in a letter to the Secretary of the Interior dated May 5, 1933, signed by H. A. Wallace, Secretary of Agriculture (S. Rep. No. 875, 73d Cong., 2d sess., p. 6), and are now under administration by the United States as a part of the Nantahala National Forest.

SEC. 2. The Court of Claims shall consider the findings of fact reported to the House of Representatives, as found by said court in Congressional Case No. 1344, *James Taylor* v. *The United States* (H. Doc. 187, 64th Cong., 1st sess.), as evidence in any suit filed and prosecuted hereunder; but additional evidence and testimony may be submitted by the claimant heirs or by the United States. Records, deeds, correspondence, or other papers recorded or on file in any Department of the United States Government or of the State of North Carolina, or certified copies thereof, may be used as evidence; and the departments of the Government shall give access to any permit inspection of any such records, deeds, correspondence, or other papers, by the claimant heirs of James Taylor or by their attorney in the preparation and prosecution of any suit filed under the authority of this act. It is the intention of this act that the said claim of the heirs of James Taylor against the United States shall be heard and finally determined on its merits and on the basis of justice and equity to both parties, and the Court of Claims is hereby authorized and directed to exercise unrestricted discretion to that end.

SEC. 3. Any suit filed hereunder shall make the heirs of James Taylor party plaintiff and the United States party defendant, and the petition shall be verified by one of the heirs named in the will mentioned in section 1 of this act, or by the attorney representing said heirs, or representing one of them for and on behalf of all of them, and no other verification shall be necessary.

Petition hereunder shall be filed within 1 year from the date of approval of this act with right of amendment at any time before final judgment. The case shall be advanced on the court's docket for hearing; and the court shall have full authority by proper orders and process to bring in and make parties to such suit any or all persons or corporations deemed by it necessary or proper to the final determination of all questions and matters involved.

SEC. 4. Upon the final determination of any suit filed hereunder the Court of Claims is authorized to allow attorney's fees in an amount not to exceed 10 percent on the total amount of the judgment which may be rendered in favor of plaintiff, if any, to be paid by the United States in addition thereto, and the same shall be made a part of the court's decree.

SEC. 5. In the event judgment shall be rendered in favor of the plaintiff heirs of James Taylor, and when the money shall have been appropriated to pay the same, it shall be paid to the said heirs, respectively, or to their respective legal representatives, or to the duly appointed and then acting administrator or executor of the estate of James Taylor, deceased, such payment to be made by the Secretary of the Treasury: *Provided, however*, That before making such payment the Secretary of the Treasury shall have delivered to him by the said heirs, or by a duly appointed and acting administrator or executor of the estate of James Taylor, deceased, a conveyance to the United States of all the right, title, and interest of said heirs in and to the lands referred to in this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 7037) was laid on the table.

WILLIAM P. BRADY

The Clerk called the next bill, H. R. 417, for the relief of William P. Brady.

Mr. McFARLANE. Mr. Speaker, I object.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers William P. Brady, who was a member of Company —, Eleventh Regiment United States Volunteer Signal Corps, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a corporal of that organization on the 25th day of February 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARGARET G. BALDWIN

The Clerk called the next bill, H. R. 7340, for the relief of Margaret G. Baldwin.

The SPEAKER. Without objection, a similar Senate bill (S. 2371) will be substituted for the House bill.

There being no objection the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Margaret G. Baldwin, widow of Frederick W. Baldwin, late consul, Habana, Cuba, the sum of $3,500, being 1 year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated a sufficient sum to carry out the purposes of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 7340) was laid on the table.

IRENE DE BRUYN ROBBINS

The Clerk called the next bill, H. R. 7561, for the relief of Irene de Bruyn Robbins.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. BACON. Mr. Speaker, I ask unanimous consent that the Senate bill (S. 2597) may be substituted for the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Irene de Bruyn Robbins, widow of Warren Delano Robbins, late American Minister to Canada, the sum of $10,000, equal to 1 year's salary of her deceased husband.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 7561) was laid on the table.

ELSIE SEGAR

The Clerk called the next bill, S. 2218, for the relief of Elsie Segar.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Elsie Segar, administratrix of C. M. A. Sorensen, the sum of $1,200 for loss on September 1, 1924, of a boathouse, engine parts, tools, electric fittings, marine supplies, and clothing belonging to C. M. A. Sorensen, at Bayou St. John, city of New Orleans, La., while said boathouse was being used by and in the sole occupancy of Government prohibition agents, pursuant to rental privileges granted by C. M. A. Sorensen to prohibition agents of the United States Government, at New Orleans, La.; and to Holger E. Sorensen, the son of C. M. A. Sorensen, the sum of $800 for loss to Holger E. Sorensen of personal property and belongings in the said boathouse at the time of said boathouse destruction: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

On page 1, line 9, after the word "appropriated", insert "and in full settlement of all claims against the United States."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NAVAL CONSTRUCTION CONTRACTS

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCOTT. Mr. Speaker, I do not particularly believe in post mortems, but I feel that one is in order on the Navy bill that passed this House on Wednesday of this week. I refer to H. R. 5730, to amend section 3 (b) of an act entitled "An act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes", approved March 27, 1934.

This bill, Mr. Speaker, contains three provisions. The first one exempted bonding companies from responsibility for the payment of profits in excess of 10 percent on contracts awarded by the Government to naval construction companies. The second was a little more involved. When the Vinson Navy bill was passed the Tobey amendment limiting profit on any contract to 10 percent was added to the bill. The amendment that carried Wednesday allows profits and losses to be determined over the period of 1 taxable year. If there is a net profit to the company over 10 percent during the year, with excess profit, it goes back to the Government. If there is a net loss to the contractor, he will be allowed to offset that loss against his profits, if any, of next year.

The third provision is the most vicious of the three. It exempts entirely from the operation of the Tobey amendment the manufacturers of scientific apparatus used on naval vessels and airplanes.

The House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of

the bill. According to the rules, 2 hours of general debate were permitted. All debate was confined to the subject matter of the bill and the time should have been equally divided between those for and against the bill.

Actually control of the time was placed in the hands of Chairman VINSON, who favored the bill, and in the hands of the ranking minority member, DARROW, who was even more in favor of it. Seventy-one minutes were consumed by those favoring the bill. The opposition received 49 minutes, 9 minutes in addition to what had been granted, because Mr. DARROW, the last speaker did not grant it to anyone else. Mr. MCFARLANE demanded recognition and received it from the Chairman [Mr. WILCOX].

During the course of the debate considerable information was brought out for the information of the Members present. I think that most of those on the floor at the time paid close attention to what was being said and were in a position to vote intelligently on the bill at final passage. It is on this feature that I wish to conduct this post mortem.

I send a copy of the CONGRESSIONAL RECORD to the various high school and junior college libraries in my district. These RECORDS are used by pupils and students alike in the study of political science, history, economics, and sociology. In addition to these groups, there are various other organizations in my district that use the CONGRESSIONAL RECORD as source material in their discussion of political science.

For their edification and guidance I want to give them a short lesson in the mechanics of government. The textbooks very often speak of the theory of legislative procedure but omit actual practice.

After the bill had been discussed for 2 hours in the Committee of the Whole House, Mr. MCFARLANE, of Texas, offered a preferential amendment to strike out the enacting clause. Had this motion carried, the bill would have been killed. The question was taken, and on a vive voce vote the amendment carried. On a division, demanded by Mr. VINSON of Georgia, there were—ayes 56, noes 71. Mr. MCFARLANE demanded tellers. The Committee again divided and the tellers reported that there were—ayes 66, noes 76; so the motion was rejected. Let me call attention here to the fact that here are 435 Members of the House, but on the first vote 127 were present and voted. Let me also call attention to the fact that in the Committee 100 constitutes a quorum. When the division was ordered 15 Members had been brought in from some place and 142 votes were cast. It is a very unusual event when there are more than 100 Members present listening to debate in the Committee of the Whole House on the state of the Union. Some place on the hill were 300 other Members. These 300 Members had not listened to the discussion of the bill and, as far as an intelligent vote is concerned, were not qualified to cast their votes on this bill.

When Mr. MCFARLANE's amendment was rejected the committee amendment was put and agreed to without division or tellers. The Committee of the Whole House on the state of the Union then arose and reported the bill with the committee amendment to the House with the recommendation that the bill as amended do pass. Mr. VINSON moved the previous question, which would automatically close debate on the amendment; the previous question was ordered; the amendment was agreed to; the bill was ordered to be engrossed and read a third time, and was read a third time.

Mr. MCFARLANE then moved to recommit the bill to the Committee on Naval Affairs. Had this motion prevailed the bill would have been dead for the present and would have been sent back to the Naval Affairs Committee for further consideration. Mr. VINSON moved the previous question on the motion to recommit. This motion made it impossible to explain the bill to the House. The previous question was ordered and on a division demanded by Mr. MARCANTONIO and Mr. MCFARLANE, there were ayes 59 and noes 88. From some place 8 more Members arrived and voted. In the House 218 are necessary to constitute a quorum. No business can be transacted except in the presence of a quorum. One hundred and forty-seven having voted on the motion to recommit, Mr. MARCANTONIO objected to the vote on the ground that a quorum was not present. This forced an automatic roll call. Again it was impossible to explain the bill. On the roll call there were ayes 130, noes 208. That meant that 191 Members who had not been present at all during the discussion of the bill, came in and cast their votes on this measure. It meant that 211 who were not present on the initial motion to strike out the enacting clause, voted on the bill at final passage. At no time, because of the rules of the House, was it possible to explain the effect of the bill to Members who had been absent during debate.

When a roll call such as the one described above takes place in the House, the Sergeant at Arms rings a bell. That is a signal for all absent Members to rush to the floor to cast their votes. They are met at the door by the Doorkeeper who simply says, "The vote is on a motion to recommit." Now a motion to recommit is generally opposed by the chairman of the committee in charge of the bill. The common practice on the part of these absentees is to vote with the chairman. Therefore, when the Doorkeeper says "The vote is on a motion to recommit", these absentee Members usually vote "no" without ever finding out what the bill is about. It is only fair to state here that there are a few notable exceptions to this rule.

In addition to the Doorkeeper, friends and foes of the bill alike station themselves at the door in an attempt to win those absentees to their side of the argument. The most weighty argument that can be made is "vote no and sustain the committee."

I happened to be standing in the hall when the roll call was being made. A Member of this House, in whom I had formerly had considerable confidence, walked up to the Doorkeeper and the following conversation took place:

The MEMBER. Now that I have voted on this bill, would you mind telling me what the bill provided for?

The DOORKEEPER. Oh, I don't know; it was some Navy bill.

The MEMBER. Oh, well, I don't know anything about the Navy anyhow, so I voted with the committee.

I realize, Mr. Speaker, that I may be doing an unorthodox thing to tell this story. I do it for two reasons. In the first place, I have seen this thing happen so many times and it has made my blood boil every time it does. When a bill as important as this one comes before the House, I do not feel that it is right for Members to vote on it without even knowing what the bill provides for. It is not fair to the country, it is not fair to the people they represent. In this case it is not fair to the taxpayers who are going to suffer. I realize that Members are busy. I am. But when an important bill like this comes on the floor, I think they should learn as much as possible about the bill before they attempt to vote.

In the second place, having been a school teacher for 10 years, I suppose that I just could not pass up the chance to instruct the thousands of people who use this RECORD as a textbook on the practical side of legislative procedure.

TAMPA MARINE CO.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to return to Calendar 364, the bill (S. 1860) for the relief of the Tampa Marine Co.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Tampa Marine Co., a corporation, of Tampa, Fla., out of any money in the Treasury not otherwise appropriated, the sum of $2,130, in full settlement of all claims against the Government of the United States for a penalty imposed upon said company in connection with a contract made between said company and the Government, dated August 15, 1928, for certain work and repairs on the U. S. lightship tender *Ivy: Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or re-

ceived by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALBERT D. CASTLEBERRY

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to return to Calendar 337, the bill (H. R. 1583) for the relief of Albert D. Castleberry.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Albert D. Castleberry, who was a member of Company I, Forty-fourth Regiment United States Volunteer Infantry, Philippine Insurrection, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 20th day of May 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. OLIVER (at the request of Mr. HILL of Alabama), on account of illness.

To Mr. STEGALL (at the request of Mr. HILL of Alabama), on account of illness in family.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1578. An act for the relief of Beryl M. McHam; to the Committee on Military Affairs.

S. 2073. An act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes; to the Committee on the Public Lands.

S. 2074. An act to create a National Park Trust Fund Board, and for other purposes; to the Committee on the Public Lands.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 2756. An act authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes; and

H. R. 6836. An act to provide for the printing and distribution of Government publications to The National Archives.

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S. J. Res. 112. Joint resolution extending the effective period of the Emergency Railroad Transportation Act, 1933; and

S. J. Res. 113. Joint resolution to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 27 minutes p. m.) the House adjourned until tomorrow, Saturday, June 15, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Saturday, June 15, 10:30 a. m.)

Committee will hold hearings for consideration of various bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

385. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to provide relief for and to adjust certain accounts of John L. Summers, former disbursing clerk, Treasury Department, and Frank White, G. F. Allen, H. T. Tate, and W. O. Woods, former Treasurers of the United States; to the Committee on Claims.

386. A letter from the Acting Secretary of the Navy, transmitting draft of a proposed bill authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Naval Records and Library, Navy Department; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. SCHAEFER: Committee on Military Affairs. H. R. 4332. A bill to provide for the commemoration of the Battle of Blackstock; with amendment (Rept. No. 1220). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHAEFER: Committee on Military Affairs. H. R. 4331. A bill to provide for the commemoration of the Battle of Musgrove's Mill; with amendment (Rept. No. 1221). Referred to the Committee of the Whole House on the state of the Union.

Mr. MERRITT of New York: Committee on Military Affairs. S. 634. An act to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes; without amendment (Rept. No. 1222). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8455. A bill authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes; without amendment (Rept. No. 1223). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. H. R. 8473. A bill to provide for the compiling and publishing of the Official Register of the United States; without amendment (Rept. No. 1226). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 324. Joint resolution to provide revenue, and for other purposes; without amendment (Rept. No. 1227). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHAEFER: Committee on Military Affairs. S. 363. An act to increase the efficiency of the Veterinary Corps of the Regular Army; without amendment (Rept. No. 1229). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMASON: Committee on Military Affairs. S. 2326. An act to authorize the Secretary of War to sell to the Eagle Pass & Piedras Negras Bridge Co. a portion of the Eagle Pass Military Reservation, Tex., and for other purposes; without amendment (Rept. No. 1230). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCHAEFER: Committee on Military Affairs. H. R. 4309. A bill to provide for the commemoration of the Battle of Big Dry Wash, in the State of Arizona; with amendment (Rept. No. 1232). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIETRICH: Committee on the Territories. H. R. 7882. A bill to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works; without amendment (Rept. No. 1233). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RYAN: Committee on Claims. H. R. 2935. A bill for the relief of A. N. Ross; without amendment (Rept. No. 1201). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 3839. A bill for the relief of Rene Hooge; with amendment (Rept. No. 1202). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. H. R. 3913. A bill for the relief of Edith M. Powell; with amendment (Rept. No. 1203). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 4570. A bill for the relief of Amy McLaurin; with amendment (Rept. No. 1204). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 5415. A bill to confer jurisdiction on the District Court of the United States for the Eastern District of North Carolina, to hear, determine, and render judgment upon the claims of the Pamlico Timber Corporation against the United States; with amendment (Rept. No. 1205). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 5523. A bill for the relief of A. H. Sphar; with amendment (Rept. No. 1206). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 5654. A bill to authorize the Court of Claims of the United States to hear and determine the claim of Samuel W. Carter; without amendment (Rept. No. 1207). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 5811. A bill for the relief of Michael A. McHugh; with amendment (Rept. No. 1208). Referred to the Committee of the Whole House.

Mr. ELLENBOGEN: Committee on Claims. H. R. 5870. A bill for the relief of K. S. Szymanski; without amendment (Rept. No. 1209). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 6267. A bill for the relief of Wint Rowland; with amendment (Rept. No. 1210). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 6268. A bill for the relief of W. C. Wright; with amendment (Rept. No. 1211). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 6269. A bill for the relief of W. H. Keyes; with amendment (Rept. No. 1212). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 6944. A bill for the relief of Maj. Thomas J. Berry; with amendment (Rept. No. 1213). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 7076. A bill for the relief of the heirs of John Schrodl; with amendment (Rept. No. 1214). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 7093. A bill for the relief of Joseph M. Clagett, Sr.; with amendment (Rept. No. 1215). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 7140. A bill for the relief of the Bell Oil & Gas Co.; with amendment (Rept. No. 1216). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 996. A bill for the relief of Joe Reno; with amendment (Rept. No. 1217). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. H. R. 1871. A bill for the relief of the Medical College of Virginia, and others, of Richmond, Va.; with amendment (Rept. No. 1218). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. H. R. 2148. A bill to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claims of the Italian Star Line, Inc., against the United States; with amendment (Rept. No. 1219). Referred to the Committee of the Whole House.

Mr. PLUMLEY: Committee on Military Affairs. H. R. 5558. A bill for the relief of Clarence F. Jobson; without amendment (Rept. No. 1224). Referred to the Committee of the Whole House.

Mrs. O'DAY: Committee on Immigration and Naturalization. S. 447. An act conferring jurisdiction on the United States District Court for the District of Oregon to hear, determine, and render judgment upon the suit in equity of Rakha Singh Gherwal against the United States; without amendment (Rept. No. 1225). Referred to the Committee of the Whole House.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. H. R. 1371. A bill to provide for the retirement of Maude L. Dally (Petty), disabled former Army nurse; without amendment (Rept. No. 1231). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. House Resolution 247. Resolution directing the Secretary of the Navy to transmit to the House of Representatives information concerning activities of Real Admiral Yates Stirling, Jr., of the United States Navy. (Rept. No. 1228.) Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H. R. 8492) to amend the Agriculture Adjustment Act, and for other purposes; to the Committee on Agriculture.

By Mr. CELLER: A bill (H. R. 8493) to restore the 2-cent rate of postage on first-class mail matter; to the Committee on Ways and Means.

By Mr. ANDREWS of New York: A bill (H. R. 8494) to release veterans from the liability to pay interest on loans secured by adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. BUCK: A bill (H. R. 8495) to amend certain plant-quarantine laws; to the Committee on Agriculture.

By Mr. GEARHART: A bill (H. R. 8496) to repatriate native-born women who have heretofore lost their citizenship by marriage to an alien, and for other purposes; to the Committee on Immigration and Naturalization.

By Mrs. JENCKES of Indiana: A bill (H. R. 8497) to amend section 584 of title 20 of the Code of the District of Columbia relative to retirement allowance for total disability, age retirement, and pensions to widows and orphans of retired members of the police and fire departments of the District of Columbia; to the Committee on the District of Columbia.

By Mr. KRAMER: A bill (H. R. 8498) to provide that pensioners advocating the overthrow of the Government by force or other unlawful means shall forfeit rights to pension; to the Committee on Expenditures in the Executive Departments.

By Mr. LORD: A bill (H. R. 8499) to require statistics with respect to salaries, bonuses, and wages paid by certain persons subject to the provisions of the Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H. R. 8500) to provide for the erection of a building to be used exclusively for the recorder of deeds; to the Committee on the District of Columbia.

By Mr. KELLER: Resolution (H. Res. 259) amending clause 41 of rule X of the House of Representatives; to the Committee on Rules.

By Mr. DUNCAN: Resolution (H. Res. 260) providing for an investigation of the liquor industry; to the Committee on Rules.

By Mr. DOUGHTON: Joint resolution (H. J. Res. 324) to provide revenue, and for other purposes; to the Committee on Ways and Means.

By Mr. BRUNNER: Joint resolution (H. J. Res. 325) making June 14, commonly known as "Flag Day", a legal national holiday; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER: A bill (H. R. 8501) granting a pension to Clara A. Arbogast; to the Committee on Invalid Pensions.

By Mr. CHRISTIANSON: A bill (H. R. 8502) for the relief of Theresa Link, Wencel Link, Edward Block, and John Meyers; to the Committee on Claims.

By Mr. KELLER: A bill (H. R. 8503) for the relief of the estate of the late Mary E. Stebbins; to the Committee on Claims.

By Mr. KINZER: A bill (H. R. 8504) for the relief of Jessie Alonzo Dillon; to the Committee on Naval Affairs.

By Mr. McLAUGHLIN: A bill (H. R. 8505) directing the Court of Claims to reopen the case of John W. Parish, trustee (John H. Baxten, substituted), against the United States (no. 34,450), and to correct the errors therein, if any, by an additional judgment against the United States; to the Committee on Claims.

By Mr. PETERSON of Florida: A bill (H. R. 8506) for the relief of Oliver Faulkner; to the Committee on Claims.

By Mr. PEYSER: A bill (H. R. 8507) granting a pension to Catherine O'Hare; to the Committee on Pensions.

By Mr. ROGERS of Oklahoma (by departmental request): A bill (H. R. 8508) for the relief of Constantin Gilia; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H. R. 8509) for the relief of C. R. Whitlock; to the Committee on Indian Affairs.

By Mr. TARVER: A bill (H. R. 8510) for the relief of John Hurston; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8837. By Mr. BLAND: Petition of 34 citizens of Northampton County, Va., requesting relief from the Federal gasoline tax and requesting that Congress allow the Federal gasoline tax to expire on June 30, 1935, never to be levied again; to the Committee on Ways and Means.

8838. By Mr. DRISCOLL: Petition of C. J. Meyers, of Sharon, Pa., and members of the Brotherhood of Railway and Steamship Clerks and others, advocating passage of House Joint Resolution 219; to the Committee on Interstate and Foreign Commerce.

8839. By Mr. FORD of California: Resolution of the Board of Supervisors of Los Angeles County, memorializing the President of the United States to make ample provision in the Federal works plan for the employment of "white collar" workers; to the Committee on Ways and Means.

8840. Also, resolution of the Ocean Park-Santa Monica Business Men's Association, the Public Affairs Association of Santa Monica Bay District, and the Women's University Club of Los Angeles, urging Congress to enact House bill 5359, for the creation of a national civil academy to train qualified young men and women for public service; to the Committee on Education.

8841. By Mr. GOODWIN: Resolution unanimously adopted by the Navy Post, No. 16, of the American Legion, New York, N. Y., providing that the team representing the United States at the Olympic Games in Germany in 1936 should travel to and from those games in ships of United States registry, manned by American officers and crews, etc.; to the Committee on Naval Affairs.

8842. By Mr. HART: Petition of the New Jersey Taxpayers Association, insisting that the Federal Congress in appropriating funds for either State aid or unemployment relief or Federal grants shall desist from efforts to induce increased expenditures for any purpose by the respective State legislatures or municipalities; and that in the distribution of Federal funds and in the allotment to the several States, due consideration be given to the contribution of such States to the Federal Treasury; to the Committee on Ways and Means.

8843. By Mr. HILDEBRANDT: Petition of the Board of County Commissioners of Bennett County, S. Dak., to prevent the establishing and construction of Federal game refuge along Lacreek, closing the same to the general public; to the Committee on the Public Lands.

8844. By Mr. MEAD: Petition of the Manufacturing Chemists' Association of the United States, requesting that Congress delete the provisions of title II of the pending banking bill; to the Committee on Banking and Currency.

8845. Also, petition of the Manufacturing Chemists' Association of the United States, requesting that Congress oppose the enactment of the Wagner labor-relations bill; to the Committee on Labor.

8846. By Mr. MERRITT of New York: Petition of the Brotherhood of Railway and Steamship Clerks, Utica Lodge, No. 116, Utica, N. Y., urging Congress to extend the Emergency Transportation Act for 1 year; to the Committee on Interstate and Foreign Commerce.

8847. Also, resolution of the general committee of immigrant aid at Ellis Island and New York Harbor, urging Congress to speedily enact into law House bill 8163, designed to authorize the deportation of habitual criminals, to guard against the separation from their families of aliens of the noncriminal class, to provide for legalizing the residence in the United States of a certain class of aliens, etc.; to the Committee on Immigration and Naturalization.

8848. By Mr. PFEIFER: Petition of John F. Green, of Glendale, with reference to the excise tax on cosmetics; to the Committee on Ways and Means.

8849. By Mr. RUDD: Petition of 25 citizens of Brooklyn, N. Y., favoring the Higgins of Massachusetts-Borah resolutions, concerning the Mexican situation; to the Committee on Foreign Affairs.

8850. By Mr. TRUAX: Petition of W. F. Grimm and numerous others of Akron, Ohio, urging support of House Joint Resolution 219, which provides for extension of the Emergency Railway Labor Act, which automatically expires June 16, 1935; to the Committee on Interstate and Foreign Commerce.

8851. Also, petition of Hardrubber Workers' Local Union No. 18395, Akron, Ohio, by their secretary, Paul Langbein, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8852. Also, petition of Local Union No. 156, United Association of Journeymen Plumbers and Steam Fitters, Akron, Ohio, by their recording secretary, Leo H. Samples, urging support of the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8853. Also, petition of the New York Progressive Club, New York City, by their secretary, Herman H. Heinzer, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8854. Also, petition of National Inventors Congress, Hotel Sherman, Chicago, Ill., by their president, Albert G. Burns, urging passage of legislation establishing an inventors' loan fund, as there has been a heavy accumulation of inventions that have not been given to the world because their creators have not been financially able to have them patented; to the Committee on Patents.

8855. By the SPEAKER: Petition of the County of Los Angeles Board of Supervisors; to the Committee on Ways and Means.

8856. Also, petition of the Manufacturing Chemists' Association; to the Committee on Banking and Currency.

8857. Also, petition of the Order of Railroad Telegraphers, Division No. 37; to the Committee on Interstate and Foreign Commerce.

SENATE

SATURDAY, JUNE 15, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days Wednesday, June 12, and Friday, June 14, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. CAP R. CARDEN, late a Representative from the State of Kentucky, and transmitted the resolutions of the House thereon.

The message also announced that the House had passed, without amendment, the following bills of the Senate:

S. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Austin L. Tierney;

S. 148. An act for the relief of the estate of Donnie Wright;

S. 391. An act for the relief of Ralph E. Woolley;

S. 546. An act for the relief of Miles Thomas Barrett;

S. 694. An act for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others;

S. 799. An act for the relief of Yvonne Hale;

S. 885. An act to correct the naval record of Joseph Horace Albion Normandin;

S. 1051. An act for the relief of the Western Union Telegraph Co.;

S. 1363. An act for the relief of John A. Jumer;

S. 1392. An act conferring upon the United States District Court for the Northern District of California, Southern Division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 1410. An act for the relief of Thomas G. Carlin;

S. 1656. An act for the relief of Ward J. Lawton;

S. 1809. An act for the relief of Germaine M. Finley;

S. 1860. An act for the relief of the Tampa Marine Co.;

S. 2306. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes;

S. 2371. An act for the relief of Margaret G. Baldwin; and

S. 2597. An act for the relief of Irene de Bruyn Robbins.

The message further announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 314. An act for the relief of Vito Valentino;

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 1052. An act for the relief of the Washington Post Co.;

S. 1325. An act for the relief of Dino Carbonell;

S. 1863. An act for the relief of Trifune Korac;

S. 2218. An act for the relief of Elsie Segar; and

S. 2333. An act for the relief of John W. Dady.

The message also announced that the House had passed the bill (S. 1585) for the relief of Stefano Talanco and Edith Talanco, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 351. An act for the relief of Jane B. Smith and Dora D. Smith;

H. R. 417. An act for the relief of William P. Brady;

H. R. 670. An act conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates;

H. R. 1470. An act for the relief of Carl A. Butler;

H. R. 1540. An act for the relief of Lester I. Conrad;

H. R. 1583. An act for the relief of Albert D. Castleberry;

H. R. 1714. An act for the relief of Russell H. Lindsay;

H. R. 2118. An act for the relief of John P. Seabrook;

H. R. 2130. An act for the relief of John M. McNulty;

H. R. 2325. An act for the relief of James P. Whalen;

H. R. 2555. An act to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men;

H. R. 2611. An act for the relief of John E. Fondahl;

H. R. 2730. An act for the relief of Thomas Harris McLaughlin;

H. R. 3149. An act to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 3604. An act to place William H. Clinton on the retired list of the Navy;

H. R. 3760. An act for the relief of Capt. Arthur L. Bristol, United States Navy;

H. R. 4226. An act for the relief of Floyd Hull;

H. R. 4259. An act for the relief of George R. Slate;

H. R. 4274. An act correcting date of enlistment of Elza Bennett in the United States Navy;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4406. An act for the relief of Anna Farruggia;

H. R. 4623. An act for the relief of George Brackett Cargill, deceased;

H. R. 4850. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 4860. An act for the relief of Judson Stokes;

H. R. 4974. An act for the relief of Rabbi Isaac Levine;

H. R. 5393. An act for the relief of Moses Israel;

H. R. 5521. An act for the relief of Frank Williams;

H. R. 5971. An act for the relief of Charles Pine;

H. R. 6177. An act for the relief of Brooker T. Wilkins;

H. R. 6549. An act for the relief of Horton & Horton;

H. R. 6602. An act for the relief of Dr. Ernest B. Dunlap;

H. R. 6825. An act for the relief of Mrs. Clarence J. McClary; and

H. R. 7254. An act for the relief of Lily M. Miller.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Radcliffe
Ashurst	Copeland	Lewis	Reynolds
Austin	Costigan	Lonergan	Robinson
Bachman	Couzens	Long	Russell
Bailey	Davis	McAdoo	Schall
Bankhead	Dickinson	McCarran	Schwellenbach
Barkley	Donahey	McGill	Sheppard
Black	Duffy	McKellar	Shipstead
Bone	Fletcher	McNary	Smith
Borah	Frazier	Maloney	Steiwer
Brown	George	Minton	Thomas, Okla.
Bulkley	Gerry	Moore	Trammell
Bulow	Gibson	Murphy	Vandenberg
Burke	Gore	Murray	Van Nuys
Byrd	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walsh
Capper	Hastings	Norris	Wheeler
Caraway	Hatch	O'Mahoney	White
Chavez	Hayden	Overton	
Clark	Johnson	Pittman	
Connally	King	Pope	

Mr. LEWIS. I announce the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Mississippi [Mr. BILBO], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Kentucky [Mr. LOGAN], and the Senator from

Missouri [Mr. TRUMAN], who are necessarily detained from the Senate; the absence of the Senator from Utah [Mr. THOMAS] who is detained because of important public business, and the absence of the Senator from Maryland [Mr. TYDINGS] because of illness in his family.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Wyoming [Mr. CAREY] the Senator from Rhode Island [Mr. METCALF], the Senator from North Dakota [Mr. NYE], the Senator from Delaware [Mr. TOWNSEND], and the Senator from New Hampshire [Mr. KEYES] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

REPORTS OF COMMITTEES

Mr. BLACK, from the Committee on Military Affairs, to which was referred the bill (H. R. 298) for the relief of Jack Page, reported it with amendments and submitted a report (No. 890) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2175) to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation, reported it with an amendment and submitted a report (No. 891) thereon.

Mr. HAYDEN, from the Committee on Printing, to which was referred the concurrent resolution (S. Con. Res. 17) providing for the disposition of certain obsolete Government publications stored in the folding rooms of Congress, reported it without amendment and submitted a report (No. 892) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

A bill (S. 3059) to authorize the acquisition of land on McNeil Island; to the Committee on the Judiciary.

By Mr. HARRISON:

A bill (S. 3060) to amend section 6 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933; to the Committee on Finance.

By Mr. RUSSELL:

A bill (S. 3061) for the relief of John R. Allgood; to the Committee on Claims.

A bill (S. 3062) authorizing the appointment of George L. Brittingham as a second lieutenant of Cavalry, United States Army; to the Committee on Military Affairs.

By Mr. ADAMS:

A bill (S. 3063) granting a pension to Fred B. Johnson; to the Committee on Pensions.

By Mr. MOORE and Mr. BARBOUR:

A bill (S. 3064) to authorize the Commissioner of Education in the Department of the Interior to conduct a study and disseminate his findings and recommendations regarding suitable aviation instruction courses for the public schools, and for other purposes; to the Committee on Education and Labor.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 351. An act for the relief of Jane B. Smith and Dora D. Smith;

H. R. 670. An act conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates;

H. R. 1540. An act for the relief of Lester I. Conrad;

H. R. 2325. An act for the relief of James P. Whalen;

H. R. 2730. An act for the relief of Thomas Harris McLaughlin;

H. R. 3149. An act to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry;

H. R. 4226. An act for the relief of Floyd Hull;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4406. An act for the relief of Anna Farruggia;

H. R. 4850. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 4860. An act for the relief of Judson Stokes;

H. R. 4974. An act for the relief of Rabbi Isaac Levine;

H. R. 5393. An act for the relief of Moses Israel;

H. R. 5521. An act for the relief of Frank Williams;

H. R. 5971. An act for the relief of Charles Pine;

H. R. 6177. An act for the relief of Brooker T. Wilkins;

H. R. 6549. An act for the relief of Horton & Horton; and

H. R. 6825. An act for the relief of Mrs. Clarence J. McClary; to the Committee on Claims.

H. R. 417. An act for the relief of William P. Brady;

H. R. 1470. An act for the relief of Carl A. Butler;

H. R. 1583. An act for the relief of Albert D. Castleberry; and

H. R. 4259. An act for the relief of George R. Slate; to the Committee on Military Affairs.

H. R. 1714. An act for the relief of Russell H. Lindsay;

H. R. 2118. An act for the relief of John P. Seabrook;

H. R. 2130. An act for the relief of John M. McNulty;

H. R. 2555. An act to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men;

H. R. 2611. An act for the relief of John E. Fondahl;

H. R. 3604. An act to place William H. Clinton on the retired list of the Navy;

H. R. 3760. An act for the relief of Capt. Arthur L. Bristol, United States Navy;

H. R. 4274. An act correcting date of enlistment of Elza Bennett in the United States Navy; and

H. R. 4623. An act for the relief of George Brackett Cargill, deceased; to the Committee on Naval Affairs.

H. R. 3574. An act for the relief of Nellie T. Francis; and

H. R. 7254. An act for the relief of Lily M. Miller; to the Committee on Foreign Relations.

H. R. 6602. An act for the relief of Dr. Ernest B. Dunlap; to the Committee on Indian Affairs.

AMENDMENT TO SOCIAL-SECURITY BILL

Mr. VANDENBERG submitted an amendment intended to be proposed by him to House bill 7260, the so-called "Social Security Act", which was ordered to lie on the table and to be printed.

APPOINTMENT AND CONFIRMATION OF CERTAIN FEDERAL EMPLOYEES

Mr. GORE. Mr. President, I offer a resolution and ask unanimous consent for its immediate consideration. I do not think it will take any time.

The VICE PRESIDENT. The clerk will read the resolution.

The resolution (S. Res. 152) was read as follows:

Resolved, That the Comptroller General is hereby directed to submit to the Senate a report showing the names, residence, and annual rate of compensation of all persons who have been appointed or employed under any act of Congress who receive compensation at a rate of $4,000 or more per annum and indicating those who are required by existing law to be appointed by and with the advice and consent of the Senate, who have not been so confirmed and also those who are not required by existing law to be so confirmed; and further indicating in each case the date of the appointment or employment and under what act or by what authority such person was appointed or employed.

Mr. HARRISON. Mr. President, I wish to understand correctly just what the resolution provides. It calls on what agency of the Government?

Mr. GORE. The Comptroller General.

Mr. HARRISON. To give the names of all employees and officers who receive salaries of $4,000 or more?

Mr. GORE. Yes.

Mr. ROBINSON. Mr. President, I shall have to ask that the resolution go over.

The PRESIDING OFFICER. The resolution will go over under the rule.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTIONS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 14, 1935, the President approved and signed the following acts and joint resolutions:

S. 38. An act for the relief of Winifred Meagher;

S. 654. An act authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands;

S. 1386. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim, or claims, of Duke E. Stubbs and Elizabeth S. Stubbs, both of McKinley Park, Alaska;

S. 2146. An act for the relief of certain Indians of the Flathead Reservation killed or injured en route to dedication ceremonies of the Going-to-the-Sun Highway, Glacier National Park;

S. 2241. An act to authorize an appropriation to carry out the provisions of the act of May 3, 1928 (45 Stat. L. 484);

S. 2530. An act to protect American and Philippine labor and to preserve an essential industry, and for other purposes;

S. J. Res. 112. Joint resolution extending the effective period of the Emergency Railroad Transportation Act, 1933;

S. J. Res. 113. Joint resolution to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes; and

S. J. Res. 130. Joint resolution making immediately available the appropriation for the fiscal year 1936 for the construction, repair, and maintenance of Indian-reservation roads.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

THE NEED OF INTERNATIONAL COOPERATION TO REMOVE GRIEVANCES AGAINST NATIONS AND RESPECT RIGHTS OF NEUTRAL NATIONS

Mr. LEWIS. Mr. President, I make bold to address the Senate for a few moments on a subject in connection with our status today in foreign complications. I call the attention of the Senate to the fact that here we have before us a bill which we have defined as the social-security bill. If this bill shall be passed it will require a very large sum of money to carry out the purposes of the measure.

Necessarily every step that can be rightfully taken to obtain the money by a just tax or collection of debts due our people should be entered upon by the Government. But, Mr. President, there are other matters to be taken in view which interfere or influence the right I demand and this is of a very serious import.

The Senate must behold the world and see the picture etched by the inflamed declarations of European statesmen. On day before yesterday the spokesman of the Government of Russia told a congregation of officials that war as he saw the situation seemed inevitable. He reiterated that "there are certain nations of Europe which have decreed conflict", and from the point of view of that spokesman, Litvinoff, it is but a matter of days when some outbreak may indicate the beginning of the hostilities.

At the same time, Mr. President, the great personality of Italy, Mussolini, demands the right to proceed along whatever course had been previously adopted as to Ethiopia, indifferent to what the committee of the League of Nations have suggested. The Italian duce expressed with great freedom his defiance of England, thus because the English statesmen had in public address beseeching peace deprecated the warlike utterance of the master of Italy.

Yesterday Germany informed us through her ministers there are four nations of Europe banded together to assail Germany. At the same moment Germany has a communication with Japan in which Germany refuses to deprecate, much less to condemn, the movement of Japan upon China. This is cited by Russia to prove a new rapprochement between Germany and Japan.

Without entering, sir, at all into the virtues of these impeachments, we deeply deplore the fact of their existence. The threats which are thus heralded are given to civilization to their fright. This fact is equally disturbing to America, when we are on the eve of passing a home security bill. It all, sirs, breaks upon us with very serious import. If these conflicts shall open as they now threaten, the United States in the very nature of things would desire and demand to avail itself of its general rights under the treaties with foreign countries—those I name particularly—treaties often cited during the war between ourselves and Germany and previous to our unhappily entering that conflict under which our trade privileges are defined and accorded. We have alluded to the treaty which first was made in the name of Prussia, and then the general treaty of the rights of trade on the part of any neutral nation, and particularly the treaties made with the United States. These in declarations authorize and affirm the privilege of the United States to deal in all commerce with countries in conflict—exempting contraband—that is, articles forbidden, such as munitions or ammunitions.

Mr. President, at that particular time there was something of a conceded definition of what was "neutral." To these treaties there was a further special treaty added, in which this honorable body but a short time ago made a slight amendment forbidding munitions to be sent to nations engaged in combat.

We admire England in the effort and here express our admiration that apparently she is doing what she can to avoid what she fears is surely a result just ahead—a conflict which involves both Asia and Europe. But, Senators, if against all effort to avoid the thing we fear shall come, the very first move on the part of the United States should be to avail herself of her privilege under her treaties to trade with whatever nation she chooses. It is now, Mr. President, I wish to impress upon you, and there is today no definition as to what is "neutral." I observe before me, complimenting me with his attention, the distinguished Senator from Michigan [Mr. VANDENBERG]. He, with others of his committee, has been industrious in the matter of properly guarding the movement of manufactured munitions and to define the relation of this land to such industry. There is now no law which defines specifically what is "munitions" within the meaning of the relations of warring countries, or that which is called "neutral."

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. Did the United States accept the British verdict that cotton is a contraband of war?

Mr. LEWIS. I go further and say that one agreement is now of little point in the present unformed state of what is contraband. It is to that I am addressing myself specifically. I answer the Senator that it has been decided by the committee, which held an informal session at the League in Geneva deploring the possibility of conflict, that anything which affords aid to the conflicting forces or strengthens the power of the fighting forces of soldiers, becomes at once, under present construction, "munitions." Therefore, I say to my friend from Louisiana that I do not know how far, as to all nations, cotton is termed "contraband", or if England has so defined in the last announcement. I know it was regarded as an agency or supply of munitions by the nations engaged in the World War.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. LEWIS. I yield.

Mr. LONG. As I understand the definition, it has now been extended to include anything which might be even nourishment not only to the people who are actually engaged in conflict, but the civilian population. It all might come under the definition of contraband.

Mr. LEWIS. I am compelled to answer my friend from Louisiana in this manner: Anything from bread to bullets, chemicals for nurses, that which strengthens the soldier in the conflict, is unhappily treated as munitions. Therefore I must come to the point that there is now no definition, and therefore America may sell to any country any commodity which can be promptly treated by one or both or all combatants as "munitions", that which strengthens a soldier in conflict, and thus affords and gives sustenance to a nation engaged in the combat.

Mr. President, it is for this reason I invite the attention of the Senate——

Mr. LONG. Mr. President, will the Senator yield for one more question?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. Therefore, any agency which might undertake to prevent the spreading of germs and disease among the countries engaged in war could be held to be munitions or contraband articles?

Mr. LEWIS. I would reply to say that since it is now indicated that there is developed a process by which germs and disease may be dropped down by way of aerial bombs to scatter upon cities, it could be easily charged that anything which would intercept it would be interpreted as a legitimate form of assault on the product of those who were guiding it.

My purpose of discussing for a moment, I wish to say, is the necessity for this honorable body and our civilization in America pausing a moment to consider the situation which surrounds us today and see if this is not an hour when the great security to which we allude in this bill should not be extended further, and if we should not also consider what would be security generally in this hour to ourselves. We should ask whether something should not be done that looks to defining somewhere, so far as America is concerned, what is "neutral", what are "munitions", that we might, if possible, escape being involved in an embroglio similar to that in which we were caught in the World War, and that for no other reason beyond furnishing supplies, these, it will be recalled, being shipped on the vessel called the *Lusitania*.

Mr. BANKHEAD. Mr. President, I ask for order around the Senate. We want to hear the Senator.

The VICE PRESIDENT. Those in the rear of the Chamber will kindly be in order.

Mr. LEWIS. Mr. President, I deplore to say that some day a very great calamity shall come upon the Senate. It will be reported to the world at large; it will be noted that Senators listened to some Senator making a speech! [Laughter.] I am warned by those around me that I need not fear such a prospect. There are those about me listening to my utterance who inform me I need not fear this horrible anticipation, that there is nothing in the present that justifies the fear of any such catastrophe in the future. [Laughter.]

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator form Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. I merely wish to say to the Senator from Illinois that he is the moving cause of that already happened calamity. He is opening a discussion that holds the attention of Senators.

Mr. LEWIS. I thank the genial Senator from Louisiana.

Mr. President, I move to a more serious phase. Have we not reached the point in government where we would blunder if we should wait until an embarrassment arises upon the Republic? Have we learned no lesson from what happened to us just preceding our entrance into the World War, when all the voices of authority were announcing that under no circumstances would we be in the war, when before we could understand it events transpired which suddenly thrust us in the conflict? We, having made no preparation to avoid nor indulged in guardianship anticipating it, were all at once enduring hardships and more than that a calamity and what subsequently transpired resulting in a curse and affliction upon this Republic.

Therefore, Mr. President, these words of mine are to this object: America must not cowardly dillydally, as has been intimated in many official sources, and the intimation coming from certain officials of my own Government. It is said that in the event of conflict of nations we are to make no effort to indulge in trade; that, to use the words of one of the spokesmen, we must stay home, lock our door, and make no effort to go outside taking our material to sell or urge upon any our interests in the war zone. That I deplore as a confession of cowardice and weakness against which I must protest.

I insist that America's right under the treaties to dispose of her goods to any country that has demand for them is her righteous privilege. It is for this reason the United States should provide now, or as early as she can, such steps and such ways and means as will enable her to enjoy her full trade, participate under the treaty as a neutral country, and, instead of withdrawing from an enjoyment of her rights, insist upon them.

I say, Mr. President, in order that she may insist upon them, there should be some step taken by which this, our Government, should know what is a neutral country within the meaning of these lands at peace. There should be one other step taken, to define what are munitions in the sense of these new amendments by that honorable body of peace negotiations spoken of as the committee of the League of Nations. These definitions are essential that we may know, sir, where there are limitations, if there are to be such to be put upon us, or where there are privileges, if there are those to be granted to us.

Mr. President, for that purpose I note that the President of the United States, in his speech before the graduating class in the Military Academy but a day or so ago, told the graduating class, and those in command, of his earnest desire that they may never participate in any conflict save that which shall be a necessary one; that every step should be taken that may anticipate these unhappy tragedies by something that prepares for peace, and assures it not only to our Government but to the world. Yet, sir, we are doing nothing to that object, and it is to that object I address these remarks; that the hour has come, first, when we must remove the grievances of any other country now held against the United States, particularly, sir, when they are not founded on any fact but largely either upon their imaginations or inherited as an aftermath of the World War.

There are two grievances now pending. We cannot close our eyes to the effect of what may follow. One of these is the debts still due to us; and on this morning we are informed by the international press that Poland has joined England and France and Italy in the announcement to the United States that they will not pay, because, as they say, they cannot. But Poland enters upon a field of more adjustment and what may be said to be more of justification. She says, since England refuses to pay, and Italy will not pay, and France defies this country to make her pay, why should Poland pay?—in which there is much merit upon the basis of what is called consistency. But that is a grievance of debtor nations to be greatly considered, sir, as existing.

The other is the proposed series of treaties called "trade treaties." There is just now before this body the proposition that if one nation shall have accorded to it a privilege in the form of a treaty of trade with the United States in the way of concessions, every other nation, without regard to how they treat this Government, either as a debtor to us or discriminating against us, may have the same privilege, and enter into no agreement in turn for any privilege whatever to us. This, Mr. President and Senators, as you recall, is under what is known as the "most-favored-nation clause." There are those, of whom I am one, who utterly oppose the theory, and feel that only those nations who treat us with justice are we under any obligation of comity to treat with favor. This controversy, sir, necessarily produces another form of grievance.

Now, sir, I take the liberty to suggest, to whatever course the suggestion may reach, that the time is upon us when something should be done to summon the representatives of the nations who claim to have grievances against us to state

those grievances, and, either separately, in conference, or in any other manner, produce those grievances and the causes of them. If they can be composed by mutual concessions and by the forbearance of a generous nature, we shall rid ourselves of them. When this shall be done with one nation after the other, we will be in the position of a people well known, as our Nation is, as a people, asking no territory, seeking no conquest, and pursuing no indemnities. Here we are, having no wrong to be charged to us, nor charging offense against any other people. After the adoption of the United States as a good friend we could then be accepted as one who could rightfully intervene and utter the voice of warning or of guidance to the nations that now threaten conflict with each other, which in its manifestations or operations may bring us into it.

Mr. President, for that reason I feel that the hour has come upon us for very serious consideration as to this very unhappy situation, this menacing attitude surrounding us, as I see it, in the threatened cloud of tragedy.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Illinois yield to the Senator from Idaho?

Mr. LEWIS. I yield gladly to my able friend from Idaho.

Mr. BORAH. I noticed in the press recently a suggestion coming from high authority in Great Britain that there be something in the nature of a special alliance, a special cooperative program between Great Britain and the United States, and it seemed to meet with favor in this country. I should like the Senator's view upon that subject.

Mr. LEWIS. I will say to my able friend I was attracted by the fact that Mr. Eden, one of the officers of the English Government, lately appointed to be in charge of the foreign department, made such a suggestion as that to which my able friend from Idaho correctly alludes. It was by him declared, as states the press, that what is necessary is an understanding between the United States and Great Britain. Mr. Stanley Baldwin, who lately has come into the premiership, has announced lately, as the Senator from Idaho intimates, that if the United States and Britain will join together, these two of themselves are sufficient to enforce peace upon the world. I take it that the able Senator from Idaho, former Chairman of the Foreign Relations Committee, alludes to that particular declaration.

As for myself, I oppose now and I shall oppose, wherever my voice can reach, this Government entering into any partnership or marriage ceremony with any foreign land, to undertake by obligation with such foreign land to control the other nations of the world, or interfere in their proceedings where they do not touch us. Should foreign nations engage us to join them in any protest against wrong, and a provision in some form looking to peace and harmony of nations, upon the general basis of the brotherhood of nations and the theory of the religion of our ancestors and that which we of the present generation feel to be our duty to God for peace on earth and good will to men, to that I should gladly subscribe. But I answer my able friend, I could not agree, from my point of view, to enter into any partnership with foreign nations upon any basis that simply allies us as the direct, partial friend of one, and the direct opponent and enemy of the other.

Mr. President, I had not intended to delay the Senate so long with these observations. I feel that this is the moment when some action should be taken. We are waiting too long. The threats from abroad, the dangers that hover over us like a cloud filled with storm, whose edges already squirm in the fire of conflict, should warn us that we can wait too long. This is the time when all political parties of our country, all interests of Amerca—both industrial, financial, and might I add again, sir, local, geographical and general—should get behind the President, and give to him aid and support in carrying out the suggestion he made in his speech before the graduating military class at West Point but a day past, looking to America leading some movement that will quell conflict and establish, sir, the peace of the world. This to the end that we may enjoy prosperity of nations and the blessings of God on earth.

I thank the Senate for allowing me to break into the debate upon the security bill at this moment and to express views such as I have made bold to do with the privilege of the Senate for the audience on which, from the Senate, I extend again my sense of appreciation.

DEVELOPMENT OF AGRICULTURAL EXTENSION WORK

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BANKHEAD. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMITH, Mr. WHEELER, and Mr. NORRIS conferees on the part of the Senate.

STEFANO TALANCO AND EDITH TALANCO

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1585) for the relief of Stefano Talanco and Edith Talanco, which were, on page 1, line 7, to strike out "$9,500" and insert "$7,000", and on page 2, line 4, to strike out "$7,500" and insert "$5,000."

Mr. CONNALLY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

ALFRED W. KLIEFOTH

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 547) for the relief of Alfred W. Kliefoth, which was, on page 1, line 10, after the name "Petrograd", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. SHEPPARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

CONCRETE ENGINEERING CO.—VETO MESSAGE (S. DOC. NO. 69)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Claims, and ordered to be printed, as follows:

To the Senate:

I return herewith without my approval S. 931, an act for the relief of the Concrete Engineering Co.

The bill authorizes and directs the Secretary of the Treasury to pay to the Concrete Engineering Co., of Houston, Tex., the sum of $4,304.61 or so much thereof as will refund certain amounts assessed and collected as duties on imported steel building forms between the dates of February 23, 1926, and September 30, 1927. These amounts were not refunded under the ordinary procedure applicable to such cases because the importers failed to comply with the provisions of section 514, Tariff Act of 1922 (U. S. C., title 19, sec. 398), which made the collector's decision final and conclusive on all persons if written protest was not filed within 60 days thereafter.

In the absence of special circumstances giving merit to the claim, I think that an importer who fails to protect his rights in the manner provided by law should not be given preferential treatment over other importers who find them-

selves in the same position. I believe that a reasonable limitation upon the time within which protest may be filed is necessary to the orderly conduct of customs business and that the field of special legislation should not be opened to relieve importers from compliance with such provision.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 14, 1935.*

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. COSTIGAN. Mr. President, in the Washington Daily News of June 14, 1935, appeared an editorial which merits consideration. It is entitled "Twenty Years Late." The concluding paragraph reads as follows:

The United States is 20 years or more behind advanced industrial countries in adopting a national social-security system. Further delay would only add to relief burdens, economic unbalance, and human fears.

The editorial, as a whole, will appeal to men and women who are devoted to wisely progressive legislation, and I ask that, in its entirety it may be incorporated in the RECORD as part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TWENTY YEARS LATE

By order of the American people the Senate today considers the administration's economic-security bill, designed to cushion some 27,000,000 families against "the major hazards and vicissitudes of life."

The House speedily passed this important measure, 372 to 33. The Senate would be wise to act with equal dispatch. For none of President Roosevelt's "must" measures is more sorely needed, or more popular.

The Senate committee's bill is a decided improvement on the one passed by the House. It attacks the social problems of indigent old age, unemployment, blindness, illness, and childhood dependency.

To help the present generation of aged poor, it offers out of the Federal Treasury a subsidy to States of as much as $15 monthly for each pensioned person past 65. To provide a self-liquidating old-age security system for the future, it proposes a Federal reserve fund into which employers and workers would contribute pay-roll taxes to support industry's retired veterans. Finally, it offers to others the opportunity to buy cheap Government annuities. These provisions should help to close the doors of poorhouses, which are so costly to the public and so unsatisfactory to the unfortunate inmates.

The unemployment insurance section is frankly an experiment in Federal-State cooperation. To encourage the States to enact unemployment insurance laws, it provides a Federal pay-roll tax, of which 90 percent would be remitted to States with jobless insurance systems. States are given wide latitude to try out plans that fit the regional or industrial needs of each.

The bill would benefit thousands of needy blind through Federal subsidies to States. It triples Federal appropriations for public health. It revives the infant-maternity care provisions of the now lapsed Sheppard-Towner Act, provides funds for rehabilitating crippled children, and increases a hundredfold Federal contributions for child welfare.

The bill has many defects. Some are due to the need for economy, others to the Supreme Court's rigid limits on Federal powers. The measure does not guarantee security to every family, but it will soften the blows of economic adversity.

It is the product of a year's sincere and expert effort. Its imperfections can be ironed out later, as other countries have improved similar measures.

The United States is 20 years or more behind advanced industrial countries in adopting a national social-security system. Further delay would only add to relief burdens, economic unbalance, and human fears.

Mr. HARRISON. Mr. President, if there is no Senator who desires to speak on the bill, I should like to have the Senate proceed to the consideration of the committee amendments.

The PRESIDING OFFICER. The clerk will state the first amendment of the Committee on Finance.

The first amendment of the Committee on Finance was, on page 1, line 7, after the word "financial", to strike out "assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to aged individuals without such subsistence" and insert "assistance, as far as practicable under the conditions in such State, to aged needy individuals", so as to make the section read:

SECTION 1. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $49,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted and had approved by the Social Security Board established by title VII (hereinafter referred to as the "Board") State plans for old-age assistance.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Radcliffe
Ashurst	Copeland	Lewis	Reynolds
Austin	Costigan	Lonergan	Robinson
Bachman	Couzens	Long	Russell
Bailey	Davis	McAdoo	Schall
Bankhead	Dickinson	McCarran	Schwellenbach
Barkley	Donahey	McGill	Sheppard
Black	Duffy	McKellar	Shipstead
Bone	Fletcher	McNary	Smith
Borah	Frazier	Maloney	Steiwer
Brown	George	Minton	Thomas, Okla.
Bulkley	Gerry	Moore	Trammell
Bulow	Gibson	Murphy	Vandenberg
Burke	Gore	Murray	Van Nuys
Byrd	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walsh
Capper	Hastings	Norris	Wheeler
Caraway	Hatch	O'Mahoney	White
Chavez	Hayden	Overton	
Clark	Johnson	Pittman	
Connally	King	Pope	

The PRESIDING OFFICER. Eighty-one Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the committee on page 1, line 7.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State plans", on page 6, line 14, before the word "notice", to insert "reasonable", so as to make the section read:

SEC. 4. In the case of any State plan for old-age assistance which has been approved by the board, if the board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) That the plan has been so changed as to impose any age, residence, or citizenship requirement prohibited by section 2 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) That in the administration of the plan there is a failure to comply substantially with any provision required by section 2 (a) to be included in the plan; the board shall notify such State agency that further payments will not be made to the State until the board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Old-age benefit payments", on page 10, after line 21, to insert the following:

(d) Whenever the board finds that any qualified individual has received wages with respect to regular employment after he attained the age of 65, the old-age benefit payable to such individual shall be reduced, for each calendar month in any part of which such regular employment occurred, by an amount equal to 1 month's benefit. Such reduction shall be made, under regulations prescribed by the board, by deductions from one or more payments of old-age benefit to such individual.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 15, line 2, after the word "United", to strike out "States by" and insert "States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by"; after line 9, to strike out "(4) Service performed as an officer or member of the crew

of a vessel documented under the laws of the United States or of any foreign country"; in line 13, before the word "service", to strike out "(5)" and insert "(4)"; in line 16, before the word "service", to strike out "(6)" and insert "(5)"; in line 19, before the word "service", to strike out "(7)" and insert "(6)"; and in line 22, after the word "purposes", to insert "or for the prevention of cruelty to children or animals", so as to read:

SEC. 210. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to $3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term "employment" means any service, of whatever nature, performed within the United States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by an employee for his employer, except—

(1) Agricultural labor;

(2) Domestic service in a private home;

(3) Casual labor not in the course of the employer's trade or business;

(4) Service performed in the employ of the United States Government or of an instrumentality of the United States;

(5) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;

(6) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, under the subhead "Provisions of State laws", on page 18, line 7, after the word "compensation", to strike out "solely", and in the same line, after the word "State", to insert a comma and "to the extent that such offices exist and are designated by the State for the purpose", so as to read:

SEC. 303. (a) The board shall make no certification for payment to any State unless it finds that the law of such State, approved by the board under title IX, includes provisions for—

(1) Such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the board to be reasonably calculated to insure full payment of unemployment compensation when due; and

(2) Payment of unemployment compensation through public employment offices in the State, to the extent that such offices exist and are designated by the State for the purpose; and

The amendment was agreed to.

The next amendment was, on page 19, line 10, before the word "notice", to insert "reasonable", so as to read:

(b) Whenever the board, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is—

(1) a denial, in a substantial number of cases, of unemployment compensation to individuals entitled thereto under such law; or

(2) a failure to comply substantially with any provision specified in subsection (a)

the board shall notify such State agency that further payments will not be made to the State until the board is satisfied that there is no longer any such denial or failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the heading "Title IV—Grants to States for aid to dependent children—Appropriation", on page 20, line 5, after the word "financial", to strike out "assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to dependent children without such subsistence" and insert "assistance, as far as practicable under the conditions in such State, to needy dependent children,", and in line 16, after the word "the", to strike out "board" and insert "Chief of the Children's Bureau", so as to make the section read:

SECTION 401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for aid to dependent children.

The amendment was agreed to.

The next amendment was, under the subhead "State plans for aid to dependent children", on page 21, line 9, after the words "by the", to strike out "board" and insert "Chief of Children's Bureau"; in line 13, after the word "the", to strike out "board" and insert "Secretary of Labor"; and in line 14, after the word "as", to strike out "the board" and insert "he", so as to read:

SEC. 402 (a) A State plan for aid to dependent children must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim with respect to aid to a dependent child is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Chief of the Children's Bureau to be necessary for the efficient operation of the plan; and (6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and vertification of such reports.

The amendment was agreed to.

The next amendment was, on page 21, line 17, after the word "The", to strike out "board" and insert "Chief of the Children's Bureau"; in line 19, after the word "that", to strike out "it" and insert "he"; and on page 22, line 2, after the word "application", to insert a comma and "if its mother has resided in the State for 1 year immediately preceding the birth", so as to read:

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes as a condition of eligibility for aid to dependent children, a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for 1 year immediately preceding the application for such aid, or (2) who was born within the State within 1 year immediately preceding the application, if its mother has resided in the State for 1 year immediately preceding the birth.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to States", on page 22, line 20, after the word "The", to strike out "board" and insert "Secretary of Labor", and on page 23, line 9, after the word "the", to strike out "board" and insert "Secretary of Labor", so as to read:

SEC. 403. (a) From the sums appropriated therefor the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-third of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 for any month with respect to one such dependent child and $12 for such month with respect to each of the other dependent children.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than two-thirds of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of dependent children in the State, and (C) such other investigation as the Secretary of Labor may find necessary.

The amendment was agreed to.

The next amendment was, on page 23, line 11, after the word "the", to strike out "board" and insert "Secretary of Labor"; in line 13, after the word "the", to strike out

"board" and insert "Secretary of Labor"; in line 15, after the word "which", to strike out "it" and insert "he"; in the same line, after the word "that", to strike out "its" and insert "his"; and in line 20, after the words "by the", to strike out "board" and insert "Secretary of Labor", so as to read:

(2) The Secretary of Labor shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Labor, reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

The amendment was agreed to.

The next amendment was, on page 24, line 1, after the words "by the", to strike out "board" and insert "Secretary of Labor", so as to read:

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State plans", on page 24, line 5, after the word "the", to strike out "board" and insert "Chief of the Children's Bureau"; in line 6, after the words "if the", to strike out "board" and insert "Secretary of Labor"; and in line 7, before the word "notice", to insert "reasonable"; in line 19, after the word "the", to strike out "board" and insert "Secretary of Labor"; in line 21, after the word "until", to strike out "the board" and insert "he"; in line 23, after the word "Until", to strike out "it" and insert "he"; and in the same line, before the word "shall", to strike out "it" and insert "he", so as to make the section read:

SEC. 404. In the case of any State plan for aid to dependent children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) That the plan has been so changed as to impose any residence requirement prohibited by section 402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) That in the administration of the plan there is a failure to comply substantially with any provision required by section 402 (a) to be included in the plan; the Secretary of Labor shall notify such State agency that further payments will not be made to the State until he is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Administration", on page 25, line 4, after the word "the", to strike out "board" and insert "Children's Bureau", so as to read:

SEC. 405. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $250,000 for all necessary expenses of the Children's Bureau in administering the provisions of this title.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 25, line 9, after the word "sixteen", to insert "who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and"; and in line 14, before the word "residence", to insert "place of", so as to make the section read:

SEC. 406. When used in this title—

(a) The term "dependent child" means a child under the age of 16 who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home;

(b) The term "aid to dependent children" means money payments with respect to a dependent child or dependent children.

The amendment was agreed to.

The next amendment was, under the subhead "Allotments to States"; on page 26, line 13, after the word "State", to strike out "bears" and insert "bore", and in line 14, after the name "United States", to insert a comma and "in the latest calendar year for which the Bureau of the Census has available statistics", so as to read:

SEC. 502. (a) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to each State $20,000, and such part of $1,800,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Bureau of the Census has available statistics.

The amendment was agreed to.

The next amendment was, under the subhead "Approval of State plans", on page 27, line 11, after the word "plan", to insert "by the State health agency", and in line 15, after the word "are", to strike out "found by the Chief of the Children's Bureau to be", so as to read:

SEC. 503. (a) A State plan for maternal and child-health services must (1) provide for financial participation by the State; (2) provide for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the efficient operation of the plan; (4) provide that the State health agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for the extension and improvement of local, maternal, and child-health services administered by local child-health units; (6) provide for cooperation with medical, nursing, and welfare groups and organizations; and (7) provide for the development of demonstration services in needy areas and among groups in special need.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State health agency of his approval.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to States", on page 28, line 12, after the word "beginning", to insert "with the quarter commencing", so as to read:

SEC. 504. (a) From the sums appropriated therefor and the allotments available under section 502 (a), the Secretary of the Treasury shall pay to each State which has an approved plan for maternal and child-health services, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State Plans", on page 30, line 12, before the word "notice" to insert "reasonable"; so as to read:

SEC. 505. In the case of any State plan for maternal and child-health services which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 503 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Approval of State Plans", on page 32, line 9, after the word "plan" to insert "by a State agency", and in line 13, after the word "are" to strike out "found by the Chief of the Children's Bureau to be"; so as to read:

SEC. 513. (a) A State plan for services for crippled children must (1) provide for financial participation by the State; (2) provide for the administration of the plan by a State agency or the supervision of the administration of the plan by a State agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are necessary for the efficient operation of the plan; (4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for carrying out the purposes specified in section 511; and (6) provide for cooperation with medical, health,

nursing, and welfare groups and organizations and with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children.

The amendment was agreed to.

The next amendment was, under the subhead "Payment to States", on page 33, line 10, after the word "beginning" to insert "with the quarter commencing"; so as to read:

SEC. 514. (a) From the sums appropriated therefor and the allotments available under section 512, the Secretary of the Treasury shall pay to each State which has an approved plan for services for crippled children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

The amendment was agreed to.

The next amendment was, under the subhead "Operation of State plans", on page 34, line 25, before the word "notice", to insert "reasonable", so as to read:

SEC. 515. In the case of any State plan for services for crippled children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 513 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, under the subhead "Part 3—Child-welfare services", on page 35, after line 10, to strike out:

SEC. 521. For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, in rural areas, public-welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $1,500,000. Such amount shall be allotted for use by cooperating State public-welfare agencies, to each State, $10,000, and such part of the balance as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the costs of county and local child-welfare services in rural areas. The amount of any allotment to a State under this section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

And in lieu thereof to insert:

SEC. 521. (a) For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, especially in predominantly rural areas, public-welfare services for the care of homeless or neglected children, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of $1,500,000. Such amount shall be allotted by the Secretary of Labor for use by cooperating State public-welfare agencies on the basis of plans developed jointly by the State agency and the Children's Bureau, to each State, $10,000, and the remainder to each State on the basis of such plans, not to exceed such part of the remainder as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the cost of district, county, or other local child-welfare services in areas predominantly rural, and for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need. The amount of any allotment to a State under this section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

(b) From the sums appropriated therefor and the allotments available under subsection (a) the Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States, and the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

The amendment was agreed to.

The next amendment was, under the subhead "Part 4—Vocational rehabilitation", on page 38, line 19, after the word "the", to strike out "Federal agency authorized to administer it" and insert "Office of Education in the Department of the Interior," so as to read:

(b) For the administration of such act of June 2, 1920, as amended, by the Office of Education in the Department of the Interior, there is hereby authorized to be appropriated for the fiscal years ending June 30, 1936, and June 30, 1937, the sum of $22,000 for each such fiscal year in addition to the amount of the existing authorization, and for each fiscal year thereafter the sum of $102,000.

The amendment was agreed to.

The next amendment was, under the subhead "Part 5—Administration", on page 39, line 5, after the word "title", to insert a comma and "except section 531", and in line 9, after the word "title", to insert a comma and "except section 531", so as to make the section read:

SEC. 541. (a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $425,000 for all necessary expenses of the Children's Bureau in administering the provisions of this title, except section 531.

(b) The Children's Bureau shall make such studies and investigations as will promote the efficient administration of this title, except section 531.

(c) The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this title, except section 531.

The amendment was agreed to.

The next amendment was, under the subhead "State and local public health services", on page 40, line 20, after the word "regulations", to insert "previously", so as to read:

(c) Prior to the beginning of each quarter of the fiscal year the Surgeon General of the Public Health Service shall, with the approval of the Secretary of the Treasury, determine, in accordance with rules and regulations previously prescribed by such Surgeon General after consultation with a conference of the State and Territorial health authorities, the amount to be paid to each State for such quarter from the allotment to such State, and shall certify the amount so determined to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

The amendment was agreed to.

The next amendment was, under the heading "Title VII—Social Security Board—Establishment", on page 42, line 13, after the word "established", to insert "in the Department of Labor"; and in line 17, after the word "Senate" to insert "During his term of membership on the board, no member shall engage in any other business, vocation, or employment. Not more than two of the members of the board shall be members of the same political party", so as to read:

SEC. 701. There is hereby established in the Department of Labor a Social Security Board (in this act referred to as the "Board") to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. During his term of membership on the Board, no member shall engage in any other business, vocation, or employment. Not more than two of the members of the Board shall be members of the same political party. Each member shall receive a salary at the rate of $10,000 a year and shall hold office for a term of 6 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this act shall expire, as designated by the President at the time of appointment, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after the date of the enactment of this act. The President shall designate one of the members as the chairman of the Board.

The amendment was agreed to.

The next amendment was, under the subhead "Expenses of the Board", on page 43, line 22, after the word "act" to insert "Appointments of attorneys and experts may be made without regard to the civil-service laws."; so as to read:

SEC. 703. The Board is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures, as may be necessary for carrying out its functions under this act. Appointments of attorneys and experts may be made without regard to the civil-service laws.

The amendment was agreed to.

The next amendment was, under the subhead "Reports" on page 44, line 2, after the word "The" to strike out

"Board" and insert "Board, through the Secretary of Labor,"; so as to read:

SEC. 704. The Board, through the Secretary of Labor, shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which it is charged.

The amendment was agreed to.

The next amendment was, under the subhead "Deduction of tax from wages", on page 45, line 14, after the words "shall be", to strike out "made in" and insert "made, without interest, in"; so as to read:

(b) If more or less than the correct amount of tax imposed by section 801 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made, without interest, in connection with subsequent wage payments to the same individual by the same employer.

The amendment was agreed to.

The next amendment was, under the subhead "Adjustment of Employers' Tax", on page 46, line 24, after the words "shall be", to strike out "made in" and insert "made, without interest, in", so as to read:

SEC. 805. If more or less than the correct amount of tax imposed by section 804 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments with respect to the tax shall be made, without interest, in connection with subsequent wage payments to the same individual by the same employer.

The amendment was agreed to.

The next amendment was, under the subhead "Collection and payment of taxes", on page 47, line 18, after the word "collections", to insert "If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 802 (b) and 805) at the rate of one-half per cent per month from the date the tax became due until paid", so as to read:

SEC. 807. (a) The taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections. If the tax is not paid when due, there shall be added as part of the tax interest (except in the case of adjustments made in accordance with the provisions of sections 802 (b) and 805) at the rate of one-half percent per month from the date the tax became due until paid.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 51, line 7, after the word "United", to strike out "States by" and insert "States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by"; after line 14, to strike out:

(4) Service performed by an individual who has attained the age of 65.

After line 16, to strike out:

(5) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country.

In line 20, before the word "Service", to strike out "(6)" and insert "(4)"; in line 23, before the word "Service", to strike out "(7)" and insert "(5)"; on page 52, line 1, before the word "Service", to strike out "(8)" and insert "(6)"; and in line 4, after the word "purposes", to insert "or for the prevention of cruelty to children or animals", so as to read:

SEC. 811. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to $3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term "employment" means any service, of whatever nature, performed within the United States or as an officer or member of the crew of a vessel documented under the laws of the United States, by an employee for his employer, except—

(1) Agricultural labor;

(2) Domestic service in a private home;

(3) Casual labor not in the course of the employer's trade or business;

(4) Service performed in the employ of the United States Government or of an instrumentality of the United States;

(5) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;

(6) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 52, line 8, before the words "or more", to strike out "ten" and insert "four", so as to make the heading read:

Title IX—Tax on employers of four or more.

The amendment was agreed to.

The next amendment was, under the subhead "Certification of State Laws", on page 53, line 18, before the word "is", to strike out "all compensation" and insert "compensation", and in line 19, after the word "State", to insert a comma and "to the extent that such offices exist and are designated by the State for the purpose", so as to read:

SEC. 903. (a) The Social Security Board shall approve any State law submitted to it, within 30 days of such submission, which it finds provides that—

(1) Compensation is to be paid through public employment offices in the State, to the extent that such offices exist and are designated by the State for the purpose;

The amendment was agreed to.

The next amendment was, on page 55, line 6, before the word "notice", to insert "reasonable"; so as to read:

(b) On December 31 in each taxable year the Board shall certify to the Secretary of the Treasury each State whose law it has previously approved, except that it shall not certify any State which, after reasonable notice and opportunity for hearing to the State agency, the Board finds has changed its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with any such provision.

The amendment was agreed to.

The next amendment was, under the subhead "Administration, Refunds, and Penalties", on page 58, line 3, after the word "collections" and the period, to insert "If the tax is not paid when due, there shall be added as part of the tax interest at the rate of one-half of 1 percent per month from the date the tax became due until paid"; so as to read:

SEC. 905. (a) The tax imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of one-half of 1 percent per month from the date the tax became due until paid.

The amendment was agreed to.

The next amendment was, under the subhead "Definitions", on page 60, line 19, after the word "some", to strike out "twenty" and insert "thirteen"; and in line 23, after the word "was", to strike out "ten" and insert "four"; so as to read:

SEC. 907. When used in this title—

(a) The term "employer" does not include any person unless on each of some 13 days during the taxable year, each day being in a different calendar week, the total number of individuals who were in his employ for some portion of the day (whether or not at the same moment of time) was four or more.

The amendment was agreed to.

The next amendment was, on page 61, line 22, after the word "purposes", to insert "or for the prevention of cruelty to children or animals"; so as to read:

(7) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

The amendment was agreed to.

The next amendment was, on page 62, line 6, after the word "compensation" to strike out the comma and insert "all the assets of which are mingled and undivided, and in

which no separate account is maintained with respect to any person"; so as to read:

(e) The term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation.

The amendment was agreed to.

The next amendment was, on page 62, line 21, after the word "sections", to strike out "903 and 904" and insert "903, 904, and 910", so as to read:

RULES AND REGULATIONS

SEC. 908. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title, except sections 903, 904, and 910.

The amendment was agreed to.

The next amendment was, on page 62, after line 21, to insert:

ALLOWANCE OF ADDITIONAL CREDIT

SEC. 909. (a) In addition to the credit allowed under section 902, a taxpayer may, subject to the conditions imposed by section 910, credit against the tax imposed by section 901 for any taxable year after the taxable year 1937, an amount, with respect to each State law, equal to the amount, if any, by which the contributions, with respect to employment in such taxable year, actually paid by the taxpayer under such law before the date of filing his return for such taxable year, is exceeded by whichever the following is the lesser—

(1) The amount of contributions which he would have been required to pay under such law for such taxable year if he had been subject to the highest rate applicable from time to time throughout such year to any employer under such law; or

(2) Two and seven-tenths per centum of the wages payable by him with respect to employment with respect to which contributions for such year were required under such law.

(b) If the amount of the contributions actually so paid by the taxpayer is less than the amount which he should have paid under the State law, the additional credit under subsection (a) shall be reduced proportionately.

(c) The total credits allowed to a taxpayer under this title shall not exceed 90 percent of the tax against which such credits are taken.

The amendment was agreed to.

The next amendment was, at the top of page 64, to insert:

CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE

SEC. 910. (a) A taxpayer shall be allowed the additional credit under section 909, with respect to his contribution rate under a State law being lower, for any taxable year, than that of another employer subject to such law, only if the Board finds that under such law—

(1) Such lower rate, with respect to contributions to a pooled fund, is permitted on the basis of not less than 3 years of compensation experience;

(2) Such lower rate, with respect to contributions to a guaranteed employment account, is permitted only when his guaranty of employment was fulfilled in the preceding calendar year, and such guaranteed employment account amounts to not less than 7½ percent of the total wages payable by him, in accordance with such guaranty, with respect to employment in such State in the preceding calendar year;

(3) Such lower rate, with respect to contributions to a separate reserve account, is permitted only when (A) compensation has been payable from such account throughout the preceding calendar year, and (B) such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three preceding calendar years, and (C) such account amounts to not less than 7½ percent of the total wages payable by him (plus the total wages payable by any other employers who may be contributing to such account) with respect to employment in such State in the preceding calendar year.

(b) Such additional credit shall be reduced, if any contributions under such law are made by such taxpayer at a lower rate under conditions not fulfilling the requirements of subsection (a), by the amount bearing the same ratio to such additional credit as the amount of contributions made at such lower rate bears to the total of his contributions paid for such year under such law.

(c) As used in this section—

(1) The term "reserve account" means a separate account in an unemployment fund, with respect to an employer or group of employers, from which compensation is payable only with respect to the unemployment of individuals who were in the employ of such employer or of one of the employers comprising the group.

(2) The term "pooled fund" means an unemployment fund or any part thereof in which all contributions are mingled and undivided, and from which compensation is payable to all eligible individuals, except that to individuals last employed by employers with respect to whom reserve accounts are maintained by the State agency, it is payable only when such accounts are exhausted.

(3) The term "guaranteed employment account" means a separate account in an unemployment fund of contributions paid by an employer (or group of employers) who

(A) guarantees in advance 30 hours of wages for each of 40 calendar weeks (or more, with 1 weekly hour deducted for each added week guaranteed) in 12 months to all the individuals in his employ in one or more distinct establishments, except that any such individual's guaranty may commence after a probationary period (included within 12 or less consecutive calendar weeks); and

(B) gives security or assurance, satisfactory to the State agency, for the fulfillment of such guaranties,

from which account compensation shall be payable with respect to the unemployment of any such individual whose guaranty is not fulfilled or renewed and who is otherwise eligible for compensation under the State law.

(4) The term "year of compensation experience", as applied to an employer, means any calendar year throughout which compensation was payable with respect to any individual in his employ who became unemployed and was eligible for compensation.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, in connection with the committee amendment on page 62 and following pages, I think it would be well if I were to ask unanimous consent to have printed in the RECORD at this point an explanation of that amendment, with which I had intended to acquaint the Senate in case any questions should be asked about it. I ask unanimous consent to have the statement printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Without objection, it is so ordered.

The statement is as follows:

THE CASE FOR PERMITTING STATES TO ADOPT THE SEPARATE RESERVE ACCOUNT TYPE OF UNEMPLOYMENT-COMPENSATION LAW AND FOR GIVING CREDIT TO EMPLOYERS WHO HAVE REGULARIZED EMPLOYMENT

INTRODUCTORY STATEMENT

There are two principal types of unemployment-compensation laws: The pooled unemployment-insurance fund type and the separate reserve account type. In the pooled unemployment-insurance law all contributions are commingled, and payments of compensation are made from this common fund regardless of the particular employer for whom the unemployed workmen may have worked. In the reserve account type of unemployment-compensation law the contributions of each employer are kept separate for accounting purposes and each employer's account is charged only with the compensation payable to his own employees.

Except for accounting purposes the funds under both types of laws will be handled in exactly the same manner. The employers will pay their contributions to the State and the State will, under the Social Security Act, deposit these contributions in the United States Treasury, the Federal Reserve bank, or a bank designated to receive these deposits by the United States Treasury. The moneys in either case would be kept in an unemployment trust fund in the United States Treasury to the credit of the State and will be invested and liquidated as directed by the Secretary of the Treasury. The Secretary of the Treasury will keep one account only with each State. If the separate reserve account type of law, however, is permitted, the State will keep accounts with each employer, crediting him with his contributions and charging him with the payments made to his own employees.

The original economic security bill, following the recommendations of the Committee on Economic Security, permitted freedom to the States to determine the kind of unemployment-compensation law they wished to enact. It also provided that where employers have built up adequate reserves or have had a very favorable unemployment experience, the States might permit them, while they maintain such favorable employment record, to make contributions at a lower rate than that required from other employers, and that in that event an additional credit against the Federal tax for unemployment-compensation purposes shall be allowed such employers equal to the credit granted under the State law. A similar provision occurred also in the Wagner-Lewis bill of the Seventy-third Congress.

The House Ways and Means Committee voted to eliminate from the bill the permission to States to have a separate reserve account type of compensation law. Consistently with this action, it also struck out of the bill all provisions relating to credits for employers who have regularized their employment. The House bill as it came to the Senate provides that only States which have unemployment-compensation laws of the pooled type shall be recognized for purposes of credit against the Federal tax, thus in effect compelling all States to adopt this particular type of unemployment-compensation law. It also contained no provisions for any encouragement to employers to regularize their employment.

The amendment proposed by the Senate Finance Committee to section 907 (7) (e), restores permission to States to establish any type of unemployment-compensation law they wish. The new sections 909 and 910 provide for credits to employers who have regularized their employment, subject to conditions stated in section 910.

EXPLANATION OF SENATE AMENDMENTS AND OF OTHER GENERAL PURPOSES

The amendment to section 907 (7) (e) strikes from the House bill the provision that an unemployment fund established under a State law, to be recognized for purposes of credit against the Federal tax imposed in title IX, must provide that all assets are mingled and undivided and without separate accounts with respect to any employer. Under the House bill all States would be required to have pooled unemployment funds. With the amendments of the Finance Committee the States will be free to determine the type of unemployment-compensation law they wish to adopt, and whatever type they adopt will be recognized for purposes of credit against the Federal tax. This change does not compel the States to adopt the separate reserve account type of law but permits them to do so if they wish.

The new sections, 909 and 910, deal with what is called in the bill "the allowance of additional credit." Section 901 imposes an excise tax measured by pay rolls (beginning at 1 percent and increasing to an ultimate 3 percent) upon all employers of 10 or more employees, with stated exceptions.

Section 902 provides for a credit not exceeding 90 percent of the tax for payments made to State unemployment-compensation funds which meet the conditions prescribed in section 903.

The new section 909 provides for an additional credit to employers who have had a favorable unemployment experience. This additional credit is the amount by which they have been permitted to reduce their contributions under the State unemployment-compensation law. (As an illustration, if the State law permits an employer who has regularized his employment to reduce his rate of contribution to 2 percent, he will be entitled to credit against the Federal tax not of the 2 percent he has actually paid during the taxable year but of 2.7 percent—90 percent of 3 percent—which is the maximum credit that he can ever get, since all employers must always pay at least 10 percent of the Federal tax.) The additional credit permitted under this section may be granted under a pooled type of unemployment-compensation law as well as under the separate reserve account type of law.

The allowance of additional credit is hedged in with conditions which are set forth in section 910 and which are designed to prevent a reduction in the rate of contribution when employers have not genuinely regularized their employment. Three different types of provisions are distinguished, under which employers may be permitted a reduction in their rates of contribution:

(1) Reduced rates of contribution under pooled unemployment-compensation laws.

(2) Reduced rates of contribution under separate reserve account unemployment-compensation laws.

(3) Reduced rates of contribution where employers provide guaranteed employment.

The condition prescribed by the reduction of rates of contribution of pooled unemployment-insurance laws is that no reduction may be made until after 3 years of compensation experience. The condition applicable to the separate reserve account type of unemployment-compensation law is that the employer must have built up a reserve equal to at least five times the largest amount of compensation which has been paid from his account within any one of the three preceding calendar years or equal to at least 7.5 percent of his total pay roll during the preceding calendar year, whichever is the larger.

The conditions under which reduced rates of contribution are recognized, where permitted by the State law, to an employer who has guaranteed employment to all or some of his employees are:

(1) The period of guaranteed employment is at least 40 weeks during the year with not less than 30 hours of work during any week. (If the guaranty is for more than 40 weeks during the years, the hours per week may be reduced by the same number as the number of weeks of guaranteed work is increased—i. e., if the guaranty is for 42 weeks, only 28 hours of work need be given.)

(2) The employer must have actually fulfilled his guarantee.

(3) The employer must have built up a reserve of not less than 7.5 percent of his pay roll in the preceding year, from which compensation is payable to employees in the event the guarantee is not fulfilled or not renewed, and the employee, in consequence, becomes unemployed and is unable to find other work.

WHY STATES SHOULD BE PERMITTED FREEDOM OF CHOICE WITH RESPECT TO THE TYPE OF UNEMPLOYMENT-COMPENSATION LAW THEY WISH TO ADOPT

(1) Freedom of choice or permission to the States to determine for themselves what type of unemployment-compensation law they wish to adopt is in accord with the entire theory of the Social Security Act. The Social Security Act contemplates not dictation by the Federal Government but assistance to the States in developing measures of social security. In both Houses of the Congress there has been overwhelming sentiment against provisions giving anyone in Washington authority to tell the States what they must do. Many standards included in the original bill were eliminated for this reason. In this particular case, however, the House deprived the States of freedom of choice. In substantially all other respects the States are free to determine what sort of unemployment-compensation law they wish. The conditions prescribed in section 902 for the approval of State unemployment-compensation laws are not restrictions but merely standards to make certain that the State laws are genuine unemployment-insurance laws and not mere relief measures. The States are left free to determine whether they wish to have employee contributions or not, what waiting period there shall be, what the rate of benefit shall be, the duration of benefits, and every other feature of a compensation law except the general type of law they wish to have. Under the House bill they must have a pooled unemployment-insurance fund, though practically all other provisions can be determined as they see fit. This is utterly illogical.

(2) While there are advantages in a pooled-fund type of law, there are also advantages in a separate reserve account type of law, and at this stage there is no good reason why the States should not be permitted to have the type of unemployment-compensation law they wish. In arguing for freedom of choice for the States with respect to the type of unemployment-compensation law they desire, it is not necessary to detract from the pooled-fund type of law. Good arguments can be made in behalf of this type of law, but there are also valid arguments in favor of the other type.

The principal arguments in favor of separate reserve accounts are the following:

(a) Separate reserve accounts furnish a stronger incentive to employers to regularize their employment. Where an employer is charged with the cost of compensation payable to workmen he lays off, he naturally will make greater efforts to avoid having to lay off anyone than under a system where discharges cost him nothing. Employers cannot prevent all unemployment, but there is little doubt that many employers can do very much more than they are doing through reduced hours of labor when business slackens, and other methods.

(b) A separate reserve account type of unemployment-compensation law is stronger constitutionally than a pooled type of law. In the recent decision of the Supreme Court in the *Railroad Retirement Board* v. *The Alton Railroad Co.*, the majority of the Supreme Court laid considerable stress upon the fact that under the Railroad Retirement Act all funds were pooled and all railroads were required to make contributions at the same rate regardless of the age composition of their employee group. The majority of the Court held that a system of this kind violated the due process clause of the Constitution—amounting to the taking of the property of some railroads for the benefit of the employees of other railroads. This particular part of the decision of the majority of the Supreme Court in this case is not necessarily conclusive upon the constitutionality of pooled unemployment-insurance funds, but does cast doubt upon the constitutionality of such funds unless provision is made for varying rates in accordance with the risk and experience of the individual employer. Under the separate reserve account type of law, each employer pays only for unemployment among his own employees. This completely meets the objection of the majority of the Supreme Court to the Railroad Retirement Act.

(c) A separate reserve account type of unemployment-compensation law in actual practice is very likely to provide just as adequate protection to unemployed workmen as a pooled-fund type of law. The major argument in behalf of the pooled funds is that they avoid the difficulty of a separate reserve account which may become exhausted, and, in consequence, the employees receive nothing when they become unemployed. This must be admitted as a possibility, but there is no guaranty that pooled funds will not become exhausted. When pooled funds become exhausted, not only will the employees in industries which have a vast amount of unemployment get nothing, but the employees in industries which have had very little will likewise get nothing.

Under the separate reserve account system, employees in establishments which regularize their employment, or which have low unemployment rates for any other reason, are almost sure to get full compensation when they become unemployed. But if there is a pooled fund, employees in such establishments and industries may get nothing because the employees in less regular establishments and industries have used up all of the fund.

Pooled unemployment-insurance funds are advantageous to industries and employees which have a great deal of unemployment but are disadvantageous to employees in plants and industries which have a minimum of unemployment, and the reverse of these statements applies to separate reserve accounts.

(3) The provision of the House bill requiring all States to have the pooled unemployment-insurance type of compensation law will bar 3 of the 5 unemployment-compensation laws that have already been enacted and compel all progressive employers who have voluntarily set up unemployment-compensation systems to abandon their plans. Of the five unemployment-compensation laws which have been passed to date, those of New York and Washington provide for pooled unemployment-insurance funds without any provisions for separate reserve accounts. On the other hand, the Utah and Wisconsin laws provide for separate employer reserves in all cases. The New Hampshire law provides for a pooled fund from which all payments of compensation are made but also provides that separate accounts shall be kept with each employer. These separate accounts are for the purpose of determining the rates of contribution to be paid by the employer in future years, the New Hampshire law providing that the rates of contribution shall be reduced after 3 years where employers have had a favorable experience and shall be increased if they have had a poor record. The House bill bars this New Hampshire plan, no less than the Utah and Wisconsin separate reserve account type of law.

The Wisconsin law is the only one now in actual operation. It was passed in 1932 and became effective, with regard to the collection of contributions, on July 1, 1934. Since then more than

$5,000,000 have been collected under the Wisconsin law and set aside in separate reserve accounts for the payment of compensation to the unemployed workmen of employers to whom these accounts belong. Under the Wisconsin law these payments of compensation are to begin on July 1 of this year, and more than $5,000,000 will be available at that time for the payment of claims of workmen who may thereafter become unemployed. If the Social Security Act should become law in the form in which it passed the House, Wisconsin, as well as Utah and New Hampshire, will have to scrap its unemployment compensation act and begin all over again. The separate reserves under the Wisconsin law are the property of the employers, and the money already collected will have to be returned to the employers, the employees in the State losing the advantages of the funds which have already been accumulated.

The House bill penalizes the progressive employers and the States which have pioneered. This is done on the assumption that separate reserve accounts are inferior to pooled unemployment-insurance funds. Such assumption is not based on any actual experience, but rests entirely upon theoretical grounds. For Congress to penalize those who have pioneered because, forsooth, what they have done does not please some theorists, is a gross injustice and would have a most retarding effect upon all pioneering toward social progress.

WHY THE FINANCE COMMITTEE AMENDMENT ON ADDITIONAL CREDITS TO EMPLOYERS WHO HAVE REGULARIZED THEIR EMPLOYMENT SHOULD BE ADOPTED

(1) Prevention of unemployment is very much more important than compensation for unemployment. Unemployment compensation can give unemployed workers only a partial wage and for a limited period. None of the unemployment compensation laws enacted to date gives compensation of more than 50 percent of the prior wages, and in all of them the duration of payments is strictly limited. Unemployment compensation is distinctly better than nothing, but so long as at least half-time work is provided the employees are better off if they are retained in employment than if they are laid off. (Most employees actually prefer earning less money and being kept on the pay roll than being severed therefrom and drawing slightly more compensation for a limited period.)

(2) Under the Finance Committee amendment, unemployment compensation will tend to stimulate the regularization of employment, without which the reverse effect may result. While employers must pay the same rate of contributions, whether they have much or little unemployment, there is no incentive at all to reduce unemployment. When orders slacken, the natural thing for them to do is to discharge employees who are no longer needed. Where employers can save money, on the other hand, through regularizing their employment, they may be expected to do everything that they can to reduce their costs. When orders slacken, instead of discharging some employees, they will have a strong incentive to reduce hours of labor and to spread their work among all of their employees so that they do not have to pay compensation from their own accounts to some of these employees. Likewise, they will try to eliminate seasonal and other irregularities as best they can. The extent to which they can do so will vary with different industries, but under the stimulus of the possibility of reducing rates of contribution, it is to be expected that employers will do very much more toward regularizing employment than they have done heretofore.

(3) These provisions carry out the oft-expressed wish of the President that unemployment compensation should promote the regularization of employment. Upon this point the President stated in his message of January 17, 1935, which dealt exclusively with the subject of social security: "An unemployment-compensation system should be constructed in such a way as to afford every practicable aid and incentive toward the larger purpose of employment stabilization. This can be helped by the intelligent planning of both public and private employment. * * * Moreover, in order to encourage the stabilization of private employment, Federal legislation should not foreclose the States from establishing means for inducing industries to afford an even greater stabilization of employment."

The same thought was reiterated by the President in his fireside address on May 5. The views of the President on this subject are in accord with sound public policy and accurately reflect the sentiment of the country.

(4) These provisions relating to additional credit, it is believed, will strengthen the constitutionality of title IX. Title IX is believed to be fairly safe against attack on constitutional grounds, because the offset provision is modeled directly after the corresponding provision in the Federal estates tax law, under which a credit is allowed (up to 80 percent of the tax) for payments made under State inheritance tax laws. This provision of the Federal estates tax law was sustained as constitutional in a unanimous decision of the United States Supreme Court in a suit brought by the State of Florida. Nevertheless, the change proposed in the Finance Committee amendments will be distinctly helpful in this respect. It will make it clear to the Court that contribution rates can be adjusted in accordance with the risk and experience of each particular employer. This renders impossible the application of the doctrine of the Railroad Retirement Act case to title IX.

(5) Section 911 provides ample safeguards against possible abuse of the additional credit provision. As noted above in the explanation of this provision, additional credits are possible under any type of compensation law. In each case, however, these credits are hedged in to prevent States from arbitrarily reducing contribution rates to favor particular employers.

Under the pooled-fund type of law, contribution rates may not be reduced for 3 years and must then be made on the basis of actual experience. Under the reserve type of law, contributions cannot be reduced until adequate reserves have been built up. These reserves must be at least equal to five times the maximum amount of compensation that has been payable in any one of the three preceding years. (In other words, an employer must have a reserve which would enable him to pay five times the compensation he has paid in any recent year.) Such reserves in no case may be less than 7.5 percent of his annual pay roll. With a 3-percent contribution rate, it is impossible for employers to build up a reserve of this size in less than 3 years, even if they have no unemployment.

Similarly, guaranteed employment is hedged in with adequate conditions. Guaranteed employment in effect amounts to putting ordinary workmen on an annual salary basis, which is the best possible guaranty against unemployment. If everyone were guaranteed an annual salary there would be no need for unemployment compensation. Under section 910 the guaranty must be a substantial one and must be fulfilled before the employer can get any credit because of such guaranty. Workmen must be guaranteed 40 weeks of employment during the year, and if the guaranty is not fulfilled or renewed, and they become unemployed, the employer must pay unemployment compensation to them on the same basis as to other employees. To make certain that he will have funds to do so, he must have in his reserve account at least 7.5 percent of his annual pay roll before his rate of contribution to the unemployment fund may be reduced.

With these safeguards, it is rendered certain that the additional credit provision cannot be manipulated to give employers reduced rates unless they have in effect regularized their employment. It is only when they have fulfilled all of the conditions and only when the State law permits them to reduce their rates of contribution that they are entitled to any additional credits against the Federal tax.

The next amendment was, on page 67, after line 2, to insert:

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

APPROPRIATION

SECTION 1001. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are permanently blind, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $3,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Social Security Board, State plans for aid to the blind.

The amendment was agreed to.

The next amendment was, on page 67, after line 16, to insert:

STATE PLANS FOR AID TO THE BLIND

SEC. 1002. (a) A State plan for aid to the blind must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim for aid is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this act.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes, as a condition of eligibility for aid to the blind under the plan—

(1) Any residence requirement which excludes any resident of the State who has resided therein 5 years during the 9 years immediately preceding the application for aid and has resided therein continuously for 1 year immediately preceding the application; or

(2) Any citizenship requirement which excludes any citizen of the United States.

The amendment was agreed to.

The next amendment was, at the top of page 69, to insert:

PAYMENT TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning

with the quarter commencing July 1, 1935, (1) an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan with respect to each individual who is permanently blind and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (2) 5 percent of such amount, which shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of clause (1) of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such clause, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of permanently blind individuals in the State, and (C) such other investigation as the Board may find necessary.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State under clause (1) of subsection (a) for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State at the time or times fixed by the Board, the amount so certified, increased by 5 percent.

The amendment was agreed to.

The next amendment was, at the top of page 71, to insert:

OPERATION OF STATE PLANS

SEC. 1004. In the case of any State plan for aid to the blind which has been approved by the Board, if the Board, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence or citizenship requirement prohibited by section 1002 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 1002 (a) to be included in the plan—

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

The amendment was agreed to.

The next amendment was, on page 71, after line 21, to insert:

ADMINISTRATION

SEC. 1005. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of $30,000 for all necessary expenses of the Board in administering the provisions of this title.

The amendment was agreed to.

The next amendment was, on page 72, after line 2, to insert:

DEFINITION

SEC. 1006. When used in this title, the term "aid to the blind" means money payments to permanently blind individuals.

The Chief Clerk proceeded to read the amendment beginning on page 72, after line 6, being title XI.

Mr. HARRISON. Mr. President, the Senator from Connecticut [Mr. LONERGAN] is interested in this matter, and I have agreed to let that amendment go over. I ask that that amendment be passed over.

The PRESIDING OFFICER. The Chair will ask to which amendment the Senator refers.

Mr. HARRISON. The amendment on page 72, beginning with line 7. I refer to all of title XI, with reference to annuity bonds.

The PRESIDING OFFICER. Does the Senator ask that the entire title shall be passed over?

Mr. HARRISON. Yes; the entire title with reference to annuity bonds.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

The next amendment of the Committee on Finance was, on page 80, line 5, after the word "title", to strike out "X" and insert "XII", so as to make the heading read:

Title XII—General Provisions.

The amendment was agreed to.

The next amendment was, on page 80, line 7, after the word "section", to strike "1001" and insert "1201", so as to read:

SEC. 1201. (a) When used in this act—

The amendment was agreed to.

The next amendment was, under the subhead "Rules and Regulations", on page 81, line 18, to change the section number from 1002 to 1202.

The amendment was agreed to.

The next amendment was, under the subhead "Separability", on page 82, line 2, to change the section number from 1003 to 1203.

The amendment was agreed to.

The next amendment was, under the subhead "Reservation of Power", on page 82, line 8, to change the section number from 1004 to 1204.

The amendment was agreed to.

The next amendment was, under the subhead "Short Title", on page 82, line 11, after the word "Sec.", to strike out "1005" and insert "1205", so as to read:

SEC. 1205. This act may be cited as the "Social Security Act."

The amendment was agreed to.

Mr. HARRISON. Mr. President, I told several Senators that we should complete consideration of the committee amendments today. I wonder if any Senator desires to speak on the bill. I notice the Senator from Oregon [Mr. MCNARY] is not in the Chamber at the moment.

Mr. FLETCHER. Mr. President, is the offering of other amendments in order at this time?

Mr. HARRISON. The Senator from New York [Mr. WAGNER] has an amendment with reference to those who are blind, to which amendment personally I have no objection.

The PRESIDING OFFICER. Will the Senator from New York send his amendment to the desk?

Mr. WAGNER. Will the Chair indulge me for a moment?

PARDONS AND PAROLES

Mr. ASHURST. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. ASHURST. I read with interest an article appearing in the Baltimore Sun of its issue of June 13, 1935, by Mr. Frank R. Kent, one of the able writers of the present day. In fact, his comments on current public events are so trenchant that we might call him a modern Ambrose Bierce. He is not prodigal with his praise, but he has an article respecting parole abuse to which some attention should be directed.

The article by Frank R. Kent begins as follows:

There are other things besides politics in this country, and once in a while it pays to get excited about them. As to some, such as the stern attitude of the authorities toward habitual criminals, nearly all decent citizens find themselves in accord.

For example, however strongly one may feel about the new deal generally and the conflict of Mr. Roosevelt's policies with the Constitution in particular, few persons will fail to applaud—if they notice it—the trenchant telegram sent by the President to his Attorney General on the subject of the prisoner parole system. It hit the nail right on the head.

In that telegram Mr. Roosevelt accurately sensed and vigorously expressed the feeling of a great many people who had read with shocked indignation that both the confirmed criminals involved in the Weyerhaeuser kidnaping case had been paroled by State boards of parole, judges, and governors—one of them twice.

Mr. VANDENBERG. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. VANDENBERG. I call the attention of the Senator from Arizona, in the same connection, to the fact that John Dillinger was paroled in May 1933, when he was serving a 1- to 30-year sentence, and was on parole when he perpetrated his entire conspiracy of crime upon the American people.

Mr. ASHURST. The Senator is correct.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. LONG. I merely desire to put a little word in the RECORD since there is such general public and Senatorial condemnation of paroles. In my State we have paroled, I think, 1,500 persons from the penitentiary, and out of the 1,500 we had one who committed an alleged infraction of the law, and that one alleged infraction could not be proved.

I wish to say further, for the benefit of the wise scribes who write in the newspapers, with respect to this public condemnation of paroles, that the penitentiaries are now finding themselves with from two to three times the number of occupants they had in normal times. It is a crime in this country to break and enter into in the nighttime in most States. It is a crime to break and enter. A man who puts his hand through a glass show case and takes some candy out of the case, or a loaf of bread out of the case, is guilty of a penitentiary offense in nearly all the States. There has been such an increase of those convicted of such offenses that whereas in Louisiana there were 1,500 convicts in the penitentiary when I became Governor of that State, when I left the governorship there were 3,000 convicts. There were added that many convicts in 4 years' time.

When I became Governor of Louisiana I had the idea that we were going to rigidly, with fire and water, enforce the law and let nobody get out of the penitentiary by means of parole, but after a while we found that something had to be done about the situation. Some of the students who speak against paroles might look into conditions and see what has become of those who are kept in the penitentiary for 10 years. If a man shows the elements of reform in him, it is a great deal better to let him out in a year's time or in a few months' time than to keep him in the penitentiary for 10 years and make a sure criminal out of him. At some time I will devote a few minutes to giving some of the results of my personal studies into this question.

Mr. ASHURST. Mr. President, the able Senator said at some time he will devote some moments to making a study of this question.

Mr. LONG. No; to giving what I have learned from a study of this question.

Mr. ASHURST. I do not quite know how to interpret the Senator's remarks. I do not wish to be understood as taking the attitude of a ferocious person who wishes men imprisoned for long terms for slight offenses. I ask, however, can any Senator be oblivious to the fact that society is now engaged in a desperate warfare against gangland and the underworld? Mr. Kent's article, when it shall be read in full tomorrow, will show that he himself is not in favor of the cruel or brutal enforcement of any law or the imprisonment of any man about whose criminal record and guilt there can be any doubt; but surely my able friend from Louisiana must know—he has too pungent an intellect to fail to know—that the ordinary criminal does not fear conviction. The criminal thinks that, with the aid of what we call the "sob sisters", those who send flowers to the criminal instead of to the surviving relatives of the deceased whom he slew, he will escape just punishment. So I submit that there should be commendation of Mr. Kent's idea that the President is correct when he points out that there has been a laxity and slackness in enforcing the criminal laws, and that many, if not most, of gangland's members are paroled or pardoned ex-convicts.

I believe in the reclamation of persons. I do not want to have the Senator derive the idea that I am at all ferocious about this matter, but he ought to recognize that this country has on its hands a war as desperate as any that could be fought to try to subdue gangsters and kidnapers. In view of the debate, I ask that the entire article by Mr. Kent be printed at this point in the RECORD if I may secure such permission.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

[From the Baltimore Sun of June 13, 1935]

THE GREAT GAME OF POLITICS

By Frank R. Kent

THE PAROLE ABUSE

WASHINGTON, June 12.—There are other things besides politics in this country, and once in a while it pays to get excited about them. As to some, such as the stern attitude of the authorities toward habitual criminals, nearly all decent citizens find themselves in accord.

For example, however strongly one may feel about the new deal generally and the conflict of Mr. Roosevelt's policies with the Constitution in particular, few persons will fail to applaud—if they notice it—the trenchant telegram sent by the President to his Attorney General on the subject of the prisoner-parole system. It hit the nail right on the head.

In that telegram Mr. Roosevelt accurately sensed and vigorously expressed the feeling of a great many people who had read with shocked indignation that both the confirmed criminals involved in the Weyerhaeuser kidnaping case had been paroled by State boards of parole, judges and governors—one of them twice. The theory of the parole system is that it can be mercifully used to release, provisionally, prisoners with good records, incarcerated for the less serious crimes, and who can be reasonably expected to go straight. It was never intended to give freedom to the incorrigibly vicious or provide opportunity for the irredeemably bad to commit further criminal acts.

The unfortunate fact is that it has not worked out according to theory. On the contrary, a perfectly amazing proportion of the murders, kidnapings, hold-ups, and more violent and detestable crimes are committed by paroled prisoners. Students of the facts agree that the most depraved and desperate of the gang leaders and racketeers in the larger cities have at one time or another been released on paroles. Some of them have remarkable records of crimes, convictions, short terms of imprisonment, and consistent paroles in State after State. Admittedly, the system has operated for the benefit of criminals in a way far from the intention of its sponsors.

The explanation lies in a combination of soft-headed welfare workers, crooked criminal lawyers, and venal politicians. In some States lucky enough to have a first-grade man as Governor the parole commissioner or board is also first grade and the abuse of the system is kept at a minimum. In others, where the gubernatorial material is low grade, the parole authorities are purely political, the abuse is terrific, and the danger to the community great. In such States as soon as a man with gang affiliations is convicted his lawyer starts working for parole. A certain amount of attention is paid to the "build up" so as to forestall inconvenient opposition from the uplifters. Doctors' certificates as to the failing health of the convict are procured. Staged performances of the starving wife, mother, and children are rehearsed. The deep repentance of the prisoner is portrayed.

Sometimes this heart-throb stuff can be entirely dispensed with and the lawyer gain his parole wholly through political pressure and a little money spent in the right place. Sometimes the synthetic pathos is an essential part of the game. In any event, with the right lawyer and a little cash, paroles in many States are as easy to get as a bad cold. The pregnant fact is that often they are easier for the habitual criminal with outside gang connections than for the first offender, who has made one mistake and would likely not make another if given a "break."

The former has the advantage of the crooked lawyer, who knows the tricks. In an incredibly short time such a lawyer can get his man "sprung" and a potential murderer or kidnaper is loose in the land. That sort of thing is happening in State after State, day after day, and it is not easy to exaggerate the evil thereof. It was at the abuse of the system and not at the system that President Roosevelt struck in his telegram. As he said, every decent citizen is interested in a humane parole system, but the extent to which an alliance between the crooked lawyer and the crooked politician, aided by sappish social workers, have stretched it, constitutes a public menace. In placing himself forcefully behind the drive of the Department of Justice to stiffen the parole officials, the President has done a fine thing. The hope is that he will not let the impetus he has given the movement slacken short of results.

Mr. LONG. Mr. President, I merely wish to say to my friend from Arizona that I am very mindful of his comprehensive knowledge of this question, and also of his good intentions and his good-heartedness; but, since so much is being said by my friend from Michigan and the Senator from Arizona, I want to say that I cannot help but have a charity for people in the penitentiary when I know so many others who ought to be in the penitentiary in this day and time, when I know that most of those who have observed the ordinary course of government feel as John Wesley felt, who, when they were carrying some man through the streets to

hang him, said, "But for the grace of God, there goes John Wesley."

Mr. ASHURST. Was not that John Bunyan?

Mr. LONG. No.

Mr. VANDENBERG. It was John Wesley.

Mr. LONG. Now both Senators are in argument, but that is all right.

Mr. ASHURST. Mr. President——

Mr. LONG. Just a moment. Those of us who have observed law enforcement since prohibition and since it has been repealed have come to find out that the matter of law, I regret to say, is, to a large extent, who you are and where you are and how you are. If I may do so, I will at a later time take up many provisions of the Constitution and the laws of this country, and I will show open and admitted violation of the criminal statutes, while men are held in the penitentiaries for minor infractions of some law and are pointed out as despicable characters, threatening the safety of the people. All the people in the "pen" are not gangsters; the gangsters are only a smaller part of them. In Louisiana we have practically no such thing as gang warfare. There was not a bank robber in the city of New Orleans or in the State whom we did not capture, and none of them have been pardoned and none of them have been paroled. But most of the people in the penitentiary are very much like the 10 niggers whom they captured in Richmond Parish, I think it was, in Louisiana, who killed one $2 yearling and barbecued the yearling, and the 10 niggers were sent to the penitentiary for one $2 yearling. Yet we do not take up a case, of which we all have knowledge, of one using the Government printing facilities or stamps.

Go to the penitentiary and I will guarantee it will be found that many postmasters are in the "pen" right now who did not steal over 50 cents' worth of stamps or over $5 worth; but, nonetheless, we, gentlemen of the Senate—and I acknowledge, let me say, that I am a part of the body corporate—have allowed one of our illustrious men flagrantly to violate the law to the extent of many thousand dollars and yet extol him as one of eminent virtue and capacity, to be emulated by our sons and our daughters. So while we are discussing these poor devils who are in the "pen" think rather charitably, gentlemen of the Senate, lest somebody might accuse us of not enforcing the law against our elders in this Government.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Arkansas?

Mr. ASHURST. I yield.

Mr. ROBINSON. I do not think that the repetition of the insinuations that a high Government officer has stolen stamps should be passed unnoticed. I understand the Senator from Arizona expects to make some comment upon the subject.

Mr. ASHURST. Yes.

Mr. ROBINSON. But I do not feel that the Senator from Louisiana has any justification for that statement. I feel that he is offensive to everyone in the Senate, except himself, when he makes that statement, and generally to people who believe in decency in government.

Mr. ASHURST. Mr. President, I did not seek a controversy with the Senator from Louisiana; I do not seek it now; and I doubt if I shall be forgiven for consuming the Senate's time at this juncture——

Mr. LONG. Mr. President, will the Senator yield?

Mr. ASHURST. Certainly.

Mr. LONG. I want to state that I have not during this morning hour used the words "stolen stamps." Of course, that is the only definition that might be given to it, but I wanted to be very judicial and courteous in my remarks this morning. The Senator from Arkansas puts that interpretation on the matter, and, of course, I agree that he is probably justified in it.

Mr. ROBINSON. Mr. President, that is just the point I am making. The Senator from Louisiana uses language such as he did employ, and then he is surprised if anyone takes offense at it.

Mr. LONG. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. LONG. Do I understand it now to be said that it is not true that Mr. Farley printed some special stamps for his friends?

Mr. ROBINSON. If the Senator understands the English language he must understand me to say that when he charges that Mr. Farley stole stamps it is untrue in every sense of the word, and the Senator from Louisiana knows it it untrue.

Mr. LONG. I have stated the facts.

The PRESIDING OFFICER. Does the Senator from Arizona continue to yield to the Senator from Louisiana?

Mr. ASHURST. I yield for a question.

Mr. LONG. I have not very much money, but I will go outside of this building now and make the statement——

Mr. SCHWELLENBACH. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHWELLENBACH. I make the point of order the Senator from Arizona has no right to yield the floor except for a question, and the Senator from Louisiana cannot make speeches on extraneous matter in the time of the Senator from Arizona.

The PRESIDING OFFICER. The point of order is sustained. The Senator from Arizona has the floor.

Mr. ASHURST. Mr. President, I do not intend to be maneuvered by the Senator from Louisiana or any other person into such a position that it could be said of me that I am anxious to have men imprisoned for slight and transient causes for what sometimes are called casual, almost "accidental" offenses. The Senator from Louisiana is either disingenuous or oblivious to information if he fails to perceive that this country now and for some years has engaged in a teriffic effort to protect innocent persons who are obeying the law and occupying places where they have a right to be.

Mr. LONG. Mr. President, I only ask the Senator to yield for one question.

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Louisiana?

Mr. ASHURST. I yield.

Mr. LONG. I hope the Senator did not understand me to make any such statement. I had understood that I was entirely in accord with everything the Senator from Arizona had said. I did not understand that there was any difference between us.

Mr. ASHURST. The gravamen of the Senator's speech was that he made an insinuation, if not a direct charge, against absent persons who, under our rules and under the Constitution, are unable to reply. I want the Senator from Louisiana to understand that I am not adopting the attitude of a censor; I am not trying to correct somebody else; possibly I need correction as much as any Senator here; but, in view of the Senator's charge, I feel a disposition this morning to say that if we walk on the seacoast after a storm at sea has subsided, particularly if the storm was of such violence as to agitate the ocean to an unusual depth and send huge billows upon the shore, we discover curious denizens of the deep from the world of cold and dreadful night below the ocean's surface, that have been upthrust and cast ashore by the fury of the storm. We find wriggling on the beach, crustacea, such as crawfish, shrimps, mudcrabs, and lobsters; among the fish we find the grunt, puffer, pike, topknot, toadfish, jellyfish, kingfish, starfish, sawfish, stingray, and, indeed, too great a variety of types to admit of a complete definition.

When the sea is calm and tranquil these creatures seldom appear to human vision. Only some unusual agitation brings them from obscurity to conspicuousness.

Mr. President, the same physical principle operates on mankind when the distress of depression, the fury of financial panic and storm, and the terror of economic uncertainty agitates a people. We then are no longer the assured, free-swimming, self-reliant folk we seemed to be when the waters

of life were smooth and placid. This law of physics is not peculiar to the American race alone. To all tribes of men, when confronted with any insecurity, whether it be economic, environmental, social, or philosophical, there come dangerous thoughts, feelings, and fears, and thus some men usually called "odd fish", are forced to the surface from the swamps of anonymity.

Many of such men thus projected to conspicuousness are excellent men who believe that they know how to reach the pot of gold at the rainbow's end; how to obtain a living in this practical, brass-tack, workaday world without giving any equivalent therefor; or how to break economic laws and avoid any penalty.

Thus, in these agitated and distressful days, we must expect to encounter whimsical, droll, eccentric, and erratic persons who occupy the stage for a time, and they, at least, divert us, interest us, entertain us, and, I am bound in fairness to add, they sometimes instruct us. Their fatal error is that they refuse to face the fact that only iron sacrifice can rescue a nation from a depression; they never realize that no easy way to achieve success has ever been, or ever will be discovered. It was ordained at the beginning of time that success shall be difficult. No one will ever circumvent destiny on that point, for she has resolved that, in obtaining success, man shall be put upon his mettle until the end of the film. In these recurrent depressions and times of poignant distress, wise and well-balanced men are sometimes confused and saddened and lose track of the simplicity of the rules of life. Moreover, we have complicated our existence to the point where it not only stupefies the ordinary man but defies the comprehension of the wisest man.

In such a whirligig epoch as the present many persons, in normal times sensible, become overwrought and unjustly suspect and defame such of their fellow citizens as do not subscribe to their particular reforms or gyrations.

Therefore, the suspiciousness of the Senator from Louisiana and his intolerant attitude toward and his denunciations of his colleagues, are quite understandable.

Such strictures, reproaches, and intemperate speeches from the Senator from Louisiana are really the wailings of an apostle of despair. He has lost control of himself. He is trying to play billiards with elliptical billiard balls and a spiral cue. He has adopted the apothegm of the French dramatist, Beaumarchais: "Calumniate, calumniate, calumniate; something is sure to stick."

Opulent with irony as are all human affairs, it is a startling paradox that in this particular period of the world's history, when to this generation has been given the keys that control the kingdom of the material sciences, this generation has lost control of itself. This paradox may be placed side by side with those other paradoxes, to wit, that the doctors are much more likely to die of disease than are their patients; that lawyers are more likely to lose their own cases than they are to lose their clients' cases.

Our American race in its hurry to achieve bulk, size, speed, and quantity has learned just enough to weaken our reliance upon tested, durable things; enough to relax our grasp upon durable values, but has found nothing to take the place of the fundamental truths that we have ignored.

Robert Burns, during a flash of his shining genius, wrote in his Address to the Unco Guid, or in his Address to a Louse, I do not for the moment remember which:

> Oh, wad some power the giftie us to see ourselves as others see us.

Among the many instruments, gadgets, and devices brought forth by the present generation which has tickled the physical world and made her laugh forth so many of her hidden secrets is the recent alleged invention—not yet patented—of the curved telescope with phones for audition and photophones attached, wherewith by the compound refraction of the rays of light a person may put this curved telescope to his eye, the auditory phones to his ears, with the photophone attached, stand upon one side of the street, see himself objectively as well as subjectively, and hear and see precisely how he appears to the man across the street. In other words, with the curved telescope and compound refraction of light, we shall see ourselves exactly as others see us.

I shall now take the Senate into my confidence and say that I have been accorded the opportunity of observing myself through this invention. It was not a pleasant experience. After one look I concluded that I would either mend my ways or never again put such a contraption to my eyes.

It is not for me to pass judgment upon the Senator from Louisiana. He has as much right to pass judgment upon me as I have to appraise him. An attitude of censoriousness is the one attitude the Senate never tolerates and never forgives any of its Members, but I will venture the suggestion that if the Senator from Louisiana should look through this telescope objectively, as he doubtless will some day, for he is of an inquiring mind, he will distinctly perceive a man frequently disrespectful of the rights and feelings of others, exalting himself with an unwarranted sense of superiority over others less gifted and less fortunate than himself; a man too often taking undue advantage of his privileged position here; a man of reckless abandon in speech and relentless in his forays upon those who disagree with him.

Aeschylus, the earliest of the three great Greek tragic poets, was born about 500 B. C. When the poet left Athens he took up residence in Sicily. It will be recalled that the eagles in Sicily had a habit at that time of pouncing down upon large turtles; then, after ascending to a considerable height, dropping the turtles upon stones, cracking the shells, and obtaining the turtles' flesh for a meal.

A legend of doubtful authenticity states that Aeschylus was killed by a large turtle which an eagle let fall upon the head of the poet, mistaking the poet's head for a large stone.

I express the hope that the American eagle will not be required to drop something upon the head of the Senator from Louisiana before he takes a hint and recognizes his true relation to the Senate and the country.

Mr. LONG and Mr. HARRISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized:

Mr. HARRISON. I offer a proposed unanimous-consent agreement and ask that it may be adopted.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The Chief Clerk read as follows:

> I ask unanimous consent that beginning Monday, June 17, at 3 o'clock p. m., no Senator shall speak more than once or longer than 15 minutes on any amendment or motion, or more than once or longer than 30 minutes on the bill H. R. 7260, the so-called "social-security bill."

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object. Is there objection to my having the floor to reply to the Senator from Arizona?

Mr. HARRISON. There are several Senators interested in having this agreement entered into.

Mr. BORAH. Mr. President, before the Senator from Louisiana proceeds, permit me to say that the most important discussion will arise on the amendments. Will not the Senator therefore change the time so as to give the greater length of time on the amendments rather than on the bill itself?

Mr. HARRISON. I have no objection to doing that. I think there ought to be some kind of agreement. I modify the agreement so as to provide not more than 30 minutes on any amendment or motion and not longer than 15 minutes on the bill.

Mr. McNARY. Mr. President, does the Senator propose at this time to go forward with his efforts or to suspend until the Senator from Louisiana shall have concluded his remarks?

Mr. HARRISON. The Senator from Louisiana has objected. I had been hopeful I might get this matter out of the way.

Mr. LONG. Mr. President, I hope the Senator from Mississippi will let me make reply to the Senator from Arizona, and then he probably can get it out of the way.

I desire to acknowledge my gratitude for the special preparation which my friend from Arizona made with regard to

me. I would not have given him a chance to read this marvelously concocted written preparation had I not by accident run into the discussion between himself and the Senator from Michigan [Mr. VANDENBERG]. I believe he has me to thank for having brought about the occasion by which his efforts in preparing this eloquent address were not sniped out in some other experiences which might not have given the Senator from Arizona the opportunity to read his carefully prepared statement. I thank the Senator from Arizona for this.

The Senator, however, has his facts a little wrong. He says that during these days of depression, as in the case of all storms, various things are washed up on the sands and on the shores; and he says that among other things washed up, I believe, are the catfish, the crawfish, the kingfish, the barracuda, and other kinds of fish. The kingfish is even a more vicious species of marine life than the barracuda itself, so I am told; but the Senator from Arizona overlooks one thing. There is another species that is washed up on the shores in large numbers, and that is the tadpole. That is the animal that I now wish to bring to the attention of the Senator from Arizona.

The tadpole is a form of life which, during these depressions, goes out and promises one thing and then comes in and does another. That species is far more numerous than the kingfish, the whale, the crawfish, the turtle, or any other form of marine life. If it may please my friend the Senator from Arizona, I shall be glad to have him call to mind that, undertaking to avoid some of the descriptions which he has seen fit to give to the Senate, I have taken the words of our illustrious President for all the course I have followed here; not that he was the first to have made the statement, but I have taken the words of our illustrious President wherein he said that the people of the United States are entitled to share in a redistribution of wealth. Therefore I have used that as my landmark since the political campaign of 1932 ended.

Some few days ago, when we had up one of our important discussions, I was talking to a friend of mine in this body who, during one of his heated campaigns, had sent a telegram, or his office had sent a telegram, saying that he was in favor of such-and-such a bill or such-and-such an issue, and requesting that the fact that he was of that faith be speedily communicated to those interested. The telegram was sent to me, and I discussed it with my friend; and he said to me, "Yes; I suppose that is so." He said, "In the closing days of the campaign, when I am away from my office, and every kind of inquiry is being shot here and yonder, the only safe thing I know to do is to have them all telegraphed that I am in favor of whatever they telegraph for." I could not quarrel with that as being the attitude of some of my colleagues, because in this changing day of political campaigns I can recognize that with perhaps 90 percent of us that is about the only thing we know how to do.

For the benefit of the Senator from Arizona, however, I will state that I am advocating what I advocated at the age of 21. It did not have much support in this body during those days, I am sure. It had little support when I came here. However, it has been advocated by the present President of the United States, and by the ex-President of the United States, and they are all going to be "exes" until they either cease making that promise or some of them see fit to keep it.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. HARRISON obtained the floor.

Mr. WAGNER. Mr. President——

Mr. HARRISON. Will the Senator from New York withhold offering his amendment until I can ascertain whether or not we can secure an agreement for a limitation of debate?

Mr. WAGNER. Yes.

Mr. LONG. What is the Senator's proposal?

Mr. HARRISON. I have submitted a request for unanimous consent that beginning on Monday at 3 o'clock debate be limited on any amendment—I have changed the time to meet the desire of the Senator from Idaho—to 25 minutes, and 25 minutes on the bill, and that no Senator be permitted to speak more than once on any amendment or on the bill.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Let the Chair submit the request to the Senate. The Senator from Mississippi submits a request for unanimous consent, which will be stated by the clerk.

The enrolling clerk (William W. Horne) read as follows:

It is agreed by unanimous consent that, beginning on Monday, June 17, at 3 o'clock p. m., no Senator shall speak more than once or longer than 25 minutes on any amendment or motion, or more than once or longer than 25 minutes on H. R. 7260, the social-security bill.

The PRESIDING OFFICER. Is there objection?

Mr. CLARK. Mr. President, I have no desire to delay the passage of this bill at all, but I have a rather important amendment which I desire to discuss on Monday; and while I shall not desire to discuss it very long at any particular time, it is entirely probable that after I shall have discussed the amendment there will be a reply on behalf of the experts who have drafted the bill, and I shall probably desire to speak twice on the bill. Under those circumstances I am constrained to object, without any desire to delay the passage of the bill.

Mr. HARRISON. May I ask the Senator from Missouri what he would suggest in lieu of the proposal as submitted. Would a limitation of 45 minutes on the bill and 30 minutes on any amendment that may be offered be agreeable?

Mr. CLARK. That would be entirely agreeable to me so far as the time limit is concerned, except that I might desire to divide up my time. That is the whole question with me.

Mr. HARRISON. Then I should like the proposed agreement changed so that in speaking 45 minutes on the bill a Senator shall not be confined to one speech; that he may divide up the time he speaks on the bill.

Mr. CONNALLY. Mr. President, the proposed unanimous-consent agreement provides that a Senator may speak once on each amendment and once on the bill.

Mr. HARRISON. Yes; that is true.

Mr. LA FOLLETTE. Mr. President, I suggest that the situation which the Senator from Missouri has in mind might be taken care of by permitting the Senator to use such time as he desires to use on the bill at different intervals and under different recognitions from the Chair, so that if the Senator had a total of 25 minutes on the bill, and desired to speak for 10 minutes, he could reserve the balance of his time.

Mr. CLARK. That arrangement would be entirely satisfactory to me.

Mr. HARRISON. Then, I ask unanimous consent that, beginning at 3 o'clock on Monday, no Senator shall speak longer than 25 minutes on any amendment——

Mr. McNARY. No, Mr. President; in view of the absence of the Senator from Idaho [Mr. BORAH] and his previous statement, I suggest that the time of speaking on amendments should be 30 minutes.

Mr. HARRISON. Very well; I ask unanimous consent that beginning at 3 o'clock on Monday, no Senator shall speak more than once or longer than 30 minutes on any amendment or motion, and that on the bill he shall not speak longer than 45 minutes.

Mr. CONNALLY. That he shall speak only once and not longer than 45 minutes?

Mr. HARRISON. No; I did not say "once" on the bill. That time can be divided up.

Mr. LONG. I think that is all right, with the specific understanding that the 45 minutes can be divided up as one may desire, which will enable one offering an amendment, by speaking under his time on the bill, to make reply.

Mr. HARRISON. Absolutely.

Mr. LONG. I think that is all right.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

The agreement as entered into was reduced to writing, as follows:

Ordered by unanimous consent, That beginning Monday, June 17, at 3 o'clock p. m., no Senator shall speak more than once or longer than 30 minutes on any amendment or motion, and not longer than 45 minutes on the bill H. R. 7260, the social security bill.

Mr. WAGNER. Mr. President, I send to the desk three amendments which simply make more flexible the provisions permitting the use of some of the funds provided under this proposed legislation for the benefit of the blind. They are amendments which have been suggested to me by Helen Keller. There is no woman in the country who is more interested in the underprivileged than is that remarkable woman.

I understand that the consideration of these amendments will require a reconsideration of the votes by which the committee amendments were adopted at the respective places.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The Senator from New York asks unanimous consent that the vote by which title X was adopted may be reconsidered in order that he may offer certain amendments. Is there objection? The Chair hears none, and the vote is reconsidered.

The Senator from New York offers certain amendments which will be stated.

The CHIEF CLERK. In the committee amendment, on page 72, at the end of line 6, before the period, it is proposed to insert—

and money expended for locating blind persons, for providing diagnoses of their eye condition, and for training and employment of the adult blind.

Mr. HARRISON. Mr. President, I may say with reference to that amendment that it will require no additional money, but part of the appropriation made in the bill may be used for this purpose. The Association for the Blind have made this request. It seems to me most reasonable, and I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. In the committee amendment on page 67, after line 16, it is proposed to insert:

Of said sum, each year $1,500,000 or such part thereof as shall be necessary shall be used in making payments to States of amounts equal to one-half of the total of the sums expended.

Mr. HARRISON. That carries out the same idea.

Mr. WAGNER. The same idea.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 68, at the end of line 15, it is proposed to insert the following:

(8) provide that money payments to any permanently blind individual will be granted in direct proportion to his need; and (9) contain a definition of blindness and a definition of needy individuals which will meet the approval of the Social Security Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment, as amended.

The amendment, as amended, was agreed to.

Mr. WALSH. Mr. President, I ask the Senator from Mississippi whether it is agreeable to consider at this time two amendments which I have offered.

Mr. HARRISON. It is.

Mr. WALSH. I submit the amendments, which relate to subparagraph (d) on page 81. The explanation of the amendments will be found on page 8333 of the CONGRESSIONAL RECORD of May 28, 1935.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 81, line 12, after the word "Federal", it is proposed to insert the words "or State", and in line 16, after the word "child", it is proposed to insert a period and strike out the words "in violation of the law of a State."

Mr. HARRISON. I have no objection to the amendments.

Mr. McNARY. Will the Senator from Massachusetts state the purpose of his amendments?

Mr. WALSH. I will ask the Senator to read with me subsection (d) on page 81, which is under the title of "Definitions":

Nothing in this act shall be construed as authorizing any Federal—

One of the amendments provides for the insertion of the words "or State" in that place, so as to read:

(d) Nothing in this act shall be construed as authorizing any Federal or State official, agent, or representative, in carrying out any of the provisions of this act, to take charge of any child over the objection of either of the parents of such child, or of the person standing in loco parentis to such child, in violation of the law of a State.

The second amendment would strike out the last phrase, "In violation of the law of a State." Some States have no such law. The purpose of the amendments is to conserve the rights of the individual from invasion by State as well as Federal authority.

I may say that the amendments have been presented by representatives of the Christian Science religion, who feel very strongly upon the subject, and I believe many other religious bodies join with them in urging that this protection of the home is an established principle that should be preserved in this act.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

Mr. ROBINSON. Mr. President, I understand the Senator from Oklahoma [Mr. GORE] desires to present a resolution. When that shall have been done, with the approval of the Chairman of the Committee on Finance, the Senator from Mississippi [Mr. HARRISON], in charge of the pending business, I shall move an executive session.

Mr. GORE submitted a resolution (S. Res. 152), which appears under the appropriate heading elsewhere in today's RECORD.

Mr. VANDENBERG. Mr. President, before the Senator from Arkansas moves an executive session will he permit me to submit an amendment to be printed and permit me to make a brief statement, because I am hopeful that the Senator from Mississippi can give some consideration to the matter between now and Monday?

Mr. ROBINSON. Very well.

Mr. VANDENBERG. Mr. President, the particular amendment to which I am asking the Senator from Mississippi to give his attention over the week-end deals with a totally different phase of the problem involved in the security legislation.

The argument advanced as to why we cannot pass old-age pension and unemployment-insurance legislation in the States instead of in the Federal Congress is the argument that if one State should do it, adding, let us say, to the cost of production or manufacture in that State, it would inevitably inure to the advantage of some State which had not enacted similar legislation, and therefore, except as it is done uniformly, it may be done prejudicially. I quite concede that point of view. I wish to know, however,

whether the point of view does not carry us further and into the larger unit. This is what I mean: When we passed the late N. R. A. legislation we included a clause providing for more or less automatic tariff readjustment whenever increased costs of production precipitated by the N. R. A. legislation increased the differential between costs of production at home and abroad. When we passed the A. A. A. legislation we included the provision for tariff revision in the event the costs of production were arbitrarily and artificially affected in the fashion indicated.

Apparently in the long run the proposed law may increase, by way of pay-roll additions, the costs of production industrially, in 1940, for example, by a billion six or seven hundred million dollars a year, and in 1945 may increase the costs of production, by way of pay-roll additions, nearly $2,000,000,000.

It seems to me there should be the same automatic provision in the law for readjusting tariff differentials in respect to the differences in the costs of production at home and abroad if, as, and when this demonstrably proves to be true.

There is still a further reason why I think it is important in connection with the proposed legislation. As the Senator from Mississippi well knows, there has been a substantial exodus of American plants to foreign countries during the last decade. Something like 1,800 American industrial institutions now have branch plants abroad. It occurs to me that except as we are somewhat careful in protecting this arbitrary and artificial increase in the costs of production at home against the competitive advantage abroad we may be putting a premium upon the further exodus of American plants into some other jurisdictions where they can escape these particular burdens. In other words, it seems to me that precisely the same argument applies to international competition that applies in respect to interstate competition, and, since we are answering the interstate competition by going to the Federal jurisdiction for our answer, I am submitting an amendment, which I am asking the Senator from Mississippi to consider over the week-end, which would provide an authorized approach to the consideration of offsetting that same differential when it occurs in international trade. I submit the amendment and ask that it be printed, and I will appreciate it if the Senator from Mississippi and his experts will give some consideration to it between now and Monday.

Mr. HARRISON. Mr. President, I shall be very glad to give consideration to it. The matter was not brought to the attention of the committee. A similar question was presented in connection with the N. R. A., because it was recognized that there would be increased costs to American producers by virtue of the codes and arrangements which might be made under them. Whether or not because of this tax the costs will be so high as to call for legislation I do not know. I shall be very glad, however, to talk with some of the experts of the Tariff Commission and with others and give the matter consideration.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. CONNALLY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Margaret C. Henderson to be postmaster at Fair Mount, Ga., in place of Dallas Thompson.

Mr. FLETCHER, from the Committee on Commerce, reported favorably the nomination of John Monroe Johnson, of South Carolina, to be Assistant Secretary of Commerce.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

FEDERAL HOME LOAN BANK BOARD

The Chief Clerk read the nomination of John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board for a term of 6 years from July 22, 1935.

Mr. RUSSELL. I ask that this nomination go over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

FEDERAL POWER COMMISSION

The Chief Clerk read the nomination of Clyde L. Seavey, of California, to be a member of the Federal Power Commission for term expiring June 22, 1940.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection the nominations are confirmed en bloc.

JOHN MONROE JOHNSON

Mr. BYRNES. Mr. President, the nomination of John Monroe Johnson to be Assistant Secretary of Commerce has been favorably reported from the Committee on Commerce, and I ask for the immediate consideration of the nomination.

Mr. BLACK. I object.

The PRESIDING OFFICER. Objection is heard, and the nomination will be placed on the executive calendar.

Mr. ROBINSON. I move that the Senate return to the consideration of legislative business.

The motion was agreed to, and the Senate resumed legislative session.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 7982) to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes, and it was signed by the Vice President.

DEATH OF REPRESENTATIVE CAP R. CARDEN

The PRESIDING OFFICER laid before the Senate the following resolution from the House of Representatives, which was read:

House Resolution 255

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 13, 1935.

Resolved, That the House has heard with profound sorrow of the death of Hon. CAP R. CARDEN, a Representative from the State of Kentucky.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. BARKLEY. Mr. President, I send to the desk a resolution which I ask to have read and for which I ask present consideration.

The PRESIDING OFFICER. The resolution will be read.

The resolution (S. Res. 153) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. CAP R. CARDEN, late a Representative from the State of Kentucky.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Mr. BARKLEY. I wish to explain that ordinarily this resolution would carry with it the request for appointment of a committee from the Senate; but inasmuch as the resolution of the House was not messaged to the Senate until this morning, and the funeral of the Representative who died has already been held, the appointment of a Senate committee is not, of course, necessary; and that part of the resolution has been eliminated.

Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate do now take a recess until 12 o'clock meridian on Monday next.

The motion was unanimously agreed to; and (at 1 o'clock and 50 minutes p. m.) the Senate took a recess until Monday, June 17, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 15 (legislative day of May 13), 1935

ASSISTANT SECRETARY OF COMMERCE

John Monroe Johnson, of South Carolina, to be Assistant Secretary of Commerce, vice Ewing Y. Mitchell.

PUBLIC HEALTH SERVICE

Dr. John W. Cronin to be Assistant Surgeon in the United States Public Health Service, to take effect from date of oath.

NATIONAL EMERGENCY COUNCIL

Frank C. Walker, of New York, to be Executive Director of the National Emergency Council.

The following-named persons to be State directors, National Emergency Council:

Jerome F. Sears, for California.

Sveinbjorn Johnson, for Illinois.

Frank H. Foy, for Massachusetts.

Charles J. Hardy, for New York.

John Galleher, for Virginia.

CIVILIAN CONSERVATION CORPS

Howard W. Oxley, of New York, to be director of C. C. C. camp education.

Silas M. Ransopher, of New York, to be assistant director of C. C. C. camp education.

POSTMASTERS

ALABAMA

Otis B. Hunter to be postmaster at Boaz, Ala., in place of J. D. Pruett. Incumbent's commission expired March 22, 1934.

Chalmers W. Hyatt to be postmaster at Guntersville, Ala., in place of J. H. Walls. Incumbent's commission expired April 15, 1934.

Byron F. Watson to be postmaster at Lincoln, Ala., in place of W. L. Hollingsworth. Incumbent's commission expired January 23, 1935.

Gordon G. Stimpson to be postmaster at Daphne, Ala. Office becomes Presidential July 1, 1935.

Ludwig Lindoerfer to be postmaster at Elberta, Ala. Office becomes Presidential July 1, 1935.

Blanche Hendon to be postmaster at Townley, Ala. Office becomes Presidential July 1, 1935.

David G. Pearce to be postmaster at Vina, Ala. Office becomes Presidential July 1, 1935.

Maurice W. Holmes to be postmaster at Vinemont, Ala. Office becomes Presidential July 1, 1935.

Jesse B. Robinson, Jr., to be postmaster at Waverly, Ala. Office becomes Presidential July 1, 1935.

ARKANSAS

Lucie H. McDonnell to be postmaster at Altheimer, Ark., in place of R. A. Dickey, resigned.

Frank Welch to be postmaster at Carlisle, Ark., in place of F. E. Marble. Incumbent's commission expired December 18, 1934.

Clement C. Bowen to be postmaster at Osceola, Ark., in place of A. B. Smith. Incumbent's commission expired February 5, 1935.

Albert S. Snowden to be postmaster at Paragould, Ark., in place of J. H. McPherson. Incumbent's commission expired December 16, 1934.

Elbert R. Winton to be postmaster at Piggott, Ark., in place of H. C. Robbins. Incumbent's commission expired February 4, 1935.

James H. Carnahan to be postmaster at Prairie Grove, Ark., in place of R. B. Cox. Incumbent's commission expired January 22, 1935.

Max B. Wurz to be postmaster at Bigelow, Ark. Office becomes Presidential July 1, 1935.

John W. Page to be postmaster at Dover, Ark. Office becomes Presidential July 1, 1935.

William F. Price to be postmaster at Evening Shade, Ark. Office becomes Presidential July 1, 1935.

Andrew J. Clemmons to be postmaster at Grady, Ark. Office becomes Presidential July 1, 1935.

Leo C. Russell to be postmaster at Lamar, Ark. Office becomes Presidential July 1, 1935.

John L. Hyde to be postmaster at Tillar, Ark. Office becomes Presidential July 1, 1935.

Leila B. Lynch to be postmaster at Weiner, Ark. Office becomes Presidential July 1, 1935.

Ernest A. Stockburger to be postmaster at West Fork, Ark. Office becomes Presidential July 1, 1935.

CALIFORNIA

William E. Emick to be postmaster at Temple City, Calif., in place of F. W. Brinker, resigned.

David Angus Vogt to be postmaster at Bridgeport, Calif. Office becomes Presidential July 1, 1935.

Harrison P. Gower to be postmaster at Death Valley, Calif. Office becomes Presidential July 1, 1935.

Walter Neipp to be postmaster at Earp, Calif. Office becomes Presidential July 1, 1935.

Harry R. Wendelken to be postmaster at Idyllwild, Calif. Office becomes Presidential July 1, 1935.

Edythe C. McGowan to be postmaster at Julian, Calif. Office becomes Presidential July 1, 1935.

Dudley Wakefield to be postmaster at Moffet Field, Calif. Office becomes Presidential July 1, 1935.

Flora E. Dahl to be postmaster at Mokelumne Hill, Calif. Office becomes Presidential July 1, 1935.

Elvin M. Mitchler to be postmaster at Murphys, Calif. Office becomes Presidential July 1, 1935.

Hetty C. Bryans to be postmaster at Pixley, Calif. Office becomes Presidential July 1, 1935.

Elizabeth M. Taylor to be postmaster at Tulelake, Calif. Office becomes Presidential July 1, 1935.

Myrtle M. Knouse to be postmaster at Westminster, Calif. Office becomes Presidential July 1, 1935.

John F. Wallahan to be postmaster at Yermo, Calif. Office becomes Presidential July 1, 1935.

COLORADO

N. George Parsons to be postmaster at Central City, Colo., in place of H. J. Stahl. Incumbent's commission expired January 23, 1935.

Frank P. January to be postmaster at Cheyenne Wells, Colo., in place of E. R. Quinn. Incumbent's commission expired December 18, 1934.

Robert R. Lawson to be postmaster at Grover, Colo. Office becomes Presidential July 1, 1935.

Derrett C. Smith to be postmaster at Kim, Colo. Office becomes Presidential July 1, 1935.

Mary E. Dermody to be postmaster at Strasburg, Colo. Office becomes Presidential July 1, 1935.

Leona E. Backus to be postmaster at Two Buttes, Colo. Office becomes Presidential July 1, 1935.

CONNECTICUT

John W. Morris to be postmaster at Canaan, Conn., in place of W. J. Reel. Incumbent's commission expired January 22, 1935.

Frederick C. Flynn to be postmaster at Thomaston, Conn., in place of Harry Muir, deceased.

FLORIDA

John W. Watson to be postmaster at Fort Meade, Fla., in place of C. D. Prine, resigned.

Mary B. McCormick to be postmaster at La Belle, Fla., in place of R. V. Hedges, resigned.

Frank W. Dole to be postmaster at Fellsmere, Fla. Office becomes Presidential July 1, 1935.

Bernice Parham to be postmaster at Lacoochee, Fla. Office becomes Presidential July 1, 1935.

Oscar C. McDaniel to be postmaster at Sneads, Fla. Office becomes Presidential July 1, 1935.

Amanda H. Richards to be postmaster at Wewahitchka, Fla. Office becomes Presidential July 1, 1935.

GEORGIA

Afley M. Cherry to be postmaster at Donalsonville, Ga., in place of A. M. Cherry. Incumbent's commission expired March 2, 1935.

Andrew J. Trulock to be postmaster at Climax, Ga. Office becomes Presidential July 1, 1935.

Leila W. Maxwell to be postmaster at Danville, Ga. Office becomes Presidential July 1, 1935.

Bennie Leviton to be postmaster at Fargo, Ga. Office becomes Presidential July 1, 1935.

Augustus B. Mitcham, Jr., to be postmaster at Hampton, Ga. Office becomes Presidential July 1, 1935.

Edward A. Barnett to be postmaster at Leary, Ga. Office becomes Presidential July 1, 1935.

Elizabeth S. Maxwell to be postmaster at Lexington, Ga. Office becomes Presidential July 1, 1935.

George H. Ray to be postmaster at Norwood, Ga. Office becomes Presidential July 1, 1935.

George S. Thompson to be postmaster at Odum, Ga. Office becomes Presidential July 1, 1935.

Isaac F. Arnow to be postmaster at St. Marys, Ga. Office becomes Presidential July 1, 1935.

Sara W. Bulloch to be postmaster at Ochlochee, Ga. Office becomes Presidential July 1, 1935.

HAWAII

Julia Smythe to be postmaster at Haiku, Hawaii, in place of W. I. Wells, resigned.

Lemon W. Holt to be postmaster at Kahului, Hawaii, in place of A. H. Silva, Jr. Incumbent's commission expired February 14, 1935.

Dick C. Pang to be postmaster at Kamuela, Hawaii. Office became Presidential July 1, 1933.

Lee Loon to be postmaster at Pahala, Hawaii, in place of Lee Loon. Incumbent's commission expired February 20, 1935.

IDAHO

Arvene J. Boyle to be postmaster at Blackfoot, Idaho, in place of Osmond Buchanan. Incumbent's commission expired February 4, 1935.

Hastings Brown to be postmaster at Kamiah, Idaho, in place of C. C. Henderson, resigned.

Carl A. Rohrman to be postmaster at Culdesac, Idaho. Office becomes Presidential July 1, 1935.

Marie E. Roos to be postmaster at Weippe, Idaho. Office becomes Presidential July 1, 1935.

ILLINOIS

Rose E. Gorman to be postmaster at Farmersville, Ill., in place of J. F. Gilman. Incumbent's commission expired December 20, 1934.

Leslie H. Ullrich to be postmaster at Kenilworth, Ill., in place of D. S. Crooks. Incumbent's commission expired March 8, 1934.

Edwin G. Stifle to be postmaster at Robinson, Ill., in place of F. A. Meskimen, resigned.

Otto F. Young to be postmaster at Stonington, Ill., in place of F. E. Tinker, resigned.

George H. Widmayer to be postmaster at Virginia, Ill., in place of L. O. Bingham. Incumbent's commission expired December 18, 1934.

James Fay Carr to be postmaster at Wauconda, Ill., in place of M. W. Hughes. Incumbent's commission expired April 2, 1934.

Herbert L. O'Connell to be postmaster at Wilmette, Ill., in place of J. E. Shantz. Incumbent's commission expired December 18, 1934.

Marsel F. Snook to be postmaster at Cutler, Ill. Office becomes Presidential July 1, 1935.

Jessie M. Hickman to be postmaster at Good Hope, Ill. Office becomes Presidential July 1, 1935.

Wayman R. Presley to be postmaster at Makanda, Ill. Office becomes Presidential July 1, 1935.

Grace Hiller to be postmaster at Ogden, Ill. Office becomes Presidential July 1, 1935.

Mansford W. Blackard to be postmaster at Omaha, Ill. Office becomes Presidential July 1, 1935.

Earl A. Hill to be postmaster at Woodlawn, Ill. Office becomes Presidential July 1, 1935.

INDIANA

Stanley P. Nelson to be postmaster at Auburn, Ind., in place of C. O. Krise, removed.

Samuel O. McCarty to be postmaster at Carthage, Ind., in place of Pearle Coffin. Incumbent's commission expired December 18, 1934.

Philip L. Macklin to be postmaster at Decatur, Ind., in place of L. A. Graham. Incumbent's commission expired February 6, 1935.

Elnora Root to be postmaster at Hagerstown, Ind., in place of C. F. Porter. Incumbent's commission expired May 29, 1934.

Anna M. Records to be postmaster at Lawrence, Ind., in place of M. B. Staley. Incumbent's commission expired February 14, 1935.

Thomas E. Christman to be postmaster at Wabash, Ind., in place of Arthur Tomson. Incumbent's commission expired February 25, 1935.

Joel G. Barnes to be postmaster at Waldron, Ind., in place of Othor Wood, resigned.

William H. Bradshaw to be postmaster at Carbon, Ind. Office becomes Presidential July 1, 1935.

Clarence T. Custer to be postmaster at Dupont, Ind. Office becomes Presidential July 1, 1935.

Evan G. Moreland to be postmaster at Hymera, Ind. Office becomes Presidential July 1, 1935.

Iva S. Turmail to be postmaster at Vallonia, Ind. Office becomes Presidential July 1, 1935.

IOWA

Eunice Hamilton to be postmaster at Bedford, Iowa, in place of J. M. Hamilton, deceased.

John H. Schulte to be postmaster at Breda, Iowa, in place of A. H. Ricke. Incumbent's commission expired December 20, 1934.

Glenn C. Teeter to be postmaster at La Porte City, Iowa, in place of George Banger. Incumbent's commission expired January 22, 1935.

William F. Gaddis to be postmaster at Lovilia, Iowa, in place of S. F. O'Bryan. Incumbent's commission expired February 4, 1935.

Bessie E. Sykes to be postmaster at Maynard, Iowa, in place of Purley Jennison. Incumbent's commission expired December 18, 1933.

Gay S. Morgan to be postmaster at Milton, Iowa, in place of M. E. Atkins. Incumbent's commission expired January 22, 1935.

Clara L. Chansky to be postmaster at Solon, Iowa, in place of A. M. Beck. Incumbent's commission expired December 20, 1934.

John Hynek to be postmaster at Tama, Iowa, in place of S. C. Nelson. Incumbent's commission expired February 25, 1935.

William A. Fiester to be postmaster at Brandon, Iowa. Office becomes Presidential July 1, 1935.

Thelma Allen to be postmaster at Harris, Iowa. Office becomes Presidential July 1, 1935.

John L. Harrison to be postmaster at Hornick, Iowa. Office becomes Presidential July 1, 1935.

John R. Willmott to be postmaster at Oto, Iowa. Office becomes Presidential July 1, 1935.

Arend Balster, Jr., to be postmaster at Scotch Grove, Iowa. Office becomes Presidential July 1, 1935.

KANSAS

David Earl Moore to be postmaster at Dexter, Kans., in place of W. D. Hale. Incumbent's commission expired January 23, 1935.

James H. Sandifer to be postmaster at Eldorado, Kans., in place of W. B. Morris. Incumbent's commission expired December 18, 1934.

John E. Hartsell to be postmaster at Oxford, Kans., in place of J. F. Oliver. Incumbent's commission expired December 18, 1934.

John L. A. Wainscott to be postmaster at Hazelton, Kans. Office becomes Presidential July 1, 1935.

Helen M. Collins to be postmaster at Lenexa, Kans. Office becomes Presidential July 1, 1935.

Erwin E. Lewerenz to be postmaster at Lincolnville, Kans. Office becomes Presidential July 1, 1935.

Clyde Williams to be postmaster at Preston, Kans. Office becomes Presidential July 1, 1935.

Henry F. Dodson to be postmaster at South Haven, Kans. Office becomes Presidential July 1, 1935.

Milo R. Housh to be postmaster at Winchester, Kans. Office becomes Presidential July 1, 1935.

KENTUCKY

James R. Wilson to be postmaster at Auburn, Ky., in place of E. L. Peairson. Incumbent's commission expired December 20, 1934.

Ray Flowers to be postmaster at Columbia, Ky., in place of M. C. Winfrey. Incumbent's commission expired December 18, 1934.

Henry S. Bogan to be postmaster at Franklin, Ky., in place of J. G. Leak. Incumbent's commission expired January 13, 1935.

Jerry D. Shain to be postmaster at Madisonville, Ky., in place of W. W. Crick. Incumbent's commission expired February 14, 1935.

Lawrence W. Hager to be postmaster at Owensboro, Ky., in place of O. L. Greer. Incumbent's commission expired December 18, 1934.

Addie F. Owens to be postmaster at Russell Springs, Ky., in place of D. C. Hopper, removed.

Robert S. Welch to be postmaster at Scottsville, Ky., in place of H. E. Dixon. Incumbent's commission expired December 18, 1932.

Walter B. Carvell to be postmaster at Allensville, Ky. Office becomes Presidential July 1, 1935.

Dycie B. Chism to be postmaster at Camp Taylor, Ky. Office becomes Presidential July 1, 1935.

Martin S. Bowne to be postmaster at Clearfield, Ky. Office becomes Presidential July 1, 1935.

William R. Sizemore to be postmaster at Hyden, Ky. Office becomes Presidential July 1, 1935.

Pearl Parsley to be postmaster at Inez, Ky. Office becomes Presidential July 1, 1935.

Victor B. Stephens to be postmaster at Stanton, Ky. Office becomes Presidential July 1, 1935.

Louise N. Chaney to be postmaster at Woodburn, Ky. Office becomes Presidential July 1, 1935.

MAINE

Joseph M. Mountain to be postmaster at Dexter, Maine, in place of W. E. Slater. Incumbent's commission expired January 22, 1935.

Earle B. Files to be postmaster at Gorham, Maine, in place of F. E. Hoyt. Incumbent's commission expired December 20, 1934.

William D. Hay to be postmaster at Kennebunk, Maine, in place of R. A. Evans, removed.

Edith B. Holden to be postmaster at Oakfield, Maine. Office becomes Presidential July 1, 1935.

MARYLAND

Margaret T. Johnson to be postmaster at College Park, Md., in place of M. T. Johnson. Incumbent's commission expired March 8, 1934.

W. John Einwachter to be postmaster at Perry Point, Md., in place of Harry Bodein, resigned.

Howard Raymond Hamilton to be postmaster at Cardiff, Md. Office becomes Presidential July 1, 1935.

Francis H. Blake to be postmaster at Sparks, Md. Office becomes Presidential July 1, 1935.

MASSACHUSETTS

John H. Gilboy to be postmaster at East Brookfield, Mass., in place of H. L. Green. Incumbent's commission expired April 22, 1934.

James R. Mansfield to be postmaster at Haydenville, Mass., in place of F. L. Smith. Incumbent's commission expired April 2, 1934.

John F. Mack to be postmaster at Housatonic, Mass., in place of C. D. Thatcher, resigned.

Genevieve V. Dion to be postmaster at Linwood, Mass., in place of D. E. Chase, deceased.

Alliston S. Barstow to be postmaster at Marshfield, Mass., in place of A. S. Barstow. Incumbent's commission expired December 16, 1933.

Frank C. Sheridan to be postmaster at Maynard, Mass., in place of William Stockwell. Incumbent's commission expired January 22, 1935.

Robert H. Howes to be postmaster at Southboro, Mass., in place of R. H. Howes. Incumbent's commission expired January 23, 1935.

Helen K. Hoxie to be postmaster at Sunderland, Mass., in place of H. K. Hoxie. Incumbent's commission expired February 25, 1935.

William J. Bell to be postmaster at Warren, Mass., in place of J. W. Keith. Incumbent's commission expired March 18, 1934.

Sara H. Jones to be postmaster at West Barnstable, Mass., in place of S. H. Jones. Incumbent's commission expired April 15, 1934.

William E. Brennan to be postmaster at Whitman, Mass., in place of J. L. Hatchfield, transferred.

James F. Healy to be postmaster at Worcester, Mass., in place of J. F. Healy. Incumbent's commission expired January 22, 1935.

Chestina B. Robbins to be postmaster at East Templeton, Mass. Office becomes Presidential July 1, 1935.

Enlo A. Perham to be postmaster at Tyngsboro, Mass. Office becomes Presidential July 1, 1935.

MICHIGAN

Edward Kott to be postmaster at Center Line, Mich., in place of Martin Donahue, removed.

Dennis E. Kelleher to be postmaster at Fenton, Mich., in place of E. E. Yerdon. Incumbent's commission expired December 18, 1934.

Roger J. Tobin to be postmaster at Channing, Mich. Office becomes Presidential July 1, 1935.

James A. McDonald to be postmaster at Detour, Mich. Office becomes Presidential July 1, 1935.

William J. Putnam to be postmaster at Goodrich, Mich. Office becomes Presidential July 1, 1935.

David G. Bernard to be postmaster at Hale, Mich. Office becomes Presidential July 1, 1935.

Etta V. Schram to be postmaster at Lincoln, Mich. Office becomes Presidential July 1, 1935.

William M. Hankerd to be postmaster at Munith, Mich. Office becomes Presidential July 1, 1935.

Frank L. Brighenti to be postmaster at Ramsay, Mich. Office becomes Presidential July 1, 1935.

MINNESOTA

Edward S. Scheibe to be postmaster at Cloquet, Minn., in place of F. L. Redfield, Jr. Incumbent's commission expired June 20, 1934.

Ole J. Leding to be postmaster at Cook, Minn., in place of D. H. Hill. Incumbent's commission expired April 8, 1934.

Clarence E. McCarthy to be postmaster at Detroit Lakes, Minn., in place of B. H. Peoples. Incumbent's commission expired February 25, 1935.

William C. Ackerman to be postmaster at Lakeville, Minn., in place of A. L. Mallery. Incumbent's commission expired December 20, 1932.

Cora E. McAlpine to be postmaster at Marble, Minn., in place of Joseph Smuk, Jr. Appointee not commissioned.

Louis I. Bullis to be postmaster at Winnebago, Minn., in place of E. A. Enders. Incumbent's commission expired May 20, 1934.

Colette F. Grutsch to be postmaster at Avon, Minn. Office becomes Presidential July 1, 1935.

Harriett M. Eleeson to be postmaster at Beaver Creek, Minn. Office becomes Presidential July 1, 1935.

Hazel W. Brown to be postmaster at La Crescent, Minn. Office becomes Presidential July 1, 1935.

William Pennar to be postmaster at Laporte, Minn. Office becomes Presidential July 1, 1935.

Vern Weaver to be postmaster at Lowry, Minn. Office becomes Presidential July 1, 1935.

Conrad B. Diekman to be postmaster at Ogema, Minn. Office becomes Presidential July 1, 1935.

MISSISSIPPI

James S. Garraway to be postmaster at Hattiesburg, Miss., in place of E. T. Batten. Incumbent's commission expired December 16, 1934.

William Liston to be postmaster at Kilmichael, Miss., in place of G. H. Flowers. Incumbent's commission expired December 8, 1934.

James C. Edwards to be postmaster at Pontotoc, Miss., in place of R. H. DeKay. Incumbent's commission expired July 1, 1934.

William W. Milner to be postmaster at Vaiden, Miss., in place of M. E. Cain. Incumbent's commission expired February 4, 1935.

Will S. Black to be postmaster at Weir, Miss., in place of T. C. Kite. Incumbent's commission expired February 4, 1935.

William M. Ferrell to be postmaster at Ashland, Miss. Office becomes Presidential July 1, 1935.

Mable C. Whitaker to be postmaster at Gunnison, Miss. Office becomes Presidential July 1, 1935.

Pink H. Morrison to be postmaster at Heidelberg, Miss. Office becomes Presidential July 1, 1935.

Helene Clarke to be postmaster at Holcomb, Miss. Office becomes Presidential July 1, 1935.

John T. Miller to be postmaster at Myrtle, Miss. Office becomes Presidential July 1, 1935.

Thomas J. Barnes to be postmaster at Noxapater, Miss. Office becomes Presidential July 1, 1935.

Andrew Y. Sivley to be postmaster at Olive Branch, Miss. Office becomes Presidential July 1, 1935.

Tommie A. Hamill to be postmaster at Sturgis, Miss. Office becomes Presidential July 1, 1935.

William T. Byrd to be postmaster at Walnut, Miss. Office becomes Presidential July 1, 1935.

MISSOURI

Jesse D. Burwell to be postmaster at Browning, Mo., in place of A. D. Peterson. Incumbent's commission expired June 26, 1934.

Thomas Wert Gwaltney to be postmaster at Charleston, Mo., in place of G. L. Pemberton. Incumbent's commission expired February 14, 1935.

Thomas A. McQuary to be postmaster at Galena, Mo., in place of J. G. Short. Incumbent's commission expired March 8, 1934.

Edgar G. Hinde to be postmaster at Independence, Mo., in place of H. H. Reick. Incumbent's commission expired April 30, 1934.

Frank M. Story to be postmaster at Kahoka, Mo., in place of J. P. Scott. Incumbent's commission expired April 8, 1934.

Anna Watson to be postmaster at Marceline, Mo., in place of L. T. McKinney. Incumbent's commission expired April 30, 1934.

Fay B. Swicegood to be postmaster at Weaubleau, Mo., in place of C. O. Vaughn. Incumbent's commission expired April 8, 1934.

Felix P. Wulff to be postmaster at Argyle, Mo. Office becomes Presidential July 1, 1935.

Garnett S. Cannon to be postmaster at Fornfelt, Mo. Office becomes Presidential July 1, 1935.

Leonard D. Smith to be postmaster at Fremont, Mo. Office becomes Presidential July 1, 1935.

Buren Napper to be postmaster at Holcomb, Mo. Office becomes Presidential July 1, 1935.

Myrtle Rauls to be postmaster at Marquand, Mo. Office becomes Presidential July 1, 1935.

Anna B. Wood to be postmaster at Rosendale, Mo. Office becomes Presidential July 1, 1935.

MONTANA

Teddie Martin to be postmaster at Alberton, Mont. Office becomes Presidential July 1, 1935.

Prince A. Mowbray to be postmaster at Brady, Mont. Office becomes Presidential July 1, 1935.

Sophia J. Guthrie to be postmaster at Reedpoint, Mont. Office becomes Presidential July 1, 1935.

NEBRASKA

Fred B. Householder to be postmaster at Bladen, Nebr., in place of O. L. Lindgren. Incumbent's commission expired May 29, 1934.

Henry A. Georgi to be postmaster at Dawson, Nebr., in place of M. R. Tiehen. Incumbent's commission expired June 2, 1934.

Kenneth A. Schofield to be postmaster at Neligh, Nebr., in place of E. T. Best, Jr., resigned.

William J. McCorkindale to be postmaster at Bellevue, Nebr. Office becomes Presidential July 1, 1935.

Frank C. Allen to be postmaster at Newport, Nebr. Office becomes Presidential July 1, 1935.

Adolf E. Kaspar to be postmaster at Prague, Nebr. Office becomes Presidential July 1, 1935.

Mary B. Kanaly to be postmaster at Rulo, Nebr. Office becomes Presidential July 1, 1935.

Tarsney H. Winfrey to be postmaster at Stella, Nebr. Office becomes Presidential July 1, 1935.

NEVADA

Margaret E. Williams to be postmaster at Round Mountain, Nev., in place of K. C. Berg. (Appointee declined.)

NEW HAMPSHIRE

Frank Doudera to be postmaster at Dixville Notch, N. H. Office becomes Presidential July 1, 1935.

NEW JERSEY

Catherine S. E. Cullen to be postmaster at Millington, N. J., in place of E. K. Kenworthy. Incumbent's commission expired May 13, 1934.

NEW MEXICO

Filiberto E. Lucero to be postmaster at Espanola, N. Mex., in place of A. F. Sisneros. Incumbent's commission expired February 5, 1935.

John C. Leonard to be postmaster at Raton, N. Mex., in place of C. B. Thacker. Incumbent's commission expired February 9, 1931.

NEW YORK

Thomas LeRoy Wardle to be postmaster at Amityville, N. Y., in place of Eugene Velsor. Incumbent's commission expired May 29, 1934.

Andrew J. Melton to be postmaster at Bay Shore, N. Y., in place of M. W. Drake, retired.

Benjamin F. Griffin to be postmaster at Camillus, N. Y., in place of G. M. Lovell. Incumbent's commission expired January 23, 1935.

Grace L. Sullivan to be postmaster at Canton, N. Y., in place of J. F. Hammond. Incumbent's commission expired January 9, 1934.

Milton L. Rogers to be postmaster at Fayetteville, N. Y., in place of F. A. Lowe. Incumbent's commission expired December 18, 1934.

John L. Mack to be postmaster at Gasport, N. Y., in place of A. H. Wilcox. Incumbent's commission expired December 6, 1934.

Grant W. Fuller to be postmaster at Gouverneur, N. Y., in place of W. A. VanDuzee. Incumbent's commission expired March 22, 1934.

Everard K. Homer to be postmaster at Livingston Manor, N. Y., in place of J. R. Baldwin. Incumbent's commission expired Jannuary 22, 1935.

Donald Decker to be postmaster at Port Ewen, N. Y., in place of J. R. Rodman, resigned.

Mary F. Chambers to be postmaster at Shortsville, N. Y., in place of E. T. Sheffer. Incumbent's commission expired March 8, 1934.

Albert B. Sabin to be postmaster at Wolcott, N. Y., in place of L. B. Dobbin. Incumbent's commission expired January 23, 1935.

NORTH CAROLINA

Robert G. Creech to be postmaster at La Grange, N. C., in place of J. W. Stanton, resigned.

Michael B. Kibler to be postmaster at Morganton, N. C., in place of N. M. Patton. Incumbent's commission expired January 22, 1935.

Henry L. Avent to be postmaster at Buies Creek, N. C. Office becomes Presidential July 1, 1935.

Thurla Cole to be postmaster at Cameron, N. C. Office becomes Presidential July 1, 1935.

Joseph C. Peed to be postmaster at Creedmoor, N. C. Office becomes Presidential July 1, 1935.

William C. Stockton to be postmaster at Ellenboro, N. C. Office becomes Presidential July 1, 1935.

Riddick W. Gatling to be postmaster at Gates, N. C. Office becomes Presidential July 1, 1935.

Lula G. Harris to be postmaster at Macon, N. C. Office becomes Presidential July 1, 1935.

James A. Barnes to be postmaster at Middlesex, N. C. Office becomes Presidential July 1, 1935.

Frances G. Thompson to be postmaster at Morven, N. C. Office becomes Presidential July 1, 1935.

Margaret T. Ledbetter to be postmaster at Polkton, N. C. Office becomes Presidential July 1, 1935.

Thomas L. Maness to be postmaster at Star, N. C. Office becomes Presidential July 1, 1935.

Jewell Ballentine to be postmaster at Varina, N. C. Office becomes Presidential July 1, 1935.

Bertie L. Matthews to be postmaster at Vass, N. C. Office becomes Presidential July 1, 1935.

NORTH DAKOTA

Winnifred D. Flaten to be postmaster at Edinburg, N. Dak., in place of I. M. Shuley. Incumbent's commission expired February 4, 1935.

Mons K. Ohnstad to be postmaster at Sharon, N. Dak., in place of M. K. Ohnstad. Incumbent's commission expired December 16, 1933.

Lester H. Knowles to be postmaster at Wing, N. Dak., in place of B. W. Graham. Incumbent's commission expired October 16, 1933.

OHIO

Edward Wild to be postmaster at Arcanum, Ohio, in place of B. K. Smith. Incumbent's commission expired December 18, 1934.

Ralph M. Hutchison to be postmaster at Cambridge, Ohio, in place of J. R. Lloyd. Incumbent's commission expired February 20, 1935.

William F. Engle to be postmaster at New Paris, Ohio, in place of E. C. Mikesell. Incumbent's commission expired December 18, 1934.

Jessie B. McFadden to be postmaster at Pataskala, Ohio, in place of F. P. Johnson. Incumbent's commission expired December 18, 1934.

Grover C. Speckman to be postmaster at Warsaw, Ohio, in place of Estella Wilson. Incumbent's commission expired December 18, 1934.

William L. Bryan to be postmaster at Bradner, Ohio. Office becomes Presidential July 1, 1935.

Linn G. McKnight to be postmaster at Buckeye Lake, Ohio. Office becomes Presidential July 1, 1935.

Helen E. Dunn to be postmaster at Holland, Ohio. Office becomes Presidential July 1, 1935.

Olive R. Kast to be postmaster at Holloway, Ohio. Office becomes Presidential July 1, 1935.

Donovan T. Dickerson to be postmaster at Hopedale, Ohio. Office becomes Presidential July 1, 1935.

Clifford Carlile to be postmaster at McClure, Ohio. Office becomes Presidential July 1, 1935.

Lewis Edgar Clawson to be postmaster at Middle Point, Ohio. Office becomes Presidential July 1, 1935.

Clara J. Mitchell to be postmaster at Mount Pleasant, Ohio. Office becomes Presidential July 1, 1935.

Glenn C. Swartz to be postmaster at Polk, Ohio. Office becomes Presidential July 1, 1935.

Florence Hunter to be postmaster at Rayland, Ohio. Office becomes Presidential July 1, 1935.

Earl I. Ducket to be postmaster at Walbridge, Ohio. Office becomes Presidential July 1, 1935.

OKLAHOMA

Margaret Cummins to be postmaster at Chattanooga, Okla., in place of B. G. Baker, deceased.

Alice L. Woolman to be postmaster at Coweta, Okla., in place of Downey Milburn, deceased.

John W. Williams to be postmaster at Medford, Okla., in place of G. H. Belcher. Incumbent's commission expired December 16, 1933.

Lizzie E. Capehart to be postmaster at Jay, Okla. Office becomes Presidential July 1, 1935.

Beulah J. Van Coevering to be postmaster at Orlando, Okla. Office becomes Presidential July 1, 1935.

OREGON

Blanche M. Brown to be postmaster at Hubbard, Oreg., in place of C. M. Crittenden. Incumbent's commission expired June 17, 1934.

A. Phenton Groblebe to be postmaster at Mill City, Oreg., in place of W. G. Smith. Incumbent's commission expired February 6, 1934.

PENNSYLVANIA

John H. Baldwin to be postmaster at Atglen, Pa., in place of J. H. Baldwin. Incumbent's commission expired January 8, 1934.

Charles H. Reisinger to be postmaster at Dallastown, Pa., in place of C. E. Ehrhart. Incumbent's commission expired February 25, 1935.

Reuben S. Lauer to be postmaster at Dover, Pa., in place of E. A. Brown. Incumbent's commission expired February 27, 1935.

Thomas A. Wilson to be postmaster at Ellwood City, Pa., in place of E. A. P. Christley, transferred.

Homer C. Kifer to be postmaster at Manor, Pa., in place of J. H. Beamer. Incumbent's commission expired January 16, 1934.

W. Frederick Clevenstine to be postmaster at Mingoville, Pa., in place of M. I. Workman. Incumbent's commission expired January 13, 1932.

Lester D. Sedam to be postmaster at Muncy, Pa., in place of T. B. Painter, deceased.

Robert M. Graham to be postmaster at Newville, Pa., in place of E. W. James. Incumbent's commission expired July 1, 1934.

Agnes Ann Flynn to be postmaster at Laporte, Pa. Office becomes Presidential July 1, 1935.

Margaret E. Treacher to be postmaster at Mather, Pa. Office becomes Presidential July 1, 1935.

Donald R. Sheehan to be postmaster at Mehoopany, Pa. Office becomes Presidential July 1, 1935.

Thomas A. Howe to be postmaster at Morrisdale, Pa. Office becomes Presidential July 1, 1935.

Joseph M. Gilliland to be postmaster at Snow Shoe, Pa. Office becomes Presidential July 1, 1935.

Thomas M. Shade to be postmaster at Turbotville, Pa. Office becomes Presidential July 1, 1935.

RHODE ISLAND

William H. Seifert to be postmaster at Chepachet, R. I. Office becomes Presidential July 1, 1935.

SOUTH CAROLINA

Bessie T. Cooper to be postmaster at Mayesville, S. C. Office becomes Presidential July 1, 1935.

George H. Fogle to be postmaster at Ridgeville, S. C. Office becomes Presidential July 1, 1935.

Olin J. Salley to be postmaster at Salley, S. C. Office becomes Presidential July 1, 1935.

SOUTH DAKOTA

Warren S. Leeper to be postmaster at Blunt, S. Dak., in place of C. H. Hess, Jr. Incumbent's commission expired January 28, 1935.

Amelia L. Rositch to be postmaster at Bowdle, S. Dak., in place of J. R. Todd, resigned.

John H. Francis to be postmaster at Dupree, S. Dak., in place of H. E. Mosher. Incumbent's commission expired March 8, 1934.

TENNESSEE

Mamie D. Phillips to be postmaster at Brighton, Tenn. Office becomes Presidential July 1, 1935.

Augustus F. Shults to be postmaster at Caryville, Tenn. Office becomes Presidential July 1, 1935.

Robert L. Queener to be postmaster at Jacksboro, Tenn. Office becomes Presidential July 1, 1935.

Sam L. Cummins to be postmaster at Lyles, Tenn. Office becomes Presidential July 1, 1935.

Robert M. Cobb to be postmaster at Mascot, Tenn. Office becomes Presidential July 1, 1935.

Everett M. Smith to be postmaster at Maynardville, Tenn. Office becomes Presidential July 1, 1935.

Rufus V. Cawthon to be postmaster at Mount Juliet, Tenn. Office becomes Presidential July 1, 1935.

William T. Latham to be postmaster at Niota, Tenn. Office becomes Presidential July 1, 1935.

Kirk D. Beene to be postmaster at Petros, Tenn. Office becomes Presidential July 1, 1935.

Thomas A. Humphreys to be postmaster at Puryear, Tenn. Office becomes Presidential July 1, 1935.

William T. Christian to be postmaster at Roan Mountain, Tenn. Office becomes Presidential July 1, 1935.

TEXAS

Harry McDonald Thomson to be postmaster at Coleman, Tex., in place of B. F. Robey. Incumbent's commission expired March 18, 1934.

Cleo K. Hinton to be postmaster at Forney, Tex., in place of K. E. Yates. Incumbent's commission expired December 20, 1934.

John M. Strawn to be postmaster at Trent, Tex., in place of R. E. Dowdy. Incumbent's commission expired May 2, 1934.

Gertrude E. Berger to be postmaster at Boling, Tex. Office becomes Presidential July 1, 1935.

Claud A. Howard to be postmaster at Bronson, Tex. Office becomes Presidential July 1, 1935.

Nadyne Goodman to be postmaster at Collinsville, Tex. Office becomes Presidential July 1, 1935.

Roy B. Miller to be postmaster at Crawford, Tex. Office becomes Presidential July 1, 1935.

William H. Wheeler to be postmaster at Eustace, Tex. Office becomes Presidential July 1, 1935.

Juanita M. Thomas to be postmaster at Gause, Tex. Office becomes Presidential July 1, 1935.

Vera G. Kirkpatrick to be postmaster at High Island, Tex. Office becomes Presidential July 1, 1935.

James A. Greer to be postmaster at Kopperl, Tex. Office becomes Presidential July 1, 1935.

Augustus S. Hightower to be postmaster at Millsap, Tex. Office becomes Presidential July 1, 1935.

Clarence O. Bruce to be postmaster at Seagoville, Tex. Office becomes Presidential July 1, 1935.

Henry E. Cannon to be postmaster at Shelbyville, Tex. Office becomes Presidential July 1, 1935.

Louise McElroy to be postmaster at Shepherd, Tex. Office becomes Presidential July 1, 1935.

Helen A. Milhan to be postmaster at Terrell Wells, Tex. Office becomes Presidential July 1, 1935.

UTAH

A. Lucile Greenwood to be postmaster at Richfield, Utah, in place of J. L. Sevy, Jr. Incumbent's commission expired October 10, 1933.

Mattie S. Larsen to be postmaster at Castle Dale, Utah. Office becomes Presidential July 1, 1935.

Lydia R. Strong to be postmaster at Huntington, Utah. Office becomes Presidential July 1, 1935.

George T. Williams to be postmaster at Kamas, Utah. Office becomes Presidential July 1, 1935.

VIRGINIA

Isaac C. Taylor to be postmaster at Big Stone Gap, Va., in place of D. A. Sergent. Incumbent's commission expired June 16, 1934.

Nannie A. Chisholm to be postmaster at Clover, Va., in place of E. B. Snow. Incumbent's commission expired May 13, 1934.

Bernard E. Young to be postmaster at Dayton, Va., in place of W. H. Ruebush. Incumbent's commission expired February 4, 1935.

George K. Fielder to be postmaster at Fries, Va., in place of J. D. Williamson. Incumbent's commission expired February 25, 1935.

Frank B. Rice to be postmaster at Halifax, Va., in place of M. I. Lacy, resigned.

James E. Thomas to be postmaster at Marion, Va., in place of R. A. Anderson, removed.

Allan A. Lanford to be postmaster at Palmyra, Va., in place of L. S. Haden, resigned.

Haller M. Bowman to be postmaster at Timberville, Va., in place of R. S. Bowers. Incumbent's commission expired January 13, 1935.

Howard C. O'Bryan to be postmaster at Austinville, Va. Office becomes Presidential July 1, 1935.

Beatrice B. Higginbotham to be postmaster at Forest, Va. Office becomes Presidential July 1, 1935.

Alfred Prentis Bull to be postmaster at Hallwood, Va. Office becomes Presidential July 1, 1935.

William B. Owen to be postmaster at Jarratt, Va. Office becomes Presidential July 1, 1935.

Howard F. Gilliam to be postmaster at Phenix, Va. Office becomes Presidential July 1, 1935.

Edgar W. Sims to be postmaster at Rapidan, Va. Office becomes Presidential July 1, 1935.

John E. Pace to be postmaster at Ridgeway, Va. Office becomes Presidential July 1, 1935.

Pauline H. Duncan to be postmaster at Riverton, Va. Office becomes Presidential July 1, 1935.

Frank D. Coleman to be postmaster at Rose Hill, Va. Office becomes Presidential July 1, 1935.

Zuleime H. Sealock to be postmaster at Sperryville, Va. Office becomes Presidential July 1, 1935.

WASHINGTON

Ernest H. McComb to be postmaster at Everson, Wash., in place of A. U. Thompson. Incumbent's commission expired February 6, 1934.

John H. McAfee to be postmaster at Ilwaco, Wash., in place of R. B. Williams. Incumbent's commission expired April 30, 1934.

Arthur A. Barnes to be postmaster at Pasco, Wash., in place of W. R. Cox. Incumbent's commission expired January 22, 1935.

Jessie A. Knight to be postmaster at Shelton, Wash., in place of J. A. Knight. Incumbent's commission expired February 25, 1935.

Kenneth K. King to be postmaster at Addy, Wash. Office becomes Presidential July 1, 1935.

Hannah L. Parker to be postmaster at Alderwood Manor, Wash. Office becomes Presidential July 1, 1935.

Mary Mallory to be postmaster at Mansfield, Wash. Office becomes Presidential July 1, 1935.

Bertha H. Welsh to be postmaster at Prescott, Wash. Office becomes Presidential July 1, 1935.

Richard H. Lee to be postmaster at Wilsoncreek, Wash. Office becomes Presidential July 1, 1935.

WEST VIRGINIA

Olga O. Baughman to be postmaster at Belington, W. Va., in place of R. L. Teter. Incumbent's commission expired February 20, 1935.

Okey K. Burdette to be postmaster at Point Pleasant, W. Va., in place of J. J. Lovell, resigned.

Irvin J. Richardson to be postmaster at Bartley, W. Va. Office becomes Presidential July 1, 1935.

Robert Y. Henley to be postmaster at Caretta, W. Va. Office becomes Presidential July 1, 1935.

Hugh A. Christie to be postmaster at Everettville, W. Va. Office becomes Presidential July 1, 1935.

Thomas O. Wash to be postmaster at Kayford, W. Va. Office becomes Presidential July 1, 1935.

Esta B. Combs to be postmaster at Man, W. Va. Office becomes Presidential July 1, 1935.

William E. Simpson to be postmaster at Power, W. Va. Office becomes Presidential July 1, 1935.

Lewis H. M. Christie to be postmaster at Renick, W. Va. Office becomes Presidential July 1, 1935.

Charles Dillard to be postmaster at Walton, W. Va. Office becomes Presidential July 1, 1935.

James H. Trail to be postmaster at Winding Gulf, W. Va. Office becomes Presidential July 1, 1935.

WISCONSIN

John L. Cunningham to be postmaster at Beaver Dam, Wis., in place of G. E. Stoddart. Incumbent's commission expired February 25, 1935.

Carl E. Seiler to be postmaster at Fish Creek, Wis., in place of M. I. Kinsey. Incumbent's commission expired January 28, 1934.

Harry R. Jones to be postmaster at Sturgeon Bay, Wis., in place of N. C. Garland. Incumbent's commission expired February 20, 1935.

Roman W. Stoffel to be postmaster at Allenton, Wis. Office becomes Presidential July 1, 1935.

Julia L. Quigley to be postmaster at Arena, Wis. Office becomes Presidential July 1, 1935.

Elmer G. Zellmer to be postmaster at Fair Water, Wis. Office becomes Presidential July 1, 1935.

August B. Zabolio to be postmaster at Genoa, Wis. Office becomes Presidential July 1, 1935.

Casimir Jaron to be postmaster at Lublin, Wis. Office becomes Presidential July 1, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 15 (legislative day of May 13), 1935

FEDERAL POWER COMMISSION

Clyde L. Seavey to be a member of the Federal Power Commission.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

First Lt. William Frederick Kellotat to Quartermaster Corps.

Second Lt. Terrence Robert Joseph Hickey to Quartermaster Corps.

First Lt. Waldo Eugene Laidlaw to Ordnance Department.

First Lt. Paul William Steinbeck to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Donald Cowan McDonald to be colonel, Field Artillery.

Fulton Quintus Cincinnatus Gardner to be colonel, Coast Artillery Corps.

James Allan Stevens to be lieutenant colonel, Infantry.

Emmert Wohlleben Savage to be lieutenant colonel, Infantry.

Frederick Ramon Garcin to be lieutenant colonel, Chemical Warfare Service.

Douglas Campbell Cordiner to be lieutenant colonel, Quartermaster Corps.

Lewis Bradley Douglas to be major, Quartermaster Corps.

Carl William Connell to be major, Air Corps.

Robert Canada Vickers to be major, Signal Corps.

Thomas Lawrence Clark to be major, Signal Corps.

Harlan Nelson Hartness to be captain, Infantry.

Louis Brainard Ely to be captain, Field Artillery.

Julius Easton Slack to be captain, Field Artillery.

Bertram Francis Hayford to be captain, Field Artillery.

Ernest Aaron Bixby to be captain, Field Artillery.

Robert Rossiter Raymond, Jr., to be captain, Field Artillery.

William Basil Offutt to be first lieutenant, Air Corps.

John Hugh Fite to be first lieutenant, Air Corps.

Dudley Earl Whitten to be first lieutenant, Air Corps.

James Arthur Ronin to be first lieutenant, Air Corps.

Earle Thomas MacArthur, Jr., to be first lieutenant, Air Corps.

Norman Bert Olsen to be first lieutenant, Air Corps.

Curtis Emerson LeMay to be first lieutenant, Air Corps.

Kenneth Ross Crosher to be first lieutenant, Air Corps.

Morrison Clay Stayer to be colonel, Medical Corps.

Lee Roy Dunbar to be colonel, Medical Corps.

Addison Dimmitt Davis to be colonel, Medical Corps.

William Hope Smith to be colonel, Medical Corps.

POSTMASTERS

FLORIDA

Cullen H. Talton, Daytona Beach.

Faltha Huie, Haines City.

MAINE

Albert A. Towne, Norway.

Don Owen Cate, Richmond.

Linwood J. Emery, Sanford.

PENNSYLVANIA

Nita Elwood, Apollo.

George Lange, Belle Vernon.

Earl T. Zerby, Bernville.

J. Russell Clayton, Bryn Athyn.

George D. McCutcheon, Fredonia.

Christian S. Clayton, Huntington Valley.

Edna M. Finney, Langeloth.

Edward F. Poist, McSherrystown.

George C. Dietz, Mechanicsburg.

H. Oscar Young, Plymouth Meeting.

Perry A. Tschop, Red Lion.

Lucy A. Sellers, Robertsdale.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 15, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Incline Thine ear, our Heavenly Father, and hear our prayer: Help us to realize most earnestly that we are the children of time and eternity and that nothing can separate us from Thee; Thou hast made us and not we ourselves. We pray for Thy blessing that we may be kept in health and strength to serve our country and do Thy holy will. By an adequate use of our privileges, may we fulfill in our daily walk those vital requirements which are to do justly, love mercy, and walk humbly before God. In this service bless us with a freedom from excessive care. Sustain us with that calmness which is the very secret of strength. In the Master's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested.

S. 1788. An act authorizing the State of Michigan to construct, maintain, and operate a toll bridge across the St. Clair River at or near Port Huron, Mich., and to acquire other transportation facilities between said State and Canada.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1611. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 59) entitled "An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes."

FORESTRY PROGRAM

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes, or so much thereof as I may require.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PARSONS. Mr. Speaker, I do not desire to make an extended talk this morning upon the acquisition of forestry lands in this country, but I have asked for this time to make a brief statement and to insert in the RECORD, if I may have the permission of the House, the names of the new purchase units established by the Forest Conservation Commission and a list of the States involved, with the names of the Congressmen from the respective districts where lands are being purchased.

We embarked upon this program of establishing forestry units and purchasing lands in the several States some 15 or 18 years ago, and 2 years ago, when the emergency program was on, there were new units established and new purchases made in approximately 26 States of the Union. This work has steadily gone forward for the past 2 years as fast as the Government service could handle the purchases.

Under the new public-works bill, from which we hope to get some $60,000,000 to continue this work, I understand the allocation committee has only allocated approximately $13,000,000 for the work. We need at this time to continue during the next year approximately $108,000,000 to purchase a little more than 24,000,000 acres.

I ask unanimous consent, Mr. Speaker, to insert in the RECORD the statistics involved in the purchase of this land and the names of the Congressmen with their States, so that those who are interested and who have lands in their respective districts can study the figures for themselves.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PARSONS. Mr. Speaker, in the next few days a meeting will be called of these Members, together with the Senators representing these States, in order to form a little organization to call upon the Forest Service, the Allocation Commission, and, if necessary, the President, in order that we may obtain funds out of the new public-works bill to continue this program of conservation.

You will find today in the lobby a map showing the location of these units in the Tree Belt of the United States. All of the States except about six are involved in the forestry-purchase service, but the new units that have been established in the last 2 years are in 26 States.

Please look at the RECORD Monday, find out whether lands in your districts are involved, and, if interested in the continuance of this program, you will be notified and given an opportunity to appear and help form this organization in order that we may obtain these funds.

The matter referred to follows:

Distribution of purchase units by congressional districts

State	Congressman	Purchase unit
Maine	Simon Moulton Hamlin	White Mountain.
New Hampshire	William Nathaniel Rogers	Do.
Do	Charles William Tobey	Do.
Vermont	Charles Albert Plumley	Green Mountain.
Pennsylvania	Robert F. Rich	Allegheny.
Do	D. J. Driscoll	Do.
West Virginia	Jennings Randolph	Monongahela.
Do	John Kee	Do.
Virginia	A. Willis Robertson	Monongahela, George Washington.
Do	Thomas G. Burch	Unaka, Mountain Lake.
Do	Clifton Alexander Woodrum	Mountain Lake.
Do	John W. Flanagan, Jr	Unaka, Clinch, Mountain Lake.
Kentucky	Virgil Chapman	Cumberland.
Do	Fred M. Vinson	Do.
Do	John Marshall Robsion	Do.
Tennessee	B. Carroll Reece	Unaka, Pisgah.
Do	J. Will Taylor	Cherokee.
Do	Sam D. McReynolds	Do.
North Carolina	Robert L. Doughton	Unaka.
Do	A. L. Bulwinkle	Do.
Do	J. Walter Lambeth	Pisgah, Uharie.
Do	Zebulon Weaver	Pisgah, Cherokee, Nantahala.
Do	Harold Dunbar Cooley	Uharie.
Do	Graham Arthur Barden	Croaton.
South Carolina	John Clarence Taylor	Nantahala, Enoree, Long Cane.
Do	John J. McSwain	Enoree.
Do	James Prioleau Richards	Do.
Do	Thomas Sanders McMillan	Wambaw.
Georgia	B. Frank Whelchel	Nantahala, Cherokee.
Do	Malcolm Connor Tarver	Cherokee.
Alabama	William B. Bankhead	Alabama.
Do	Sam Hobbs	Talladega.
Do	Joe Starnes	Do.
Do	William Bacon Oliver	Oakmulgee.
Do	Lister Hill	Conecuh.
Mississippi	Wall Doxey	Holley Springs.
Do	A. L. Ford	Do.
Do	Aubert C. Dunn	Bienville.
Do	William Myers Colmer	Chickasawhay, Leaf River, Biloxi.
Do	Dan R. McGehee	Homochitto.
Do	William Madison Whittington	Delta.
Oklahoma	Wilburn Cartwright	Kiamichi.
Arkansas	Ben Cravens	Ouachita, Ozark.
Do	Claude A. Fuller	Ozark.
Do	David Dickson Terry	Ouachita, Ozark.
Do	John L. McClellan	Do.
Do	John E. Miller	Ozark.
Missouri	Dewey Short	Table Rock, Pond Fork, Gardner, Gasconade.
Do	Clyde Williams	Fristoe, Clark, St. Francois, Gasconade.
Do	Orville Zimmerman	Fristoe, Wappapello.
Illinois	Claude V. Parsons	Shawnee.
Do	Kent Ellsworth Keller	Illini.
Indiana	Arthur H. Greenwood	Pleasant Run, Lost River, Patoka.
Do	John William Boehne	Lafayette.
Do	Eugene B. Crowe	Pleasant Run, Lost River, Patoka.
Ohio	James G. Polk	Little Scioto.
Do	Thomas A. Jenkins	Symmes Creek, McArthur.
Do	Robert Thompson Secrest	Muskingum.
Do	Mell G. Underwood	Hocking Valley, McArthur
Iowa	Edward Clayton Eicher	Keosauqua.
Do	Lloyd Thurston	Grand River, Chariton, Chequest.
Do	Hubert Otterback	Chariton.
Michigan	Albert J. Engel	Manistee.
Do	Roy Orchard Woodruff	Huron.
Do	Prentiss M. Brown	Marquette, Hiawatha.
Do	Frank E. Hook	Ottawa, Gogebic.
Wisconsin	Gerald J. Boileau	Oconto.
Do	George J. Schneider	Argonne, Oconto.
Do	B. J. Gehrmann	Chequamegon, Mondeauz, Flameaux.
Minnesota	Harold Knutson	Chippewa.
Do	William Alvin Pittenger	Superior, Mesaba.
Do	Richard Thompson Buckler	Chippewa.
North Dakota	Usher L. Burdick	Souris, Sheyenne.
Do	William Lemke	Do.
Puerto Rico	Santiago Iglesias	Toro Negro, Luquillo.

Forest-land acquisition under Weeks and Clark-McNary laws by land exchange and by withdrawal from public domain—Current land and financial status of established purchase units, as of Apr. 1, 1935

Map index number	Region and unit	State	Gross	Reserved public lands	Acquired through exchange	Purchased or in course of purchase	Average cost per acre	Total amount expended or obligated to date	Additional area to be purchased	Approximate cost to complete unit	Area believed to be nonpurchasable
	New England:		*Acres*	*Acres*	*Acres*	*Acres*			*Acres*		*Acres*
1	White Mountain	New Hampshire	859,795			696,787	$7.64	$5,321,326.00	117,008	$819,056	46,000
2	Green Mountain	Vermont	307,520			149,419	10.64	1,589,719.00	115,601	1,040,409	42,500
	Total		1,167,315			846,206	8.17	6,911,045.00	232,609	1,859,465	88,500
	Appalachian:										
3	Allegheny	Pennsylvania	726,340	20	158	421,037	6.46	2,717,512.00	184,985	739,940	120,140
4	Monongahela	West Virginia and Virginia.	1,717,000			739,781	3.15	2,331,368.00	638,869	1,916,067	338,530
5	George Washington	do	1,161,700		135	700,507	3.63	2,540,186.00	308,784	1,003,548	152,274
6	Mountain Lake	Virginia	1,977,516			44,218	1.77	78,436.00	1,187,398	4,155,893	745,900
7	Clinch	do	658,000			36,456	3.56	129,758.00	449,544	2,247,720	172,000
8	Cumberland	Kentucky	992,605			307,739	3.85	1,183,592.00	564,498	1,693,494	120,368
9	Unaka	Virginia, North Carolina, and Tennessee.	1,503,700			310,252	3.80	1,177,722.00	1,103,298	3,861,543	90,150
10	Pisgah	North Carolina and Tennessee.	1,154,840			393,743	5.27	2,073,686.00	647,374	3,236,870	113,723
11	Nantahala	Georgia, North Carolina, and South Carolina.	1,550,900	8,394	70	414,393	5.58	2,313,287.00	994,398	4,474,791	133,645
12	Cherokee	Georgia, Tennessee, and North Carolina.	1,765,600	4	14	546,537	4.41	2,409,739.00	1,155,875	4,623,500	63,170
13	Alabama	Alabama	561,065	17,709		130,390	4.78	622,705.00	347,626	1,390,504	65,340
	Total		13,769,266	26,127	377	4,045,053	4.35	17,577,991.00	7,582,469	29,343,870	2,115,240
	Piedmont:										
14	Uharie	North Carolina	560,000			12,178	4.40	53,574.00	449,796	1,349,388	98,026
15	Enoree	South Carolina	342,000			76,919	5.02	385,941.00	191,081	955,405	74,000
16	Long Cane	do	409,000			45,827	5.52	253,177.00	256,173	1,537,038	107,000
	Total		1,311,000			134,924	5.13	692,692.00	897,050	3,841,831	279,026
	Southern Pine:										
17	Croatan	North Carolina	307,000			77,011	3.02	232,226.00	199,989	599,967	30,000
18	Wambaw	South Carolina	418,500			230,390	6.51	1,499,743.00	188,110	752,440	
19	Osceola	Florida	161,813	80		155,149	5.02	779,425.00	3,348	13,392	3,236
20	Ocala	do	478,981	158,689	189	75,598	2.83	214,064.00	220,890	441,780	23,615
21	Apalachicola	do	297,770			275,859	2.30	634,391.00	3,911	10,755	18,000
22	Choctawhatchee	do	368,048	133,635	55,931	96,203	2.39	230,101.00	33,414	66,828	48,865
23	Talladega	do	422,000			82,739	2.00	165,478.00	263,261	1,158,879	76,000
24	Oakmulgee	do	282,000						254,000	889,000	28,000
25	Tombigbee	do	611,000						515,000	3,218,000	96,000
26	Conecuh	do	342,100						289,000	1,409,478	53,100
27	Holly Springs	Mississippi	530,520			80,611	3.70	297,872.00	119,389	358,167	330,520
28	Bienville	do	382,820			166,662	2.51	418,153.00	189,158	567,474	27,000
29	Chickasawhay	do	192,000			134,504	1.45	358,858.00	57,496	114,992	
30	Leaf River	do	623,261			207,855	1.73	421,818.00	360,406	810,913	55,000
31	Biloxi	do	409,600			126,827	3.32	668,732.00	192,933	771,732	89,840
32	Homochitto	do	410,860			173,724	3.85	590,697.82	165,836	580,426	71,300
33	Delta	do	323,840						274,840	1,236,780	49,000
34	Kisatchie	Louisiana	789,819			412,818	2.32	956,598.00	323,404	70,212	53,597
35	Vernon	do	107,500			70,285	1.50	101,889.00	7,715	15,430	29,500
36	Sabine	Texas	350,000			176,962	2.76	488,859.00	103,038	412,152	70,000
37	Angelina	do	300,000			131,258	2.72	357,109.00	138,742	485,597	30,000
38	San Jacinto	do	400,000			142,436	3.88	552,506.00	177,564	621,374	80,000
39	Davy Crockett	do	350,000			151,281	9.09	1,375,545.00	148,719	1,189,752	50,000
	Total		8,859,432	292,404	56,120	2,968,172	3.28	9,753,367.00	4,230,163	15,785,520	1,312,573
	Ozark and Central Mississippi:										
40	Ouachita	Arkansas and Oklahoma.	2,476,576	628,077	32,945	571,075	2.34	1,333,506.00	977,819	2,444,547	266,660
41	Ozark	Arkansas	1,233,040	284,960		344,424	3.15	1,084,159.00	554,676	1,802,697	48,980
42	Table Rock	Missouri	247,420						187,420	468,550	60,000
43	Pond Fork	do	356,729			44,574	1.83	81,628.00	220,769	551,922	91,386
44	Gardner	do	269,796			61,261	2.69	164,554.00	163,851	491,553	44,684
45	Fristoe	do	466,655			208,587	1.90	395,919.00	176,855	442,137	81,213
46	Wappapello	do	347,592			84,003	2.11	177,597.00	202,877	557,912	60,712
47	Gasconade	do	469,364			81,306	.17	176,596.00	284,494	782,358	103,564
48	Clark	do	704,469			273,929	2.00	548,394.00	292,854	732,135	137,686
49	St. Francois	do	451,680						361,680	813,780	90,000
50	Illini	Illinois	352,186			58,161	6.53	379,656.00	192,203	1,441,522	101,822
51	Shawnee	do	489,856			60,433	4.70	283,757.00	325,829	2,117,888	103,594
52	Lafayette	Indiana	201,320						159,840	1,038,960	41,480
53	Lost River	do	182,000						144,180	1,009,260	37,820
54	Patoka	do	209,000						166,300	1,164,100	42,700
55	Pleasant Run	do	189,000						142,000	994,000	47,000
56	Little Scioto	Ohio	287,000						236,000	2,832,000	51,000
57	McArthur	do	285,000						242,000	2,420,000	43,000
58	Hocking Valley	do	355,000						275,000	2,200,000	80,000
59	Muskingum	do	282,000						238,000	2,380,000	44,000
60	Symmes Creek	do	255,000						191,000	1,337,000	64,000
	Total		10,110,683	913,037	32,945	1,787,753	2.58	4,625,766.00	5,735,647	28,022,321	1,641,301
	Lake and Upper Mississippi States:										
61	Keosauqua	Iowa	126,080						84,540	845,400	41,540
62	Chequest	do	244,040						154,400	1,544,000	89,640
63	Chariton	do	151,520						108,200	1,298,400	43,320
64	Grand River	do	307,360						225,220	2,702,640	82,140
65	Manistee	Michigan	1,282,847			141,174	2.37	333,923.00	1,031,831	2,579,577	109,842
66	Huron	do	579,992	137,512	128,672	149,963	1.81	271,442.00	42,722	170,888	121,123
67	Marquette	do	502,369	23,875	9,128	151,775	1.99	302,033.00	237,357	593,392	75,234
68	Hiawatha	do	675,843	2,634		343,752	2.20	755,241.00	164,474	493,422	164,983
69	Ottawa	do	1,738,553	320		347,299	3.22	1,118,813.00	1,175,431	12,342,025	215,503
70	Oconto	Wisconsin	444,194	483		215,404	1.56	336,265.00	118,363	295,907	109,944
71	Argonne	do	542,434	189		287,447	2.50	718,069.00	137,567	412,701	117,231
72	Flambeau	do	353,768	245		129,173	1.62	208,795.00	5,649	16,947	218,701
73	Mondeaux	do	169,913	120		112,756	1.42	160,585.00	1,799	4,497	55,238
74	Chequamegon	do	578,342	750		414,318	1.79	740,388.00	22,081	55,202	141,193

Forest land acquisition under Weeks and Clark-McNary laws by land exchange and by withdrawal from public domain—Current land and financial status of established purchase units, as of Apr. 1, 1935—Continued

Map index number	Region and unit	State	Gross	Reserved public lands	Acquired through exchange	Purchased or in course of purchase	Average cost per acre	Total amount expended or obligated to date	Additional area to be purchased	Approximate cost to complete unit	Area believed to be nonpurchasable
	Lake and Upper Mississippi States—Continued.		*Acres*	*Acres*	*Acres*	*Acres*			*Acres*		*Acres*
75	Moquah	Wisconsin	111,434	908		97,581	$1.41	$137,452.00	1,071	$2,677	11,874
76	Superior	Minnesota	2,613,514	809,412	26,514	406,145	2.81	1,140,862.00	676,059	2,028,177	694,384
77	Mesaba	do	287,789	1,029		118,363	1.93	228,489.00	67,395	202,185	101,002
78	Chippewa	do	998,859			230,590	2.43	560,382.00	432,978	1,407,178	335,291
79	Souris	North Dakota	478,080						300,000	750,000	178,080
80	Sheyenne	do	293,760						200,000	600,000	93,760
	Total		12,480,691	982,477	164,314	3,145,740	2.23	7,012,739.00	5,187,137	28,345,215	3,000,023
	Puerto Rico:										
81	Luquillo		130,950	13,824		3,909	11.61	45,375.00	112,041	1,120,410	1,176
82	Toro Negro		112,000			1,358	12.96	17,951.00	33,648	336,150	77,000
	Total		242,950	13,824		5,267		63,326.00	145,683	1,456,560	78,176
	Total, region 7		8,643,426	13,844	293	3,101,211	5.14	15,955,223.00	3,712,190	15,072,687	1,815,888
	Total, region 8		20,416,153	1,231,548	89,149	5,813,910	3.61	21,460,863.00	10,908,779	41,461,803	2,373,267
	Total, region 9		18,881,758	982,477	165,314	4,017,994	2.29	9,220,840.00	9,390,289	52,120,292	4,325,684
	Total, regions 7, 8, 9		47,941,337	2,227,869	254,756	12,933,115	3.66	46,636,926.00	24,010,758	108,654,782	8,514,839

ORDER OF BUSINESS

Mr. KNUTE HILL. Mr. Speaker, I ask unanimous consent that on Monday next, after the reading of the Journal I may be permitted to address the House for 30 minutes.

Mr. TAYLOR of Colorado. Mr. Speaker, reserving the right to object, I feel that a request of this kind is entirely unreasonable and I shall object.

SEGREGATION OF HABITUAL CRIMINALS

Mr. ASHBROOK. Mr. Speaker, I ask unanimous consent to insert in the RECORD a short and able editorial written by G. J. Kirchendorfer, editor of the Mansfield News-Journal, on the Segregation of Habitual Criminals, which I think is worthy of preservation in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following able editorial written by G. J. Kirchendorfer, editor of the Mansfield News-Journal, Mansfield, Ohio.

SEGREGATION FOR HABITUAL CRIMINALS

With the quick closing in of Federal agents on the kidnapers of the Weyerhaeuser boy, the question of what to do with kidnapers is again being widely discussed.

After the first flash of indignation has passed it may be doubted if there will ever be wide-spread public approval of capital punishment for kidnapers, in cases not resulting in death of the victim.

It does appear, however, that punishment for crimes of this kind should have some more drastic phase than mere imprisonment and that it should represent a finality that would be known to every criminal whose mind might at some time turn to contemplation of the kidnaping racket as a means of acquiring "easy money."

If it is accepted as an obligation upon the public to provide quarters and sustenance for habitual criminals during their natural lifetime, then surely some plan should be developed whereby this type of criminal can be completely, securely, and permanently segregated from that entirely different class of law violators who are temporarily deprived of liberty while efforts are being made to reform their thinking to the extent of making them law-abiding citizens thereafter.

It is not improbable that exaggeration of the political theory of "'equality" in this country has been responsible, at least in part, for the show of sentimentality which inclines to have greater regard for the criminal than for the victim and to consider the suffering of the criminal's family as being more important than the grief brought upon the loved ones of the victim.

Efficiency of Federal agencies in the clearing up of kidnaping cases has already been so convincingly demonstrated that it is entirely probable this field of operation will be expanded rather than diminished.

Use is already being made by the Federal Government of an island prison for some criminals. This whole problem is so obviously national in scope that it may be advisable to consider elaborating the island-prison idea to the point of opening the way for States to send their kidnapers and other habitual criminals under life sentence to such a penal colony instead of confining them in State prisons.

If capital punishment is to be withheld from kidnapers, then there should be assurance of complete segregation during the remaining years of their life, without chance for pardon and with no opportunity for escape.

This, coupled with such records for quick capture as are now being made, should go far in putting a stop to kidnaping in the United States.

ORDER OF BUSINESS

Mr. ROGERS of New Hampshire. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

Mr. TRUAX. Mr. Speaker, reserving the right to object, yesterday we had the Private Calendar. We had intended to consider the Private Calendar the day before. The men on the committee who are officially designated to analyze and study these bills and object to the ones that are without merit were ready and prepared. We had to listen to about 1 hour of speech-making on Thursday and about the same thing yesterday. I shall object to any requests for time to address the House prior to the consideration of the Consent Calendar today. The consideration of the Consent Calendar today was brought about at the request of the gentleman from Texas [Mr. JONES] so that his triple A amendment bill could be considered by the House on Monday next. There is other important legislation to be considered next week, among which is the Wagner bill. I am perfectly willing to have all gentlemen address the House after the bills on this calendar have been considered today. The Speaker desires that we make haste with this calendar and Members who are interested in the bills are of the same opinion. They want to get through with the consideration of the calendar.

Mr. MAY. Did the gentleman say "triple A" or "crippled A"?

Mr. TRUAX. Triple A—not crippled A.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

Mr. TRUAX. Mr. Speaker, I object.

Mr. KELLER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on Monday next, immediately following the reading of the Journal.

Mr. TAYLOR of Colorado. Mr. Speaker, I understand we have changed the day for the consideration of bills on the Consent Calendar from Monday to today, for the purpose of letting the triple "A" bill, as well as some other important matters, come in next week. I feel it would be improper to allow extended speeches at that time, or at any time until those matters are disposed of.

I know that the Speaker is anxious that we should transact this important business before the House. I feel that speeches should be condensed or come in at some other time.

Mr. KELLER. Will the gentleman yield? I want to make a short statement. On the 12th of the month the Washington Times, in a special article, made an attack on me in which I

would be justified in taking an hour of time on a question of personal privilege. I do not want to do anything of the kind. I can say all I need to say in 15 minutes. If the gentleman wishes to object, all right.

CLAIMANTS WHO SUFFERED LOSS FROM FIRES SET BY GOVERNMENT OPERATED RAILROADS IN MINNESOTA IN 1918

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCKLER of Minnesota. Mr. Speaker, we hope to have the House of Representatives vote next Tuesday on omnibus bill no. 8108. One section of this bill contains the Minnesota fire claimants measure, which is the Ryan bill, H. R. 3662. This Ryan bill was objected to by two objectors, and went back to the Claims Committee, where a further hearing was held, and the Claims Committee again favorably reported this bill, in the omnibus bill, H. R. 8108.

I find that I am the only Member of Congress from Minnesota in the past 6 years who is not recorded as giving this bill his favorable consideration. The only reason why I have not endorsed this bill is the fact that I am a new Member, and this is the first opportunity that I have had to talk to my colleagues about it.

I am a farmer, and there are hundreds and thousands of farmers in Minnesota who are concerned with the passage of this measure. You understand that these farmers were burned out by fires set by Government-operated railroads in 1918. The courts in Minnesota held the Government Railroad Administration liable for the damage, but the Director General changed his mind about paying the damage and decided that he would only pay the farmers and others a part of their loss. This bill is to pay the balance that is due them.

I was talking to a fellow the other day, who told me that this bill was "gray haired and hoary" with age. I am getting a little gray haired myself, but I think my hairs will all be considerably grayer if we keep up this system in Congress of having one or two objectors always defeating meritorious bills.

I said to this fellow the other day, when he told me this was an old bill and that it had been kicking around for years, that the only reason why the bill had acquired a little age, was the fact that objectors always prevented the House of Representatives from passing it. I pointed out to him that every Claims Committee which has considered this measure since the Seventy-first Congress has favorably reported the bill, but, of course, the objectors stop the bill.

I was not here last year, but understand there were a lot of rumors that there was considerable gossip that the bill was a bad bill, and that it was a "lobbyist bill", and I also understand that there were various other things said. I want to ask my colleagues not to take that propaganda seriously, because it is easy enough to make a lot of remarks but sometimes hard to prove them, and up to date none of the things that were said last year have proved to be true.

I am supporting this bill because it is an honest bill and because the courts of Minnesota have said that the Railroad Administration owed this money. You do not have to rest on my word alone. The Honorable John Devaney, chief justice of the Supreme Court of Minnesota, and the Honorable Floyd B. Olson, Governor of Minnesota, as well as others, including President Roosevelt, have endorsed this Ryan bill, now known as "title 4" in the omnibus bill 8108. If you want to help carry out the President's program of doing justice to the people in Minnesota, you are bound to vote for this bill.

Someone claimed the other day that these claimants had been overpaid. Such a statement is a terrible mistake, and I simply cannot understand how anyone would make that statement without looking into the facts. Sometime ago my colleague Mr. RYAN prepared a letter and showed just how these settlements were made, by giving one of the actual cases in point.

I quote from his letter which I received under date of June 3, and which ought to settle the matter, so far as getting a favorable vote when this measure is considered:

In order to clearly present the facts, I submit the following typical example of one of these firm claims. The data on this claim were taken from Government records.

On October 12, 1917, Otto Koski resided in Cloquet, Minn., a city of approximately 8,000 population, and owned a home which was destroyed on that day by a fire which originated through negligence of Government-operated railroads.

On July 22, 1921, the Supreme Court of Minnesota, in a test case for that area, held the Government liable for the damage caused by that fire, and on October 17, 1921, Mr. Koski filed a claim for $1,229.18 with the Government for his loss on account of said fire, liability having been fixed in said test case. Subsequently, a Government investigator appraised his loss and fixed the actual amount at $1,000.

The Government advised Koski that it would pay 50 percent of his $1,000 loss, providing, among other things, that every similar claimant agreed to do the same, and he could either "take it or leave it" and attempt to collect.

There were more than 8,000 cases of this kind pending, and it was estimated that it would take all of the courts of Minnesota more than 10 years to hear and determine the same, excluding all other business of the courts. The expense of trial of a single case would exceed the amount of recovery in this case. The Government refused to consolidate similar cases for trial. Mr. Koski had no finances with which to litigate his claim. Litigation had then been under way since October 1918.

Under all the circumstances, Koski was coerced, and agreed to accept the partial payment.

On December 29, 1921, a judgment was entered in his favor against the Government for $500, and on January 28, 1922, Mr. Koski signed a release in full for his $1,000 claim, but was paid only $500.

This measure provides for the payment to Mr. Koski of the remaining $500, and for similar treatment to other claimants.

In conclusion, Mr. Speaker, and Members of the House, I want to urge all of you who feel that a farmer whose home has been burnt up by the Railroad Administration is entitled to the same treatment that other people receive to vote for this measure and help the Members of Congress from Minnesota see that this wrong which has been done many years ago is corrected.

A PUNCTURED BALLOON

Mr. TARVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a short editorial by the Honorable Clark Howell, editor of the Atlanta Constitution.

The SPEAKER. Is there objection?

There was no objection.

Mr. TARVER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following short editorial by the Honorable Clark Howell, editor of the Atlanta Constitution:

A PUNCTURED BALLOON

The "brain trust" sponsored demands for a revolutionary change in the Constitution, voiced following the N. R. A. decision by the Supreme Court, were evidently prepared as a trial balloon to ascertain public opinion. If so, the balloon was punctured on the first day up.

The suggestion to further centralize power in Washington at the expense of the sovereignty of the State never received the approval of the President. It was probably put up to him by some of the eminent Soviet-minded theorists now conspicuous for their activities in Washington, and he merely conveyed it on to the public, although definitely failing to endorse it.

The public was not long in responding and the trial balloon was shot full of holes, collapsed, and dropped with a dull thud, the response of Congress, the public, and the press being immediate and unmistakable.

Should any such amendment be submitted, it would not only fail to receive the necessary approval of three-fourths of the States, but would be lucky to be endorsed by one-fourth.

It did not take Congress long to size the situation, and the plan is now, in the picturesque language of General Johnson, "as dead as a dodo"—for which the country has much to be thankful.

We have had enough tinkering with the Constitution. It has served well and efficiently in safeguarding the rights of the people and forwarding the interests of the Nation for more than 150 years.

Those who would now change the fundamentals of this solid bulwark of American liberty and safety may well consider the caution of Daniel Webster in an address delivered on the centennial anniversary of Washington's birth. Citing that America could, and undoubtedly would, recoup from the effects of disastrous wars or other misfortunes that might sweep our commerce from the oceans,

exhaust the Treasury, or desolate our fields and industry, this great American warned—

"But who shall reconstruct the fabric of demolished government; who shall rear again the well-proportioned columns of constitutional liberty; who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again."

The very suggestion to take away from the State the power now vested in them to determine their own affairs, and to create an empire without State lines, is abhorrent.

Again we say, if Congress wishes to serve the public, the best step it can take is to adjourn, go home, give the people a rest, and business a chance to go forward.

ORDER OF BUSINESS

The SPEAKER. The Chair will state that after calling the Consent Calendar, the Chair is willing to stay here if the Members of the House are willing and recognize any gentleman who has a request to make.

The program on Monday is to recognize the gentleman from North Carolina to make a motion to suspend the rules and pass the tax bill. After that the House will take up the triple "A" bill, with 6 hours' general debate granted under the rule. Of course, if the House wishes to vary that program, the Chair has no objection, but he is stating to the House what the present program is.

Under special order, the Clerk will call the first bill on the Consent Calendar.

SAFEGUARDING CUSTODIANS OF GOVERNMENT MONEYS AND PROPERTY

The Clerk called the first bill on the Consent Calendar (H. R. 5360) providing for punishment for the crime of robbing or attempting to rob custodians of Government moneys or property.

The SPEAKER. Is there objection?

Mr. TRUAX. I object.

The SPEAKER. This bill requires three objectors. Is there further objection?

There being no other objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 197 of the act of March 4, 1909 (18 U. S. C. 320; 35 Stat. 1126), be amended to read as follows:

"Whoever shall assault any person having lawful charge, control, or custody of any mail matter, money, or other property of the United States, with intent to rob, steal, or purloin such mail matter, money, or other property of the United States, or any part thereof, or shall rob any such person of such mail, money, or other property of the United States, or any part thereof, shall, for the first offense, be imprisoned not more than 10 years; and if, in effecting or attempting to effect such robbery he shall wound the person having custody of the mail, money, or other property of the United States, or put his life in jeopardy by the use of a dangerous weapon, or for a subsequent offense, shall be imprisoned 25 years."

With the following committee amendments:

Page 1, line 6, strike out "matter, money" and insert "matter or of any money."

Page 2, line 2, strike out "if" with a comma, and insert "if" without the comma.

Page 2, line 3, strike out the word "the" and insert the word "such."

The committee amendments were agreed to.

Mr. WOLCOTT. Mr. Speaker, I offer the following amendment:

The Clerk read as follows:

Page 1, line 10, after the word "mail", strike out the comma and insert "matter or of any."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MONUMENT TO FORMER AMBASSADOR OF FRANCE, JULES JUSSERAND

The SPEAKER. The Chair lays before the House the following communication.

The Clerk read as follows:

JUNE 13, 1935.

MY DEAR MR. SPEAKER: I take pleasure in transmitting to you herewith copy of a note (in translation) which the French Ambassador left with the Under Secretary of State this morning expressing appreciation on behalf of the French Government and people for the vote of the Congress authorizing the erection at Washington of a monument in memory of Mr. Jusserand, former Ambassador of France.

Sincerely yours,

CORDELL HULL.

[Translation]

JUNE 12, 1935.

MR. SECRETARY: It was with particular satisfaction that my Government learned that the House of Representatives of the United States had unanimously adopted on May 6 last a resolution authorizing the erection in Washington of a monument in memory of Mr. Jusserand, late Ambassador of France in the United States, and that this resolution had been approved the day before yesterday, June 10, by the Senate.

In conformity with instructions which I have just received from the President of the Council, who is also Minister of Foreign Affairs, I have the honor to express to Your Excellency the gratitude of the Government of the Republic for a recognition which is indeed warmly appreciated by him as well as by the French people.

I should be grateful to Your Excellency to be good enough to transmit to the Senate and to the House of Representatives an expression of the gratitude of the Republic for a vote which gives proof of the feeling of high esteem and sympathy which the American people still retains toward my eminent predecessor.

Accept, Mr. Secretary, the renewed assurances of my highest consideration.

ANDRE DE LABOULAYE.

CONSENT CALENDAR

The SPEAKER. The Clerk will call the next bill on the Consent Calendar.

INDIAN BUFFALO HUNT

The Clerk called the bill (H. R. 5263) to purchase and erect in the city of Washington a group of statuary known as the "Indian Buffalo Hunt."

The SPEAKER. This requires three objections. Is there objection?

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. The gentleman from California asks unanimous consent that the bill be passed over without prejudice. Is there objection?

Mr. BLANTON. Mr. Speaker, this bill has been passed over a number of times. If there is any good reason for not passing it, it ought to be developed at this time. I object.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. TRUAX, Mr. ZIONCHECK, and Mr. COSTELLO objected.

CONSTRUCTION OF RESIDENCE FOR UNITED STATES HIGH COMMISSIONER TO PHILIPPINE ISLANDS

The Clerk called the bill (H. R. 6800) authorizing the construction of buildings for the United States High Commissioner to the government of the Commonwealth of the Philippine Islands.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. The proponents of this bill agreed to accept an amendment reducing the amount of funds to be authorized from $1,000,000 to $750,000. With the understanding that that amendment is acceptable, I shall not object.

The SPEAKER. Is there objection?

There was no objection.

Mr. KOCIALKOWSKI. Mr. Speaker, I ask unanimous consent to substitute for the House bill Senate 2278.

The SPEAKER. Without objection the Senate bill will be substituted for the House bill. Is there objection?

There was no objection.

Mr. JENKINS of Ohio. How will that affect the proposed amendment?

Mr. KOCIALKOWSKI. The Senate bill authorizes an appropriation of $750,000.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated not to exceed $750,000 for the necessary housing for office and residence purposes for the establishment of the United States representative in the Philippine Islands, including the acquisition of land, the purchase, construction, and reconstruction of buildings, and the procurement of furniture, furnishings, and equipment.

Mr. ROGERS of New Hampshire. Mr. Speaker, I move to strike ou the last word. I feel that it is of the utmost importance to the Members of this House to have their attention called to the fact that last year by virtue of House Resolution 275, the Committee on Military Affairs, or any subcommittee thereof, was authorized by the House to inquire into alleged profiteering in military aircraft, irregularities in the leasing of public property by the War Department, and so forth, and other matters in which the problem of national defense is involved.

As a result of that resolution, as chairman of subcommittee no. 3, I was designated by the full committee to take charge of those investigations, and after 4 months of extended hearings we filed a unanimous report, Democrats, Republicans, and Farmer-Laborite, recommending that certain action be taken against Col. Alexander Williams, former Assistant Quartermaster General of the Army; Col. Joseph I. McMullen, chief of the patent section in the Judge Advocate General's Office; and Maj. Gen. Benjamin D. Foulois, Chief of Army Air Corps. Following a check-up by the Inspector General of the Army, Maj. Gen. John S. Preston, Colonel Williams was court-martialed and ordered dismissed from the military service for what? For soliciting a loan of $2,500 from a tire-tube salesman seeking orders from the War Department. Colonel McMullen is now under indictment for accepting fees from a company with Government interest while on active duty. In a desire to improve our system of national defense, to clean house in the Army Air Corps, we spent months in the completion of our investigation of this branch of service and filed a unanimous report 1 year ago today recommending that Maj. Gen. Benjamin D. Foulois be dismissed as Chief of the Air Corps for the following reasons:

First. Because he willfully and deliberately violated existing law in the purchase of airplanes and aircraft material.

Second. He accused superior officers of willfully attempting to deceive the committee.

Third. He testified falsely before the subcommittee as to his opportunity and authority in presenting Air Corps needs to the Director of the Budget.

Fourth. He advised the Second Assistant Postmaster General that the Air Corps was prepared to fly the air mail, when the record shows that he as Chief of the Air Corps should have known differently.

At the end of our report we made this statement unanimously, and I quote it to you now so that you will have it thoroughly in mind.

> In conclusion, however, we find it necessary to report that we are most firmly convinced from the evidence and records submitted that before any substantial progress in the upbuilding of the morale and matériel in the Army Air Corps can be obtained, Maj. Gen. Benjamin D. Foulois must be relieved from his position as Chief of the Air Corps. We unanimously recommend that the Secretary of War take such action without delay.

After waiting a whole year you may well imagine the shock which I had yesterday afternoon when, as chairman of that committee, I read in the Washington Evening Star, under a picture of General Foulois, this statement:

> Cleared. Foulois cleared of House charges.

Then, Mr. Speaker, after reading that statement I am advised that this article was based on a report to the press given out yesterday afternoon from the office of the Secretary of War, about which you are entitled to know, and I ask your indulgence for a few moments while I refer to it. This report given out by the Secretary of War to the press in regard to Maj. Gen. Benjamin D. Foulois, Chief of the Army Air Corps, stated this——

The SPEAKER. The time of the gentleman from New Hampshire [Mr. ROGERS] has expired.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the gentleman may have 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ROGERS of New Hampshire. A summary of this statement given to the press by the Secretary of War yesterday afternoon is this:

The allegations might be summarized under three headings. I will read them to you: First, a violation of existing laws in the purchase of airplanes and aircraft matériel; second, unsound estimates made to the Post Office Department as to the ability of the Air Corps to handle the air mail; and, third, incorrect, unfair, and misleading statements to a congressional committee.

The press release then states:

> The Inspector General then recommends that General Foulois be reprimanded—

For what?

> for his unethical conduct under heading 3—

Which is not perjury or anything like that, but simply—

> incorrect, unfair, and misleading statements to a congressional committee.

The Secretary of War approved the recommendation of the Inspector General. That is substantially the statement sent out to the press yesterday afternoon, on which these newspaper articles are based.

I then took it upon myself late in the afternoon to go to the office of the Committee on Military Affairs to see if any communication had been received from the Secretary of War addressed to our committee, and I found one. What does that statement say? It is signed by the Secretary of War, George H. Dern, and refers to the misconduct of Maj. Gen. Benjamin D. Foulois. What does it say about General Foulois? I quote:

> It is affirmatively established that General Foulois violated the ethics and standards of the military service in making statements—

And these were statements under oath, I say to the Members of the House—

> before your committee which were not only unfair and misleading to the committee itself, but which also seriously reflected upon the integrity of his brother officers.

He came before our committee and, under oath, made untrue statements which "seriously reflected upon the integrity of his brother officers", says the Secretary of War, and "that in general", not in specific instances, but "in general, during his appearance before your committee he evidenced a lack of team spirit and a tendency to make exaggerated and inexact statements."

In other words, Mr. Speaker, Secretary Dern summarizes just what we said about Major General Foulois, who came before our committee and perjured himself, lied under oath, and made statements which, in the language of the Secretary of War's report, "seriously reflected upon the integrity of his brother officers"; also statements unfair and misleading to our committee.

What does the Secretary of War then do to General Foulois? He says to the press that it is just a little unethical, and apparently slaps him on the wrist as a reprimand. Colonel Williams, not a major general, but a colonel, whom we found guilty of seeking a loan of a few hundred dollars, is kicked out of the service; and while our charges against General Foulois are confirmed, he simply receives a reprimand.

The SPEAKER. The time of the gentleman from New Hampshire [Mr. ROGERS] has again expired.

Mr. HAMLIN. Mr. Speaker, I ask unanimous consent that the gentleman may be allowed to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. MAAS. Will the gentleman yield?

Mr. ROGERS of New Hampshire. I yield.

Mr. MAAS. The gentleman is not inferring that the committee found evidence that General Foulois was dishonest?

Mr. ROGERS of New Hampshire. Yes, sir; absolutely; that he was a liar and a perjurer, under oath, before our committee, time and time again.

Mr. MAAS. The gentleman is not accusing him of taking any money?

Mr. ROGERS of New Hampshire. No, sir; not at all. We did not ask that he be kicked out of the service. We did not ask for him to be court martialed. We simply asked that he be removed as Chief of the Army Air Corps. General Foulois once had a splendid military record, a long record as a soldier of distinction; and every man on the committee was his friend until he came before us and lied and perjured himself time and time again; and let me call the gentleman's attention to the fact that he had every opportunity in the world to appear before our committee day after day.

Mr. MAAS. After the report was made he had no time?

Mr. ROGERS of New Hampshire. After the report, of course not. We were simply acting as a grand jury. We made these charges, sir, and the Secretary of War confirms them in his report.

Mr. MAAS. Did he do more than make minor changes in his testimony, like all of us do after we speak in the House?

Mr. ROGERS of New Hampshire. He certainly did.

Let me call your attention to something definite. I ask your indulgence a moment while I locate it in my memorandum.

Mr. RANKIN. Mr. Speaker, this is one of the most important questions to come before this House.

Mr. ROGERS of New Hampshire. It certainly is.

Mr. RANKIN. In order that the gentleman from New Hampshire may not be crowded, I ask that he may be permitted to proceed for 15 minutes in order that he may have time to find what he has in his records there.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ROGERS of New Hampshire. When we started out every man on the committee was his friend—he came before us under oath and something came up about the violation of an Army regulation, the law of the Army; and I asked him if he broke that, and he, the Chief of the Air Corps, testifying under oath, said he had "overlooked the Army regulations and broken them hundreds of times—and I will break them again." A fine example of military discipline to set for the youth of this country who desire to enter the Army of the United States!

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of New Hampshire. I yield.

Mr. BLANTON. If the gentleman from Minnesota [Mr. MAAS] will look in the hearings on the War Department appropriation bill, he will see where General Foulois not only permitted but condoned one of his officers, Major Hoffman, accepting about $23,000 of stock from the Triangle Parachute Co. in derogation of his duty as an Army officer.

Mr. MAAS. The only point I am making is that the committee made recommendations to the Secretary of War. The Secretary of War made, we assume, a proper investigation of those charges.

Mr. ROGERS of New Hampshire. Sure.

Mr. MAAS. The committee is not a prosecuting authority; it is not a judicial body.

Mr. ROGERS of New Hampshire. It is an investigating authority.

Mr. MAAS. The committee made recommendations.

Mr. ROGERS of New Hampshire. And the Secretary of War has confirmed them, sir, in his letter to our committee, but not in his statement to the press. In that statement he finds them simply unethical, but he admits and states in his letter to our committee not only that General Foulois was unethical but that he gave testimony which tended to bring his brother officers into disrepute.

Mr. MAAS. Those were the recommendations of the committee.

Mr. ROGERS of New Hampshire. Mr. Speaker, I decline to yield. The point is he was testifying before the committee under oath.

Mr. MAAS. In the meantime, General Foulois has not been given an opportunity to be heard in defense.

Mr. ROGERS of New Hampshire. Mr. Speaker, I refuse to yield further.

Mr. Speaker, one further statement: He came before our committee and told us one thing about a matter we were trying to clear up in regard to the policy on procurement, to get at a proper system for the Army Air Corps. When his testimony came back to the committee a change had been made in it. He first testified: "I asked the reason for it. * * * But I got no explanation." Behind our backs he took that testimony, crossed it out and substituted the following:

> I asked the reason for it, and was advised to the effect that the amendment provided for more leeway in securing the number of airplanes desired. * * *

Do you want that type of man to be the Chief of the United States Army Air Corps, a man who will do that under oath, a man who says first he got no reason for it, then changes his testimony so that it reads he asked the reason for it and was told that it was to give them more leeway in securing the number of airplanes desired?

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of New Hampshire. Mr. Speaker, I am nearly through. I want to refer to just one thing further, if I may.

Mr. RANSLEY. Mr. Speaker, I desire to interrogate the gentleman from New Hampshire.

Mr. ROGERS of New Hampshire. Mr. Speaker, I refuse to yield right now. After I have finished my statement I shall be glad to yield.

Mr. RANSLEY. Then, Mr. Speaker, I demand the regular order.

Mr. BLANTON. Mr. Speaker, this is the regular order. The gentleman from New Hampshire was given permission to speak for 15 additional minutes.

Mr. RANSLEY. Mr. Speaker, the gentleman from New Hampshire is not talking on the bill, and I demand the regular order.

Mr. BLANTON. Mr. Speaker, I make the point of order that on the request of the gentleman from Mississippi the gentleman from New Hampshire was given 15 minutes to continue speaking on this subject, and that is the regular order.

The SPEAKER. The Chair did not so understand the request. The request was not that the gentleman might speak out of order; the request was that he might be allowed to continue for 15 additional minutes.

Mr. RANKIN. The request was that he might have 15 minutes additional to finish his speech he was then making out of order.

The SPEAKER. No; the Chair does not recall that such statement was made, and no such request submitted to the House, as the record will show. Of course, if the gentleman from Pennsylvania makes the point of order, the gentleman from New Hampshire must confine himself to the subject matter of the bill.

Mr. ROGERS of New Hampshire. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ROGERS of New Hampshire. Would it be proper now for me to reconsider my refusal and to yield to the gentleman from Pennsylvania?

The SPEAKER. Is that satisfactory to the gentleman from Pennsylvania?

Mr. RANSLEY. Mr. Speaker, I now demand the regular order.

Mr. RANKIN. Mr. Speaker, a point of order. I submit my request when I rose was that the gentleman from New Hampshire was discussing a very vital matter that the House ought to be informed on, and I asked unanimous consent that he might be permitted to proceed for 15 minutes to finish his statement.

The SPEAKER. The Chair submitted the request that the gentleman from Mississippi made, which was that the time of the gentleman from New Hampshire be extended 15

minutes, to which the House agreed. Of course, the Chair has no objection to the gentleman discussing this matter or any other matter. The Chair stated the question as the gentleman from Mississippi submitted it, namely, that the time of the gentleman from New Hampshire be extended for 15 minutes. The gentleman from Mississippi did not include in his request the words "out of order." The Chair has no objection to the gentleman from New Hampshire proceeding on any subject, but when the attention of the Chair is called to the fact, and a point of order is made, the Chair must follow the precedents of the House. Under the precedents of the House and under the rules of the House, the gentleman from New Hampshire is restricted to a discussion of the bill.

Mr. RANKIN. Mr. Speaker, I ask that my request be read in order to show exactly what it was. I should like to have that done. Let the Clerk read the request.

The SPEAKER. Does the gentleman from Pennsylvania withdraw his point of order?

Mr. RANSLEY. I do not.

Mr. McFARLANE. Mr. Speaker, a point of order. The gentleman did not raise a point of order. He asked for the regular order and the regular order is the gentleman from New Hampshire speaking out of order.

Mr. RANSLEY. If the gentleman will read the rules, he will know that a demand for the regular order is the same thing as raising a point of order, and that was the point I made.

Mr. RANKIN. Mr. Speaker, I am entitled to have the Clerk repeat my request.

The SPEAKER. The Chair has called for the record.

Mr. MILLARD. Mr. Speaker, in order to save time, I ask unanimous consent that the gentleman from New Hampshire [Mr. ROGERS] may be given 15 minutes to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. EKWALL. Mr. Speaker, I object.

Mr. BOILEAU. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. If a Member submits a unanimous-consent request and in making the request states the purpose and the object in making the request, and the Speaker in presenting the unanimous-consent request states it more briefly and consent is given, is consent given to the request made by the Member who stated it, or is consent given according to the request as presented by the Speaker?

The SPEAKER. The statement of the Chair always controls, because that is what the House gives its consent to. If it is desired to speak out of order—and every Member is conversant with this rule—the procedure is to ask unanimous consent to speak out of order and unless consent is given by the House for a Member to speak out of order, the Chair has no alternative and must enforce the rule when a point of order is made. [Applause.]

Mr. BOILEAU. Mr. Speaker, a further point of order.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. Mr. Speaker, I should like to know the purpose of looking at the record to determine what the gentleman from Mississippi stated, if the parliamentary situation is as the Speaker has stated it.

Mr. JENKINS of Ohio. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JENKINS of Ohio. Is it not true that the gentleman got the floor upon his own request to strike out the last word?

The SPEAKER. The gentleman is correct. There has been no request submitted to the Members of the House by the Chair for the gentleman from New Hampshire to speak out of order. The Chair would have been pleased to have submitted such a request if it had been submitted in that form, but this was not done. The Chair stated the request as the Chair understood it, and if the Chair misunderstood the request, it was the privilege of the gentleman who made the request to correct the Chair.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Where a Member is speaking on the floor, out of order, under a motion to strike out the last word, and it is clearly apparent to every person present that his speech is out of order, and another Member, such as was done by the gentleman from Mississippi [Mr. RANKIN], states that the speech then being made out of order "is one of the most important questions to come before the House" and asks that he be permitted to proceed for 15 minutes so that he may have time to examine his records, when it is generally understood that the whole speech is out of order, and the unanimous consent for such 15 additional minutes is granted by the House, is the Member precluded from so using his 15 minutes? I submit that it was generally understood that the extra 15 minutes granted by the House were to be used out of order.

The SPEAKER. The gentleman from Mississippi made these remarks:

Mr. RANKIN. Mr. Speaker, this is one of the most important questions to come before this House.

Mr. ROGERS of New Hampshire. It certainly is.

Mr. RANKIN. In order that the gentleman from New Hampshire may not be crowded, I ask that he may be permitted to proceed for 15 minutes in order that he may have time to find what he has in his records there.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. RANKIN. Mr. Speaker, I agree with what the Chair states about a Member who rises and moves to strike out the last word. Of course, he is supposed to confine himself to the amendment before the House, although he is speaking on the last word; but when a Member takes the floor and begins a speech out of order, all the Members acquiescing, and no point of order is made or reserved, and he starts out to discuss the matter, and a request is made under such conditions which implies he shall have time to continue to discuss the matter on which he is speaking, I submit that a point of order later to try to stop him within the 15 minutes, on the ground he is not speaking on the last word read, comes too late. I submit that the gentleman from Pennsylvania is too late and that his point of order is not well taken, and that the gentleman from New Hampshire is entitled to proceed for 15 minutes.

The SPEAKER. The Chair will state to the gentleman from Mississippi, that the gentleman, of course, is familiar with the rules, and knows how consent may be obtained to speak out of order. The gentleman from Mississippi did not submit his request in that form. The gentleman made reference to some records that the gentleman from New Hampshire was searching for at the time. Consent was given to proceed for 15 minutes. When a Member of the House exercises his privilege and makes the point of order that the gentleman is proceeding out of order when consent has not been given, there is no alternative and the Chair must rule that the point of order is well taken and ask the gentleman speaking to confine himself to the matter before the House. [Applause.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman from New Hampshire may have the balance of the 15 minutes granted him by the House to finish his speech.

The SPEAKER. The gentleman from Texas [Mr. BLANTON] asks unanimous consent that the gentleman from New Hampshire [Mr. ROGERS] may proceed for the remainder of his 15 minutes to continue the discussion of the subject upon which he was speaking. Is there objection to the request of the gentleman from Texas?

Mr. RANSLEY. Mr. Speaker, I object.

Mr. RANKIN. Mr. Speaker, I want the RECORD to show that the applause was on the Republican side. If it is desired to defend a man who commits perjury in order to get money out of the Government, that is all right.

Mr. ROGERS of New Hampshire. Mr. Speaker, may I say that I submitted a unanimous-consent request before the bills on the Consent Calendar came up for consideration? I had no desire to speak on any other subject than this matter. However, an objection was made at that time.

The SPEAKER. The gentleman from New Hampshire asked that he be permitted to address the House for 10 minutes and objection was made. The Chair has no personal feeling about this matter and is not acting from a personal standpoint. The Chair is trying to maintain proper procedure and give recognition to every Member of the House, and extend to every Member the privilege of making points of order and insisting on the rules being observed at all times.

Mr. ROGERS of New Hampshire. Mr. Speaker, I ask unanimous consent that I may have the privilege of revising and extending my remarks and inserting therein the official documents to which I have referred, including letters, communications, and so forth.

The SPEAKER. The gentleman from New Hampshire asks unanimous consent that he may revise and extend his remarks and include therein the official documents to which he has referred. Is there objection?

Mr. RANSLEY. Mr. Speaker, there will be no objection on my part. My contention is that General Foulois ought to be tried by officers and not by civilians.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

EXHIBIT A

[House of Representatives, Rept. No. 2060, 73d Cong., 2d sess.]

INVESTIGATION OF PROFITEERING IN MILITARY AIRCRAFT, UNDER HOUSE RESOLUTION 275

The Committee on Military Affairs shortly after the convening of Congress in January began hearings looking to the enactment of legislation for the enlargement of the Army Air Corps and for the promotion of its efficiency and effectiveness. The committee contemplated action to give a more just recognition in the matter of promotion to the very fine personnel who make up the rank and file of the Air Corps. The committee wished to provide the necessary planes, equipment, and matériel to make the Air Corps at least the equal of any air force in the world comparable in size. The committee realizes the power and the tremendous potentialities of the Air Corps, operating not only in conjunction with ground forces but more especially as an independent fighting force. The committee believes that inevitably the Air Corps is destined to become our first line of defense and surely it affords the most economical means of frontier defense. Unfortunately the hearings disclosed conditions in the command and administration of the Air Corps that moved the committee to ask the House of Representatives to set up the special investigating committee provided for in House Resolution 275. It is the hope of the committee that the conditions set out herein below will be remedied before the convening of the next session of Congress and that at that time the committee may go forward with its plans for the Army Air Corps.

By virtue of House Resolution 275, authorizing and directing the Committee on Military Affairs to inquire into and investigate alleged profiteering in military aircraft, irregularities in the leasing of public property by the War Department, profiteering in the purchase of property from public funds, and other matters in which the problem of national defense is involved, Subcommittee No. 3 of the Committee on Military Affairs of the House of Representatives is conducting extended hearings and said subcommittee hereby reports to the House certain violations and evasions of law and Army regulations by, also the gross misconduct and inefficiency of, Maj. Gen. Benjamin D. Foulois, Chief of the Air Corps, United States Army, and other executive officers under his command. By reference report no. 1506, House Calendar No. 263 filed on May 7, 1934, relative to the $7,500,000 allocated to the War Department for the purchase of airplanes out of Public Works Administration funds, is made a part hereof. We expect at a later date to report further as to the results of our investigation into other matters referred to us by virtue of said H. R. 275.

On July 2, 1926, Public Law No. 446, Sixty-ninth Congress, H. R. 10827, entitled "An act to provide more effectively for the national defense by increasing the efficiency of the Air Corps of the Army of the United States and for other purposes" was enacted into law. Under its provisions the purchase and procurement of aircraft by the Army are regulated. The provisions thereof pertinent to this report are as follows:

"SEC. 10 (k). The Secretary of War or the Secretary of the Navy may at his discretion purchase abroad or in the United States with or without competition, by contract, or otherwise, such designs, aircraft, aircraft parts, or aeronautical accessories as may be necessary in his judgment for experimental purposes in the development of aircraft or aircraft parts or aeronautical accessories of the best kind for the Army or the Navy, as the case may be, and if as a result of such procurement, new and suitable designs considered to be the best kind for the Army or the Navy are developed, he may enter into contract, subject to the requirements of paragraph (j) of this section, for the procurement in quantity of such aircraft, aircraft parts, or aeronautical accessories without regard to the provision of paragraphs (a) to (e) inclusive, hereof.

"(q) In the procurement of aircraft constructed according to designs presented to any individual, firm, or corporation prior to the passage of this act, which designs have been reduced to practice and found to be suitable for the purpose intended or according to such designs with minor modifications thereof, the Secretary of War or the Secretary of the Navy, when in his opinion the interests of the United States will be best served thereby, may contract with said individual, firm, or corporation, at reasonable prices for such quantities of said aircraft, aircraft parts, or aeronautical accessories as he may deem necessary: *Provided*, That the action of the Secretary of War or the Secretary of the Navy, in each such case shall be final and conclusive.

"(t) Hereafter whenever the Secretary of War or the Secretary of the Navy shall enter into a contract for or on behalf of the United States, for aircraft, aircraft parts, or aeronautical accessories, said Secretary is hereby authorized to award such contract to the bidder that said Secretary shall find to be the lowest responsible bidder that can satisfactorily perform the work or the service required to the best advantage of the Government; and the decision of the Secretary of the department concerned as to the award of such contract, the interpretation of the provisions of the contract, and the application and the administration of the contract shall not be reviewable, otherwise than as may be therein provided for, by any officer or tribunal of the United States except the President and the Federal courts."

The legal application and purposes of these provisions of law as applicable to the Army were passed upon by the office of the Judge Advocate General of the United States Army by approved memoranda dated May 17, 1929, and August 3, 1929, addressed to the Assistant Secretary of War. The Judge Advocate General held that under section 10 (k) of the Air Corps Act of July 2, 1926 (supra), quantity procurement of aircraft and accessories must be made only after advertisement pursuant to section 3709 Revised Statutes.

Subdivision 10 (t) of the Air Corps Act (supra) clearly defines the only method by which aircraft procurement in quantity can be obtained, that is, by competitive bidding, a policy definitely established by law not only in the Air Corps Act of 1926, but also by section 3709 of the Revised Statutes, March 2, 1861, and the act of March 2, 1901.

In addition to illegal procurement of aircraft and accessories under the provisions of (k) and (q) of the Air Corps Act of 1926, procurement was illegally made by an alleged compliance with Army Regulations (par. 9, A. R. 5–160).

Further unlawful procurement was made allegedly in compliance with Army Regulations 5–240, 1–2, dated October 1, 1932, which reads, in part, as follows:

"Without competition, general authorization: Supplies may be procured without competition only when it is impracticable to secure competition or when purchase without competition is expressly authorized by statutes."

Despite the provisions of the Air Corps Act of 1926 and the interpretations thereof by the Judge Advocate General, the evidence discloses deliberate, willful, and intentional violations of law by the Chief of the Air Corps, aided and abetted by his assistants in charge of procurement.

As a result of continued violations of provisions of the Air Corps Act of 1926 and various subterfuges which were begun immediately following the passage of the act and continually used by the Procurement Division of the Air Corps to evade the clear intent and purpose of the act in regard to the procurement of aircraft in quantity, there has developed a pernicious, unlawful system detrimental to the progress of the Air Corps of the United States and to the adequacy of our national air defense. This system has resulted in favoritism and discrimination, which section 3709 of the Revised Statutes and section 10 (t) of the Air Corps Act sought to eradicate by prescribing competitive bidding, in the Army Air Corps.

The method by which those in charge of the Air Corps were able to continue to violate the law and to impose upon the country their ideas of administering the Air Corps despite the explicit language of the statute was the simple means of flouting the law repeatedly with impunity. Under the terms of the Air Corps Act the Secretary of War has determinations of procurement and purchase, and that office has, as the records disclose, heretofore relied on the Assistant Secretary of War for Air, and/or the Chief of the Air Corps.

The details of national defense being confidential we deem it inadvisable to present a detailed discussion of the present inefficient status of the Air Corps as to equipment, management, and personnel. However, we feel that the situation is such as to merit the concern of those most vitally interested and charged with the prime duty of national defense.

In December 1927 Maj. Gen. Benjamin D. Foulois was appointed Assistant Chief of the Air Corps, and has served in an executive capacity continuously since that time. On June 1, 1929, he took charge of the Matériel Division at Wright Field, Dayton, Ohio, a branch office of the Chief of the Air Corps, and served there for 1 year. His duties under this assignment included all matters relative to bids, negotiations, and preparation of contracts. On July 1, 1930, he returned to Washington as Assistant Chief of the Air Corps, and on December 22, 1931, he took office as Chief of the Air Corps.

It is apparent that from the period of 1927 to date Major General Foulois' assignments made a knowledge of the Air Corps Act

of 1926 and the interpretations thereof by the Judge Advocate's Department of the Army, as approved by the Secretary or Assistant Secretary of War, prerequisite for the fulfillment of his duties. During his terms as Assistant Chief of the Air Corps, Chief of the Matériel Division (procurement), Assistant and Acting Chief of the Air Corps, and Chief of the Air Corps, the deliberate and intentional violations of law in connection with the procurement of aircraft and accessories have continued with his sanction and approval.

He even testified under oath that in the interest of Government he had "overlooked the Army regulations and broken them hundreds of times—and I will break them again."

During the course of more than 4 months of extended hearings held by this subcommittee, Major General Foulois, his assistant chief, Brig. Gen. Oscar Westover; his executive assistant, Col. Jacob E. Fickel, and others attached to the office of the Chief of the Air Corps, appeared as witnesses. Their testimony accentuated the deliberations with which the law has been violated and ignored.

On February 1, 1934, Major General Foulois appeared before the House Military Affairs Committee to discuss the situation relative to the Air Corps. He was later given an opportunity to examine his remarks. In order to fully acquaint the House with the situation with which this subcommittee was confronted on his subsequent appearances, and to fully demonstrate the inaccuracy and unreliability of his testimony, certain portions of his original testimony of February 1, 1934, are here set forth together with the alterations thereof of Major General Foulois.

ORIGINAL TESTIMONY	ALTERED TESTIMONY
For 20 years, Mr. Chairman, at least 20 years, I fought consistently against the Army General Staff, trying to build up aviation within the Army.	For 20 years, Mr. Chairman, at least 20 years, I have struggled consistently against the War Department General Staff, in my efforts to build up aviation within the Army.
I announced to the Chief of Staff in his office, 4 days ago, in the presence of the Deputy Chief of Staff, that the steps that they were taking at that time—that was 4 days ago—toward the building up of Army aviation, were the first steps, to my knowledge, in the past 20 years that had been initiated by the General Staff itself.	I announced to the Chief of Staff, in his office, 4 days ago, in the presence of the Deputy Chief of Staff, that the steps that they were taking at that time—that is 4 days ago—toward the building up of Army aviation were the first real constructive steps, to my knowledge, in the past 20 years, that had been initiated by the War Department General Staff itself.
That has been my experience, as I say, for over 20 years, in trying to build up aviation. The main obstacle—the main blocking element—in the War Department has been the War Department General Staff.	This has been my experience, as I say, for over 20 years, in trying to build up aviation. The main obstacle to the more rapid development of aviation in the War Department has, in my belief, been the War Department General Staff.
In saying that, I am not impugning the integrity of any particular individual member of the General Staff nor criticizing any particular member of the General Staff. The General Staff is made up of intelligent men—made up of men who have been trained in other branches of the service. Ninety-nine percent of them have no knowledge of aviation except what they read out of books.	In saying this, I am criticizing the General Staff system as now existing in the War Department. I am not impugning the integrity of any particular individual member of the War Department General Staff nor criticizing any particular member of the General Staff. The General Staff is made up of conscientious and intelligent men, but made up chiefly of men who have been trained in the ground branches of the service, 95 percent of whom have practically no knowledge of aviation except what they have read out of books.
This is a practical problem that has got to be handled by practical men trained in aviation and at the same time who have just as much knowledge, training, and experience on General Staff work and organization of the Army and the other branches of the service as any member of the General Staff.	Army aviation is a practical and highly technical problem that must be developed and controlled by the practical airmen trained in practical aviation, and who, through their own knowledge, training, and experience on staff work and general organization of the Army, as well as the other branches of the service, are better fitted, in my experience, to develop Army aviation than the nonflying members of the General Staff.
That is the basis on which I want to start in connection with building up an organization within the Army, under the War Department, that can go ahead, keep up to date, and not be hampered and hindered by the routine methods that hamper and hinder the Army now.	The foregoing is the basis upon which to start in connection with building up an efficient and economical air organization within the Army, under the War Department; an organization that can go ahead, keep up to date, and not be hampered and hindered by the routine War Department General Staff system and methods, which now guide and govern the development, organization, training, and operations of the Army Air Corps.
We cannot operate under those methods. We cannot operate at a speed of 4 miles an hour, the speed of Infantry. We are hitting it up around a speed of 200 miles an hour. Today the psychology of the development of aviation requires that the organization must be speeded up, and the rest of the Army has got to pull up its speed if we are going to get anywhere.	We cannot efficiently operate under the existing system and methods. We cannot operate at a speed of 4 miles an hour, the speed of the Infantry. We are now operating, in the air, at a speed of 200 miles an hour. Today, the psychology of the development of aviation requires that all other military organizations must increase their speed of operations, and the rest of the Army must be reorganized with this in view, if it ever expects to effectively use the modern military weapons of war.
I will give you the very latest action of the General Staff. You have had it yourself in this bill.	The day before yesterday, in the evening, I presented to you, Mr. Chairman, a draft of a proposed piece of legislation which I delivered to you informally under the direction of the Chief of Staff. You will remember that there was a proviso in that first draft that I submitted the day before yesterday which fixed a ratio in aircraft between the Army and the Navy; a ratio which the Chief of Staff considered necessary to properly take care of the Army Air Corps in this general move to build up the air defenses of the United States.
The day before yesterday, in the evening, I presented to you a draft of a proposed piece of legislation which I delivered to you informally under the directions of the Chief of Staff. If you have read it, you will remember that there was a proviso in that first draft that I submitted the day before yesterday that fixed a ratio between the Army and the Navy to what we felt was necessary to take care of the Army Air Corps in this general move to build up the air defenses of the United States.	Within 24 hours the first draft was changed. The new draft that you have on your desk now I do not have a copy of. It was supposed to have been furnished to me, but I did not receive it. It was presented to you formally and officially over the signature of the Secretary of War. The new draft contains an ambiguous clause. I visited the Deputy Chief of Staff and the Chief of Staff last night and they asked me to read it. I read it and the point that stood out was that the new formal draft fixed a maximum limitation of 2,000 airplanes. In other words, within 24 hours the War Department General Staff policy had changed. I asked the reason for it, and was advised to the effect that the amendment provided for more leeway in securing the number of airplanes desired. I had a different explanation from a General Staff officer this morning to the effect that it was put in there deliberately for the purpose of ambiguity.
Within 24 hours they changed that. The paper that you have on your desk now I do not have a copy of. It was supposed to have been furnished to me, but I did not receive it. It was presented to you formally and officially over the signature of the Secretary of War. That contains an ambiguous clause in it. I went before the Deputy Chief of Staff and the Chief of Staff last night, and they asked me to read it. I read it, and the very point that I brought out was that that proviso sets a maximum limitation on what we can do. Inside of 24 hours they had changed the policy. I asked the reason for it. It is just a little more leeway in order to enable them to handle what they want. But I got no explanation. I did get an explanation from a General Staff officer this morning to the effect that it was put in there deliberately for the purposes of ambiguity. Whom are they trying to fool? You? Me? Or someone else?	Mr. James brought out this very point, and it should be kept in mind in connection with these hearings. It is this very ambiguity which in the final analysis may give to the General Staff full authority, in the future, to fix any limitation on Army aircraft they may desire.
I am suspicious. As I say, I fought them for 20 years, and I think they are trying to fool you and trying to fool me.	Mr. James has also brought out the point that these points must definitely be fixed by law, if you want to have them the way they ought to be.
Mr. James brought out the point that should be kept in mind in connection with this very thing. A lot of this is covered in a concrete case, but it represents the trouble that we have had in the past 20 years. It is the very ambiguity which, in the final analysis, gives the responsibility to the General Staff to do as they blame please. That is why that provision is in there, in my opinion.	* * * * *
* * * * *	
The very point that I am trying to develop is the neces-	The vital point that I am trying to develop is the necessity

ORIGINAL TESTIMONY—contd.	ALTERED TESTIMONY—contd.
sity of having an independent organization that can function without a lot of obstruction.	of having an independent Army Air Corps organization that can function efficiently outside of the present cumbersome General Staff system.

Further in this testimony Major General Foulois, in discussing the procurement for the Air Corps under the Public Works Administration, stated that under the old routine the Chief of the Air Corps would have been called upon by the Assistant Secretary of War for Air to prepare the program. He further stated:

"Now without an Assistant Secretary of War for Air that program is brought up by the General Staff without even consulting the Chief of the Air Corps."

In our previous report we pointed out the falsity of this statement by setting forth an official communication dated November 29, 1933, addressed to the Chief of the Air Corps from the budget office of the War Department, advising him of the availability of funds for the procurement of aircraft and requesting advice thereon "indicating the monthly apportionment desired." Major General Foulois further testified:

"We have no control over our bombs, our machine-gun ammunition, our guns, our radio equipment, all of which go to make up a combatant fighting military airplane."

As to this statement, we call attention to the testimony of Maj. Gen. Hugh A. Drum, Deputy Chief of Staff, who, when his attention was called to Major General Foulois' testimony in regard to the matter, testified, under oath, in part, as follows:

"If he has not represented the needs of the Air Corps in machine guns and bombs and radio equipment, and so forth, he has neglected his duty. No doubt there is a control, because all the money we want is never given us, naturally."

Major General Foulois also testified:

I never have an opportunity to defend the request for the things that we need; pay of the Army Air Corps, the Reserve officers that we are supposed to have; the Reserve officers that are supposed to be on extended active duty—all of those elements, anything that has to do with pay, with Reserve officers, with armament, machine guns, bombs, Signal Corps equipment (that is, radio), are all under other branches of the War Department, and I am expected to take the responsibility. It is the Chief of the Air Corps that has the responsibility for building up the Air Corps, and he is not allowed to make the recommendations, or if he does make the recommendations, no attention is paid to him; he is never called in to defend his own recommendations; he is never called in to defend the requests for amounts of money, either before the Budget Director or before Congress. Yet, when the money is allotted, it is usually allotted regardless of his own recommendations, and in the end he is harnessed with a responsibility to get the thing done.	I never have an opportunity to defend the requests for many of the things that we need, such as pay of the Army Air Corps, the pay of Reserve officers that we are required to have, the number of Reserve officers that are required to be on extended active duty, or anything else that has to do with pay, with armament, machine guns, bombs, Signal Corps radio equipment, all of which are under other branches of the War Department. It is the Chief of the Air Corps who is charged with the responsibility for building up the Air Corps, yet he is not called upon to make full recommendations; or if he does, on his own initiative, make such recommendations, War Department priorities usually render such recommendations of no value. He is seldom called in to defend his recommendations in connection with funds appropriated to other branches for Air Corps purposes. He is never called in to defend, before the Director of the Budget or before Congress, funds estimated for by other branches for Air Corps purposes. Yet, with all these financial restrictions and handicaps, the Chief of the Air Corps is held responsible for the efficient and economical administration and operation of the Army Air Corps.

In order to emphasize the falsity of this testimony and as further evidence of his deliberate attempts to mislead, certain records of the War Department are set forth:

WAR DEPARTMENT,
THE ADJUTANT GENERAL'S OFFICE,
November 8, 1926.

Subject: War Department appropriations.
To: The Chief of Finance.

Hereafter chiefs of War Department branches and bureaus will be present during the entire time that hearings are being held for appropriations pertaining to their respective branches by the Director of the Bureau of the Budget and by committees of Congress.

By order of the Secretary of War.

R. S. KIMBALL, *Adjutant General.*

WAR DEPARTMENT,
OFFICE OF THE BUDGET OFFICER,
Washington, August 16, 1930.

Subject: Hearings on War Department estimates, fiscal year 1932, before the Bureau of the Budget.

1. The hearings on the War Department estimates for the fiscal year 1932 before the Director of the Bureau of the Budget are scheduled for 1:30 p. m., August 25, 26, 27, 29, and September 2, 3, 5, 8, 9. Each arm, service, or bureau will be informed as much in advance as possible of the date and hour its representatives will be required to appear.

2. The Chief of Staff will open the hearings at 1:30 p. m., August 25, and it is desired that each chief of arm, service, or bureau of the War Department be present at that time.

3. In general, the order of the hearings will be that in which the appropriations appear in the bill, beginning with departmental salaries, followed by printing and binding, contingent, and military items. The nonmilitary items will be taken up in the order in which they occur in the bill after completion of all military items.

4. In order that this office may have record of the names of witnesses to appear, and the portion of the estimates which each will explain, it is requested that this office be furnished, on or before August 23, with a list of the appropriation titles pertaining to your activity, including departmental salaries and printing and binding, with names of the witnesses who will appear to explain the same.

5. In connection with the hearings now scheduled and the hearings to be held by the committees of Congress, your attention is invited to letter of November 8, 1926, from The Adjutant General to the chiefs of branches as follows:

"Hereafter, chiefs of War Department branches and bureaus will be present during the entire time that hearings are being held for appropriations pertaining to their respective branches by the Director of the Bureau of the Budget and by committees of Congress."

By authority of the Secretary of War:

R. L. CARMICHAEL,
Major General,
Budget Officer for the War Department.

WAR DEPARTMENT,
OFFICE OF THE BUDGET OFFICER,
Washington, September 22, 1933.

Subject: Hearings by Deputy Chief of Staff on military estimates, fiscal year 1935.

To the Chiefs of Arms, Services, and Bureaus:

1. For the purpose of preparing a general plan for the justification of the military estimates of the War Department for the fiscal year 1935, and to conduct a rehearsal of the testimony to be presented by each Chief of Arm, Service, or Bureau before the Bureau of the Budget, hearings will be conducted before the Deputy Chief of Staff in the General Council Room, State, War, and Navy Building, beginning Monday, October 2, 1933, and continuing from 9:30 a. m. to 12 m. and 1.30 p. m. to 4:30 p. m. each day until completed. Hearings will include approved changes in language.

2. The schedule of the hearings will follow in sequence the arrangement of appropriations as carried in the Appropriation Act, 1934, beginning with the Assistant Chief of Staff, G–2, estimate for "Contingencies, Military Intelligence Division", and concluding with the National Board for the Promotion of Rifle Practice.

3. Each Chief of Arm, Service, or Bureau, accompanied by such assistants as will be present at the Bureau of the Budget hearings, will attend. Notification of the date and hour of branch hearings will be furnished through the fiscal officers concerned.

By authority of the Secretary of War:

F. W. COLEMAN,
Major General,
Budget Officer of the War Department.

The attention of the Deputy Chief of Staff, Major General Drum, was called to the statement of Major General Foulois as quoted above, and at the request of the subcommittee he attended a hearing, was duly sworn as a witness, and testified that Major General Foulois had every opportunity to "appear before the Budget Advisory Committee and before the Bureau of the Budget and before Congress." He also said that Major General Foulois "has every opportunity to present the views and recommendations before the program for the year has been made up before the Budget Advisory Committee or Bureau of the Budget and Congress on everything that pertains to the Air Corps, whether it is supplied by the Air Corps or some other branch."

After characterizing the above-quoted statement of Major General Foulois as a misstatement of fact, Major General Drum further emphasized that Major General Foulois has—

"an opportunity to make his statement on anything that pertains to his branch and question of money for reserve, the question of bombs, machine guns, radio equipment—and there is an opportunity afforded him in his appearance and statements to cover those subjects. There is no restriction on him. He is ordered to do it and he is neglecting his duty if he does not present them."

In corroboration of his testimony, Major General Drum submitted a memorandum prepared by the Chief of the Budget and Legislative Planning Branch of the War Department showing that—

"as the first step in the preparation of the tentative directives for the military estimates for the fiscal years 1932 to 1936, both inclusive, all chiefs of arms, branches, and bureaus were directed to communicate directly with each interested division of the General Staff, submitting thereto their recommendations, if any, as to new activities pertaining to their respective offices to be provided for, or former activities to be abandoned or modified in the estimates for the fiscal year under consideration.

In conformity therewith, the Chief of Air Corps each year submitted the predicted requirements of the Air Corps in personnel, material, and training, and made such recommendations with reference to Ordnance Department, Signal Corps, and Organized Reserve requirements as were pertinent. General Foulois became Chief of the Air Corps on December 22, 1931. At that time, the Appropriation Act for the fiscal year 1932 was financing current

expenditures. The Military Subcommittee of the House Appropriations Committee was holding hearings on the fiscal year 1933 estimates, the Air Corps' portion of which was presented by General Foulois on January 5, 1932. The call for recommendations concerning the fiscal year 1934 directive was made on December 30, 1931, 8 days after General Foulois took office. On January 12, 1932, General Foulois signed a memorandum for the Assistant Chiefs of Staff, G–1, G–3, and G–4, setting forth the requirements of the Air Corps for the tentative directive, fiscal year 1934. *This memorandum covered the field of Air Corps activities and stated the requirements in great detail.* (Italics ours.)

"On March 31, 1932, General Foulois appeared *in person* before the Budget Advisory Committee and with the aid of five assistants presented the Air Corps' estimates for the fiscal year 1934. Before forwarding the report of the Budget Advisory Committee for approval by higher authority, the budget officer for the War Department on June 20, 1932, informed the Chief of Air Corps of its recommendations concerning Air Corps activities and instructed him to submit any statement concerning these recommendations he saw fit. In reply thereto, the then Acting Chief of Air Corps (General Westover) on June 22, 1932, submitted a reclama regarding the recommendations on the number of pilots and airplanes and the amount of equipment to be provided. This reclama was carefully considered by the successive reviewing authorities at the time the Budget Advisory Committee's report was examined, and an additional amount aggregating $1,088,014 over that allowed by the Budget Advisory Committee was allotted to the Air Corps. General Westover was present and presented the Air Corps' contentions at the meeting of the general council which recommended the increase. *On October 20, 1932, General Foulois appeared before Mr. Roop, Director of the Budget, and personally presented the Air Corps' estimates. On December 14, 1932, he presented the Air Corps' estimates before the Military Subcommittee of the House Appropriations Committee.*" (Italics ours.)

"Before the War Department's expenditure program for the fiscal year 1934 could be promulgated the incoming Director of the Bureau of the Budget imposed a limitation on the amounts that could be withdrawn from the Treasury during the fiscal year 1934. The Chief of the Air Corps did not participate in the negotiations and conferences which took place at that time between representatives of the Secretary of War and of the Director of the Bureau of the Budget for the reason that the Director of the Bureau of the Budget prescribed that no one except the immediate advisers of the Secretary of War should be informed in the matter. However, the War Department's representatives did succeed in having the limitation of $16,557,915 originally imposed on the Air Corps by the Director of the Bureau of the Budget raised to $20,612,400. As soon as the limiting Air Corps figure was finally prescribed by the Director of the Bureau of the Budget, the Chief of Air Corps was promptly informed of the amount that had been allotted to his establishment and was requested to consider the effect on Air Corps activities and to submit recommendations concerning possible transfers to his appropriation from other appropriations, at the same time indicating the appropriations that could be reduced and the reasons therefor. In reply the Chief of Air Corps recommended that $150,000 should be transferred from "Air Corps, Army" to "Organized Reserves", and this recommendation was approved.

"On February 13, 1933, General Foulois signed a memorandum for the Assistant Chiefs of Staff, G–1, G–3, and G–4, setting forth the requirements of the Air Corps for the tentative directive, fiscal year 1935. Among the recommendations covering the requirements of the Air Corps was included the following: 'It is recommended that there be no limiting figure which will prevent the submission of programs by the Ordnance Department and the Signal Corps for the procurement of material provided by these departments for use by the Air Corps. This recommendation is submitted with particular reference toward securing estimates for the necessary bombs, machine guns, and radio sets.' On July 17, 1933, General Westover personally appeared before the Budget Advisory Committee and presented the Air Corps' requirements in the detail they desired. The Budget Advisory Committee carefully coordinated Air Corps requirements estimated for by other bureaus and consulted with Air Corps representatives to assure itself that the Air Corps was properly provided for in such estimates. *Although afforded an opportunity by the budget officer for the War Department to state any disagreement with the recommendations of the Budget Advisory Committee, the Chief of Air Corps did not avail himself of the opportunity.* (Italics ours.)

"*On October 18, 1933, General Foulois personally appeared before* the representative of the Bureau of the Budget (Colonel Dasher) who was examining the War Department's estimates in the office of the budget officer for the War Department and presented the Air Corps' requirements. *On November 13, 1933, General Foulois personally appeared* before the Assistant Director of the Bureau of the Budget (Mr. Lowry), who was conducting hearings in the Bureau of the Budget on the War Department's estimates, and read a formal statement concerning Air Corps requirements. Following this, he replied at length to questions propounded to him and discussed the activities of his establishment at length. *On February 14, 1934, General Foulois appeared personally* before the military subcommittee of the House Appropriations Committee and discussed Air Corps requirements in the greatest detail. (Italics ours.)

"On March 24, 1934, General Foulois signed a memorandum for the assistant chiefs of staff, G–1, G–3, and G–4, setting forth the requirements of the Air Corps for the tentative directive, fiscal year 1936. The Budget Advisory Committee has not held hearings in the Air Corps' estimates, but General Foulois will be given the opportunity of presenting the Air Corps requirements at the proper time. The tentative directive provides for 'the completion of the Five-year Air Corps Program.'

"With reference to the control of the Chief of Air Corps over bombs, other ammunition, machine guns, and radio equipment, bureaus other than the Air Corps are required by law to procure, store, and issue such items. In this respect, the Air Corps is in the same position as other using services, except that since the enactment of the Air Corps Act of July 2, 1926, the Air Corps has been accorded preferential treatment. With reference to bombs and other ammunition, the Chief of Air Corps is allotted annual allowances on a money value basis and credits are established in ordnance establishments which issue to the Air Corps the items requisitioned for up to the amount of money value available. The situation would not be changed if funds for these purposes were carried in the appropriation 'Air Corps, Army.' The decision as to the amount of funds to be carried in War Department estimates for these purposes would be made by the same authority which now prescribes the ammunition allowances."

In view of the records, testimony, and quotations above referred to we find as a fact that, notwithstanding his testimony to the contrary, Major General Foulois was given full opportunity to present and defend his proposed budgets for the Air Corps, and that he availed himself of such privilege.

AIR MAIL

A glaring example of mismanagement and inefficiency on the part of Major General Foulois is apparent from his actions or failures to act in connection with the plans and preparations prior to the transportation of the air mail. Major General Foulois testified, under oath, on March 1, 1934, that he was advised of the probability that the Army Air Corps might be called on to carry the mail on February 9, 1934, and that when asked "Whether or not the officers, men, and material were in such state and training and condition to do it" he told the Assistant Postmaster General that he was "quite certain" that the Air Corps could handle the job and that he thought he would be ready to move personnel and material in a week or 10 days. He further testified that he was then given 10 days to prepare for transportation of the air mail. The testimony also shows that Brig. Gen. Oscar Westover, Assistant Chief of the Air Corps, who was put in charge of the air-mail operations the day following the order given for transportation, was not consulted by Major General Foulois or any other officer with reference to the condition of the Air Corps for the proper handling of the air mail, notwithstanding the fact that Brigadier General Westover was available and that he testified that he would ordinarily be consulted in such a move. Brigadier General Westover also testified as follows, in regard to this proposition:

"Mr. ROGERS. Considering the other factors, danger, equipment, landing-field accommodations—considering all those other factors in connection with it, do you feel that at that time, you would have recommended in favor of carrying the mail by the Air Corps?

"General WESTOVER. I doubt whether I would. I certainly would have consulted with the War Department officials with reference to their complications, the question of leasing and doing things of that kind. I mean there are so many angles to it that it would have taken some time to have reached a decision.

"Mr. ROGERS. You would not have felt like doing it until you had considerable time to look into the matter further?

"General WESTOVER. Yes, sir.

"Mr. ROGERS. You would not have been ready at that time?

"General WESTOVER. I would not have been ready. I would not have made an immediate decision."

Apparently after a realization of the detrimental effect of his testimony Brigadier General Westover conveyed to the committee the impression that he may not have been in Washington when the decision for the transportation of the air mail was made, but later undoubtedly realizing the serious nature of testimony under oath, wrote the committee on March 14, 1934, that he was "on duty and available in this city (Washington) from the 1st to the 9th of February, * * *."

Major General Foulois further testified in answer to the question "what experience had they (Army pilots) had in night flying before they took up the mail work" replied:

"I think nearly practically every one of the officers employed on this averaged, even before they graduated from the training center, 30 to 40 hours of night flying; and the men that are employed now on the lines, with possibly an isolated exception here and there averaged I would say 50 to 60 hours at the beginning on night flying. They had that experience before going on the lines."

From records submitted to the committee it appears that D. O. Lowry, second lieutenant, Air Corps, had only 17½ hours' night flying up to the time, of his fatal injury while carrying the mail; another, W. M. Reid, second lieutenant, Air Corps Reserve, had only 8⅓ hours' night flying prior to his crashing while carrying the mail. Other officers involved in night crashes on regular mail runs had the following hours of night flying: H. L. Dietz, second lieutenant, Reserve, 24 hours 25 minutes; N. R. Burnett, second lieutenant, Air Corps, 13 hours; and C. P. Hollstein, second lieutenant, Reserve, 9 hours 50 minutes.

In connection with accidents incident to administration work connected with the air mail, the records show the following:

NIGHT FLYING

	Hrs.	Mins.
G. F. McDermott, second lieutenant, Reserve	13	20
J. H. Rothrock, second lieutenant, Reserve	6	00
W. S. Pocock, second lieutenant, Reserve	12	10
N. H. Crumley, second lieutenant, Reserve	21	15

Further testimony before the committee showed the total lack of preparation made by the Chief and Assistant Chief of the Air Corps for the welfare of the personnel engaged in the carrying of the mail, the preparation in regard to their per diem allowances, working conditions and the availability of hangars within which the planes were to be housed during the time for necessary repairs and inspection.

EXHIBIT B

[House of Representatives, Report No. —, 74th Cong., 1st sess.]

WAR DEPARTMENT INVESTIGATION—FINAL REPORT BY SUBCOMMITTEE NO. 3 OF THE COMMITTEE ON MILITARY AFFAIRS, DESIGNATED BY SAID COMMITTEE TO INVESTIGATE THE TRANSACTIONS OF THE WAR DEPARTMENT

To the Speaker and House of Representatives:

Your Subcommittee No. 3 of the Committee on Military Affairs, having conducted many hearings relating to the transactions of the War Department, beg leave to make the following final report of our acts and doings and conclusions upon the same:

Your subcommittee has held a great many hearings, has examined scores of witnesses, has inspected volumes of records and documents and has patiently worked to ascertain the facts relating to War Department business transactions, such as the purchase of material, motor cars, airplanes, and supplies generally. Your committee has studiously avoided sensationalism and has scrupulously protected the names and reputations of various persons whose conduct was brought into question.

After months of diligent investigation your subcommittee held a lengthy conference with the Secretary of War and revealed to him many of the facts that have come to the attention of the committee and the names of some of the persons that have been under investigation. The Secretary of War assured your committee that he would promptly take steps to have the conduct of such persons further investigated by the Inspector General of the Army and subsequently the Secretary of War officially notified the committee of his action in which he had ordered a prompt and searching investigation by the Inspector General.

The investigation by your committee was in no sense the result of the investigation by the grand jury of the District of Columbia which began early in February 1934, and continued through several weeks. The Chairman of the Committee on Military Affairs on March 20, 1933, introduced House Concurrent Resolution 6 seeking an investigation into the existing establishments of national defense. Failing to obtain favorable action upon said concurrent resolution, the chairman of the committee on January 11, 1934, introduced House Resolution 219, seeking to set up a special committee of the House to make a survey of all the facts affecting the existing establishments for national defense. Failing to obtain favorable action on House Resolution 219, the chairman of the committee on February 30, 1934, introduced House Resolution 275, to authorize the Committee on Military Affairs to conduct the investigation into War Department transactions. This House Resolution 275 was unanimously adopted by the House, and subsequently the House, by House Resolution 284, authorized the payment of the expenses of conducting such investigation not to exceed $10,000. Subsequently the House by resolution increased the amount from $10,000 to $30,000, for the purpose of defraying the necessary expenses incident to such investigation.

Your committee is pleased to report that it has expended only about one-fourth of the amount authorized by the House.

Your committee desires to acknowledge with thanks the cooperation given by the Honorable J. R. McCarl, Comptroller General of the United States, for lending to the committee the services of certain of the trained attorneys and accountants in his office. Furthermore, your committee acknowledges with appreciation the services rendered by an officer of the War Department from the Division of the Inspector General of the Army. Furthermore, the committee takes pleasure in recording the splendid cooperation that has been rendered by the Department of Justice, especially through the Bureau of Investigation, and by the Bureau of Internal Revenue of the Treasury Department.

It was freely circulated through the press of the country that the grand jury of the District of Columbia, which investigated certain phases of War Department transactions, failed to return any indictment against any individual but that the said grand jury did, through the United States attorney of the District of Columbia, communicate certain recommendations to the President of the United States and to the Secretary of War concerning War Department affairs. Your committee is reliably informed that this special report of the grand jury contained several criticisms of the methods and practices obtaining in certain parts of the War Department.

In addition, the pernicious practice of political and personal lobbyists, collecting fees upon the pretense of being able to exert influence upon War Department officials charged with responsibilities of either purchasing property or selling surplus property, was severely and forcibly condemned. The result of the investigation by your committee justifies it in joining heartily in the criticisms made by the grand jury and in its condemnation of the pernicious practice of lobbying in the manner under scrutiny.

Your committee recognizes that there is a proper form of lobbying relating to legislation whereby the so-called "lobbyist" furnishes information relating to the subject under consideration. But where individuals, whether members of the bar or not, collect large fees upon the pretense of being able to exert influence and to bring about official action in favor of the person paying the large fees, your committee thinks it is a most serious and deplorable practice. Your committee is glad to report that from its finding such improper and undue influence is actually exerted in relatively few cases. But the wrong consists largely in obtaining money from credulous business people who are led to believe that public officials are either weak enough or corrupt enough to take action not based upon the merits but based upon the personal influence of the lobbyist.

MAJ. GEN. BENJAMIN D. FOULOIS

At the time of the transmittal of the communication of August 21, 1934, to your subcommittee by the Secretary of War, he evidently had been informed or advised by Major General Foulois that Major General Foulois had been denied the opportunity to appear before the subcommittee or before the full committee on the matters covered in the two preliminary reports of your committee. That is clearly indicated from the phraseology of the letter.

This opinion, apparently entertained by the Secretary of War, was completely erroneous. The records bear out the positive assertion of your committee that Major General Foulois had appeared before the full Committee on Military Affairs or before your subcommittee and had testified at least once regarding each of the specific findings embodied in the two preliminary reports. Upon some of them he had appeared more than one time.

The Secretary of War conferred in person with the members of your subcommittee on December 13, when sessions had been resumed, and the true facts were given him in detail. Your committee will outline them briefly.

The subcommittee no. 3 of the committee, on May 7 last, reported to the House (Rept. No. 1506, 73d Cong., 2d sess.) its findings on the matter of the expenditure of the $7,500,000 allocated to the War Department for the purchase of airplanes out of Public Works Administration funds and reported that the action of Assistant Secretary of War Harry L. Woodring in the matter was in full accord with the spirit and the letter of existing law while the action of the Chief of the Air Corps, Maj. Gen. Benjamin D. Foulois, was in the opinion of the subcommittee and in the opinion of the Judge Advocate General of the Army and the Comptroller General of the United States in clear violation of existing law.

The subcommittee further reported in the matter that the statement Major General Foulois made to the subcommittee of the Committee on Appropriations on War Department appropriations that before bids were invited a change was made in the specifications by The Assistant Secretary of War, was untrue and not in accordance with the facts.

The subcommittee no. 3, on June 15 last, made another report to the House (Rept. No. 2060, 73d Cong., 2d sess.) in which it reported to the House certain violations and evasions of law and Army regulations by Major General Foulois as well as certain gross misconduct and inefficiency on his part and recommended that he should be relieved from his position as Chief of the Air Corps by the Secretary of War. The report was printed as a House document and a copy of the report was given to the press for the information of the public generally, and a copy was transmitted by the chairman of the subcommittee to the Secretary of War for his information.

In the letter of August 21 addressed to the chairman of the subcommittee, the Secretary of War stated that he could take no action looking to the removal of Major General Foulois as Chief of the Air Corps for the reason that the recommendation of the committee was not based upon a full and complete hearing wherein the constitutional rights of the accused were assured. The letter of the Secretary of War is appended hereto, marked "Exhibit A."

The Secretary stated further that since the subcommittee recommended the removal of Major General Foulois, he could not refer the case to a military tribunal, since such a step might suggest a reflection on the subcommittee. The subcommittee conducted its investigation in full compliance with the precedents and practices adhered to by congressional investigating committees since the very beginning of the Government. The subcommittee was not and could not be in any sense a trial court.

The subcommittee fully understands that an investigation by the Congress or by any committee thereof is in no sense a trial. Such an investigation is merely what it declares itself to be, and what all persons experienced in legislative matters understand it to be, namely, an inquiry seeking to ascertain facts relating either to officials of the Government or to the methods of conducting the business or the duties of the various departments and bureaus thereof. If, in the conduct of such investigation, any kind of official misconduct or failure of duty or violation of either the civil or criminal laws of the Congress are found, it has been the unbroken custom and practice from time immemorial for the investigating committee or body to give notice and information to the proper department or bureau as to the nature of the facts ascertained and of the names of the persons affected thereby. The Senate has in recent years conducted a great number of investigations, and in many of them has uncovered acts of criminality or breaches of trust on the part of public officials. The subcommittee, therefore, was following the line of usual procedure in such matters when it transmitted to the Secretary of War a copy of its report.

The hearings of the subcommittee were made executive at the insistence of Major General Foulois himself. The deliberations, the findings, and the recommendations of the subcommittee were based entirely and solely on matters upon which Major General Foulois had appeared and, as previously stated, had testified before your committee, in some instances more than once. The subcommittee endeavored repeatedly to get Major General Foulois to appear and testify further before it for some several weeks before its report was made to the House. Each time, however, the efforts of the subcommittee were met with the plea from Major General Foulois that he had to be out of the city, or was ill, or for some reason could not come to testify.

The subcommittee could not wait indefinitely, as adjournment of Congress was rapidly approaching, and it felt that in the public interest it must make its report to the House before the adjournment of the Congress. It therefore proceeded to eliminate from its consideration and deliberations all matters upon which Major General Foulois had not testified, and to reach its determination in the case solely and entirely on those matters upon which Major General Foulois had appeared and testified.

A thoughtful reading of the report will confirm this fact.

The subcommittee carefully placed in the report to the House only such evidence as it had considered in reaching its determinations and it was on this evidence, and this evidence alone, that the findings and the recommendation of the subcommittee were based. We therefore reiterate that as to all these matters Major General Foulois did testify.

The subcommittee received advice and assurances from high and responsible authorities in the War Department as to procedure in the case and confidently expected that the case would be referred to a military tribunal for appropriate action. The subcommittee knew that the Secretary of War had no power himself under the law peremptorily to remove Major General Foulois. It did not regard its recommendation as in any sense a mandate to the Secretary of War, for the subcommittee well knows that neither it nor the House of Representatives has the power to issue a mandate to the Secretary of War dealing with an administrative matter in his Department. The recommendation stands for what it is worth, and leaves the matter of procedure and the mode of action to the responsibility of the Secretary of War.

The findings of the subcommittee were:

"(1) Major General Foulois willfully and deliberately violated existing law in the purchase of airplanes and aircraft material.

"(2) He accused superior officers of willfully attempting to deceive this committee.

"(3) He testified falsely before the subcommittee as to his opportunity and authority in presenting Air Corps needs to the Director of the Budget.

"(4) He advised the Second Assistant Postmaster General that the Air Corps was prepared to fly the air mail when the record shows that he as Chief of the Air Corps should have known differently."

To illustrate this last finding we recapitulate and quote from the report of the subcommittee, report no. 2060, page 12:

"Major General Foulois further testified in answer to the question. 'What experience had they (Army pilots) had in night flying before they took up the mail work', replied:

"'I think nearly practically every one of the officers employed on this averaged, even before they graduated from the training center, 30 to 40 hours of night flying; and the men that are employed now on the lines with possibly an isolated exception here and there averaged, I would say, 50 to 60 hours at the beginning on night flying. They had that experience before going on the lines.'

"* * * records submitted to the committee * * * [show] that D. O. Lowry, second lieutenant, Air Corps, had only 17½ hours' night flying up to the time of his fatal injury while carrying the mail; another W. M. Reid, second lieutenant, Air Corps Reserve, had only 8⅓ hours' night flying prior to his crashing while carrying the mail. Other officers involved in night crashes on regular mail runs had the following hours of night flying: H. L. Dietz, second lieutenant, Reserve, 24 hours 25 minutes; N. R. Burnett, second lieutenant, Air Corps, 13 hours; and C. P. Hollstein, second lieutenant, Reserve, 9 hours 50 minutes.

"In connection with accidents incident to administration work connected with the air mail, the reports show the following:

NIGHT FLYING

	Hrs.	Mins.
G. F. McDermott, second lieutenant, Reserve	13	20
J. H. Rothrock, second lieutenant, Reserve	6	00
W. S. Pocock, second lieutenant, Reserve	12	10
N. H. Crumley, second lieutenant, Reserve	21	15

Since the subcommittee made its Report No. 2060 on June 15, 1934, we are informed that Major General Foulois has been stripped and shorn by the War Department of much of his power and authority. On December 13 last, after the Secretary of War had appeared before and conferred with the subcommittee, the Secretary immediately, on said December 13, issued an order to the Inspector General of the Army to initiate promptly a searching and complete investigation into the facts concerning Major General Foulois, and to make to the Secretary a full report at the earliest practicable date. Such action is the usual step preliminary to placing such a matter before a military tribunal.

The subcommittee is pleased to report that because of its insistence together with the attitude, the efforts, and the cooperation of The Assistant Secretary of War, Mr. Woodring, and the Comptroller General of the United States, Mr. McCarl, it is understood the law providing for the purchase of airplanes and aircraft material is being substantially complied with at this time by the War Department.

MOTOR VEHICLES AND SURPLUS PROPERTY

The evidence, written and oral, developed by the committee, establishes a deplorable condition that has existed over a long period of years, prejudicial both to the interest of the United States and to the interests of those individuals and corporations seeking business with the United States, especially in the fields of motor vehicles and surplus property.

On the one hand, there have been disclosed special agents, or lobbyists, for certain dealers, who have been employed almost solely by reason of their supposed ability to make special contacts with Government officials and to secure special consideration or advance information for their employers. These special agents or lobbyists have had practically unsupervised and liberal drawing accounts for expenses, through which Government officials willing to accept such favors have been generously entertained in the homes of these lobbyists and in the more expensive hotels of the District of Columbia. It also was testified loans or gifts in money, apparently, have been made to at least two War Department officials in high positions.

Special discounts and favorable trades on the purchase of new cars also have been given to inspection officers in a position to influence the purchase of cars, which special discounts and favorable trades were not open to the general public, or even to other officers of the Army not having to do with procurement, except in one instance which has been admitted of a corps area commander who obtained such special discount on the purchase of a new car by making his request through an inspecting subordinate officer.

On the other hand, there have been disclosed officials having authority in the matter of inspection and procurement, who not only have willingly accepted frequent entertainment and special discounts as offered to them but have sought such entertainment. Loans of money and gratuities of various sorts have, in addition, been offered to these officials in return for which it appears to be established that they have given advance information relating to specifications and probable purchases, to the extent that a rivalry has grown up between the lobbyists for certain motor vehicle concerns and surplus property dealers.

This practice has grown to such an extent that the rival factions looking for this business have produced a condition whereby, at certain times, one concern, or more, has been "written out" of specifications. The concern or concerns "written out", however, usually have been able at some later period to have specifications written largely around their own product and to have the concern "written out" which previously had been "written in." No matter which dealer has been favored by the specifications, the situation which has existed has stifled any bona fide competition and has frustrated the purposes of the Congress, as expressed in the statutes, and has prejudiced the national defense.

In at least one instance the specifications were changed from 200-cubic inch displacement to 205-cubic inch displacement, which "wrote out" of the specifications a certain manufacturer of a popular truck, so that when he bid he was required to furnish a much larger engine and a more expensive engine in competition with his competitors.

The testimony produced shows that at one time full force-feed lubrication was required in certain specifications, drawn in the War Department, and had it not been for agitation through this committee, and otherwise, resulting in the specifications being modified, it would have been necessary for one truck manufacturer to increase his cost of production by at least $10 per truck, in order to compete.

Your committee finds that so-called "military characteristics" have frequently been written into specifications, so that standard products could not be furnished by competing concerns.

It seems to your committee that these specifications should, as far as possible, pertain only to standard makes or standard specifications for ordinary trucks. In case of war, only standard equipment would be available in large quantity production.

We see no proper basis for the writing of any standard product out of the specifications, on the basis of cubic-inch displacement, until the products of the various dealers have been submitted to an unprejudiced test, such as a dynamometer test in the Bureau of Standards.

A further criticism that your committee desires to offer is that specifications for the trucks are not written far enough in advance of the actual purchase to enable those manufacturers whose products do not conform with the specifications to compete on equal terms with those whose products substantially do conform to the specifications as written.

From evidence adduced, your committee feels that the War Department should change its policy in connection with the sending out of invitations to bid so that ample time is given to all those desiring to enter the competition. As soon as the appropriate bills have become law the War Department should immediately start its plan of procurement and not wait until toward the end of the fiscal year before making the actual purchases. Your committee finds by evidence that, in many cases, purchases have been so delayed that it has necessitated telegraphic communications on invitations for bidding.

Your committee recommends further that the writing of the specifications for all motor vehicles for the War Department should be made by a single agency, rather than having the heads of a

bureau or bureau chiefs made responsible in the different arms of the service.

During the 1933 fiscal year the War Department appropriation subcommittee changed its policy, so that the responsibility was placed upon the Chief of the Bureau of Militia in writing the specifications for the Militia Bureau trucks. The Quartermaster General testified before your committee that this change was made without consultation with him.

Your committee found that bad practices existed at Camp Holabird in connection with the opening of bids. In fact, a sign was posted in the office of the contracting and purchasing officer to the effect that no information would be given to bidders in reference to the exceptions or details of a competitor's bid after the opening. When this was called to the attention of the Quartermaster General by your committee that practice was ordered to be discontinued, so that it is understood such information now is available to competitors after the bids are opened.

Your committee adds a recommendation which has been arrived at only after the most careful thought and study, and after extensive consultation with The Assistant Secretary of War and his staff, the Quartermaster General and members of his staff, and qualified representatives of the automotive industry. It recommends that previous to the issuance of invitations for bids, conferences be held by the Quartermaster General in which authorized representatives of the industry shall meet with him or his representative, together with The Assistant Secretary of War and the Comptroller General, or their representatives.

Your committee feels that such conferences will constitute a fundamental and an effective step in eliminating the great bulk of the sorry practices which have grown up, some of which have heretofore been described. It is pleased to report that among the long line of witnesses it has heard upon this proposal, representing all the offices and the industrial groups mentioned, all have heartily acquiesced and declared their intention of bringing such procedure into operation.

Specifications will as a result be less restrictive, and will, in the language of Mr. James, be "broad enough so that they will be satisfactory to the Comptroller General, the War Department, and the industry itself." Complaints would be reduced in number, changes fewer, and the pernicious activities of lobbyists sharply curbed.

At this point your committee desires to note that early in its investigation it learned with dismay that a combination of circumstances had left only one motor concern eligible to bid on War Department as well as on all Government proposals for the lighter type of motor vehicles. This one concern for a time was supplying the large needs of the Government without competition, and the record indicates that the cost to the Government was appreciably higher as a result thereof.

Through its own findings and activities, your committee is able to report that such situation has been corrected. At least two competing concerns, and on some occasions more, have been eligible to offer bids in response to every invitation of the War Department since the policy was changed as indicated. The change in policy, for which your committee feels responsible, manifestly has operated to keep prices per unit at lower levels, thus effecting a saving to the Government and permitting acquisition of a greater number of vehicles for the moneys the Congress has made available.

There can be no question that the tendency of the situation which evidence shows has existed has been to corrupt weak Government officials, as well as the dealers and subcontractors who have participated in creating the situation. The great host of honest Government officials and business representatives have been placed under suspicion, and the complete procurement system has been brought into disrepute through the machinations of an apparently few corrupt and dishonest officials and agents. It is undeniable that corrupt business agents have sought and have obtained special consideration and information from dishonest and weak Government officials. Such corrupt agents furthermore have sought and obtained gratuities even from the subcontractors and would-be subcontractors of their own employers.

One of these special agents or lobbyists for a motor-vehicle concern, who, it is established by abundant evidence, frequently entertained and gave favors to Government officials, has admitted under oath that his expense accounts shown on the books of his employer misrepresent the facts contained therein. The said special agent or lobbyist admitted under oath that he had not in fact conversed with or entertained two of the several prominent Government officials in the manner shown by his expense accounts.

This same special agent or lobbyist, through one of his subordinates, obtained surreptitiously from Government files advance information in reference to certain phases of this committee's investigation. Upon obtaining such advance information said lobbyist and his subordinates took immediate action to contact witnesses having knowledge of facts which your committee was known to have under investigation, and made it very difficult for this committee thereafter to elicit accurate testimony from these witnesses, who were called by your committee to testify and who were conversant with the facts.

Your committee desires here to point out that many of the bad practices which it has uncovered through private investigation and through long and extended hearings have been remedied by the proper Government officials, when brought to their attention, and therefore feels that a vast amount of good already has been accomplished through its investigation, resulting probably in the actual saving of millions of dollars. Your committee deems it best in the public interest, however, not to be more specific at this time.

Your committee cannot too strongly condemn the practice which the evidence has disclosed respecting the carrying on of certain phases of the Government business outside of the Government offices, in hotel rooms, hotel lobbies, and the private homes of Government officers or lobbyists. Numerous instances are established showing the vicious results of such modes of transacting public business.

For example, in the private home of a high-ranking officer, there was burned by said officer a paper copy of specifications which had been written in the office of The Assistant Secretary of War, to eliminate from competition one of the leading motor-vehicle dealers. This copy of specifications had come into the hands of the officer in confidence, and he in turn, upon the testimony of two witnesses who were present, is shown to have placed it in the hands of the dealer affected, in an irregular and unauthorized manner. The burning of this paper took place in the presence of said two witnesses, one of them being the agent of the dealer affected, who admitted the occurrence under oath. The secret knowledge thus disclosed was doubtless of great value to this agent and to his employer.

This same high Government official, having to do with procurement, is shown to have visited, both in and out of Washington, in the hotel rooms and in the private homes of lobbyists, and in those places to have discussed the Government business in which said lobbyists were interested, and to have given them information, probably of great value, through which they either did secure or hoped to secure large Government orders.

This same officer, moreover, is established to have given a 6 months' note for $2,500, payable to bearer, to one of the most active lobbyists engaged in the motor-vehicle business. There is considerable evidence, based on the sworn testimony of four witnesses, that the note was given in return for cash in that amount, and that the said officer has at no time offered to pay said note, either when due or since, but on the contrary has endeavored to repossess himself of said note without paying the same.

On one occasion it is established on the testimony of several witnesses that the said officer sought out and met by appointment the holder of his note in the city of New York while the latter was a fugitive from justice. The officer admitted being with said fugitive while he himself was a responsible Government official, but stated that it did not occur to him to turn the said fugitive over to the Department of Justice or to the local police or to report to the Department of Justice that he had seen said fugitive from justice in the city of New York.

It seems to your committee that a fair inference from his failure in this respect is that said officer did not desire the apprehension of said fugitive, lest the latter should disclose to this investigating committee the facts concerning the note which had been given.

It seems to your committee also that evidence adduced before your committee establishes beyond any reasonable doubt that conferences were held in private places between a notorious Army surplus-property lobbyist and the lobbyists of one or more motor-vehicle concerns; that these conferences were held for the purpose and with the intention of entering into an agreement or conspiracy which would have deprived the Government of the benefit of any bona fide competition in the procurement of motor-vehicle equipment throughout the period of the present economic emergency; and that had the witnesses which testified before your committee been available at the time of the District of Columbia grand-jury inquiry in February 1934, an entirely different result might have been reached.

In one instance, a high official in the office of the Judge Advocate General of the Army is shown not only to have gone to the hotel room of a purchaser of surplus Army property, but is shown also to have participated in the negotiation and preparation of a contract at his own home where there were present numerous lobbying agents.

WAR DEPARTMENT INVESTIGATION

This same officer is shown repeatedly to have sought and obtained large fees from private corporations in matters which related to his official duties, and to have injected himself into numerous Government transactions in other Government departments, whereby he was able to favor claimants against the United States, who, in turn, favored him by the payment of fees or otherwise.

Evidence also discloses that while this officer was serving regularly in the office of the Judge Advocate General of the Army, he maintained private law offices outside of and independently of his military office. Furthermore, he corresponded with individuals and firms on stationery indicating him to be an attorney at law, with private office, telephone, and cable addresses. The committee is also in possession of letters written with reference to his private business affairs on War Department stationery, and presumably dictated during his physical occupancy of his War Department office, and while he was making use of the services of subordinate employees in the War Department.

It may be enlightening to quote at this point from the observations of a responsible official from another governmental executive department who had direct knowledge of the activities of this officer.

"The WITNESS. So it was about this ——— case, I suggested to the colonel, I remember we had a long telephone conversation. I suggested to him that even if my view of the law was wrong, the Department of Justice was charged with the duty of representing the Government and he was bound by the views of the Department of Justice. 'Well', he said, 'I will retain outside counsel.'

"The CHAIRMAN. Who said that?

"The WITNESS. ——— said that to me, 'I will retain outside counsel.' I said, 'Of course you can do what you please. I can't stop you, but it strikes me that you have got to take your law from the Department of Justice.' 'Well, I don't know about that', he said. So he filed a report which recommended a much higher award than I was battling for, and I felt a little bit ashamed about it, like a lawyer does sometimes, and I think we had an all-afternoon argument before ———. And then ——— came to hand down his decision—he didn't write any written opinion—he said that while he was impressed with my argument, nevertheless he felt that in view of the fact that the War Deparement felt that a higher compensation was justified, that he would follow the report of the War Department.

"The CHAIRMAN. A patent claim that the Navy Department appraised at about $400 in value, that ——— made a valuation of $35,000, and somehow or other before they got through with, it was allowed for $250,000 and when they paid the interest on it they paid about $288,000, all told.

"Mr. Goss. Four-hundred-odd thousand.

"The CHAIRMAN. Yes; $402,000, all told.

* * * * * * *

"The CHAIRMAN. Who was their principal lawyer here?

"The WITNESS. Now there were, I might say, several of the biggest claimants had their own counsel, but the majority of the claimants were represented by ———, who is now dead, and ———, who is a practicing lawyer in this city today. * * * the real work was done by ——— * * * representing the great majority of the claimants.

* * * * * * *

"The CHAIRMAN. We received evidence before this committee that would indicate of the $9,000,000 allowed that probably $6,000,000 represented exorbitant valuations if the awards were puffed and inflated in the same degree that one was. What was the name of it?

"The WITNESS. ———.

"The CHAIRMAN. In the same degree that the ——— was, to wit: Five million award, and four million dollars out of five, then that would be about 80 percent.

"The WITNESS. That is right.

"The CHAIRMAN. And 80 percent of $9,000,000 would be $7,000,000, and it appeared this morning from another witness that there was probably about $6,000,000 of inflation or puffing of value.

"The WITNESS. I shouldn't wonder that was so. Of course, values are always matters of opinion."

This same War Department official wrote the following self-commendatory letter, referring to his work criticized above:

WASHINGTON, D. C., *November 6, 1933.*

* * * * * * *

The following is a statement of my experience in valuing patents and licenses under patents:

In 1922 and 1923 I was chairman of an international joint commission to value on a royalty basis, a large group (28 cases) of United States patents, owned by British subjects, which were used jointly by the United States and Great Britain during the World War. The subject matter of the patents related to aircraft, aircraft engines, and aircraft accessories, including gyroscopes and radio applicable to aircraft.

Lord Justice Sargent, of the High Court of Appeals of Great Britain, sat with me in London during the years mentioned above, and settlement was made in all cases to the entire satisfaction of both countries.

From 1922 to about 1927, I was chairman of the international commission, and among other things valued on a royalty basis, the use of patents owned by Belgian, French, British, and Italian citizens, which were used by the United States during the World War (1917 to July 1921). The patents in question covered a broad field of invention.

In 1932, I was chairman of two separate commissions, one at The Hague and one at London, involving the valuation of patents, a few of which were radio.

From March 1928 to December 31, 1931, I was called upon to value, on a royalty basis, the use by the United States of the patents contemplated by the War Claims Act of 1928 (United States patents owned by German and Austrian-Hungarian citizens). There were 1,072 separate cases involving about 14,000 patents in this operation.

This group of patents envisaged the entire range of classes of inventions recognized by the Patent Office. One group of the patents in question covered the entire field of radio. With respect to this particular group, however, the Government took all right, title, and interest, but the valuations were made on a basis involving the principle of royalty payments. In about 95 percent of these cases the arbiter accepted my valuation without question, and in most cases the counsel for claimants accepted my valuation. Total awards, including ships, amounted to $87,000,000, of which about eight million was for patents.

In addition to the above work, I have during the past 14 years negotiated numerous contracts involving the arrival of patent values based on royalty payment principle.

The values arrived at in the above cases varied all the way from less than one-thousandth of 1 percent, on the manufacturing cost of the subject matter of the patent, to as high as 18 percent on such value, depending upon a lot of circumstances, differently applicable to different cases.

Sincerely yours,

(Signed) ——— ———.

The conclusion seems unavoidable that military officers drawing pay and allowances on the basis that they will serve in the field with troops should not be excepted from the requirement of duty with troops every 4 years, in accordance with the so-called "Manchu law." (See sec. 4, act of June 4, 1920, 41 Stat. 762; and sec. 2, act of June 6, 1924, 43 Stat. 470; 10 U. S. C. 532, 533, 534.) This particular officer has served steadily since 1921 in the office of the Judge Advocate General, War Department, in the District of Columbia.

Realizing that the law as it now stands does permit of this situation because of specific statutory exceptions (10 U. S. C. 533, 534 supra), and realizing that Congress itself must therefore assume some responsibility, your committee recommends that the chairman of the Military Affairs Committee prepare an amendment to the law and press for its early enactment, said amendment to clarify the phraseology of the act so that it will be administered in complete harmony with the original intent of Congress.

It may be observed that the character of the duties of this officer in the Judge Advocate General's Office was such that they might have been performed by a civilian conversant in the profession. If a duty or performance is strictly of a civilian nature in Washington, which a civilian could perform as well as a military officer, it would not seem that there is any reason for having such work performed by a military officer, who, by reason of his greater powers over his subordinates, is able to make the connections and get away with the outrageous practices which this particular officer followed.

The testimony above quoted shows how the practices of one Army officer may have caused the Government to sustain an unwarranted loss, on one class of claims, of approximately $7,000,000. Because of such practices, your committee is constrained to believe that legal safeguards should be set up to protect the Army itself, as well as the public, against such unethical abuses, even though their occurrence may happily be rare indeed. To that end it recommends that the Chairman of the Military Affairs Committee of the House endeavor to secure early enactment of a bill specifically forbidding Army officers from receiving fees of any sort for any character of services from outside sources. There is no question in the minds of your committee that if an Army officer in any branch performs his full duty to the Government, he has not time or energy to devote to the service of those claiming against his Government, and that if he does devote his time and energy to serving those whose interests are in conflict with the interests of the public, then his public duties are improperly performed.

The committee makes the further suggestion that if there is to be a statute of limitations with respect to offenses committed by officers of the Government or those in a fiduciary relation to the public, it should be for at least 6 years, and possibly for 10 years, instead of for 3 years, as at present. For that reason it recommends that the Chairman of the Military Affairs Committee prepare and introduce a bill which, when enacted, will have such effect whenever the commissioned, enlisted, or civilian personnel of the Army may be involved. Your committee comes to this conclusion because many of the improper practices date back many years and the statute of limitations has run against many of the irregular or questionable acts for which there should be authority to punish.

The War Department has not undergone so sweeping an investigation as your committee has endeavored to perform in such a long period of time that these practices have grown up and forced themselves upon the attention of the Military Affairs Committee.

Your committee has purposely refrained from mentioning any officer's name or the name of any representative of a dealer in this report, inasmuch as the War Department is making its own investigation, on the evidence adduced, in reference to these and other matters which your committee feels it would not be prudent to report upon at the present time.

Your committee at this time feels that it is not in the public interest to submit with this report any of the hearings before the committee, at least until the War Department has had an opportunity to investigate and correct the matters in question.

Time and circumstances have prevented any detailed inquiry into the methods of property accounting and exchange in the War Department, as well as into many other items which have come to the attention of the committee, but the evidence which has been adduced leads your committee to believe that there should be a thorough inquiry into the present methods of property accounting and the arranging of exchanges of obsolete property for new property.

As far as the committee has gone into the subject of the exchanges of property, it would recommend the repeal of the act of May 12, 1917 (c. 12, 40 Stat. 43), which reads in part as follows:

"* * * hereafter motor-propelled vehicles, aeroplanes, engines, and parts thereof may be exchanged in part payment for new equipment of the same or similar character, to be used for the same purpose as those proposed to be exchanged."

The 1894 statute, making the authority of the administrative officers final in reference to property accounts (see act of Mar. 29, 1894, 28 Stat. 47, as amended, 31 U. S. C. 89–92) should be amended to require that both the physical property and the accounts shall be open to inspection at all times by the Comptroller General of the United States and those who may be designated by him for that purpose, in order that reports thereon by an agency independent of the administrative agency can be made to the Congress. Your committee, therefore, recommends that the Chairman of the Military

Affairs Committee introduce such amendment. While sensible of the limitations of its jurisdiction, your committee cannot consistently with its findings recommend that such an amendment should apply alone to the War Department.

If the Congress should desire that this committee should go further into the matter, it should authorize a sufficient appropriation for that purpose to enable this committee to employ an adequate force of accountants to perform that function under the supervision of the committee. If the Congress in its wisdom does not see fit to make this available to the Military Affairs Committee, then it is recommended that the law be modified so that the Comptroller General may perform this duty for the benefit of the Congress.

EXHIBIT C

WAR DEPARTMENT,
Washington, D. C., August 21, 1934.

Hon. WILLIAM N. ROGERS,
Chairman of Subcommittee No. 3,
Committee on Military Affairs, House of Representatives.

DEAR MR. ROGERS: The unanimous recommendation of Subcommittee No. 3 of the Committee on Military Affairs that Maj. Gen. Benjamin D. Foulois be relieved from his position as Chief of the Air Corps was received by me in your letter of June 18, 1934. Following the normal course of military procedure, I transmitted the report and recommendation to Major General Foulois on June 20, 1934, for such statement as he desired to make. He has submitted under date of August 10, 1934, a preliminary statement which is enclosed herewith.

A most difficult problem now confronts me, the solution of which involves some of the fundamental precepts of our system of jurisprudence embodying many of the most sacred rights of American citizenship.

As a matter of course any recommendation of a committee of Congress would receive my most respectful attention. Our system of government requires it. Proper coordination demands it. Had the report of the committee been confined to an indictment or charges against Major General Foulois, the situation would have presented no difficulty. In such event I could have followed the regular procedure prescribed for the determination of such matters by referring the case to a military tribunal for adjudication. Instead, however, the report is not limited to an indictment, but in effect finds the accused guilty, fixes the sentence, and calls on the Secretary of War to execute it. Under such circumstances should I now refer the matter to a military tribunal for the determination of the precise matters which your committee already has adjudged, such a step well might suggest a reflection on the committee. Such a suggestion I desire most scrupulously to avoid. My respect for the members of the committee is only exceeded by my desire to work in complete harmony with them.

Accordingly had the report and recommendation of the committee been based on a full and complete hearing wherein the constitutional rights of the accused were assured, even though the procedure were somewhat unusual, I would have felt constrained to comply with the mandate of the committee.

But such was not the case. The hearings were conducted in the usual manner of congressional hearings held in executive or closed session. Major General Foulois appeared before the committee, but it was in the capacity of a witness and not of an accused. I understand that he was later given an opportunity to appear again before the committee before the report was submitted, but for some reason this did not eventuate. It does not appear that he was apprised of the accusations contained in the report, nor was he confronted by the witnesses against him and given an opportunity to hear their testimony and cross-examine them, and then to offer evidence in his own defense. Nor was he permitted to be represented by counsel of his own choosing. All of these rights are sacred to every American citizen and are guaranteed by the Constitution. Major General Foulois states that he has repeatedly requested that he be furnished with a copy of the full record of the evidence which formed the basis of the report and recommendation, and that this request has not as yet been granted.

This situation places me in a most difficult and embarrassing position, because in the first place the accused has not had full opportunity to examine or to refute the evidence against him; second, I, myself, do not know what this evidence is, except to the limited extent it is set forth in the report; and finally, I have not been called upon to evaluate the evidence or make any decision in the case, but to the contrary am, in effect, precluded from following such a course, due to the findings and recommendation of the committee.

Being convinced that the committee is as solicitous as I am that complete justice be done in this case, I feel that the only step now open to me is to transmit to the committee the partial statement of Major General Foulois to the end that the committee may consider whether he should not now be permitted to have full access to the evidence against him and then appear before the committee to present his defense.

With further assurance of my deep respect and of my desire to cooperate in the solution of this case to the fullest extent consistent with the dictates of fairness and justice, I await the committee's further action.

Sincerely yours,

(Signed) GEO. H. DERN,
Secretary of War.

EXHIBIT D

WAR DEPARTMENT ACTION IN THE CASE OF MAJ. GEN. BENJAMIN D. FOULOIS, CHIEF OF THE AIR CORPS

On December 13, 1934, the Secretary of War directed the Inspector General of the Army to investigate alleged official misconduct on the part of Maj. Gen. Benjamin D. Foulois, Chief of the Air Corps, the matter having been personally laid before the Secretary by the Military Affairs Committee of the House of Representatives. The Inspector General has today submitted his report of investigation.

The allegations might be summarized under three headings:

1. Violation of existing laws in the purchase of airplanes and aircraft materials.

2. Unsound estimates made to the Post Office Department as to the condition of readiness of the Army Air Corps to fly the air mail.

3. Incorrect, unfair, and misleading statements to a congressional committee.

The Inspector General found with regard to these allegations, first, that the evidence adduced did not establish that General Foulois violated existing laws in the purchase of airplanes and aircraft materials; second, that there was no cause for censure in General Foulois' opinional statements with regard to the capacity of his corps to fly the air mail; and third, General Foulois did depart from the ethics and standards of the service by making exaggerated, unfair, and misleading statements to a congressional committee.

The Inspector General recommended that General Foulois be reprimanded for his unethical conduct under heading 3. The Secretary of War has approved the recommendation of the Inspector General.

This completes all of the special investigations which the Inspector General has been conducting.

WAR DEPARTMENT,
June 14, 1935.

EXHIBIT E

JUNE 14, 1935.

Hon. JOHN J. MCSWAIN,
Chairman Military Affairs Committee,
House of Representatives.

MY DEAR MR. CHAIRMAN: As I informed you by letter of December 13, 1934, following our conversation of that date during which you reported your committee had received evidence indicating that Maj. Gen. Benjamin D. Foulois, Chief of the Air Corps, had misconducted himself in his official capacity, I immediately directed the Inspector General to initiate a searching investigation into the case, and he has just completed that investigation.

It is affirmatively established that General Foulois violated the ethics and standards of the military service in making statements before your committee which were not only unfair and misleading to the committee itself but which also seriously reflected upon the integrity of his brother officers, and that in general, during his appearance before your committee, he evinced a lack of team spirit and a tendency to make exaggerated and inexact statements.

The other allegations made against General Foulois were not substantiated by the evidence brought forth in the investigation.

For the offenses above indicated, I have administered a reprimand to General Foulois.

The Inspector General reports that your committee has been most helpful in the matter of this investigation, and I am deeply grateful for their assistance to him.

Sincerely,

GEORGE H. DERN,
Secretary of War.

Mr. MAAS. Mr. Speaker, I rise in opposition to the pro forma amendment.

The SPEAKER. The gentleman from Minnesota rises in opposition to the pro forma amendment and is recognized for 5 minutes.

Mr. MAAS. Mr. Speaker, I ask unanimous consent to speak out of order.

Mr. MCFARLANE. Mr. Speaker, I object.

Mr. RANKIN. Mr. Speaker, if there is going to be any speaking out of order, the gentleman from New Hampshire [Mr. ROGERS] is going to do it.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to proceed out of order. Is there objection?

Mr. MCFARLANE. I object.

Mr. RANKIN. I object.

Mr. MAAS. I would like the RECORD to show it was a Democrat who objected.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the RECORD show that I, JOHN RANKIN, a Democrat, objected to the gentleman from Minnesota [Mr. MAAS] speaking out of order.

Mr. BACON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 1, lines 6 and 7, strike out the words "including the acquisition of lands."

Mr. BACON. Mr. Speaker, this amendment is offered in all seriousness to the bill under consideration. The bill provides for the building of a residence for our American official representative to the Philippine Islands. I have moved, however, to strike out the permission or the authorization for the acquisition of lands.

The United States Government owns several hundred thousand acres of land in the Philippine Islands, and all of this land eventually will be turned back to the Philippine Islands for nothing; and I believe that the Philippine government should provide the sites on which these buildings are to be erected. We have had considerable discussion about this particular matter before the Appropriations Committee, and I think it is the sense of the Appropriations Committee that the site on which this building should be erected should be acquired by the Philippine government, and I have simply moved to strike out the authorization for the acquisition of a site or for the buying of land.

Mrs. KAHN. Mr. Speaker, will the gentleman from New York yield?

Mr. BACON. I yield.

Mrs. KAHN. I have simply asked the gentleman to yield because I would like it to go on record that the applause on the Republican side a few minutes ago——

Mr. McFARLANE. Regular order, Mr. Speaker.

The SPEAKER. The regular order is the statement of the gentleman from New York in discussion of his amendment, and the Chair understands that the gentleman from New York yielded to the gentlewoman from California.

Mr. McFARLANE. But she is not discussing the amendment.

Mrs. KAHN. I would like to say that the applause on the Republican side was a tribute to the fairness and justness and ability of the Speaker. [Applause.]

Mr. McFARLANE. Regular order, Mr. Speaker.

The SPEAKER. The regular order is for the gentleman from New York to discuss the amendment.

Mr. BACON. I will simply say, Mr. Speaker, I have been discussing a serious amendment to the bill that is before the House, and I may say that I regret very much the gentlewoman from California should have injected an extraneous matter into my remarks. I simply ask that the amendment I have offered be given serious consideration.

Mr. TRUAX. Mr. Speaker, I rise in opposition to the amendment.

I would like to read to the gentleman from New York excerpts from a letter written by Gen. Creed F. Cox, Chief of the Bureau of Insular Affairs of the War Department:

It is not expected that it will be necessary to expend any money for the purchase of land, but there will be costs in connection with the preparation of land on whatever site may be selected. The amount requested is based on a careful study of the costs of our diplomatic establishments in a number of foreign countries, the one in Tokyo, Japan, being considered the most typical, as its construction is based on costs considered more nearly comparable to those prevailing in the Philippine Islands.

Mr. BACON. Mr. Speaker, if the gentleman will permit, there is nothing in my amendment that would prevent them from preparing the site or digging foundations or anything like that. I used the word "acquisition" and not "preparation of land" in my amendment.

Mr. TRUAX. If I may continue—

While it is not expected it will be necessary to acquire this site by actual purchase, it is estimated that the preparation of a suitable area along the waterfront will cost from $60,000 to $75,000. This represents the minimum that should be made available for acquisition and preparation of the land in Manila.

I take it, Mr. Speaker, that should the gentleman's amendment prevail, there would be no funds available for making the site suitable for the erection of the building.

Mr. BACON. If the gentleman will permit, I think the gentleman is mistaken. All I strike out is the authorization to acquire new land. I am not touching the amount carried in the bill, and I am not limiting them in any way in the preparation of the site. I may say further to the gentleman, if he will permit, that I have simply offered this amendment to make the authorization in the bill conform to the action that the Appropriations Committee has already taken in the subcommittee.

Mr. TRUAX. Will not the gentleman admit that if his amendment prevails there will be no funds available for the purpose mentioned herein, namely, the preparation of a suitable area that is donated by the Philippine government to the United States?

Mr. BACON. I think there will be plenty of money available, and they can do anything they want so far as the preparation of the area is concerned.

Mr. TRUAX. Not under their present plans, because they will require about $500,000 for the establishment in Manila and for the summer home they will require about $200,000, which will leave them a leeway or a margin of only $50,000 to take care of the expected overrun in the cost of these establishments. I believe it is perfectly within the prerogative of the War Department to make a determination as to whether something should be spent to make the area suitable for the erection of the building, and I believe the gentleman's amendment would be a handicap to the successful operation of this bill, and I therefore ask the House to vote down the amendment.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. BACON].

The question was taken, and the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE NAVAL RESERVE ACT

The Clerk called the bill (H. R. 5731) to amend in certain particulars the act approved February 28, 1925, entitled "An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve", as amended, and for other purposes.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, this is a very involved matter, and I ask that it be passed over without prejudice.

Mr. MAAS. Will the gentleman withhold that request? As a matter of fact this is not involved. The main provision is one to give protection to reservists who may be injured or killed in line of duty on a volunteer drill. Much drilling is done at times other than that specified as training duty for which there is protection provided by the Federal Employees' Compensation Act. For instance, Sunday is not a paid drill day, and if these boys are injured while performing military duty on Sunday, they can get no relief. They not only cannot receive employees' compensation, but they cannot even be admitted to a Government hospital. Much of the reserve training is on week-ends, and it is only fair to protect these volunteers. If this bill goes over the gentleman knows that it is only fair to protect these volunteers. If this bill goes over the gentleman knows that it is not possible to pass it at this session.

Mr. ZIONCHECK. Congress will not adjourn for 2 months, and there will be sufficient time to consider the bill later.

Mr. MAAS. I doubt that very much.

Mr. ZIONCHECK. I renew my request that it be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

GRAZING RESERVE FOR FORT M'DERMITT, NEV.

The Clerk called the next bill on the Consent Calendar, H. R. 4126, to reserve certain public domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.

The SPEAKER. Is there objection?

Mr. PIERCE. Mr. Speaker, I ask that this bill be passed over without prejudice. I am waiting for a reply from Oregon in regard to it.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

TRANSFERRING CERTAIN NATIONAL FOREST LANDS TO THE ZUNI INDIAN RESERVATION, N. MEX.

The Clerk called the bill (H. R. 6141) transferring certain national forest lands to the Zuni Indian Reservation, N. Mex.

There being no objection, the bill, S. 1831, was substituted for the House bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the lands in townships 8 and 9 north, ranges 16 and 17 west, of the New Mexico principal meridian, New Mexico, comprising the Miller Division of the Cibola National Forest, are hereby eliminated from the Cibola National Forest and withdrawn as an addition to the Zuni Indian Reservation, subject to any valid existing rights of any persons thereto.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The House bill was laid on the table.

CREATION OF AN INDIAN VILLAGE IN THE SHOALWATER INDIAN RESERVATION, WASH.

The Clerk called the bill (H. R. 6236) to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes.

The SPEAKER. Is there objection?

Mr. McFARLANE. Mr. Speaker, I ask that this bill go over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

DEFINING EXTERIOR BOUNDARIES, NAVAJO INDIAN RESERVATION, N. MEX.

The Clerk called the next bill on the Consent Calendar, H. R. 6542, to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes.

The SPEAKER. Is there objection?

Mr. TRUAX, Mr. McFARLANE, and Mr. ZIONCHECK objected.

SETTING ASIDE RICE LAKE FOR USE OF CHIPPEWA INDIANS, MINNESOTA

The Clerk called the bill (H. R. 6963) to amend an act entitled "An act setting aside Rice Lake and contiguous lands in Minnesota for the exclusive use and benefit of the Chippewa Indians of Minnesota", approved June 23, 1926, and for other purposes.

The SPEAKER. Is there objection?

Mr. BOILEAU. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

KANOSH BAND OF INDIANS, UTAH

The Clerk called the bill (S. 380) to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the west half southwest quarter section 10, township 23 south, range 5 west, Salt Lake meridian, Utah, be, and the same is hereby, reserved for the sole use and occupancy of the Kanosh Band of Indians of Utah: *Provided*, That the rights and claims of any bona fide settler initiated under the public-land laws prior to the approval hereof shall not be affected by this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider the vote was laid on the table.

JURISDICTION OF UNITED STATES DISTRICT COURTS OVER OSAGE INDIAN DRUG ADDICTS

The Clerk called the bill (H. R. 6625) conferring jurisdiction on United States District Courts over Osage Indian drug and liquor addicts.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object in order to clear up some things in my own mind. I ask the author of the bill if the parentheses on page 2, line 12, are not a typographical error. Is there any definite purpose in putting those parentheses in there?

Mr. ROGERS of Oklahoma. The parentheses should not be there.

Mr. WOLCOTT. And on page 3, lines 14 and 15, as the bill is now written, the imposition of fine and imprisonment are made mandatory with the court. Should not the fine and imprisonment be optional with the court?

Mr. ROGERS of Oklahoma. I think it should be optional.

Mr. WOLCOTT. Then the committee might accept an amendment to change the word "and" in line 14 to "or", and after the figures "$500" in line 15 insert "or both in the discretion of the court."

Mr. ROGERS of Oklahoma. That would be acceptable.

Mr. WOLCOTT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio that the bill go over without prejudice?

There was no objection.

PAYMENT TO OSAGE INDIANS

The Clerk called the bill (H. R. 6682) authorizing an appropriation for payment to the Osage Tribe of Indians, on account of their lands sold by the United States.

The SPEAKER. This bill requires three objectors. Is there objection?

Mr. McFARLANE, Mr. TRUAX, and Mr. COSTELLO objected.

FEDERAL PRISONS

The Clerk called the bill (H. R. 3430) to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 9 of the act approved May 14, 1930, chapter 274 (U. S. C., title 18, sec. 753h), be, and the same is hereby, amended to read as follows:

"SEC. 9. Any person committed to the custody of the Attorney General or his authorized representative, or who is confined in any penal or correctional institution pursuant to the direction of the Attorney General, or who is in custody by virtue of any process issued under the laws of the United States by any court, judge, or commissioner, or who is in custody of an officer of the United States pursuant to lawful arrest, who escapes or attempts to escape from such custody or institution, shall be guilty of an offense and upon conviction thereof shall be punished by imprisonment of not more than 5 years. The sentence imposed hereunder shall be in addition to and independent of any sentence imposed in the case in connection with which such person is held in custody at the time of such escape or attempt to escape. If such person be under sentence at the time of such offense, the sentence imposed hereunder shall begin upon the expiration of, or upon legal release from, any sentence under which such person is held at the time of such escape or attempt to escape."

With the following committee amendments:

Page 2, lines 7 and 8, strike out "and upon conviction thereof shall be punished by imprisonment of not more than 5 years", and insert in lieu thereof the following:

"If the custody or confinement is by virtue of an arrest on a charge of felony, or conviction of any offense whatsoever, the offense of escaping or attempting to escape therefrom shall constitute a felony and any person convicted thereof shall be punished by imprisonment for not more than 5 years or by a fine of not more than $5,000, or both; and if the custody or confinement is by virtue of an arrest or charge of or for a misdemeanor, and prior to conviction, the offense of escaping or attempting to escape therefrom shall constitute a misdemeanor and any person convicted thereof shall be punished by imprisonment for not more than 1 year or by a fine of not more than $1,000, or both."

The committee amendment was agreed to and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CREDITING INDIAN TRIBES WITH SUMS HERETOFORE EXPENDED

The Clerk called the bill (S. 1531) to credit certain Indian tribes with funds heretofore expended from tribal funds on Indian irrigation work.

The SPEAKER. This bill requires three objections. Is there objection?

Mr. TRUAX, Mr. COSTELLO, and Mr. McFARLANE objected.

AMENDMENTS TO BANKRUPTCY ACT

The Clerk called the bill (H. R. 5452) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, and acts amendatory thereof and supplementary thereto."

Mr. TRUAX. Mr. Speaker, since the recent decision of the Supreme Court declaring unconstitutional the Frazier-Lemke Act, to pass this bill would be meaningless. This bill is an amendment to that bill. It is, therefore, a dead letter and I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

CREDIT OF SERVICE RENDERED BY PERSONNEL

The Clerk called the bill (H. R. 6512) to authorize the crediting of service rendered by personnel (active or retired) subsequent to June 30, 1932, in the computation of their active or retired pay after June 30, 1935.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

THE LEGISLATIVE POWER OF CONGRESS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to insert in the RECORD as a part of my remarks an address delivered by my colleague from New York [Mr. SISSON] over the National Broadcasting Co. on June 14, 1935.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Representative FRED J. SISSON made over the National Broadcasting Co. network on Friday, June 14, 1935:

On May 31, I introduced in the House of Representatives Resolution No. 234, entitled "To investigate the legislative power of Congress." This resolution, as a reading of it will show, involves a study of the general question of the power of the Federal judiciary, including the Supreme Court, to pass upon the constitutionality of laws passed by Congress and to annul or declare them invalid. It contemplates an investigation by the Judiciary Committee of this question and a report by such committee of the results of such investigation. I introduced this resolution not upon my own initiative alone, but at the request of a number of other Members of Congress, all lawyers of high standing and ability, several of whom, together with other lawyers, teachers of law, and historians in this country have for some time, particularly during the past few years, been investigating this subject. If you are interested, write to your Member of Congress or Senator for a copy of House Resolution 234.

Congressman DAVID J. LEWIS, of Maryland, author of the first workmen's compensation law passed in the United States, also father of the Parcel Post System of this country, and one of the ablest constitutional lawyers in Congress, will speak on this subject in the House, probably early next week. Be sure to read his speech in the CONGRESSIONAL RECORD. I commend also to your attention two bills recently introduced in the House of Representatives by Congressman ROBERT L. RAMSAY, of West Virginia, directed to the same general purpose as the inquiry which I am attempting to advance. These bills are H. R. 7997 and H. R. 8054. Write your Congressman for copies. I am in sympathy with their purpose.

A resolution for a constitutional amendment restricting the manner of the exercise of this power by the Supreme Court has also been recently introduced in the Senate by Senator NORRIS, of Nebraska. This provides in substance that to declare invalid a law passed by Congress, the vote of more than two-thirds of the Justices of the Supreme Court would be required.

I fully appreciate that inasmuch as this inquiry is startling in its nature to the majority of our people, lawyers as well as laymen, who have not made a careful study of the history of the framing of our Federal Constitution, the purposes of its makers, the effects of the assumed power of nullification by the judicial branch of the Government of laws passed by another distinct coordinate branch of the Government, the legislative, approved by another distinct coordinate branch of the Government, the executive, as well as the resistance and the propaganda that will be set on foot by privileged special interests in this country to oppose any inquiry into any of the sources protecting them in their privilege, that I shall be accused not only of attacking the Supreme Court but of seeking to undermine and destroy the Federal Constitution. I shall not attempt to argue with those who know the historical facts but who, despite that, "sin against the light" and oppose this inquiry. I wish to address this statement to the others, honest, well-intentioned, but who may be temporarily misled by such propaganda. And I ask them to get all the facts and listen to or read the several other speeches in addition to mine that will be made by other Members of Congress and teachers of law before they make up their minds as to the necessity and justice of what we propose.

We are not attacking the Supreme Court. No one more fully recognizes the character and ability typified by its membership, not only now but generally throughout our history, as well as its usefulness in our dual scheme of government. It is my purpose to add to, not to detract from, the usefulness of the Court and the respect for it on the part of our people. I am not trying to destroy the Constitution. I am trying in my humble way to help preserve the Court and preserve our present form of National Government. However, I do not agree either with those who would mislead or with the many more who are unwittingly misled that there is anything so sacred about the Supreme Court as to make it immune against constructive criticism, or anything so immutable about each and all of the parts of the Constitution as to condemn any of us who suggest changes in that noble instrument to meet the changed conditions of modern times. If that be treason, let the advocates and beneficiaries of privilege make the most of it. The Declaration of Independence tells us, in substance, that governments, deriving their just powers from the consent of the governed, are instituted among men to secure the inalienable rights of life, liberty, and the pursuit of happiness, and that when any government becomes subversive of those ends, it is the right and the duty of the people to alter or abolish it. We subscribe to those statements.

Our Constitution was prepared and adopted among other purposes to carry out such ends.

Jefferson said that the people must from time to time "be attentive to amendments to the Constitution, to make it keep pace with the advances of the age in science and experience." He added that if reformation, adding to the powers of the Government, be resisted, it is to be expected that the people will "undertake it themselves by force, their only weapon, and work it out through blood, desolation, and long-continued anarchy."

So much for those who now call themselves Jeffersonians, whether they are Democrats or Republicans, and who would have you believe that Jefferson opposed such extension of the national powers as might be found necessary in changing times to keep pace with changing conditions.

But the purpose of this preliminary talk is not to discuss the necessity of constitutional amendments, whether required by the recent decision of the Supreme Court in the Schechter case, in order to save for the country what has been gained by the National Recovery Act, or otherwise. I apprehend that there will be required and that the people will demand an extension of the national powers if necessary to preserve such benefits, whether an amendment is necessary or not; and, if so, what, will in the coming weeks be brought to your attention by several other Members of Congress—Messrs. LEWIS of Maryland, RAMSAY, MAVERICK, and others.

It may be that after Congress and the country have heard the exposition of the welfare clause of the Constitution by Congressman LEWIS of Maryland, and what its correct interpretation will mean with respect to the powers of the National Government, that Congress and the country may decide that no change whatever is necessary in the Constitution, save only a clarifying amendment, or, perhaps only a clarifying statute passed by Congress itself, restating in the light of our political history, the jurisdiction of the Supreme Court, the legislative power of Congress, and thereby recapturing the powers which the framers of the Constitution intended the legislative branch of our National Government to have, and which the Original Thirteen States understood the legislative branch to have when they ratified the Constitution. In 20 minutes allotted for this talk I can give you only the merest outline of our purpose. Insofar as mine is concerned, it is merely introductory. But I do ask you to subject my statements to the test of recorded history. I said that my resolution would be startling to the great majority of our people; unfortunately so. I appreciate that we have to overcome established prejudices, long-time acquiescence in the misstatement of fact, of law, of history, of the Constitution itself, of its provisions whether expressed or implied.

My first point is that the Supreme Court has no power either under the expressed or implied powers of the Constitution to adjudge unconstitutional a law passed by the legislative branch, the Congress, or in any suit between private litigants to pass upon the constitutionality thereof.

That the power of judicial nullification is conferred in the Constitution itself, no one of reputation as a lawyer or student of our Government and its origin will dare publicly assert, and if anyone so asserts, ask him to point you to that part of the Constitution which either in words, or impliedly, confers upon the judicial branch of the Government power to override the legislative and, as in most cases, the executive branch of the Government. So much for the expressed power.

That I am right about this is as demonstrable as any mathematical proposition, or that 2 and 2 make 4.

It is equally demonstrable: That no such power to the Supreme Court is implied in the Constitution or was so intended by the makers thereof or was understood by the Thirteen Original States when in their several conventions they ratified the Constitution and entered into the Federal Union.

NOW AS TO THE INTENTION OF THE FRAMERS OF THE CONSTITUTION

Our Federal Constitution in the form in which it was submitted to the 13 States was prepared in the Constitutional Convention of 1787. That Convention composed of delegates from the Thirteen Original States carefully and during its many weeks of deliberation considered among other things as one of its most important questions what check or safeguard, if any, should be provided against the passage of laws by the legislative branch of the Federal Government, that were beyond the Federal powers. Various measures were from time to time proposed, some of which were brought to a vote in the Convention.

The plan to give the judicial branch the power to override a law passed by the legislative branch, thereby making the act of the legislative branch (approved by the executive branch as was finally decided upon in the Convention) a nullity was never, in that Convention, seriously enough considered as to bring it to a vote. After much discussion of this question it was proposed in a resolution that a council of revision should be established for the purpose of passing upon the constitutionality of laws passed by Congress. This council of revision was to be composed of the members of the judicial branch when established (now the Supreme Court) and the executive branch (now the President); in other words, to annul a law passed by Congress the concurrence was necessary, not of the Court alone, but also of the President. This was the only proposal looking to a judicial veto that was even brought to vote by the framers of our Constitution. It was also proposed in the same resolution that in the event a law passed by Congress was decided by such council of revision to be unconstitutional that the Congress might then repass the law by a two-thirds majority of each of the branches thereof. This resolution, a much more guarded and less drastic form of judicial veto or nullification by the Court than now employed, was rejected by the Convention by a vote of 8 States to 2 in favor of the Executive veto. (Madison's Notes on the Convention. Haines Doctrine of Judicial Supremacy, p. 144.)

In short, the framers of the Constitution relied in the Constitution which they presented to the Thirteen States upon the method of the well-known, so-called "checks and balances", whereby one of the two branches of Congress should be a check upon the other both as to hasty or unwise action and also as to unconstitutionality, and whereby the Executive, the President, through his veto power, should have a check upon both. No judicial check upon unconstitutional action by the legislative branch was submitted or intended.

The advocates of judicial nullification, however, make the historical argument of long-time acquiescence and rely in effect not upon a written, but upon an unwritten constitution. Relying upon the saying that the law is what the judges say it is, they go back to Chief Justice Marshall's opinion in *Marbury* v. *Madison* (1 Cranch 137), decided in 1803. They rely upon the oft-repeated statement that Marshall here asserted the power of judicial veto, and that it has never since been disputed. This case merely involved the appointment of a justice of the peace of the District of Columbia and did not, except so far as the jurisdiction of the Court was concerned, involve the constitutionality of an act of Congress. That part of Marshall's opinion in which he went out of his way to declare that the Supreme Court had the power to annul an act of Congress as being unconstitutional was pure dictum. That is, it was not essential to the decision of the case. Incidentally, Marbury finally lost the case anyway. There was no opportunity to challenge or contradict Marshall's statement except to say that it was unfounded, which Jefferson, then President, most pointedly did.

The power was never again attempted to be exercised upon any law of general application until the well-known Dred Scott decision of 1857, when the Supreme Court decided that the Missouri Compromise Act of 1820 was unconstitutional, an act which had been in effect for 37 years and in which Congress had provided that all other territory north of the southern boundary of Missouri should be kept free. This law was an effort to preserve the Union from dissension and disseverance over the extension of slavery in the free territory.

This decision of the Supreme Court unnecessarily deciding an act of Congress unconstitutional, an act which had been in effect 37 years and which had been passed by Congress, to preserve the Union in the judgment of most students of history, did more to bring on our great unnecessary Civil War than all other causes combined. I venture to say that no Southern State would have repudiated the agreement made between the two sections in the Missouri Compromise and it remained only for the Supreme Court in a political decision unnecessarily to cause this great evil. This decision of the Court, the Court itself and its assumed power of judicial nullification of laws was criticized and attacked by Abraham Lincoln in his first inaugural address of 1861.

The storm of criticism following upon the Supreme Court's Dred Scott decision, as well as the Civil War as a result thereof, kept the Supreme Court from again asserting the power of judicial veto until the *Legal Tender cases* in 1870. The United States in order to finance the Civil War, caused in large part by the decision of the Supreme Court in the Dred Scott decision, had, by act of Congress, made the notes of the Government legal tender.

In a private suit in 1870 the Court declared the Legal Tender Act of Congress unconstitutional. Grant was President and he not only challenged the power of the Court but he filled up the Supreme Court, i. e., "stacked" it so to speak, so that the Court in the same year reversed itself and declared the Legal Tender Act of Congress unconstitutional. Had this decision of the Supreme Court been made during the war and been acquiesced in by the executive and legislative branches of the Government, it would have rendered the Government impotent and helpless to preserve the Union from disseverance.

In the income-tax decision of 1894 the Supreme Court for a third time adjudged an act of Congress unconstitutional and again in making its decision exercised a legislative rather than a judicial function. Mr. Justice Field, in writing for the Court in that decision, said, "it discriminates between those who receive an income of $4,000 and those who do not * * * whenever such a distinction is made and the law imposes a tax under it, * * * it is class legislation * * *." That there was a difference between the levy of a 5-percent tax on the income of a man receiving $4,000 or more a year and upon another man having an income scarcely large enough to furnish his family with the barest necessities of life never occurred to the distinguished member of the Supreme Court who wrote the opinion. This decision was cured by constitutional amendment. The two former decisions of which I spoke had been cured, one by the Civil War and the other by the Court's reversal of its own decision.

The Supreme Court later (in 1906) by a 5 to 4 decision adjudged the Federal Employer's Liability Act, passed by Congress, as unconstitutional. When sometime afterward Congress reenacted this law it was sustained by the Supreme Court. But in the interval there were some thousands of men killed or maimed, and they or their families left without remedy through the doubtful exercise of what the Supreme Court itself declared to be its power.

The majority of the Court has been usually extremely solicitous of the right of freedom of contract in decisions involving the right of parents to sell the labor of their children, and generally in denying the power of Congress to protect women, children, and labor in general as to minimum wages and maximum hours, and has more frequently asserted and exercised the power of judicial veto.

Time does not permit me to discuss these instances in detail.

Suffice it to say, in conclusion, I stand upon the following propositions which I believe the majority of the Congress will sustain and which I believe a majority of our people will uphold when informed upon these propositions:

1. That the exercise by the Supreme Court in any suit of the power to declare an act of Congress unconstitutional, whether between private parties or otherwise, is in itself not warranted by any power conferred in the Constitution, either expressed or implied, and, therefore, such power does not legally exist under our Constitution or scheme of government.

2. That the power of judicial veto is not necessary in our scheme of government and ought not to exist.

3. That its exercise by the Supreme Court has resulted not in protecting the States or the people in their rights, but, on the contrary, has been harmful to our scheme of government and has lessened the respect of our people for their Government and Constitution and their support thereof.

4. That the remedy is that together with whatever necessary amendments clarifying the welfare clause of the Constitution or extending the national powers where needed to meet the conditions of modern times, there should be a restatement by an act of Congress of its own legislative powers, as well as of the jurisdiction of the Supreme Court with respect to its power to pass upon the constitutionality of acts of the legislative branch of the Government.

In summary: There are conditions as to labor of children, of women, hours of labor, living wage, and conditions of work affecting the health and morals of the worker, vital parts of the Nation's life, the general welfare, in which the States are helpless to protect the people. These matters of right are and ought to be within the national powers. There should be no gap between the State powers and the National powers, a "no man's land" wherein those unable to protect themselves may be exploited with impunity. Federal legislation on these matters is now subject to the hazard that laws in force for years may be wiped out by judicial nullification. The welfare clause of the Constitution, as my good friend LEWIS of Maryland will show you in the next speech in Congress upon this subject, was intended to give and does give Congress the power to guard this gap, and no judicial veto of that power should ever again be permitted.

CONSENT CALENDAR

RESIDENT ALIEN WORLD WAR VETERANS

The Clerk called the bill (H. R. 7170) to authorize the naturalization of certain resident alien World War veterans.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. Without objection, S. 2508 will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That notwithstanding the racial limitations contained within section 2169 of the Revised Statutes of the United States as amended (U. S. C. title 8, sec. 359), and within section 14 of the act of May 6, 1882, as amended (U. S. C., title 8, sec. 363), any alien veteran of the World War heretofore ineligible to citizenship because not a free white person or of African nativity or of African descent may be naturalized under this act if he—

(a) Entered the service of the armed forces of the United States prior to November 11, 1918;

(b) Actually rendered service with the armed forces of the United States between April 6, 1917, and November 11, 1918;

(c) Received an honorable discharge from such service for any reason other than his alienage;

(d) Resumed his previous permanent residence in the United States or any Territory thereof; and

(e) Has maintained a permanent residence continuously since the date of discharge and is now a permanent resident of the United States or any Territory thereof; upon compliance with all the requirements of the naturalization laws, except—

(f) No certificate of arrival and no declaration of intention shall be required;

(g) No additional residence shall be required before the filing of petition for certificate of citizenship; and

(h) The petition for certificate of citizenship shall be filed with a court having naturalization jurisdiction prior to January 1, 1937.

SEC. 2. Certificates of citizenship heretofore issued and heretofore granted by any court having naturalization jurisdiction under the provisions of the act of May 9, 1918, or of the act of July 19, 1919, to any alien veteran who is eligible to be naturalized under the provisions of section 1 of this act, and orders or judgments authorizing such certificates, are hereby declared to be valid for all purposes insofar as the race of the veteran is concerned. Such certificates may be stamped, declaring their validity under this act, by the Commissioner of Immigration and Naturalization upon submission of satisfactory proof to establish identity.

Certificates declared valid under the foregoing paragraph, which have been lost, mutilated, destroyed, or surrendered to any official of the United States may be replaced by a new certificate bearing date of original certificate upon compliance with the provisions of section 32 (a) of the act of June 29, 1906, as amended.

SEC. 3. On applications filed for any benefits under this act, the requirement of fees for naturalization documents is hereby waived.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill was laid on the table.

PERTH AMBOY, N. J.

The Clerk called the next bill, H. R. 5789, for the relief of the city of Perth Amboy, N. J.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COSTELLO. Mr. Speaker, I object.

RESERVATION OF TIMBER, MINERALS, ETC., STATE OF NEW MEXICO

The Clerk called the next bill, H. R. 4541, to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. Without objection, a similar Senate bill (S. 1066) will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the provisions of section 2 of the act of Congress approved February 28, 1925 (43 Stat. 1090; U. S. C., title 16, sec. 486), authorizing reservations by either party to an exchange under the act of Congress approved March 20, 1922 (42 Stat. 465; U. S. C., title 16, sec. 485), are hereby extended and made applicable to exchanges of lands under the acts of Congress approved February 14, 1923 (42 Stat. 1245), and February 7, 1929 (45 Stat. 1154), which authorize the United States to acquire privately owned lands situated within certain townships in the Lincoln National Forest in the State of New Mexico, by exchanging therefor an equal value of unreserved and unappropriated public lands within said State.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

PARK, PARKWAY, AND RECREATIONAL-AREA PURPOSES

The Clerk called the next bill, H. R. 6594, to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational-area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. McLEAN. Reserving the right to object, Mr. Speaker, the gentleman from New York [Mr. CULKIN] is interested in this bill. He is absent on account of illness. I therefore ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

LOANS TO PUERTO RICO

The Clerk called the next business, House Joint Resolution 129, to amend the joint resolution entitled "Joint resolution for the relief of Porto Rico", approved December 21, 1928, to permit an adjudication with respect to liens of the United States arising by virtue of loans under such joint resolution.

The SPEAKER. Is there objection to the present consideration of the House joint resolution?

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent that the resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MEMORIAL TO THE SURVIVORS OF THE DIRIGIBLE "SHENANDOAH"

The Clerk called the next bill, H. R. 6321, authorizing the erection of a memorial to the survivors of the dirigible *Shenandoah*.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. WOLCOTT. Reserving the right to object, I want to call attention to the fact that I have previously announced on the call of this calendar that I would object to permitting any of these bills from this committee to be passed which did not have a report. This bill has no report that gives us any information. I have no objection to its going over without prejudice, but in the future I will object to the bill unless a report is sent to us telling us what it is all about.

Mr. ZIONCHECK. Mr. Speaker, I thoroughly agree with the gentleman from Michigan.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. ZIONCHECK]?

There was no objection.

CRATER LAKE NATIONAL PARK

The Clerk called the next bill, H. R. 7566, to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. MOTT. Will the gentleman withhold his request? If the gentleman will be good enough to inquire of me now I will be glad to explain anything he desires to know about this bill.

Mr. TRUAX. What does the Comptroller General say about the bill?

Mr. MOTT. I do not know that the Comptroller General has anything to do with it.

Mr. TRUAX. He has withheld the salaries of the present commissioner and the former commissioner for the time they resided without the boundaries of the park.

Mr. MOTT. That is true. He was obliged to do that under existing law.

Mr. TRUAX. May I ask the gentleman this question: This bill provides for a commissioner to act for the court, is that not true?

Mr. MOTT. There is already a United States commissioner for Crater Lake National Park. He is obliged to remain in Crater Lake National Park continuously because that is his legal residence. Under existing law he is not allowed to reside any place else at any time during the year. But Crater Lake National Park is 7,000 feet high, and beginning about September in each year the snow comes, and after that it is impossible to either go in or out of the park; so the commissioner, during those winter months, has to live outside of the park or else be snowed in all winter. This

bill simply permits him to reside outside the boundaries of the park when it is impossible to reside inside.

Mr. TAYLOR of Colorado. Will the gentleman yield? I would like to make a little statement.

Mr. MOTT. I yield.

Mr. TAYLOR of Colorado. I am familiar with the situation there. It is utterly impossible and it is utterly useless for the commissioner to stay in that park when the snow is 10 or 15 feet deep. I do not know anything about this particular bill, but I feel it is a reasonable request for him to be allowed to remain outside of the park when the snow is so deep and nobody can get in there.

Mr. MOTT. That is the only purpose of the bill.

Mr. MILLARD. Will the gentleman yield?

Mr. MOTT. I yield.

Mr. MILLARD. The salary is very small, is it not?

Mr. MOTT. Very small.

Mr. TRUAX. Well, how much is it?

Mr. TAYLOR of Colorado. The salaries of all of them are $2,000 a year.

Mr. TRUAX. And this does not provide for any increase or any new position?

Mr. MOTT. Oh, no.

Mr. TRUAX. Then I will withdraw my request, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. MOTT. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 2185, be substituted for the House bill.

The SPEAKER. Without objection it is so ordered.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 6, paragraph 1, of an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes", approved August 21, 1916 (39 Stat. L. 523), be amended so as to read:

"SEC. 6. That the United States District Court for Oregon shall appoint a commissioner, who shall reside within the exterior boundaries of the Crater Lake National Park or at a place reasonably adjacent to the park, the place of residence to be designated by the Secretary of the Interior, and who shall have jurisdiction to hear and act upon all complaints made of any violations of law or of the rules and regulations made by the Secretary of the Interior for the government of the park and for the protection of the animals, birds, and fish, and objects of interest therein, and for other purposes authorized by this act."

SEC. 2. That section 9 of the said act be amended by striking out the words, "*Provided*, That the said commissioner shall reside within the exterior boundaries of said Crater Lake National Park, at a place to be designated by the court making such appointment."

SEC. 3. Any commissioner heretofore appointed under authority of the said act shall be entitled to receive the salary provided by law, which may have accrued at the date this act becomes effective, without regard to whether such commissioner or commissioners may have resided within the exterior boundaries of the Crater Lake National Park.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

FREDERIC A. DELANO

The Clerk called the next business, House Joint Resolution 195, to provide for the reappointment of Frederic A. Delano as a member of the Board of Regents of the Smithsonian Institution.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I ask unanimous consent that this bill be passed over without prejudice.

Mr. KELLER. Mr. Speaker, reserving the right to object, I want to explain that I shall ask unanimous consent to substitute Senate bill 117, which is an identical bill. Two regents are to be appointed. Mr. Frederic A. Delano has been regent of the Smithsonian Institution for 12 years and ought to be continued in this post because he is most effective.

Mr. WOLCOTT. If the gentleman will bear with me a moment I think he will see the logic of my position. The committee has not filed a report on this bill and on one or two other bills. I think this committee, as well as all others, should comply substantially with the rules of the House, which provide that a report shall be filed with a bill. This is the reason I am making this request that the bill may be passed over without prejudice, to allow the committee to file a report so the entire Membership of the House may know what the bill is about.

Mr. KELLER. A report on the subject was made some weeks ago and has been published.

Mr. WOLCOTT. But a report should accompany this bill so that the Members generally may have it for their information. I notice that the gentleman's committee has been somewhat remiss on three or four bills in this particular.

Mr. TRUAX. There is a report here on this bill consisting of five lines.

Mr. KELLER. I am right here ready to give the gentleman any information he desires.

Mr. WOLCOTT. We want the complete report, the usual report it is customary to file with bills.

Mr. KELLER. I am right here. If the gentleman will tell me what information he wants, I shall try to furnish it.

Mr. WOLCOTT. My point is that the information should be furnished in a report that is available for the benefit of all Members of the House.

Mr. KELLER. I shall be glad, indeed, to make the customary report, but in the case of a man of the prominence of Frederic A. Delano, who has been serving for 12 years, it did not strike me that anything more need be said than simply to ask that he serve longer.

Mr. WOLCOTT. The House rules provide that information be given for the benefit of all the Members. There are certain Members who might not know Mr. Delano as well as does the gentleman from Illinois. For this reason I must insist that the Committee on the Library follow the rules of the House and submit information for the benefit of all Members.

Mr. KELLER. I shall be delighted to file such a report, although I know it will not be read.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. TRUAX. I would like to say to the gentleman from Michigan that we are neither crystal gazers nor mind readers. The gentleman from Illinois may have all this information in his head, but we members of the committee do not.

Mr. WOLCOTT. The gentleman's committee should file a report so we can form our conclusions concerning the merits of the bill. Now, I would suggest that the gentleman pursue that course on this bill.

Mr. KELLER. Mr. Speaker, I shall be delighted to. I shall write such a beautiful report that these gentleman who make this suggestion will want to take the floor and make a speech on it.

Mr. COSTELLO. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. COSTELLO. Does this particular office carry any salary?

Mr. KELLER. No.

Mr. COSTELLO. That is not shown in the report.

Mr. KELLER. It is so provided in the law, and this committee is supposed to know that law.

Mr. COSTELLO. Failure of committees to file reports only requires extra research and study on the part of the members of the committee.

Mr. KELLER. I assure the gentleman I shall write a beautiful report.

The SPEAKER. The gentleman from Michigan asks unanimous consent that the bill may be passed over without prejudice. Is there objection?

There was no objection.

FILING AND INDEXING SERVICE

The Clerk called the next bill, H. R. 4015, authorizing the establishment of a filing and indexing service for useful Government publications.

Mr. COSTELLO and Mr. McFARLANE objected.

CLACKAMAS COUNTY, OREG.

The Clerk called the next bill, H. R. 5058, to convey certain lands to Clackamas County, Oreg., for public park purposes.

Mr. COSTELLO. Mr. Speaker, reserving the right to object, I would like to ask the author of the bill the reason for the change in the amendment appearing in the bill on page 2. I notice that the committee report states the Secretary of the Interior has recommended an amendment, but the committee has substituted an entirely different amendment.

Mr. MOTT. Mr. Speaker, the amendment substituted by the committee has the approval of the Secretary of the Interior.

Mr. COSTELLO. It does not show that. It seems that the money to be derived from the sale of timber is to be disposed of in a different manner. Is that correct?

Mr. MOTT. Yes; it is. The money from the sale of timber would be disposed of in accordance with the Oregon and California land-grant law.

Mr. COSTELLO. Under the amendment that is now contained in the bill?

Mr. MOTT. Yes; and that is in the usual way. First there was suggested a different method of disposing of the money by the Secretary, but when I called his attention to the fact that this was in accordance with the usual method for disposing of Oregon and California timber he gave his consent to this amendment.

Mr. COSTELLO. In the amendment which the Secretary recommended it was provided that the money should be disposed of according to the Oregon-California land-grant law. The gentleman's amendment as submitted here does not show that it is to be disposed of in that manner.

Mr. MOTT. This bill provides that the sale must be handled under the provisions of the act of 1916, and that tells what is done with the money. So that it has the approval of the Secretary in the form in which it now appears.

Mr. COSTELLO. Mr. Speaker, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

To convey certain lands to Clackamas County, Oreg., for public-park purposes

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey by quitclaim deed to Clackamas County, Oreg., on behalf of the United States, the south half southwest quarter and the west half northeast quarter southwest quarter section 11, township 3 south, range 4 east, Willamette meridian, in the State of Oregon, containing 100 acres, more or less, on condition that such county shall accept and use such lands solely for public-park purposes; but if such county shall at any time cease to use such lands for public-park purposes, or shall permit the use of such lands for any other purpose, or shall alienate or attempt to alienate them, they shall revert to the United States.

With the following committee amendments:

Line 4, strike out the words "convey by quitclaim deed" and substitute in lieu thereof the following language: "issue a patent."

Line 5, following the comma after the word "States", insert "for."

Line 14, change the comma to a semicolon and insert the following:

"*Provided*, That there shall be reserved to the United States, its patentees or their transferees, the right to cut and remove therefrom the merchantable timber, reserving to Clackamas County, Oreg., when such sale is made under the provisions of the act of June 9, 1916 (39 Stat. 218), a preference right to purchase the timber at the highest price bid."

Add the following section, to be known as "section 2":

"SEC. 2. The Secretary of the Interior shall prescribe all necessary regulations to carry into effect the foregoing provisions of this act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SHOSHONE RECLAMATION PROJECT, WYOMING

The Clerk called the next bill, H. R. 6867, providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PRESERVATION OF HISTORIC AMERICAN SITES

The Clerk called the next bill, H. R. 6670, to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJUSTMENT OF BOUNDARIES OF THE CHELAN NATIONAL FOREST, WASH.

The Clerk called the next bill, H. R. 3061, to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the provisions of the act of Congress approved March 20, 1922 (42 Stat. 465; U. S. C., title 16, sec. 485), be, and the same are hereby, extended and made applicable to any lands within 4 miles of the boundaries of the Chelan National Forest. Lands conveyed to the United States under this act, shall, upon acceptance of title, become parts of the Chelan National Forest and subject to all laws relating thereto. Any lands in public ownership lying within the area described in this act and found to be valuable for national-forest purposes may, upon recommendation of the Secretary of Agriculture, be added to the Chelan National Forest by proclamation of the President: *Provided, however*, That nothing contained herein shall affect prior valid existing claims or entries or prior existing withdrawals or reservations.

With the following committee amendments:

On page 1, line 6, before the word "boundaries", insert the word "present."

On page 2, line 2, strike out the words "Secretary of Agriculture", and insert in lieu thereof the words "Secretaries of Agriculture and of the Interior."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INSCRIPTION ON PEDESTAL OF THE BUST OF FORMER SPEAKER JOSEPH G. CANNON

The Clerk called the next business, House Resolution 117, to suitably inscribe the bust of former Speaker Joseph G. Cannon.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ASHBROOK. Mr. Speaker, reserving the right to object, may I say to my colleague, the gentleman from Texas, that it seems to me this is a reflection on a former distinguished Speaker of the House and he should not make the request.

Mr. TRUAX. This is a reflection on a committee, not on a former Speaker.

Mr. ASHBROOK. It is a reflection on the former Speaker, Joseph G. Cannon, under whom I served many years ago. I had great admiration for him, even though he was known as the "czar of the House." I hope the gentleman will withdraw his request.

Mr. McFARLANE. Does the gentleman want it passed over or does he want me to object? The report gives us no information. This is all the report contains:

The committee has had under consideration and respectfully reports the same back with the recommendation that it pass.

They do not tell us how much it is going to cost. We do not know whether they are going to give the former Speaker proper honor or respect or just what they are going to do. The committee ought to be able to write a report that is intelligent. They have not done it in this instance, and I am going to object to all such bills in the future that are reported by that or any other committee that does not give us full information about the bill.

Mr. KELLER. Mr. Speaker, I take exception to such language. The gentleman does not know how to read if he makes that statement.

Mr. TRUAX. I wonder if the gentleman from the Seventeenth Ohio District endorses the so-called "cannonism"?

Mr. McLEAN. Mr. Speaker, I demand the regular order.

Mr. ASHBROOK. I referred to Speaker Cannon as the former "czar of the House", but he was a Speaker of the House of Representatives and an able statesman, and I consider this action a reflection upon his name and memory.

The SPEAKER. Is there objection to the request of the gentleman from Texas to pass this bill over without prejudice?

Mr. KELLER. Mr. Speaker, reserving the right to object, may I say to the gentleman from Texas [Mr. McFARLANE] or anyone else that makes the statement the gentleman just made. When he says this committee does not write intelligent reports, he does not know what he is talking about. If he will read the reports I have written, he will find they are intelligent. I am not responsible for one who cannot understand the English language, however.

Mr. McFARLANE. In answer to the gentleman's statement, may I say that this is the third one of these reports which contains one single sentence. All during this session of Congress we have had such reports from this Library Committee that tell us nothing. Since the gentleman has made such remarks, I call his attention to the fact that we are tired of it, and it is going to stop if he and his committee want to get bills through this House.

Mr. TRUAX. Mr. Speaker, will the gentleman yield?

Mr. McFARLANE. I yield to the gentleman from Ohio.

Mr. TRUAX. This report consists of about 23 words. May I say the reports of this committee are intelligent and understandable, but I think the gentleman from Illinois and the committee have a lack of time in which to give us the reports which we would like to have.

Mr. McFARLANE. In other words, the gentleman thinks they are working too hard?

Mr. TRUAX. I think so.

Mr. McFARLANE. Well, let it stand that way.

Mr. KELLER. If the gentleman will read the reports I made on the other pending bills, he would make no such remark.

Mr. WOLCOTT. May I say that the reports from that committee are understandable, they are lucid, and the most interesting reports I have read in my life, when they are made, proving to me that the committee has the intelligence, ability, and perhaps the time to write a very interesting and lucid report. That is why I object, because I so enjoy reading the reports that the committee makes. I want them to make reports.

Mr. McFARLANE. The gentleman made some remarks a while ago about several reports from the same committee.

Mr. WOLCOTT. I said there were four bills on this calendar concerning which the committee said nothing, and that is why I was objecting.

Mr. EKWALL. I would suggest to the gentleman from Illinois [Mr. KELLER] that he make his reports in words of one syllable after this so that the gentleman from Texas [Mr. McFARLANE] may be able to understand them.

Mr. McFARLANE. It is not a question of understanding them. It is a question of giving us the reports that we ought to have, so that we may have the necessary information in reference to the bills that come before this House for consideration.

The SPEAKER. Is there objection to the request of the gentleman from Texas that the bill be passed over without prejudice?

There was no objection.

TRANSFER OF LAND IN THE CITY OF ANDERSON, S. C.

The Clerk called the next bill, H. R. 6983, to provide for the transfer of certain land in the city of Anderson, S. C., to such city.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to transfer to the city of Anderson, S. C., all the right, title, and interest of the United States in and to a certain portion of the post-office site in such city, described as follows: A strip of land 7 feet in width, fronting on north Main Street and extending for a distance of 150 feet from Federal Street (being the entire length of the post-office site fronting on north Main Street). Such strip of land is required by such city for the widening of north Main Street.

With the following committee amendment:

On page 2, line 1, after the parenthesis, insert a comma and the following: "upon the payment by the city to the United States of such amount as the Secretary of the Treasury in his discretion considers to be the fair value of the land conveyed to the city for street-widening purposes."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEN. ROBERT E. LEE

The Clerk called the next business, House Joint Resolution 232, authorizing the erection of an equestrian statue of Gen. Robert E. Lee in the Arlington National Cemetery.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that the bill be passed over out of respect to the distinguished author, who is not here today.

Mr. TRUAX. Reserving the right to object, Mr. Speaker, this bill has a very complete and comprehensive report of nearly three pages, and, for one, I shall not object to the passage of the bill because of the lack of a report from the Committee on the Library.

Mr. McFARLANE. We have been seeing for the last 2 days pictures in the local papers of the author of this bill. I wonder he is not on the floor looking after his legislation instead of out playing tennis.

Mr. MILLARD. If the gentleman will permit, he was here, but did not think the bill would be reached on the calendar.

Mr. McFARLANE. Is that the reason? I thought, perhaps, he was out again running for President.

Mr. MILLARD. I think I can get him here if the gentleman wants him.

Mr. JENKINS of Ohio. Mr. Speaker, I renew my request that the bill be passed over without prejudice.

Mr. KELLER. Mr. Speaker, I call attention to the fact that I wrote this report. [Laughter.]

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

OLIVER WENDELL HOLMES MEMORIAL FUND

The Clerk called the joint resolution (H. J. Res. 237) for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund."

There being no objection, the Clerk read the joint resolution, as follows:

Joint resolution for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund"

Whereas by the will of the late Oliver Wendell Holmes, admitted to probate on March 9, 1935, in the Supreme Court of the District of Columbia, the United States Government has been made the residuary legatee; and

Whereas the Treasurer of the United States will receive such bequest and it will be covered into the Treasury as miscellaneous receipts unless the Congress enact legislation for its application to a more specific purpose; and

Whereas that purpose should be a living and useful memorial of the testator, symbolic of his interest and achievements; and

Whereas he also left by his will his own private library to the Library of Congress, a large portion thereof consisting of books on jurisprudence; and

Whereas there could be no more fitting memorial of the distinguished jurist than a collection, developed upon the one thus bequeathed, of the fundamental works in the field of jurisprudence, to be maintained in the National Library, which serves also the Supreme Court of the United States, and to be perpetually known as the "Oliver Wendell Holmes Collection of Jurisprudence": Therefore be it

Resolved, etc., That the residuary fund from the estate of the late Oliver Wendell Holmes be received by the Treasurer of the United States and immediately credited to the Library of Congress Trust Fund Board, as a special fund to be known as the "Oliver Wendell Holmes Memorial Fund", and to be administered in accordance with section 1 of the act of March 3, 1925 (2 U. S. C. 157), creating such Trust Fund Board. The income of this fund shall

be used for the purpose of building up and maintaining a collection of legal literature in the law division of the Library of Congress to be known as the "Oliver Wendell Holmes Collection of Jurisprudence."

With the following committee amendment:

On page 2, line 12, strike out the words "law division" and insert in lieu thereof "law department."

The amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXPEDITION OF HERNANDO DE SOTO

The Clerk called the next business, House Joint Resolution 265, pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. ZIONCHECK. Mr. Speaker, I have an objection to the amount of $10,000. If the author of the joint resolution will consent to the amount being cut down to $5,000 for this commission I shall have no objection.

Mr. RANKIN. Consideration of the joint resolution had already been agreed to, had it not, Mr. Speaker?

The SPEAKER. The gentleman from Washington was on his feet when the Chair put the question.

Mr. RANKIN. All right; will the gentleman withhold his objection?

Mr. ZIONCHECK. Yes; I will reserve my objection.

Mr. RANKIN. I shall take but a moment or two of the time of the House.

We are approaching the four hundredth anniversary of the expedition of Hernando De Soto, one of the most colorful, dramatic, and important expeditions in all the history of America. We are simply asking here that this be not an appropriation but an authorization. It is probable that not a dollar of it will be called for, but the gentleman who was before the committee from the Smithsonian Institution—Dr. Swanton—suggested that many of these records are in Madrid. Let me say to the gentleman from Washington that there were four reports written of De Soto's expedition. Three of them were written by men who were with De Soto—Biedma, the King's factor; Rangel, De Soto's secretary; and one by a man who called himself the "gentleman from Elvas", a highly educated Portuguese, who wrote a most intelligent report of the expedition. Later there was a report written by a man who called himself "Garcilasso de la Vega" (the Inca), a Peruvian descendant of one of Pizarro's men. These are the only reports, and from these reports we have been trying to get definite information.

Some of these records are in Spain. We do not contemplate sending anyone over there, but possibly having some of the records translated.

I suggested $5,000, but Dr. Swanton thought we ought to make it an authorization of not to exceed $10,000. Frankly, I do not think this money all will be spent, and it cannot be spent without Congress passing on the appropriation at the request of the President.

Mr. ZIONCHECK. It has been my opinion that $10,000 is an excessive amount to prepare reports and make recommendations to Congress following the preparation of such reports.

Mr. RANKIN. This is for gathering the information on which they propose to base their recommendation.

Mr. ZIONCHECK. If $5,000 proves to be inadequate, the gentleman can certainly come back and get a further appropriation.

Mr. RANKIN. I understand that; but I see no objection to leaving the amount as it is in the bill.

Mr. ZIONCHECK. There is going to be objection to the bill if $10,000 is included in the measure.

Mr. RANKIN. Of course, I will have to agree to the amendment if the gentleman insists.

Mr. MILLARD. Is this celebration going to be in connection with that great battle of all time which the gentleman mentioned a short while ago?

Mr. RANKIN. No.

Mr. ZIONCHECK. If it is understood that the amount is to be reduced, as suggested, there is no objection.

Mr. RANKIN. Then, Mr. Speaker, it is agreed that the bill is to be amended, reducing the amount to $5,000.

There being no objection, the Clerk read the joint resolution, as follows:

Whereas we are approaching the four hundredth anniversary of the expedition of Hernando De Soto, the first and most imposing expedition ever made by Europeans into the wilds of North America; and

Whereas it is desired that this four hundredth anniversary of that great expedition be properly celebrated and markers placed at such points along the route of said expedititon as may be definitely determined and established after thorough investigation; and

Whereas it is necessary to have a committee or commission to make a proper study and report back to Congress its recommendations for such a celebration: Therefore be it

Resolved, etc., That the President of the United States be, and he is hereby, authorized to appoint a commission consisting of not fewer than five nor more than seven members, to make a thorough study of the subject of De Soto's expedition and to report back to the next session of Congress its recommendations for a suitable and appropriate celebration of the four hundredth anniversary of said expedition, including the erection of such markers, monuments, and so forth, as said commission may deem proper for the marking of the path followed by said expedition.

That in order to meet the necessary expenses of said commission there is hereby authorized to be appropriated, out of any money in the United States Treasury not otherwise appropriated, such sum or sums as may be necessary to pay the expenses of said commission in making this investigation, preparing and filing its reports and recommendations to Congress, not to exceed $10,000.

With the following committee amendment:

Page 2, beginning in line 9, after the word "expedition", strike out the comma and the remainder of the line and all of lines 10, 11, and 12.

The committee amendment was agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Zioncheck: Page 2, line 19, strike out "$10,000" and insert in lieu thereof "$5,000."

The amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks just made on the De Soto expedition.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

RELIEF OF UNEMPLOYMENT IN MINING DISTRICTS

The Clerk called the bill (H. R. 7958) to relieve unemployment in mining districts, increase the monetary gold and silver reserve of the United States, and to develop strategic, deficiency, and noncompetitive mineral resources of the Nation, and for other purposes.

The SPEAKER. Is there objection?

Mr. WOLCOTT. I object.

Mr. TRUAX. Will the gentleman reserve his objection?

Mr. WOLCOTT. I will.

Mr. TRUAX. I commend the motives of the committee that have reported this bill favorably, but I want to call the attention of the Members of the House to the fact that this bill authorizes the sum of $75,000,000, to be taken from the relief works bill, the $4,800,000,000 bill that has passed the House and the Senate. All of these funds are to be allotted by the Allotment Board appointed by the President, consisting of Mr. Hopkins, Mr. Ickes, and Mr. Wallace.

Here is a bill designed worthily for the relief of unemployed miners. It is sectional. It would take at one sweep $75,000,000 from this fund. That is entirely too large an amount to be considered in this manner. It is a poor way to legislate. I suggest to the sponsors of this bill that they get the approval of this Allotment Board, and the approval of the President of the United States, and then bring it back to the Congress in an intelligent way so that Members can determine whether or not it should be passed.

I thank the gentleman from Michigan for withholding his objection.

Mr. WOLCOTT. I renew my objection.

TO AUTHORIZE THE FURNISHING OF STEAM FROM THE CENTRAL HEATING PLANT TO THE FEDERAL RESERVE BOARD

The Clerk called the bill (H. R. 7652) to authorize the furnishing of steam from the Central Heating Plant to the Federal Reserve Board, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior through the National Park Service be, and he is hereby, authorized to furnish steam from the central heating plant for the use of the Federal Reserve Board on the property which has been acquired by it in squares east of 87 and east of 88 in the District of Columbia: *Provided*, That the Federal Reserve Board agrees to pay for the steam furnished at reasonable rates, not less than cost, as may be determined by the Secretary of the Interior: *Provided further*, That the Federal Reserve Board agrees to provide the necessary connections with the Government mains at its own expense and in a manner satisfactory to the Secretary of the Interior.

SEC. 2. That hereafter the rates to be paid for steam furnished to the Corcoran Gallery of Art, the buildings, old and new, of the Pan American Union, the American Red Cross buildings, and such other non-Federal public buildings as are or hereafter may be authorized to receive steam from the central heating plant shall be determined by the Secretary of the Interior.

SEC. 3. That all acts and parts of acts which may be inconsistent or in conflict with this act are hereby repealed to the extent of such inconsistency or conflict.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BIG BEND NATIONAL PARK

The Clerk called the bill (H. R. 6373) providing for the establishment of the Big Bend National Park in the State of Texas, and for other purposes.

There being no objection, the bill S. 2131 was substituted for the House bill.

The Clerk read the Senate bill as follows:

Be it enacted, etc., That when title to such lands as may be determined by the Secretary of the Interior as necessary for recreational park purposes within the boundaries to be determined by him within the area of approximately one million five hundred thousand acres, in the counties of Brewster and Presidio, in the State of Texas, known as the "Big Bend" area, shall have been vested in the United States, such lands shall be, and are hereby, established, dedicated, and set apart as a public park for the benefit and enjoyment of the people and shall be known as the "Big Bend National Park": *Provided*, That the United States shall not purchase by appropriation of public moneys any land within the aforesaid area, but such lands shall be secured by the United States only by public and private donations.

SEC. 2. The Secretary of the Interior is hereby authorized, in his discretion and upon submission of evidence of title satisfactory to him, to accept, on behalf of the United States, title to the lands referred to in the previous section hereof as may be deemed by him necessary or desirable for national-park purposes: *Provided*, That no land for said park shall be accepted until exclusive jurisdiction over the entire area, in form satisfactory to the Secretary of the Interior, shall have been ceded by the State of Texas to the United States.

SEC. 3. The administration, protection, and development of the aforesaid park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916 (39 Stat. 535), entitled "An act to establish a National Park Service, and for other purposes", as amended: *Provided*, That the provisions of the act of June 10, 1920, known as the "Federal Water Power Act", shall not apply to this park.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The House bill was laid on the table.

TO PROMOTE THE DEVELOPMENT OF INDIAN ARTS AND CRAFTS AND TO CREATE A BOARD TO ASSIST THEREIN, AND FOR OTHER PURPOSES

The Clerk called the bill (H. R. 6468) to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. ROGERS of Oklahoma. Reserving the right to object, I would like to know what the gentleman's objection is to the bill.

Mr. TRUAX. The Director of the Budget says that he sees no reason for money being taken out of the Treasury for this purpose.

Mr. ROGERS of Oklahoma. The board does not receive any salary.

Mr. TRUAX. My objection to the bill is this: It is an extension of bureaucracy. It proposes to set up another bureau of executive officers. It is creating more jobs and additional burdens on the taxpayers.

I have been fighting all of my life against this extension of bureaucracy. The democratic platform promised to cut the bureaucracy and reduce its expenses 25 percent. Yet we have bills brought in here every day, and every session of this calendar and of the Private Calendar, extending and expanding bureaucracy with more governmental jobs, more burdens upon the taxpayers. Therefore, Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice. It is time to call a halt on further expansion of bureaucracy.

The SPEAKER. Is there objection?

Mr. McFARLANE. I object.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. McFARLANE. Mr. Speaker, I object.

AMENDING THE FILLED-MILK ACT

The Clerk called the bill (H. R. 6361) to amend the Filled-Milk Act.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, this is another bill setting up more bureaucracy, $10,000 annually for the purpose of carrying out the provisions of the act. I object.

NON-INDIAN CLAIMANTS

The Clerk called the bill (H. R. 7741) to authorize an appropriation to pay non-Indian claimants whose claims have been extinguished under the act of June 7, 1924, but who have been found entitled to awards under said act, as supplemented by the act of May 31, 1933.

The SPEAKER. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I object.

INDIANS OF TAOS PUEBLO, N. MEX.

The Clerk called the bill (H. R. 6910) to amend section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N. Mex., in certain lands within the Carson National Forest.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act of May 31, 1933 (48 Stat. 108), enacted to safeguard the interests and welfare of the Indians of the Taos Pueblo in certain lands utilized by them for livestock, wood, religious ceremonials, and other purposes, be, and the same is hereby, amended to embrace the lands within the metes and bounds description hereinafter set forth, and the Secretary of the Interior is hereby authorized, with the approval of the governing authorities of the Taos Pueblo, N. Mex., to disburse from the funds in the Treasury of the United States to the credit of this pueblo, including those authorized to be appropriated, so much thereof as may be necessary to purchase the cattle and improvements belonging to non-Indian stockmen operating within the additional areas herein involved and not included in the description appearing in the said section 4 of the act approved May 31, 1933, supra, and upon the consummation of such purchase the Secretary of Agriculture is hereby authorized and directed to administer the additional area for the benefit of the Indians of the Taos Pueblo in the manner prescribed in section 4 of the act of May 31, 1933:

Beginning at the northeast corner of the Pueblo de Taos Grant; thence northeasterly along the divide between Rio Pueblo de Taos and Rio Lucero to the protracted position of the line between unsurveyed sections 9 and 10, township 26 north, 14 east; thence north on the line between sections 9 and 10 and between unsurveyed sections 3 and 4 to the boundary of the Antonio Martinez or Godoi Grant, which is the boundary of the Carson National Forest; thence northeasterly and northerly along the boundary of the Godoi Grant to the divide between Rio Lucero and Rio Hondo; thence northeasterly along said divide and easterly along the divide between Rio Lucero and Red River and between Rio Pueblo de Taos and Red River to the west boundary of the

Maxwell Grant; thence southerly along the west boundary of the Maxwell Grant to the north boundary of township 25 north, range 15 east; thence west on the north boundary of township 25 north, range 15 east, to the northwest corner thereof; thence south on the west boundary of township 25 north, range 15 east, to the divide between Rio Pueblo de Taos and Rio Fernandez de Taos; thence westerly along said divide to the east boundary of the Pueblo de Taos Grant; thence north to the point of beginning; containing approximately 39,000 acres, more or less.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

OMAHA TRIBE OF INDIANS, NEBRASKA

The Clerk called the bill (H. R. 7202) to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

EASTERN AND WESTERN CHEROKEES

The Clerk called House Resolution 125, pertaining to the Eastern and Western Cherokees.

The SPEAKER. Is there objection?

Mr. TRUAX and Mr. BACON objected.

EMERGENCY FARM MORTGAGE ACT

The Clerk called the bill (H. R. 6776) to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. I call the attention of the author of the bill to the fact that the bill seeks to amend the Emergency Farm Mortgage Act. Just yesterday I received a letter from one of the largest farmers of Ohio, who is about to be foreclosed and dispossessed because of the recent Supreme Court decision. There are at the present moment bills introduced in this body by the coauthor of the bill declared unconstitutional, Mr. LEMKE, which seeks to correct the features and sections of the bill that were pronounced unconstitutional. I ask the distinguished gentleman from Oregon [Mr. PIERCE] to consent to pass this bill over without prejudice for further information, and until we can secure positive action on the bills introduced by the gentleman from North Dakota, Mr. LEMKE. This bill is now being considered by the Committee on the Judiciary and I hope that that Committee will give it an early and favorable report. Therefore, I ask unanimous consent that the bill be passed over without prejudice.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. PIERCE. This bill in no way is connected with the bill the gentleman refers to. I agree with him upon the necessity of some action on that Lemke mortgage-bankruptcy bill. This simply gives to a few nonprofit mutual irrigation companies the same right to make their claims before the R. F. C. for a loan that has been exercised by other companies. Two years ago we passed an act appropriating several million dollars to finance irrigation and drainage companies. It was attached to the Farm Mortgage Act, and through a technical decision of the legal department of the R. F. C., mutual and nonprofit irrigation districts were barred from filing their claims. This affects only four or five districts. It loans no money. It simply gives them the right to present claims to the R. F. C. One district in Oregon, with perhaps a thousand people affected, with claims of a million dollars against them, if they could get the money could settle for 10 cents on the dollar. The money is available to them if the R. F. C. could receive their applications.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. BOILEAU. To state to the gentleman from Ohio that I happen to be a member of the subcommittee that gave this bill consideration. It was unanimously approved by the subcommittee and by the full Committee on Agriculture. I think if the gentleman will look further, he will realize that this bill in no way affects the problem he refers to.

Mr. TRUAX. I understand; but let me ask the gentleman from Wisconsin this question: What consideration or attention is the Committee on Agriculture giving to the present deplorable situation? A quarter of a million farmers will be dispossessed in 1 year.

Mr. BOILEAU. In reply to that, I may say that the Committee on Agriculture, after much work on the part of the gentleman from Oregon [Mr. PIERCE], and some of the rest of us, reported the Frazier-Lemke farm mortgage refinancing bill, and if a few more Members will sign the petition, we will discharge the Rules Committee from consideration of that measure and bring it on to the floor for consideration.

Mr. McFARLANE. Why did they not ask the Rules Committee for a rule so that we could consider the bill?

Mr. TRUAX. That is what I want to know.

Mr. PIERCE. We have done so.

Mr. TRUAX. The lady who wrote this letter states that the Federal courts are holding these cases in abeyance, pending the action of Congress. The Federal judges, whom I have had occasion to criticize, as you Members know, are holding these cases in abeyance because they expect this Congress to do something, to take some action. In the city of Lima, Ohio, the court has over 800 cases pending. It is time for this Congress to not only be sympathetic, but to take some action, to take some real, tangible interest. Therefore, I am going to renew my request, Mr. Speaker, that this bill be passed over without prejudice until we can get action on this other matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. TRUAX]?

Mr. BOILEAU. Reserving the right to object, the gentleman from Oregon [Mr. PIERCE], has been more than fair in trying to do the very thing to which the gentleman has referred. There is no Member of this House who has worked more constantly to relieve the distressed farmers than has the gentleman from Oregon [Mr. PIERCE]. An objection to passing this bill will not in any way hurry the results which the gentleman from Ohio wishes to secure, and I certainly hope the gentleman will not use this method in trying to get the gentleman from Oregon to support the legislation to which he refers, because he has gone as far as the gentleman or I or any other Member in that direction. To hold up this bill will not accomplish the purpose which the gentleman has in mind.

Mr. TRUAX. Mr. Speaker, at this juncture I ask unanimous consent to insert this letter in the RECORD, together with an extension of remarks, and I will withdraw my request to have this bill passed over without prejudice.

Mr. McFARLANE. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. McFARLANE. There are 189 signatures on the petition to discharge the Rules Committee from further consideration of the Frazier-Lemke farm-mortgage refinance bill, and if some of the Members who are always talking for the farmers and favoring agriculture will sign that petition, so that we can discharge the committee and bring that legislation before Congress for consideration, they will be doing these farmers a real service, which will help save their farms and their homes.

Mr. TRUAX. Even so, I would remind the gentleman from Texas that the passage of the Frazier-Lemke refinancing bill does not save this quarter of a million farmers who are about to be foreclosed and their farms confiscated. The only vehicle that will save them is a measure that will be declared constitutional by the Supreme Court, which will give them a moratorium for at least 3 years. That is what this new bill proposes to do. The gentleman from Texas, I am sure, classes in the same group that he mentions as those who are sympathetic toward the needs of agriculture. That is the same group which is always sympathetic to the soldiers, but when it comes to votes, they vote against them.

Mr. McFARLANE. Does the gentleman intimate that I am one of those?

Mr. TRUAX. Oh, no; no.

At this juncture I insert the letter from Mrs. Arthur Swartz, Walbridge, Lucas County, Ohio, near Toledo:

WALBRIDGE, OHIO, *June 10, 1935.*

DEAR MR. TRUAX: I am sorry I have to write to you again, but there are a few things we would like to know. It sure was a hard blow to us farmers when they knocked out that Frazier-Lemke Act. We are in a worse condition now than before. Now, we haven't anything to our name. All we was allowed was $900 after we went bankrupted. What they gave us for our $900 was the household goods; 2 cows; the old tractor, almost worn out; 50 Ancona chickens; the corn we had left which we hadn't sold yet, which was around $165; and the wheat crop, which is in the ground. Otherwise all our farm machinery has been taken away from us, even our horses. You see that law gave us 5 years in which to buy our machinery back, which was all right, but now, since the Frazier-Lemke bill was thrown out, we poor farmers are in an awful fix.

It is just like HUEY LONG says, the rich are getting richer and the poor are getting poorer. If it wasn't for that bankruptcy law we never would of went bankrupted; but we were forced into it; that was the only thing we could do to save our farm. Do you know if they are trying to pass something now to take the place of the Frazier-Lemke Act? I don't know whether I spell that right or not. I am sure they could do something to get us back on our feet so we could get our farm machinery back again. They could pass a law and keep those bankers, or stop them from selling these farms. These bankers are running our Government and it has to be stopped or there will be war. I can see that, can't you?

Now, I am not blaming you for a bit of this. We ought to have a few more men like you and this Nation would not be where it is today. You can take this letter and read it to the President or anyone you care to. What they should of done was pass that bonus bill and what they should do is make new money and pay up these tight bankers and give the farmers at least a chance. If they do this they would have two of their main objects settled. We haven't been benefited in no way whatever over this new deal.

All we see and read about is how they have helped the farmers. I am writing to tell you how the farmers feel about it. We belong to Farmers' Union and know how the farmers around all the United States, you might say, thinks of this new deal. The soldiers are joining the farmers and you know that will be some army, and there won't be nothing but war. It wasn't our fault 4 years ago when we first got behind, we only got $80 for 25 acres of corn and 17 cents a bushel for oats, and the worst of that we couldn't even sell our oats; we were sent home from the elevator because there wasn't no sale for oats.

This is the reason we got behind and now we could pay them a little more but our bankers won't take nothing until we give them what we owe from 4 years ago. I think they could pass that Frazier-Lemke Act and leave the scaling part out, don't you, and give the farmers at least 10 or 15 years instead of 6 years? These bankers aren't so hard up.

I will tell you what our bankers are doing, they take these farms away from people and if they want them they keep them for themselves, but if they don't want them they sell them to someone for $1,000 down; well then this man can't keep up his interest so they sell it to someone else for $1,000 down. All they do is take everything they can get, all these people have is $1,000 and in that way they lose that, and that is something else that ought to be stopped.

Well, I will close, and I hope you can make out this letter, I should of copied it over but maybe it wouldn't be any better. We are so worried the fix we are in, so all I ask of you is are they trying to pass some new law to help the farmers? Our only hope is some law to help us. The Federal court is doing their part; they are holding farms to see if Congress passes a new law; so will you do your part and do what you can for us? Write and let us know what you know or let the Federal court know. Hoping to hear from you. Thank you.

MRS. ARTHUR SWARTZ *Walbridge, Ohio.*

You will note that this letter comes from the heart. There is no propaganda, no demagoguery, no camouflage. Modest as all farm folk are, this good lady only asks to remain on the farm that she has helped to build up and to retain the farm machinery so they can carry on in their time-honored vocation. Is that not a modest request? Is this lady asking Congress something that they cannot or should not do? Is she asking Congress too much when she asks for the retention of her home and her farm? Is she not asking less than has previously been requested by bankers, insurance companies, 36-percent loan sharks and other Shylocking moneylenders? All she desires is a place to live—a home—"that spot of earth supremely blessed, a dearer, sweeter spot than all the rest."

The lady is right when she contends that bankers are running our Government. She is right when she says bankers as a class are tight. They are not only tight, but they are selfish, greedy, and avaricious. Of course, my good woman, you have not been benefited as yet by the new deal. We must admit, however, that the A. A. A. is responsible for a remarkable advance in the selling price of farm commodities. Give the farmer a chance to raise a good crop this year, 1935, to harvest that crop, to haul it to the market, to sell it, to feed that grain into high-priced hogs and cattle and thus market the grain through livestock. Give him this opportunity and he will be back on his feet again.

Deny him this opportunity. Deny him the right to live on his farm, to till the soil, to raise grain and crops for his livestock and to haul the livestock to the market. Deny him all this and take away his farm; confiscate his home, obtain deficiency judgments and mortgage his whole future life to the bankers, insurance companies, and other moneylenders, and you have perpetrated the most grave and worst injustice ever meted out to any class of deserving citizens. I admit, Mrs. Swartz, with never a struggle that you are positively right in your contention that it was not your fault 4 years ago when you first became delinquent on your farm. Twenty-cent corn, 10-cent oats, and 2-cent hogs were enough provocation, panic, and depression to rend the whole country asunder, and as usual the farmers were penalized and sacrificed.

They are sacrificed now on the bloody altar of the Court decision in favor of racketeering bankers, selfish insurance companies, and other plundering money lenders. Congress and Congress alone can save from further destruction, confiscation, and tragedy these patient, tolerant, modest tillers of the soil.

My dear Mrs. Swartz, I am with you and for you 100 percent. I congratulate your Federal court in their wisdom and sense of fair play in holding farm foreclosures in abeyance to see what Congress will do. If Congress does nothing, however, then the blood is not upon your hands, but the blood of these wholesale confiscations and foreclosures is upon the hands of those who are guilty of indecision, inaction, and ineptitude.

The SPEAKER. Is there objection to the request of the gentleman from Ohio that he be permitted to revise and extend his remarks and include therein a letter to which he referred?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the first two sentences of section 36 of the Emergency Farm Mortgage Act of 1933, as amended, are amended to read as follows:

"The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $125,000,000, including commitments and disbursements heretofore made, to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, mutual nonprofit companies and incorporated water-users' associations duly organized under the laws of any State, and to or for the benefit of political subdivisions of States which have or propose to purchase or otherwise acquire projects or portions thereof devoted chiefly to the improvement of lands for agricultural purposes. Such loans shall be made for the purpose of enabling any such district, political subdivision, company, or association (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such project; or, whether or not it has any such indebtedness, to purchase, acquire, construct, or complete such a project or any part thereof, or to purchase or acquire additional drainage, levee, or irrigation works, or property, rights, or appurtenances in connection therewith, and to repair, extend, or improve any such project or make such additions thereto as are consonant with or necessary or desirable for the proper functioning thereof or for the further assurance of the ability of the borrower to repay its loan: *Provided*, That it is not intended that additional lands will thereby be brought into production."

SEC. 2. Such section is further amended by striking out the sentence therein which reads as follows: "When any loan is authorized pursuant to the provisions of this section and it shall then are thereafter appear that repairs and necessary extensions or improvements to the project of such district, political subdivision, company, or association are necessary or desirable for the proper functioning of its project or for the further assurance of its ability to repay such loan, and if it shall also appear that such repairs and necessary extensions or improvements are not designed to bring new lands into production, the Corporation, within the

limitation as to total amount provided in this section, may make an additional loan or loans to such district, political subdivision, company, or association for such purpose or purposes."

With the following committee amendment:

On page 2, line 25, strike out the word "are" and insert in lieu thereof the word "or."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRELIMINARY EXAMINATION OF PURGATOIRE AND APISHAPA RIVERS, COLO.

The Clerk called the next bill, H. R. 7870, to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Purgatoire (Picketwire) River, west of the city of Trinidad, Colo., and the Apishapa River, west of the town of Aguilar, all in the county of Las Animas, in the State of Colorado, with a view to the control of the floods and the conservation of the waters of said rivers, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of floods of the Mississippi River, and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IMPORT DUTY ON COFFEE IMPORTED INTO PUERTO RICO

The Clerk called the next business, House Joint Resolution 290, to amend an act entitled "An act providing for the ratification of Joint Resolution No. 59 of the Legislature of Puerto Rico, approved by the Governor May 5, 1930, imposing an import duty on coffee imported into Puerto Rico", approved June 18, 1934.

There being no objection, the Clerk read the House joint resolution as follows:

Whereas in enacting the act approved June 18, 1934, ratifying the taxes and duties imposed by Joint Resolution No. 59 enacted by the Legislature of Puerto Rico, and approved by the Governor of Puerto Rico May 5, 1930, the Congress understood and intended in ratifying such Joint Resolution No. 59 of the Legislature of Puerto Rico that the "import duty" thereby and by subsequent acts of the Legislature of Puerto Rico "levied on all coffee imported into Puerto Rico" included and was intended to be levied upon all coffee brought into Puerto Rico whether from a foreign country or from any State, Territory, district, or possession of the United States, or other place subject to its jurisdiction: Therefore be it

Resolved, etc., That the act of Congress entitled "An act providing for the ratification of Joint Resolution No. 59 of the Legislature of Puerto Rico, approved by the Governor May 5, 1930, imposing an import duty on coffee imported into Puerto Rico", approved June 18, 1934, be, and it is hereby, amended so as to read as follows:

"That the taxes and duties imposed by the Legislature of Puerto Rico by Joint Resolution No. 59 approved by the Governor of Puerto Rico May 5, 1930, and by Act No. 77 approved by the Governor of Puerto Rico May 5, 1931, as amended by Act No. 7 approved by the Governor April 9, 1934, including therein such taxes and duties on coffee heretofore or hereafter brought into Puerto Rico from any State or Territory or district or possession of the United States, or other place subject to the jurisdiction of the United States, are legalized and ratified, and the collection of all such taxes and duties made under or by authority of either of said acts of the Puerto Rican Legislature, including such taxes and duties on coffee heretofore or hereafter brought into Puerto Rico from any State, Territory, district, or possession of the United States, or other place subject to the jurisdiction of the United States, is legalized, ratified, and confirmed as fully to all intents and purposes as if the same had, by prior act of Congress, been specifically authorized and directed."

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING CRIMINAL CODE

The Clerk called the next business, Senate Joint Resolution 42, to amend section 289 of the Criminal Code.

There being no objection, the Clerk read as follows:

Resolved, etc., That section 289 of the Criminal Code (U. S. C., title 18, sec. 468) be, and it is hereby, amended to read as follows:

"SEC. 289. Whoever, within the territorial limits of any State, organized Territory, or district, but within or upon any of the places now existing or hereafter reserved or acquired, described in section 272 of the Criminal Code (U. S. C., title 18, sec. 451), shall do or omit the doing of any act or thing which is not made penal by any laws of Congress, but which if committed or omitted within the jurisdiction of the State, Territory, or district in which such place is situated, by the laws thereof in force on April 1, 1935, and remaining in force at the time of the doing or omitting the doing of such act or thing, would be penal, shall be deemed guilty of a like offense and be subject to a like punishment."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF PROPERTY UNDER UNITED STATES COURTS

The Clerk called the next bill, S. 2688, to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That sections 1, 2, and 3 of the act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893 (ch. 225, 27 Stat. 751, as amended; U. S. C., title 28, secs. 847, 848, and 849), be, and they hereby are, amended by inserting before the period at the end of each of said sections 1, 2, and 3 the following: "or by receivers or conservators of banks, appointed by the Comptroller of the Currency."

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF FEDERAL BUILDING, DALLAS, TEX.

The Clerk called the next bill, H. R. 7926, to repeal the limitation on the sale price of the Federal building at Maine and Ervay Streets, Dallas, Tex.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that a similar Senate bill (S. 2780) be substituted for the House bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the proviso in the fifteenth paragraph under the caption "Projects outside the District of Columbia under section 5, Public Buildings Act approved May 25, 1926", of title 1 of the act entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1929, and for other purposes", approved March 5, 1928, relating to the minimum price for which the Federal building and site at Main and Ervay Streets, Dallas, Tex., may be sold, is hereby repealed.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill (H. R. 7926) was laid on the table.

MEDITERRANEAN FRUIT FLY

The Clerk called the next bill, H. R. 1419, to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture.

Mr. JENKINS of Ohio. Mr. Speaker, I object. This is the same bill we had up last year. We had it up several times. For this reason I think I shall have to object.

Mr. PETERSON of Florida. Mr. Speaker, will not the gentleman withhold his objection?

Mr. JENKINS of Ohio. Mr. Speaker, I withhold my objection for the time being to permit the gentleman to make a statement.

Mr. PETERSON of Florida. As the report shows, this bill calls for an investigation only and cannot possibly be construed as imposing any legal or moral obligation on the Government of the United States. I call the gentleman's

attention further to the fact that the authorization has been reduced from $25,000 to $10,000. I hope the gentleman will withdraw his objection.

Mr. SEARS. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. SEARS. Mr. Speaker, at the last session of Congress the Senate passed this bill. We went before the Committee on Agriculture and had full and complete hearings. The Committee on Agriculture reported the bill out.

At this session the Senate again passed this bill, and we went before the Committee on Agriculture at this session. Again we had full and complete hearings, and the committee reported the bill out.

This bill does not bind the Government morally or legally for one dime. It asks only for the authorization of $10,000 to make an investigation. It will not bind the Government legally, and I hope the gentleman will not object.

Mr. JENKINS of Ohio. Mr. Speaker, I wish to inform the House of the principle involved. I think the Members should know about this. My objection is not captious. Some years ago we spent several million dollars trying to find out whether there was the pest known as the "Mediterranean fruit fly" in Florida, but we never found a single one. Our good friend, the Chairman of the Appropriations Committee at that time, the late Mr. Will Wood, went down there and showed up what an unreasonable campaign was being carried on down there.

Here is what this bill seeks to do, and I want the membership to know about it. It seeks to have the United States Government put up the money to make an investigation to determine how many people down in Florida have good claims to bring forward against the Government sometime in the future. In other words, you are paying a man to hire a lawyer to work up a case against you.

Mr. SEARS. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. SEARS. I know the gentleman wants to be fair.

Mr. JENKINS of Ohio. Yes.

Mr. SEARS. We have the testimony; we simply want to impound it. Now, it is true the Government went down there and destroyed $10,000,000 worth of our property. We did not complain for we thought it was to help not only Florida but the whole country. We were helpless. Take my own case, the Government destroyed five acres of my tomatoes, pulled them up and threw them over the fence and could not find a single fly and then sent back a report that the tomato was not a host of the fruit fly. I gathered up my tomato plants and tried to put them back, but tomatoes will not grow in Florida after they have been once pulled out, no matter how hard we try to make them grow. Now, the Government should be fair in cases like that. I am not seeking any relief for myself.

Mr. JENKINS of Ohio. Those people had their remedy; they should have prosecuted their cases in the Court of Claims.

Mr. SEARS. They could not prosecute their cases in the Court of Claims unless the Government allowed them to go there.

We are asking to have this bill passed. It does not bind the Government for one nickel, morally or legally.

Mr. JENKINS of Ohio. It does bind the Government to the extent of $10,000.

Mr. SEARS. But that is only for an investigation. The Government caused a vast amount of property to be destroyed and there should be an investigation.

Mr. JENKINS of Ohio. You have already made a check.

Mr. SEARS. It was made with the National Guard over us.

Mr. JENKINS of Ohio. That eradication campaign was 5 or 6 years ago.

Mr. SEARS. As I say, we are only asking for an investigation.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. BOILEAU. I wish to state to the gentleman from Ohio that when this matter came before the Committee on Agriculture, the members of the Committee were almost unanimously in opposition to it. When these gentlemen from Florida presented their case the membership were unanimously in favor of expending $10,000 to give them an opportunity to impound their evidence.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection and ask unanimous consent that the bill may be passed over without prejudice to the next call of the calendar.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SPANISH WAR MEMORIAL PARK

The Clerk called the next bill, H. R. 7085, to provide for the creation of a memorial park at Tampa, in the State of Florida, to be known as the "Spanish War Memorial Park", and for other purposes.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PENSIONS TO CERTAIN WAR VETERANS

The Clerk called the next bill, H. R. 6995, granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all laws in effect on March 19, 1933, granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, are hereby reenacted into law and such laws shall be effective from and after the date of the approval of this act.

SEC. 2. That all acts and parts of acts in conflict with or inconsistent with the provisions of this act are hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. TRUAX. Mr. Speaker, the bill just passed by the House of Representatives, H. R. 6995, by Mr. SMITH of Washington, is one of the most meritorious bills that has received favorable action in this session of Congress. The bill provides that all laws in effect on March 19, 1933, granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, are hereby reenacted into law, and such laws shall be effective from and after the date of the approval of this act.

This bill reenacts into law the act of June 2, 1930. It extends benefits to persons who served in the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, between April 21, 1898, and July 4, 1902, who have not been able to prove service connection for their disabilities, as well as their widows and dependents. The average monthly payment being received by such veterans on June 30, 1934, was $32.17. This bill increases that amount to an average monthly pension award of $42.85. The average age of such veterans is 61 years and 8 months. Widows will receive a monthly increase of $7.50. The bill does not affect any pension award for service-connected disabilities. It repeals that part of the so-called "Economy Act" dealing with Spanish War veterans whose disabilities are nonservice connected.

As a member of the Committee on Pensions it was my privilege to vote for the favorable report of this bill by the committee. Following the favorable report by the committee, the Committee on Rules was requested to grant a rule for the consideration of the bill in the regular manner. The requested rule was not granted. The procedure of the House today now makes it needless to apply for a rule. The bill has now passed the House and only needs favorable action by the Senate and the signature of the President of the United States to cause it to be enacted into law. I am indeed happy to have been instrumental in its support and in its passage by the House of Representatives on June 15, 1935

On this same day I dispatched a telegram to Mr. Albert L. Daniels, commander of Disabled American Veterans of Ohio, regretting my inability to accept the invitation of the convention to meet with them and address them, giving as my reason the importance of the legislation that was to be considered in the House today and Monday. Since the passage of this bill, I now feel that my reasons for not accepting the invitation were sound and fully justified. Accordingly, I am inserting in the RECORD at this point the letter received from Commander Daniels, together with my telegraphic reply to same.

DISABLED AMERICAN VETERANS OF THE WORLD WAR,
DEPARTMENT OF OHIO,
Cincinnati, Ohio, May 13, 1935.

Hon. CHARLES V. TRUAX,
House Office Building, Washington, D. C.

MY DEAR MR. TRUAX: The fourteenth annual department convention of our congressionally chartered organization will be held in Portsmouth, Ohio, on June 14, 15, and 16, the first business session opening at 10 Saturday forenoon, June 15, followed by a banquet that evening at 6:30. The convention sessions and banquet will be held in Radioland ballroom, which is being operated by radio station WPAY.

You are cordially invited to be in attendance at the business sessions of our convention and at our convention banquet, at which time we should appreciate an opportunity to listen to a message from you.

We believe that your attendance at this jubilee convention would prove interesting to you, but we are particularly anxious to have your assurance that you will at least find it possible to be with us and to address us at our convention banquet, or at some time during the business sessions of our convention, Saturday or Sunday, whichever is more convenient for you.

Kindly advise us the probable time you will arrive in order that we may arrange our schedule.

Very sincerely,

ALBERT L. DANIELS,
Department Commander.

Official:

BRIAN J. THORNTON,
Department Adjutant.

JUNE 15, 1935.

ALBERT L. DANIELS,
Department Commander, Disabled American Veterans, Portsmouth, Ohio:

Thanks sincerely for invitation to attend and address your convention. Important sessions today and Monday in the House of Representatives prevent my leaving. Kindly assure your comrades that I am with you in spirit if not in person, and as you fought for your country in its hour of need, I am fighting for you in your hour of need until every injustice, including bonus, is fully corrected and paid.

CHARLES V. TRUAX,
Congressman at Large.

CONVEYANCE OF GOVERNMENT LAND TO THE BOROUGH OF STROUDSBURG, PA.

The Clerk called the next bill, H. R. 5920, to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, empowered and authorized to convey, by the usual quit-claim deed, to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498 and no other, that portion of the post-office site in said borough, bounded and described as follows, to wit: Beginning at the southwest corner of the intersection of Seventh and Ann Streets, in the borough of Stroudsburg, said corner being opposite station 1224 plus 97 and 16 feet from the center line of the said Seventh Street; thence along the west side of said Seventh Street, south 20°36′ east 124.44 feet to a point; thence by land of United States Government, of which this parcel is a part along a curved line to the right having a radius of 186.6 feet, a distance of 57.54 feet and subtended by a chord north 29°26′ west 57.31 feet to a point on tangent; thence by the same, north 20°36′ west, 67.96 feet to a point on the south line of Ann Street; thence along the same, north 70°24′ east 8.8 feet to the beginning, containing twenty-one one thousandths acre: *Provided*, That the land conveyed shall be used for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498 and no other, to be cared for and maintained as are other public streets in said borough; and in the event that the premises shall cease to be so used as herein stated, the right, title, and interest in the land herein authorized to be conveyed shall revert to the United States, and the deed or instrument of conveyance shall recite such limitation and reversionary right.

With the following committee amendment:

On page 2, line 3, strike out the figures "1224" and insert in lieu thereof the figures "1244."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HIGHWAY BRIDGE ACROSS SABINE RIVER

The Clerk called the next bill, H. R. 6988, authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask if this is a free bridge?

Mr. McFARLANE. It is.

Mr. TRUAX. It is not a toll bridge?

Mr. McFARLANE. No. We believe in treating people right down in Texas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the State of Louisiana and the State of Texas be, and are hereby, authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the Sabine River, at a point suitable to the interests of navigation, at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. There is hereby conferred upon the State of Louisiana and the State of Texas all rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

On page 1, line 5, strike out the words "be, and are hereby" and insert in lieu thereof the words "be and are hereby."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS SABINE RIVER

The Clerk called the next bill, H. R. 7044, authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the State of Louisiana and the State of Texas be, and are hereby, authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the Sabine River, at a point suitable to the interests of navigation, at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. There is hereby conferred upon the State of Louisiana and the State of Texas all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according

to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Amend the title so as to read:

A bill authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOLL BRIDGE ACROSS DELAWARE RIVER AT EASTON, PA.

The Clerk called the next bill, H. R. 7346, authorizing the Delaware River Joint Toll Bridge Commission of the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N. J.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

Mr. WALTER. Will the gentleman withhold his request a moment?

Mr. COSTELLO. Yes.

Mr. WALTER. Mr. Speaker, may I say that during the Seventy-third Session the authority to construct this bridge was given by the Congress. Subsequently the States of New Jersey and Pennsylvania authorized a commission to construct, maintain, and repair all of the bridges along the Delaware River. This very authority has been given, but there is some question about the validity of the bonds that will be issued in payment for the bridge. In order to meet this question before it arises, it has been deemed advisable to change the name and give the authorization to the commission rather than to the States, as was the case in the act that passed during the Seventy-third Session. I trust that the gentleman will not insist upon his request.

Mr. COSTELLO. What tolls are being charged for going across the bridge?

Mr. WALTER. Five cents for local traffic and up to 50 cents on trucks.

Mr. COSTELLO. Is there a free bridge located in the vicinity of this bridge?

Mr. WALTER. Yes; about two blocks away.

Mr. COSTELLO. Is there any necessity then for this legislation covering a toll bridge?

Mr. WALTER. It is very badly needed. There is a convergence at the site of the proposed bridge of four highways.

Mr. COSTELLO. It does not seem to me to be necessary to have a toll bridge right alongside of a free bridge.

Mr. WALTER. The idea is to eliminate a grade crossing at one end of the present structure and also to relieve the traffic on the William Penn Highway, all of which goes through the city of Easton and converges at the free bridge.

Mr. COSTELLO. Mr. Speaker, I withdraw my request.

Mr. TRUAX. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

I may say that in my judgment toll bridges today are a relic of the oxcart age. They are abominations and there is no justifiable reason for toll bridges being authorized today. There was some justification 40 years ago. This bill authorizes the exaction of tolls for 40 years to come. During the life of a generation they must pay tolls to some corporations.

Mr. McLEAN. The gentleman is laboring under a misapprehension.

Mr. TRUAX. In the State of Ohio we pay 4 cents a gallon gasoline tax, and the gasoline tax collected in Ohio and in every State of the Union ought to build all the bridges we need in this country from now on. There should be no toll bridges. I do not care whether they are sponsored by States, corporations, or municipalities. The use of bridges should be free to the traveling public.

Mr. McFARLANE. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Texas.

Mr. McFARLANE. Does not the gentleman know that the tolls exacted from the people are one of the juiciest plums that the holders of these bonds have?

Mr. TRUAX. Of course, I know that. Webster defines the word "toll" as "a tax paid for some liberty or privilege, as passing over a road or bridge." This definition has been in the dictionary for decades, yet they come in here and want us to authorize the construction of additional new toll bridges so that the generation that lives today and the generation to come will have to pay toll, will have to pay a tribute and a tax to these fellows who own the bridges. I am opposed to that.

Mr. WALTER. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Pennsylvania.

Mr. WALTER. There is no real necessity to go over this toll bridge. There is a free bridge within a couple of blocks of this one.

Mr. TRUAX. Why authorize this one?

Mr. WALTER. Because it is badly needed to relieve a situation that has been bad there for the last 15 years.

Mr. TRUAX. Is it badly needed in order to relieve the stockholders?

Mr. WALTER. I may say that the Reconstruction Finance Corporation in all probability will take the bonds that are issued by the two States.

Mr. TRUAX. I may say to the gentleman that in my judgment——

Mr. WALTER. I do not know of any public improvement that we have had under consideration during this Congress that is more worth while than this proposed bridge, not only from the standpoint of necessity, but also because it will provide employment for many, many people in this community.

Mr. TRUAX. All right; make it a free bridge and let the people who travel the public highways use it free. Every time I go back to Ohio, which is not often, I have to pay toll on bridges that have stood there for 40 or 50 years. They ought to be free. These toll bridges ought to be abolished and we should pay for the construction of bridges through the gasoline tax that we all pay.

Mr. McLEAN. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. McLEAN. The gentleman from Ohio is speaking without adequate knowledge——

Mr. TRUAX. No; he is not. I have full knowledge.

Mr. McLEAN. Without adequate knowledge of the situation which exists in and around the metropolitan district. The New York Port Authority, for example, and other similar authorities are joint commissions of adjoining States, New York, New Jersey, and Pennsylvania, organized to construct highways, tunnels, and bridges of great benefit to the people of the entire country and they have been built under a program whereby the users of these facilities pay the bills and they do not become a burden upon the tax-paying public.

Mr. TRUAX. And they pay a nice profit.

Mr. McLEAN. The bonds are the bonds of the State of Pennsylvania, New Jersey, and New York, as the case may be, and when the receipts from the tolls charged are sufficient to pay the bonds, it is anticipated that the facilities will be turned over for the free use of the people of the country.

Mr. TRUAX. Let me ask the gentleman this question. Before they will be turned over for the free use of the people, they have to pay toll and pay tribute for 40 years, because that is what is stated right in the bill. The bill states that they shall include a reasonable interest charge and financial costs and that it shall be amortized in not to exceed 40 years from the completion thereof. I say make them free now and turn them over to the public.

Mr. McLEAN. The language is "not to exceed 40 years", and when the receipts from these facilities are sufficient to liquidate the bonds, they will be liquidated and the facilities turned over to the public. This is pursuant to State policy adopted a few years ago by the States of Pennsylvania, New York, and New Jersey, which has greatly redounded to the benefit of the people of the whole country, one of the most

progressive steps that was ever taken in the handling of traffic or the granting of traffic facilities to automobiles on the public highways, and it is an injustice and an improper thing for a Member of the Congress to reflect upon the States involved.

Mr. TRUAX. Mr. Speaker, I refuse to yield further. I may say that the statements the gentleman has made are no doubt true, but my contention is we should make them free and let the Government pay for them, either Federal, State, municipal, or county. We are spending millions of dollars every year for public improvements and for the improvement of the public highways. We ought to continue this work, but we should not set up a corporation of private ownership to make profits out of the travel of the people.

Mr. WALTER. This is not a private corporation. This commission was set up by the States of New Jersey and Pennsylvania by acts of the legislatures of the two States, and I may say that 90 percent of the people in the community affected are enthusiastically urging the construction of the toll bridge.

Mr. TRUAX. That does not make it right, simply because two State legislatures ratified it.

Mr. WALTER. They did not ratify it, they set up this commission. This is not a private corporation, and I would call the gentleman's attention to the fact that since this commission was created they have freed every bridge along the Delaware River except the one from Camden to Philadelphia, and that bridge is being maintained and operated under the same kind of authority.

Mr. TRUAX. They ought to free them all and not wait for 40 years to free this particular one.

Mr. WALTER. May I also call the gentleman's attention to line 13, page 3, of the bill—

> After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls.

So the moment there is enough money collected from these tolls the bridge will become public property and there will not be one penny of profit made by anybody.

Mr. TRUAX. But the bill gives them 40 years, and my experience has been that the time is never less than the time authorized.

Mr. WALTER. The language is "not to exceed 40 years." In the opinion of the engineers and the experts, this bridge will be free in 18 years.

Mr. TRUAX. I would suggest to the gentleman that they borrow the money now and make it a free bridge. That can be done.

Mr. WALTER. That is exactly what we are doing.

Mr. TRUAX. Can you not go to the R. F. C. or some other Government agency and get the money?

Mr. WALTER. That is what we are seeking to accomplish; and, if the gentleman does not interfere, that is what we will accomplish.

Mr. McLEAN. This is one of the self-liquidating projects the Government has been talking about.

Mr. WALTER. This is one of the self-liquidating projects that the gentleman has been seeking to provide, and that the gentleman provided for when he voted for the big appropriation.

Mr. TRUAX. I did not vote for any toll bridge.

Mr. SABATH. I think the gentleman is sincere and honest, but he should realize the distinction between a privately owned bridge and a bridge that is demanded and urged and requested by two States, namely, the State of New Jersey and the State of Pennsylvania. No one will make any profit and the people of both of the States who are going to use the bridge are not only interested but pleading for the construction of this bridge.

Mr. TRUAX. All right; but, I say, make it a free bridge now and not wait for 40 years.

Mr. SABATH. They need the bridge now.

Mr. WALTER. I should like to have the gentleman suggest a way to do that.

Mr. TRUAX. The gentleman will be pleased to do that, provided the gentleman will agree to the unanimous-consent request to pass this bill over without prejudice for further information and study.

Mr. WALTER. I do not think that is necessary at this time.

Mr. TRUAX. I think it is necessary.

Mr. WALTER. I may say to the gentleman that the plans for this bridge have been examined by the public works engineers of the States of New Jersey and Pennsylvania, as well as the Federal engineers, and they are now ready to commence work.

The SPEAKER. Is there objection to the request that the bill be passed over without prejudice?

There was no objection.

BRIDGE ACROSS THE POTOMAC RIVER BETWEEN OLD TOWN, MD., AND GREEN SPRING, W. VA.

The Clerk called the bill (H. R. 7395) authorizing M. R. Carpenter, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Potomac River between Old Town, Md., and Green Spring, W. Va.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

BRIDGE ACROSS THE MONONGAHELA RIVER

The Clerk called the bill (H. R. 7591) granting the consent of Congress to the cities of Donora and Monessen, Pa., municipal corporations, to construct, maintain, and operate a bridge across the Monongahela River between the two cities.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I ask that this bill be passed over without prejudice.

Mr. WOLCOTT. Reserving the right to object, is it the intention of the gentleman to object to all of these bills authorizing the construction of bridges?

Mr. TRUAX. To the construction of all toll bridges.

Mr. WOLCOTT. Then I question whether there is any further use in going on with the Consent Calendar.

Mr. TRUAX. Except that we are obtaining further information about the bridges owned by the States.

Mr. WOLCOTT. I have understood that the leadership is not to go any farther than Calendar No. 253. If that is the intention there is no use in calling any more bills, because that is the last bridge bill.

Mr. TRUAX. I renew my request that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Reserving the right to object, I suggest that the gentleman from Ohio make a blanket request that all bills up to and including Calendar No. 253 be passed over without prejudice.

Mr. TRUAX. I will say that the Chair has ruled that that cannot be done on the Consent Calendar or the Private Calendar.

Mr. WOLCOTT. I do not think the Chair has ruled that way if you call the bills by number.

Mr. TRUAX. Mr. Speaker, I desire to submit a unanimous consent request that bills, Calendar Nos. 245, 246, 247, 248, 249, 250, 251, 252, and 253, be passed over without prejudice.

The SPEAKER. Is there objection?

Mr. CHAPMAN. I object to the unanimous-consent request to include them en bloc.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 7982. An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On June 14, 1935:

H. R. 2756. An act authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims, and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes;

H. R. 6836. An act to provide for the printing and distribution of Government publications to The National Archives.

On June 15, 1935:

H. R. 7982. An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 35 minutes p. m.), the House adjourned until Monday, June 17, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Monday, June 17, 10 a. m.)

Subcommittee will hold hearings on bill (H. R. 2793) pertaining to appointment of postmasters.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MONTET: Committee on Military Affairs. S. 2265. An act extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War; without amendment (Rept. No. 1234). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. S. 2556. An act to amend and supplement the steering rules respecting orders to helmsmen on all vessels navigating waters of the United States, and on all vessels of the United States navigating any waters or seas, in section 1 of the act of August 19, 1890, section 1 of the act of June 7, 1897, section 1 of the act of February 8, 1895, and section 1 of the act of February 19, 1895; without amendment (Rept. No. 1237). Referred to the House Calendar.

Mr. BLAND: Committee on Merchant Marine and Fisheries. S. 2743. An act to authorize the erection of a suitable memorial to Maj. Gen. George W. Goethals within the Canal Zone; with amendment (Rept. No. 1238). Referred to the Committee of the Whole House on the state of the Union.

Mr. McLAUGHLIN: Committee on the Judiciary. H. R. 8214. A bill to incorporate the American National Theater and Academy; without amendment (Rept. No. 1240). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H. R. 8492. A bill to amend the Agricultural Adjustment Act, and for other purposes; with amendment (Rept. No. 1241). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOOD: Committee on War Claims. H. R. 3790. A bill for the relief of Walter W. Johnston; without amendment (Rept. No. 1235). Referred to the Committee of the Whole House.

Mr. WOOD: Committee on War Claims. S. 2520. An act for the relief of T. D. Randall & Co.; without amendment (Rept. No. 1236). Referred to the Committee of the Whole House.

Mr. DORSEY: Committee on Military Affairs. H. R. 2308. A bill for the relief of Fay A. Cushman; without amendment (Rept. No. 1239). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURDICK: A bill (H. R. 8511) to provide funds for cooperation with Cannon Ball School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

Also, a bill (H. R. 8512) to provide funds for cooperation with Fort Yates School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

Also, a bill (H. R. 8513) to provide funds for cooperation with Trenton School District, Williams County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

Also, a bill (H. R. 8514) to provide funds for cooperation with White Bird School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

Also, a bill (H. R. 8515) to provide funds for cooperation with Sanish School District No. 1, Mountrail County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

Also, a bill (H. R. 8516) to provide funds for cooperation with Porcupine School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

By Mr. COLDEN: A bill (H. R. 8517) to provide for the establishment of a home for retired merchant seamen; to the Committee on Merchant Marine and Fisheries.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8518) to regulate advertising of imported articles; to the Committee on Interstate and Foreign Commerce.

By Mr. MILLER: A bill (H. R. 8519) requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public works; to the Committee on the Judiciary.

By Mr. MEAD: Resolution (H. Res. 261) for the investigation of the operating methods of air mail contractors from the standpoint of safety; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Florida, supporting H. R. 3416; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 8520) for the relief of Mary Payne; to the Committee on Naval Affairs.

By Mr. SCOTT: A bill (H. R. 8521) for the relief of Elsie O'Brine; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8858. By Mr. BUCKLER of Minnesota: Petition of Joe Estling, president, of Greenbush, and Daniel Danielson, secretary, of Malung, Minn., of the Roseau County Farm Holiday Association, in behalf of their members, all praying for passage into law of House bill 6977, the flax bill amendment to the Agricultural Adjustment Act; to the Committee on Agriculture.

8859. By Mr. FOCHT: Petition of William D. Jones, of Middleburg, Snyder County, a part of the Eighteenth Pennsylvania Congressional District, and numerous other residents of Snyder County in support of House bill 2827, the workers' unemployment, old-age, and social insurance bill; to the Committee on Ways and Means.

8860. By Mr. GOODWIN: Petition of the Maritime Association of the Port of New York, New York, N. Y., opposing proposed legislation to transfer the supervision of harbor and river work from the Corps of Engineers of the United States Army to another Government department; to the Committee on Rivers and Harbors.

8861. By Mr. PFEIFER: Petition of the American Manufacturing Co., Brooklyn, N. Y., concerning the Sumner bill (H. R. 7940) prohibiting transportation of prison goods into the United States where the sale of prison goods is prohibited; to the Committee on the Judiciary.

8862. Also, petition of Edward White, president New York Photo Engravers' Union, No. 1, concerning the Wagner-Connery bill; to the Committee on Labor.

8863. Also, petition of Mailers' Union, No. 6, International Typographical Union, New York City, concerning the Wagner labor-disputes bill; to the Committee on Labor.

8864. Also, petition of Woman Investors in America, Inc., New York City, concerning the Rayburn-Wheeler public-utility bill; to the Committee on Interstate and Foreign Commerce.

8865. By Mr. RUDD: Petition of New York Photo Engravers' Union, No. 1, New York City, concerning the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8866. Also, petition of Mailers' Union, No. 6, New York City, concerning the Wagner labor-disputes bill; to the Committee on Labor.

8867. By Mr. TRUAX: Petition of the International Institute of the Young Women's Christian Association, Toledo, Ohio, by their executive secretary, Mrs. Edward J. Lorenz, urging support of the Kerr bill (H. R. 8163), which corrects the injustices and inhumanities of the present law regarding deportation of aliens; to the Committee on Immigration and Naturalization.

8868. Also, petition of Hard Rubber Workers' Local Union, No. 18395, Akron, Ohio, affiliated with the American Federation of Labor, by their financial secretary, J. D. Coberly, urging support of the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8869. Also, petition of the National Association of Letter Carriers, John T. Mugavin Branch, No. 43, Cincinnati, Ohio, by their secretary, Albert A. Seifert, urging support of House bills 5583 and 8002, both beneficial to the postal employee; to the Committee on the Post Office and Post Roads.

8870. Also, petition of the International Brotherhood of Blacksmiths, Drop Forgers, and Helpers, Cleveland, Ohio, by their secretary, W. T. Hill, urging support of the Wagner labor-disputes bill, the Black 30-hour-week bill, and Guffey coal-regulation bill; to the Committee on Labor.

SENATE

MONDAY, JUNE 17, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, June 15, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Logan	Reynolds
Ashurst	Copeland	Lonergan	Robinson
Austin	Costigan	Long	Russell
Bachman	Davis	McAdoo	Schall
Bailey	Dickinson	McCarran	Schwellenbach
Bankhead	Donahey	McGill	Sheppard
Barkley	Duffy	McKellar	Shipstead
Bilbo	Fletcher	McNary	Smith
Black	Frazier	Maloney	Steiwer
Bone	George	Metcalf	Thomas, Okla.
Borah	Gerry	Minton	Townsend
Brown	Gibson	Moore	Trammell
Bulkley	Guffey	Murphy	Truman
Bulow	Hale	Murray	Tydings
Burke	Harrison	Neely	Vandenberg
Byrd	Hastings	Norbeck	Van Nuys
Byrnes	Hatch	Norris	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Johnson	Overton	Wheeler
Chavez	King	Pittman	White
Clark	La Follette	Pope	
Connally	Lewis	Radcliffe	

Mr. LEWIS. Let me announce that my colleague, the junior Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], and the Senator from Oklahoma [Mr. GORE] are necessarily detained from the Senate, and that the Senator from Utah [Mr. THOMAS] is absent on important public business.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness, and I desire that this announcement may stand for the day.

Mr. AUSTIN. I announce that the Senator from Wyoming [Mr. CAREY], the Senator from New Hampshire [Mr. KEYES], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 1066. An act to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929;

S. 1831. An act transferring certain national forest lands to the Zuni Indian Reservation, N. Mex.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes";

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans;

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. 2780. An act to repeal the limitation on the sale price of the Federal building at Main and Ervay Streets, Dallas, Tex.; and

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes";

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 5360. An act providing for punishment for the crime of robbing or attempting to rob custodians of Government moneys or property;

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6776. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended;

H. R. 6910. An act to amend section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N. Mex., in certain lands within the Carson National Forest;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.;

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes;

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters;

H. J. Res. 237. Joint resolution for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund";

H. J. Res. 265. Joint resolution pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto; and

H. J. Res. 290. Joint resolution to amend an act entitled "An act providing for the ratification of Joint Resolution No. 59 of the Legislature of Puerto Rico, approved by the Governor May 5, 1930, imposing an import duty on coffee imported into Puerto Rico", approved June 18, 1934.

REFUNDING OF TAXES TO BUILDING-AND-LOAN ASSOCIATIONS—VETO MESSAGE (S. DOC. NO. 71)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Claims, and ordered to be printed, as follows:

To the Senate:

I return herewith, without my approval, S. 279, an act to extend the time for the refunding of certain taxes erroneously collected from certain building-and-loan associations.

This bill authorizes the filing of claims for the refund of taxes which were, under the principle laid down by the United States Supreme Court in *United States* v. *Cambridge Building & Loan Co.* (278 U. S. 55), erroneously assessed and collected, regardless of the fact that claims for refund thereof were not filed within the prescribed statutory period for filing such claims.

Congress has determined that it is sound policy to include in all the revenue acts statutes of limitations, by the operation of which, after a certain period of time, it becomes impossible for the Government to collect additional taxes or for the taxpayer to obtain a refund of an overpayment of taxes. This bill selects a small class of taxpayers for special treatment by excepting them from this policy. The whole body of Federal taxpayers is thus discriminated against, and a precedent is established, opening the door to relief in all cases in which the statute operates to the prejudice of a particular taxpayer, while leaving the door closed to the Government in those cases in which the statute operates to the disadvantage of the Government.

I know of no circumstances which would justify the exception made by S. 279 to the long-continued policy of Congress, and do not believe that the field of special legislation should be opened to relieve special classes of taxpayers from the consequences of their failure to file claims within the period fixed by law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 14, 1935.*

JURISDICTION OF FISH AND GAME IN INDIAN RESERVATIONS IN NEW YORK—VETO MESSAGE (S. DOC. NO. 70)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and ordered to be printed, as follows:

To the Senate:

I return without my approval the act, Senate 1942, "An act to repeal the act entitled 'An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations', approved January 5, 1927."

The status of game and fish protection by law in the three Indian reservations mentioned in this act prior to the act of January 5, 1927, for the repeal of which this act has been passed, was somewhat chaotic, for the reason that, while theoretically the conservation laws of the State of New York applied to hunting and fishing in the reservations such laws were unenforceable with respect to the tribal Indians hunting therein, the Indians being wards of the National Government and Congress not having authorized the enforcement of the State conservation laws against them. Persons other than Indians hunting and fishing on such reservations were still subject to the New York conservation laws.

Repeal of the act of January 5, 1927, which was intended to set up an orderly and more nearly uniform administration of the conservation laws of New York throughout the State, would restore the chaotic situation to which I have referred.

It is highly desirable in this day of rapid disappearance of our wildlife, particularly the game species, that hunting and fishing throughout the land be restrained within those limits deemed by legislatures and responsible conservation officials essential for the preservation and perpetuation of the Nation's stock of wildlife.

I can perceive no reason why, at this time, tribal Indians in the State of New York should not be subject to the restrictions of the State conservation laws which apply to all other persons hunting or fishing in the same territory, certainly those features of the conservation laws which limit the seasons during which hunting and fishing may be indulged in and the numbers of game and fish that may be taken within fixed periods. It is manifest that numbers of species, especially of game birds, are only temporarily or periodically resident on the Indian reservations, passing therefrom to other portions of the State and in numbers of cases to other portions of the United States. It is, there-

fore, strictly true to say that the Indians are no more vested with a property interest in this game than are the people of the rest of the State or country.

Furthermore, game produced naturally or artificially in territory adjacent to the reservations inevitably pass back and forth between such territory and the reservations, as to which game it cannot with reason be contended that the Indians should have the privilege of taking it regardless of State law applicable to everybody else. The Indians are fully safeguarded against discriminative State law by the act of January 5, 1927, and by that act enjoy exemption from the hunting-and-fishing license feature of the State conservation law, and, in addition, are vested with the exclusive right to authorize the taking of game and fish within their reservations, and if they permit hunting and fishing, to issue the permits and licenses therefor.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 15, 1935.*

Mr. FRAZIER. I move that the veto message of the President be referred to the Committee on Indian Affairs.

The motion was agreed to.

ELSIE SEGAR

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2218) for the relief of Elsie Segar, which was, on page 1, line 5, after the word "appropriated", to insert "and in full settlement of all claims against the United States."

Mr. COPELAND. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

DINO CARBONELL

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1325) for the relief of Dino Carbonell, which was, on page 1, line 7, to strike out the word "representing" and insert "in full settlement of all claims against the United States for."

Mr. COPELAND. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

JOHN W. DADY

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2333) for the relief of John W. Dady, which was, on page 1, line 10, after the word "work", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. THOMAS of Oklahoma. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the Legislature of the State of Florida, which was referred to the Committee on Public Lands and Surveys:

Senate Memorial 23

To the President and Congress of the United States:

Whereas St. Johns Bluff on the St. Johns River in Duval County, Fla., was selected as a strategic location for fortifications by five different nations of the world; and

Whereas the first battle between white races on North American soil was fought there for the possession of the vast region then known as Florida (1565); and

Whereas there the first colony of Protestants in North America was planted; the first Protestant woman and children landed; and the first child born in that faith; and

Whereas through the centuries following, St. Johns Bluff, the site of old Fort Caroline, continued to be the scene of varied national and international events of great importance, many of which are noted in general histories; and

Whereas this historic site of national and international interest is in every way worthy of possession by the General Government for strategic and historical purposes; and

Whereas there is pending in the Congress of the United States a bill designated as H. R. 3416 and entitled "An act to establish the Fort Caroline National Monument in Duval County, Fla." The purpose of which is to create and designate St. Johns Bluff as "Fort Caroline National Monument", authorizing and directing the Secretary of the Interior to acquire, on behalf of the United States, this area of land comprising approximately 118 acres, situated on the St. Johns River, in Duval County, Fla.: Now, therefore be it

Resolved by the Legislature of Florida, That the Congress of the United States is hereby memorialized to enact the above entitled bill into law: Be it further

Resolved, That United States Senators FLETCHER and TRAMMELL, and Representatives WILCOX, SEARS, GREEN, PETERSON, and CALDWELL, are hereby urged to use their most vigorous efforts to bring about the saving of this first-known landing place of the white race in the United States for future generations: Therefore be it further

Resolved, That the secretary of the State of Florida is hereby directed to transmit a copy of this memorial, under the great seal of State, to the President of the United States, to the President of the United States Senate, to the Speaker of the House of Representatives of Congress, to the Secretary of the Interior, and each member of the Florida delegation in Congress.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Board of Commissioners of the City of Galveston, Tex., favoring the enactment of legislation to establish a naval training station on the 900 acres of Government-owned land on Pelican Spit; to establish an adequate antiaircraft artillery base on the 600 acres, east end of the city of Galveston, given to the Government by the Galveston City Co. and Maco Stewart, and to construct a 200-foot canal from Fort Crockett and Offatt's Bayou westward to San Luis Pass, etc., which was referred to the Committee on Naval Affairs.

He also laid before the Senate papers in the nature of petitions from several citizens of New York City, N. Y., praying for the enactment of House bill 7688, for the benefit of substitute postal employees who have served the Government from 4 to 14 years, which were referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a petition of sundry citizens of New York City, N. Y., praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which was referred to the Committee on Privileges and Elections.

Mr. WALSH presented a resolution adopted at a meeting of 32 citizens of the League for Peace Action, of Stoneham, Mass., favoring the enactment of legislation to control private profit in peace time and war time, with no inclusion of conscription, which was referred to the Committee on Finance.

He also presented a paper in the nature of a petition from the Lynn (Mass.) Chamber of Commerce, praying for the enactment of House bill 7022, the so-called "air-defense bill", which was referred to the Committee on Military Affairs.

He also presented a letter in the nature of a petition from the directors of the Boston (Mass.) Chamber of Commerce, signed by E. L. Hefron, secretary Committee on Aviation, praying for the enactment of House bill 6511, providing that rates of pay for the carriage of air mail be regulated by the Interstate Commerce Commission, which was referred to the Committee on Post Offices and Post Roads.

FEDERAL GASOLINE TAX

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution from the executive committee of the Mid-Continent Oil and Gas Association, urging that the Federal gasoline tax of 1 cent a gallon be not renewed in the tax bill which will come before us in the near future.

This tax, as I have said before on the floor of the Senate, is generally recognized as a discriminatory, unjust, and outrageous tax; it should have been repealed long ago. In fact, it never should have been levied. It invades a field that not only belongs to the States but already also has been more

than filled by the States. The various taxing bodies have levied taxes on auto and truck owners that amount to a 25-percent annual tax on their property.

A fairly heavy tax on gasoline, to be used exclusively for highway purposes, is justified. Users of the highways should pay for highway construction and maintenance. But they already are doing so. We have motor-car owners and operators paying more than a billion dollars a year in taxes. This extra Federal gasoline tax is too much, and I hope will not be renewed. I send the resolution to the desk, with the request that it be printed as a part of these remarks.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE EXECUTIVE COMMITTEE, KANSAS-OKLAHOMA DIVISION, MID-CONTINENT OIL AND GAS ASSOCIATION, TULSA, OKLA.

To the Finance Committee of the Senate, in the Congress of the United States, Greeting:

Whereas the Congress of the United States has levied an emergency Federal tax of 1 cent per gallon on sales of gasoline, the revenues from which are utilized for general-fund purposes; and

Whereas such Federal gasoline tax constitutes a double assessment on motor-vehicle operators, in view of the fact that the 48 States of the United States had already levied State taxes on sales of gasoline when the said Federal gasoline tax was imposed, and such tax is in fact an invasion of the rights of the States; and

Whereas the use for general-fund purposes of the said revenues derived from such Federal gasoline tax constitutes in effect a usurpation and diversion of funds that should rightfully accrue to the States for road construction and maintenance; and

Whereas the assessment of this tax by the Federal Government is highly detrimental to the interests of the States in that it now tends to make the total gasoline tax in many States prohibitive, and is causing in some States diminished returns; and

Whereas, contrary to the intent and purpose of the gasoline-tax principle as originally recognized by the States and later subscribed to by the Congress of the United States in the Hayden-Cartwright Act of 1934, the Federal gasoline tax also encourages diversion and evasion of gasoline taxes in the States; and

Whereas revenues from the taxation of gasoline sales were intended properly to belong to the States, for the construction and maintenance of roads, and must be restored to them, particularly in view of the necessity for matching future Federal-aid funds, as soon to be provided under the Hayden-Cartwright Act of 1934; and

Whereas for the foregoing reasons, and in view of the fact that the Ways and Means Committee of the House of Representatives, the Finance Committee of the Senate, and the Vinson Subcommittee on Double Taxation have each previously recognized the unfairness of the Federal gasoline tax, and have stated that it ought to be eliminated; and

Whereas we believe that the said tax should be allowed to expire at the expiration of the present fiscal year, on June 30, 1935, and the taxation of gasoline hereafter left to the States for their exclusive use as a means of providing funds for highways: Now, therefore, be it

Resolved by the Kansas-Oklahoma Division of the Mid-Continent Oil and Gas Association in special meeting assembled, in the city of Tulsa, Okla., on June 12, in this, the year 1935, That the above committees and both Houses of Congress be, and hereby are, memorialized on behalf of the members of this organization to allow the Federal gasoline tax to expire at the close of the present fiscal year, June 30, 1935, in accordance with the declared intent at the time it was passed; that it be not levied again in any way whatsoever, and that the Federal Government permanently withdraw from the field of gasoline taxation and leave to the States exclusively the power and right to tax gasoline sales in the future; and be it further

Resolved, That a copy of this resolution be transmitted to the Chairman of the Ways and Means Committee of the House of Representatives, to be laid before the members of the committee, and to the Chairman of the Senate Committee on Finance, to be laid before the members of that committee, and likewise to both Senators from this State and the Members of the House of Representatives from this district and State, and such other Congressmen as may be necessary, urging them to use their utmost endeavors to carry out our desires as expressed in the letter and spirit of this resolution, and thus afford to our members and all those who operate motor vehicles or are consumers of gasoline, commercially or privately, the greatly needed relief which they demand from an excessive burden of discriminatory taxation, due largely to the combined high tax on gasoline in State and Nation.

CLAREL B. MAPES,
Secretary Kansas-Oklahoma Division,
Mid-Continent Oil and Gas Association.

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, reported it with amendments and submitted a report (No. 893) thereon.

Mr. SCHWELLENBACH, from the Committee on Claims, to which was referred the bill (S. 427) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, New Mexico, reported it without amendment and submitted a report (No. 894) thereon.

Mr. MINTON, from the Committee on Interstate Commerce, to which was referred the bill (S. 2496) to amend the Railway Labor Act, reported it with amendments and submitted a report (No. 895) thereon.

Mr. McADOO, from the Committee on Patents, to which was referred the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, reported it without amendment and submitted a report (No. 896) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 1103) for the relief of William K. Beldin, reported it without amendment and submitted a report (No. 897) thereon.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented to the President of the United States the following enrolled bills and joint resolutions:

S. 410. An act to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes;

S. 2100. An act to amend an act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, by adding three new sections, to be numbered 802 (a), 802 (b), and 802 (c), respectively;

S. J. Res. 112. Joint resolution extending the effective period of the Emergency Railroad Transportation Act, 1933; and

S. J. Res. 113. Joint resolution to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HARRISON:

A bill (S. 3065) granting a pension to Nannie M. Buckley; and

A bill (S. 3066) granting a pension to Cornelia M. Campbell; to the Committee on Pensions.

By Mr. BLACK:

A bill (S. 3067) for the relief of A. J. Watts; to the Committee on Military Affairs.

By Mr. BONE:

A bill (S. 3068) to authorize the revision of the boundaries of the Snoqualmie National Forest, in the State of Washington; to the Committee on Public Lands and Surveys.

By Mr. McGILL:

A bill (S. 3069) granting a pension to Otis H. Dorsett; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 3070) for the relief of Ethelyn Chrane; to the Committee on Claims.

A bill (S. 3071) providing for the placing of improvements on the areas between the shore and bulkhead lines in rivers and harbors; to the Committee on Commerce.

A bill (S. 3072) to amend the Tariff Act of 1930, as amended; to the Committee on Finance.

By Mr. BULOW (by request):

A bill (S. 3073) amending the act of August 23, 1912 (37 Stat. 413), relating to preference in reduction of force granted to persons entitled to military preference; to the Committee on Civil Service.

By Mr. BAILEY:

A bill (S. 3074) for the relief of Edgar M. Barber, special disbursing agent, Paris, France, and Leo Martinuzzi, former customs clerk (with accompanying papers); and

A bill (S. 3075) for the relief of John L. Summers, former disbursing clerk, Treasury Department, and various former Treasurers of the United States (with accompanying papers); to the Committee on Claims.

By Mr. SCHWELLENBACH:

A bill (S. 3076) for the relief of W. B. Greeley; to the Committee on Claims.

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 3077) for the relief of Constantin Gilia; and

A bill (S. 3078) for the relief of C. R. Whitlock; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 3079) for the relief of Beryl Elliott; to the Committee on Claims.

Mr. NORRIS. I ask unanimous consent to introduce a joint resolution proposing an amendment to the Constitution of the United States, and request that it be referred to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, the joint resolution will be received and referred as indicated by the Senator from Nebraska.

By Mr. NORRIS:

A joint resolution (S. J. Res. 149) proposing an amendment to the Constitution of the United States relative to the jurisdiction of the Supreme Court in passing upon the validity of acts of Congress; to the Committee on the Judiciary.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington; and

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes; to the Committee on Public Lands and Surveys.

H. R. 5360. An act providing for punishment for the crime of robbing or attempting to rob custodians of Government moneys or property; to the Committee on Post Offices and Post Roads.

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city; and

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes; to the Committee on Public Buildings and Grounds.

H. R. 6776. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Banking and Currency.

H. R. 6910. An act to amend section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N. Mex., in certain lands within the Carson National Forest; to the Committee on Indian Affairs.

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes; to the Committee on Pensions.

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.; and

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters; to the Committee on Commerce.

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes"; and

H. J. Res. 237. Joint resolution for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund"; to the Committee on the Judiciary.

H. J. Res. 265. Joint resolution pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto; to the Committee on the Library.

H. J. Res. 290. Joint resolution to amend an act entitled "An act providing for the ratification of Joint Resolution No. 59 of the Legislature of Puerto Rico, approved by the Governor May 5, 1930, imposing an import duty on coffee imported into Puerto Rico", approved June 18, 1934; to the Committee on Territories and Insular Affairs.

AMENDMENTS TO SOCIAL-SECURITY BILL

Mr. BORAH and Mr. O'MAHONEY each submitted an amendment, and Mr. RUSSELL submitted two amendments intended to be proposed by them, respectively, to House bill 7260, the so-called "Social Security Act", which were severally ordered to lie on the table and to be printed.

CORRECTION OF ERROR IN SENATE BILL 1611

Mr. BYRD. I ask unanimous consent to submit a concurrent resolution to correct an error in a local bill, and I also ask for the present consideration of the resolution.

There being no objection, the concurrent resolution (S. Con. Res. 18) was read, considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to make the following correction, viz: On page 5, line 22, of the Senate engrossed bill, in lieu of the numeral "4", insert the numeral "14."

JAPANESE POLICY IN MANCHURIA AND CHINA

Mr. KING. I submit a resolution and ask to have it read. It is very brief.

The VICE PRESIDENT. Without objection, the clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 154), as follows:

Whereas by the Kellogg Peace Pact, signed at Paris on August 27, 1928, the high-contracting parties (including the United States and Japan) solemnly declared that they condemn recourse to war for the solution of international controversies; and

Whereas by the Nine Power Treaty, signed at Washington on February 6, 1922, the contracting powers (including the United States and Japan) agreed to respect the sovereignty, the independence, and the territorial and administrative integrity of China and to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States; and

Whereas it is alleged that the policy pursued by Japan in Manchuria in establishing the Manchukuoan Government, in setting up a government oil monopoly of foreign oil interests, and the refusal by Manchukuo, as stated in the Japanese press, to observe the open-door policy except as to nations according her recognition, is a violation of the above treaties; and

Whereas it is alleged that more recently Japan has invaded and taken possession of Provinces in China proper south of the Great Wall, and has made demands upon China which, if insisted upon, will violate the sovereignty and independence, the territorial and administrative integrity, and the honor of China, in violation of the above treaties: Therefore, be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to examine into the policy pursued by Japan in Manchuria and in China proper, as set forth above, with a view to determining whether such policy has violated any of the provisions of the Kellogg Peace Pact or the Nine Power Treaty, and to submit such recommendations as in their judgment are warranted by the facts.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to

take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. JOHNSON. Mr. President, I suggest that the resolution be referred to the Committee on Foreign Relations.

Mr. KING. I had intended to make that request, and I do so now.

The VICE PRESIDENT. The resolution will be referred to the Committee on Foreign Relations.

Mr. KING. Mr. President, I ask permission to have inserted in the RECORD, following the resolution which I have just submitted, an editorial which appeared in the Washington Post of Monday, June 17, 1935, entitled "China's Last Stand", which is a condemnation of the policy of Japan.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 17, 1935]

CHINA'S LAST STAND

Ever since Japan began her conquest of Manchuria in 1931 the Chinese Government has followed a conciliatory policy. For a brief period President Chiang Kai-Shek's troops resisted the Japanese at Shanghai and in the northern Provinces, but these battles were only an interlude in the general trend toward acceptance of Japanese domination. The authorities at Nanking realize that their poorly equipped and undisciplined recruits are no match for the Japanese Army. Consequently, they have tried to avoid open hostilities by gradually yielding to Tokyo's demands.

In view of the internal dissension in China and the weakness of the Nanking Government, this policy may be readily defended by those patriots who are working toward national unity. Yet it has played directly into the hands of the Japanese. As soon as China has accepted one set of demands another has been presented as a test of Chinese "sincerity." Each fresh encroachment finds China less able to resist than before. The result is, of course, gradual extension of Japanese control without effective resistance.

China's hope of achieving national unity has already been shattered, and her national independence is hanging in the balance. If the latest demands of Japan should be accepted, China would become a vassal state subject to ultimate control from Tokyo. Moreover, it is apparent that the area north of the Yellow River, including the two strategic cities of Peiping and Tientsin, is going the way of Manchuria. Where will the Japanese invasion stop? China does not know. She faces the dismal alternative of resisting with what strength she can command or risking extinction as an independent nation.

It is this desperate situation which has brought forth a new appeal for aid to the western powers. The foreign ministry at Nanking is trying to minimize the importance of the conversations in foreign capitals, for Japan has threatened China with "serious consequences" if the nine-power pact should be invoked. Nanking probably sees in this treaty, however, the last possibility of arresting the invasion. The militarists of Japan may penalize China for her efforts, but even weak resistance in a cause that is so eminently right is preferable to ignominious surrender.

The extension of Japanese control over Hopei, Chahar, Shansi, and parts of northern Shantung, Honan, and Suiyuan is unquestionably a violation of the nine-power treaty guaranteeing the independence and territorial integrity of China. When the puppet state of Manchukuo was established Japan offered the excuse that this region was not a part of China proper. What can she say with regard to the present encroachment upon the ancient Chinese capital and adjacent territory that has been under control of Chinese governments for at least 2,000 years?

Japan is anxious to keep this question in the background, for it involves conclusive evidence of Japanese aggression. For the same reason, however, the Chinese must press it to the fore. And if organized efforts to prevent imperialistic conquests and preserve world peace mean anything, it is impossible to see how the signatories to the Nine Power Pact can ignore China's appeal.

JOHN MONROE JOHNSON

Mr. BYRNES. Mr. President, I ask unanimous consent, as in executive session, that I be permitted to move to recommit to the Commerce Committee the nomination of Col. John Monroe Johnson to be Assistant Secretary of Commerce.

In doing so, I will state that when I asked unanimous consent on Saturday for the immediate consideration of this nomination, I did not know that there would be any objection. Objection was made, and I desire to have the committee have ample opportunity to consider the nomination. Therefore, I move that it be recommitted to the Commerce Committee.

The motion was agreed to.

Mr. VANDENBERG. Mr. President, in connection with the statement the Senator from South Carolina has just made, I wish first to thank him for the action he has taken. Secondly, I desire to suggest that it should be added that there is nothing in the recommittal which in any way reflects upon Mr. Johnson. On the contrary, this action is for the purpose of undertaking to determine what the full facts are, in the light of the recent statements which have been made by Mr. Mitchell.

Mr. BYRNES. I know nothing about the facts; but inasmuch as any question at all is raised about the nomination, I wish to have it recommitted to the committee so that consideration may be had.

ADDRESS BY SECRETARY OF STATE HULL AT PENNSYLVANIA MILITARY COLLEGE

Mr. CONNALLY. Mr. President, the Honorable Cordell Hull, Secretary of State on June 10 delivered an interesting and enlightening address at the commencement exercises of the Pennsylvania Military College, at Chester, Pa. I ask unanimous consent that his address may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, I feel highly honored to receive at your hands the degree of doctor of laws and shall treasure not only that unforgettable evidence of your consideration but the words with which it was presented. I shall always associate with it the thought that it was given me at the end of the period that the Pennsylvania Military College, with all its traditions, was a private institution and when the family of Hyatt was celebrating the perhaps unparalleled record of having guided the destinies of the college for 78 consecutive years.

As I look about me and see the graduating class ready to enter the world of action, I cannot help being struck with the attributes of good citizenship which they have gained in this institution. There is in a military college the opportunity for training in discipline, in hardiness, and in fortitude such as is rarely found in other types of schools. We have been singularly fortunate in this country in that the training in our military colleges has emphasized the very elements which they can best give and has avoided the two pitfalls sometimes found in other parts of the world, namely, the creation of a rigid military mentality and the creation of a military caste.

The core of American policy has always been that the military is a servant of the civil government, and in turn that the duty of the civil government is to have at its disposal an adequate and efficient force for national defense, but to make every effort not to have to use it by resorting to war.

We have seen in certain countries just as we did prior to the dreadful conflagration in 1914 a military caste working on the popular mind until it glorified, not as a means but as an end, military power and achievement; we have seen that same military caste carrying armaments and the preparations of war to a point that well nigh paralyzes productive effort within the national borders; we have seen a given nation cite another nation's armaments as a continuing excuse to increase its own until there has been set up a vicious circle of greater and ever greater armaments, which in the long run can only lead to impoverishment and economic suicide. We have even seen instances where the military has assumed direction of foreign policy.

This recrudescence of the military spirit is all to prevalent in the world today. It is encumbent on those nations which recognize its menace to the atmosphere of peace, and economic stability, and international sanity, to turn the spotlight of publicity on those guilty of such policy and to reiterate with all their power that excess armaments can only lead to disaster.

Right here I wish to demolish the argument that is advanced from time to time from prejudicial sources that tremendous armaments will bring prosperity. Carried to its logical conclusion, this theory would make the peace seeker the depression's worst ally and the public enemy of both capital and labor. Somewhere, somehow, you all realize that there is something fundamentally wrong with that strange theory. It is true that a large percentage of the billions which are now being spent in many countries on armament goes back into wages and to that extent temporarily reduces unemployment and increases purchasing power. Another proportion goes into profits of various industries and to that extent helps to keep them on their feet and give them confidence. This is true of all Government expenditures of whatsoever nature. But nations must consider the return for what they spend. If the people's money is simply used to keep alive and sheltered those in need without their doing useful work, it may be possible to reduce suffering but beyond that there is little to show for it. If unemployed labor is put to useless labor—say to reduce the matter to an ultimate absurdity, to producing goods not one wants and then burning them up in order to start the process over again, once more perhaps suffering is alleviated but at the same time raw materials and human energy are thrown away to no advantage. Now armaments are in this category in that they are definitely not self-

liquidating and are wholly unproductive in any material sense. To the extent that they protect the nation's independence and discourage aggression, they serve the highest purpose that can be imagined; to the extent that they exceed the minimum needed for defense they are a dangerous expedient; to the extent that they encourage war and become instruments of aggression, they sacrifice the finest ideals and the most cherished possessions of humanity. Not only are they themselves destroyed in war, like useless goods that are burned, but they destroy in addition unmeasured other material values and uncounted lives and lead to the kind of wholesale devastation caused by the World War. All of this seems so elementary that I would not have gone into it at such length were it not that the issue of excess armaments is so frequently confused by the introduction of fallacious economic argument.

We have always had in mind the negotiations of an international agreement for the limitation and reduction of arms, either quantitatively or qualitatively, or both. Since 1926 our Government has taken a leading part in this movement. We have attended the Preparatory Commission for the Disarmament Conference and all sessions of the Disarmament Conference itself. On more than one occasion we have taken the initiative in presenting a plan which we felt would break the deadlock of international suspicions and rivalries. This has not been a partisan policy but a national policy. The world has not yet succeeded in solving this problem, in many ways the most complicated it has ever been called to face. This is partly so because to be effective unanimity is required on the part of all the major powers of the world, and partly because disarmament is closely intertwined with the political problem of security. The nations of Europe have been groping to evolve some system of collective action. We, of course, being removed from the scene of possible conflict, and being unwilling to abandon or limit our independence of judgment or decision, could never participate in such a collective system, but we can and do help in the efforts that others are making. We have based our foreign policy upon the tenets of the Kellogg-Briand Pact, and I would recall to you that this not only provides that the nations shall renounce war as an instrument of national policy, but, what is fully as important, that they shall seek the settlement of any dispute by pacific means only. We have suggested the conclusion of a universal nonaggression pact which cuts through the maze of technicalities and provides a simple definition of aggression; namely, the passage of frontiers by armed forces. We have made an offer contingent on the achievement of real disarmament that if a state has been judged guilty of aggression and we, using our own judgment, agree with the verdict, then we will refrain from any action which would tend to defeat collective efforts taken against the aggressor. We have associated ourselves with the League's consultation procedure both in connection with the Sino-Japanese dispute over Manchuria and the Peruvian-Colombia dispute over Leticia.

So often as opportunity offers, we shall seek occasion, without abandoning the traditions of our policy or trammeling our independence of judgment or action, to assist in the prevention of war and in the preservation and promotion of peace. We have not to my knowledge overlooked any opportunity that has been offered and we shall not overlook any such opportunity in the days to come.

Mr. President, the young men who are graduating today and stepping out from their academic life into wider fields of competition and action form the nucleus of our new generation which I hope can translate many of the ideals we have before us into realities. Strong, physically and morally, having learned to obey and hence having fitted themselves to command, they should prove leaders in their various walks of life. Their opportunities for service are great and I for one, in spite of the problems and obstacles before us, have the firm conviction that with time and effort and unflagging will power the problems will be solved and the obstacles overcome. They and thousands of others of our youth who are now closing their work at educational institutions throughout the country are the trustees of posterity and to a great extent they will be enabled to make the future what they will, and let us hope that it will be a future marked by peaceful conditions and a large measure of happiness and prosperity.

THE FUTURE OF THE NATIONAL INDUSTRIAL RECOVERY ACT—ADDRESS BY SENATOR WAGNER

Mr. ADAMS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered over the radio by the junior Senator from New York [Mr. WAGNER] during the National Radio Forum, on Thursday night, June 13, 1935, on the subject, "The Future of the National Industrial Recovery Act."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Friends of the radio audience: The recent decision of the Supreme Court setting aside portions of the National Industrial Recovery Act, and the controversy within Congress and throughout the country regarding the future of that law, make it timely to review the entire subject in the light of its surrounding facts.

In order to understand the spirit and intent of the recovery program, we must turn our memories backward to the dreary days of early 1933. The small business man was being bled white by the cutthroat competition of an arrogant and heartless minority, and even the mighty corporation was groggy from the repeated blows of tremendous losses. The farmer, after mortgaging his home to finance his crops, and watering his fields with the sweat of his brow for wearisome months in the broiling sun, was finding the harvest less valuable than the seed. Thousands of evictions tore families asunder and wrenched the home owner from his long-cherished hearthstone. Savings stored up during a lifetime of struggle and self-denial were imprisoned in closed banks or vanished over night in the bursting bubble of the stock market. Banks and other financial institutions, bearing the cumulative burden of all these tragedies, moved onward toward the gloomy week in March when confidence died and our whole monetary system came to an awful pause.

Although his plight was long obscured by more spectacular events, it was the average worker who became the chief target for the slings and arrows of misfortune. The losses suffered by banker and business man and farmer may be recaptured upon the return of better times. But nothing can ever erase from body or soul the scars of hunger or the humiliating brand of unemployment. Upon millions of laboring people were visited trials and tribulations that can never be understood fully except by those whose own personal experiences have subjected them to poverty and its terrible insecurity. With 15,000,000 already unemployed, 500,000 new victims every month were being severed from their source of livelihood and flung heartlessly upon the streets. Many who retained their jobs were speeded up to the health-shattering pace of 60 or 70 hours a week. The pay envelop became thinner and thinner, until in some instances it reached the unbelievable figure of three or four dollars a week. In the search for the cheapest labor, children of 14 or 15 years of age were drawn into factories by the thousands. And at times these frail reeds for the support of whole families were paid 2 or 3 cents an hour. As conditions grew ever worse, public morals were shattered, the strongest seemed powerless to act, and an entire Nation descended into the gloomy vale of abandoned hopes.

When we ask ourselves the challenging question why the forces of revival lay cold and still, what answer suggests itself? Surely there was no lack of natural resources. Surely the strength and energy and genius of our people had not perished. The main obstacle to recovery was an outworn philosophy of government that had been suited to the oxcart era, but that was totally unadjusted to the machine age. It was a dogma insisting upon extreme individualism at a time when the individual had become the helpless victim of forces too big and too powerful for him to control. It was a dogma that failed to perceive the need for national action although our mighty industries had burst the bounds of conventional State lines and were country-wide or even international in their scope. It scoffed at the possibilities of Nation-wide cooperation although cooperation was the only safeguard against social disintegration on one hand or radical overthrow on the other.

Finally there came to power a leadership which grasped the realities of the situation, which knew that we must sink or swim as a united Nation, and which put into effect a program embodying this ideal.

The record of that program is written indelibly into the lives of our people. Systematic and sympathetic relief has redeemed the pledge that no one in America shall be allowed to starve. Comprehensive public works have gone even further by recognizing the principle that insofar as possible the willing worker shall have the right to work. The farmer is again rejoicing in the fruits of his efforts. The home owner is again secure and happy in the warmth of his domestic circle.

The average citizen with a thousand daily cares may have found it hard to grasp all the complexities of governmental machinery. But there has been one parcel of legislation standing out like the sun at high noon, visible to all except the blind. This legislation was fundamental because it came to grips with causes as well as results. It appealed to thoughtful business men because it provided an opportunity to create order out of chaos, to manufacture and sell goods with a better knowledge of the market, and to restrain the demoralizing practices of the price slasher and the wage cutter. It appealed equally to workers because it recognized that the real dynamo of industry was not closed banks and idle factories, but the human materials of America.

Its first and guiding principle was that recovery was neither possible nor worth while unless it meant the rehabilitation of the workers of this country. With its promise of fuller employment, shorter hours, better wages and the right to bargain collectively, the National Industrial Recovery Act drove its appeal to the hopes and aspirations of nameless men and women from coast to coast.

One does not have to delve into volumes of statistics to prove that the Recovery Act has been helpful to business. Every observant person knows that the last 2 years have changed losses into profits and converted despair into hope. It will be enough to mention that the earnings of 1,435 representative industrial and trading establishments rose from $640,000,000 in 1933 to $1,071,000 in 1934, showing a gain of over 64 percent.

The benefits that have been conferred upon the common man are known wherever working people congregate. If we glance at random at a cross section of industry, we find that employment has been increased by 100,000 in cotton textiles, by 50,000 in the clothing industry, by 30,000 in hosiery manufacturing, by 90,000 in iron and steel, and by 180,000 in the retail trade. In all, not less than 3,500,000 people have been transferred from the pavements to their customary occupations. A quarter of a million children have been withdrawn from the sweatshop. Hours of labor have been notably reduced. Forty or fifty cents an hour,

low though that may be, are now being paid in occupations where 3 or 4 cents an hour was the rule 2 years ago. The annual volume of wages has increased by $600,000,000. The greatest gains, however, cannot be conveyed by cold figures. They are evidenced by the renewed faith that our Government has returned to its original purposes as a humane instrument for the protection and advancement of all the people of the country.

It is unthinkable that in the face of these results we should return to the destructive planlessness which existed 2½ years ago. Yet that is precisely the direction in which the captains of reaction are trying to steer the country. If they advanced concrete proposals to cure the imperfections that naturally exist in any new experiment, we should welcome their advice. But not one of them has a single constructive substitute. United they stand in blowing the bugle of retreat into the tanglewood of disorganization and chaos.

In seeking to vindicate their position before the American people, these captains of reaction have again mounted the hobby horse of supposed State rights. Every time the Federal Government takes a step they have a nightmare about the overthrow of our system of Government. Why do not these gentlemen wake up and look at economic realities. Did the misery and discontent of 3 years ago show a fine respect for State lines? Was it possible to keep wages in one section up when competitive wages in other sections were tumbling down toward zero? Did the manufacturers of the East have a ready market for their products when the agricultural West was in ruins? Until the Federal Government acted 2 years ago, the States were utterly powerless to prevent the trend toward complete social disintegration. These people know that a return to State action will mean no action at all. They are opposed to Federal action, not because it has failed, but because it has succeeded—succeeded in laying the foundation for a better distribution of opportunity among nameless millions of Americans.

On May 27 the Supreme Court of the United States handed down its decision in the Schechter case, invalidating certain portions of the National Industrial Recovery Act. Before nightfall of that day the opinion of the court, hastily read and distorted to suit selfish purposes, was seized upon by all the forces of reaction as a mandate requiring the complete abandonment of our Federal program. Anyone who has studied the history of our country will not be surprised to find some people misconstruing and misrepresenting language of the Supreme Court and of the Constitution itself in an attempt to make both serve as instruments for oppression, rather than as the guardians of freedom that they truly are.

We do not utter a word of disapproval of the decision of the Supreme Court in the Schechter case. We disapprove only of the erroneous constructions that have been placed upon it by designing people. We retain our enduring faith in constitutional government and our confidence in the wisdom and statesmanship of our highest Court. It is our intent to follow the Schechter decision, not to disobey or circumvent it. We recognize that the Court, in its severe criticism of the delegation of legislative power to a wide variety of private agencies unanswerable to the people, has taught us a lasting lesson in good government. We are thankful for the services that have been performed by the Court in ordering Congress to chart a clearer and more defined course as to what affects interstate commerce and what does not. We are prepared to make plans for changes in legislative detail and in administrative organization that will conform to the Supreme Court's decision.

We do not believe that there is a single letter in the Schechter decision which makes it impossible for the Federal Government to cope in any way with economic problems that challenge the whole Nation. We find no evidence in the decision that our Constitution compels us to bow our heads before the dreadful consequences that inaction would bring. During the past few weeks I have received hundreds of letters from people in all walks of life, mailed during the first days after the Recovery Administration was shorn of its powers. These letters tell a moving story of what will happen if the old conditions are allowed to return. One small business man writes: "N. R. A. helped us give employment for necessary repairs and improvement to our store. It has put us in a frame of mind of still expanding our store and so give more employment. But now we are uncertain. We fear the thought of returning to the bitter cutthroat conditions that existed before N. R. A. Senator WAGNER, I'm sure that you will act to protect small business gains."

Another communication, from a worker, says: "In the past year I saw the light of day; I enjoyed the luxury of a free weekend with my family. Now, the inferno is roaring again, the sweat pouring again. It is all gone. My pay has been reduced, my hours have been lengthened, and I have been told to report on Saturdays. All this in the short space of 2 days—it is very bewildering."

Congress does not intend to surrender. The first evidence of its determination to go ahead came last month, when the Senate by an overwhelming vote passed the national labor relations bill, designed to make section 7 (a) of the Recovery Act permanent law and to dignify it with adequate enforcement powers Under the breakdown of section 7 (a) the vast majority of American workers were deprived of their precious right to bargain collectively. They saw the pledge made by the Government they trusted violated with impunity. They breathed the heavy atmosphere of discrimination, and they were denied just participation in the rebuilding of America.

This condition was a menace to every worker in America, to those who were free as well as to those held in economical bondage. No worker anywhere could regard his future with serenity so long as millions of his fellows were subjected to oppression, and so long as the Government was not ready to vindicate that portion of the law which meant most to working people. No enlightened business man had a sense of security so long as workers were unable to help him combat the depression-producing practices of the sweatshop and the wage exploiter. Nor could any business man feel comfortable so long as the causes for industrial strife were running rampant throughout the land.

On the ashes of disappointment and frustration regarding section 7 (a), Congress is now prepared to raise a sounder structure to safeguard industrial liberty. For 2 years the national labor relations bill ran the opposition of every brand of false propaganda. Finally, public sentiment became overwhelmingly conscious of the fact that the company-dominated union was a sham and a delusion, and that the right of workers to be free men in fact as well as in name was a precious heritage that should be unflinchingly protected. Without question, action by the House will make this bill law before the adjournment of Congress.

The second step was taken when the House passed the social security bill, designed to afford protection against unmerited unemployment, neglected childhood, and destitute old age. Action by the Senate within a few days is a certainty.

The third step forward was taken this morning when the Senate, following the House, passed a resolution partially extending the National Recovery Act until April 1, 1935. This legislation will afford an opportunity for additional study and reflection upon the mistakes as well as the accomplishments of the past 2 years. It will break the ground for permanent legislation at the next session of Congress, if not later during this session. In the meantime it will permit the continuation of the principles of the National Recovery Act upon a voluntary basis.

But let us bear in mind that additional legislation there must be. We must not permit the stalemate of our Nation-wide struggle to maintain decent standards for the business men and working people of America. We must repudiate for all time the type of recovery that is based upon wrecking honest enterprise by the foul methods of unfair competition, or upon the degradation and exploitation of labor. Neither the sweatshops' day nor the paupers' pay can be countenanced again. Never again shall our children be drawn from the school into the factory.

The fundamental issues today are the same as they were several years ago. Is the protection of the human element in industry to be a principle of government? Is a fair level of wages to be safeguarded against the assault of the cutthroating exploiter? Are children to be chained to the factory bench? Are sweatshops to flourish? Is business to be stabilized, and are profits to be made secure by establishing order in industry? Are the instrumentalities for social justice to be preserved from the onslaught of reactionary influences? This cause is not the cause of a particular party or of a particular administration, but the cause of humanitarianism in America.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. LONG. Mr. President, I ask permission to send to the desk an amendment to the pending measure, which I shall call up today or tomorrow. I ask that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. HASTINGS. Mr. President, I desire to discuss for a little while certain portions of the pending measure. I desire to cover briefly those provisions which relate to the granting of aid to States. Then I desire to call attention to the discriminations in the bill in favor of the old as against the young, the possible effect of such discriminations, the possibility of maintaining the huge reserve provided for, the cost of the plan under title II, and, lastly and very briefly, to title III relating to unemployment insurance.

I think the social security bill presented to the Senate by the committee is a very great improvement over the original bill, known as "S. 1130."

In my judgment, this bill is the most important bill that has been presented to this session of Congress. It maps out for the country an entirely new program. It is new in three particulars.

First, it is new in the assistance granted to States for old-age assistance, for aid to dependent children, for aid in maternal and child welfare, and for public-health work.

The Federal Government has for many years been making grants to States for the building of highways. There have

been other appropriations made of comparatively small amounts for other purposes, but the large item has been for the purpose of building roads.

We are now entering into a field which heretofore has been wholly a State responsibility. Effort has been made heretofore to have the Congress give some aid to the States to take care of their needy aged people. Many bills have been presented to the Congress having this as their purpose, but the Congress has never acted favorably upon them.

This bill comes to us not only as a recommendation of the President of the United States, but comes at a time when the recollection and distress of the depression is fresh in our minds and the existence of such distress is still in our very midst. More than that, it comes at a time when the individual States are laboring under a strained financial condition, with many of them believing that they cannot take care of their own. This feeling upon the part of the State authorities undoubtedly is partially due to the precedent of the Federal Government in furnishing huge sums of money to take care of the needy in the States. That it was necessary for the Federal Government to do something along this line is admitted by all; the question which has caused much debate in and out of Congress is the plan and method employed in giving such aid.

The conditions which I have recited and the precedent we have established make it exceedingly difficult to oppose this part of the pending bill. I have, after much consideration, reached the conclusion that it is necessary to support these grants to the States for the purposes set out in the bill. In doing so I do not overlook the great dangers which such action on our part at this or any other time will bring to the principles upon which our Government was founded. When the Federal Government adopts as a permanent policy a plan to contribute from the Federal Treasury any substantial sum for the care of the needy people of the States it immediately begins breaking down the independence of the States by making them more responsible to a centralized government.

I do not protest, for a protest would be of no avail. I yield, as every elective legislator must yield under our form of government, to what I believe to be the demand of the great majority of the people of every State.

I should not be so much disturbed in consenting to the grants set up in the bill for the purpose mentioned if I knew that the precedent thereby fixed by the Congress would not be enlarged upon by the Congresses that are to follow. I know, however, that this is only the beginning; and I know that the same public sentiment which supports this much of the program will continue until the amounts which are to be granted by the Federal Government will be increased and the scope of the relief greatly enlarged. This demand will continue from time to time until it will become such a burden upon the American people that the increasing or decreasing of the amount will become a serious political issue.

The only hope left, in my judgment, is that the Congress shall confine itself always to doing for a State and for the people of the State only so much as that State does for itself and its own people. In other words, the only safety we have in this new program is through making certain that the State does its full share. If we stick to that principle, we may save ourselves from some of the serious consequences that otherwise will come out of this plan.

Of course, Mr. President, there is nothing in this plan that is so complicated as to prevent it from being easily abandoned if and when the country so recovers from the depression that such contributions on the part of the Federal Government are found to be unnecessary. In other words, we may treat this matter at the present time under this plan as an emergency, which may or may not develop into a permanent policy, all of which, including the amount of the appropriation, would depend upon the conditions existing from year to year.

I say with perfect frankness that I have but little hope that the plan would be abandoned for the reasons I have stated. I merely point out the ease with which it could be abandoned, in order that I may compare it with other features of the bill which I cannot support.

I have called attention to the fact that there are three parts of this bill which are entirely new. I have been discussing only one that is contained in titles I, IV, V, and VI, and another title relating to the blind.

FEDERAL OLD-AGE BENEFITS

Title II, found on page 7, refers to Federal old-age benefits, and is perhaps the most complicated and far-reaching legislation in which the Congress has ever indulged. It is an effort to write into law a forced annuity system for a certain class of persons. My recollection is that it affects about 50 percent of the persons who are gainfully employed. There will be found on page 9 of the majority report a table which shows that in 10 years there will be accumulated in this reserve fund a little less than $10,000,000,000, in 18 years a little more than $22,000,000,000, and in 43 years the balance in reserve will be something like $47,000,000,000. The accumulation of this amount of money in a democratic form of government like our own is unthinkable.

It must be remembered that this effort to create an old-age reserve account to take care of all persons in the future is not a contract that can be enforced by anybody. What we do here is merely to pass an act of the Congress, which may be changed by any Congress in the future, and has in it nothing upon which American citizens can depend. Does anybody believe that such a huge sum of money, accumulated for any purpose, could be preserved intact? Does anybody doubt that it would be subjected to all kinds of demands? I can think of nothing so dangerous as an accumulation of the huge sum of $47,000,000,000 for the purpose of taking care of persons who have not yet arrived at the age where they can participate in the fund.

It must be borne in mind in this connection that this huge fund will have been accumulated for the purpose of taking care of only about one-half of the persons who will have been gainfully employed.

There will be found in the majority report, on page 9, this very significant statement:

> To reduce the cost of free pensions for these groups in the population, we deemed it desirable that the bill should include provisions for annuity bonds to be issued by the Treasury.

I think this statement is somewhat misleading. The reference is made to title XI, which provides that the Federal Government may issue annuity bonds. The statement is made in the report that it is believed that such authority to issue annuity bonds will reduce the cost of free pensions for the persons who are not included in the other plan. There can be no hope, in my judgment, of this accomplishing any such purpose.

I may say in that connection that, so far as I know, there is no particular advantage in annuities of this kind over annuities of the kind which have been issued by insurance companies in the past, and are being issued today.

If it be true that the annuity plan suggested in the bill will take care of one-half of the people who are not now being taken care of, it seems to me we might very well apply it to the entire class that is to be taken care of.

DISCRIMINATIONS

Now, Mr. President, in some detail and perhaps with some tediousness I shall point out some of the discriminations in the bill, and I do it for more than one reason. I do it not only for the purpose of showing the unfairness of the bill itself but for the purpose of calling to the attention of the Senate what some future Congress will need when faced with the discriminations which will be practiced under the bill.

I think it desirable to point out the many discriminations. They are against the young man and in favor of the older man. In my comparisons, unless otherwise stated, I shall assume that the wage received is $100 per month in each instance, and that the employee makes full time.

Under the plan as set out in the bill at the bottom of page 9, if a man begins to pay in January 1, 1937, and pays in for 5 years, he will have paid on an earned income of $6,000. In order to find out how much he gets each

month we take one-half of 1 percent of the first $3,000, which makes $15 per month, and we take one-twelfth of 1 percent of the other $3,000, which makes $2.50 per month, or a total of $17.50 per month. If this man is 60 years of age when he begins to pay in, he may retire at the age of 65 and get $17.50 per month.

There has been contributed for him and by him during these first 5 years $144, being 2 percent for the first 3 years, and 3 percent for the next 2 years. If this sum were paid to an insurance company, it would purchase an annuity of $1.17 per month.

The mortality table shows that a man 65 years of age is expected to live for a period of 12 years.

If we should take the $17.50 per month allowed him under this bill, he would be paid $210 per year, and for a period of 12 years it would amount to $2,520. If we should place it upon a sound basis, however, and pay him $1.17 per month, he would receive $14.04 per year, or a total for the 12 years of $168.48; so that particular person, whether he be in need or not, would get from some source $2,351.52 more than the money contributed by himself and his employer would earn.

Take another instance, and assume that the man who goes in on January 1, 1937, is 55 years of age. It will be observed in the majority report on page 8 that that man will be entitled to $22.50 per month. During the 10 years he will earn $12,000, and there will be paid in by him and for him $384. That $384 with interest at 3 percent will purchase an annuity of $3.76 per month. If he lives for 12 years and draws $22.50 per month, or $270 a year, he will receive $3,240, while if he only drew the amount that the $384 and interest at 3 percent would provide, namely, $3.76 per month, or $45.12 per year, he would draw $541.44, a difference of $2,698.56 for each particular person in that class.

But let us take the man who goes in at 50 years of age and pays in for 15 years. There will be paid in by him and for him $720, and this sum will purchase an annuity of $7.67 per month, whereas under the plan of the bill he would be entitled to $15 per month on his first $3,000 of earnings and $12.50 per month on the balance of his earnings, or a total of $27.50 per month, or $330 per year; and assuming that he lived for a period of 12 years he would draw $3,960; while his annuity of $7.67 per month, or $92.04 per year, for a period of 12 years would make a total of $1,104.48, which amount deducted from the $3,960 under the plan leaves $2,855.52, which must be paid from some other source to every person in this particular class, regardless of whether or not he is in need.

But suppose he goes in at 35 years of age, and payments are made by him and for him for a period of 30 years. For the first 15-year period the amount paid in amounts to $720, but for the next 15-year period the rate is uniform at 6 percent. The additional amount, therefore, paid in that could be used to purchase an annuity would be $1,080, making a total of $1,800. Under the plan he gets $42.50 per month, or $510 per year, and assuming that he lives 12 years, and, of course, it may be more or less, he would receive a total of $6,120. The annuity that could be purchased for him with $1,800 that has been paid in for him and by him would amount to $25.72 per month, or $308.64 a year, or a total of $3,702.68. This subtracted from the amount that he would get under the plan leaves a difference of $2,417.32.

Assuming that the man goes in at the age of 25 years and pays in for 40 years, there will be paid in by him and for him $2,520, and this sum will purchase an annuity of $44.10 per month, or $529.20 a year. Under the plan he would be entitled to $51.25 per month, or $615 per year, or a total of $7,380, if he lived out his expectancy. The annuity that could be purchased for him would be $529.20 per year, or $6,350.40, leaving a balance that must be made up from some source of $1,029.60. It will be observed that even if he goes in at 25 years of age he still gets an advantage of $1,029.60 if everything happens that is expected to happen.

If a man goes in at the age of 20 years and pays in for 45 years, there will be paid for his account $2,880; and that will purchase an annuity of $55.82 a month, or $669.84 per year, or a total for 12 years of $8,038.08. Under the plan he would get $53.75 per month, or $645 a year, and for a period of 12 years would receive $7,740. The persons in this class would, therefore, get $298.08 less under the plan than they would have coming to them from the ordinary life-insurance annuity.

Let us take another illustration, and suppose that a man does not reach the earning age until 1949; 1949 is the year in which the full tax becomes effective. He does not begin to pay in until he is 20 years of age, in 1949, and under the plan he pays in for 45 years. During that time he will have earned $54,000, and under the plan will be entitled to $53.75 per month, or $645 a year, and for 12 years will receive a total of $7,740. There will be paid in for him and by him $3,240, which will purchase him an annuity of $68.50 per month, or $822 a year, which over 12 years would make a total in payment to him of $9,864. Under this plan he gets only $7,740, and therefore loses $2,124.

As I have said, all of the illustrations I have given have been based upon a salary of $100 per month. But let me emphasize that illustration by taking the man who reaches the earning age in 1949, who earns $250 per month, and pays under the plan for a period of 45 years. During that time he will have earned $135,000, and under the plan will be limited in pension to $85 per month, or $1,020 a year; and if he lives out his expectancy, he will receive $12,240. There will be paid in for his account, however, the sum of $8,100, which, with interest compounded at 3 percent, would purchase him an annuity of $171.25 a month, or $2,055 per year, which over a 12-year period would give him a total of $24,660. Under the plan he would get $12,240, so that there is a difference of $12,420 which the young man, who starts in in 1949 and pays in for a period of 45 years and earns during the whole of that time $250 per month, will lose.

PAYMENTS UPON DEATH

Mr. President, let me call attention to another discrimination, with respect to the payments upon death, which will be found on page 11 of the bill. Section 203 provides that for any person dying before the age of 65, his estate shall be entitled to 3½ percent of the total wages paid to him after December 31, 1936.

If a man, therefore, enters this plan at the age of 60 and earns $1,200 per year for 5 years, he will have earned a total of $6,000. If he dies just as he reaches the age of 65 his estate will be entitled to have paid to it a lump sum of $210.

The amount this particular employee has paid in, plus the accumulated interest at 3 percent, will only amount to $76.92, making an overpayment to the estate of $133.08.

If he has been in the plan for 15 years, the amount his estate will receive will be $630, while the amount paid in by him with accumulated interest will equal only $432.72, making an overpayment of $197.28.

If he has paid in for a period of 25 years, his estate will receive $1,050, while the amount he has paid in with accumulated interest will be only $999.60, making an overpayment of $50.40. So the only person who is treated with entire equity is the man who has paid in for 25 years and dies. His estate gets back just about what it is planned ought to be gotten back.

If he pays in for 35 years, however, his estate will receive only $1,470, and the amount he has paid in plus the accumulated interest will amount to $1,761.72, showing a loss to the estate of $291.72.

I may call attention to the fact that these figures are based upon what the employee contributes, and have nothing to do with what the employer contributes.

If he pays in for 45 years and dies just at the age of 65, his estate will be entitled to $1,890 under the plan, while the amount he has paid in plus the accumulated interest will amount to $2,785.92, showing a loss to his estate of $895.92.

The above illustrations are based upon the assumption that he began to pay in at the end of 1936, when the rates would be less than the maximum for the first 12 years.

If we take the illustration of a man who starts to pay in in the year 1949 and pays in for a period of 45 years, we will find that his estate is entitled to the same $1,890, although the amount the employee has contributed to the fund with its accumulated compounded interest would amount to $3,383.52, showing a loss to his estate of $1,493.52.

I have called attention to the fact that the youth who enters this plan in 1949 and pays in for a period of 45 years and retires at the age of 65 and then lives out his expectancy of 12 years, will receive under the plan only $53.75 per month, while if the same amount had been paid in on some annuity plan he would receive $68.50 per month, making a total loss to him during the 12 years of $2,124.

The same youth is penalized if he should pay in for 45 years and then dies at the age of 65, in that his estate would receive only $1,890, whereas the amount that he has paid in with accumulated interest would be $3,383.52, or a difference of $1,493.52, so that if he lives for 12 years, or until he is 77, and draws his pension, he has a loss of $2,124, while if he dies at 65 before beginning to draw his pension his estate is out $1,493.52.

This discrimination is further emphasized if, instead of taking a figure of $100 per month as the wage earner's pay we take $250 per month. I have shown that in such a case if the man lived and drew his pension under this plan, instead of drawing what he would be entitled to under a regular annuity contract, he would lose $12,420. If the same $250 per month man, however, pays in for 45 years and dies just as he reaches the age of 65, his estate would get back $4,725, while if the same amount of money had been paid in under an annuity contract, his estate would be entitled to get back $8,458.50, showing a loss to his estate of $3,733.80.

DISCRIMINATIONS IN AMOUNT OF SALARIES RECEIVED

A like discrimination is made between persons getting low salaries and persons getting higher salaries. The bill favors the man with low earnings against the man with higher earnings.

Take the illustration found in the report on page 8. It will be observed that a man who has paid in for 10 years on the basis of $50 per month will receive a pension of $17.50, and that $17.50 to a man who has received a wage of $100 per month is increased to $22.50, and it increases $5 for every $50 per month increase in pay up to $250 per month. So that the man who earns $250 per month or five times as much as the man earning $50 per month, will receive only a fraction more than twice as much as the man who receives $50 per month. It must be borne in mind also that the man who has been receiving five times as much salary and who gets only twice as much in the form of a pension has all of the time been paying five times as much in taxes.

Mr. President, I call attention to the discrimination in this bill not so much for the purpose of emphasizing the argument which will be made by those who shall participate in this fund, who pay the taxes, and who are entitled ultimately to some return from it, but I call attention to it for the purpose of emphasizing that, after all, this is a democratic form of government and what we do here may be changed and will be changed upon the demand of people who have been discriminated against.

I do not overlook the suggestion made by the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] the other day in response to a question I asked the chairman of the committee, or in response to the suggestion which I made to the chairman of the committee as to the discriminations. I do not overlook the fact that a part of these funds are being paid by the employer and that the employee has not contributed all the money which I have placed to his account.

That is quite true indeed, but it is not an answer at all to the point which I make and to the questions which I raise. The employee under this plan will either weekly, monthly, or yearly, whatever the plan provides for, have in his possession some evidence of what has been placed to his credit by the Federal Government. It will make no difference to him whether or not a part of it has been contributed by his employer. He will say, and in many instances it will be true, that he did not get enough pay anyway, and that, therefore, he has gotten no more from his employer than he was entitled to. However, the young man who will go under this plan in 1949 and pay in for a period of 45 years on a salary of $250 per month will find when he reaches the age of 65 that under this plan he can draw only $85 per month, while if that same fund had been placed in the hands of some insurance company or had been placed in the hands of any person who had invested it at 3-percent interest, and the 3-percent interest had accumulated until he had arrived a the age of 65 years, instead of getting $85 a month he would get a little more than $172 per month.

When he goes to his Member of Congress and sets forth those facts and shows how hard he has worked all these years, and how this money has been accumulated for him, and shows how in 1935 the Congress, when it enacted this law, enacted it in this form, because it was said Congress could not afford to do better than that which is now undertaken to be done, that is, to tax that youth of the future in order to take care of the older man of today—when he sets forth those facts, I say that his claim will be so just, his claim will be so fair, that no Member of Congress will dare turn him down, and we shall have that question confronting us, just as we have today such a question confronting us in the matter of the soldiers' bonus.

The soldier says, "We went to the war and we fought for America; we defended America while other youths at that time remained home and were earning large sums of money." What do we say in reply? We cannot deny what he says. We cannot deny that he earned much more than he received. The only reply we can possibly give to him is, "My dear fellow, you cannot expect America to pay you for your patriotism. It is impossible. There is not enough money in America to pay it. There is not money enough in the world to pay the soldiers what they actually earned or what is due to them, if you put it upon any such basis as that."

So, because we promised him a bonus he comes to the Congress and says, "We need the money now, and you ought to pay it in advance." We cannot say, "You did not earn it." We cannot say, "It is not proper to pay you in advance because you did not earn that much money." We have no defense except to say, "We have agreed to do a certain thing for you because of our great appreciation of what you did, and we are going to limit it to that, and that is not yet due"; and upon that ground we defend our position, and that is the only ground upon which we can defend it.

However, when the young man who will be 20 years of age in 1949 shall come to the American Congress with a certificate showing what has been paid in for his account, and he shall show to the Congress not only that, but will be able to say to the Congress, "If this money had been invested properly there would be coming to me now for the balance of my life $172 a month instead of this paltry sum of $85 a month which you expect to give me now", when the Congress will have no defense to it at all. We will have no defense at all, because he will not have gone into this plan voluntarily. We will have forced him into this plan. We will have forced him to contribute to the Federal Treasury 3 percent of his salary and will have forced his employer to do likewise. Perhaps all he can pay out of his salary is 3 percent; perhaps that is all he can spare, and perhaps it is all the employer can do for the employee; but instead of leaving it to him to make with some organization a binding contract which would enable him, if he lived to be 65 years of age, to get $172 a month, and which, more than that, would enable him when the time of need came to borrow money, to take part of his profit, at 60 years of age instead of 65, all under a binding contract, to which the careful youth and his parents and the employer had been looking to take care of him in the future, we force upon him a plan of which he has no notion whether it will be lived up to or not. He does not know whether it will last 5 years or 10 years. He does not know whether it will last until he is 65 years of age. He does not know what minute Congress is going to cut him off.

Mr. President, I suggest that that is a serious question, which we ought to consider before we pass on this difficult problem to some Congress in the future.

Mr. KING. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. KING. I ask the Senator a question for information. In the figures which he has been presenting to us has he taken into account the fact that the payments which are made are made both by the employer as well as by the employee? Assume that there was no payment made by the employer, but only by the employee, is not the amount which he would receive under the bill commensurate with the amount which he would pay? The Senator has been debating it upon the theory that it is the equivalent of the employee making both payments, but the master pays part and the employee pays part. However, it all inures to the employee's advantage.

Mr. HASTINGS. Yes.

Mr. KING. Supposing that the Senator should base his computation upon the proposition that the employee should be entitled only to the benefits which would come from his payments, what then would be the result?

Mr. HASTINGS. Of course, all the figures I have mentioned as being paid in under regular annuity would be reduced by 50 percent, because the employee pays only half and the employer pays half. However, I may suggest, Mr. President, that I think this discrimination shown in the bill is a serious one. I say in response to the suggestion made by the Senator from Wisconsin [Mr. LA FOLLETTE] that it is a serious discrimination. If we admit, as we must admit, that the youth of today must be penalized in order to take care of the older persons of today, and if there be anything in the suggestion that the youth cannot complain, because his employer is contributing a portion of the money, then we had better modify this bill so that there shall not go to the credit of that youth the amount which the employer pays for him. In other words, it is provided that a total of 6 percent shall be paid in when the act shall become fully effective; 3 percent by the employer and 3 percent by the employee. If it be said that it is necessary to have such discriminations in order to take care of the aged people of today, then we had better change this bill so that there shall not go to the credit of that youth the entire 6 percent. Give him credit for the 3 percent which he contributes, and give him credit for 1 percent contributed by his employer, if that is all that can be done, or give him credit for 2 percent contributed by his employer, but whatever we do let us not deceive that youth by making him believe that here is an annuity plan whereby he is contributing 50 percent and his employer is contributing 50 percent, and that it goes to his credit, when, as a matter of fact, part of it is taken from him in order that we may take care of the older people of today.

I think that one of the finest things that could come to this country would be a combination annuity plan under which the employer and the employee would contribute a like amount in order to take care of the employee in his old age. But if we do it, we ought to do it upon a straight and fair basis where every man who is an employee and pays in and every employer who pays in for him should be given credit for all the sums of money paid in on the employee's account. I think the discriminations here are so serious that we ought not to pass much of this measure at this time; I think they are so serious that we might well afford to give many months study, and, perhaps, years of study, before we enter into any such plan.

Now, Mr. President, I want to discuss for a few moments the possibility of creating or maintaining any such reserve fund as is here contemplated. It must be borne in mind that in order to create this fund there must be annual appropriations by Congress. It is contemplated that those annual appropriations shall be the amount of money collected from the employer and the employee; but does anyone doubt that when the Congress comes to these appropriations there would be manipulations so that the fund would not be accumulated but would be used for current expenses of the Government?

Mr. President, we have a fine example of that—very slight, indeed, because of the amount involved—in the case of the civil-service retirement fund. I wonder if Senators realize that, while there is supposed to be something like a billion dollars accumulated in that fund and that the actuaries say there ought to be about a billion dollars accumulated in it, there has been practically nothing accumulated in that fund? I blame no particular person for it; I know when the Government needs money for some purpose the question may readily be asked why should not the Government, when it needs money for other purposes, take out of its till and put in some other place a certain sum of money that is necessary for some retirement fund? There is nothing in the civil-service retirement fund except an I O U. Of course, the I O U is perfectly good; nobody questions that; but I call attention to the seriousness of the situation when it reaches the sum of $47,000,000,000.

May I inquire whether it is recognized to whom this $47,000,000,000 will go? Who is to be in charge of that fund? It is estimated that the persons interested in it will be about 50 percent of the people who are gainfully employed; so somewhere between 25,000,000 and 30,000,000 voters of this Nation will be entitled to that $47,000,000,000. In this democratic form of government, does anybody think that the Congress can resist the demands of those 25,000,000 people with respect to that $47,000,000,000 of money? If we should ever be fortunate enough to accumulate any such fund as that, does anyone doubt that there would be proposals in the Congress to loan to the persons interested certain sums from the amount that has been accumulated? Does anyone doubt that there would be formed all over this land organizations that would want the Congress to give them a part of that $47,000,000,000 before they reached the age of 65? Think for a moment of what would happen in this land of ours if 25,000,000 people at the time the depression hit us had in the till somewhere, $47,000,000,000. Does anyone doubt that such a demand would have been made upon the Congress as would have destroyed the greater portion of that fund?

Mr. President, I submit that in a democratic form of government where a fund is created for the benefit of twenty-five or thirty million people Congress itself would be as helpless as a child, because the man who should not respond to the demand of a group of voters such as that would simply give way to another man who would respond. That has been common experience in this country, and could be demonstrated by precedent after precedent.

Mr. President, I do not wish to take a long time discussing this matter, but I should like to bring some of the facts to the attention of the Senate in order that we may better realize just what we are getting into. I desire to call attention to the cost of this plan. There has been placed on the desk of each Senator, I think, a copy of the "Data requested of the Secretary of the Treasury by Senator JESSE H. METCALF and submitted by the Railroad Retirement Board on June 4, 1935." It is my understanding that this is an official statement of the cost of this proposed plan.

I desire to call attention to certain figures which are supplied in the tables submitted. It will be observed in column 7 that without title II—that is, taking the grants and aids to States on condition that the States will contribute as much as the Federal Government contributes, by 1980, or a period of some 43 years, there will have been expended $39,059,600,000 during that 43-year period. That figure has been described by certain Government officials as being shocking, and it has been stated that we cannot afford any such scheme as that.

In column 8 is given a figure that shows what it will cost if we adopt title II. It must be borne in mind in considering these figures and this estimate that only about 50 percent of the people come under the plan of title II, leaving the other 50 percent of the people to be taken care of as they would be taken care of without title II. There

are two estimates of those figures. To the first there is a note attached to column 8 which reads as follows:

Basis A: Estimates of the consulting actuaries of the Committee on Economic Security, assuming (1) old-age-benefit plan similar to that in title II in effect; (2) dependency ratio of 15 percent in 1936, increasing to 20 percent in 1937—

And so forth. The total under that plan is $26,553,200,000.

So assuming these figures to be correct, we should save something like twelve and a half billion dollars during the period of 43 years by taking title II.

Under basis B, column 9, that figure is cut down to $12,072,000,000. Basis B is the estimate of the staff of the Committee on Economic Security.

So we have the consulting actuaries showing a figure of $26,553,200,000, while the staff estimate is $12,072,000,000.

Now, Mr. President, I wish to show in that connection that if we should adopt this plan that would not be the only cost. In column 12 will be found the taxes collected for this purpose, showing the figures for the various years. The total taxes are $78,734,800,000.

I call attention also to column 14, showing that the necessary interest to keep this fund intact is $31,749,900,000.

So while it is true, if it were paid out of the Federal Treasury without title II under the plan of grants and aid, as is provided in a part of the pending bill, assuming these figures to be correct, the total amount necessary to appropriate would be only a little more than $39,000,000,000; but if we take the figures of the consulting actuaries of $26,553,000,000, and add the tax of $78,734,800,000, plus the $31,749,900,000 of interest, we have a sum it can hardly be conceived the American people will be able to pay.

It may be said that it is not fair to use the interest item, but I invite attention to the fact that the tax which will have to be paid by the employer and the employee is money that is being laid out by them, and therefore, if it were not being laid out in this direction, it would earn for them at least 3 percent interest; so that if the actual cost to the people of the United States, to the employers and to the employees of the Nation, is actually $78,000,000,000, plus the nearly $32,000,000,000 of interest, and then we add to that the $26,553,000,000, we have a huge sum.

Mr. President, I made some calculations of what the costs would be. I should like to invite the attention of the Senate to them. If anyone finds that my figures are incorrect, I should like to have my attention called to it. I am speaking only of title II. Nothing I said with respect to expense has anything to do with title III, which refers to unemployment insurance.

Let us take title II alone and assume the figures to be correct. Let us take column 8 as representing the actual expense to the Federal Government, column 12 as being the actual amount of money collected, and column 14 the actual amount of interest to maintain the fund. It will be found that in the year 1950 the tax upon every State in the Union for that year alone would be 30 times the number of people living in each State in the year 1930. That is to say, if we take the State of Mississippi, which has something like 2,000,000 people in it, and assume that that State pays its share, it would cost the people of Mississippi a little more than $60,000,000 for that one year 1950 alone.

What would be the cost of the 15 years between now and 1950? In order to obtain accurate figures, it is necessary to multiply the number of people living in the State in 1930 by 250. If we take Mississippi as an illustration, it would cost the State of Mississippi, assuming that it pays its full share of these expenses, $500,000,000.

If we take the first 44 years, or until 1980, in order to find out what it would cost any particular State for that period, we multiply the number of inhabitants now living in the State by 1,365. If we take the State of Mississippi as an illustration and multiply the inhabitants of Mississippi, 2,000,000 in number, by 1,365, we find that it would cost that State a tremendous sum of money.

On the other hand, if we do not take title II, but take the same figures in order to get the amount of costs in 1950, we multiply the number of inhabitants of the State by 6 as against 30. For the 15 years we multiply by 65 instead of 250. In order to get the total up to 1980 we multiply by 325 instead of by 1,365.

Mr. President, I cannot conceive of this much money being paid for any purpose unless it be a tax upon the consumers of the Nation. As was suggested to me a moment ago, this is a huge sales tax in most instances. Of course, that is not true in some instances, because it is not a direct sales tax, and in a great many instances it will be impossible to pass it along to the farmer or to the other classes of persons who are not to be benefited by the bill. I invite attention to the fact that the farmer who is exempt, the domestic who is exempt from the bill, the other persons who are exempt; namely, about 50 percent of the people of the Nation, will pay no tax and will derive no benefit from the plan, and I ask how anybody expects those people ultimately to escape a tax which every consumer is bound to pay under the plan in one form or another?

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the able Senator from Delaware permit the Chair to inquire what was the source of the figures called actuarial? Will the Senator state to the Senator from Illinois, who now occupies the chair, through what source those actuarial figures came? What was the source whence the figures actually emanated?

Mr. HASTINGS. The source was a member of the committee, as I recollect. The statement is headed, "Data requested of the Secretary of the Treasury by Senator JESSE H. METCALF and submitted by the Railroad Retirement Board on June 4, 1935." I think it was Mr. Latimer who submitted the figures. There is no question about the accuracy of the figures. I think no one will dispute their correctness.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Utah?

Mr. HASTINGS. Certainly.

Mr. KING. I may say that Mr. Latimer is recognized as probably one of the best actuaries in dealing with labor statistics and annuities in the United States, and is the head of one of the most important boards of the Government.

Mr. HASTINGS. I thank the Senator from Utah.

Mr. President, Mr. M. A. Linton was one of the consulting actuaries and is an outstanding actuary of the country. I desire to quote two or three paragraphs from a speech made by Mr. Linton before the Academy of Political Science in New York, in which he said:

The original bill provided, as has already been pointed out, for a heavy Federal subsidy running over one billion a year for 45 years hence. In order to remove this undesirable feature the Secretary of the Treasury proposed the increased rates of tax embodied in the new bill. The purpose was to "facilitate the continued operation of the system on an adequate and sound financial basis, without imposing heavy burdens upon future generations." The schedule accompanying the Secretary's proposals showed that the deficit had been removed and that by 1980 a reserve fund of nearly 40 billions (assuming inclusion of the same occupation groups as are in the present bill) would have been created.

Let us examine a little more closely into the manner in which the balance was accomplished. Suppose we should start out on the assumption that the pensions we are going to pay to those who are aged 20 or over when the plan starts, will be paid for in full on an actuarial basis by that same group of individuals. That is to say, we shall not attempt to pass on to posterity any part of the cost of these pensions. The adoption of the plan would call for a level contribution from the very start, probably in excess of 8½ percent of pay rolls. The rates of contribution suggested by the Secretary started at 2 percent and increased to 6 percent in 12 years. In view of the higher figure mentioned above, how can the proposed scale of contributions produce a balanced system?

The answer is that after 12 years when the uniform rate will be 6 percent we shall be charging the new workers coming into the system say at age 20, a rate that is upward of 40 percent greater than the true actuarial premium for the benefits they will receive.

When the young men of the future ask why they and their employers should have to pay so large a rate, the answer will be that years before their fathers and grandfathers had made promises to each other which they did not have the money to carry out in full. Therefore, they conveniently decided to pass on the deficiency by assessing a surcharge against their children and grandchildren. When the workers of the future come to appreciate fully the origin of this surcharge, are they not likely to make strenuous efforts to shift it to the general revenue fund?

Mr. President, here is a statement that instead of the amount of 6 percent being all that is required, this actuary—and he is a prominent man in his profession—says that in his judgment it would take 8½ percent; so, notwithstanding the discriminations, notwithstanding the penalizing of the youth for the benefit of the older person, we still shall have not enough tax to take care of this fund.

Mr. President, I do not wish to detain the Senate longer with this matter. I desire, however, to call attention to the unemployment-insurance title.

Mr. WAGNER. Mr. President, will the Senator yield before he leaves the subject he is discussing?

Mr. HASTINGS. I yield.

Mr. WAGNER. Unfortunately, I did not hear all of the Senator's address; but I heard his criticism of what he termed a discrimination between the younger workers and the older workers in the disbursement of the old-age fund. The Senator has stated correctly that the older workers will receive a larger share in proportion to their contributions than the younger men. Is it the Senator's view that that difference ought to be made up by an appropriation by the Government?

Mr. HASTINGS. Undoubtedly. Undoubtedly it ought to be done in some other way than this.

Mr. WAGNER. As the Senator remembers, the original bill provided that ultimately, when the deficit should arise because of the higher annuity paid to the older workers, that deficit should be made up by society itself, through the Government, making the contribution. I do not know whether or not the Senator cares to answer the question; but if that change were made in the bill, would the Senator support the proposed legislation?

Mr. HASTINGS. I am not prepared to answer that question directly; but I will say to the Senator that I have said that I should be very much interested if we could work out a plan of a forced annuity, contributed to by the employer and the employee, whereby the fund would go directly, with 3 percent interest, to that particular person. I should be very much interested in that sort of a plan.

Mr. WAGNER. It would be difficult to work out such a plan under a pooling system, but I think the Senator will recognize the fact that it is not really accurate to say that the contribution which the younger worker makes to the fund is used to make up the larger annuity paid to the older worker. It really comes from the part of the fund which is contributed by the employer of the younger worker.

Mr. HASTINGS. Yes.

Mr. WAGNER. I will say to the Senator that I am in sympathy with his criticism, and as I introduced the bill it provided that society itself should make up that difference.

Mr. HASTINGS. I may say to the Senator, in order to meet the objection which the Senator has just suggested, namely, that the employee cannot criticize because part of this fund will have been contributed by somebody else—that, as I stated before, that fact will be ignored by him, because he will say, "In the first place, I never did get enough wages. I ought to have had more wages in the first place. This contribution by my employer was made for my benefit, and I am going to have it." I think that is so serious a matter that I should be inclined to give the employee, say, credit for only 2 percent of what the employer contributed, and use the other 1 percent to make up for the discriminations which are contained in the bill, if I make myself clear.

Mr. WAGNER. Yes; I understand the Senator.

Mr. HASTINGS. I would have the employer contribute 1 percent for the general fund in order to get rid of that discrimination. I really think it is a serious matter.

Mr. WAGNER. The reason why I am pressing the question, of course, is that I wished to ascertain whether the Senator was simply attempting to find flaws in the proposed legislation——

Mr. HASTINGS. No.

Mr. WAGNER. Or whether, if this correction were made by restoring the old tax rates, the Senator would support the legislation.

Mr. HASTINGS. No, Mr. President. In the committee the distinguished Senator from Georgia [Mr. GEORGE] and many other Senators, largely on the Democratic side, urged that we should not go into the matter of annuity pensions at this time, but that we should wait; that we should separate the subject of annuity pensions from this bill, and take a little more time to study it, and see if we could not work out a plan which would be agreeable to most, if not all, the Members of the Congress.

I am not prepared at this time to say that I should vote for any of these plans, because I have not made up my mind that the Congress has authority to force upon anybody an annuity system of any kind. As I say, I am in general sympathy with the scheme. I think of all things that can be done for a young person, the most important is to have him begin to pay into some kind of a fund that will take care of him in his old age, but to have the Congress of the United States force him to make such payments is so entirely new, and so different from my philosophy of what the Congress has a right to do, that I am not for the moment prepared to approve any plan of that character.

Mr. WAGNER. Of course, whether or not we ought to do that in this comprehensive way is an entirely different question. I think the Senator will agree, because of our experience during the past 50 years, that the only way we can ever give the working people of our country, the wage earners and others of low income, assurance against destitution in old age is by some plan which will be of universal application. The Senator knows we have tried the voluntary idea for half a century. Yet at this late day, out of all the working people of the country, there are only 2,000,000 of them who are under voluntary systems. Certainly we must do something for the rest of them sooner or later.

Mr. HASTINGS. Is it not more than 2,000,000?

Mr. WAGNER. Two million, outside of the railway employees—and even they are subjected to the uncertainty that their voluntary systems will be curtailed without notice.

They have no real, permanent security. Furthermore, statistics show that only 4 percent of the small group of retired workers who have been under voluntary pension systems are actually drawing benefits. If we genuinely wish to help provide against destitution in old age, there is no way to do it except by some plan which will be of universal application.

Mr. HASTINGS. Mr. President, of course, I know how much interested the Senator from New York has been in this subject for a long while, and I know how very much it appeals to the average citizen to advocate some legislation which will take care of people in their old age.

Mr. President, I shall take only a few moments more. I merely desired to call attention to the great interest the people have in unemployment assurance. I think people generally have reached the conclusion that perhaps we can make some progress by having some kind of unemployment assurance. It has been insisted that the only way in which that can be accomplished is by congressional action, and the scheme and plan contained in title III is the result of that suggestion.

I may call attention to the fact that what we are here endeavoring to do—and I may emphasize that it is different from what we have a right to do under the Constitution of the United States—is to say to the people of a State, "We are going to tax the employers of your State at the rate of 3 percent annually. We are going to give them credit for 90 percent of that tax if they can show to the Federal Government that they have paid in under some State law a sum of money to meet unemployment assurance, and have spent it under the rules and regulations which have been approved by the Federal Government. If they do that they may get credit for 90 percent of the amount they have paid for that purpose. Otherwise, we will take the 100 percent and add it to the funds in the Federal Treasury.

Was any such proposal as that ever made before in any Congress or to a free people anywhere in a democratic form of Government such as our own? What have we to do with

what a State does in the matter of taking care of employees in the State when they are out of work? It is replied that when the State cannot do it the Federal Government is compelled to do it, and that that is the necessary excuse. That is not a sufficient excuse. It is a sufficient excuse for us to want to do something, but it does not give us the legal right to force any such plan as that upon the States of this Union.

The Supreme Court has repeatedly said that Congress cannot force upon a State by taxation, or by regulating commerce or what not, something which the Congress thinks a State ought to do for itself. It undoubtedly cannot do it. But that is exactly what we are asked to do under this measure.

There is one reason for it, and it is a very good reason. Unless we can force this upon all the States by punishing them upon their failure to adopt the plan by imposing a tax upon employers within their borders it will be found that the various industries in one State which provides for the tax cannot compete with those in some other State which does not impose the tax, which, by the way, is a further demonstration that all this tax is passed on to the consumer. That is a reasonable excuse for this legislation. But it seems to me that the sooner we realize the limitations upon our own power, the sooner we realize that there are still existing 48 independent States in the Union which have a right to control their internal affairs, the sooner we will get away from this kind of legislation and this kind of trouble for the Congress.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BORAH. I desire to ask the Senator with regard to the old-age pensions for those who are now 65 years of age. As I understand the plan, the Government would make an allowance of $15 per person to be matched against $15 by the State.

Mr. HASTINGS. Is the Senator speaking of title II or of title I? There are two titles which relate to old-age pensions. One is the provision whereby the Federal Government would contribute $15 if the States contributed $15.

Mr. BORAH. That is the one to which I have reference, that is, in regard to people who are now 65 years of age.

Mr. HASTINGS. Yes.

Mr. BORAH. And who have no opportunity to share in the contribution which will be made in the future.

Mr. HASTINGS. That is correct.

Mr. BORAH. As I understand it, the Government would contribute $15, provided the State contributed $15. If the State did not contribute $15, or some amount, then there would be no contribution at all.

Mr. HASTINGS. That is correct.

Mr. BORAH. In other words, there will be no contribution except as it depends upon the contribution made by the State.

Mr. HASTINGS. That is correct.

Mr. BORAH. And at the utmost, if the State contributes in full, the contribution will be only $30 per person.

Mr. HASTINGS. That is correct.

Mr. BORAH. Is the Senator advised as to how many States are now contributing as much as $15 for old-age pensions, how many States have laws providing for that amount?

Mr. HASTINGS. I think it is something like 23. The figure is stated somewhere in the RECORD.

Mr. WAGNER. Mr. President, if I may volunteer the information, 35 States have enacted old-age-pension laws under which they contribute toward the support of dependent old persons, and different ages are provided—in some States 70 years and in others 65. I think there are but two or three States which contribute more than $15 a month, and the majority of the States now, I think, are contributing less than $15 a month.

Mr. BORAH. In other words, in that condition of affairs, there would be no allowance for old-aged persons in those States at all?

Mr. WAGNER. I did not catch the question.

Mr. BORAH. Where a State made no allowance, then the allowance made by the National Government would not be available?

Mr. WAGNER. That is correct.

Mr. BORAH. As a practical proposition, then, this measure does not really make any provision at all for a very large number of old-aged people.

Mr. WAGNER. Of course, it has always been regarded as an obligation of the States to take care of the old people in the States. This is the first time it has ever been proposed that the Federal Government aid the States in taking care of old people, and to that extent it is a new venture by the Federal Government.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield?

Mr. BORAH. I yield.

Mr. CONNALLY. I may say to the Senator from Idaho that the theory is that the other States will come into the plan when there is a Federal law. Of course, if a State has no old-age-pension system, the Federal Government cannot contribute toward maintaining the old people in that State.

Mr. BORAH. I understand that perfectly; nevertheless, the fact is that no provision is being made for a very large number of old-aged people as the laws stand in the States now.

Mr. WAGNER. Perhaps adequate provision is not made. Thirty-five States are attempting to meet their obligations by taking care of old-aged dependents, some at the age of 65 and others at the age of 70, but in recent years, because of the depression, the amounts which the States have contributed have been somewhat reduced. The obligation to take care of the old people has always been regarded as an obligation of the States themselves, and the Federal Government, recognizing that they have had difficulties in raising the money, due to the depression, is for the first time in our history proposing to match the State contributions toward taking care of old people. So it is a step forward, and we are hopeful, of course, as the Senator from Texas has said, that the States which have not inaugurated systems for taking care of the old will enact legislation so as to get the benefit of the Federal contribution.

If I may, speaking to the Senator in terms of actual amounts spent, there is now being spent by the States for this purpose a little less than $40,000,000.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. CONNALLY. As an instance, my State has no old-age-pension system, but I think this year the people are voting on a constitutional amendment providing for such a system, and I anticipate that other States will follow through if this measure shall become a law. The Senator from Idaho is correct in assuming that for the immediate present there will be a large number of old-aged persons who will not receive any grant out of the Treasury.

Mr. BORAH. Undoubtedly there are a number of States which are not prepared financially to take care of old-age pensions at this time. There are States which the National Government is assisting in carrying their burdens, with reference to relief, and so forth.

Mr. WAGNER. Yes; they are.

Mr. BORAH. It seems to me we ought to take into consideration the fact that, so far as the people who are now 65 years of age are concerned, this measure is not and should not be regarded wholly as a pension proposition. These old people, at the end of 4 or 5 years of depression, with all means exhausted, are in a condition where they must be taken care of, and to make a Federal contribution of $15 a month dependent on whether the States are able to contribute $15 in addition does not seem to me to be meeting the situation.

There is a question of relief here, as well as the question of pensions, because it is now the effort of the Government to take these people from the relief rolls, and I am advised that hundreds of thousands of them will go back into the

miserable poorhouses, county farms, where the living is of the most meager kind. Does not the Senator from New York, who has given so much time to this matter, and understands it so well, think that we ought in this provision of the bill to take into consideration something other than the general principles which obtain with reference to security legislation?

I know perfectly well that there will be hundreds of thousands of old people who will really die of nonnutrition if more is not done for them than would be done under the pending measure.

Would it not be practicable to make a better allowance, and not make the additional allowance dependent wholly upon State action? Let the State make an allowance equal to, say, $15 if it can, because most of the States are unable to go beyond that, and let the National Government make an additional allowance, which it will take out for a limited number of years without any other allowance by the State.

Mr. GEORGE. I was going to make the suggestion that at least the Federal Government might take care of that full pension for a limited period of years, until the States were in position and had by appropriate legislation been able to set up the old-age-pension laws, even if for no more than for 2 or 3 years.

Mr. BORAH. I think something of that kind ought to be done.

Mr. WAGNER. May I make this suggestion to the Senator: Thirty-three States have already set up machinery to take care of their dependent old people. So there are only 15 States that have done nothing.

Mr. BORAH. Fifteen States.

Mr. WAGNER. But the Federal Government is taking care of those not under State law, for the period of time which the Senator from Georgia [Mr. GEORGE] suggests, by direct relief, and in addition the Federal Government is now supplementing local efforts by helping a great many of the old people in all the States. The provisions of this bill are designed to add to these efforts and also to act as an incentive to the States to be a little more generous in the care of their old by matching their efforts dollar for dollar. This proposal is much more than the Federal Government ever contemplated before the serious depression.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. BONE in the chair). Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. I also wish to attract the attention of the Senator from New York [Mr. WAGNER]. As I understand, this bill purports to give a pension to those who are on charity. I have received statistics from the Census Bureau by which I will show that those who are actually dependent upon charity will by the provisions of this bill receive out of the Federal Treasury about 60 cents a month. I have statistics to show that this is not a pension at all. This is not much more than a paupers' bill.

Mr. BORAH. May I say to the Senator from New York that it has been brought to my attention that a number of these elderly people, 65 years of age, at the end of 4 or 5 years of depression have now been turned back to the counties and to the States; they have been taken off relief; the State has been asked to take care of them, and the county has been asked to take care of them, and the county and the State are undertaking to take care of them by means of the poor farm, and so forth. That leads me to believe that the National Government ought to do more than to make a contribution of $15 a month and make that dependent upon the proposition of the State also putting up $15, because there is an element of relief in this matter, aside from the question of preparing a general scheme of security.

Mr. WAGNER. I agree absolutely with the Senator from Idaho, and the Senator knows that I would be willing to go as far as anyone in this body. Perhaps whatever criticism has been directed at me has been due to the fact that I have been anxious to do too much in that regard.

Mr. BORAH. I am addressing myself to the Senator for that reason.

Mr. WAGNER. In the first place, the Senator from Louisiana says that these people are upon charity. But the States which have passed pension laws and called them pension laws do not want to regard these old people as being subjects of charity. Perhaps in a technical sense they are. But they are citizens of the State who in their days of age have met with adversity, and the State has assumed the obligation of taking care of them because of their claim upon the State to which they have made their great contributions by creating wealth in their prime.

We do not call this charity in New York, nor do they do so in any of the other States. We have to rely upon the States to ascertain who these people are who require aid, and the 33 States which have enacted pension laws have the machinery with which they ascertain this fact. As fast as the States ascertain that there are more who need this help the Federal Government will certainly increase its assistance in proportion.

I know of no method by which the Federal Government can go around the country to ascertain where these people are. We must rely upon the State machinery.

We are now saying to the States, "You have the machinery. By passing your laws you have said in a definite manner that you regard it as an obligation to take care of these people without throwing them into the poorhouse; and insofar as you assume that obligation, we will give you a dollar for every dollar that you spend.

I think that is going to be an incentive throughout the country to take better care of them. It has been suggested that some of the States, who now contribute over $15 per month to the dependent old, will reduce their contributions to the $15 level that is to be matched by Federal contributions. I cannot believe that any State will be so ungenerous as that, and I think that whatever the Federal Government gives will be added to that which the States are already doing for their aged people.

Mr. BORAH. Mr. President, of course the State has the machinery, and of course the State can ascertain the number of persons who are entitled to relief, but the State does not have the money.

Mr. WAGNER. The States have been making contributions.

Mr. BORAH. We know perfectly well that we are aiding States to take care of their educational systems, and their teachers, and everything else; and we know that under those circumstances they do not have the means to take care of these old people. These old people are people who have made those States, in a large measure. Out through the Northwest they are the pioneers, they are the men and women who built those Commonwealths, and because the State is not able to take care of them they must now go to a county farm. If we are going into this thing at all, if the National Government is going to take hold of it, let the National Government make a provision which will take care of these old people during this depression, and not be bound by the theory of a permanent scheme of national security.

Mr. WAGNER. Mr. President, I may say to the Senator that, so far as the emergency period is concerned, the Federal Government has been helping all of the States to take care of their old people. It will continue to do so. But this bill provides a permanent plan in addition to what we have been doing during the emergency period.

I hope that the time will come shortly when we shall give these old people even more. However, there is nothing in this bill to prevent the States from taking care of their dependent old persons as well as they can. I have not heard the complaint from many States that they are not able to carry the load.

Mr. BORAH. Neither the States nor the National Government is generous when it stops at $30, when both pay to make up that amount, so far as that is concerned.

Mr. RUSSELL rose.

Mr. BORAH. Did the Senator from Georgia wish to ask a question?

Mr. RUSSELL. In line with the suggestion of the Senator from Idaho that many of the States are unable at this time to contribute to the old-age-pension fund, I will say that the State which I have the honor in part to represent, under its constitution cannot levy taxes for this purpose. The purposes for which taxes may be levied in the State of Georgia are enumerated in the constitution, and the payment of the old-age pension is not included therein. It will be necessary to amend the constitution, and that cannot be done until the next general election, so the people may pass upon it. But as the Federal Government is now turning back to the States and the counties all of the unemployables in the State, the old people who are unable to work, and the ones most deserving, as indicated by the Senator from Idaho, the State is absolutely powerless to levy a tax to raise funds for paying these people any pension whatever.

Therefore, the people in my State will be taxed in part for over something like 2 years to provide these funds for old-age pensions, and until the State constitution is amended cannot secure a single cent from the Federal Treasury to supplement the State funds, for the State funds cannot be provided.

I have prepared an amendment which I propose to offer at the proper time, which will require for a period of 2 years from the time this act goes into effect that the Federal Government will make this contribution of $15 without regard to any action on the part of the States.

Mr. BORAH. Let us not confine it to $15. That is just slow death.

Mr. RUSSELL. I shall be glad in joining the Senator from Idaho in making it a larger sum, but I should like to have something done so that the people will not starve when the State is powerless to help them. I should like to have contributed to my State as much as the amount of relief contributed by the Federal Government to the other States.

Mr. WAGNER. I wonder if the Senator is not referring to the Governor of his State, who has been criticizing whatever appropriations we have made here to help the unfortunate in his State.

Mr. RUSSELL. The views of the Governor of the State on old-age pensions does not reflect the views of the people of the State.

Mr. WAGNER. I am glad to hear the Senator say that.

Mr. RUSSELL. As a matter of fact, at its last session the general assembly voted for a constitutional amendment providing for old-age pensions. The bill passed the house of representatives by a vote of 165 to 1. The bill also passed through the senate with the required two-thirds majority. The Governor undertook to veto the proposed constitutional amendment. That will have to be fought out in the State courts to see if the matter is to be submitted to the people at the next election. Regardless of the outcome of the matter, the people of the State could not avail themselves of the benefit of this measure before 1937, following the election of 1936, when the legislature meets again.

Mr. BORAH. I am not interested in local politics in this situation.

Mr. RUSSELL. Neither am I interested in local politics, and I did not inject that question, but I am tremendously interested in seeing that the aged and afflicted and those powerless to assist themselves in my State are given the same benefits and advantages as are accorded the people of other States under the terms of this bill. They should not be penalized. Because of the constitutional inhibition, the State is powerless, and had it not been for constitutional provisions the general assembly might have passed the bill over the veto of the Governor, but it was necessary to amend the constitution. The legislature did all that was in their power to do.

Mr. BORAH. The question of centralization of power does not arise, because there is just as much centralization of power in contributing $15 as there is in contributing $30. We have undertaken to do that; that is now in the bill. So the only question here for discussion is whether we are taking care of the situation in dollars and cents. There is no question of constitutional authority so far as this particular point is concerned, because that is covered by the fact that we have already provided for $15; and the question that I am now raising is, assuming that we are going to help, assuming that the National Government is going to take part in this matter, and assuming that the National Government is going to assist the States, the question is, Are we going to assist them sufficiently to enable the old people to live? That is the only question here. I do not think it takes care of them. I ask the able Senator from New York and the able Senator from Mississippi, who is in charge of this bill, and other Senators, who, as I know, are in full sympathy with this proposition, Are we going to be satisfied to allow only $15 a month, with the uncertainty as to whether the States will put up anything, and, therefore, have nothing come of it, or are we going to make a provision which will guarantee these old people at least a sufficient amount to keep them from actually dying of starvation or neglect?

Mr. WAGNER. I may say to the Senator that he is not accurate in saying that the States will not make any contributions, and that therefore the old people will receive nothing. As I tried to emphasize previously, there are 33 States that are already contributing.

Mr. BORAH. I am referring to the States that do not. In those 15 States we will have no help for them whatever.

Mr. WAGNER. I will repeat what I have heretofore said, that I made inquiry as to all that, and I ascertained that in all the States during this emergency period the Federal Government has been granting relief to take care of old people. How much they are receiving I am not able to say, but the Federal Government has not abandoned them entirely, even in those cases where the State has been unable to do anything at all.

Mr. BORAH. I am advised that the Federal Government has notified the local authorities that they must take care of a certain class of people, including the old people, and that, under the program which has been worked out during the last few months, these people are now dependent upon the States, and they are going back to the county farm or to the poorhouse and to similar places in order that they may be taken care of.

If these were normal times, and if the States were in a normal condition, if they were in a position to raise the money, I would feel entirely different about it; I would feel that they ought to do it; but when we ourselves are contributing for such things as educational purposes, slum clearance, and so forth, that I know the States are not in a position to do their local work. We have already crossed that bridge; we have already passed over the proposition that we are going to help them. Now the question is, Are we going to help them sufficiently?

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield the floor.

Mr. LONG. Mr. President, I desire to offer the amendment which I sent to the desk earlier today, and I ask the clerk to read it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed by Mr. LONG to amend the bill as follows:

First. On page 2, lines 3 and 4, after the word "assistance", strike out the comma and the following words: "as far as practicable under the conditions in such State."

Second. On page 2, line 4, strike out the word "needy."

Third. On page 2, line 7, strike out the figures "$49,750,000", and insert in lieu thereof the figures "$3,600,000,000."

Fourth. Beginning with line 15 on page 2, strike out all the balance of page 2, and all of pages 3, 4, 5, and 6, down to and including line 14 on page 7, and insert in lieu thereof the following:

SEC. 2. From the sums appropriated therefor the Secretary of the Treasury shall pay to each State for each quarter, beginning

with the quarter commencing July 1, 1935, such proportion of the amount appropriated as the number of persons over the age of 60 in such State shall be to the total number of persons over the age of 60 in the United States, to be calculated according to the latest official reports of the United States census. That the same shall be remitted to each State solely on condition that it make due and legal provision to pay the same in equal sums to all persons in the said State who are over 60 years of age and whose net income during the preceding 12 months was less than $500, or whose ownership and possession of property is of a value less than $3,000; and nothing hereby provided shall prevent any State or subdivision thereof from providing additional pension to any person from the revenues of such State or subdivision thereof.

Seventh. On page 16, beginning with line 16, strike out down to and including line 21 and insert in lieu thereof the following:

SEC. 301. For the purpose of enabling each State to furnish financial assistance to persons who are unemployed and who receive no benefits under title I of this bill, there is hereby authorized to be appropriated, for the fiscal year ending June 30, 1936, the sum of $1,000,000,000, and for each fiscal year thereafter the sum of $1,000,000,000 to be used as hereinafter provided.

Eighth. On page 17, beginning with line 9, strike out the following:

The Board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year.

Ninth. On page 19, line 24, after the word "State", change the period to a semicolon and add the following:

Provided, That the said State agency shall have right to contest any and all findings of such Board in a suit filed in a United States district court in the said State.

Tenth. On page 20, line 11, strike out the figures "$24,750,000" and insert in lieu thereof "$1,000,000,000."

Eleventh. On page 20, line 13, strike out the words "a sum sufficient" and insert in lieu thereof the words "an equal sum."

Twelfth. On page 21, line 6, after the word "agency", strike out the semicolon and insert the following: "with right to appeal to the courts of the State;".

Thirteenth. On page 21, line 22, beginning with the figure "(1)", strike out the figure "(1)", and all of line 23 and 24, and lines 1, 2, and 3 on page 22.

Fourteenth. On page 22, line 10, strike out the word "one-third" and insert in lieu thereof the word "three-fourths."

Fifteenth. On page 23, line 5, strike out the word "two-thirds" and insert in lieu thereof the word "one-fourth."

Sixteenth. On page 24, line 25, after the word "State", change the period to a semicolon and insert the following: "the said State agency shall have the right to contest in a district court of the United States the action of the said Secretary of Labor to be filed in such court in the State wherein said State board may be domiciled."

Seventeenth. Beginning on page 44, strike out all of title VIII, and insert in lieu thereof the following:

TITLE VIII. REVENUES FOR PURPOSES HEREIN PROVIDED

SECTION 1. In addition to other taxes levied and collected there shall be annually levied, collected, and paid upon the wealth or property owned by every individual a tax thereon in accordance with the following provisions, viz:

(a) One percent on the value in excess of $1,000,000 and up to and including $2,000,000.

(b) Two percent on the value in excess of $2,000,000 and up to and including $3,000,000.

(c) Four percent on the value in excess of $3,000,000 and up to and including $4,000,000.

(d) Eight percent on the value in excess of $4,000,000 and up to and including $5,000,000.

(e) Sixteen percent on the value in excess of $5,000,000 and up to and including $6,000,000.

(f) Thirty-two percent on the value in excess of $6,000,000 and up to and including $7,000,000.

(g) Sixty-four percent on the value in excess of $7,000,000 and up to and including $8,000,000.

(h) Ninety-nine percent on the value in excess of $8,000,000.

SEC. 2. The said taxes shall be levied and collected annually, shall further allow to the taxpayer the opportunity to make payment of the same in cash or in kind, and the Treasury shall make disposition and handle the same in accordance and subject to the provisions contained in said title IX.

SEC. 3. Such sums as are collected hereby as are in excess of the requirements under the provisions of this act shall be used for the other lawful purposes of government, to include future legislation of Congress to provide the families of the United States with reasonable homesteads and the comforts thereof.

Eighteenth. Beginning on page 52, line 8, strike out all of title IX.

FORCE OR LAW BRING ABOUT REDISTRIBUTION OF WEALTH

The PRESIDING OFFICER. The Chair is not certain whether the Senator from Louisiana is in order in speaking on his amendment or amendments for the reason that under the agreement to consider committee amendments first, title XI, which is the committee amendment, has not yet been disposed of. The Chair wonders what the Senator from Mississippi desires to do in that connection?

Mr. HARRISON. I have no objection to considering the amendments as a whole so we may get them out of the way. I ask unanimous consent that they may be considered en bloc.

The PRESIDING OFFICER. Does the Senator from Louisiana desire to have his amendments considered en bloc?

Mr. LONG. I would.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BORAH. Does considering them as a whole, or en bloc, mean that the amendments are not subject to amendment?

Mr. LONG. They are subject to amendment, of course; but it means they will all be considered as one amendment. As a matter of fact, it is the same principle throughout.

Mr. President, I shall show that what is proposed by the present bill is an impossibility, impossible in any respect either on the law or on the facts. I shall show that what I am proposing is feasible, practicable, constitutional, and workable.

In the first place, the Senator from Idaho [Mr. BORAH] made a statement to which I wish to refer for just a moment. If we are going to provide an old-age pension, then let us provide a sum sufficient to pay old-age pensions. I do not agree that the pension should start at age 65, nor was that the position of the President of the United States. He thought it ought to begin at 60, and everyone else I ever heard of has always stated 60 years would be the age at which to start payment of a pension. I never heard of it being placed at 65 years of age until the bill came before us.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. Most of the State laws which I have examined provide for a pension beginning at the age of 70.

Mr. LONG. I have tried to explain to my friend from New York that while they may be called "pension" laws, yet they are "pauper" laws.

Mr. WAGNER. The States do not agree with the Senator.

Mr. LONG. But the dictionary does. I hate to refer to any man as a pauper, but the facts are, if I may be permitted to have the attention of Senators, that if we have a law which requires a man to prove himself to be destitute and needy before he can get any allowance, we compel him to admit or, indeed, to claim that he is a pauper. It is not a pension law. We pension the judges of the courts for the services which they previously rendered, whether they have any money or not. We pension soldiers of the Spanish-American and Civil Wars whether they have any money or not. That is a pension. But when we provide by law that a man must prove himself to be destitute or to be needy before he can get any money, and only that man is permitted to get any money under the law, then it becomes only a pauper law.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. WAGNER. I am anxious to understand clearly the Senator's amendment. The Senator would take those over 60 years of age——

Mr. LONG. No. If the Senator will listen he will get it all straight in a minute. The Senator from New York will not listen to me as long as I have listened to him if he listens to everything I say. I am satisfied, too, that he will not get as much good as I do.

Mr. President, there are 10,385,120 persons over the age of 60 in the United States. I need only refer to Government compilations and the statement of the Senator from New York. Of this number there are 96 percent whose earning capacity is below that which enables them to live on a normal-subsistence basis. In other words, 96 percent of our entire population earn less than a subsistence wage of this kind. That is one thing on which we agree. I shall give the Senator better figures than that. I shall give some figures which have been published by life-insurance companies. The only thing I have now are some figures which I clipped out of an insurance publication. This reads:

What happens to the average man of 25 upon reaching the age of 65? Only one will be wealthy.

We had considerable trouble locating this advertisement. I thought I could get it by telephoning the insurance companies, but I learned that they claimed they did not have it or they had forgotten all about it. I am sure they were in good faith. I located it because it had been recopied in a well-known newspaper in this country. Then I telephoned the insurance companies and they said they would be able to send the entire statistics in a short time. I read this again:

Only one will be wealthy. Four will be well to do and able to enjoy comfort and recreation. Five will be working for a living with no prospect of relief from drudgery. Thirty-five will have died, in many cases leaving a family in need of some assistance. Fifty-five will be dependent upon friends or relatives for charity.

Of all those about 65 or 70 years of age who are left alive, 55 will be dependent upon charity. This was a statistical compilation made during pretty good times. The condition is much worse now, because our own data show it is somewhere around 96 percent of our people who are earning below a subsisting living.

If we are going to pay a pension that is going to amount to anything, certainly we ought not to begin a pension too far away from the average unemployable age. Fifty years of age is almost an unemployable age, except for men of talent and skill, and I do not mean manual skill. Sixty years of age at the very worst is the furthest age at which we should consider awarding a pension. I am going to argue this on the basis of 60 years of age, and then I am going to argue it on the basis of 65 years of age, and I shall show how impossible the whole scheme is on the basis of either 60 or 65 years of age.

Let us, for the purpose of argument, not count the 385,000, because most of them are dead by now, having gone through some of the years 1933 or 1934 or a part of 1935. Thus there would be 10,000,000 people drawing $49,000,000 a year out of the Federal Treasury. Deducting one-third—which is more than the census shows and which is more than the life-insurance companies show—deducting from the 10,000,000 people one-third, who are either wealthy or able to take care of themselves, would mean that $49,000,000 a year, or $4,000,000 a month, would pay those left about 56 cents per month apiece.

If the entire $49,000,000 which is covered in the bill is going to those found to be needy by the statistics of the Government and by the statistics of private people and by the statistics of the life-insurance companies, we would pay them about 56 cents per month out of the United States Treasury if we gave a so-called "pension" to everybody who is 60 years of age or over. Of course, it might be $1 if we raised it to 65 years of age; it might be $2 if we raised it to 70 years of age; it might be $3 if we raised it to 75 years of age, or $4 if we raised it to 85 years of age. I am talking about an age when a pension should start. I shall prove in a moment that raising it to 65 years of age would still leave an impossible situation under the bill.

There is only one way we are going to be able to pay a pension. We cannot pay it from ordinary sources of taxation. The United States Government cannot support a pension law from the ordinary sources of taxation which now prevail. It is impossible to do it. The United States Government cannot today pay its own costs of operation from present resources, to say nothing of the bonds which it has accumulated for payment in the future. The United States Government cannot support any kind of worth-while pension project unless there is revenue to be raised from some source not yet tapped, and a material source at that. I have advocated raising income taxes, but that will not bring in so much more; in fact, really not near enough when compared to what will be needed.

We have only one process by which we can raise a sufficient amount of money to support a pension plan, a pension plan that is worth anything to the country, and that is by a capital-levy tax.

So, therefore, I have proposed a substitute in these words: Instead of paying 60 cents a month, as the payment would be, to everybody 60 years of age and over who needs a pension, I propose to pay around $30 to $35 a month to those who should have a pension. Instead of requiring a State to put up $15 a month, I propose that the Federal Government shall pay from $30 to $35 a month. If a State government is not able to put up anything, that will not deprive a man or woman of getting his pension; and if a State government is able to put up an adequate amount, the State, if it can do so, may augment the Federal contribution and give more than $30 to $35 a month pension to people more than 60 years of age.

As an example, I state as a conservative statement that more than one-half the States in the Union have proved that they cannot pay any substantial sum whatever as a pension. Why? Because they are having to rely upon the gratuity of the Federal Government to keep their schools open. They are having to rely upon the Federal Treasury for unemployment relief. They are having to rely upon the Federal Treasury for the most ordinary kind of revenue to support the State government. Talk about making the State treasury match the contribution of the Federal Treasury in order to get relief! We might as well say that they have to discontinue caring for the blind, the deaf, the dumb, the insane, the crippled, and those who are in the public hospitals. School facilities and things of that kind would have to be curbed if that were done, because there is practically no State in America which is operating within its budget at the present time.

Therefore, if we say to a State, "We are willing to give you Federal help for an old-age pension provided you match that help", we are the same as saying to the State, "You have either a physical impossibility in one direction or an impracticability in another direction, because you have to curtail some of the expenditures you are now making in order that you may match the Federal funds."

I doubt if any of the Western States, probably outside of California, could make this payment. I doubt if any of the Southern States could make this payment if there is a reasonable pension paid. My State, the State of Louisiana, is in a little bit better shape than the average Southern State, as I said the other day, because of natural resources which we have. We have there, as is well known, probably the world's greatest supply of sulphur and salt. We likewise have oil and gas deposits, and various and sundry ores that are found in our State, which make it possible for Louisiana to bear burdens which other States cannot bear. But if the State of Louisiana today were called upon, according to the life-insurance companies' statistics, to put up $15 a month for every man over 60 years of age who, by the records we now have, is shown to be dependent on charity for support, the State of Louisiana would have to give more money than its entire taxing resources amount to at the present time. We should have to double the present taxes in the State of Louisiana if we were to pay $15 a month to every man who is over 60 years of age, who is to some extent dependent upon charity for a living, either of outsiders or of his own immediate relatives. If we were to undertake to take care of the whole of that class of people at $15 a month, the State of Louisiana would have to double its taxing resources in order to pay the amount that would be required, and it is not possible for that State to do it; and if it is not possible for that State to do it, then I know it is not possible for any other Southern State to do it.

Mr. President, I desire to make this further correction in the bill: I wish to speak of the unemployment feature, and ask the Senate to consider what I am saying as a whole.

In the unemployment feature there is donated a sum of about $24,000,000, perhaps $40,000,000—I do not state what the figures are; I could run through the bill and get them—but, at any rate, there is some small sum appropriated by the Federal Government for unemployment relief. Why, Mr. President, if this is going to be an unemployment bill at all, what good is it going to do to appropriate $49,000,000 to take care of unemployment when we are already appropriating $5,000,000,000 to take care of unemployment for the year 1935 and 1936? If we are having to appropriate a billion, two billion, three billion, four billion, up to five billion, and perhaps $6,000,000,000 for the purpose of taking care of unemployment in the year 1935 and part of the year 1936, what assurance have we that forty-nine or fifty million dollars or $24,000,000 is going to be sufficient for that purpose in 1936?

I propose that the States shall not have to match that money. We propose in the bill which has been submitted by the Finance Committee, known as the "administration bill", that a State shall get Federal unemployment money provided the State matches it dollar for dollar. The State cannot match it dollar for dollar now. The State never will be able to match it dollar for dollar. The State has not the taxing resources upon which it can depend to raise any such amount of money as that. Therefore, unemployment relief must of necessity be enjoyed, so far as concerns the assistance of the Government, by a relatively small number of the people who are entitled to it.

The next amendment which I propose is one which would take out of the hands of Federal bureaus the power arbitrarily and for their own purposes to cut off a State from old-age pension relief, or from unemployment relief, or from dependent-children aid and relief. By the bill which is now presented here, whenever the Federal bureau setup here in Washington find in their minds sufficient reason as to why a State should not be allowed to have any more pension aid, or any more unemployment aid, or any other aid of that kind or character, all they have to do is to notify the State that they consider that it has breached one of the rules of the bureau or one of the laws of Congress, and thereupon, ipso facto, they cut them off the list and decline to send them any money at all.

As the bill is now presented to the Senate, that leaves it within the sole jurisdiction of that particular bureau to do whatever it wishes to do. I add to this provision a further clause that whenever any board handling unemployment-relief funds, handling dependent-aid-for-children funds, or handling old-age-pension funds decided that a State ought to be cut off from any further relief the State shall have a right to take the case into court, and if the board is acting arbitrarily or unreasonably or without right, the State shall have a right to contest and annual the suspension order which prevents the State from having the relief.

Gentlemen of the Senate, that is not an unreasonable thing. That is a very much needed thing. Regardless of whether the Democratic Party or the Republican Party is in power, the time will come, as it always has come, when arbitrary actions and arbitrary orders of boards and bureaus and commissions and bureaucrats will have to be suspended by lawful processes of the courts. Otherwise we shall have an arbitrary rule which will become the standard, instead of a judicial and a righteous and a justifiable rule.

I now come to page 44 of the bill. I propose to strike out titles VIII and IX. Titles VIII and IX of the bill prescribe the revenue which is to be raised in order to carry out unemployment relief. I desire to refer to those provisions briefly.

I turn over to page 44 of the bill, and I find that a very unusual set of taxes is proposed.

The bill proposes to tax those who are employed, and also, in addition to the other provisions that require the State to levy taxes, provides for the levying of certain taxes by the Federal Government. Bear in mind that in order for the State government to contribute its part to this Federal relief program, the State government has to levy a tax for every one of these things. The State has to find some new sort of a State tax, because there is no State today which has the revenues that would be required to carry out the purposes of this bill any more than those purposes are now being carried out by the States. The State will have to raise additional revenue. Therefore there are two forms of taxes. First, the State must provide a tax for all that is in addition to what it is now raising in the few States that now make provision for paupers. I mean by that, today I understand the States are raising $49,000,000.

If they provide any more money than $49,000,000—which, as I have previously proved, is an infinitesimal sum—if they provide any money at all for unemployment, if they provide for dependent aid for children, or any of these things for which provision is made, the States will have to levy a tax with which to do it. The State of Louisiana must levy a tax; the State of Arkansas must levy a tax; the State of Mississippi must levy a tax; the State of South Carolina must levy a tax; the State of North Carolina must levy a tax; the State of Iowa must levy a tax. Every one of the 48 States of the American Union will have to levy a tax inside its borders in order to make the necessary contribution to the Federal relief program in order to get any money at all out of the Federal plan.

If the States are not only unable to levy any taxes for that purpose but if they are not even able to levy enough taxes to support their schools, if they are not able to levy enough taxes to support their hospitals, if they are not now able to levy enough taxes to take care of their own domestic affairs as they are now being handled, and if every one of the States, or nearly every one of them, is living at a rate that does not even provide for a balanced budget—if all of the States are piling up deficit after deficit at the present time in caring for things now committed to them, how can we expect the States of the American Union to levy any more taxes, and upon whom are they to levy these taxes?

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. I should like to ask this of the Senator from Louisiana; what will be the annual cost of administering this fund under the Senator's plan?

Mr. LONG. The whole plan?

Mr. TYDINGS. Yes; how many billions a year would it cost?

Mr. LONG. Somewhere near six billion.

Mr. TYDINGS. Six billion a year?

Mr. LONG. Yes.

Mr. TYDINGS. That would be in addition, of course, to the regular expenses of the Government as we now have them?

Mr. LONG. No; I would judge this would eliminate about all of the present relief expenditures.

Mr. TYDINGS. I do not include the emergency funds. So that we would need, in round numbers, from nine to ten billion dollars a year upon which to operate the Federal Government in order to carry out the Senator's plan?

Mr. LONG. Yes.

Mr. TYDINGS. As I understand it—and I recite my figures from memory—the national income is around fifty or sixty billion dollars a year.

Mr. LONG. It was forty-two billion last year.

Mr. TYDINGS. From the forest, the factory, the mine, and the farm. That means, then, that the Federal Government alone would take the equivalent of one-fifth, or 20 percent, of all the earnings of everybody in the country spreading it pro rata first of all, for the purpose of the illustration. Is that correct?

Mr. LONG. It would be as much as that; but it does not take the earnings, of course.

Mr. TYDINGS. I understand. The Senator's plan is, instead of raising the money in the present manner, to raise it by inheritance taxes or by a capital levy?

Mr. LONG. A capital levy.

Mr. TYDINGS. What I am interested in at this point is ascertaining whether the Senator has figures to show how long it would be if we make a capital levy, and then another year made a capital levy, and then another year make another capital levy before the fortunes in the higher brackets, which, under the impulse of the plan as originally put out, would pay a considerable amount, would be diminished.

Mr. LONG. They would be diminished.

Mr. TYDINGS. At what point would the larger fortunes of the country be stabilized?

Mr. LONG. I should say in about 8 years.

Mr. TYDINGS. What would be the maximum amount of money any person would be able to have, under the Senator's plan?

Mr. LONG. About two and a half million dollars.

Mr. TYDINGS. After we get down to two and a half millions, which is the outside amount any one individual might have——

Mr. LONG. After about 8 years, I should say.

Mr. TYDINGS. What amount of taxes would have to be levied on the two and a half million in order to raise the nine to ten billion dollars a year necessary to operate the Federal Government?

Mr. LONG. In the words of the Lord, we would not have to raise any.

Mr. TYDINGS. I can see how the Senator's plan would work the first 2 or 3 years; he has already anticipated my question by agreeing that the larger fortunes would be diminished.

Mr. LONG. That is right.

Mr. TYDINGS. Now I am trying to find out how the plan would work after the larger fortunes had been diminished.

Mr. LONG. I shall be glad to come to that now. I had intended to come to it later, but since the Senator has raised the question, I will explain it right now.

Mr. TYDINGS. I do not wish to interrupt the Senator——

Mr. LONG. I shall be glad to explain it right now.

Mr. TYDINGS. The question arose in my mind from the fact that I do not see how some of the States, as the Senator himself has pointed out, can raise the sums of money necessary to make the proposed plan effective.

Mr. LONG. They cannot.

Mr. TYDINGS. In many of the States already the Federal Government is really carrying a large part of the load. If the States cannot match the plan, and the plan of the Senator is not feasible for one reason or another, it strikes me that if the proposed act is to have real effect some means of raising the money will have to be found other than taxing the States to put up 50 percent.

Mr. LONG. The Senator is right, and I think I can explain to the Senator very readily the answer to the question he has asked.

Mr. TYDINGS. Does the Senator mind my asking another question, rather than wait for an answer?

Mr. LONG. I am glad to have the Senator ask his question.

Mr. TYDINGS. Perhaps the Senator can develop the whole thing at one time. How many people in the United States would have two and a half million dollars' worth of property after the Senator's plan had been in effect 10 years, as near as he can estimate?

Mr. LONG. There would be a much larger number of millionaires than at the present time. This is only a guess, but I should say there would be four times the number of millionaires there are now.

Mr. TYDINGS. The Senator feels that through a capital levy and expenditures of the money the opportunities for doing business would be increased?

Mr. LONG. There is no question about that.

Mr. TYDINGS. So that more people would earn more money and less people would earn less money?

Mr. LONG. The figures show that.

Mr. TYDINGS. Has the Senator any illustration in history where this has been done successfully?

Mr. LONG. I have the illustration of a few years back in the United States, when we had a little bit less centralization of wealth, and our national income was around $95,000,000,000. I have the national surveys conducted under the joint authority of the F. E. R. A. and the housing authorities, which show that there actually was an income of $4,317 average per family available.

Mr. TYDINGS. Let me ask the Senator this question, and I am not taking issue with him. I am trying to develop his thought, because he has spoken of this several times——

Mr. LONG. Several hundred times.

Mr. TYDINGS. And this question has always been in my mind. Suppose the Senator were wrong in assuming that more people would have $2,500,000 than he supposes would have that sum. Where would we get the revenue in case his calculation miscarried, to carry on this plan, after the capital levy had mowed down the larger fortunes?

Mr. LONG. I am coming to all that.

Mr. TYDINGS. Let me say, in connection with this, that the Senator must realize that the $3,500,000,000 of normal expenditures which we now have to meet are predicated largely upon incomes derived on the larger fortunes.

Mr. LONG. That is right.

Mr. TYDINGS. So that if we destroy the larger fortunes, we destroy also the incomes from those fortunes, and therefore we would have to carry the income brackets down to the man with less income in order to make up for the losses on the man with more income.

Mr. LONG. That would be very fine.

Mr. TYDINGS. So that the man of moderate means would have to pay more income tax in order to give the Government the same return if the larger fortunes were leveled. Is that correct?

Mr. LONG. Hardly. Let me illustrate, and answer the Senator's question as a whole. To begin with, the United States Government would take in at the first drop of the hat somewhere between one hundred and one hundred and sixty-five billion dollars in wealth, not all cash, because there is not that much cash in the world, but from one hundred to one hundred and sixty-five billion dollars of wealth based on the normal $421,000,000,000 of national value in a normal year. That would mean that for a number of years the United States would be peaceably, regularly, and in an orderly manner conducting such sales, distributions, and arrangements as I propose to outline and to include in an amendment to be proposed to title IX.

But, as the Senator from Maryland said, after the time when we had whittled down the big fortunes to a maximum of two and one-half million dollars, what then, says the Senator, would we do for money for social relief? Where would we find the hundred millionaires to tax, after 10 years, we will say? Where would we find the men who could contribute this money?

Mr. President, this is the answer to that: The beautiful thing about it is that when we cut down the size of the big fortunes, when we level down the 10 billionaires, and those with fortunes of five hundred million, and those with fortunes of one hundred million, and those with fortunes of ten million, so that the maximum fortune in this country would be from a million to $3,000,000, there will be practically no such thing as a social-relief program. We will have no such problem left, if we do as was said by the Pilgrims, as was said by the Bible, as was said in every law upon which this country was supposed to have been founded. If we will cut down these monstrous fortunes to the point where there will be only 600 people in the United States with buying capacity and allow 24,000,000 families to have buying capacity, then the social-relief problem will become nil.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. TYDINGS. Let us take any one rich individual. I do not like to be personal, but it is necessary to have an illustration.

Mr. LONG. Take Rockefeller.

Mr. TYDINGS. Let us take Henry Ford.

Mr. LONG. Take Rockefeller. He is better as an illustration.

Mr. TYDINGS. Suppose we take Henry Ford, who is supposed to be a very wealthy man, and I suppose a great deal of his fortune is invested in an automobile manufacturing plant, and in things kindred thereto.

When we started the capital levy on Henry Ford, what would we get? We would certainly not get his money. Would the Government take over his plant, or take an interest in it, or acquire so much stock in it? And who would run the plant? Will the Senator explain?

Mr. LONG. I will take the case of Mr. Rockefeller, whom the Senator mentioned. [Laughter.]

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. The Senator himself has used Henry Ford as an illustration time and again.

Mr. LONG. I know; that is why I am using Rockefeller now. I have used Ford, and the Senator from Maryland can read what I said, as the Senator from Kentucky, who is already wise about it, did.

I will use the case of Mr. Rockefeller because it is a much better illustration. Let us say that Mr. Rockefeller has a fortune of $10,000,000,000. Let us put it at the outside figure, $10,000,000,000; and it is that much. Rockefeller's fortune amounts to $10,000,000,000. The Mellon fortune was shown to be up in the billions. They claim it is in the hundred millions, but it is in the billions, as better reports I have studied show.

Let us take Mr. Rockefeller's fortune at $10,000,000,000. Does it not have to be divided when he dies? It is said that we cannot redistribute the fortune of Rockefeller; but if Rockefeller dies, all of it has to be redistributed, and before we had the inheritance laws, such a fortune would have had to go back to the Government.

Remember inheritance is an artifice of the law. Under the common law there was no such thing as a man giving his children his property; it all went to the government. Inheritances were a means of artificial support granted by the law by which children inherited the fortunes of their parents. Under the common law, which survived for years and years before we ever heard of the law of inheritance, all property went to the government on the death of a man and had to be redistributed by the government. So this is nothing new.

Second, what would we do in this specific case? I have an amendment to offer, and I will explain what we would do. Let us assume that Mr. Rockefeller died. So much can go to one heir. So much can be retained by him as he signifies. He can take out whatever he may desire from his profits. He can pay it in cash. He can pay it in kind. He can retain such ownership as he may desire of the property, which he may have up to the limit the law allows. In this case about seven or eight million dollars would be the limit he could retain after the first few years, and he would naturally have to whittle down as the years went by.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. LONG. I yield.

Mr. TYDINGS. The Senator, however, ought to make a distinction. When one of Mr. Rockefeller's children or five or six of his children have his fortune divided among themselves, they simply inherit securities. The Senator now inferentially answers my question. Does he mean that the Government would have given to it, in lieu of money, a certain percentage of the securities which Mr. Rockefeller owned, such as an heir at law would receive?

Mr. LONG. It could; yes.

Mr. TYDINGS. Then the Senator's plan would be that the Government would acquire——

Mr. LONG. Property.

Mr. TYDINGS. The Government would acquire not money, but property.

Mr. LONG. It would have to.

Mr. TYDINGS. What becomes of the property after the Government acquires it?

Mr. LONG. Mr. President, I will answer that. Now we have gotten back pretty well to the point. We have got only one more little place to go in this discussion. When the Government has acquired the property, the Government disposes of that property.

Mr. TYDINGS. If the Senator's answer is as I interpret it, namely, that the Government, in a period of 8 or 9 years, is to level all the big fortunes down to two and a half million dollars—suppose then the Government acquires this property. It will be property. It will not be money. It is going to sell it again. I wish to know who in the country is going to have enough money to buy it when the Government gets it and begins to sell it, when all the big fortunes of the country are to be taken away.

Mr. LONG. Mr. President, the Senator has not got his arithmetic right.

Mr. TYDINGS. Very well. I should like an answer to my question.

Mr. LONG. If people with large fortunes are permitted to retain two and a half million dollars, then a little over three-fifths of the fortunes are left intact. We still have three-fifths of the fortunes left intact. We are not going to sell this property all in the first year, nor in the second year, nor perhaps in the third year, but the Government will make such division and disposition of this property as is necessary to carry out the purposes of the law, the purposes of the Government, and the building up of the common man from the bottom. There are a dozen ways to do that.

Mr. TYDINGS. Mr. President, will the Senator further yield?

Mr. LONG. I yield.

Mr. TYDINGS. I do not know the financial worth of any of the Members of the Senate; but there is not a man in this body, whatever his worth may be, who has that worth in money. The men who would retain two and a half million dollars' worth of property under the Senator's plan do not have their worth in money; they have it in property or in investments.

Mr. LONG. That is true.

Mr. TYDINGS. Therefore they could not buy what the Government was going to sell unless they first sold what they themselves had.

Mr. LONG. No, Mr. President; I would not have them sell. I would have them give the Government of their property in kind.

Mr. TYDINGS. The Senator does not understand my question. I say, assuming that the Government has acquired this property through a capital levy, and begins to sell it, it must, perforce, sell it to the men who have, we will say, large fortunes.

Mr. LONG. No, no. Why? Are we not going to let anyone buy anything except the man who has over two and a half million dollars?

Mr. TYDINGS. Oh, no; but I am talking about the time when no man has more than two and a half million dollars.

Mr. LONG. Fine!

Mr. TYDINGS. I say, then, that when the Government assumes to sell these tremendous, big blocks of property——

Mr. LONG. Oh, no; they do not have to sell it in big blocks. We will whittle those things down a little.

Mr. TYDINGS. They acquire it in big blocks, and they acquire it in the form of property.

Mr. LONG. No; they acquire it in the form of securities or representation of property.

Mr. TYDINGS. So in order to buy what the Government must sell, as the Senator says, a man not having his fortune in the form of money must first sell what he has his two and a half million dollars invested in, in order to get the money to pay for what the Government is selling.

Mr. LONG. Not necessarily.

Mr. TYDINGS. How can he pay for it then?

Mr. LONG. If the Senator will wait a moment I will explain that. If it were not for the Senator's own confusion, by reason of which he has been asking these questions, I should have answered it.

Mr. BONE. Mr. President, will the Senator yield?

Mr. LONG. Let me answer the Senator from Maryland. To begin with, the Senator would urge that we cannot redistribute wealth.

Mr. TYDINGS. No; I do not urge that.

Mr. LONG. Let me get through with the answer to the Senator's question. The Senator asked me a question and he does not permit me to answer.

Mr. TYDINGS. I do not wish to have the Senator from Louisiana put words in my mouth.

Mr. LONG. I beg the Senator's pardon. I did not intend to do that.

Mr. TYDINGS. I asked the Senator a simple question. How are these large property blocks to be purchased?

Mr. LONG. O. K.; I will come to that. I will come to that immediately. Then, when I have finished answering that, I will come back and show the Senate the situation on basic principles.

To begin with, has not the Federal Government time after time issued currency against its own assets? Let us say for the sake of the argument that the United States Government finds a clogged market—which it will not find. It will find a market far more expansive when we have put purchasing power into the hands of 24,000,000 families than it is now when there is a purchasing power in only 600 families.

You will find a far more expansive purchasing market for the goods and things of value in this country if you decentralize wealth than you find today when you only have 600 buying resources. But let us forget that.

Has not the United States Government always had the right, and does it not now, under the Federal land-bank laws, issue currency against assets, and does it not become circulating currency? Has not the United States Government taken bonds, has not the United States Government taken even the portfolios of banks, consisting of mortgages and notes, and issued currency? What is to keep the United States Government from issuing the same kind of circulating currency in order to effect the redistribution I suggest?

Mr. BARKLEY. Mr. President, will the Senator yield for a question?

Mr. LONG. No, Mr. President, not at this moment. I wish to complete my answer to the Senator from Maryland. That is no. 2.

There is a third way of doing. There is no trouble to make a diffusion of this property. There is a third way. I pointed out two ways, and I will point out a third. There is no particular harm in the United States Government, if it did not have these other two methods which I have mentioned——

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. Just a moment.

Mr. TYDINGS. I do not want to interrupt the Senator.

Mr. LONG. Wait till I get through with this point.

Mr. TYDINGS. I wish to point out that originally the Senator said the Government was going to sell that property. Now he has abandoned that principle.

Mr. LONG. Oh, no!

Mr. TYDINGS. Now he says the Government is going to issue money against the property.

Mr. LONG. No; I did not say that. The Senator does not understand me. His eyes may be like mine—blind and see not. However, what I have said I will repeat to the Senator. The point is, the Government, as I said, will undertake to release and to diffuse this property to the advantage of the Government and to its people, into the hands other than the Government.

How would it make this distribution of $165,000,000,000 worth of property? It does not have to make it all the first day, or the first month, the first year, nor even the first 10 years. How can it do it? The Government first finds an enlarged purchasing market to begin with, because property ownership and ownership of wealth have been decentralized. Here is a man who can go into the grocery business. He can afford to buy a grocery store. Why? Because those terms, those conditions, those times are at an end when a large $100,000,000 capital structure which dominates a chain-store enterprise squeezes everybody out of the grocery business except some man who is a peon under the chain-store system. Those times are at an end. Those things known as the "chain factories, the chain banks, and the chain enterprises" cannot thrive, and therefore peonage in that service cannot thrive any longer. Those days are at an end. Therefore there is an enlarged market for purchasing, there is an enlarged market for thrift, there is an enlarged market for prosperity, and therefore with reasonable order and precision the United States Government would find a means for disposing of this property at enhanced values through a reasonable period of time to a better-equipped purchasing public. That is no. 1.

No. 2. Let us say, however, that we find, as the Senator intimates is the case, that there is a clog in the purchasing power. That being the case, the United States Government would want to do what it has done under the Federal Reserve bank laws and under the Federal land-bank laws. The United States Government would have the right to issue its own circulating currency based upon the property which it owns, the same as it has done in the case of the Federal Reserve banks and the Federal land banks.

No. 3. There is a third process, and the Government can adopt one or all of these, or even a dozen more expedients. I now come to the third process. There is nothing to prevent the Government from making some disposition of this property in kind the same as my amendment proposes that taxes may be paid in kind. Those are the three main things.

The next point I answer to the question of the Senator is this: What would we do when the time came when we would level the fortunes down to where no one owned more than two and a half million dollars? Whom would we tax? Then, Members of the Senate, is when our problem of social security has practically disappeared. There never was a country which kept its wealth reasonably distributed which ever had a panic. There never was a country which kept its property diffused into the hands of the masses that ever had a calamity, and there never was a country which allowed its property to become concentrated in the hands of the few that did not have disasters and depression.

This country was founded upon the principle which I am now trying to make some effort to expound. This country was founded on this principle. The day that the Pilgrims landed in 1620, by a compact which had been signed July 1 of that year, they provided that every 7 years property would have to be redistributed, and every 7 years debts would have to be remitted.

It is no trouble to redistribute wealth, Mr. President. I have not had the mind and the capacity possessed by some of the abler Members of the Senate in connection with these matters to help me in getting up a plan of the kind I am suggesting. I have done as much as I have explained to the Senator from Maryland with my own feeble mentality, and I find no one to say that it is even an impossibility or an impracticability.

Mr. President, there is no trouble to redistribute wealth. The Lord God in heaven says it has to be done. Not only does He say it has to be done; He says a nation which does not do it cannot survive. The Lord shows us in chapters and in paragraphs and in verses how He sent his apostles into countries where the wealth became concentrated in the hands of a few people, and how they did redivide it, and how they did redistribute it. He says that the time will come, even in this generation——

The VICE PRESIDENT. The time has arrived when the agreement goes into effect. The Senator from Louisiana is recognized.

Mr. LONG. I have 45 minutes on the bill, have I not, and 30 minutes on the amendment?

The VICE PRESIDENT. The Senator's statement is correct.

Mr. LONG. I will try not to take that much time, because I desire to allow time for other discussion. I will not take much of my time. I want to allow time for others to consider this bill and I want to allow time to come back and answer questions which may arise in anyone's mind.

Mr. BONE. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I yield to my friend from Washington.

Mr. BONE. Can the Senator name for me any country in modern times that has ever undertaken a redistribution of wealth?

Mr. LONG. What does the Senator call "modern times"?

Mr. BONE. The last hundred or two hundred years.

Mr. LONG. Will the Senator make it 300?

Mr. BONE. I will concede that much, then, and make it 300.

Mr. LONG. Very well. The first country I will name that has redistributed wealth during the last 300 years is America.

Mr. BONE. What was the period of that redistribution?

Mr. LONG. Beginning with 1620 and lasting for 50 or 60 years.

Mr. BONE. There were then a mere handful of people along the Atlantic seaboard. I am talking about a country that has had its civilization well established and not merely a group of settlers who were fighting for existence with their backs to the wall.

Mr. LONG. Very well. I will name France in about 1800. Do I need to prove that? The whole cause of the French Revolution was the concentration of wealth in the hands of a few. The French people went through blood. What did they do? They not only effected a redistribution of wealth but France enacted laws which forbade and prevented, from the day of the French Revolution, the concentration of wealth in the hands of a few.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. The Senator could take a more modern illustration and cite the revolution in Russia.

Mr. LONG. No; the Russians did not redistribute wealth; I beg the Senator's pardon; they substituted an oligarchy of government for an oligarchy of finance; that is the difference. The czar still lives in Russia. The only difference is that it is supposed to be an ownership of government instead of an ownership of the earls, dukes, and lords. One is an oligarchy of finance, the other is an oligarchy of government; and one is as bad as the other. We, too, have been going along that line here for the last few years.

It is the N. R. A. of Russia the Senator from Maryland is referring to now. [Laughter in the galleries.]

The VICE PRESIDENT. The occupants of the galleries will refrain from any audible demonstration, or the Chair will have to order the galleries cleared.

Mr. LONG. What did they do in France? France had its revolution. When we read the histories we get very little from them, as they keep out most of the facts. We do not find in a single school history published in the United States today the compact of government under which this Government lived for nearly a hundred years; we do not find it published at all.

However, let me get back to what France did. When they got through redistributing wealth in France they adopted the provisions of the civil law under which it was provided that when a man died he could not leave his property to the most able son or the most able daughter to roll like a snowball down hill through another generation. On the contrary, it had to be divided, more or less equally, amongst all the children, and a certain amount of it had to go to the state; so if a man had, say, five children and died leaving a million dollars or even $500, it went into five parts after the Government had deducted a part. That was the law. As those children died in succeeding years the property was divided into 3 and 4 and 5 other parts. The effect on the fortunes of France was to steadily diffuse the wealth, instead of concentrating wealth, and today there are no large fortunes in France. Despite the fact that France has had scourge after scourge, despite the fact that she has fought war after war and endured pestilence and everything else, nonetheless, France has been able to survive, due to the fact that its wealth has been more or less distributed among the people and cannot be concentrated into the hands of a few. Had France had what America has had, France would have been swept from the face of the globe more than a hundred years ago. That is no. 1.

The second illustration is the United States of America. I have referred to what took place during and following the French Revolution. But where did they get the idea? They got it from America. The French Revolution was brought on as a result of the American Revolution, and as the result of events which preceded the American Revolution.

What had the Americans done? They had set up on the eastern coast, after landing at Plymouth, the compact of the Pilgrims. Article 5 of the compact, which was the law under which the Pilgrims landed, under which they lived, and which brought this country into flower and bloom, stipulated that at the end of every seventh year—and, mind you, I am giving the exact literal words as they come from the law—debts should be remitted and every seventh year wealth should be redistributed. That is the cause of the flower and bloom of America, so much so that when this country framed a Declaration of Independence that principle was carried into the Declaration of Independence, and when our forefathers wrote the Constitution of the United States that principle was incorporated in the Constitution. James Madison, who was the chief draftsman of the Constitution of the United States, gave out a statement about that time in which he said that this would then be a free republic, but he warned America that if it failed to redistribute wealth when the time came the country could not survive and there would be no republic left. So Daniel Webster, in 1820, at the commemoration of the two hundredth anniversary of the landing of the Pilgrims at Plymouth, made a speech there in which he said, in effect, that America's future preservation and progress and welfare depended upon whether it would or would not follow the law of the Pilgrims and redistribute the wealth of this country and prevent it from being concentrated into the hands of a few.

Those are some examples; but I will give another example, if I may be permitted to do so. I turn to the fifth chapter of the Book of Nehemiah in the Old Testament to show what they then did, and to show the rules under which they did it. Here is the book. I read it once on the floor of the Senate, but I will read it again. I quote from the fifth chapter of the Book of Nehemiah:

> And there was a great cry of the people and of their wives against their brethren, the Jews.
>
> For there were that said, we, our sons, and our daughters, are many: therefore we take up corn for them, that we may eat, and live.
>
> Some also there were that said, We have mortgaged our lands—

This reads like the conditions in the United States of America in the year 1935; one might think I was reading about the United States in 1935.

> We have mortgaged our lands, vineyards, and houses, that we might buy corn, because of the dearth.
>
> There were also that said, We have borrowed money for the king's tribute—

We have borrowed money to pay the taxes which are being levied on the people, and we are now talking about putting more taxes on the working man, the farmer, the home owner, when they have already borrowed money and mortgaged their homes and property to pay taxes that have already been levied on them. That sounds like 1935 in the United States of America.

Again I quote from the same chapter of the Bible:

> There were also that said, we have borrowed money for the king's tribute and that upon our lands and vineyards.
>
> Yet now our flesh is as the flesh of our brethren, our children as their children: and, lo, we bring into bondage our sons and our daughters—

We have that condition in America today. Lo, we bring into bondage our sons and our daughters. Today every boy and every girl who are born in America inherit a debt of $2,000, or more than that, and 99 percent of them die without ever paying the $2,000. Of the national income of America, amounting to $42,000,000,000, $28,000,000,000 or two-thirds of it goes for taxes and for interest on debts the people owe, and the debts are increasing year by year. The debts of the common people are not decreasing; they are increasing. I am showing you how closely parallel this excerpt from the Bible is to present conditions.

And, lo, we bring into bondage our sons and our daughters to be servants, and some of our daughters are brought unto bondage already: neither is it in our power to redeem them; for other men have our lands and vineyards.

And I was very angry when I heard their cry and these words.

Then I consulted with myself, and I rebuked the nobles and the rulers, and said unto them, Ye exact usury, every one of his brother. And I set a great assembly against them.

He called out the mob.

And I said unto them, We after our ability have redeemed our brethren the Jews, which were sold unto the heathen; and will ye even sell your brethren? or shall they be sold unto us? Then held they their peace, and found nothing to answer.

Also I said, It is not good that ye do: ought ye not to walk in the fear of our God because of the reproach of the heathen our enemies?

I likewise, and my brethren, and my servants, might exact of them money and corn: I pray you, let us leave off this usury.

Restore—

Here is the command of the Lord—

Restore, I pray you, to them, even this day, their lands, their vineyards, their oliveyards, and their houses, also the hundredth part of the money—

Give them some of the money, too—

and of the corn, the wine, and the oil, that ye exact of them.

Then said they, We will restore them, and will require nothing of them; so will we do as thou sayest. Then I called the priests, and took an oath of them, that they should do according to this promise.

Also I shook my lap, and said, So God shake out every man from his house, and from his labour, that performeth not this promise, even thus be he shaken out, and emptied. And all the congregation said, Amen, and praised the Lord. And the people did according to this promise.

Moreover from the time that I was appointed to be their governor in the land of Judah, from the twentieth year even unto the two and thirtieth year of Artakerxes the king, that is, twelve years, I and my brethren have not eaten the bread of the governor.

In other words, he got down off his "high horse." They pulled those big rulers down. They said, "Never mind the castles in Spain for the month of August. Never mind about that camp in the Adirondacks for the month of July. Never mind about the palace on the Pacific slope, and the various and sundry cottages up in the Buffalo Mountains during the month of June. Never mind about the palaces on the coast of Florida in the month of January. Get down here and let these people have something to eat during these hard times." So we said, "Give up the bread of the rulers and get down off your 'high horse' until we bring this country back. Never mind about the yachts like the $5,000,000 *Nourmahal*. Live according to Hoyle." [Laughter.]

But the former governors that had been before me were chargeable unto the people, and had taken of them bread and wine, beside 40 shekels of silver; yea, even their servants bare rule over the people: but so did not I, because of the fear of God.

Yea, also I continued in the work of this wall, neither bought we any land: and all my servants were gathered thither unto the work.

Moreover, there were at my table an hundred and fifty of the Jews and rulers—

That was the ruling family which owned all the property—150 families. Today at the very most the United States has 600 families with a much larger population—

beside those that came unto us from among the heathen that are about us.

Now, that which was prepared for me daily was 1 ox and 6 choice sheep; also fowls were prepared for me, and once in 10 days store of all sorts of wine: yet for all this required not I the bread of the governor, because the bondage was heavy upon this people.

Think upon me, my God, for good, according to all that I have done for this people.

There is your redistribution of wealth. Now, go over in the New Testament, and you will find it again:

They shall beat their swords into ploughshares, and their spears into pruninghooks; nations shall not lift up sword against nation, neither shall they learn war any more, but each man shall live under his own vine and under his fig tree, and there shall be peace in the land.

You will find it in the Old Testament and you will find it in the New Testament.

Not only is it the law of the Bible, but it is the foundation of this country. It is the very foundation of the French Republic, and it is also carried in the main writings of the world in principles laid down by Aristotle, Socrates, Plato, and all the ancient Greek wise men. I have even found it to be propounded by Confucius as the law for China.

I am not alone in my prophecy. I have one of the leading newspapers in the country which less than 2 months ago made an examination of these matters of which I am now speaking. They made the examination to prove that my facts were not there, to prove that my logic was faulty. What did they say, this newspaper which calls itself the New York Daily News, with the largest circulation of any newspaper in America? It said that unless America finds a way to redistribute its wealth into the hands of the people by law and orderly process, we can expect it to be done by blood and by force and by revolution like it was done in France and as occurred in Russia. That is their prophecy.

Mr. BONE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I yield.

Mr. BONE. The Senator apparently has done an excellent job in deflating fortunes under the amendment which he has offered. I may be in error, but a hasty calculation suggests on the $10,000,000,000 fortune which the Senator has used as an example, the first year's levy under the Senator's amendment would take approximately 98 percent of the $10,000,000,000.

Mr. LONG. Oh, yes.

Mr. BONE. In other words, the Senator's amendment provides that "in addition to other taxes levied"—I assume that means the present business taxes?

Mr. LONG. Income and inheritance taxes.

Mr. BONE. Then there shall be annually levied and collected a tax in accordance with certain provisions, beginning at 1 percent, and then all through by gradation to subdivision (h), which provides for 99 percent on fortunes in excess of $8,000,000. The calculation I have made shows that the first year's levy would take out of the $10,000,000,000 a total tax of $9,893,350,000.

Mr. LONG. How much would it leave?

Mr. BONE. It would leave $106,650,000. The second year's tax would be $98,933,500, leaving at the end of the second year, out of the $10,000,000,000 fortune, $7,716,500. By two levies made under the Senator's amendment the $10,000,000,000 fortune would be reduced to $7,716,500. That is deflating large fortunes with a rapidity which is startling.

Mr. LONG. It is not quite fast enough at that. It ought to be done faster than that. A man has no business with $7,000,000 during this kind of times.

Mr. BONE. The Senator referred to France as not having any concentration of wealth, but I want the Senator to know that of the total wealth of the world in 1929, when careful studies were made, France possessed 5.4 percent of the world's wealth, so that France did not have very much wealth to concentrate. The United States had 44.8 percent of the world's wealth, so, of course, it was much easier for large aggregations of wealth to come into existence in this Republic than it was in a country possessing only 5 percent of the world's total aggregation of wealth.

Mr. LONG. On the contrary in countries which did not have any larger percentage of wealth than France, there were some very big fortunes. What percentage of the wealth of the world has India?

Mr. BONE. India had 3.2 percent.

Mr. LONG. India has fortunes almost as large as some of the big fortunes in America. It is not the size of the national wealth that controls the big fortunes. While France has 5 percent of the entire wealth of the world and has relatively no such thing as a big fortune in it and its wealth is well distributed, yet in India, which possesses only 3 percent of the wealth, there are many rich rulers to be found.

The Indian princes and Indian rulers are exceptionally wealthy people, and yet they have the lord prince at the top with every kind of precious possession, and at the bottom the Indian people are living away below a respectable point of half-way starvation. It makes no difference about what percent of the wealth of the world a country may own insofar as it relates to distribution.

Let me say this to the Senator from Washington: It is true that this is deflating the big fortunes very quickly, but it needs to be done that way. I am standing in nearly the same spot where I stood a little over 3 years ago. Three years ago, from the place where my friend the Senator from New Jersey [Mr. MOORE] now sits, or at about that point, I made the statement under Mr. Hoover: "This is 1932 and we will go along with these experiments and we will never bring America 1 foot nearer recovery, we will never improve conditions one bit, unless there is a redistribution of wealth." That was 3 years ago. We have tried nearly everything under Mr. Hoover and under Mr. Roosevelt that anybody could think of. We have tried every kind of scheme, both liberal and radical. We have tried every kind of scheme of both the tories and the conservatives. Everything has been tried in 3 years' time. I invite the attention of my friend from Washington that the Democratic Party promised to do this. The Democratic Party promised it would redistribute the wealth. The Democratic Party promised to do it.

If anybody wishes me to prove that statement, I shall have no difficulty whatever in doing so by reading from the speech delivered from the rostrum of the Democratic National Convention at Chicago by the President of the United States, wherein he said that by that platform and by that convention the men and women of the United States, forgotten in the philosophy of the last 2 years' government, were looking to the Democratic Party to provide for the redistribution of the national wealth.

We promised the people to do that. I desire to say that I am willing to be liberal in framing this law, and if it is the consensus of opinion that individuals ought to be allowed to own more than five or six or seven or eight million dollars, I am willing to be more liberal in the amendment; but is it the idea of the Senator from Washington that individual fortunes in the United States should be allowed to exceed five or six million dollars? I should like the Senator to tell me who thinks there ought to be more than that allowed to any one person. I think that is too much.

Mr. BONE. Mr. President, since the Senator has spoken directly to me, I will tell him that I was concerned in making a mathematical calculation, and not making an argument about the size of fortunes which might be justified under the Senator's amendment. I had discussed the maldistribution of wealth a thousand times before I had the pleasure of meeting the Senator from Louisiana. In fact, I had occasion to discuss it for a great many years; and I hold in my hand a volume which is the final report of the Commission on Industrial Relations, which I procured about the year 1915 or 1916——

Mr. LONG. 1916.

Mr. BONE. A subject in which I was interested many, many years ago.

Mr. LONG. Let me have the book, and I will read the Senator something from it.

Mr. BONE. I should be happy to have the Senator put it in the CONGRESSIONAL RECORD.

Mr. LONG. No; I will read from this book that the Senator read from since 1916. Let me show the Senate what they said was the trouble with this country in 1916. I am glad to run across this book again. Let me find the conclusions of the majority of the Commission. I will read to the Senate what they thought was the trouble in this country back yonder at a time when they first had this question up.

I want to find the majority report. It will not take me long to find it if I do not unduly tax the patience of my friends. I will read the whole thing. My friend from Washington and I will get together on his own book.

Let me see. It is somewhere here, if I can just find it. I know this is the same book. Where is the report of the majority of the Commission? Does the Senator know on what page it is to be found?

Mr. BONE. I cannot put my finger on it. If the Senator will give it to me, I will endeavor to find it.

Mr. LONG. I shall have it in just a minute. I will show, Mr. President, that this matter of the redistribution of wealth is just like the weather. They all talk about it; my friend from Washington talks about; I talk about it; the party talks about it; but nobody does anything about it. They all believe in getting up and telling the people that they are going to redistribute wealth, but they do not believe in doing anything about it. I have never seen another bill here since I have been here, except the bills I have proposed, to do this; and yet the Democratic Party and the Democratic committees always say that they are going to redistribute wealth. It got to be so popular during the last campaign that in Madison Square Garden our old friend, Herbert Hoover, decided he had to say something about it, too; and he declared, in his expiring political moments there—a kind of a death-bed repentance, though it might have been——

> My conception of America is a land where the wealth is not concentrated in the hands of the few, but where it is diffused into the lives of all.

He made that declaration himself along toward the close of the campaign, after we had gone over the United States promising everybody that we were going to do it under the Democratic Party.

I have found just about the place here, Mr. President. I will get it if I may yield the floor for a moment. I suggest the absence of a quorum while I look it up.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Logan	Reynolds
Ashurst	Copeland	Lonergan	Robinson
Austin	Costigan	Long	Russell
Bachman	Davis	McAdoo	Schall
Bailey	Dickinson	McCarran	Schwellenbach
Bankhead	Donahey	McGill	Sheppard
Barkley	Duffy	McKellar	Shipstead
Bilbo	Fletcher	McNary	Smith
Black	Frazier	Maloney	Steiwer
Bone	George	Metcalf	Thomas, Okla.
Borah	Gerry	Minton	Townsend
Brown	Gibson	Moore	Trammell
Bulkley	Guffey	Murphy	Truman
Bulow	Hale	Murray	Tydings
Burke	Harrison	Neely	Vandenberg
Byrd	Hastings	Norbeck	Van Nuys
Byrnes	Hatch	Norris	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Johnson	Overton	Wheeler
Chavez	King	Pittman	White
Clark	La Follette	Pope	
Connally	Lewis	Radcliffe	

Mr. LEWIS. I reannounce the absence of Senators whose names were given by me, and the reasons therefor, as announced on the previous roll call.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I now wish to read from the report of the Industrial Relations Commission of 1916, under the heading, Concentration of Wealth and Influence, on page 80. It is as follows:

> The evidence developed by the hearings and investigations of the Commission is the basis for the following statements:
>
> 1. The control of manufacturing, mining, and transportation industries is to an increasing degree passing into the hands of great corporations through stock ownership, and control of credit is centralized in a comparatively small number of enormously powerful financial institutions. These financial institutions are in turn dominated by a single large corporation.
>
> 2. The final control of American industry rests, therefore, in the hands of a small number of wealthy and powerful financiers.

3. The concentration of ownership and control is greatest in the basic industries upon which the welfare of the country must finally rest.

4. With few exceptions, each of the great basic industries is dominated by a single large corporation, and where this is not true, the control of the industry through stock ownership in supposedly independent corporations and through credit is almost, if not quite, as potent.

5. In such corporations, in spite of the large number of stockholders, the control through actual stock ownership rests with a very small number of persons. For example, in the United States Steel Corporation, which had in 1911 approximately 100,000 shareholders, 1.5 percent of the stockholders held 57 percent of the stock, while the final control rested with a single private banking house. Similarly, in the American Tobacco Co., before the dissolution, 10 stockholders owned 60 percent of the stock.

That was the American Tobacco Co., the whole Tobacco Trust. Ten men owned 60 percent of the entire American Tobacco Co.

6. Almost without exception the employees of the large corporations are unorganized, as a result of the active and aggressive nonunion policy of the corporation managements.

Mr. President, I shall not read any further from this particular report, except to say that at another point in this report will be found the statement that the main fault with America in 1916 was the concentration of wealth in the hands of the few. That was the entire burden of this report, which was submitted in 1916.

Mr. President, I do not propose to take any more of the time of Senators. I have discussed this amendment many times in other forms. I do not expect it to be adopted. I desire to be perfectly frank with my good friends in the Senate. I do not expect the amendment to be adopted. I expect it to be used as part of the platforms in many, many candidacies for the future, as it has been in the past; and I expect it probably to be used as a part of the platform of the Democratic Party the next time, the same as it was the last time; and I expect the party to come back here, if it comes back here, probably, if there are enough of us left, to do then as we are doing now; but I warn my friends of the Senate that if we are concerned in saving America and in saving the people of America, we shall have to stop promising this, and actually perform.

Now I wish to ask my colleagues if they recollect how laboriously the pleading was that the party had promised this and it had promised that a few days ago.

I remember how we labored and how we said that this was "promised by the party", that "it has been promised, it has been promised, and we have to do it." Yet here we are, in the third year of the Democratic administration, with something that has been promised, that has been pledged, but nothing done toward its fulfillment.

Mr. SCHWELLENBACH. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I yield.

Mr. SCHWELLENBACH. Has the Senator completed his discussion of his plan?

Mr. LONG. Go ahead.

Mr. SCHWELLENBACH. I should like to ask the Senator whether or not he was correctly quoted in yesterday morning's paper to the effect that he referred to me as "Kemal Pasha."

Mr. LONG. No; I was not correctly quoted.

Mr. SCHWELLENBACH. The Senator was not correctly quoted?

Mr. LONG. No; I was not correctly quoted.

Mr. BONE. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield for a question, or does he yield the floor?

Mr. LONG. I yield the floor.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was rejected.

Mr. NORBECK. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The Chair is informed that there was an agreement originally entered into by which committee amendments should be considered and disposed of before individual amendments were offered. The Chair is informed that there is a committee amendment which has not been agreed to. The Chair did not know that, but assumed that the agreement had been carried out.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Mississippi?

Mr. NORBECK. I yield.

Mr. HARRISON. There is one committee amendment, with reference to the annuity bonds, yet to be acted on. The Senator from Connecticut is very much interested in it, and I ask unanimous consent that the amendment may go over until tomorrow, without prejudice, and that individual amendments may be acted on at this time.

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent that the remaining committee amendment may go over until tomorrow. Is there objection? The Chair hears none, and it is so ordered.

Mr. NORBECK. Mr. President, I desire to offer an amendment providing for pensions to those people who are not included in the social-security bill. I have reference to the wards of the Government, the Indians. They are concentrated in half a dozen States and seem to have been entirely overlooked. I am offering the amendment as section 1201 and will ask that the other sections be renumbered to correspond, if the amendment shall be agreed to.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 80, after line 4, it is proposed to insert the following:

TITLE XII—INDIAN PENSIONS

SECTION 1201. That heads of families and single persons of Indian blood not otherwise entitled to the benefits of this act who have heretofore attained or shall hereafter attain the age of 60 years are hereby declared to be entitled to a pension from the United States in a sum of $30 per month, subject to the following conditions:

Applications for pension by persons of Indian blood, as herein defined, shall be made in writing in such form as the Secretary of the Interior may prescribe and shall be filed by the applicant with the superintendent or other officer in charge of the agency or tribe to which the applicant belongs. Upon receipt of any such application the Secretary of the Interior shall make, or cause to be made, such investigation as he may deem necessary to determine the accuracy of the facts shown thereon, including the annual income of the applicant from other sources. In all cases where the Secretary of the Interior finds that the annual income of such applicant is less than $1 per day, said Secretary shall award to such applicant a pension in an amount which, when added to the other annual income of such applicant, will bring such annual income up to but not in excess of $1 per day: *Provided, however,* That payments to Indian pensioners entitled hereunder shall be made in equal monthly installments from the date of approval of application therefor by the Secretary of the Interior and in the discretion of said Secretary such payments may be made direct to the individual beneficiaries, or to other persons designated by the Secretary of the Interior providing care for any beneficiary under the provisions of this act: *Provided further,* That in the discretion of the Secretary of the Interior such payments due any Indian beneficiary may be handled in accordance with regulations governing individual Indian money accounts and the Secretary of the Interior is hereby authorized to prescribe such further rules and regulations as may be necessary for carrying out the provisions of this section.

SEC. 1202. The Indians and Eskimos of Alaska shall receive a pension under same conditions and in an amount one-half that provided for Indians under this title.

SEC. 1203. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act, including necessary expenses of administration.

Mr. HARRISON. Mr. President, I desire to look the amendment over and to have it examined by the experts, and I ask the Senator if he will not withhold it.

Mr. NORBECK. Mr. President, I desire first to modify the amendment by changing the age of 60 years so that it will read 65 years to conform to the provisions of the bill. I agree to the suggestion of the Senator from Mississippi.

Mr. HARRISON. I ask the Senator to withhold the amendment until tomorrow, and we can look into the matter.

Mr. NORBECK. Will the amendment be pending tomorrow?

Mr. HARRISON. It may be tendered tomorrow.

The VICE PRESIDENT. Does the Chair understand the Senator from Mississippi to ask unanimous consent that the amendment go over?

Mr. HARRISON. The Senator from South Dakota has withdrawn his amendment for the present.

The VICE PRESIDENT. The Senator from South Dakota has withdrawn his amendment.

Mr. VANDENBERG. Mr. President, I offer an amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 52, after line 7, it is proposed to insert the following:

TARIFF ADJUSTMENT

SEC. 812. (a) Upon application of any employer, the United States Tariff Commission is authorized and directed to make an investigation under section 336 of the Tariff Act of 1930 with a view to determining whether any increase in rates of duty imposed by law in the case of any article or articles is necessary to offset the tax imposed by section 804 and/or section 901 in order to equalize the differences in the cost of production pursuant to the principles set forth in such section 336. The Commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the Commission finds it shown by the investigation that by reason of the taxes imposed by section 804 and/or section 901 the duties imposed by law do not equalize the differences in the cost of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases in rates of duty imposed by law (including any necessary change in classification and including the transfer of the article from the free list to the dutiable list, and without limitation as to the amount of increase except as provided in the second sentence of section 336 (g) of the Tariff Act of 1930) as it finds shown by the investigation to be necessary to equalize such differences.

(b) Upon receipt of the report of the Tariff Commission the President shall proclaim the rates of duty and changes in classification specified in the report of the Commission, and thereupon the increased rates of duty and changes in classification shall take effect in accordance with the provisions of section 336 (d) of the Tariff Act of 1930.

(c) This section shall be enforced as part of the customs laws.

Mr. VANDENBERG. Mr. President, the philosophy of the amendment is self-evident. I make a very brief statement respecting it.

It is my understanding that the theory upon which we are now asked to depart from State jurisdiction in respect to fixing old-age pensions and unemployment-insurance payments is that if it be left to the individual States there will be discrimination as between the States, and one State which may be generous in respect to old-age pension and unemployment-insurance payments will find itself at a disadvantage in competing with a State which is less generous.

Admitting, for the sake of the argument, that this principle is appropriate—at any rate, it is the principle upon which the proposed legislation is based—I submit that precisely the same argument applies to the competition which may exist between a country which is generous in respect to its old-age and unemployment allowances and a country which is less generous.

This becomes particularly and specifically true when we are proposing to pay our bills by a tax upon pay rolls, because a tax upon pay rolls inevitably enters into the domestic American cost of production in every instance, and if the injection of the 3- or 4- or 5-percent pay-roll taxes in the United States will increase the domestic cost of production to a point where the existing tariff rates do not cover the differential, then we shall have simply created a situation by such pay-roll tax which will invite importations which will make it impossible for these protected American industries to have any pay rolls or pay any taxes.

It seems to me that if the philosophy is sound as between the States, it is equally sound, nay, more, it is even sounder as between nations, and I shall undertake to demonstrate that fact.

It is said that one State cannot be left with its problem alone, lest it find its industries drawn off into some other State which is not making payments of this character. Not only may we find the same thing to be true in respect to the competitive situation as between nations, but we are put upon notice by the industrial experience of the United States during the last 10 years that there is a very definite industrial trend by way of the exporation of our mass production methods and mass production industrial plants in the United States. In the last 10 years we have seen over 1,800 branch plants of American industrial institutions established abroad for the purpose of taking advantage of the more attractive foreign conditions.

Except as we create this protected element which is covered by this amendment, I submit that when we add a definite pay-roll tax in the United States, which will inevitably, in the same proportion, increase the American cost of production, we put a premium upon the extension of the foreign branch-plant system, which operates utterly at the expense of American labor and American industry. We put a premium on it unless this type of differential is provided.

Mr. President, let me go a step further. When we wrote the late lamented N. R. A. law we recognized in the text of the bill the fact that if the Government by its fiat injects any artificial factor into domestic costs of production, that factor must be offset in respect to protected commodities by a compensating increase in rates. Furthermore, when we wrote the A. A. A. law we acknowledged precisely the same principle and we provided for precisely the same preferential treatment.

It seems to me the situation which we confront in respect to pay-roll taxes is infinitely more challenging than was the need for protecting the differential in respect either to the N. R. A. or the A. A. A., because in this instance the factor which is being injected by Government fiat is a factor of definite and continuous and very substantial burden.

For example, according to the estimates under this bill, the total cost by way of pay-roll taxes in 1940 will be $1,600,000,000. By 1945 it will be $2,000,000,000. By 1950 it will be nearly $3,000,000,000. That $3,000,000,000 element injected into the pay-roll cost of American industry is injected squarely into the cost of production of the commodities produced. Therefore, so long as we are continuing to live under a system which pretends, at least, to offset the difference in cost of production at home and abroad by tariff differentials, it is perfectly obvious to me that if there is to be any semblance of a chance for the proposed law to succeed and prevail it must contain within itself the automatic means to protect this $3,000,000,000 increased element in the domestic production cost, or the entire system will fall and fail.

I submitted the amendment last Saturday. I ask the able Senator from Mississippi [Mr. HARRISON] if he was able to find the time to give it some attention over the week-end. I should like, in my time, if the Senator from Mississippi has anything to say to me at the moment upon the subject, that he shall say it.

Mr. HARRISON. Mr. President, I will say to the Senator that I have looked into the matter at length, and have conferred with the Tariff Commission. When the Senator concludes, I shall make reply.

Mr. VANDENBERG. Mr. President, I think I have said all that I wish to say until the Senator from Mississippi shall have proceeded in respect to his own investigation.

Mr. HARRISON. Mr. President, it is quite true that in respect to the N. R. A., because of the increased cost which might be involved by virtue of code provisions, and also with reference to the A. A. A., provisions were placed in the bills that investigations might be carried on by the Tariff Commission with a view of increasing the tariff duties. I have communicated with the Tariff Commission, and I received a memorandum from the acting chairman, Mr. Page, in which he said:

> In compliance with your request, I am enclosing a memorandum which covers the subject as thoroughly as could be done in the brief available time. As indicated in it, the Commission doubts the necessity or the advisability of incorporating the amendment in the social-security bill.

It will be observed, Mr. President, that under the present law the Tariff Commission has the power, not to take articles from the free list and put them on the dutiable list, but to increase up to 50 percent the tariff duties on dutiable articles; and it may take into consideration every factor which may increase the cost of the particular article. So there is nothing in this bill which would disturb the status quo with reference to the Tariff Commission so as to prevent the Commission, upon the presentation of an applica-

tion by the interested parties, from making investigation to ascertain whether the tariff duties should be increased because of the additional tax which might be imposed.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. ROBINSON. In the amendment it is provided that when the Commission has made its investigation and submitted its report, the President is required to proclaim the rates of duty recommended by the Commission.

Speaking a moment ago, the Senator from Mississippi [Mr. HARRISON] indicated that the Commission now has the power to change rates. My understanding of the statute is that the Commission makes an investigation as to the difference between the cost of production at home and abroad, and makes its findings of fact, upon which the President is authorized, within a limit of 50 percent of the existing rates, to change the rates in order to make them conform to the difference in the cost of production at home and abroad.

Mr. HARRISON. That is the present law.

Mr. ROBINSON. This amendment gives to the Commission the power to make tariff rates. It changes the so-called "flexible provision" of the tariff law in that particular and vests in the Tariff Commission rate-making power. The President has no function to perform under this amendment save to proclaim the rates recommended by the Commission. He cannot change them. He cannot withhold this recommendation. It is compulsory on the President to put into effect whatever rates the Commission may find in accordance with the investigation made under the terms of the amendment. Therefore, it constitutes a very radical and notable change in the existing flexible tariff law.

Mr. HARRISON. Mr. President, the Senator from Arkansas is correct in reference to that question; but under the present law the Tariff Commission has the right to make the investigation, and if sufficient evidence is presented the Tariff Commission may recommend to the President an increase in rates, and the President may pass upon the recommendation.

Mr. VANDENBERG. Mr. President, if the Senator makes that point I desire to comment that I completely agree with the analysis made by the Senator from Arkansas, and say that the change in the amendment was deliberately made, for two reasons. First, I desired, if possible, to reduce this delegated power to an absolutely ministerial basis, with discretion eliminated; and, therefore, the amendment carries a specific formula that only a ministerial duty attaches to it.

Second, it is made mandatory for this reason: In my view, it is utterly essential to the success of this great adventure that it shall have the wholehearted cooperation of American industry; and it is my feeling, rightly or wrongly, that that cooperation will be forthcoming in infinitely greater degree if industry may know that the pay-roll taxes are to be offset by tariff increases whenever it can be demonstrated that the pay-roll taxes require the differential in order to preserve the relative status quo.

Mr. HARRISON. I assume that there is no difference of opinion between the Senator from Michigan and myself as to the right of the Tariff Commission now, on dutiable articles, to take this fact into consideration in their recommendations for an increase to the President of the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. VANDENBERG. There is no difference of opinion upon that subject. The chief necessity of the amendment, from my point of view, is that two-thirds of our importations are on the free list anyway; and since the pay-roll tax applies to all of our industry it seems to me that the ability and the formula for treating the pay-roll tax differential should equally apply to all our industry, and of course the Senator will agree that it could not apply to all our industry under the flexible-tariff law.

Mr. HARRISON. It could not apply to any industry whose articles were on the free list.

Mr. ROBINSON. Mr. President, will the Senator yield for a further brief statement?

Mr. HARRISON. I yield.

Mr. ROBINSON. The Senator from Michigan himself has pointed out another very material change in the law contemplated in his amendment. Neither the Tariff Commission nor the President under the flexible-tariff provision has the power to take a commodity from the free list and place it on the dutiable list. This amendment gives that power to the Commission, and under the Senator's statement it means that there would hereafter be no free list. There probably would be no commodities imported free of duty if this amendment were agreed to.

Mr. VANDENBERG. Mr. President, I am sure the Senator is seeking accurately to reflect the amendment. There is nothing of that mandatory character in it, however, because in each instance there must be an adequate demonstration of the fact that the pay-roll tax had penalized the differential.

Mr. ROBINSON. Yes; but I base my conclusion on the assertion made by the Senator from Michigan that this would apply to practically all commodities manufactured in the United States and exported.

Mr. VANDENBERG. I meant to say that the philosophy of the amendment ought to apply to all.

Mr. ROBINSON. Very well.

Mr. VANDENBERG. I meant the philosophy, and I think that is a fair interpretation. Whatever the facts develop should govern in the situation. That is what I am trying to say.

Mr. ROBINSON. But the fact remains that it would give to the Tariff Commission, without even approval by the Chief Executive, the power to take any article from the free list and place it on the dutiable list.

There is another proposed change in the law, if I correctly interpret the amendment—and I shall not further delay the Senator from Mississippi when I shall have made this statement. The amendment eliminates the limitation in the existing flexible tariff provision whereby the President is authorized, upon proper investigation and finding by the Commission, to change existing tariff rates not more than 50 percent; that is, to raise or lower them 50 percent. As I interpret the amendment, it would give the Commission the power to change them without any limitation. Is that correct?

Mr. VANDENBERG. The Senator is correct, and the reason for it is that of course a 50-percent boundary could not apply to the free list. So far as I am concerned I shall be glad to have it apply to the dutiable list.

Mr. ROBINSON. Under existing law the rates are changed to make a duty more nearly conform to the test of cost of production. Nevertheless there is a limitation in the law to the effect that rates may be changed only 50 percent; that is, they may be raised 50 percent or they may be lowered 50 percent. In theory it might be true that an increase of 50 percent or a decrease of 50 percent would not bring about harmony in cost of production at home and abroad.

Mr. HARRISON. Mr. President, the amendment differs from the present law in another respect in that in the present law any interested person may make the application, while the amendment offered by the Senator from Michigan provides "upon application of any employer to the United States Tariff Commission." Of course, under the provisions levying one tax under the bill "employers" include only those who employ four or more persons before they are subject to tax, and with respect to this tax and the other tax, there are certain exemptions. The amendment is really broader than the present tariff act and restricts it to applications being made only by an employer.

I should like to read to the Senator from Michigan and to the Senate the views of the Tariff Commission with respect to this matter. The acting chairman of the Tariff Commission says:

> Senator VANDENBERG's amendment makes it mandatory that upon request of any employer the Tariff Commission shall investigate the domestic costs of production with a view to determining

whether any increase in duty is necessary to offset increased costs incurred because of the provisions of sections 804 and 901 of the act.

The Commission in its report to the President is to specify any increases found necessary, including changes in classification. Investigations are to be conducted according to the principles of section 336 of the Tariff Act of 1930, but an article may be transferred from the free to the dutiable list and there is no limitation upon the amount of the increase in the duty except the limitation prescribed in the second sentence of paragraph 336 (g) which precludes an increase in duty above a certain rate specified in the act. Upon receipt of the Commission's report, the President must proclaim the changes found necessary.

The increased costs under sections 804 and 901, which investigations under this amendment are intended to protect, are as follows:

Section 804 provides for an excise tax on employers, starting with one-half of 1 percent of the pay roll in the period 1936–38 and increasing to a maximum of 3 percent in 1948 and subsequent years.

Section 901 provides for a tax on employers for the privilege of employing labor, the tax to be 1 percent of the cost of the labor in 1936, 2 percent in 1937, and 3 percent in 1938 and following years.

During the first few years the increase in costs of production due to the tax would be slight. In and after 1948 for a particular manufacturer where labor made up 25 percent of the cost his maximum increase would be 1½ percent. This percentage would increase as the ratio of labor to total cost increased.

Under section 336 of the Tariff Act of 1930, the Tariff Commission is already empowered, on request of interested parties, when in the judgment of the Commission there is good and sufficient reason therefor, to investigate, with respect to any dutiable article, differences in cost of production here and abroad. Moreover, the President is already empowered to proclaim such changes in the rates on dutiable articles as the Commission's investigation may indicate to be necessary to equalize differences in foreign and domestic costs (including taxes on pay rolls). This amendment would make the investigation and the action by the President mandatory, and his action might conflict with certain provisions contained in trade agreements prohibiting the imposition of additional taxes.

It should be added that under this amendment every employer who chooses to do so may upon application compel the Tariff Commission to institute a cost-of-production investigation. A trivial increase in his costs might thus require the expenditure of large sums by the Government; the multitude of such applications would seriously impair the efficiency of the Tariff Commission in discharging its other duties.

It would, therefore, appear that the proposed amendment is neither necessary nor desirable. If, however, it were to be incorporated in the act, it would be almost imperative that the Tariff Commission be given some discretion as to whether or not an investigation and report were justified.

Therefore, Mr. President, it seems to me the amendment should not be adopted, and I hope the Senate will reject it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had concurred in the concurrent resolution (S. Con. Res. 18) authorizing the Secretary of the Senate, in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to correct an error.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. BORAH. Mr. President, I should like to know from the Senator from Mississippi whether he is interested in a proposal which was made this morning with reference to increasing the amount which the Federal Government shall contribute to taking care of the situation where the States may not contribute anything whatever.

Mr. HARRISON. Mr. President, I may say to the Senator from Idaho that that is one phase of the question which was given every consideration by the Committee on Finance and by the Committee on Ways and Means. We reached the conclusion that in its present financial condition the Federal Government is going as far as it can go. We feel there ought to be a participation by the States and the Federal Government.

The Senator will recall that when the first bill was presented in the Congress it provided for large Federal control over the whole question and that the Federal Government should in many respects direct the States as to whom should receive a pension. The House of Representatives redrafted the bill and I think greatly improved it. I am sure the Senator thinks so, too.

Mr. BORAH. I do.

Mr. HARRISON. The Committee on Finance thought it was greatly improved. We have here provided that the Federal Government shall contribute 50 percent, leaving it entirely to the States to determine which persons are in need, the only requirement we make being that they shall have reached the age of 65 years. The States best know who are entitled to old-age benefits.

I feel quite sure the situation has been somewhat exaggerated as to the inability of the States to provide their part of the money. Reference has been made to my own State. There were some 14,000 on the unemployment and relief rolls in my State. I am sure every person over 65 years of age who was in need sought to get on the unemployment or relief rolls in my State. My State is no worse off than other States in that respect. I am sure other States, like Mississippi, have made heroic efforts to care for the situation. With the $4,000,000,000 of money that we have now available with which to create jobs and take care of people in need, I feel quite sure the States can reasonably meet the situation.

I know there is a feeling that needy, aged persons ought to have more than $30 a month. There have been proposals to give them more than $30 a month; but there is this to be said about it, that the aged people heretofore who have received help and assistance have received it from the county or from some charitable organization, or in some instances it may have come from the State itself. The Federal Government has left the matter of assistance to the needy aged to the local communities. That has been traditional in this country. For the Federal Government now to assist at all is a new venture, quite at variance with our past record and history, and since the Federal Government heretofore has contributed nothing toward old-age pensions, certainly if we contribute 50 percent for their assistance now and hereafter, we shall have gone a long way and will be carrying a blessing to these people and to the States.

It is a pleasure for me to champion this bill. I believe in it, and while personally I wish the Government was in such condition that it might go further, let me say this: I care not how enthusiastic one may be in wishing to increase this amount, or in wishing to relieve the States from the burden of having to put up any portion of the amount, I am sure those who have been working and laboring in this matter have done the very best they can, and that it might complicate the situation greatly, and might defeat the whole purpose of the bill in the end, if we should strike out the provision that the States must contribute toward this fund their pro rata part, half of the total amount.

So I hope the Senator from Idaho will not offer any amendment to that effect. I am sure the committee would feel obliged to oppose it, and I do not know whether it would get through other barriers. You know what I mean.

Mr. BORAH. Mr. President, of course, there is no reflection upon the performance of the committee's duty. It is in no sense a reflection upon the work of the committee that upon a particular feature of the bill one may entertain a view which is different from that of the committee.

If these were normal times and normal conditions I should feel entirely differently about this matter; but I know that a number of the States are not in a position to make any substantial contribution. I should like to leave in the bill the provision that the State must make some contribution.

However small it may be, I think the State ought to be called into action with regard to the matter. I quite agree with that contention; but where the States are able to supply only something like six or eight dollars a month, and we contribute six or eight dollars a month, we are leaving these old people with a total of only some twelve or fourteen or sixteen dollars a month upon which to live.

As I say, if the times were normal, a wholly different problem would be presented; but these old people now are at the end of 4 or 5 years of depression. Their means have been exhausted to the last cent. They have nothing between them and the poorhouse, the old county farm. As we enter upon this type of legislation and propose to do something for their benefit, ought we not to do something more than provide an amount which is wholly inadequate to take care of them?

Mr. HARRISON. I will say to the Senator that, of course, I have a big heart myself.

Mr. BORAH. I am perfectly willing to leave the provision so that the States must put up something, but I wish to have an assurance in the bill, if we can get it, that a reasonable sum shall be provided in some way. When I say "a reasonable sum", I do not consider $30 a month a reasonable sum, but under the circumstances I am willing to accept it.

Mr. FLETCHER. Mr. President, may I ask the Senator from Mississippi if it would be possible to provide that the Federal Government shall contribute its $15 a month, leaving the State to contribute whatever it may up to $15 more? In other words, is it necessary to provide that the Federal Government will pay nothing unless the State contributes a like amount?

Mr. HARRISON. The Senator from Florida is a wise Senator and a very practical one, and he knows that if we should write such a provision into the bill the States would not contribute, and the Federal Government would be holding the bag.

As practical men, we know there is not any doubt that there is going to be a tremendous pressure in the future upon any gentleman who runs for public office, either in the lower House or in the Senate, to ask for an increase of the old-age pension; and we are all going to be subjected to that pressure. It is a reality that in this day and time groups become powerful and very often influence the judgment of candidates for political office. This is not a very logical argument, but it is a practical one. If we leave it entirely to the Congress to provide all the fund, and do not require the States to contribute their part of it, there will ever be pressure upon those seeking the Federal office. There should be some check against too great expenditures, and the cooperative plan here proposed will furnish it. The Senator appreciates that the State is not limited in the amount to be appropriated within the State for old-age pensions. They are permitted as each State may decide to go beyond the $30 a month.

There are so many things to consider in connection with a great forward movement like this that we must hold ourselves back a little bit, and get the very best and most constructive measure that we can.

I think this measure is most constructive. I think it is going forward quicker and better than we anticipated, and I hope we can pass this bill without having it complicated by proposals for eliminating State contributions. To do so may jeopardize this whole bill. That would be a travesty.

Mr. BORAH. Mr. President, as I said a moment ago, I do not desire to excuse the States wholly from this contribution. I think they ought to be required to put up some amount. But I am sure in some instances the amount will be very small. Now I do not want to see these old people end their lives in dire want simply because the State and the Government are unable to agree as to their respective portions. The National Government, by this bill, is assuming a responsibility. That matter is not open for debate. Having assumed the responsibility we should be just to the aged people who have, in many instances, contributed a life of service to the State and Nation.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON. Therein lies a difficulty which suggests itself to my mind with great force.

We all realize, of course, that it is probably impracticable now to effectuate any arrangement which will constitute a final and a permanent basis for old-age pensions. Nevertheless, unless we have well defined in the law what portion of the expense must be met by the local community or the State, as well as that which must be met by the National Government, we shall have almost as many different standards as there are States and localities; and we shall have this situation arising:

The authorities in some States will feel that it is difficult, in fact, almost impossible, to make any immediate provision for contribution, with the result that the Federal Government will carry the whole load that may be borne; and, as has been suggested by the Senator from Mississippi [Mr. HARRISON], the pressure on Congress will become irresistible to make adequate provision by the use of Federal funds alone. If we do not define in the law within limitation what the States shall do, some of them will do nothing, and discriminations will result. A contest may arise as to which State may be able to obtain the greatest benefit for its citizens without assuming corresponding responsibilities.

The Senator from Idaho has said that he realizes it is absolutely necessary to require the States to contribute something to this fund. What requirement would the Senator impose? This bill proceeds on the basis of other legislation which has been enacted, on the 50-50 basis. If we depart from the 50-50 basis, what basis shall we establish or accept; and will there be varying standards of Federal contribution set up to meet the differences in conditions that may reflect themselves from the various States?

I know there are some States which will find great difficulty in meeting the requirements that are contemplated by this bill; but, on the other hand, if we say they must do something, we are immediately confronted with the question, "Then what must they do?" And who will define or make clear the requirements that must be met by the States in order that their citizens may have the benefits of this measure?

If the Senator from Idaho were amending the bill, what change would he make? I ask for information because this subject has given me great cause for study.

Mr. BORAH. Exactly, Mr. President, I understand perfectly the difficulty of framing an amendment so as to leave the obligation upon the State, while at the same time providing a sufficient amount on which these old people can live.

I have made some effort today to draw an amendment, and I have done so, but it is not exactly satisfactory, although it represents the idea. If the bill is to go over until tomorrow I shall offer the amendment tomorrow. The amendment contemplates matching the States up to $15, and then after that the Federal Government making an appropriation which would fix the sum at a specified amount, say $30. The State, therefore, would have to put up something. It might put up but $6, and if it put up but $6 the Federal Government would match the $6 and put up enough more to make up the $30. That is as near as I have been able to arrive at a practical solution of the matter.

Mr. KING. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KING. This is not quite pertinent, perhaps, to the observations being submitted by the Senator, but I am sure he has in mind the fact that the Federal Government is confronted with the necessity of expenditures which it has great difficulty in meeting. The Finance Committee will meet within a few days to increase the burden of taxes made necessary by the enormous deficit which we are creating.

There are some States in the Union which pay a large part of the Federal taxes. In addition, they are the populous States, and the people of those States will have to pay enormous taxes in order to carry the burdens which will rest upon them under the pending bill.

If the Federal Government is to assume a larger burden, it simply means that we must go to those few States for more money.

Mr. BORAH. Will the Senator pardon me right there?

Mr. KING. Certainly.

Mr. BORAH. While there are large States paying great sums of money, they have the wealth; and if we are to levy taxes in accordance with ability to pay, they should pay. In addition to that, I observe that in the distribution of funds which are going out from the Federal Treasury, these large States get their full share in proportion to their population.

Mr. KING. That is true; but consider the situation of the State of Illinois, though I do not wish to particularize any State. The Senator remembers that 2 or 3 years ago, notwithstanding there is considerable wealth in Illinois, they found difficulty, indeed, they found it was impossible, it was contended, for them to pay their school teachers and to carry on the schools, and they had to come to the Federal Government and ask for aid in order to meet some of the burdens resting upon them.

I do not want any State or any individual or any corporation to escape legitimate taxation, but the burdens now resting upon all of the States and upon the Federal Government are very, very great, and we ought to bear that in mind when we are seeking to increase the burdens of the Federal Government.

Mr. BORAH. I appreciate that. I think the question of the burden of taxes is one of the great problems which may be holding back recovery. I understand that perfectly. But we are peculiar in the fact that we discuss the question of the tax burden only on particular occasions.

I shall not offer the amendment at this time, but I wish to say to the Senator from Mississippi that I have not changed my view that we ought to take care of this situation, and I hope to be able to present an amendment to the Senator later which he may accept.

Mr. FLETCHER. Mr. President, may I ask the Senator if he clings to the view that Federal aid should be conditioned on State aid?

Mr. BORAH. I cling to the view that there should be a matching up to a certain point where the State is unable to take care of the matter.

Mr. FLETCHER. I was wondering whether it would be possible to do away with that condition, let the Federal Government contribute what is thought wise, say $15, and let the States match the payment if it is possible to do so. Of course, the beneficiary would get the $15 even if the State did not contribute.

Mr. CLARK. Mr. President, I have several amendments, which really constitute one amendment, which I desire to offer, but on which I do not desire unnecessarily to detain the Senate. The amendments are important, and a number of Senators have indicated a desire to discuss them, and since it would be impossible to act on them before the usual time of adjournment tonight, and inasmuch as several other amendments have gone over until tomorrow, I ask unanimous consent that I may be permitted to offer the amendments and have them pending, and that they may go over until tomorrow.

Mr. ROBINSON. Have the amendments been printed?

Mr. CLARK. They have been printed, and have been on the desk for several days.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Senator from Missouri asks unanimous consent that he may have leave to present certain amendments, and have them go over until tomorrow. Is there objection? The chair hears none.

Mr. CLARK. I offer the amendments.

The PRESIDING OFFICER. The clerk will state the amendments?

The CHIEF CLERK. It is proposed on page 15, after line 25, to insert the following:

(7) Service performed in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the Board as having been approved by it under section 702, if the employee performing such service has elected to come under such plan; except that if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, the service performed while the employee was under such plan as approved shall be construed to be employment as defined in this subsection.

On page 43, line 11, after "Sec. 702.", to insert "(a)".

On page 43, between lines 17 and 18, to add the following new paragraphs:

(b) The board shall receive applications from employers who desire to operate private annuity plans with a view to providing benefits in lieu of the benefits otherwise provided for in title II of this act, and the board shall approve any such plan and issue a certificate of such approval if it finds that such plan meets the following requirements:

(1) The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

(2) The benefits payable at retirement and the conditions as to retirement shall not be less favorable, based upon accepted actuarial principles, than those provided for under section 202.

(3) The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee, approved by the board.

(4) Termination of employment shall constitute withdrawal from the plan.

(5) Upon the death of an employee his estate shall receive an amount not less than the amount it would have received if the employee had been entitled to receive benefits under title II of this act.

(c) The board shall have the right to call for such reports from the employer and to make such inspections of his records as will satisfy it that the requirements of subsection (b) are being met, and to make such regulations as will facilitate the operation of such private annuity plans in conformity with such requirements.

(d) The board shall withdraw its approval of any such plan upon the request of the employer, or if it finds that the plan or any action taken thereunder fails to meet the requirements of subsection (b)."

On page 52, after line 7, to add the following new paragraph:

(7) Service performed by an employee before he attains the age of 65 in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee has elected to come under such plan, and if the Commissioner of Internal Revenue determines that the aggregate annual contributions of the employee and the employer under such plan as approved are not less than the taxes which would otherwise be payable under sections 801 and 804, and that the employer pays an amount at least equal to 50 percent of such taxes: *Provided*, That if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, there shall be paid by the employer to the Treasurer of the United States, in such manner as the Secretary of the Treasury shall prescribe, an amount equal to the taxes which would otherwise have been payable by the employer and the employee on account of such service, together with interest on such amount at 3 percent per annum compounded annually.

Mr. RUSSELL. Mr. President, I send to the desk two amendments which I ask to have printed and to lie on the table.

The PRESIDING OFFICER. The amendments will be printed and lie on the table.

Mr. ROBINSON. Mr. President, I understand that only two or three amendments have been suggested which remain undisposed of, and that those amendments are not to be acted on today. Unless there is some objection, I shall move an executive session.

Mr. BORAH. Mr. President, although I may make some changes in my amendment, I think I ought to have it printed so that Senators may have an opportunity to consider it.

The PRESIDING OFFICER. The Senator from Idaho offers an amendment, which will be printed and lie on the table.

TRIFUNE KORAC

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1863) for the relief of Trifune Korac, which was, on page 1, line 6, to strike out "representing" and insert "in full settlement of all claims against the Government of the United States for."

Mr. VANDENBERG. For the Senator from Michigan [Mr. COUZENS], I move that the Senate concur in the amendment of the House.

The motion was agreed to.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Harry E. Pratt, of Alaska, to be district judge, division no. 4, District of Alaska, to succeed E. Coke Hill, resigned.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Elwood Hamilton, of Kentucky, to be United States district judge, Western District of Kentucky, to succeed Charles I. Dawson, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

FEDERAL HOME LOAN BANK BOARD

The legislative clerk read the nomination of John H. Fahey to be a member of the Federal Home Loan Bank Board.

Mr. RUSSELL. Mr. President, I ask that the nomination go over for the present.

Mr. FLETCHER. Mr. President, the nomination cannot be carried over simply on one objection. I think the matter ought to be disposed of.

Mr. RUSSELL. I think that if the Senator will allow the nomination to go over until tomorrow I shall be able to have it disposed of at that time. It may be that I will have no objection, but there are one or two matters in connection with it I am looking into, and I should like to have the nomination go over.

Mr. FLETCHER. I merely make the point that one objection will not carry it over. I am willing to accommodate the Senator if he desires to have the nomination go over until tomorrow and thinks it can be disposed of tomorrow.

Mr. RUSSELL. I think we will be able to dispose of the nomination tomorrow.

The PRESIDING OFFICER. The nomination will go over. over.

POSTMASTER

The legislative clerk read the nomination of Margaret C. Henderson to be postmaster at Fair Mount, Ga.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 31 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Tuesday, June 18, 1935, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate June 17 (legislative day of May 13), 1935

POSTMASTER

GEORGIA

Margaret C. Henderson, Fair Mount.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 17, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, as we wait at the mercy seat of prayer, we beseech Thee to hear us. Put Thy seal upon our foreheads and a consciousness of our sonship in our hearts. To be worthy of our intellectual, moral, and spiritual gifts with which we are endowed is our earnest desire. In all our relationships with our fellow men may we do unto them as we would have them do unto us. Hold us loyal to the stern ideals of duty, possessing a passion of patriotism and asserting an influence for righteousness. We need Thee for fleeting time, for shifting scenes, and for varying fortunes. O blessed Lord, be with us in life's transitions and teach us the sacredness of each common day. Through Christ, in whose holy name we pray. Amen.

The Journal of the proceedings of Saturday, June 15, 1935, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 1325. An act for the relief of Dino Carbonell;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 2218. An act for the relief of Elsie Segar; and

S. 2333. An act for the relief of John W. Dady.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7160) entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. WHEELER, and Mr. NORRIS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 18. Concurrent resolution authorizing the Secretary of the Senate in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to correct an error.

EXTENSION OF CERTAIN EXCISE TAXES, ETC.

Mr. DOUGHTON. Mr. Speaker, I move to suspend the rules and pass House Joint Resolution 324, to provide revenue, and for other purposes, which I send to the desk and ask to have read.

The Clerk read as follows:

House Joint Resolution 324

Resolved, etc., That title IV, as amended, and parts I, II, III, and IV of title V, as amended, of the Revenue Act of 1932, are further amended by striking out "1935" wherever appearing therein, and inserting in lieu thereof "1937." Section 1001 (a), as amended, of the Revenue Act of 1932, and section 2, as amended, of the act entitled "An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes", approved June 16, 1933, are further amended by striking out "1935" wherever appearing therein, and inserting in lieu thereof "1937."

The SPEAKER. The gentleman from North Carolina moves to suspend the rules and pass House Joint Resolution 324. Is a second demanded?

Mr. TREADWAY. Mr. Speaker, I demand a second.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from North Carolina is entitled to 20 minutes and the gentleman from Massachusetts to 20 minutes.

Mr. DOUGHTON. House Joint Resolution 324, which is now under consideration, merely proposes to extend certain temporary provisions of our revenue laws for a period of 2 years. These temporary provisions were originally enacted in the Revenue Act of 1932 in a desperate effort to balance the Budget at that time. The majority of the taxing provisions are in the same form today as when originally enacted, and a few have been amended by subsequent leg-

islation. There are about 24 excise taxes which will automatically expire under existing law within the next 2 months unless the resolution now under consideration passes. The majority of these taxes will expire on June 30, 1935, and four of them will expire on July 31, 1935. There are also five permanent taxes which have temporarily increased rates or decreased exemptions. Unless the pending resolution becomes law, these increased rates or decreased exemptions will cease to take effect after June 30, 1935. In addition, the existing temporary rate of 3 cents on nonlocal first-class mail matter will automatically be reduced to 2 cents on June 30, 1935, unless the legislation now under consideration is enacted.

The most important of the excise taxes which your committee recommends extending and which will be completely eliminated within the next 2 months if such an extension is not accomplished, include those on lubricating oil, gasoline, automobile trucks, passenger automobiles, motorcycles, auto accessories, tires and tubes, jewelry, furs, radios, mechanical refrigerators, sporting goods and firearms, electrical energy, matches, telephone and telegraph messages, transfer of bonds, conveyances, transportation of oil by pipe line, and imported crude oil, coal, lumber, and copper.

The excise taxes which are subject to rate reduction under existing temporary laws include those on issues of bonds, issues of stock, stock transfers, sales of produce for future delivery, and admissions.

It is estimated that the Federal Government will face an annual loss of revenue of nearly $502,000,000 if the temporary tax provisions already referred to are not extended. While our revenues are showing a substantial increase in the current year over the prior year, nevertheless, our expenditures in connection with the recovery program and in connection with relief are so heavy that it appears obvious that the Federal Government cannot afford to lose over one-half billion dollars of revenue annually at this time. I am aware that many of the taxes extended by this resolution are objectionable or contain objectionable features. However, if we should attempt to take off even one of these taxes, numerous arguments would be presented which would show that it would be fully as meritorious to take off some other tax. I believe, therefore, that it is the wisest plan to renew all of these temporary taxing provisions for a period of 2 years without change. If it becomes apparent in the future that conditions warrant the removal of some or all of these taxes, then, of course, there is no legal obstacle to such removal prior to the date now provided for in the joint resolution.

Mr. ANDREWS of New York. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. ANDREWS of New York. As I understand it, the gentleman says that these taxes were enacted in 1932 during the Hoover administration.

Mr. DOUGHTON. Yes.

Mr. ANDREWS of New York. Is it not a fact that at that time the Democrats had a majority of the Committee on Ways and Means, and they brought in the tax bill?

Mr. DOUGHTON. Yes; and that shows the generosity, patriotism, and fairness of the Democratic Party, when a Republican administration was seriously embarrassed on account of expenditures; when President Hoover said in his December message, 1931, there would be a deficit for the fiscal year of 1932 of $900,000,000, and for 1933 of over $2,000,000,000.

Mr. SAMUEL B. HILL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. SAMUEL B. HILL. You say that this was under the Hoover administration, and that we had a majority in the House on the Democratic side, and these taxes were put on at the special instance of the then administration. The taxes were put on at the recommendation of the Secretary of the Treasury, Mr. Ogden Mills.

Mr. DOUGHTON. Secretary Mellon appeared, and Under Secretary Mills, who was the spokesman for Secretary Mellon, urged the imposition of certain special taxes in order to meet, or meet in part, that deficit. He estimated the taxes would bring something over $500,000,000 and help to meet the needs of the Treasury. But after we raised these additional taxes, it turned out that the deficit for the last 2 years of the Hoover administration, which was added to the public debt, was over $4,000,000,000, without any substantial expenditures for relief or recovery.

Mr. CHRISTIANSON. Will the gentleman yield for a nonpolitical question?

Mr. DOUGHTON. Yes; I yield.

Mr. CHRISTIANSON. Does not the gentleman believe that it is a wise policy for the Federal Government to stay out of fields of taxation that have already been preempted by the States? I have special reference to the excise tax on gasoline.

Mr. DOUGHTON. Oh, we hear a great deal about the excise tax on gasoline. I opposed the imposition of that tax at the time it was imposed, but it was imposed to meet an emergency, and so long as the beneficiaries of the gasoline tax receive the benefits they are now getting out of the large appropriations from the Federal Treasury for the construction and maintenance of highways, I think that of all taxpayers they have, perhaps, the least reason to complain. It will be remembered that out of the $3,300,000,000 allocated to the P. W. A., $400,000,000 was earmarked, specially designated and set aside for the building of highways in the country, and $50,000,000 additional for highways in public parks, forest preserves, and on Indian lands.

Mr. CHRISTIANSON. But it is a fact that the States are not actually receiving any Federal aid on highways from the Federal Government. As a matter of fact, the Government is simply returning to the States this additional gasoline tax that it takes away from the States?

Mr. SAMUEL B. HILL. Will the gentleman yield there?

Mr. DOUGHTON. I yield.

Mr. SAMUEL B. HILL. It is true that the Federal Government has contributed more than $2,000,000,000 altogether to the building of roads in the various States, and at the present time under the present status the Government is returning to each State in money for roads about $4 for every dollar collected from that State in gasoline tax.

Mr. DOUGHTON. And so long as that is done, so long as there is going to the various States three or four times as much from the Federal Treasury as is being paid into the Federal Treasury under the gasoline tax, I think there is no just ground for complaint as far as that is concerned. Of course, we all know that gasoline, automobiles, and automobile accessories are heavily taxed, but the great part of this tax is imposed by the States. The States impose from 4 to 6 cents a gallon on gasoline, while the Federal Government is imposing only 1 cent per gallon, and still we are appropriating more money from the Federal Treasury than the States are appropriating themselves for road building.

Mr. CHRISTIANSON. Will the gentleman yield further?

Mr. DOUGHTON. I yield.

Mr. CHRISTIANSON. That would not be true for the State of Minnesota.

Mr. DOUGHTON. Does the gentleman know how much money his State is getting from the Federal Treasury for roads?

Mr. CHRISTIANSON. I know that we are contributing several times as much in taxes on motor vehicles and gasoline as the Federal Government is contributing.

Mr. DOUGHTON. Oh, that does not answer the question. The gentleman knows that unless these taxes are imposed we will have to add to the public debt and pay additional interest, or we must sit here and levy additional taxes. If in the judgment of the House it is better to remain here and write a tax bill, the Ways and Means Committee is the willing servant of the House.

Mr. CHRISTIANSON. If the gentleman will yield further, my objection is not predicated upon any complaint that my State is not getting back enough from the Federal Government, but that there is an inherent danger in the Fed-

eral Government taxing the same sources of income as the States tax, and pyramiding the taxes unduly.

Mr. SAMUEL B. HILL. Will the gentleman yield on that question?

Mr. DOUGHTON. I yield.

Mr. SAMUEL B. HILL. The States have also offended against the Federal Government by entering a field previously occupied by the Federal Government in the levying of inheritance taxes. This is a temporary tax. As soon as the emergency is passed we want to leave this to the States, but under conditions which exist now and have existed for the past 2 years, we feel that we must have this money. That is the only reason we are asking to have this tax continued.

Mr. TRUAX. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. TRUAX. Some of the Members feel that certain of the nuisance taxes ought to be repealed. I believe the gentleman himself feels that way about certain items in this bill. I would like to ask why, under those conditions, it is necessary to bring this bill up under suspension of the rules, with only 20 minutes' debate on a side? Why not give us sufficient time for general debate and an opportunity to amend the bill?

Mr. DOUGHTON. Every one is familiar with these taxes. They have been in existence, as I stated, since 1932. We feel that the least burdensome way of raising the necessary revenue can be effected by extending these taxes. If we were to get into long extended debate about amending this bill, it will make it necessary to rewrite the entire revenue laws of the Government. That is all there is to it. If we undertake to remove any of these taxes, of course it will be necessary to substitute others. If the gentleman has in mind other taxes that can be substituted for these taxes, of course the Ways and Means Committee would have been glad to have considered a bill, if the gentleman had introduced one.

Mr. TRUAX. Does the gentleman not think that this is a rather long-drawn-out emergency? We are talking about a tax bill that was enacted in 1932. Will the gentleman tell me the emergency for which we must continue and perpetuate these unjust nuisance taxes?

Mr. DOUGHTON. I will say to the gentleman, who, of course, has voted for most of the appropriations for the recovery and relief measures deemed necessary by the Congress, were it not for those extraordinary and emergency expenditures we would not need to continue these emergency taxes, because for this year the current expenses of the Government, not taking into consideration expenditures for relief and recovery, are about $100,000,000 less than receipts. The gentleman from Ohio is a very valuable and capable Member of this House, always at his post, and I am sure he realizes that were it not for these emergency expenditures it would not be necessary to continue these excise taxes.

Mr. TRUAX. Is it not a fact that if we taxed wealth and income sufficiently that we could do away with, repeal, many of these nuisance taxes?

Mr. DOUGHTON. Perhaps we could, but there is a great difference in judgment as to the meaning of the word "sufficient." The gentleman must remember that some income taxes now run as high as 63 percent, and then we have estate taxes, and almost every form of taxation. I am not pretending, of course, to defend or explain the general tax situation. It might be that if we had ample time, substitute taxes less burdensome and onerous could be levied. The gentleman recalls that in the last Congress a subcommittee of the Committee on Ways and Means sat during the summer recess of Congress and wrote a tax bill whereby we raised over $400,000,000 in revenue without increasing any tax rates, but by closing loopholes; and that bill was so popular that it was passed by the House with only seven opposing votes. Our committee is anxious to, and will as soon as it has time, continue the study of the whole tax question with a view of readjusting taxes and removing as far as we can the most burdensome ones, but under present conditions the committee is of the opinion that the best we can do now is to continue these taxes. They expire on the 30th day of the month and cannot be made retroactive. So we feel they should be continued under this resolution, but that does not foreclose further consideration, I will say to the gentleman from Ohio.

Mr. TRUAX. I am glad to hear this statement from the chairman of the committee, and I do hope his committee will give careful study and consideration to this whole matter.

Mr. DOUGHTON. As far as I am concerned as chairman of the committee, it will be my purpose to discuss with the committee the matter of having early hearings with the purpose in mind of readjusting these taxes.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COLDEN. How much additional revenue was provided by the increase in the price of stamps from 2 cents to 3 cents, which is one of the most objectionable of the nuisance taxes?

Mr. DOUGHTON. About $75,000,000, I will say to the gentleman from California. It is estimated that if these taxes are extended the postal receipts and expenditures will about balance.

The President in his Budget message recommended the extension of all these temporary provisions. This recommendation has been reiterated in recent letters from the Secretary of the Treasury and the Postmaster General, which I will insert at this point as part of my remarks. In connection with the continuation of the 3-cent postage rate on nonlocal first-class mail it is to be observed that the resolution continues the provision empowering the President to reduce such 3-cent rate if, after a survey, he finds the facts warrant such reduction.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., April 26, 1935.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. DOUGHTON: Under existing law, Revenue Act of May 10, 1934, the additional charge of 1 cent on each ounce of first-class matter mailed for other than local delivery will expire July 1, 1935, and unless there be legislation to the contrary the former rate of 2 cents for each ounce will automatically be restored on that date.

The rate for first-class local matter at letter-carrier offices was restored to 2 cents an ounce or fraction thereof by the act of June 10, 1933, effective July 1, 1933. Such reduction was recommended by the Department in the hope that it would result in the return to the mails of local first-class matter diverted therefrom when the rate was increased to 3 cents, and that the additional volume would offset in a material way the loss of revenue resulting from the restoration of the lower rate. However, the anticipated increase of volume did not materialize, and consequently the restoration of the 2-cent rate for local first-class matter has resulted in a considerable loss of revenue. The cost ascertainment shows that for the fiscal year ended June 30, 1933, during which the 3-cent rate applied to first-class matter addressed for local delivery, the postage on such matter amounted to $83,702,040, while for the fiscal year ended June 30, 1934, during which the 2-cent rate was applicable, the postage on such matter amounted to only $62,545,550, or a loss of $21,156,490.

There is some sentiment for the restoration of the 2-cent rate for first-class matter generally. While the Department is heartily in favor of such restoration at the earliest practicable date, in view of the present state of the postal finances it is felt that it would be imprudent to do this on July 1 next, as it would result in an estimated loss of approximately $75,000,000.

It is therefore recommended that legislation be enacted continuing until July 1, 1936, the 3-cent rate on first-class matter mailed for other than local delivery. For this purpose it is recommended that section 515 of the Revenue Act of 1934 be amended to read as follows:

"Section 1001 (a), as amended, of the Revenue Act of 1932, and section 2 of the act entitled 'An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes', approved June 16, 1933, as amended by the act of May 10, 1934, are further amended by striking out '1935' wherever such date appears and inserting in lieu thereof '1936.'"

Very truly yours,

JAMES A. FARLEY,
Postmaster General.

THE SECRETARY OF THE TREASURY,
Washington.

MY DEAR MR. CHAIRMAN: I am glad to avail myself of the opportunity afforded by your invitation to have representatives of the Treasury appear before the subcommittee of which you are chairman to answer questions in respect to legislation affecting the miscellaneous internal-revenue taxes. As you are aware, a num-

ber of these taxes were terminated by the Revenue Act of 1934; a substantial number of other taxes expire on June 30 and July 31 of this year; and in the case of a few of the continuing taxes, the rate will be substantially reduced, effective on June 30.

The President in his Budget message of January 7 estimated that the miscellaneous internal-revenue taxes for 1936 would increase some $143,000,000 over the collections for 1935, stating that "this increase is predicated on the assumption that the taxes terminating on June 30 and July 31, 1935, will be extended by Congress, and also that the tax rates which would be reduced on June 30, 1935, will be continued." Accordingly the President recommended "that the Congress take steps by suitable legislation to extend the miscellaneous internal-revenue taxes which under existing law will expire next June or July, and also to maintain the current rates of taxes which will be reduced next June." He added, "I consider that such taxes are necessary to the financing of the Budget for 1936."

The representatives of the Treasury appearing before your committee will be glad to answer any questions and to make available to the committee the results of its experience with these taxes.

Respectfully,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

Hon. SAMUEL B. HILL,
Chairman Subcommittee of Ways and Means Committee,
House of Representatives.

In respect to the excise taxes, it appears that the Federal rates are not unreasonable as a whole. For instance, the gasoline tax is only 1 cent per gallon, while the tax in Great Britain is 16 cents per British gallon, corresponding to about 13 cents per United States gallon. It is true that the States also impose the gasoline tax, but their rate when added to the Federal rate rarely exceeds 6 cents per gallon. Again, on account of reasonable rates and liberal exemptions, we receive less than $16,000,000 from our tax on admissions. Great Britain, with about one-third our population, collects over $46,000,000 annually from this source. I do not wish it to be inferred from the above comparison that I would not be glad to see the gasoline tax relinquished to the States, or to see the admissions tax removed, but I do contend that we should cheerfully bear our present reasonable tax burden on these items until our revenues more nearly provide for our expenditures.

The present condition of the Treasury is most encouraging, in light of the tremendous expenditures it has been obliged to face in connection with the recovery and relief programs. The revenues for the first 10 months of this fiscal year exceed the revenues for the first 10 months of the last fiscal year by over $600,000,000, or by 22 percent. Moreover, the revenues in the same period exceeded the regular operating expenses of the Government by nearly $100,000,000. We are in the "red" solely as the result of the emergency expenditures for recovery and relief.

The revenues which will be continued with the passage of this joint resolution are important, since they constitute nearly one-seventh of our total revenues from all sources. We cannot afford to give up such a substantial portion of our revenues at this time. Such action would only increase our national debt at a rapid rate, increase our annual interest charge, and shift to future generations the burden we should be sufficiently courageous to bear. I hope that the Membership of the House will concur in this view and pass this joint resolution, which will insure to the Treasury a reliable and substantial source of revenue. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Speaker, we are about to extend the 3-cent postage rate in this resolution, and the 2-cent drop-letter rate will still apply to letters mailed for delivery within a city. In this connection, I wish to call attention in the short time at my disposal to the discrimination against the city of New York and the city of Los Angeles, because the cities of New York and Los Angeles will be the only cities where the 2-cent drop-letter rate will not apply. There are 5 counties in the city of New York, yet there are 7 separate postal districts; for example, there are 4 postal districts in Queens, 1 in Kings, 1 in Richmond, 1 in New York, and none in the Bronx. Letters mailed within the city from one of these postal districts to another must carry a 3-cent rate. This means that in some cases a business man or an individual can mail a letter at the 2-cent rate for delivery within, say, a distance of 16 miles in one direction, but if he mails it in another direction he has to put a 3-cent stamp on the letter to carry it only one block. This has caused great annoyance and confusion, and I think it is discriminatory against the people of the Greater City of New York. It is impossible for the average citizen to know the boundaries of these postal districts, and many to insure delivery of their mail within the city put a 3-cent stamp when perhaps 2 cents would do.

Had this bill come up under the general rules of the House I would have offered an amendment to correct this discrimination against the people of the cities of New York and Los Angeles. I am unable to do so, of course, under the parliamentary situation. The Members of the House are denied the right to offer amendments, yet in the Senate this right will not be denied. The courteous Chairman of the Ways and Means Committee has assured me that he will grant those of us who are interested in New York City a hearing with a view of bringing out a short bill to correct this discrimination. I wish to thank the gentleman from California [Mr. COLDEN] for calling my attention to the similar situation which exists in Los Angeles.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. BACON. I yield.

Mr. DOUGHTON. I would say to the gentleman from New York that I shall be glad to give this matter careful consideration. I would call the gentleman's attention to the fact that the President has authority to reduce the rate from 3 cents to 2 cents on letters for local delivery; he can do that by Executive order, and will still have that power after this resolution is passed at any time he deems it advisable to reduce the rate from 3 cents to 2 cents.

Mr. BACON. I appreciate that. I have felt that the citizens of New York, no matter where they live within the city, ought to be given the same 2-cent rate on letters for local delivery within the city that prevails in the case of every other incorporated city. If the President has the power to correct this situation, I hope he will act at once. If he does not act, I hope in the interest of fair play that Congress will act.

[Here the gavel fell.]

Mr. BACON. Mr. Speaker, I have had such a short time allotted me that I ask unanimous consent to revise and extend my remarks, and to include therein a letter I addressed to the Chairman of the Committee on Ways and Means and a letter of the Merchants' Association of New York that is addressed to the gentleman from North Carolina [Mr. DOUGHTON], Chairman of the Ways and Means Committee, other letters, and two bills I have introduced on the subject.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

MARCH 14, 1935.

The CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

MY DEAR MR. DOUGHTON: For the consideration of your committee, I enclose herewith a copy each of H. R. 6514 and H. R. 6515. While carrying different numbers, both of these bills have the same objective, namely, to provide for the application of the 2-cent rate on first-class mail matter for delivery within the confines of any incorporated city and to contiguous cities. For bill-drafting purposes it may be that H. R. 6515 is to be preferred.

My primary purpose in introducing these measures, which contemplate an amendment to the 1932 Revenue Act, and therefore should properly come before your committee, is to remedy an unfair, discriminating, and annoying condition brought about through the limitation of the 2-cent postal rate on first-class mail matter for local delivery, insofar as it affects the city of New York.

The incorporated city of New York, with a population of 6,930,446 (1930 census), is made up of five counties and boroughs. The boroughs are coextensive with the counties, and for your easy reference I list them below, with their populations:

Population:	
Bronx County, Bronx Borough	1,265,258
New York County, Manhattan Borough	1,867,312
Richmond County, Richmond Borough	158,346
Kings County, Brooklyn Borough	2,560,401
Queens County, Queens Borough	1,079,129
Total population, city of New York	6,930,446

However, in the city of New York, there are today 7 independent post offices, and, therefore, the existence of 7 independent local delivery rates.

But these 7 post offices are not distributed equally—4 are in Queens County, 1 in Kings County, 1 in Richmond County, 1 in New York County, and none in Bronx County.

The condition is created, therefore, that the 2-cent local-delivery rate does not apply throughout the whole county of Queens, but only within the four postal districts in that county. Stated another way, it means that the 3-cent rate applies in Queens County wherever first-class mail is sent from one postal area to another in Queens County.

This obviously, in the case of Queens County, puts the people of this county at a decided disadvantage, without any justification of any sort, so far as I can see. But when Queens County's situation is contrasted with what obtains in Bronx and New York Counties, this disadvantage is magnified tremendously.

Bronx County, having no independent post office, has its mail facilities served out of the post office in New York County. Therefore, not only does Bronx County have the local 2-cent delivery rate within its own entire area but this privilege is extended for Bronx County residents to the entire area of New York County also, or Manhattan. Therefore, a person in the Bronx can send a letter either to an address in the Bronx or to an address in Manhattan and still get the benefit of the 2-cent rate.

New York County, of course, has the same advantages as the Bronx; in fact, they must have, for the reason that it has the only post office for both New York County and Bronx County.

Kings County has the privilege of the 2-cent local-delivery rate throughout its county confines.

Richmond County, or Staten Island, has the privilege of the 2-cent local-delivery rate throughout its county confines.

But Queens County is the one county, and the only county, part and parcel of the city of New York though it is, that does not have the 2-cent local-delivery rate on a county-wide basis.

But while there is the above intercounty discrimination, there is at present also the confusion and annoyance and discrimination that is created by having an un-uniform postal rate for the entire city of New York, or the incorporated city.

It is true there are the borough subdivisions, but, after all, these are administrative border lines, and not border lines easily known or establishable. The average citizen, especially in Queens County, who has not a postal zone map before him, in many cases is absolutely unable to determine precisely the delivery limits of the various post offices in that county.

In Queens County the situation is absolutely chaotic. But in addition—and this is an important consideration—the Queens County businessman and resident is very decidedly discriminated against under the present definition that has been applied to the 1932 Revenue Act provision providing the 2-cent local delivery rate.

Business in the incorporated city of New York today is greatly hindered in its mailing operations, and because of the discrimination raised by the seven independent postal areas within the confines of the incorporated city of New York there is the definite and added handicap to business because of the additional cost raised by the 3-cent rate when the mail passes artificial administrative boundaries.

A business man enjoying the areas of Bronx and New York Counties in his operations can send first-class mail in these areas for 2 cents, yet right across the river, in Queens County, the business man there can only enjoy the 2-cent rate in the area bounded by the postal district of each of the four existing post offices.

For example, Queens County has four post offices: Long Island City, Far Rockaway, Flushing, and Jamaica. Within the limits of each postal district the 2-cent rate applies. Yet when the business man in Queens County, with his headquarters, say, in Jamaica, wants to send a letter to Flushing, a mile or so away, he has to pay 3 cents. If he wants to send a letter to Long Island City he has to pay 3 cents. If he wants to send a letter to the Bronx, entirely outside of the county, and the farthest removed, he still has only to pay 3 cents.

This example, compared with the fact that Bronx and New York Counties enjoy the 2-cent rate in both these counties, I think amply emphasizes the discrimination against Queens County.

In my estimation, Greater New York, or the incorporated city of New York, homogeneous as it is in area and also in business activity, ought to be treated as one delivery area. And so ought every other incorporated city, if there is any other where the same conditions apply.

If deemed advisable, I should like to see this policy applied also to contiguous cities, and my bill provides for this.

Sincerely,

ROBERT L. BACON.

MARCH 27, 1935.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR MR. DOUGHTON: To correct an anomalous situation existing in Greater New York with respect to postage rates, Representative BACON has introduced two bills—H. R. 6514 and H. R. 6515—proposing an amendment to section 1001 (a) of the Revenue Act of 1932, the effect of which would be to make the 2-cent rate on first-class matter applicable within all of the boroughs of Greater New York.

The Merchants' Association of New York strongly endorses the proposal contained in Mr. BACON's bills and urgently requests that it receive favorable consideration by your committee to the end that either one or the other be enacted at the earliest practicable date.

Since July 1, 1933, under the provisions of the act of June 16, 1933 (Public, No. 73, 73d Cong.), first-class mail addressed for delivery within the Boroughs of Manhattan and the Bronx has been subject to the rate of 2 cents per ounce, while that for delivery between the Borough of Manhattan and the other boroughs has been subject to the rate of 3 cents per ounce. Because of the eight separate postal jurisdictions within Greater New York the confining of the 2-cent rate to the respective postal districts has created a most inequitable condition. It has caused a great deal of confusion, delay, and additional expense to the business interests and unquestionably considerable loss incident to those delays.

In September 1933 we made a careful study of this matter and made direct inquiry among the large mail users in our membership. So far as we were able to get figures they showed that if the 2-cent rate were uniformly applied throughout the city the Government would obtain additional first-class mailings, the revenues from which would, to a large degree, offset any possible loss.

Under date of September 19, 1933, we addressed a letter to the President, transmitting a petition signed by 81 of the largest users of mails in this city urging the President to use the powers vested in him under section 2 of the act approved June 16, 1933, for the purpose of ordering a survey of the first-class mail rates as they applied to New York City in order to determine what modifications of that rate would do the most to promote the interests of business and of the Postal Service. A copy of that letter and petition are enclosed.

In due course that letter and petition were referred to the Postmaster General. Under date of October 6, 1933, the Third Assistant Postmaster General, to whom the letter had been referred by the Postmaster General, responded to the effect that the Department found it impracticable to modify the rates as suggested.

May we count upon your active cooperation in securing the early consideration and passage of the amendment proposed by Mr. BACON?

Sincerely yours,

THE MERCHANTS' ASSOCIATION OF NEW YORK,
By S. C. MEAD, *Secretary.*

SEPTEMBER 19, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States, Washington, D. C.

DEAR MR. PRESIDENT: The Merchants' Association of New York begs to present to you herewith a petition that has been signed by 81 large users of the mails in New York City asking that you use the powers vested in you under section 2 of the act of Congress approved June 16, 1933, and order a survey of the first-class-mail rates as they are applied in New York City in order to determine what modifications of that rate will do the most to promote the interests of business and of the Postal Service, and that if you find such action justified you issue an order establishing a 2-cent rate on all first-class matter mailed in Greater New York for delivery in Greater New York.

In presenting this matter to you may we state that the situation existing in New York City is of very deep concern to all those who have occasion to make frequent use of the intracity mails. The segregation within the city of eight separate postal districts, with a 2-cent rate applying within the districts and a 3-cent rate applying on letters transmitted to other districts, is the cause of endless confusion and delay and imposes an expense on concerns whose business is city-wide in character, which goes far beyond the matter of the extra postage.

The companies that have joined in this petition to you to correct this situation are users of the first-class mails for intracity delivery to the extent of more than 18,000,000 pieces per year, of which approximately half are for delivery within the postal zones of their places of business and, therefore, at the 2-cent rate, and half are for delivery in other zones at the 3-cent rate.

About one-quarter of the concerns reporting state that so far as they are concerned the Government is losing revenue, because they are now making use of the third-class mails, postal cards, or messenger service for the delivery of material which at the 2-cent rate would be sent by first-class mail. Some of our correspondents have expressed the opinion that this use of substitutes is so great that the Government has incurred large net losses because of the city-wide application of the 3-cent rate.

So far as we have been able to get figures, these figures show that if the 2-cent rate were uniformly applied throughout the entire city, the Government would obtain additional first-class mailings, the revenues from which would, to a large degree, offset the loss through the reduction of rates. Specifically, 18 concerns whose monthly first-class mail, within the city, amounts to 534,000 pieces have indicated to us that this mail would be increased by approximately 350,000 pieces if the petition which we have forwarded to you is granted.

The most frequently heard complaint, however, deals with the inconvenience, confusion, and expense which the present system entails on mail users. In this connection we beg to call your attention to comments which have been made by some of those who have signed this petition. These comments are set down on a separate memorandum attached to this letter, each paragraph of which represents the comment made by a different signer. Attached to this communication also is a copy of the petition which

was signed, together with a list of the concerns signing it and a statement of the amount of their first-class mail. The original signed petitions are on file in our office and we would be very glad to submit them to you at your request.

We respectfully urge that you give this matter your very careful attention.

Respectfully yours,

THE MERCHANTS' ASSOCIATION OF NEW YORK,
By L. K. COMSTOCK, *President.*

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK,
New York, May 3, 1935.

Hon. ROBERT L. BACON,
House of Representatives, Washington, D. C.

SIR: I have the honor to send you herewith a copy of a report entitled "City-wide Two-cent Local First-class Postage Rate Urged", which was unanimously adopted at the annual meeting of the Chamber of Commerce of the State of New York held May 2, 1935.

Your attention is called thereto.

Copies of this report have been sent to all Members of Congress.

Respectfully yours,

JERE D. TAMBLYN, *Secretary.*

(NOTICE.—This report was mailed to all members of the chamber 5 days before the meeting, and copies were also placed in the hands of each member attending the meeting, when opportunity was given for discussion. The vote thereon therefore can fairly be said to represent the opinion of the entire membership. The meetings of the chamber are attended by three or four hundred members.)

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK.

At the annual meeting of the Chamber of Commerce of the State of New York, held May 2, 1935, the following resolution and report, submitted by its committee on internal trade and improvements, were unanimously adopted:

CITY-WIDE 2-CENT LOCAL FIRST-CLASS POSTAGE RATE URGED

To the Chamber of Commerce:

The committee on internal trade and improvements offers the following resolution:

"*Resolved,* That the Chamber of Commerce of the State of New York endorses H. R. 6514 and H. R. 6515, recently introduced in Congress, to establish a 2-cent rate on first-class mail matter for delivery within the confines of any incorporated city, and urges upon Congress the enactment into law of these or similar measures."

This chamber pointed out at the monthly meeting, October 5, 1933, that owing to the geographical position of this city and the several post offices therein, the ruling regarding local delivery at a 2-cent rate for first-class mail caused considerable confusion and inequities. Under this ruling, in the city of New York some first-class mail is carried a distance of 16 miles for 2 cents, while in other directions 3-cent postage is necessary to transmit a letter a distance of 2 miles. The report adopted at that time by the members of the chamber expressed the opinion that the local delivery rates should apply to all points within city limits. It was pointed out that the recent reduction in first-class local postage rates had been a great benefit to business and industry, and an extension of this rate throughout the city of New York and other cities where similar conditions exist, would be an additional benefit. Your committee on internal trade and improvements is of the same opinion today.

Respectfully submitted.

THOMAS F. WOODLOCK, *Chairman,*
WILLIAM H. COVERDALE,
JOHN F. FOWLER,
MARSHALL W. GLEASON,
SAMUEL T. HUBBARD,
JAMES J. MAGUIRE,
JOHN P. H. PERRY,
Committee on Internal Trade and Improvements.
THOMAS I. PARKINSON, *President.*
CHARLES T. GWYNNE,
Executive Vice President.

Attest:

JERE D. TAMBLYN, *Secretary.*

NEW YORK, *May 2, 1935.*

Mr. BACON. Other civic associations of New York City endorsing 2-cent postal rate within city limits of New York City are:

Jamaica Chamber of Commerce, West Side Association of Commerce, Uptown Chamber of Commerce, Central Park West and Columbus Avenue Association, Forty-second Street Property Owners' & Merchants' Association, Murray Hill Association, Brooklyn Chamber of Commerce, Broadway Association, Inc., New York Board of Trade, New York State Chamber of Commerce, First Avenue Association, Staten Island Chamber of Commerce, Regional Plan Association, Fifth Avenue Association, Sixth Avenue Association, Central Mercantile Association, Flatbush Chamber of Commerce, Thirty-fourth Street Midtown Association, Bronx Board of Trade, Merchants' Association, Real Estate Board of New York, Madison Avenue Association, Merchants & Manufacturers Association of Bush Terminal, Lexington Avenue Association, Chamber of Commerce of the Rockaways, Bronx Real Estate Board, Chamber of Commerce of Washington Heights, Chamber of Commerce of the Borough of Queens, Washington Square Association, and Downtown Brooklyn Association.

The following two bills suggest the language necessary to remove this discrimination against the people of New York City and the city of Los Angeles:

H. R. 6514

A bill to provide for the application of the 2-cent rate on first-class mail matter for delivery within the confines of any incorporated city and to contiguous cities

Be it enacted, etc., That the proviso in section 1001 (a) of the Revenue Act of 1932 providing a 2-cent rate on first-class mail matter for local delivery is amended so that such 2-cent rate shall also apply to first-class mail matter for delivery within the confines of any incorporated city, and to such immediately contiguous incorporated cities as may be determined by the Postmaster General.

H. R. 6515

A bill to amend section 1001 (a) of the Revenue Act of 1932

Be it enacted, etc., That the proviso in section 1001 (a) of the Revenue Act of 1932 is amended by inserting at the end thereof the following: "or for delivery within the confines of any incorporated city and to such immediately contiguous incorporated cities as may be determined by the Postmaster General."

Mr. TREADWAY. Mr. Speaker, I yield 1 minute to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, I am not so much interested in the revenue features of this bill, which extends the excise taxes of the Revenue Act of 1932, because I think some of the revenues provided in it could be better raised by other methods. But I am tremendously interested in the protective features of the bill. I am particularly interested in the protection which this extension will give the lumber industry. The excise tax of $3 per thousand upon lumber imports takes the place of a lumber tariff and is equivalent to a tariff, and without the extension of this tariff protection, which expires on the 30th of this month, the lumber industry of the Pacific Northwest cannot exist. It would be impossible, therefore, to exaggerate the importance of this bill to the people I represent.

The most important industry in the State of Oregon, from the viewpoint both of the magnitude of the investment and the amount of annual pay roll, is lumber. In normal times it furnishes 60 percent of the entire industrial pay roll of the State. The industry which has been hit hardest by the depression and which has the longest way to travel on the road to recovery is lumber. The industry which, in order to survive, has had to meet and bear the greatest burden of foreign competition, of any in my State, is the lumber industry. The industry which would be soonest ruined by depriving it of the little tariff protection it now has is the lumber industry.

Up until 1930 lumber had no tariff protection at all. The 1930 Tariff Act gave it a protective duty of $1 per thousand. The Revenue Act of 1932, which the pending bill proposes to extend to 1937, gave it the additional temporary protection of an import excise duty tax of $3 per thousand upon the kind of lumber imports which compete most heavily with the domestic product. I say to you in all sincerity that had it not been for that protection the lumber industry of the Pacific Northwest could not have survived the depression, and that four operators out of five, instead of being merely in their present crippled condition, would have been out of business altogether before this time, and that the lumber market of the United States would by now be almost entirely in the hands of foreign producers.

Mr. Speaker, may I take this opportunity to thank the Ways and Means Committee, and particularly Chairman DOUGHTON, and my colleague the gentleman from Washington, Mr. SAMUEL B. HILL, chairman of the tax subcommittee, for bringing in this bill. The people of my State have been greatly concerned for weeks for fear the time limit on the 1932 Revenue Act would expire before the bill extending it was reported. I went to these gentlemen early in the session and they both assured me that the bill would be reported within the time limit. They have kept their word, as they always do when they give it, and I want to assure them that my people are profoundly grateful to them.

Although I do not like some of the nuisance taxes in this bill, especially those which have no protective features, and although I agree with gentlemen who have opposed them and would like to see them eliminated, nevertheless at this particular time I do not care to incur the risk of having this bill opened for amendment so that the lumber import excise duty may be singled out for attack by those who oppose a lumber tariff. Therefore I shall vote to suspend the rules and pass the bill as it is, and I sincerely trust it may receive the necessary two-thirds vote to pass it.

Mr. TREADWAY. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, I take this occasion to protest against bringing this bill up for consideration under suspension of the rules, because it does not give the Membership of the House an opportunity to offer amendments. These taxes have been in operation for several years, and we have seen the unfairness of many of these taxes.

Mr. Speaker, I want to register a protest against continuing the tax on furs, because they are a necessity of life. I realize that some of the Members, who come from certain sections of the country where the climatic conditions are favorable to wearing cotton rather than fur, do not realize that fur clothing, as a matter of fact, is a necessity in certain other sections of the country.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. There is an exemption up to $75.

Mr. BOILEAU. I appreciate that fact, but the exemption of $75 simply means that people cannot afford to buy a good fur coat and will buy a poor grade of fur.

In Wisconsin we have been developing a rather important fur industry, which is a necessary industry in that climate and State. We have developed the silver-black fox fur industry in the State of Wisconsin, and many of our farmers, who were formerly engaged in other types of agricultural pursuits, have gone into the commercial raising of silver-black furs, as well as mink, beaver, and other types of furs, with the result that it has developed into a very important industry in my State. These furs are a necessity in our climate. This $75 exemption means that people who buy fur coats are influenced to buy cheap furs, and this tax therefore discriminates against the fur producers, and particularly those who produce high-quality furs. I am unalterably opposed to passing this resolution under a gag rule which prohibits us from amending the resolution, and I will therefore vote against the resolution in its present form.

Mr. TREADWAY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, the resolution before us this morning is significant because it is a reminder to the country that the spending of this administration is going on without restraint. When the Committee on Appropriations shall have completed its work on the deficiency bill, the commitments of the Government and its debts will amount to approximately $48,000,000,000. What I am concerned about is just where we are going. Whatever I may say in regard to the program of unlimited spending will have no weight whatever in this House. It will not make the slightest impression upon the majority side of the House. It may be interesting to the majority side, however, if I call attention to what Gen. Hugh Johnson has recently had to say. Everybody in the United States of America has heard his voice over the radio and they have heard it repeatedly. He has been the chief mouthpiece of this administration.

As late as June of this year, over his own signature, he published an article in the American Magazine, and here is what he had to say:

> The mounting burden of debt and taxes threatens a new bondage. * * * Our sons are in danger of becoming galley slaves * * * paying for dead horses they never rode.
>
> It is just blatant political bunk to try to fool people who pay these almost unbelievable charges. People of all classes pay them and none more directly than workers and farmers. They may never get a tax receipt, but the cost of government is part of every grocery bill, every monthly rent charge, every ton of coal, or suit of clothes—everything, in fact, that any of us uses or has. The cost of government must be taken out of the money available to buy every bushel of wheat or cow or pig or bale of cotton before the farmer gets his price.

Gen. Hugh Johnson says further—and remember this is as late as June of this year:

> We are headed straight for a general repudiation of Government debt.

He further states:

> I believe that the overwhelming questions about much of the new deal, as it is going now, are, "Who is going to pay for it? And how?" You can't neglect those questions and you can't postpone them. Unless something is done promptly to make payment possible through orthodox taxes and borrowing, without too great a burden on the very business of living, the single unavoidable alternative of a vast catastrophe of inflation will become more threatening and imminent every day.

Continuing, General Johnson says:

> I think it is fair to charge that we simply have done nothing to relieve the three most obvious, threatening, and effective causes of our continued distress—cost of government, taxes, and debt. On the contrary, we have moved in almost every instance to aggravate and increase them.

This is from the chief mouthpiece of the present administration, a man who more than any other, night after night over the radio has talked to the people of this free country, just as a top sergeant would talk to his soldiers. He sees the danger.

Ever since President Roosevelt was placed in charge of the fiscal policy of the Government, the people have been assured by him that the Federal Budget would be balanced; that expenses of Government would be curtailed. As late as January 1934 the President in his Budget message lead the taxpayers to believe that the public debt might be increased to $31,834,000,000 by June 30, 1935. Furthermore, he then said:

> It is my belief that so far as we can make estimates with our present knowledge, the Government should seek to hold the debt within this amount. Furthermore, the Government during the balance of this calendar year should plan to bring its 1936 expenditures, including recovery and relief, within the revenues expected in the fiscal year 1936.

Now, the President, in his present Budget statement, asserts that the national debt at the end of the fiscal year 1936 may increase to $34,239,000,000. As I have already stated, the President knows that when the Appropriations Committee finishes the present deficiency appropriation bill, the debt of the United States will be $48,000,000,000.

Why is the tax bill now before us brought here under a gag rule? It is to prevent a disclosure, in open debate, that the continued imposition of nuisance taxes for 2 years—as provided in this resolution—has been made necessary by the wanton waste of the taxpayers' money. The pay roll of the Government has been padded and packed with over 100,000 political appointees, some drawing over $10,000 a year, with little or nothing for some of them to do.

The administration instead of facing the facts outlined by Gen. Hugh Johnson is day by day driving the country further and further into debt.

Business men face ultimate ruin. Day by day the relief rolls lengthen. Twenty-two million persons are now on relief.

The promise of the President to economize has been thrown to the winds. Is it any wonder that the taxpayers are alarmed as they contemplate the debt that eventually they must pay by the sweat of the brow.

Some of the nuisance taxes contained in the bill, which this resolution will perpetuate for 10 years more, are indefensible. I refer especially to the tax on gasoline, the tax on soap, and the tax on postage.

It is regrettable that the Demorcatic leaders should ignore the appeal of the taxpayers for the reduction of the tax on these items. This has been done by means of the gag rule under which we are considering this resolution. It is not only the Members of the House who have been gagged and hog-tied, but it is the constituents of the respective Members who have been denied a voice on the floor of the

House of Representatives. I shall record my opposition to this method of high-handed departure from legislative procedure by voting against this resolution. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, the estimated deficit of the Federal Government for the fiscal year 1936 is upward of four and a half billion dollars. This bill is brought here under suspension of the rules with the idea in view of carrying out to the country the information that the Democratic Party is meeting its obligations to present taxes with which to balance the Budget. This bill carries taxes providing for less than 10 percent of the amount of the deficit, and that is the way they are meeting their responsibility right straight down the line. Instead of putting the taxes on those who ought to bear them, this bill provides a lot of nuisance taxes and a gasoline tax which bears heavily upon the poor people and upon the farmers. There is absolutely no sense of balance to it.

Mr. Speaker, the Democratic Party does not dare bring a wide-open rule and bill in here recommending the taxes that are required to balance the Budget of this country.

We can never recover from this depression until we have the courage to meet our obligations. It is typical of the Democratic Party that they fail to meet their responsibility when they get a chance in that they bring in here a bill to provide only 10 percent of the revenue required and then put the burden on the poor people. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I consider the bill before us at this time the worst illustration of gag that has ever been perpetrated on an American Congress—absolutely the worst. I repeat it, and let the Democrats smile all they have a mind to. When it is possible to bring in from the Ways and Means Committee a privileged bill without a rule and have it considered on the floor of the House, then to use suspension of rules that gags the Members and denies them an opportunity of amendment, levying a tax on the American people of $500,000,000 with 40 minutes of debate, is an outrage on representative government, and I do not hesitate to say so. You can contradict it all you wish to, but that is going to be the judgment of the American people on the action of the House of Representatives at this time.

When the nuisance taxes were first imposed in 1932 the promise was held out to the people that they were of an emergency character and would be allowed to expire at the end of 2 years, as provided in the act. However, a full year before they would have expired the Democratic administration secured their extension for an additional year, or until June 30, 1935. Now the committee comes forward with a proposal to extend them for 2 additional years. This constitutes an outright breach of faith on the part of the administration.

The chairman of the committee passed out the very general remark that these taxes were laid under the Hoover administration. I am delighted that the gentleman made this admission, because it is a credit to the Hoover administration, in view of the conditions under which we then tried to balance the Budget. Let me call the attention of the House to the statement made at that time by the Secretary of the Treasury:

> Under existing conditions the task of bringing our Budget into balance is by no means an easy one, and involves not only self-denial but a measure of self-sacrifice; yet it is possible to attain this objective if we address ourselves resolutely to the task of drastically reducing expenditures, refusing to take on additional obligations save those that are absolutely necessary, and by drawing on available resources through increased taxation. I cannot overemphasize the importance of retrenchment. Without real economy there can be no balanced Budget. We are fully justified in calling on the people to make further sacrifice in order to supply their Government with adequate revenue.

This was the basis on which these temporary taxes were laid, and this is a suitable program to advance to the people.

The hearing from which I am quoting was held on Wednesday, January 13, 1932, at the very beginning of a congressional session, when there was ample opportunity for consideration of all measures coming before us in the way of taxation, and not a gag proposition involving 40 minutes of debate in an effort to raise $500,000,000.

Further than this, the reason we were in the red in trying to balance the Budget was due to the default of our former allies in not paying their just debts for money borrowed of us under the Democratic administration to carry on the war. This is the reason we were in the red at that time. I want to emphasize the fact, Mr. Speaker, that the President of the United States, Mr. Roosevelt, in his Budget message at the opening of this session, said that he does not consider it advisable to propose new or additional taxes for the fiscal year 1936, but he says:

> I do recommend that the Congress take steps by suitable legislation to extend the miscellaneous internal-revenue taxes, which under existing law expire in June or July.

Still a majority of the Ways and Means Committee, instead of taking up this question in January, wait until what we hope to be the closing days of the session and then thrust this gag method of procedure on us and say that we must do this under the emergency. Emergency for what? Why was not the matter considered at the proper time and in the proper manner, and the Members of the House given an opportunity to express the views of their constituents on whether these taxes or other forms of taxation should be continued?

Balance the Budget! Whoever heard until this administration came into power of two Budgets? You talk about an ordinary Budget and an extraordinary one. How absurd—two systems of bookkeeping. How ridiculous to say that whatever you do not want to charge up to ordinary expenses are extraordinary. Extraordinary for what? For Democratic officeholders. That is what it is extraordinary for and that is why you are extending this measure today for 2 years. You do not dare go before the people next year with a new tax measure. You want to say that we are balancing the Budget, but we will tell the people there are two Budgets and one of them you are not paying the slightest attention to in endeavoring to balance it. However, you take the position that by merely extending these taxes for 2 years you are passing by an election period, but do not for a moment think that the Republicans will not tell the people of the country the kind of tax bill you are passing here today and how you are passing it.

If you want us to help you balance the Budget, set up a decent form of taxation, a tax measure that we passed in the Ways and Means Committee, a fair sales tax or a manufacturers' tax, or whatever you may want to call it, instead of one of these special-interest tax measures, such as you are proposing here today. This is the worst system of taxation I have ever seen introduced in a Congress, and the meanest, lowest, most contemptible manner of trying to put such a bill across—a miserable gag. [Applause.]

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield, and I shall not take back a word of what I have said.

Mr. VINSON of Kentucky. If I understood the gentleman from New York [Mr. REED] correctly, he complained that this is only one-tenth of the amount of taxes that should be raised.

Mr. TREADWAY. I am for an equitable tax bill under all circumstances and this is not such a bill. I have always advocated an equitable tax and one upon which the people can express their views upon the floor of the House or out among the people themselves, without any gag.

Mr. VINSON of Kentucky. Does the gentleman join with the gentleman from New York?

Mr. TREADWAY. I am distinctly in favor of equitable taxation and against this or any other gag.

I wish particularly to emphasize that a vote against suspending the rules to pass this bill would not kill the bill, because it could still be brought up under the general rules of the House, with liberal debate and an opportunity to offer amendments. However, the Democratic leadership does not

want the bill considered that way. They want to force it through under this gag procedure, with only 40 minutes debate and with no opportunity to offer amendments.

They know that if the bill were considered under the general rules of the House, motions would be offered from the Republican side to repeal the tax on gasoline, furs, soap, and so forth, and to restore the 2-cent postal rate. They know that other amendments would be offered to put excise taxes on certain imported commodities, such as are now imposed on coal, lumber, petroleum, and copper. The gag procedure was adopted so that the Members of the House would not have an opportunity to offer these amendments, and so that the House would not have an opportunity to vote on them.

These excise taxes, which it is now proposed to renew without opportunity for revision and without opportunity for hearing, were hurriedly designed and need revision if any taxes ever did.

I wonder if the Members of this House realize that we tax books for the blind recorded on phonograph records, but that we do not tax books of the most worthless character which anyone can read; that we tax baseball uniforms used by the schoolboys but do not tax golf trousers used by adults; that we tax a man when he buys a little automobile but do not tax a man when he buys a million-dollar yacht; and that we tax a hunter and trapper on his means of livelihood; that is, on his gun and his ammunition.

The sales tax is the real answer to the present discriminatory special sales taxes. It has been pointed out that these special taxes bring in about $425,000,000 annually. Possibly we cannot give up this revenue in the present distressing state of our finances, but we could substitute the sales tax. In my opinion, the revenue which has been officially estimated from the sales tax has been altogether too conservative. The experience of other countries and the yield of these special sales taxes causes me to believe that seven to eight hundred million dollars annually could easily be secured from a general sales tax. But if the House is not yet convinced of the merit of this general tax, that is no excuse for not revising the existing special taxes so that they may be made reasonably fair and equitable.

In voting against this bill I do not wish it to be understood that I am voting against balancing the Budget. There are two ways to balance the Budget—one is by increasing taxation and the other is by drastically reducing expenditures. I think more attention should be paid to the second method. However, as long as high taxes are necessary they should be imposed on a fair and equitable basis. The present nuisance taxes do not meet that test.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Speaker, for the fiscal year 1931 the deficit was about $500,000,000. In January 1932, under the Hoover administration, the Under Secretary of the Treasury, Mr. Mills, came before the Ways and Means Committee and advised the committee that there would be a probable deficit of $903,000,000. He proposed certain taxes out of which to raise the money.

The committee went to work on these representations of Mr. Mills that the deficit would be $903,000,000.

We had been at work about 2 weeks when Mr. Mills came back and stated to the committee that a revised estimate showed that the deficit would be $1,300,000,000 instead of $903,000,000 for the fiscal year 1932—an increase of $400,000,000.

The committee then wrote a bill on the basis of those figures and we brought in the bill, which on paper balanced the Budget. The House passed it.

It went to the Senate, and before they got through with the bill they again revised the estimate of the Secretary of the Treasury and said the deficit would be $1,800,000,000 for the fiscal year 1932. The Senate included additional taxes to meet the increased estimate of the deficit, to which the House agreed; but it did not balance the Budget, because the economic conditions of the country were so bad that these additional levies did not produce the necessary revenue.

The deficit in 1932 was $1,800,000,000, and in 1933 it was $3,000,000,000. These taxes now under consideration, with others, were levied to meet the requirements for revenue that those conditions had brought about in order to carry on the operations of the Government. There was a total deficit in the Hoover administration of more than $5,000,000,000.

To meet this situation of accumulating deficits, every item in this list of temporary taxes was put into the Revenue Act of 1932 upon the recommendation of Mr. Ogden Mills, acting for the Treasury Department, and, furthermore, the Congress put into that Revenue Act of 1932 every item of tax recommended by Secretary Mills, except one. Now, that is the situation with reference to these temporary taxes, yielding now $502,000,000—about $100,000,000 more than the present ordinary expenditures of the Government, excluding the emergency expenditures. That balances the Budget of the ordinary expenditures of the Government. We have extended these taxes heretofore and propose now to extend them again for 2 years in the hope that the condition of the Treasury will then warrant their elimination. We did not create the conditions which brought about the necessity for these taxes, but must meet that necessity by providing for a further temporary continuance of these revenues. We ask you to support the bill. [Applause.]

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. TREADWAY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 246, nays 118, not voting 65, as follows:

[Roll No. 96]

YEAS—246

Adair	Dockweiler	Keller	Peterson, Fla.
Andrew, Mass.	Dorsey	Kelly	Pfeifer
Arnold	Doughton	Kenney	Pierce
Ashbrook	Doxey	Kerr	Polk
Barden	Drewry	Kleberg	Quinn
Beam	Driscoll	Kloeb	Ramsay
Beiter	Driver	Kniffin	Ramspeck
Bell	Duffey, Ohio	Kocialkowski	Randolph
Biermann	Duffy, N. Y.	Koppiemann	Rankin
Binderup	Duncan	Kramer	Rayburn
Bland	Eckert	Lambertson	Reilly
Blanton	Edmiston	Lambeth	Richards
Boehne	Eicher	Lea, Calif.	Richardson
Boland	Ekwall	Lee, Okla.	Robertson
Brennan	Evans	Lewis, Colo.	Robinson, Utah
Brooks	Farley	Lewis, Md.	Rogers, N. H.
Brown, Ga.	Ferguson	Lloyd	Romjue
Brown, Mich.	Fernandez	Lucas	Rudd
Brunner	Fiesinger	Luckey	Sabath
Buchanan	Flannagan	Ludlow	Sanders, La.
Buck	Ford, Calif.	McAndrews	Sanders, Tex.
Burch	Ford, Miss.	McCormack	Sandlin
Caldwell	Fuller	McGehee	Schaefer
Cannon, Mo.	Gambrill	McGrath	Schuetz
Carpenter	Gassaway	McKeough	Scrugham
Carter	Gavagan	McLaughlin	Sears
Cary	Gildea	McMillan	Shanley
Celler	Gillette	McReynolds	Sirovich
Chandler	Gingery	Mahon	Smith, Conn.
Chapman	Goldsborough	Maloney	Smith, Va.
Citron	Gray, Ind.	Martin, Colo.	Smith, Wash.
Clark, Idaho	Gray, Pa.	Mason	Snyder
Clark, N. C.	Green	Massingale	South
Coffee	Greenway	May	Spence
Colden	Greenwood	Mead	Stack
Cole, N. Y.	Greever	Meeks	Starnes
Collins	Gregory	Merritt, N. Y.	Sullivan
Colmer	Griswold	Miller	Sumners, Tex.
Connery	Halleck	Mitchell, Ill.	Sutphin
Cooley	Hamlin	Monaghan	Tarver
Cooper, Tenn.	Hancock, N. C.	Montague	Taylor, Colo.
Costello	Harlan	Montet	Taylor, S. C.
Cox	Hart	Moran	Terry
Cravens	Healey	Mott	Thom
Crosby	Hennings	Murdock	Thomason
Crosser, Ohio	Hildebrandt	Nichols	Thompson
Crowe	Hill, Ala.	Norton	Tolan
Crowther	Hill, Knute	O'Brien	Tonry
Cullen	Hill, Samuel B.	O'Connell	Turner
Cummings	Hobbs	O'Connor	Umstead
Daly	Hook	O'Day	Utterback
Darden	Huddleston	O'Leary	Vinson, Ga.
Deen	Imhoff	O'Neal	Vinson, Ky.
Delaney	Jacobsen	Owen	Wallgren
Dempsey	Jenckes, Ind.	Palmisano	Walter
Dickstein	Johnson, Tex.	Parks	Warren
Dietrich	Johnson, W. Va.	Parsons	Weaver
Dingell	Jones	Patton	Werner
Dobbins	Kee	Pearson	West

White	Williams	Wood	Zimmerman
Whittington	Wilson, La.	Young	Zioncheck
Wilcox	Wolcott		

NAYS—118

Allen	Fenerty	Lemke	Rogers, Okla.
Amlie	Fish	Lord	Ryan
Andresen	Fletcher	Lundeen	Sauthoff
Andrews, N. Y.	Focht	McFarlane	Schneider
Arends	Fulmer	McGroarty	Scott
Bacharach	Gasque	McLean	Secrest
Bacon	Gearhart	McLeod	Seger
Blackney	Gehrmann	Maas	Snell
Boileau	Gifford	Mapes	Stefan
Brewster	Gilchrist	Marcantonio	Stewart
Buckbee	Goodwin	Marshall	Stubbs
Buckler, Minn.	Guyer	Martin, Mass.	Taber
Burdick	Gwynne	Maverick	Taylor, Tenn.
Burnham	Hancock, N. Y.	Michener	Thomas
Carmichael	Harter	Millard	Thurston
Cartwright	Hartley	Mitchell, Tenn.	Tinkham
Castellow	Hess	Moritz	Tobey
Cavicchia	Higgins, Conn.	Nelson	Treadway
Christianson	Hoeppel	O'Malley	Truax
Church	Hope	Patterson	Turpin
Cooper, Ohio	Houston	Perkins	Wearin
Crawford	Hull	Peterson, Ga.	Whelchel
Culkin	Johnson, Okla.	Pittenger	Wigglesworth
Disney	Kahn	Plumley	Wilson, Pa.
Ditter	Kimball	Powers	Withrow
Dondero	Kinzer	Ransley	Wolfenden
Dunn, Pa.	Knutson	Reece	Wolverton
Engel	Kvale	Reed, Ill.	Woodruff
Englebright	Lanham	Reed, N. Y.	
Faddis	Lehlbach	Rogers, Mass.	

NOT VOTING—65

Ayers	Dear	Jenkins, Ohio	Russell
Bankhead	DeRouen	Kennedy, Md.	Sadowski
Berlin	Dies	Kennedy, N. Y.	Schulte
Bloom	Dirksen	Lamneck	Shannon
Bolton	Doutrich	Larrabee	Short
Boylan	Dunn, Miss.	Lesinski	Sisson
Buckley, N. Y.	Eagle	McClellan	Smith, W. Va.
Bulwinkle	Eaton	McSwain	Somers, N. Y.
Cannon, Wis.	Ellenbogen	Mansfield	Steagall
Carlson	Fitzpatrick	Merritt, Conn.	Sweeney
Casey	Frey	Oliver	Underwood
Claiborne	Granfield	Patman	Wadsworth
Cochran	Haines	Pettengill	Welch
Cole, Md.	Higgins, Mass.	Peyser	Woodrum
Corning	Hoffman	Rabaut	
Cross, Tex.	Hollister	Rich	
Darrow	Holmes	Robsion, Ky.	

So the motion was agreed to, and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Russell and Mr. Sisson (for) with Mr. Darrow (against).
Mr. Patman and Mr. Dear (for) with Mr. Hoffman (against).
Mr. Oliver and Mr. McSwain (for) with Mr. Eaton (against).
Mr. Fitzpatrick and Mr. Bloom (for) with Mr. Granfield (against).
Mr. Ellenbogen and Mr. Kennedy of New York (for) with Mr. Short (against).
Mr. Casey and Mr. Cole of Maryland (for) with Mr. Jenkins of Ohio (against).
Mr. Frey and Mr. Somers of New York (for) with Mr. Merritt of Connecticut (against).
Mr. Smith of West Virginia and Mr. Boylan (for) with Mr. Holmes (against).
Mr. Woodrum and Mr. Buckley of New York (for) with Mr. Cannon of Wisconsin (against).
Mr. DeRouen and Mr. Sadowski (for) with Mr. Robsion of Kentucky (against).
Mr. Steagall and Mr. Lamneck (for) with Mr. Wadsworth (against).
Mr. Bankhead and Mr. Larrabee (for) with Mr. Bolton (against).
Mr. Kennedy of Maryland and Mr. Underwood (for) with Mr. Doutrich (against).

General pairs:

Mr. Cochran with Mr. Rich.
Mr. Bulwinkle with Mr. Welch.
Mr. Mansfield with Mr. Higgins of Massachusetts.
Mr. Dies with Mr. Dirksen.
Mr. Cross of Texas with Mr. Hollister.
Mr. Eagle with Mr. Carlson.
Mr. Corning with Mr. Berlin.
Mr. Lesinski with Mr. Ayers.
Mr. McClellan with Mr. Claiborne.
Mr. Haines with Mr. Dunn of Mississippi.
Mr. Pettengill with Mr. Sweeney.
Mr. Rabaut with Mr. Schulte.

Mr. MAVERICK changed his vote from "aye" to "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. RUSSELL, is not present. If he were present, he would vote "yea."

Mr. CONNERY. Mr. Speaker, the gentleman from Massachusetts, Mr. HIGGINS, is unavoidably absent. If present, he would vote "yea."

Mr. REED of New York. Mr. Speaker, the gentleman from Ohio, Mr. JENKINS, a member of the Committee on Ways and Means, was called home to attend to very important business for some of his constituents. If he were here, he would vote "no."

Mr. O'CONNOR. Mr. Speaker, the gentleman from New York, Mr. SISSON, is ill. If he were here, he would vote "yea."

Mr. KEE. Mr. Speaker, the gentleman from West Virginia, Mr. SMITH, is absent on account of important business. If present, he would vote "yea."

The result of the vote was announced as above recorded.

Mr. LUDLOW assumed the chair as Speaker pro tempore.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have asked for this time not to talk upon any controversial subject but to call the attention of the entire Membership of the House to the situation which confronts us so far as legislation is concerned. I am quite well aware that all of the Membership of the House are engaged on legislation before their respective committees, and, therefore, have not the opportunity to investigate the situation as it appears on the calendar with reference to bills from all of the committees. That is a part of my job, and, therefore, I come to report to the Membership just what confronts us and what possibly may be necessary for us to do if we are to adjourn at anything like a reasonable date.

We have just passed the tax bill, which, of course, was essential. I am not saying that all of these bills to which I shall refer would have to be passed or considered or that all of them will be considered, but certainly some of them will have to be considered.

I hope that what I say will not be misunderstood or misconstrued, and I am sure it will not be by the Membership or by our friends in the press gallery. This is not a lecture, it is not for the purpose of scolding the House, as I was accused of doing on a previous occasion. I would not presume to do that even were I disposed to do so. And I take this occasion to pay tribute to the House and to all of its Members for the manner in which they have disposed of important legislation this session. This House has taken up the bills as they have come from the committees and have considered them and disposed of them. I think the Membership of the House is entitled to the commendation of the American public for its dispatch of business, but we now have a situation where all of these committee reports are coming in, and we are having many things laid on the Speaker's table which must be considered.

The Members will have noted that at the other end of the Capitol the Senate, it is said, is going to pass the social security bill either today or tomorrow, after 3 or 4 days' discussion and consideration, which indicates to me that possibly the Senate has made up its mind to dispose of the business before that body so that at a reasonably early date an adjournment may be had. They have the banking bill over there. I do not know how much discussion there will be on that, but what I came to talk about is what we have before us today. We have the triple A bill, essential and important; the Wagner bill, which they tell us must be considered; the utility bill; the deficiency appropriation bill; the transportation bill, or as it is sometimes called, the "bus and truck bill"; the T. V. A.; the Guffey bill; the Federal alcohol control bill; and some say the merchant marine bill. There may be others to be added to this list before we get through; I do not know; but I am calling attention to the fact that there are probably 10 bills which this House must consider, so we are told, in the interest of the public, before we adjourn. My object in doing this is to acquaint you with what is before you, because, as I said, I know that it has been impossible for the individual Member to keep track of all these bills as they appear on the calendar, because of the multitude of their duties before their respective committees; but it is my business, and Members expect me and others in the organization to do that. For that reason I am making this report to you.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BYRNS. If we expect to adjourn at anything like a reasonable date, I submit to Members on both sides of the aisle that we will have to make some sacrifices in time. We will have to come here perhaps a little earlier, and we certainly will have to sit a little later and perhaps have night sessions.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BOLAND. If I understand the gentleman, he is trying to advise the House that it is quite necessary for Members to stay on the floor for the next couple of weeks, I believe, to expedite these matters.

Mr. BYRNS. I think the gentleman has correctly sized up what I was trying to say and to put over.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BLANTON. I am unalterably opposed to the Wagner bill, but if the House with all of its good judgment and discretion can pass the N. R. A. bill with only an hour debate, does not the Speaker think that we can pass upon, and get a vote on, each one of these other 10 bills with about an hour of debate on each? Every Member of this House has his mind already made up on how he is to vote on these different measures, and, in my judgment, it would be a waste of time to devote more than an hour to general debate on each of them.

Mr. BYRNS. I do not know that I would advocate passing them in that way, but what I do say is that within the next 2 weeks this House can give these bills to which I have called attention, full consideration and act upon all of them, if we make up our minds to do it. [Applause.] I do not think there is any question but what the Members will all agree with me that the best interest of the country, as well as our own interests, physical, and otherwise, demand that we have an early adjournment. [Applause.] We ought to adjourn as quickly as we can. We will not be able to adjourn unless we make up our minds to come here and, as the gentleman from Pennsylvania [Mr. BOLAND] has suggested, keep a quorum in attendance and dispose of this business, sitting sometimes rather late in the evening. Surely we can do that for the next 2 weeks. I think I know the temper of this House; I know the individual sentiments on both sides of this chamber possibly as well as any other Member. I know how you all feel about it. I felt that all that was necessary for me to do was to show you the condition of the calendar and you will do the rest.

Mr. MAPES. Will the Speaker yield?

Mr. BYRNS. I yield.

Mr. MAPES. If expedition is the main consideration, I should like to ask the Speaker what he would think about this procedure: It has been suggested that all of these bills be put into one omnibus bill, and that we vote upon them as we did this afternoon on the tax bill, under suspension of the rules. What would the Speaker think of that procedure?

Mr. BYRNS. I assume that I think just as the gentleman does. I do not know whether the inquiry of the gentleman indicates that he would favor that in the interest of early adjournment or not, but I take it otherwise.

Mr. MAPES. No. I will say to the Speaker that I think other considerations ought to be kept in mind than speed.

Mr. BYRNS. Undoubtedly. I do not want anybody to understand that I am advocating passage of these bills without giving them the fullest consideration, but I do say that under the circumstances it is not necessary for this House, as is being demonstrated in the other body on the social security bill, to consume unnecessary time. What we should do is refrain from asking the privilege of making speeches on outside matters. [Applause.] If we will devote ourselves to the consideration of this legislation, I repeat that every Member of this House will have the fullest opportunity to understand just what he is voting on and we can get through with the bills to which I have referred in the next 2 weeks.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has again expired.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee may have 3 additional minutes.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. SABATH. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SABATH. Is it not also of the greatest importance that the committees report out the bills as speedily as possible? There are some bills which have been before the committees for months which have not yet been acted upon. Should not the committees get busy and report those matters that are before them?

Mr. BYRNS. Of course, I am not asking any committee to report any bill until it has given such consideration as it thinks necessary, but the point is that several bills have been reported and are now on the calendar and they can be taken up while the other bills are being considered before the committees.

Mr. SNELL. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SNELL. The gentleman referred to an adjournment within a reasonable time. Has the gentleman any definite time in mind that he would desire to make public, which he would consider a reasonable time, or would he rather leave that in abeyance?

Mr. BYRNS. I would rather leave that in abeyance. I made a prediction once that we would adjourn on June 15. I was such a poor prophet that I do not care to make any other prophecy, but I hope we can get away from here not later than the middle of July, and we can do so if we will make up our minds to attend to the legislation here on this floor. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RANKIN. I agree with what the gentleman has said. We ought to expedite this legislation as much as possible. The utilities bill has been before the Committee on Interstate and Foreign Commerce for more than 5 months. It has already passed the Senate. I should like to ask the gentleman from Tennessee, the distinguished Speaker, if he can give us any information or any suggestion as to when that bill is likely to come out and when we will have an opportunity to vote on it.

Mr. BYRNS. No. I have understood that it will possibly be reported the latter part of this week, but I have no information on that subject, and it is not my purpose in what I have said to complain about any committee for failure to report out any bill. The utilities bill and the bus and truck bill are two of the most important pieces of legislation that have come before the Congress in many months. We expect the committees to give fullest consideration to this legislation, because evidently we cannot do it on the floor and we must rely upon the committees to give us proper information.

Mr. RANKIN. I should like to ask the gentleman from Tennessee about the T. V. A. bill that is now tied up in the Committee on Military Affairs. I think this information would be interesting.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has again expired.

Mr. ZIONCHEK. Mr. Speaker, I ask unanimous consent that the gentleman be granted 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. RANKIN. I want to say to the gentleman from Tennessee that Washington is full of power lobbyists who have been blocking this legislation all winter, all spring, and all summer. There are many Members of the House who are anxious to vote on it. We would like to have some in-

formation, if we can get it, as to when these two bills will come out: The T. V. A. bill and also the utilities bill which is now before the Committee on Interstate and Foreign Commerce.

Mr. BYRNS. I cannot give the gentleman any information on that subject. I hope that the committees will report out the bills at the earliest possible moment. That is all I can say.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RAYBURN. I should like to say for the benefit of the gentleman from Illinois [Mr. SABATH] and for the benefit of the gentleman from Mississippi [Mr. RANKIN] that there has been no unnecessary delay with reference to the holding-company bill so far as any intent on the part of the chairman or a vast majority of the committee is concerned.

Mr. RANKIN. We know that as to the chairman, I will say to the gentleman from Texas; but somebody seems to be holding this legislation up.

Mr. RAYBURN. The Committee on Interstate and Foreign Commerce, however, I think, long ago established the reputation in this House and before the country of not reporting legislation they did not fully consider. We had the securities bill before us in 1933, one of the most controversial bills ever before Congress. We were a long time on that, but we reported a bill and passed a bill that did a good job.

We had the stock-exchange bill in 1934. That was as controversial as the holding-company bill we are now considering. We considered it, we heard people on it, we took it into the full committee and into executive session, and brought forward a bill that works and does the job; and that is exactly what we intend to do with the utilities bill. I trust we will have the bill out of the committee the latter part of this week, ready as soon as the House can act on it next week.

Mr. RANKIN. That is the information I wanted from the gentleman from Texas. I hope we may get to a vote on it without delay.

Mr. RAYBURN. And I want to say this, that the bus and truck bill is ready for report by the subcommittee, or will be on Thursday, and the Committee on Interstate and Foreign Commerce for the next week or two, if we can get the opportunity, will keep the House very busy.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. KVALE. It might help the Speaker to make the announcement that the fish are biting ravenously in every one of Minnesota's 10,000 sparkling lakes. [Applause.]

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. KNUTSON. I wish to question the gentleman with reference to the conference at the White House the other day at which the President is reported to have pounded the table and laid down his "must" program. Can the gentleman, or will the gentleman—I know he can if he will—will the gentleman inform the House just what part of the "must" program must be enacted before we will be permitted to adjourn?

Mr. BYRNS. I never attended a conference where the President pounded the table as the gentleman suggested.

Mr. KNUTSON. I did not mean to say that our Speaker was there.

Mr. BYRNS. And I am not undertaking to say that all these bills are on the "must" program, but a number of them, the gentleman will readily understand, must be considered before Congress adjourns. I think he himself will agree to that. Now, whether all these bills must be considered, I do not know; but what I do say is that if we are to consider these bills we must proceed with a little dispatch, for there are conference reports and various other matters which will intervene to take time of Congress. [Applause.]

Mr. KNUTSON. I agree with the gentleman.

LABOR-DISPUTES BILL

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that a privileged status be given to the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a national labor relations board, and for other purposes, that general debate be confined to the bill, and continue not to exceed 4 hours, to be equally divided and controlled by the gentleman from California [Mr. WELCH] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. SNELL. What is the bill?

Mr. CONNERY. It is the Wagner labor-disputes bill.

Mr. SNELL. For the present, Mr. Speaker, I object. We have a Rules Committee to take care of such matters.

SHOSHONE POWER PLANT

Mr. WHITE. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 6875) providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

RICHMOND, FREDERICKSBURG & POTOMAC RAILROAD CO.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution No. 18, which is on the Speaker's desk.

The Clerk read as follows:

Senate Concurrent Resolution 18

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to make the following correction, viz: On page 5, line 22, of the Senate engrossed bill, in lieu of the numeral "4" insert the numeral "14."

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 230.

The Clerk read as follows:

Resolution

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 8052, a bill to amend the Agricultural Adjustment Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendments the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to amend the rule as follows: On page 1, line 4, strike out the figures "8052" and insert in lieu thereof the figures "8492."

The Clerk read the amendment as follows:

Amendment offered by Mr. O'CONNOR: Page 1, line 4, strike out the figures "8052" and insert in lieu thereof the figures "8492."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. LEHLBACH. Mr. Speaker, reserving the right to object, and I do not contemplate objecting under certain circumstances to the unanimous-consent request, but the point occurs to me that the amendment is clearly out of order.

Mr. O'CONNOR. That is why I am asking unanimous consent to make the change. I admit it is not in order to offer the amendment.

Mr. LEHLBACH. It is to protect the procedure of the House that I make this statement. The rules provide that by motion from the floor one bill may not be substituted for another bill upon the same subject.

Mr. O'CONNOR. I agree with the gentleman.

Mr. LEHLBACH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. MARTIN].

The SPEAKER. The gentleman from Massachusetts [Mr. MARTIN] is recognized for 20 minutes.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from New York.

Mr. ANDREWS of New York. Mr. Speaker, I thank the gentleman from Massachusetts who has yielded to me for a half minute in order that I may make an announcement in connection with legislation affecting veterans of the World War.

The gentleman from New Jersey, Mr. SUTPHIN, on January 3 introduced a bill, H. R. 1421, in the House to waive all interest on veterans' service-compensation certificates. This particular measure seems to be the best drawn of all the bills which have been introduced to accomplish its purpose for the veterans. On Saturday I filed a petition at the Clerk's desk to discharge the Ways and Means Committee from the consideration of this bill, so that the Members will have an opportunity to vote upon it. I understand the American Legion and the Veterans of Foreign Wars are solidly behind this measure.

Mr. MARTIN of Massachusetts. The processing tax is a Roosevelt tax on the necessities of life; upon the poor man's food and clothing. It falls hardest upon the submerged millions and prevents them from seeing a little sunshine. These taxes bring poverty, distress, and despair to millions of Americans and benefits temporarily to only a small part of our farming population. In the end, the tax will be a Frankenstein to the southern and western farmers, who are being lured into a blind alley, at the end of which is destruction to the farming industry through the loss of markets both at home and abroad.

This bill not only seeks to strengthen the legal status of the processing taxes but also would bar equity suits for the recovery of such taxes which it is claimed were unlawfully assessed. Think of that. They take taxes from a man and then deprive him of the opportunity of seeking justice in courts. If such legislation can be held constitutional, I would be greatly surprised. As a matter of fact, the constitutionality doubt runs all through this legislation and is prompted through the spirit of might makes right and does not contemplate the even justice for which England and America have hitherto been noted.

A new policy of export subsidy is included in this measure. It has been only slightly debated and may have far-reaching effects on industry. Unquestionably it will for a while cause exports to be suspended. No one will care to buy goods unless urgently needed while they wait for the announcement of how much of a subsidy is to be paid. Its effect on home industries and particularly the cotton-spinning industry is quite likely to be harmful. With all his present handicaps the cotton spinner of the North and South will be obliged to compete with a foreign manufacturer getting his raw material at a cheaper figure. It may result in a two-price system and that can result only in uncertainty and unsettlement at a time when business needs most stabilization.

When the bonus to veterans was pending the President came out strongly to insist upon some method of paying the increased costs. I ask if he will take a similar position on a bill which would divert one-third of the custom receipts to an export subsidy. That will leave the Treasury $125,000,000 at least poorer off and eventually will mean new taxes. Why not demand now, as in the case of the veterans, that the taxes be provided? Who is going to be assessed for this new adventure?

Let us look at the record of the 2 years of cotton-processing tax.

There is distress and increased unemployment in the cotton mills; many factories have closed their doors for all time and the employees have been forced upon the tender mercy of charity. And it is no small disaster to a country when an industry employing 500,000 workers and giving a livelihood in one way or another to 10,000,000 people is pushed to the brink of disaster. Hundreds of thousands of cotton-field workers and handlers of cotton have lost their employment. The suffering in some of the cotton-field sections has not been so acute at any time since the days following the close of the Civil War. The promised abundant life is a ghastly joke to these undernourished and suffering Americans. The politically minded farmers may be improved but not the real workers and the toilers of the South. They have been forced in many instances to leave their homes and in a number unparalleled in modern times have sought an opportunity elsewhere. I have read a newspaper item where it is estimated in the State of New Jersey alone there are over 100,000 former workers in the southern cotton fields on the relief rolls.

More unemployment in the cotton mills means more on the relief rolls. It means declining valuations of mill property for tax purposes, and that in turn means no hope of restored pay cuts to underpaid policemen, firemen, school teachers, and other city employees. It means declining revenues for the merchant, the baker, and the candlestick maker. In brief, I know of no better way to spread the poverty of cotton manufacturing communities than to pass this bill.

The avalanche of protests from cotton manufacturing communities a few weeks ago spurred the President to appoint a Cabinet committee to investigate the effects of the processing tax and foreign importations upon the American textile industry. Hearings were held and the industry presented its case. Weeks have passed and we have been waiting patiently for a report upon the results of that study. And before any report has been made as to whether the cotton-processing tax is for good or evil, this bill is brought in to strengthen the law and to freeze the tax. Moreover, it is brought in with the full approval of the administration or manifestly it would not be here.

Does this mean, as many suspect, that the supposed investigation of the Cabinet committee was merely for show purposes, to put the industry and its employees off their guard? Does it mean the case was tried before a hung jury? Does it mean we were licked before we started? I ask, in all earnestness, is this the kind of treatment the cotton-textile communities of this country must expect from this administration? There is one thing which the enactment of this law will do. It will tell us in no uncertain terms just where we stand in the consideration of this administration and what we can expect for the future.

New York City lately has been the scene of many food riots. Food shops have been picketed and the people have demanded prices which will permit them to live. A California city has experienced similar demonstrations. Continue this administration policy and you will find the scene enacted in every densely populated city in this country. The people who dwell in the cities are willing to pay good farm prices but they must have the earning power to pay the prices. They will not tolerate a policy which stands for high living costs and a low wage scale.

How is the poor man going to pay these high prices, when his purchasing power is at a very low level? How much food and clothing can he buy at the new wage scale recently established for relief workers by President Roosevelt, in some instances $19 a month and varying from 23 cents an hour in towns under 5,000 population and 31.7 cents in cities in excess of 100,000 population? With 23,000,000 people being cared for through relief, the demand is not for higher prices, which further impoverish the under dog, but for increased purchasing power that he may buy these necessary goods.

The farmer can read his answer in the 22,000,000 more pounds of fish handled through New England ports in the first 3 months of this year over the same period in 1934. He can read his fate when it is realized in the same period the American people consumed 756,000,000 less pounds of beef, veal, and pork than they did in 1934.

Continue this policy of scarcity and high prices and the end is ruin to the farmer who now thinks he is being aided.

The farmer can read his future in the increased importations from foreign countries. Bleached cotton cloth rose from 6,043,845 yards in the entire year of 1934, to 10,835,284 yards in the first 3 months of 1935. Cottonseed meal and cake importations were 474,014 pounds in the first 3 months of 1934, and in the same period this year there were 35,402,698 pounds.

Butter was imported to the extent of 127,501 pounds in the first 3 months of 1934, and this year, in the same period, the importations were 8,538,140 pounds. Corn entered in the amount of 50,051 bushels in the first 3 months of last year, and for the same period this year the importations were 7,017,558 bushels. Oats in March of 1934 were imported to the extent of 153 bushels, and in March this year, 2,596,241 bushels were brought in from foreign countries.

This administration talks of expanding foreign markets and then with characteristic zigzagging does everything to stifle the expansion. In the 9 months ending April 1, the cotton exports were 3,044,240 bales less and the accumulation of cotton in the hands of the Government are over 5,000,000 bales. These figures are worthy of serious consideration. We may continue through Government manipulation to postpone the evil day of adjustment, but come it will eventually, and when it does come it will shake the very foundations of the South.

Higher prices for the American fiber than its world prices bring brighter hopes to Brazil, Egypt, and India. They can continue to expand their fields and gain a firm grip on the foreign market. Brazil alone can raise more cotton than the South is now raising and with their ships running regularly to New England, there is something for the American cotton grower to think about when he scans the horizon of the future. If he can complacently contemplate a South with a 6,000,000-bale maximum production, he should support this legislation, for that is the goal toward which we are drifting.

Mr. FISH. I would like to ask the gentleman where he got his figures.

Mr. MARTIN of Massachusetts. These are supposed to be official figures.

Mr. FISH. The figures, as I understand them, are very much below the ones I have received. The gentleman, referred to imports of oats amounting to 2,000,000 bushels.

Mr. MARTIN of Massachusetts. Two and one-half million bushels in 1 month.

Mr. FISH. My information is that the imports amounted to about 12,000,000 bushels during the year.

Mr. MARTIN of Massachusetts. They went from 153 bushels to over two and a half million in just 1 month.

These figures show that there is no surplus or overproduction in this country.

There is eternal talk of surpluses and overproduction. It is idle chatter. There are no surpluses in this country. Millions of people are clamoring for food; millions more have gone for years without the clothing absolutely necessary for decency. Instead of making their plight worse by putting the costs beyond their reach, we should devote our energies to getting them work at real wages; to increase their purchasing powers. Do this and surpluses will vanish and we will have a sustained prosperity.

In the State of Alabama, last September, to show you the need for cotton cloth, there were thousands of school children who could not go to school until the relief authorities gave the cloth necessary to properly clothe them.

The progress of the rest of the world along the road to recovery in comparison to our record shows the folly of many of the Roosevelt experiments. Fifteen countries have started back on the recovery trail, Sweden leading with a 41-percent gain; Hungary is 33 percent ahead of 2 years ago; Italy, 31 percent; Germany, 26 percent; Japan, 17 percent; Canada, 17 percent. Only four countries are worse off than they were 2 years ago; Norway, 1 percent; Belgium, 3 percent; United States, 9 percent; and France, 16 percent.

When this legislation was brought into existence the President said frankly it was experimental, and if it proved unwise he would be the first to urge their discontinuance. The record shows plainly what is apparent to all except those who have a selfish interest, and in behalf of the American people he should discontinue a ruinous policy.

Mr. PIERCE. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. PIERCE. The country the gentleman represents has been made wealthy and prosperous by the tariff law. Does the gentleman think it is right to have a tariff law in the interest of a special group and deny it to the agricultural interests of the West?

Mr. MARTIN of Massachusetts. In reply to the gentleman, I do not believe in giving special tariff laws to any group of people. I believe in giving a tariff that will spread its benefits into the 48 States and give full protection to all of the American people. I do not believe in class legislation, I do not believe in special legislation, I do not believe in legislation that takes from one class of people and gives it to another class of people, whether they live in the North, the South, the East, or the West. That is the type of legislation now presented.

Mr. PIERCE. Is that the result of the tariff law?

Mr. MARTIN of Massachusetts. Oh, the gentleman is trying to draw a red herring across the trail.

Mr. HARLAN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. HARLAN. The gentleman in the early part of his speech gave out some figures. I should like to ask him where he got those figures?

Mr. MARTIN of Massachusetts. They were printed in yesterday's Sunday newspapers, in a report quoted from the League of Nations.

Mr. LEE of Oklahoma. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. LEE of Oklahoma. The gentleman gave the figures and said that the United States had fallen off 9 percent since 1932.

Mr. MARTIN of Massachusetts. The figures so show, taking the country as a whole.

Mr. LEE of Oklahoma. The gentleman would favor a protective tariff to keep out the importation of farm products?

Mr. MARTIN of Massachusetts. Absolutely.

Mr. LEE of Oklahoma. What would be the difference between a tariff on farm products and the processing tax?

Mr. MARTIN of Massachusetts. It is vastly different. If you put a processing tax on one industry—take cotton for instance—you put a 50-percent tax on the pay roll of that industry, and that industry is unable to bear the burden. The result is that you bring misery to great communities, you diminish purchasing power.

Mr. LEE of Oklahoma. Is not the processing tax spread out over all, the same as the tariff?

Mr. MARTIN of Massachusetts. No; I wish I had the time to go into that and explain the difference. In some instances it is spread out; where one is making novelties and has a monopoly; but in many mills in Georgia, North Carolina, and New England, where competition is keen, it cannot be passed along.

Mr. LEE of Oklahoma. Does not the gentleman think that the same argument would apply against the tariff now on manufactured articles?

Mr. MARTIN of Massachusetts. My answer is "no."

Mr. LEE of Oklahoma. Would not that be——

Mr. MARTIN of Massachusetts. I want to complete my answer. The people who work in the factories in New England, the South, and all over the country cannot compete with Japan and Czechoslovakia. They must have protection or they perish. When you pay good wages to the factory

workers you give them the purchasing power that makes it possible to buy the products of the South and the West. I do not yield any more.

Mr. Speaker, in closing, I think we should give serious consideration to the pending legislation, because it is vital. It is vital to a hundred million consumers of the country, who already are finding it impossible to pay the high prices. It is important to the farmer, and we all want a prosperous agriculture; but we do not want to ruin him while striving to give a little temporary aid. I do not believe this is a sound way to bring prosperity to the agricultural section of the country. I know it is very detrimental to 90 percent of the people. Let us go slowly with these un-American experiments. Let us stop trying to make water run up hill. Let us stop trying to do the fantastic and the spectacular, and let us give the American people a chance to live. In the last 150 years the American people have done fairly well when they had the opportunity to do so, and I believe they would again if given half a chance. What we need in this country is less experimenting and a restoration of confidence. [Applause.]

Mr. GREENWOOD. Mr. Speaker, I yield 15 minutes to myself. The gentleman from Massachusetts [Mr. MARTIN] began his discussion by saying that the Rules Committee had not discussed this particular bill in granting the rule. We had discussed the amendments offered by the Committee on Agriculture which covered all the points covered by the present bill, and a rule was granted. In the meantime the Supreme Court decision was rendered and they felt that the Committee on Agriculture should take some further time in revamping some of their amendments to make them come within the decision of the Supreme Court. Substituting the present bill with its amendments is merely granting the privilege of consideration that was granted by the first rule.

The gentleman from Massachusetts, of course, is opposed to farm relief that is based on the theory of the processing tax. I am a little surprised that a man from his part of the Nation that has used the powers of Federal taxation for more than half a century to build up manufacturing industries in New England, at a sacrifice of the consumers of the Nation of manufactured goods, should find fault with the theory of taxation which permits the Federal Government to levy a tax to bring relief to agriculture. By this bill we are not stifling production. We are doing what the manufacturers of New England and other portions of the Nation have done for many decades. We are planning a better production, a better marketing, a better distribution of farm products, so as to develop a better purchasing power in that largest group of all the American people, those who live on the farms of our Nation, so that they might buy the products from the factories. Because this tax is working there seems to be some opposition to it, but under the levying of a processing tax and paying that to the farmer who will cooperate with his Nation to curtail and plan his production there can be a better control of marketing and marketing processes and give more purchasing power to the farming class. We have raised the price of cotton from 5 cents as it was under Mr. Hoover's administration to 12 and 13 cents under this plan of agricultural relief. We have raised the price of hogs from 2½ to 7½ cents per pound and the price of wheat from 30 to 35 cents a bushel to in the neighborhood of $1. And the farmer is now going to receive some return on his investment and his labor, then he can buy shoes and clothing and other products of the factory in New England and other parts of the country. By this processing tax we are bringing a more uniform prosperity to all the people. The gentleman will remember that the farmers for 10 or 12 years have been in a position where they could not buy the products of manufacturing.

It is true that this bill proposes to use some of the money that is raised by tariff taxation to provide a subsidy to sell the surplus abroad if found necessary. Whether it will be necessary or not will be determined by whether the processing tax will bring returns to the farmer. The use of these tariff taxes will supplement present methods if found necessary

Mr. Wallace, before the Committee on Rules, said that they were reducing the surplus carry-over of cotton by approximately 1,000,000 bales a year.

In other words, the surplus inherited from the Republican Party by the Democratic is now being consistently reduced every year, and the price of cotton is up to around 12 cents per pound. I do not agree with the gentleman from Massachusetts that this is an unwise program or policy. It is right to solve the problems of the depression among 30,000,000 who live on the farms and give them a new hope and a purchasing power that they have not had, helping them to pay their debts and buy commodities which will promote industrial employment. Upon this foundation the hope of these 30,000,000 people for any permanent prosperity must rest, because it is the largest group of all and who are engaged in raising the raw materials that feed and clothe this Nation.

Mr. O'MALLEY. What is the sense of paying the farmers to curtail their crops when on the other hand the Department of the Interior is opening up new land to raise crops by irrigation and reclamation?

Mr. GREENWOOD. I would not divert the attention of the House to the policies of the Department of the Interior. I am not responsible for any particular project. I am arguing about the general policies of the administration of this law. The gentleman can reach his own conclusion about whether any particular project is wise or not. It does not enter into this debate.

Mr. FARLEY. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. FARLEY. Is it not true that the Department of the Interior is likewise buying up a great deal of submarginal land and retiring it at this time?

Mr. GREENWOOD. That is true. The Interior Department is retiring nonproductive land and helping to build up the Department of Forestry Reservation. In other words, we are engaged in a gigantic enterprise, and you can always check some one project against some other policy if you desire to do it. But this is a general principle of helping all classes that are producing farm products, to lift the prices of their products and their purchasing power, in order to help turn the wheels of industry and help all people.

Mr. DICKSTEIN. Will the gentleman yield for a question?

Mr. GREENWOOD. I yield.

Mr. DICKSTEIN. Has the gentleman's committee, or has the gentleman himself given any study to the constitutionality of this processing tax? If I am correctly informed, I feel that if the N. R. A. was unconstitutional, certainly the confiscation of property and the restraint of trade as it appears in the gentleman's own report, would seem to me to be unconstitutional.

Mr. GREENWOOD. The gentleman can take that up with the Chairman of the Committee on Agriculture after the House goes into the Committee of the Whole. I assume that that committee did study the constitutional features of this bill, because they revamped their amendments after the decision of the Supreme Court. I am sure he can give more and better information about that than a member of the Committee on Rules.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. CHRISTIANSON. The gentleman has given some figures showing that there have been increases in prices of agricultural products, and has told us that the increases were due to a reduction in the production. Does not the gentleman concede that most of that reduction was accomplished by the weather man and not by the Democratic Party?

Mr. GREENWOOD. I am not making that concession. I would say it was a contributing factor, but, according to my mind, it was a minor contributing factor.

Mr. CHRISTIANSON. Has the gentleman considered the fact that since the crop prospects have improved the price of wheat has dropped 20 cents?

Mr. GREENWOOD. There are always seasonal variations in that, according to the future production. I would not enter into any split-penny argument on that. There are variations at all times in the year because of future production. The prospect of next crop and the manipulation of buyers frequently cause fluctuations.

Mr. CHRISTIANSON. How much actual net reduction of acreage does the gentleman think the allotment plan has accomplished?

Mr. GREENWOOD. I am making the comparison that under the Republican administration under Mr. Hoover, wheat went down to 30 cents a bushel, and now it is a dollar a bushel. I say that on a comparative basis it justifies what we have done to decrease the acreage of wheat.

Mr. CHRISTIANSON. I assume, therefore, that the gentleman would give Mr. Hoover and the Republican Party credit for the good weather which produced the good crops?

Mr. GREENWOOD. I will give them credit for one of the worst depressions that ever hit the farming class in this Nation. It happened under a high protective tariff and under a gold standard and all of the sacred policies which they have always claimed was a guaranty to prosperity.

Mr. CHRISTIANSON. I would like to remind the gentleman that the agricultural depression did not begin in October 1929, but followed the adoption of the Federal Reserve order of May 1920, when Woodrow Wilson was President of the United States, a policy which was initiated by the Federal Reserve Board which he created.

Mr. GREENWOOD. I did not yield for a speech; but we had some pretty good times after that happened, between 1920 and 1930.

Mr. CHRISTIANSON. Under Republican administrations; yes.

Mr. GREENWOOD. The gentleman can get time from his side and can discuss all he desires these policies to which he has referred.

Mr. MEAD. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. MEAD. The interjection of a partisan motive by the gentleman from Minnesota [Mr. CHRISTIANSON] permits me to interject this little partisan idea: I understand that the "grass roots convention" O. K'd. the McNary-Haugen policy, and I understand that one of the distinguished leaders on the Republican side, candidate for President, also approves the McNary-Haugen bill. I wanted to ask the gentleman if that bill and every other similar effort to relieve agriculture was not killed under the administration of President Hoover and his immediate predecessor?

Mr. GREENWOOD. Certainly. I voted for every one of those, and a Republican President proceeded to kill them by veto.

Mr. CHRISTIANSON. Will the gentleman yield further?

Mr. GREENWOOD. I yield.

Mr. CHRISTIANSON. During the last 2 years the President of the United States and the Secretary of Agriculture have had the power to put into effect the principles of the McNary-Haugen bill, and they have not done so. Therefore, the present Democratic President is taking exactly the same position that two Republican Presidents took when they vetoed the bill.

Mr. GREENWOOD. I do not yield further.

Mr. MEAD. At least the Democratic President is taking an affirmative attitude.

Mr. GREENWOOD. The Democratic Secretary of Agriculture is putting into effect, and it is working, the contents of this bill which we are now proposing to continue with certain amendments which we think are essential.

I take it that the constituency of the gentleman from Minnesota is pretty well satisfied with the conditions as they now are compared to what they were under the former administration.

Mr. LEE of Oklahoma. If the gentleman will permit this observation, under Mr. Hoover they started out with the Farm Board and 16-cent cotton and wound up with 4-cent cotton. This program started out with 4-cent cotton and wound up with 12-cent cotton.

Mr. CHRISTIANSON. To be fair, the gentleman should note that the price declines during the latter part of Hoover's administration which he has cited were world-wide and resulted from a world-wide depression.

Mr. GREENWOOD. Mr. Speaker, I do not yield further to the gentleman from Minnesota. I do not yield to him now and have not yielded to him for a speech. He can make his speech later on.

Mr. Speaker, I have given comparative figures showing the progress we have made in agriculture under this bill. The farmers are now able to plan on a cooperative basis with the right to sign a contract with their Government, which they certainly have the right to do under the Constitution of the United States, and where they do they are compensated for cooperating with their Government. Crop reduction is encouraged and the surplus is being controlled, even in regard to cotton. The surplus is being reduced, and the price is holding up under crop reduction.

Mr. FOCHT. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. FOCHT. May I ask the gentleman in the matter of importation of agricultural products if he will please tell the House and tell the world how it contributes to the prosperity of the American farmer to import millions of tons of lard, millions of tons of butter, and hundreds of thousands of cattle from South America?

Mr. GREENWOOD. If my memory serves me right, we are operating under a Republican tariff at the present time, a tariff that was passed at a special session called by Mr. Hoover for the purpose, he said, of revising the tariff for the benefit of American agriculture.

Mr. FOCHT. If the gentleman will yield further, we are operating under a flexible tariff bill with a flexibility of 50 percent.

Mr. GREENWOOD. I do not recall that the President has used his powers to reduce on any of the items the gentleman has mentioned.

Mr. FOCHT. The gentleman still has not answered my question. Does the gentleman think it contributes to the happiness and prosperity of the American farmer to have this lard, this butter, and these cattle come in here in competition with his products?

Mr. GREENWOOD. I can agree with the gentleman on that, but I can say that a lot of those figures are not applicable; that farm policy has been effective in a great many places in stopping importations.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, must we again say to this House, and in emphatic language, that the cotton textile industry is not fighting farm relief? To say it is, is unwarranted, is insidious and false. In spite of the propaganda of the Department of Agriculture, in spite of the obstinacy of the Secretary of Agriculture, in spite of the 5,000 articles that have been issued from that Department, many of which have been strictly propaganda, tending to aline one section of the country against another, the cotton textile industry is not fighting agriculture. It is high time that these unwarranted attacks upon the textile industry are terminated.

We wish the farmer success. We will join in almost any form of relief for him that would not ruin our industry. Why help one industry only to ruin another and at the same time draw a picture depicting us as against farm relief? It is unfair; it is wrong; it may lead to serious trouble.

All we ask is that the tax be not placed on the back of one industry; find a broader base. We are not complaining about the benefits paid to the farmer. Take $100,000,000, if you please, by this bill from the customs revenues and pay it to the farmer and we shall not object. But why has Mr. Wallace been over the country attacking the textile industry? At Peoria, Ill.—think of such a speech, in which

he flatly stated that New England is opposed to the farmers' tariff! It is an absolute misstatement. Sixteen thousand farmers applauded and were made to believe it. As if the farmer already did not have all the benefits of a tariff on all agricultural products; and we want him to have it. Certainly he must be satisfied or he would have asked for more. If he needs more we would want him to have all he requires to protect him against foreign competition. Again I ask how it can be satisfying to collect this all from one industry and ruin that industry. That is the whole problem. Do not try to drag any other red herrings across this trail. We want the farmers to prosper and we shall be glad to vote for this bill if you will put in it any other way of financing the cotton-processing taxes.

There is another phase of which I must speak, the moral break-down of the nations of the world has made men everywhere fearful of their own governments. There has been put into this bill a provision—and I ask you to consider it carefully—that if any taxes have been illegally collected we shall have no redress against our Government for their recovery. That is indeed a new doctrine. It does not apply to any other taxpayer in the country. The only argument you can possibly make in favor of it is that it has already been collected from the consumer, and therefore the Government should not pay it back.

We have an abundance of evidence, which has been presented week after week to the Cabinet officers in their special sessions, that the textile mills have not been able to pass that tax on and have lost a lot of money in consequence; and it is their right under the law, their moral right, to reclaim it. It is dishonest to take it away from them. Practically all of these payments of taxes were made under protest, yet now the payers are to be stripped of their lawful rights.

If it is found they were illegally collected, they should have the right of recovery, and God knows they need it. Do not go on the assumption that they have taken it out of the consuming public, because generally they have not. Do not commit another unmoral act and again deliberately violate the Constitution.

Mr. PARSONS. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Illinois.

Mr. PARSONS. Naturally, of course, the gentleman would like to have the tariff for manufactured goods for New England, but the gentleman very well knows that the tariff for the protection of farm products, this being an export nation, has not worked.

Mr. GIFFORD. We will give you all the tariff you want. If you have not enough, we will give you more. We will give you all there is in this bill if you will not ruin our industry. I should like to have the gentleman take my place in New England today. I represent an industry that is being ruined, and there is no necessity for doing it. Why persist in this?

Mr. Speaker, why is it that the New England manufacturing industry is always attacked especially? Are there no industries located in Wisconsin, Pennsylvania, and many other States? The finger, however, is always pointed at New England, where exists only a small part of the manufacturing industry of this country. Why purposely destroy our textile industry?

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. I want the gentleman to have clearly in the RECORD that there is just as much industry in Illinois that shares in this as any other part of the country.

Mr. GIFFORD. Yes. But New England is always mentioned.

Mr. Speaker, we may take the floor again later, as we must do everything that is humanly possible to save our textile industry. The gentleman from Massachusetts [Mr. MARTIN] and myself are particularly affected. Why not let the burden of this tax fall upon a broader base or provide it from general revenue? The so-called "tax bill" reenacted today, was not for any one particular purpose.

Mr. PARSONS. The gentleman knows that for the last 15 or 20 years the American farmers of the Middle West and West have paid the tariff duties which have been levied for the protection of the industries in the gentleman's region.

Mr. GIFFORD. Perhaps, in a measure, but we have been very good customers of yours. When the South was down and out and could not build manufacturing plants, New England built them for it, that it might have a larger market for its cotton. We have lived in reasonable harmony ever since, until now this sectionalism feeling is brought forward. We want you to have this relief. We want you to have all there is in the bill, if you will remedy the one condition which can easily be done. Is that not fair?

Mr. KNUTE HILL. The gentleman said the farmer has been protected by the protective tariff.

Mr. GIFFORD. He is supposed to be protected.

Mr. KNUTE HILL. Will the gentleman explain how the wheat farmer was protected by the 42-cent wheat tariff when they were selling wheat for far less than that?

Mr. GIFFORD. Would he have that tariff repealed? Our industries have actually been threatened! Secretary Wallace said at Peoria that if this processing tax is defeated they will take the tariff off manufacture. Would they still retain the tariff for the farmer?

Mr. KNUTE HILL. But just explain how the wheat farmers are protected. A 42-cent wheat tariff is of no value to the farmer when we export millions of bushels. The tariff could be $1 per bushel and of no benefit, as price on exported wheat sets price on all domestic wheat.

Mr. GIFFORD. It may not be effective, I agree with the gentleman. The "whole" question is, why make this one industry bear the tax, and bring about its ruin? That is all there is to the question.

Mr. LEE of Oklahoma. Why did not the "grass roots" convention condemn the A. A. A. then?

Mr. GIFFORD. Are we condemning the A. A. A.? No. We want you to have it. Are you people over there so blind that you cannot understand all we are criticizing is the method of collections?

Mr. LEE of Oklahoma. Where would you put the tax?

Mr. GIFFORD. Place it under the general revenues, of course.

Mr. McFARLANE. The gentleman wants a general sales tax.

Mr. GIFFORD. In whatever general tax is levied. You raised $500,000,000 today. Take it out of that.

Mr. LEE of Oklahoma. How can the tariff do the farmers any good when we are an exporting Nation?

Mr. GIFFORD. That is not the question. All that I am objecting to is the method of the collection of this tax. Can you not get that? Are you going to allow Secretary Wallace to portray it in this unjust manner, and pay for all the propaganda stuff out of the taxpayers' money? Why should he be allowed to poison the minds of the farmers against New England? It is wrong. It will have a lasting unfavorable effect on the Nation.

Mr. McFARLANE. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. McFARLANE. Have we not had that same kind of propaganda coming out of New England for years and years?

Mr. GIFFORD. No.

Mr. McFARLANE. Poisoning the rest of the country. We have heard all about the protective tariff to protect your industry and the South has heard it for years until you bled us to death and now we are tired of it.

Mr. GIFFORD. No. We had to build mills in order to manufacture your cotton. The people down there were delighted to have us do it. In general, farmers are protected today from foreign goods coming into this country exactly as the manufacturers are protected. A tariff is not required for cotton and we are glad to assist in this relief, if the collection of the tax is differently made so as not to destroy the industry itself.

[Here the gavel fell.]

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days after the House concludes its consideration of this bill to extend their own remarks on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8492, with Mr. Cox in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. JONES. Mr. Chairman, I shall yield to the gentleman from Illinois [Mr. BEAM] 45 minutes, with the understanding he will take care of those on this side who are opposed to the bill.

I now yield myself 30 minutes.

Mr. Chairman, I was a little surprised this morning to hear the gentleman from Massachusetts quoting with approval statistics furnished by the League of Nations.

This is not a partisan bill. The Committee on Agriculture for weeks has been trying to fashion a bill that would accomplish the purpose which was sought by the measure which was first enacted, a purpose which I believe is desired by all right-thinking American people. How well we have succeeded may be a matter of opinion, but I want to say that Members on both sides of the aisle, in the Committee on Agriculture, have worked earnestly. I regard this as the most important bill that that committee has ever presented to the House of Representatives.

The business of farming is the biggest individual business in America.

The farms and ranches of America include 986,000,000 acres. The total estimated value of these lands and improvements is $31,655,000,000. This does not include the value of farm personal property and equipment, nor does it include livestock. In round numbers there are 65,000,000 cattle, 26,000,000 milk cows, 51,000,000 sheep and lambs, 61,000,000 hogs. We produce annually great quantities of corn, wheat, cotton, barley, rice, flax, and many other commodities.

There is no other business in this land comparable to it either in value, volume, or number of people affected.

Engaged directly on the farm and ranch in the United States are about 30,000,000 people. Until recent years they were almost wholly unorganized. The farmer is the last great American individualist.

Mr. FISH. Mr. Chairman, will the gentleman yield for a question?

Mr. JONES. I am sorry, but I want to finish my statement. I will yield a little later. If I get into questioning now I shall not finish my statement.

Living thousands of miles apart, producing an infinite variety of crops in widely separated areas, the farmer has been hedged about by organized groups on every side. Had there been no legislation in behalf of these groups, had there been no regulations of commerce, had there been no trade barriers and no monopolies, he would have needed no legislation. I subscribe to the doctrine here and now that we ought to have a tariff for all or a tariff for none. [Applause.] Standing on a dead level with every other citizen, he could have fought his own battles, protected his own interests, and carved his own niche in the affairs of our common country.

However, for more than a half century this country has been breaking up into groups. These groups have descended upon our State and National capitals, insisting upon legislation to protect their interests. They have insisted upon trade barriers; they have insisted upon commercial regulations; they have insisted upon corporate organizations. They have secured all these privileges; they have organized vast companies and engaged in monopolistic practices.

Regardless of the merits or demerits of any of these matters, they have produced a situation and certain advantages in which the farmer could have no part. In the very nature of things the agricultural sections were bled white, with inevitable final paralysis. Just as the human body cannot properly function with a portion of it paralyzed, our economic structure is subject to the same inexorable rules. It became necessary to restore the purchasing power of the farmer if our Nation was to live and prosper.

This is the basis of the present move. It may not be—it is not—perfect. In many respects it may be crude, but it is an essential piece of machinery, and it is a short-sighted citizen who would scrap it because of apparent defects.

If these gentlemen whose sections have had some of these advantages—right or wrong, I am not going into that—can suggest a better plan, let them come in and lay it on the table, and we will talk to them; but we will not talk about backing up until they back up or present something else. [Applause.]

ACTION NECESSARY

Of course, this program is not perfect. If you will go down to the Smithsonian Institution and look at the first automobile that was built, you will find it almost has to be labeled an auto in order to be recognized as such. A man would be foolish to start anywhere in it; but did they run it into a ditch and junk it just because it was not perfect? We would not have done any of the fine things that have been done in America if we had deserted every new mechanical contrivance simply because it did not attain overnight the acme of perfection. I am proud of the fact that the Committee on Agriculture, representing the greatest industry in America, is determined to complete this circle and put every American on the same dead level of equality with every other American. [Applause.]

That is what we earnestly tried to do in this bill. Has the agricultural program accomplished anything? If you will put in deadly parallel the prices before the program started and the prices today, you will see that it has. Here are some of them:

Farm price of basic agricultural commodities

Commodity	Farm price, December 1932	Present price (May 15, 1935)
Wheat	31.6 cents per bushel	87.8 cents per bushel.
Rye	21.1 cents per bushel	62 cents per bushel.
Flaxseed	82.8 cents per bushel	1.56 cents per bushel.
Barley	19.3 cents per bushel	66 cents per bushel.
Cotton	5.4 cents per pound	12 cents per pound.
Corn	18.8 cents per bushel	84.8 cents per bushel.
Hogs	$2.73 per hundredweight	$7.92 per hundredweight.
Beef cattle	$3.41 per hundredweight	$6.80 per hundredweight.
Rice	40 cents per bushel	86 cents per bushel.
Peanuts	1.2 cents per pound	4.4 cents per pound.
Wholesale milk	$1.26 per hundredweight	$1.73 per hundredweight.
Butterfat	21.1 cents per pound	27.5 cents per pound.
Butter	21.3 cents per pound	27 cents per pound.

SEASONAL CROPS

	1932 seasonal price	1934 seasonal price
Tobacco	10.5 cents per pound	22 cents per pound.
Grain sorghums	19.1 cents per bushel	1.15 cents per bushel (May 15 price).

These increased prices were necessary to restore the purchasing power of the farmer in the interest of the common welfare of the country. This has not brought any commodity up beyond the range of a fair and just price.

BUSINESS PRACTICES

We grow used to certain things and they seem commonplace. A new practice causes comment.

It is interesting to hear business men criticize the farmers for adjusting their production when they themselves have been practicing the same thing for years and take it for granted.

No merchant buys a double stock of goods when conditions are bad; no manufacturer runs his mills full tilt when there

is no demand for the goods he is producing; no manufacturer of automobiles or implements constructs vast thousands of cars and plows which he knows he cannot sell simply because he does not believe in the doctrine of scarcity. And yet he criticizes the farmers for practicing the same policy which he would not think of abandoning in his own business, simply because overproduction would ruin his prices and bankrupt him. It will have the same effect on the farmer or anybody else. It is the A B C of business.

Through depression years industry in the main reduced its volume and largely maintained its prices. Agriculture largely maintained its volume and its prices were greatly reduced.

I have in my hand an interesting table. Let us assume that both agricultural production and industrial production were 100 percent in 1929. In 1932, agriculture had reduced her production 18 percent, while industry had reduced her production 59 percent. By what species of logic can industry criticize agriculture when industry had decreased its volume three times as much as agriculture?

What was the result of this reduction on the price structure of the two? Agricultural prices went down to 46 percent of the 1929 level, while industrial prices went down to only 79 percent. In other words, industry reduced its production nearly three times as much as agriculture, and by inverse ratio agricultural prices went down nearly three times as much as industrial prices went down. By what form of glorified logic can the business man justify the one while criticizing the other?

If industrial production had been continued at the same ratio during the depression years that agricultural volume was maintained, automobiles would probably have sold for $100 apiece, plows would probably have sold for $10 apiece, and other commodities in proportion. No; the whole philosophy of the agricultural adjustment program is to apply business principles to agriculture.

In spite of defects; in spite of captious criticism; in spite of violent protests by affected interests that have long profited at the expense of the farmer, many fine results have been achieved without unfairness to the other citizens of our country.

NECESSARY CHANGES

The whole reduction program was an adjustment, a deck-clearing proposition. We are now moving into the long-range program, not to abandon what we already have, but to improve it. We strike out the word "reduction" by this amendment, and we insert the word "adjustment." The processing taxes are collected and paid into the Treasury. It is a general tax. The money is paid into the General Treasury, and a similar amount is appropriated for specified purposes. Under the original program, the benefit payment could be made only for reduction. We realize that world trade is important. Any man who does not, any man who will simply cry that we have better prices and therefore do not need to pay any attention to world trade, has not half thought through this proposition. We all recognize the importance of world trade. Of course, other countries will have to recover before they can purchase our commodities in large quantities. Much of their trade during the period from 1925 to 1929 was carried on with the money that was borrowed from us. It is not of very great value if you have to furnish the money to the man who buys your commodity, but as we get out of the mist of this thing, of course, our world trade must be increased.

PURPOSES

We add to the purposes for which the funds may be used not only adjustment in production but expansion of domestic and foreign markets, a removal of surpluses, and the paying of premiums on the domestic percentage, a two-price system that is used in many countries; and the Secretary may use any or all or a combination of any or all of the various plans in carrying out the purpose of the Agricultural Adjustment Act which is simply to restore the price of the farmer's product to a parity, to the same purchasing power that he had before we got into all this trouble through which we have passed since 1929. With the processing fee added it simply makes up that price and compels a fair price to the farmer for his product. The amendments broaden the program and fit it into the new and changing conditions.

A special fund is made available for the exportation of products of American agriculture. That may be very desirable. It certainly tallies with the program many of the critics say they are interested in. We cannot see anything wrong with that course. So long as we have trade barriers and tariffs which protect certain commodities, I cannot see any reason why that protection should not also go to the others. When a man grows a bale of cotton or a bushel of wheat, harvesting one in the hot July sun and picking the other under a blazing September sky, and carries them to market, he has a right as an American citizen to the same market conditions as any other man, and until somebody can show us a better plan I say let us ride on this train.

NONBASIC COMMODITIES

There are certain commodities classed as basic commodities; a distinct program is available for them. There are about 2,000,000 farmers engaged in the production of other commodities that do not lend themselves to the character of program that has been handled in the main as covering basic commodities. An effort was made at the time of the passage of the original act to have marketing agreements and a licensing provision to carry out those agreements so that these other commodities could be given a part of the protection in price adjustments in markets that was given to the basic commodities. The principal ones on which there seems to be an opportunity of planning something are milk and its products and fruits and vegetables. In the light of the Supreme Court decision it was thought wise to limit those products at least to the main ones until such time as we could work out a program that would meet all the requirements of the Supreme Court decision. I believe that especially on milk and its products we have succeeded in accomplishing that purpose.

ORDERS

The program for these commodities is covered by what is termed "orders" in the proposed amendments. These orders may cover only the marketing in interstate commerce of milk and its products, fruits, and vegetables, and two or three other named commodities, but do not include canned fruits and vegetables. We have undertaken to set out specifically just what these orders may and may not contain, thus furnishing a definite yardstick to guide the Department of Agriculture in making out the program under these "orders."

In reference to milk, the Secretary is given the authority to establish a minimum price to the producer. We believe this course is justified under the terms of the Supreme Court decision in the case of *Nebbia* v. *New York* (291 U. S. 502). In that particular case a State law fixing a minimum price to the producer as well as the resale price on the part of the handler was sustained by the Court. The Court commented on the fact that milk is an essential item of diet, that it is an excellent medium for the growth of bacteria, and that these facts necessitate safeguards in its production and handling for human consumption which greatly increase the cost of the business; that failure of producers to receive a reasonable return for their labor and investment over an extended period threatens a relaxation of vigilance against contamination; that it is a very important industry and that if price chaos is to prevail it would be difficult to maintain proper sanitary regulations in the field of production in such a way as to protect public health.

In passing on this question, the Court states that—

Neither property rights nor contract rights are absolute, for government cannot exist if the citizen may at will use his property to the detriment of his fellows or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest.

The Court also uses the following language:

The Court has repeatedly sustained curtailment of enjoyment of private property in the public interest. The owner's rights may be subordinated to the needs of other private owners whose pursuits are vital to the paramount interests of the community. The

State may control the use of property in various ways; may prohibit advertising billboards except of a prescribed size and location, or their use for certain kinds of advertising; may, in certain circumstances, authorize encroachments by party walls in cities; may fix the height of buildings, the character of materials, and methods of construction, the adjoining area which must be left open, and may exclude from residential sections offensive trades, industries, and structures likely injuriously to affect the public health or safety; or may establish zones within which certain types of buildings or businesses are permitted and others excluded. And, although the fourteenth amendment extends protection to aliens as well as citizens, a State may for adequate reasons of policy exclude aliens altogether from the use and occupancy of land.

Laws passed for the suppression of immorality, in the interest of health, to secure fair trade practices, and to safeguard the interests of depositors in banks, have been found consistent with due process. These measures not only affected the use of private property, but also interfered with the right of private contract. Other instances are numerous where valid regulation has restricted the right of contract, while less directly affecting property rights.

The Constitution does not guarantee the unrestricted privilege to engage in a business or to conduct it as one pleases. Certain kinds of business may be prohibited; and the right to conduct a business, or to pursue a calling, may be conditioned. Regulation of a business to prevent waste of the State's resources may be justified. And statutes prescribing the terms upon which those conducting certain businesses may contract, or imposing terms if they do enter into agreements, are within the State's competency.

Legislation concerning sales of goods, and incidentally affecting prices, has repeatedly been held valid. In this class fall laws forbidding unfair competition by the charging of lower prices in one locality than those exacted in another, by giving trade inducements to purchasers, and by other forms of price discrimination. The public policy with respect to free competition has engendered State and Federal statutes prohibiting monopolies, which have been upheld. On the other hand, where the policy of the State dictated that a monopoly should be granted, statutes having that effect have been held inoffensive to the constitutional guarantees. Moreover, the State or a municipality may itself enter into business in competition with private proprietors, and thus effectively although indirectly control the prices charged by them.

Again, the Court says:

The due-process clause makes no mention of sales or of prices any more than it speaks of business or contracts or buildings or other incidents of property. The thought seems nevertheless to have persisted that there is something peculiarly sacrosanct about the price one may charge for what he makes or sells, and that, however able to regulate other elements of manufacture or trade, with incidental effect upon price, the State is incapable of directly controlling the price itself. This view was negatived many years ago.

I quote further:

If the law-making body within its sphere of government concludes that the conditions or practices in an industry make unrestricted competition an inadequate safeguard of the consumer's interests, produce waste harmful to the public, threaten ultimately to cut off the supply of a commodity needed by the public, or portend the destruction of the industry itself, appropriate statutes passed in an honest effort to correct the threatened consequences may not be set aside because the regulation adopted fixes prices reasonably deemed by the legislature to be fair to those engaged in the industry and to the consuming public. And this is especially so where, as here, the economic maladjustment is one of price, which threatens harm to the producer at one end of the series and the consumer at the other. The Constitution does not secure to anyone liberty to conduct his business in such fashion as to inflict injury upon the public at large, or upon any substantial group of the people. Price control, like any other form of regulation, is unconstitutional only if arbitrary, discriminatory, or demonstrably irrelevant to the policy the legislature is free to adopt, and hence an unnecessary and unwarranted interference with individual liberty.

I have quoted rather liberally from this opinion, because I believe the principles announced in the decision are controlling.

The decision of the Court sustains the price fixing on the part of the State of New York on the subject of milk. In the case of *Baldwin* v. *Seelig* (55 Sup. Ct. Rep. 497) the Supreme Court held that the State of New York could not constitutionally prohibit the sale within its borders of milk produced outside of the State and purchased from producers at less than the minimum prices fixed under the statute for the purchase of milk in New York. The Supreme Court held that this attempt by the State of New York to fix minimum producer prices for milk moving in interstate commerce was unconstitutional because it constituted an attempted regulation of interstate commerce.

In the case of *Lemke* v. *Farmers Grain Co.* (258 U. S. 50) it was held that a North Dakota statute which fixed the price to be paid for grain purchased from growers in that State was unconstitutional because the fixing of such producer prices was a regulation of interstate commerce and hence was subject to regulation only by Congress and not by the States.

The case of *Hammer* v. *Dagenhart* (247 U. S. 251)—the Child Labor case—for example, is not an authority against the constitutionality of the fixing of minimum producer prices for milk going into interstate commerce. In that case the Supreme Court held that the real purpose and effect of the child-labor law was to regulate the hours of labor of children in factories within States—a matter which has no relation whatever to interstate commerce.

The cases above discussed demonstrate that the purchase and sale of milk for shipment in interstate commerce is itself a part of interstate commerce. Congress is regulating a transaction which is a part of interstate commerce, not one unrelated to interstate commerce, as was the employment of child labor involved in the Dagenhart case. The only transaction regulated is the purchase of such milk by the distributor from the producer, and that purchase initiates the movement of milk in interstate commerce and is itself a part of interstate commerce.

In the proposed amendments we have painstakingly limited the application of orders that may be made by the Secretary to transactions in the current of interstate commerce which directly burden, obstruct, or affect interstate commerce. One phase of the definition used is approved by the Supreme Court in the case of the Chicago Board of Trade against Olson, and the other phase we believe to be authorized by the decision in the Schechter case.

Those are the principal things authorized by the proposed amendments, namely, allocation of the market and minimum price to the producer, and a fair division of that money to the producer without any discrimination as between different sections of the country.

Mr. ANDRESEN. Will the gentleman yield right there?

Mr. JONES. Yes; I yield.

Mr. ANDRESEN. Is there anything in the milk section of the bill which gives the Secretary authority to set up trade barriers and stop the free flow in commerce throughout the United States of dairy products?

Mr. JONES. No. There is nothing in the bill that would authorize that. The Secretary may require that in crossing from one region to another that they comply with the same conditions which the farmers and distributors comply with in that region.

Mr. ANDRESEN. That is, sanitary regulations?

Mr. JONES. Sanitary and other uniform regulations; but he cannot set up any trade barriers which would keep them out.

Mr. ANDRESEN. A great many Members have inquired about that feature, and I just wanted the gentleman to bring that out.

Mr. JONES. The amendments require a uniform price and uniform set of conditions and fair distribution. In the first place, I do not believe we could give authority to set up these barriers. In the second place, the bill does not do that. It simply enables them to have a program in one of these regions, and in developing these orders which the Secretary issues, he uses the word "region" wherever possible. Those on the outside must come into that.

Mr. CULKIN. Will the gentleman yield?

Mr. JONES. I yield briefly.

Mr. CULKIN. Under subdivision (b) on page 20, an exception is made of milk and its products. That is, the smallest regional production area shall be followed, except in the case of milk and its products.

Mr. JONES. But there is another place where it says that no order having a national application shall be issued where a regional order is practical. The reason we had to put this exception in this part as to milk was the fact that

in certain sections like the New York area there are two or three States that must be considered together in a regional application, and it may not be practicable to use the smallest region. It is subject to the requirement that if practical, the Secretary must use a regional rather than a national application.

I want to say that in reference to milk, we gave broad powers in handling the question of milk to the Secretary of Agriculture. The orders section takes the place of the old license provision, but with much more limited application.

I am very much interested to have something done for the milk producers of America. That is one of the most important groups engaged in the farming business. They have probably been about as helpless as any other group possibly could be, because they produce a perishable commodity. It is an essential food. They haul their milk to town and turn it over to somebody else, as a rule. I am going to show you some conditions that impelled the Committee on Agriculture to give full powers in the handling of milk and its products. If you will get the Federal Trade Commission's report which came out in the early part of April and see what an amazing combination has controlled the distribution of milk in the industrial centers of America, and how they have paid the farmer a mere pittance while sustaining their distribution price, you will realize that something must be done in regard to milk.

Mr. HAMLIN. Will the gentleman yield briefly?

Mr. JONES. I yield.

Mr. HAMLIN. I had before me in the office a week ago two men, both milk producers from Maine, one of them a big grange man, one of the leaders in Maine. He informed me that they were well suited with the way the milk business had been going in the State of Maine, and especially the way that it was pointing in the propositions which the Committee on Agriculture had before it. Was he justified in that?

Mr. JONES. I think we have gone as far as we can legally go in giving authority to handle this milk proposition.

Let me call attention to two things which were shown about these big milk companies. They averaged, during the depression years, 1929 to 1934, from 13- to 20-percent profit. One of the big companies, according to the report of the Federal Trade Commission, the National Dairy Products Corporation, received returns from two subsidiaries during the period 1929–34, which practically paid for the original purchase, when they were not paying the farmer enough to feed the old cow. I say that is not right. You cannot expect to have pure milk, you cannot expect to maintain sanitary conditions in the production areas if you allow those people, simply because they have the power, to charge the consumer prices that will bring about such profits as that, while they hold down what the producer is to receive.

The question of the powers conferred in connection with fruits and vegetables, and so forth, included in the terms of the proposed orders is not quite so clear. However, some of the elements involved in the milk decisions also apply to fruits and vegetables. The case is not as strong. The legality is not quite so certain. However, fruits and vegetables are of a perishable nature. The seasonal character of their production frequently causes gluts in the market which without some sort of orderly marketing arrangements produce chaos and tend to wreck the industry. There did not seem to be any other way of working out a practical program—at least no such program was presented. In order that an attempt might be made to work out a practical program for a vast and important industry, these items were included, with specific directions as to what the program might or might not include.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SAMUEL B. HILL. The committee's report, on page 1, in the second paragraph, reads:

> The bill proposes to supplement the Agricultural Adjustment program by (1) providing for the so-called "ever normal granary plan"; (2) providing for payments in connection with the exportation of basic agricultural commodities and products and for removal of quantities thereof from the normal channels of trade and providing for payments on that part of the production thereof which is for domestic consumption.

Will the gentleman briefly tell us what that provision is in the bill and how that is to be brought about?

Mr. JONES. If the gentleman will turn to the back of the report, to the page dealing with rental or benefit payments, he will find the particular section that is inserted and just how it will operate. I think he can go through that more quickly than I can explain it. That is among the enumerated purposes for which the proceeds of the processing fees may be used. The gentleman will find the new part set out in brackets, together with all of the old part of every section.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield myself 10 additional minutes, and I ask not to be interrupted during this period because there are two or three things I want to cover.

I believe this measure was originally drafted so that these processing fees would be sustained, but out of an abundance of caution, or precaution, we have stipulated in the bill that the Congress enacts the processing fees as they existed on June 1. Then we provide that they may be varied, may be decreased even to zero under certain circumstances by the Secretary of Agriculture, with a further stipulation that if that second provision for variation is held unconstitutional, the other taxes immediately become and remain effective.

It is also provided in certain sections of the bill that if any of the processing fees are held unconstitutional, a recovery cannot be had by the person who paid the tax. The reason for this is that in practically no instance has the processor actually paid the tax. He physically pays the tax, to be sure, but it is passed back either to the farmer or on to the consumer; so he has sold his commodity on the basis of the processing fee and the money could not be returned to the people who would be entitled to it. That phase of the matter, therefore, is foreclosed.

A SPECIAL FUND

The bill contains another provision to the effect that 30 percent of the annual customs receipts, or rather, a sum equivalent to that, may be used in the promotion of foreign trade and for other purposes designated in the act. About 30 percent of the American people are engaged in farming. It is thought that in many instances this provision will be helpful in restoring world trade, in which we are all interested. These premiums may be paid on the products of the commodity as well as on the commodity itself; and in most instances they probably will be paid on the products of the commodity. This will help restore American trade, and in addition it may soften some of the burdens of the other parts of the processing-fee program. In other words, it may in some instances reduce some of the burdens that are occasioned by the application of the various processing-fee provisions.

Among other things, a portion of this fund may be used for the paying of the premium for exporting farm commodities or the products thereof, or for indemnifying against losses in such exportation. The use of these premiums can in some cases and under some circumstances be made to serve the double purpose of removing surpluses and of increasing the price of that portion of the production which flows into the domestic market.

As shown by the experience in other countries, the domestic price immediately rises practically the amount of the premium. For example, let us assume that the world price of cotton is 11 cents per pound. A premium of 2 cents per pound is placed upon the exportation of raw cotton. Immediately the local price becomes something near 13 cents. Otherwise it will all be purchased by exporters and sent into foreign lands. If the exporters refuse to bid up the price, the cooperatives could make a good deal of money in doing so.

In Germany, where they have for years had what is called the "Einfuhrscheine" system—an export-import certificate—the domestic price of the entire commodity was im-

mediately lifted practically the amount of the export certificate, according to Dr. Grunzell, the German writer. It has exactly the same effect that the paying of premiums on a domestic percentage through the processing fee has. In both cases the domestic spinner is protected by virtue of the fact that he gets his premium in the one case and his refund in the other when he exports the products of cotton. As a matter of fact, I would expect it to be largely used in exporting the products of the various commodities, but the exporting of the raw commodity, in my judgment, would not have anything like the effect indicated by some. At least it has not proven so in other countries.

The following countries have export premiums in varying forms: Australia, Argentina, Chile, Estonia, Finland, France, Greece, Hungary, Irish Free State, Italy, Latvia, Lithuania, Netherlands, Poland, Union of South Africa, Uruguay, and Yugoslavia. Belgium used it for many years, as did England. In practically all these countries the raw commodity as well as the finished product was included within the terms of the bounty.

I wish I might take the time to go through the various provisions of the bill, but I will not in view of the limitations we have. There is one other provision to which I wish to refer.

Mr. MOTT. Mr. Chairman, will the gentleman yield before he leaves this particular phase of the bill?

Mr. JONES. I yield for a question only.

Mr. MOTT. I was very much interested in the gentleman's discussion of the way in which the control of milk was brought within the constitutional limitations. I think his argument is very good. I was wondering, though, whether he thinks the same argument would apply to other commodities, for example, walnuts.

Mr. JONES. I think certain phases of it would apply. The gentleman understands they are not required to use all of the powers that may be conferred. I freely admit that it is less certain about walnuts and commodities of that kind, but they have a marketing agreement under which they seem to be operating with satisfaction in certain areas; and it is thought they might be able to continue at least certain of those powers. It will vary with the locality. The program will be dependent upon subsequent decisions by the Supreme Court. They could use the marketing provisions and also orders that may seem to apply to those commodities. If we did not permit many of the commodities to be included in that way, we would have to have a different set of forms for every specified commodity.

Mr. MOTT. If the gentleman has time to discuss the constitutional aspects of the law as applied to some of these other commodities, I think it would be very enlightening to the House. I want to take this occasion to compliment the gentleman on his argument.

Mr. JONES. I thank the gentleman. The gentleman will find a brief discussion in the report, and I expect to touch on those particular commodities later. I will state that some of the provisions probably cannot be applied as to certain of these commodities. The only reason we give the full powers to milk and its products is because the situation was so desperate; and the operations of some of these concerns amounted almost to the acts of highwaymen. They have been so outrageous that it seems to me we ought to try to see if we cannot bring them to account. I believe we have brought them literally within the terms of the Schechter case, followed by some of the implications in the Minnesota case, the Lemke grain case, and also the Baldwin case.

I shall not have time to go into a discussion of all the phases of the bill because of the limitation of time, but there is one other matter which I regard as important, and that is in regard to the measure of feeling with which certain gentlemen have complained of this bill. I believe if they fully understood the terms of this measure they would vote for it, even those who criticize it here today.

IMPORTS

We have included a provision covering imports to the effect that if the levy of a processing fee is causing an increase in the importation of a competing commodity, that commodity may be quotaed so far as its importation is concerned, just as sugar has been quotaed. In other words, if some competing commodity is brought in in increasing quantities, authority is given to freeze the importation on the basis of previous importations and thus prevent a further destruction of the domestic market. This has proved successful in the handling of sugar. This is much more effective than the gentleman's tariff that he talks so much about because that may be nullified through a variation in the exchange value of money. I believe the situation can be controlled by a quota. If it is logical and natural to say to a farmer what he may sell, the foreign producer who exports to this country should also be put on a like quota.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Wisconsin.

Mr. SCHNEIDER. With reference to the proposed tariff on imports, there is a feature a good deal like that appearing in the National Industrial Recovery Act.

Mr. JONES. I am sorry. I do not have time to discuss that act. The provision is somewhat similar, though I think this one is infinitely better.

Mr. SCHNEIDER. It is very important to the consideration of this bill.

Mr. JONES. This is greatly improved over the National Recovery Act.

Mr. SCHNEIDER. Under the National Industrial Recovery Act, industry has not been——

Mr. JONES. I am sorry. I cannot yield to the gentleman further. I apologize to all the Members for not being able to yield further, because I have used 7 minutes more time than I had allowed myself.

This will give the authority to take certain action. It is mandatory only under certain circumstances. I am not going into a full discussion of the other matter, because there would be no end.

A SOUND PROGRAM

Mr. Chairman, I believe in the agricultural program. I believe in its purposes. I believe that it is in the interest of the future of America. I do not take any stock in what certain people say who are afraid our Government is going to fall or something is going wrong. I believe in the United States Government, her history, her institutions, and her purposes. Knowing the glory of her past, I believe in her future. There is too much stamina, too much character, too much industry in the background of the American people to have our country destroyed in a few years. The point is that we must keep our heads above water and keep right on working. It does not do any good to stand on the side lines and howl. We must get together, consult with one another, and work toward a program that will be fair to every citizen in this land.

Mr. Chairman, I believe the measure which we have presented here today in the form of amendments to the A. A. A. Act will go a long way toward perfecting a farm program. It will go a long way toward making it more workable and allowing for a generous supply of all commodities of the farm to be available at all times. It will contribute materially to the welfare of our country. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 1 additional minute to answer a question.

Mr. LORD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from New York.

Mr. LORD. I should like to ask the gentleman how this bill will affect the milkshed of the city of New York. For instance, in New York there is what is called a "milkshed" set up by the board of health around New York. Beyond that territory they cannot ship into the city. What effect would this have upon that situation?

Mr. JONES. This will not have any effect on that matter, because we do not forbid the milk being shipped in. We cannot control intrastate operations. If it is wholly within the State we have nothing to do with it. The courts have held that a State cannot keep it from being shipped in from without the State. We undertake to control only the latter.

Local people will largely control the program. Within the State, of course, such laws may be enacted as the State deems proper. We do not undertake to keep them from shipping in, and we do not authorize them to ship in. We say when they ship from some other State they must ship in subject to the same regulatory measures that exist in the particular area. In many instances the States may wish to enact supplementary legislation, if they wish to make the program fully effective.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I wish there was time available to discuss the terms and conditions of this bill. As stated by the distinguished gentleman who just finished speaking, the Committee on Agriculture has spent several weeks in an earnest effort in regard to this measure. There has been much propaganda put out about this bill. I do not believe there has ever been a measure that has been less understood than has this bill; at least in its original form. There was propaganda put out that every merchant and storekeeper would be licensed under this act. Of course, there was some justification for that in its original form, but this bill has been rewritten time and time again in committee. There was propaganda, which was equally false, that the Agricultural Adjustment Act itself was under attack and that if these amendments were not passed it meant the downfall of the Agricultural Adjustment Act. Neither of those contentions was correct.

Mr. Chairman, I have stood in opposition in the past, and I still stand in opposition, to delegation of any further authority of a compulsory nature to the Secretary of Agriculture. That has been one of the things that I have been fighting against in the consideration of this bill in the Committee on Agriculture. May I say particularly to the Members on the minority side that the only particular in which I am able to determine that there is any additional authority conferred upon the Secretary is found on page 10. On that page there are named the commodities concerning which it may be truthfully said that some additional authority has been conferred.

Mr. CRAWFORD. Will the gentleman yield?

Mr. MARSHALL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is not the Secretary's power to issue orders on those particular commodities limited to a marketing agreement first?

Mr. MARSHALL. Yes.

Mr. CRAWFORD. Which marketing agreement has to be approved by the producers of those commodities?

Mr. MARSHALL. Yes; by at least 50 percent of them. If 50 percent of the processors, regarding milk and tobacco, will not accept the marketing agreement as submitted to them, then an order may be issued by the Secretary if 75 percent of the producers ask for it. That is the extent of the additional authority that is conferred under this bill upon the Secretary of Agriculture.

When you take the bill as a whole I am willing to say there has been no further delegation of authority to the Secretary of Agriculture, because this bill sets out the terms and conditions of these marketing agreements, whereas the original act left that almost as a roving commission in the Secretary. He could put almost anything he pleased in these marketing agreements. These marketing agreements are now limited and the measure now under consideration specifies one or the other of two things that must go into these marketing agreements and none other.

So I have come to the conclusion that it cannot justly be said with respect to this measure that as a whole any further authority is conferred upon the Secretary of Agriculture.

There is also in this bill a provision that further curtails the authority of the Secretary, a provision in regard to the processing taxes. In the original act there was not much said about that, except it gave the Secretary authority to levy the processing tax; but in this measure there has been an attempt made in the rewriting of it, particularly since the decision of the Supreme Court in the N. R. A. case, to restrict and define as nearly as possible in advance, what these processing taxes are to be. So, again, I say that in some particulars the powers conferred upon the Secretary have been restricted rather than enlarged.

In the brief time I have I want to call your attention to the part of this bill, beginning on page 49, which is about the last of the bill, section 22, dealing with imports. This is something, of course, that is not in the original A. A. A. act. There is given to the President of the United States authority to make an investigation and refer the matter to the Tariff Commission, and without reading the language of the bill I may say that it places in the President and the Secretary of Agriculture the power to stop the importation into this country of farm commodities.

Now, I hope that the President of the United States will use this part of the bill. To my mind it is the best part of the bill. The President has had authority to act along this line under existing law, but he has not yet done so; but the provisions of this bill, in my opinion, become almost mandatory upon the President of the United States when this investigation is made if he finds that the imports are doing harm to this country.

Mr. SCHNEIDER. Mr. Chairman, will the gentleman yield there?

Mr. MARSHALL. Just briefly.

Mr. SCHNEIDER. The provision in the National Industrial Recovery Act is a good deal the same as this provision and many of the industries affected, because of the increase in the cost of production, asked for the application of that tariff restriction and the imposition of a quota under that act and the request was not granted by the President. What reason has the gentleman to believe now that the President is going to accede to the request in this instance and apply the tariff to this proposition?

Mr. MARSHALL. I cannot speak for the President and I do not know whether he is going to do so or not, but I just got through expressing the hope he would use what I consider the best feature of the bill.

Mr. SCHNEIDER. I am wondering if anyone on the committee has any such assurance.

Mr. MARSHALL. Of course, the gentleman knows that I would not know about that.

Mr. SCHNEIDER. May I also call attention to the fact that the tariff on butter now is 14 cents——

Mr. MARSHALL. I only yielded for a question, and I hope the gentleman will ask his question.

Mr. SCHNEIDER. The parity price of butter now is 39 cents, and the world price, plus the processing tariff, is 28 cents, or a differential of 11 cents, and applications have been made to the President for an increase in this tariff to protect the dairy industry, and yet it has been impossible to get an increase in this tariff, and with this situation in mind, how can we expect the enforcement of this provision if the President is opposed to an increase in the tariff?

Mr. MARSHALL. I cannot give the gentleman any assurance. The gentleman knows I could not give him any assurance about what the President is going to do.

Mr. SCHNEIDER. I think the House ought to have that information if anybody here has it.

Mr. MARSHALL. The gentleman will have to ask somebody on the other side. The gentleman cannot burden me with a question of that kind. I wish I could assure the gentleman that he would use this provision of the bill.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question on that point?

Mr. MARSHALL. I would rather finish my statement first, but I yield to the gentleman from Oregon.

Mr. MOTT. Since the gentleman has expressed the hope that the President might put this provision into effect, and since we know from past experience that he will not do it, is not the gentleman of the opinion that an amendment ought to be offered making the imposition of a quota or an embargo mandatory, and write it into the bill itself?

Mr. MARSHALL. I am not going to advise the gentleman as to what kind of amendments he may offer. The gentle-

man has that privilege under the rule, and I personally would not object to it, I may assure him.

Mr. MOTT. I thank the gentleman.

Mr. MARSHALL. Now, in regard to these imports, I want to submit the following data showing the vast increase of farm-commodity imports.

CORN

In January and February of this year our corn imports were at the yearly rate of 22,000,000 bushels, as compared with 160,000 bushels in 1933.

CATTLE

In January and February of 1935 cattle imports into the United States amounted to 729,500, as compared with only 591,000 for all 12 months of the previous year. Cattle are coming into the United States at a time when up to April 18 we have spent $111,000,000 at home to destroy cattle and to take care of the destruction of cattle. The imports were nearly 30 percent greater in 2 months than they were in all of last year.

CANNED MEATS

In January and February of this year we imported 8,390,000 pounds. If continued this would amount to 50,000,000 pounds a year of canned meats.

BUTTER

In January and February of this year we imported butter at the rate of $4,000,000 a year, compared with $160,000 in all of 1933 and $183,000 in all of 1934.

OATS

We imported 3,762,000 bushels in 2 months as compared with 132,000 bushels in all of 1933.

BARLEY

We imported 1,500,000 bushels in 2 months, as compared with 24,000 bushels in all of 1933.

COTTONSEED-OIL CAKE

We imported in the first 2 months of this year at the rate of 312,000,000 pounds a year, compared with only 7,000,000 pounds in all of 1933.

It is contended that the volume of the imports that are coming in is so small when compared with the total production, that it does not mean anything, but I may say to you that the tendency is so strong and that the rate of increase of these imports is so great that you will be fooling yourselves if you do not wake up to the fact that the farmers of the United States realize the vast rapidity with which these imports are increasing into this country. I am not going to take the time to read the figures, because they have been given you.

I may say, further, in regard to the original Adjustment Act, that I think it is a little early for anyone to point to the success or failure of the act under which we have been living for a couple of years, and the reason I say this is because, as you all know, it is hard to legislate in regard to agriculture, because you have the element of nature with which to contend, and I do not believe there is anyone who can point out just how much of the increased price of farm commodities to the farmer is due to the curtailment program, under the A. A. A., and how much of it is due to the drought.

I am fearful that if we have good weather, favorable weather, for a couple of years we may again have a surplus which always breaks the price. I feel that we must look to the future, and in some way put ourselves in the position of taking care of the surplus in a manner that will not break the price, and we must curtail production to that end, until we do solve the surplus problem.

Here is another thing to which I want to call your attention. It looks to me that it would be an act of insanity to levy a process tax, which we will have to admit increases the cost of that article to the consumers of America, and at the same time permit the farmers of Europe to send their products into this country in competition with the products raised by our farmers. Under this bill the Secretary can use the fund derived from the processing tax to pay a benefit to the exporter in financing exports and 30 percent of the customs receipts can be used for that purpose also.

Mr. GILLETTE. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. GILLETTE. Speaking of the increased power given the Secretary of Agriculture, does not the gentleman think that under the change to the word "adjustment" it is possible for the Secretary to pay for an increase in crops as well as reducing crops?

Mr. MARSHALL. Yes; he can.

Now, as to whether or not the Agricultural Adjustment Act and the levying of the processing tax is a sound proposition, I want to say that if it is not a sound proposition it will not continue to survive.

I have tried to justify the processing tax on the same line of reasoning that I always justified a protective tariff. I am one of those who used to believe and still believe in the good American principle of protection. I am trying to justify the processing tax along the same line. What is the parallel? When you levy a tariff you not only increase the price of that commodity but you increase wages for the benefit of the American workman, and he spends the money which is for the benefit of the country at large.

The processing tax is in the same situation. It increases the price to the consumer but it also increases the purchasing power of the farmer, and to that extent it is for the welfare and benefit of the country at large. I like to justify the processing tax on that theory. If you cannot do it on that I do not know on what theory it can be justified.

Mr. FULMER. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. FULMER. In the line of what the gentleman has just said, I cannot see any difference between a processing tax and my paying 20 percent tariff tax on the shoes I have on my feet, which tax is to protect the shoe manufacturer of New England.

Mr. MARSHALL. I have said that I am trying to justify it in my mind on that same ground. So far as the constitutional question is concerned, I am not going to discuss, particularly because, after all, it will be the Supreme Court that will have to determine that question, but I do believe that the bill will come more nearly standing up under the scrutiny of the Supreme Court with the adoption of these amendments than it would have before they were adopted. I believe the bill has been rewritten in the committee with that in mind and without expressing my own opinion as to what I think the Supreme Court decision will be when the measure reaches the Supreme Court, I believe the bill's position has been strengthened along that line.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. ENGEL. One question in my mind, and perhaps in the mind of many, is this: If I understand this bill correctly, 75 percent of the farmers can ratify or sign the agreement, or two-thirds.

Mr. MARSHALL. Yes; I do not know just exactly to what part of the bill you refer. Of course, marketing agreements must be entered into purely as a voluntary proposition with 50 percent of the processors. That is the only kind of a marketing agreement possible under this law, except as to milk and its products, and tobacco. Turn to page 10; you will find the commodities to which applicable. In other words, the most controversial feature of the bill before it was rewritten was what was called the imposed license.

This bill has no imposed license feature, but it does grant authority for the Secretary to issue orders, and page 10 tells what commodities these orders apply to, except in the case of milk and its products, fruits, but not for canning, vegetables, but not for canning, and tobacco. Those are the only commodities in regard to which orders can be issued. As to other commodities, for instance, fruit except for canning, there can be marketing agreements entered into, but they must be purely voluntary. There is no provision for marketing agreements to be forced on people at all. In other words, the only place wherein this bill confers any additional authority on the Secretary is to issue orders in regard to milk and its products, and tobacco, and fruits and vegetables, except for canning. Outside of that there is no compulsion.

Mr. EKWALL. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. EKWALL. I have had a lot of protests from my district over what the gentleman has mentioned in the old bill. What is the difference between the old bill and the new bill? How much more far-reaching was the old bill as to commodities and the number of commodities to be licensed?

Mr. MARSHALL. Until last week when the bill was rewritten there were several more commodities that came in under the compulsory license or what was then called an "imposed license." Several more articles came in, but it is limited to the things I mentioned—milk and its products, tobacco, and fruits and vegetables, except for canning.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. DITTER. Page 25, section 8 (d), is an entirely new delegation of power to the Secretary, is it not?

Mr. MARSHALL. Yes.

Mr. DITTER. In other words, the Secretary is clothed under this section with very extensive powers to inquire into, determine, and procure records of not only producers themselves, that entered into the agreements, but even those that are subsidiaries or indirectly connected with it. Will the gentleman give us his opinion with respect to that delegation?

Mr. MARSHALL. That authority is much more limited than it was when the bill was first considered in our committee, because it is confined here, if the gentleman will notice, to the commodities concerning which orders have been issued, which is milk and its products, tobacco, fruits and vegetables except for canning, and also where there is a voluntary marketing agreement. In other words, if the processors of some commodity, over 50 percent of them, agreed on a voluntary marketing agreement and adopted it, then they come under this provision and their books would be subject to investigation.

Mr. DITTER. And anybody directly or indirectly identified with them.

Mr. MARSHALL. I question just how far that will be extended.

Mr. WOODRUFF. Mr. Chairman, reverting again to the marketing agreements, if this bill is enacted can the processors of basic commodities engage in marketing agreements provided 51 percent of those enter into it?

Mr. MARSHALL. The marketing agreements never applied to any commodity that had been made a basic commodity.

Mr. WOODRUFF. And cannot under this bill?

Mr. MARSHALL. No.

Mr. DONDERO. And what becomes of the other 49 percent? Suppose 51 percent agree to a marketing agreement voluntarily, what effect does that have on the other 49 percent?

Mr. MARSHALL. They must comply.

Mr. DONDERO. What will happen if they do not?

Mr. MARSHALL. I do not know.

Mr. CHURCH. Does the gentleman consider that feature constitutional in his own mind?

Mr. MARSHALL. I seriously questioned the constitutionality of the original A. A. A. Act. I think it has been safeguarded somewhat by these amendments. I believe it will more nearly comply with the Constitution.

Mr. CHURCH. Then I have to assume that from the gentleman's answer that it is unconstitutional in his opinion?

Mr. MARSHALL. I am not asking the gentleman to assume that.

Mr. CHURCH. The gentleman does not deny it.

Mr. MARSHALL. I am not denying it. Why should I when we have a Supreme Court?

Mr. DONDERO. The gentleman has made a fine statement on this bill. I want to know what the gentleman's personal opinion is as to whether or not the 49 percent would be bound by the provisions of this act if they did not sign the marketing agreement?

Mr. MARSHALL. The law says they are. Whether they will be or not, I am not going to attempt to answer. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I want to direct my remarks to the section of the bill that relates to imports. This section has been referred to by both the Chairman of the Committee on Agriculture and the gentleman from Ohio [Mr. MARSHALL], but this section is of such great importance that I want to consume most of my time in trying to explain, if I can, some of the important features of that provision of the bill.

Let me say at the outset that this provision was written into the bill at the suggestion of a committee of midwestern farmers known as the "Northwest Farmers' Union Legislative Committee", representing the States of Montana, North Dakota, Minnesota, and Wisconsin. The farmers' union organizations of those various States, during the past winter, supported this group of 10 farm leaders of those States who were in the city of Washington in the interest of the farmers of the Nation. They spent a great deal of the winter here, and this provision relating to imports is, in their mind, of extreme importance and represents their principal recommendation to the committee. I had the honor of having been asked by that committee to submit the amendment to your Committee on Agriculture. I wish to say that the distinguished Chairman of our Committee on Agriculture and the distinguished ranking minority member of that committee and other members of the committee cooperated in every respect to write this provision so that it now has teeth and will be of immeasurable benefit to those States that produce agricultural commodities that have, during the past few years, been suffering as the result of increased importations of those commodities from foreign lands.

The bill provides that whenever the President has reason to believe that any one or more articles are being imported, or are likely to be imported, into the United States under such conditions and in sufficient quantities to render ineffective or materially interfere with any program or operation undertaken under this title, he, the President, shall cause an immediate investigation to be made by the Tariff Commission; and then it sets up certain regulations to be followed which will result in the fixing of a quota or the imposition of a tax upon the imports of those commodities, if the Tariff Commission finds that those imports or threatened imports actually are depressing the price of our domestically produced commodities.

Now, this is not anything new in the form of legislation, but it is new so far as the Agricultural Adjustment Act is concerned. In the National Industrial Recovery Act there is a provision similar to the provision that has been written into this bill. I refer to subsection (e) of section 3 of the National Industrial Recovery Act. It has been said by some that that provision has not been of real benefit in the protection of industries from foreign importations. I agree that it has not been; but the reason it has not been is because of the fact that the direction was not specific enough to the Administrator to put this provision of the law into effect. In that similar provision in the National Industrial Recovery Act it states that the President may cause an investigation to be made under certain circumstances. So far the President has not seen fit—at least I assume he has not seen fit—to use this power very generally, and for that reason very few of these investigations have been initiated; but in this bill the word "may" is not there, but the word "shall" is written into the bill; and whenever the President has reason to believe that the importation or threatened importation of agricultural commodities has caused the depression of prices for domestically produced farm commodities, he shall cause an investigation to be made and he shall cause this machinery to be set into operation.

I am satisfied that this provision of the bill will be of immeasurable benefit to many of the farmers in this coun-

try, particularly the dairy farmers, who have, during the past few months, suffered as a result of the importation of butter, which has depressed our price level and kept it below a fair exchange value. I maintain that that change in the language from "may" to "shall" will insure the effective operation of this provision of the bill.

Mr. FERGUSON. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FERGUSON. In the gentleman's opinion, does this affect all farm products, or only those on which a processing tax is levied?

Mr. BOILEAU. It provides for all commodities upon which there is a program in operation. It does not necessarily mean a processing-tax program. Any kind of a program carried out under the A. A. A. would be sufficient. For instance, in the case of butter, which is a basic commodity, there is no processing tax, but if the Agricultural Department should enter into a program of buying butter for the purpose of relieving bad conditions in the market, that would be a program put into effect under the provisions of this title, and in that case the President would be compelled, if he found that the importations of butter were affecting the price, to either put on a tax or impose a quota, or in some other way restrict the importation of that commodity. What I said refers to butter. That is a basic commodity. I want to answer the gentleman's question more completely. It applies to any commodity for which there is a program, whether it be a processing-tax program of a marketing agreement or any other type of program, and is not confined to basic commodities.

Mr. FERGUSON. I had in mind broomcorn, which is suffering now on account of importations.

Mr. BOILEAU. It would not help broomcorn unless there was some kind of a program in effect relating to that particular commodity.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CHRISTIANSON. I wonder if the gentleman is not attaching too much importance to the substitution of the word "shall" for the word "may"?

Mr. BOILEAU. I do not believe so.

Mr. CHRISTIANSON. The gentleman realizes, does he not, that there is no way in which the President of the United States can be required to do it unless he wants to, because if he showed an indisposition to make an investigation of the effect of low tariff upon importation of agricultural commodities he could not be compelled to make it.

Mr. BOILEAU. Answering the gentleman from Minnesota, I should like to say that this bill provides that whenever the President of the United States has reason to believe that any one or more articles are being imported or are likely to be imported into the United States under such conditions and in sufficient quantities to render ineffective or materially ineffective a given program or operation undertaken under this title, he shall cause an investigation to be made. I maintain that if butter, for instance, is selling at 10 cents below parity, and we can prove that there have been millions of pounds of butter imported into this country since the first of the year, and if we can show that this importation of butter has caused the price of butter to be below parity, as I believe we can, then there is no discretion left in the President, because under those circumstances he shall cause this investigation to be made.

I grant you that if we were to assume that there is to be bad faith on the part of the President, if we were to assume that his advisers were going to urge him to betray the farmers, if we were to assume that the President would close his eyes to the mandate of Congress outlined in a bill signed by him, then, I say, there would be danger. I have no fear, however, because we say to him that he shall cause the investigation to be made. In the other act to which I referred, the N. I. R. A., the language used was "may" and there was no compulsion upon him whatsoever to put the machinery of the act into operation.

Mr. CHRISTIANSON. I sympathize very much with the gentleman's proposition, but I do not share his optimism because I called to the President's attention several times the importation of rye into the United States from Poland. The President has the power to help us out but he has neglected, failed, and refused to do so.

Mr. BOILEAU. That is because under the provisions of the present law he has the right to use the flexible tariff, but there is no definite formula fixed for him, there is no compulsion on him to put that machinery into motion. Here we use the strongest language possible to devise for the purpose of compelling the President to put the machinery into motion; and I, for one, cannot believe that the President will disregard the clear mandate of the law.

Mr. CHRISTIANSON. There is no language this Congress can use to compel the President of the United States to do anything he does not want to do.

Mr. BOILEAU. I do not believe that. I believe there are many things that Congress could compel him to do. I do not believe we could go into court and sue the President to make him do certain things; but I do not believe that President Roosevelt or any man who assumes the office of President of the United States will disregard his duty. This provision, in my mind, would make it so clear that no person need fear that the President will ignore it.

Mr. CHRISTIANSON. I had that experience in the case of rye, he neglected it.

Mr. BOILEAU. I am not familiar with the case to which the gentleman refers, but I do not think there is any compulsion in the flexible tariff law at the present time. But if we incorporate this provision in the pending bill there will be a clear mandate to the President and he will protect the farmers against commodities imported from foreign countries.

Mr. STEFAN. Mr. Chairman, will the gentleman yield for a question?

Mr. BOILEAU. I yield.

Mr. STEFAN. Would this provision protect the producers of pork, beef, and corn against importations?

Mr. BOILEAU. It absolutely will; it protects all of our farm commodities provided there are imports and provided the President has the right to believe that the importation of these commodities does depress our domestic price, in which case he puts this machinery into operation; and once he puts this machinery into operation then it is compulsory to levy this tax or to put into operation these various quotas to protect American farmers.

Mr. FERGUSON. Mr. Chairman, if the gentleman will permit, the gentleman from Nebraska said beef. Beef has no program at the present time. It would not be protected by this provision, I take it.

Mr. BOILEAU. Not unless there is a program for beef. I did not understand the gentleman to say beef.

Mr. STEFAN. I asked about beef.

Mr. BOILEAU. I will say that if in future there is a program for beef, then this provision will be applicable. It does not mean there must be a processing tax, but a marketing agreement would be such a program as to make this provision operative. If there is no program, of course, this provision would not be applicable to beef.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CRAWFORD. With reference to the Jones-McNary Act, which was an amendment to the A. A. A., would that in any way bring beef within the scope of this provision against importations?

Mr. BOILEAU. No; because there is no program for beef. Beef is a basic agricultural commodity, and cattle raisers could easily have a program if they wanted it. If the farmers are sufficiently interested to have a program on beef, they can have it; if they do not want it, they do not have to have it; but at the present time there is no program on beef, and this provision would not be applicable.

Mr. COFFEE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. COFFEE. I am very much interested in this import section. The provision states that whenever it interferes

with any program. In case beef importation should interfere with the program of pork, could not the provisions of this section be invoked to restrict importations of beef, so as not to interfere with the pork program?

Mr. BOILEAU. If it could be proved that the importation of beef interfered with the pork program, then they could put this provision of the act into operation as regards beef.

Mr. ANDRESEN. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. ANDRESEN. The gentleman comes from a great dairy State. What is the gentleman's understanding as to the dairy provisions of this bill?

Mr. BOILEAU. I want to conclude speaking on other provisions of this same subject matter which I am now discussing; then I shall use a few minutes to discuss that matter.

Mr. RYAN. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. RYAN. In connection with this import question, does the gentleman believe that so long as our domestic prices continue to rise, as they have during the past 2 years, we need be concerned about imports of agricultural products?

Mr. BOILEAU. Yes. During the past winter, just as soon as butter got near the parity price, they started shipping in boatloads of butter from foreign countries, which depreciated the price of our butter. It is impossible under the present circumstances to get prices above the world level and our 14-cent tariff. Just as soon as it gets above that price they start importing butter from foreign countries and it puts the price of our butter down. A small amount of butter coming in from New Zealand, Australia, and other countries will absolutely depress our price to ruinous levels.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WITHROW. Will the gentleman yield?

Mr. BOILEAU. I yield to my friend and colleague.

Mr. WITHROW. During the past few years how many times have the farmers received the parity price for butter fat?

Mr. BOILEAU. Back in March it came up close to parity, but never right up to parity. Just as soon as the price got up that high, in came importations of butter from foreign countries and ruined our price.

Mr. Chairman, I want to refer now to the reciprocal-tariff provisions, and I think this may be of some interest to our Republican colleagues who are taking a very decided position against reciprocal-tariff agreements. In the event that we should enter into a reciprocal-tariff agreement with any foreign country which permitted them to send into this country certain agricultural commodities and as a result of those importations the price of our domestic commodity goes below the fair exchange value, then under the provisions of this bill the President of the United States could restrict the importation of those commodities, even in the face of a reciprocal-trade agreement. I think that is of vital importance.

Mr. DITTER. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Pennsylvania.

Mr. DITTER. Do I understand the gentleman to feel that this particular provision of the act would enable the President to supersede any agreement entered into by the Secretary of State with a foreign country?

Mr. BOILEAU. Yes; the gentleman states my position perfectly, and, if he will permit, I will try to explain.

Mr. Chairman, I am advised that each and every one of the treaties that have thus far been negotiated contains a provision to the effect that the quotas may be changed if such change is made to effectuate any adjustment program. I call the gentleman's attention to the treaty with Sweden, one of the recent treaties entered into, and refer particularly to article VII. That article starts out with this language:

> No prohibitions, import quotas, imports licenses, or any other form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by Sweden or by the United States.

In other words, it starts out by saying that these quotas cannot be changed; then it goes on to say:

> The foregoing provision shall not apply to quantitative restrictions in whatever form imposed by either country on the importation or sale of any article the growth, produce, or manufacture of the other country in conjunction with governmental measures operating to regulate or control the production, market, supply, or prices of like domestic articles.

In the press release of May 25 there is a more thorough explanation, and I commend that to the gentleman's consideration. I am informed by a representative of the State Department that each and every one of these treaties has carried such a provision.

Of course, it would require delay; it would require notice to be given to the other country and opportunity for hearing within 30 days. The other country, then, would have the right to disregard the treaty, or our country would have the right to provide quotas on the importation of these commodities. I believe that the provision in and of itself is of vital importance, and it should be of vital importance to the textile interests of this country. It should be of vital importance to all the producers of agricultural commodities, and the processors of agricultural commodities in this country. I believe this section is deserving of the support of all of the Membership of the House. I believe the provision will be of material help.

Mr. Chairman, in the 1 or 2 minutes I have remaining I want to refer briefly to the milk provisions. They have been discussed at some length by the chairman of the committee. I regret I have not more time, because I would like to discuss them in greater detail. I confess to the Membership of the House that this milk program is not all I should like it to be. However, I do not believe there is one thing in this bill, and I say "this bill" advisedly, that the dairy sections of the country should be the least bit worried about. My State is a large dairy State that is primarily interested in the production of cheese, and it also produces a good deal of butter and other milk products. I do not believe there is anything in this bill that is inimical to their best interests, but I believe the bill will materially assist them.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, I want to say at the outset that I do not think there ever was a committee chairman who worked harder or more earnestly than the Chairman of our Agriculture Committee, MARVIN JONES, of Texas, with reference to this particular legislation. I am not ordinarily given to flattery, but I want to say for the entire membership of the Committee on Agriculture, both the majority and the minority, that our distinguished chairman had cooperation and that we have all endeavored to uphold his hands and work together.

The authorities of the Department of Agriculture charged with the administration of this act, have in every way cooperated and rendered most valuable assistance to our committee in shaping this particular legislation.

I think the results speak for themselves.

I also want to say that the ranking minority member of our committee, the gentleman from Kansas, my good friend CLIFFORD HOPE—and I do not mean to pick him out any more than anyone else—has at all times shown a wonderful spirit of cooperation with regard to the fundamentals of this bill. As members of the committee, we had different views about a question as broad as this, but we were willing to surrender here, accept over there, and by means of compromise this committee has brought to you this legislation, which, we feel, is the best piece of legislation that we could bring under the circumstances.

The Committee on Agriculture had done a great deal of work in fashioning, shaping, and reporting to the House the Agricultural Adjustment Act amendments known as "H. R. 8052." The program of the House was to consider this bill some time ago. However, in the meantime the Supreme Court of the United States handed down its famous decision in the Schechter case, declaring the present

N. R. A. unconstitutional, which necessarily changed the legislative program of the House of Representatives.

Thereupon agricultural leaders of both the Senate and the House conferred as to what would be the future program regarding this A. A. A. legislation. The entire agricultural program was generally discussed with the President, and immediately a select group of the House Committee on Agriculture, together with authorities of the Agriculture Department, having charge of the administration of the present agricultural program, began work on fashioning legislation to strengthen the present Agricultural Adjustment Act and to revamp the provisions of H. R. 8052 and the original act which might be affected by an adverse decision of the Supreme Court as was the N. R. A.

I attended those conferences and was one among those who helped draft the amendments that were later submitted to the entire membership of the Committee on Agriculture. The full committee, then in executive session, considered them in detail and spent much time and effort in bringing to the full Membership of this House this legislation that we are considering here today—H. R. 8492.

Time will not permit me to tell you the purposes of the legislation, and this is not necessary, but I do want to give you a brief outline and try to explain, if I can, just what this bill contains and also mention its salient points.

Of course, the first part of it deals with the declared policy. The second part defines and specifically sets out the powers of the Secretary of Agriculture. The third subdivision is the order feature where he exercises his powers over what? Over not the basic agricultural crops but the specialty crops therein named which are milk and its products, fruits including walnuts and pecans, vegetables including soybeans, but not vegetables or fruits for canning purposes; tobacco, and naval stores, but not the products of naval stores, as defined by the Naval Stores Act.

Then there is the levying of the processing tax. The bill strengthens that feature of the present Agricultural Adjustment Act and provides that none of the processing taxes that have been paid, which up to now amount to something over $800,000,000, that has gone into direct benefits paid to the farmer, can be recovered in a court of law by suits should this bill be declared unconstitutional. It freezes the processing taxes that we are now levying and it provides for the use of the processing taxes continuously for the payment of the benefits directly to the producer, and also not only sets up a program of domestic market expansion but provides for foreign-market expansion and it provides for better cooperation and for a more uniform and unified cooperation between the State and Federal authorities.

Now, in regard to the declared policy, this only means, briefly, that the purpose of this bill is to get for the producer the price that we call the parity price which means this: You have a current average farm price, and if the basis is from August 1909 to July 1914, with some exceptions, the purpose is to increase that price up to what is called the "fair-exchange value."

Now, the Secretary of Agriculture in using this yardstick, as is set out in the declared policy, in dealing with the basic agricultural commodities, which are wheat, cotton, tobacco, milk and its products, rice, corn, and hogs—and corn and hogs are considered as one product—deals with the producer. He uses for the benefit of the producers the reduction plan which in this legislation is called the "adjustment plan" and the benefits are paid as rental benefits and others, and in addition to this program there is what we have seen and heard a lot about, the "ever-normal granary plan", which is simply giving the Secretary of Agriculture the authority and the power in the fat years to store up something for the lean years.

This is the broad machinery with reference to the basic agricultural commodities, but when we come to deal with the specialty crops, in regard to which there are no licenses, because they have been abolished—the present Agricultural Adjustment Act provides for a license fee and license system but for many reasons, with which we are somewhat familiar in view of the recent decision of the Supreme Court, we have, you may say, done away with the licensing features and you might say the powers of the Secretary of Agriculture are spelled out, and these orders are not issued on these specialty crops unless 50 percent of the handlers by volume enters into a market agreement, and if this 50 percent enters into such a market agreement, of course, the Secretary of Agriculture, to determine whether or not your current average farm price meets the fair exchange value, investigates by giving everybody an opportunity to be present at a hearing; and if these handlers agree, under the marketing agreement, the orders and the provisions and stipulations are set out by the Secretary of Agriculture as to how the trade will be handled, with reference to the commodity affected by the marketing agreements.

I forgot to mention that apples are excepted, I may say to my friend from Virginia who has arisen.

Mr. ROBERTSON. I simply want the splendid remarks of the gentleman from Mississippi to show in the RECORD what I understand subsection (a), on page 14, means. This provision would seem to give the Government control over purely State transactions by using the words "which may be marketed in or transported to any or all markets during any specified period or periods by all handlers thereof", but this is simply permissive in these voluntary agreements, with no intention to use compulsion upon anyone.

Mr. DOXEY. And there is no intention to restrict this to anything except interstate commerce, and it is not intended to apply it to intrastate commerce, because that is one of the provisions we have adopted in order to provide for cooperation and to let the States set up their programs, but we all know that in the practical administration of the act the State program will be somewhat similar to the Government program.

Now, you may have a situation where the handlers would not want to make a marketing agreement and you would see unfair practices in the trade detrimental to the producer, and I am trying to show you the practical machinery we have provided and the judgment and the consideration we have given this bill in order to make it a farmers' bill.

Then we say if you, Mr. Handler or Processor, do not want to enter into a marketing agreement with reference to perishable crops—if two-thirds of the producers in a given area enter into a marketing agreement, they can protect the producer of a commodity against any unfair practice and secure for the producer a better price for his commodity.

There is a price-fixing feature of the bill, because we provide for a minimum price for the producer.

My friends, you cannot have a workable situation without that feature, regardless of what the opposition might be or the constitutional question involved. You cannot have effective administration without that, and also a provision for violation.

Now we come to that which has been discussed in your hearing by a number of distinguished speakers who have preceded me, and that is with reference to the foreign market.

Mr. ZIONCHECK. Before the gentleman comes to that, will he yield?

Mr. DOXEY. I yield gladly to the gentleman from Washington.

Mr. ZIONCHECK. The gentleman has mentioned the minimum cost to the producer. Is there any provision in the bill for a maximum cost to the consumer?

Mr. DOXEY. If the gentleman can show us how we can fix a maximum cost to the consumer, after the many people through whose hands the commodity passes, I am sure as one Member I would be grateful for his contribution. No; there is nothing in the bill which fixes a maximum cost to the consumer. That is to be left to competition and the law of supply and demand.

Mr. O'MALLEY. Will the gentleman yield?

Mr. DOXEY. I yield.

Mr. O'MALLEY. The cost to the consumer is regulated by the law of supply and demand. Why should not that apply to the producer?

Mr. DOXEY. The gentleman from Wisconsin does not have the same philosophy in relation to the bill that we have.

How could you in one piece of legislation do that where the interests are opposed and take care of both of them?

Mr. O'MALLEY. Will the gentleman accept an amendment fixing a maximum cost to the consumer?

Mr. DOXEY. Let the gentleman offer it and see.

Now, gentlemen, I say that the import feature in this bill is a new feature, for the reason that it gives the President the power, after proper investigation by the Tariff Commission, which finds that imports are coming into this country and destroying the home program of any commodity, to limit the quantity of importation. The power is there if the facts found by the Tariff Commission warrant such action, and also 30 percent of the gross customs receipts are appropriated for the purpose of extending our foreign trade in the commodities that are considered major.

There are several new and outstanding features in this bill beneficial to agriculture. None of us know how they will work, and nobody can tell how these laws will be administered until they are administered; and I say to you that we have had a sympathetic administration of the present laws relating to our agricultural program, and an efficient and faithful one, considering the many complex problems with which the administration has been faced, and when you try to increase your foreign markets with reference to wheat or cotton, if you have a world price below the domestic price it will encourage our people to find a world market and to sell it on the world market, and there will be a subsidy to pay and make the seller whole, you might say, for the difference between the domestic price and what you sell it for in the world market, just as the farmer is paid the benefit for reducing his production by limiting his acreage.

The general outline that I have briefly given here sets forth the high points of this bill.

Mr. Chairman, full well do I realize that especially since the decision of our United States Supreme Court in regard to the constitutionality of the N. R. A. many of you desire to speak on this measure. I shall not consume too much of your time, nor shall I attempt to comment at length upon that decision nor phophesy to what extent, in my judgment, it will affect the present A. A. A. or these proposed amendments to it. This will be given considerable attention when we begin to read the bill and offer amendments under the rule. However, I earnestly urge the friends of this measure not to be stampeded by the opposition to it and not to vote for amendments to this committee bill that will wreck it or impede our farm program. Let us keep it intact and pass it as nearly as possible just as it was written and reported by our committee to this House.

Regardless of the constitutional questions involved, we are faced with facts that cannot be controverted with reference to the efforts of this administration in behalf of agriculture. The benefits accruing to the farmer during the past 2 years as the result of the laws we have passed here are self-evident.

We know that in the winter of 1932 and in the spring of 1933 the farmer was receiving for his cotton 5 cents per pound; today he is receiving, and has received for this 1934 crop, at least 12 cents per pound. Under our program he will get at least that much for his 1935 crop.

The farm price then for wheat was 32 cents per bushel. Today it is 85 cents per bushel. Then corn was 19 cents per bushel. Today it is 85 cents. Hogs were then selling for about $2.75 per hundred. Today they are selling for around $9 per 100 pounds.

You can go down the list and call the roll and you will find in every instance that prices paid the producer for the crops he raises have increased in somewhat similar proportions as a result of the enactment of the original Agriculture Adjustment Act by Congress in 1933.

Who can conscientiously oppose, on grounds real or imaginary, legislation that really benefits the farmer?

Who begrudges the farmer the cash benefit checks that he has been receiving from his Government as a result of this legislation?

The increased purchasing power of the farmer during the last few years has benefited all. The farmer is just now getting on his feet, so to speak. He will now buy your manufactured goods and is buying them because he has a little money now to spend. The farmer will stimulate your business, if you do not grind him down by starvation prices for the things he has to sell. Give him a chance and he is your best customer. "Live and let live" is the purpose of this legislation.

You men who represent industry, banking, business, capital, and the manufacturing interests know this is true.

Those of you who have so vigorously opposed the processing tax and the benefits that are being paid out of this fund to the farmer also know this is the first piece of legislation ever enacted by any Congress that passed the benefits directly into the hands of the farmer.

Give forgotten agriculture a square deal. The tariff policies of this country have bled agriculture white. By this legislation we are just providing a bounty for agriculture that will to some degree offset the Republican tariff policies that for the last 100 years have protected you and your interests and almost destroyed us and our interests.

We have suffered long and patiently, but I firmly believe the farming interests of this country will come into their own under this Democratic administration if we will just stick together and work for what we know to be right, just, and proper—a well planned, organized, and balanced agricultural program. Cooperation has brought results.

Thus far under the courageous and sympathetic leadership of our great President we have passed more constructive legislation for the relief of agriculture in the last 2 years than was enacted by Congress during the preceding 50 years.

The Agricultural Adjustment Act was one of the first major pieces of legislation considered by the House Committee on Agriculture under the Roosevelt administration.

Time will not permit me to give you a graphic picture of conditions as they then existed in this country. Suffice it to say agriculture was prostrated, industry was paralyzed, business was stagnant, and the whole country was in the throes of one of the worst depressions this Nation has ever experienced.

Quick action was imperative. Results were necessary in order to avert an utter collapse.

Our committee had jurisdiction of the agricultural program and we immediately began to function and to map out the plans and program and devise the ways and means of helping distressed agriculture. We worked at this job night and day.

In March 1933 we reported and brought to the floor of this House for the consideration and vote of this Membership a bill known as the "Agricultural Adjustment Act." It was debated here, and on March 21, 1933, I made a speech on the floor of this House favoring its passage, and endeavored to explain its provisions. It passed this House on March 22, 1933. It passed the Senate on April 28, 1933. Conferees were appointed to adjust the differences between the Senate and the House. I was selected as one of the House conferees. After several days of hard work, the Senate and House conferees agreed on the provisions of the bill. The conference report was accepted by both the House and the Senate, and the bill was then signed by the President of the Senate and the Speaker of the House. Then it went to President Roosevelt for his signature. The day he decided to sign it—May 12, 1933—I was among those invited to the White House to be present when he signed it. I was there, and never shall I forget that eventful day and what President Roosevelt said when he signed it. Among other things he said, "Wall, if it works at all it surely will work for the benefit of cotton." Our great President spoke at that time even more wisely than he knew, for the Agricultural Adjustment Act has been the salvation of the cotton South and the cotton farmer as well as agriculture in general.

It has worked and has worked wonders.

No right-thinking person can deny the benefits that the Agricultural Adjustment Act has brought to the farmers in

general. Without this or some similar legislation, agriculture could not have survived. However, time and experience have proven that some amendments are necessary in order to make the agricultural-adjustment program more effective.

Our Committee on Agriculture has given this a great deal of thought and study and we have fashioned and submitted to you H. R. 8492, proposing certain amendments to the existing law that will permit a more flexible program by providing the use of different plans to be fitted to the particular commodity.

It can be readily seen that there is a vast difference between this proposed bill, H. R. 8492, and the original bill, H. R. 5585. The House Committee on Agriculture has rewritten this bill. We had long and extensive hearings and executive meetings and finally worked out what we believe to be the best bill possible under existing circumstances, H. R. 8492.

This bill is complicated, technical, and far-reaching. It contains 53 pages and 33 sections. Time will not permit an explanation of this bill section by section. Even a general analysis of this bill would require more time than any one Member has at his disposal during this debate.

I shall endeavor within the time allotted to me, not to discuss at any length the amendments to the various sections of the original Agricultural Adjustment Act, but to explain and discuss generally new and additional features and sections contained in this bill that are not a part of the original Agricultural Adjustment Act.

I am one of those of the Agriculture Committee who were determined, if possible, to bring before this House at this session of Congress legislation that would not only continue the processing tax and continue to pay the farmer—the producer—rental and other cash benefits but also some legislation that would give us a better world market for our exportable surplus of such commodities as cotton.

A portion of this bill is designed to create markets in foreign countries and not only to encourage and help our domestic markets but also to provide for an expansion of our foreign markets and payments of benefits toward this end.

We are well aware of the opposition to this bill. All kinds of propaganda have been circulated against it. Those of us who are friends of agriculture know that no benefits at all will be paid the farmer if the processing tax is done away with. That is collected from the processor of the raw material and paid to the producer of the commodity. This bill strengthens that feature of the original act.

In some instances in the administration of the act, it broadens the powers of the Secretary of Agriculture, and in other instances it limits and curtails the powers of the Secretary of Agriculture. It endeavors to make his powers more definite and specific.

This bill is designed to help the producer. It is a farmer's bill. Its purpose is to help obtain a better price to the producer for the agricultural commodities he raises. Also to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, which is the pre-war period from August 1909 to July 1914.

The contract and sign-up policy between the Government and the farmer is entirely optional with the farmer. There is nothing compulsory in it regarding the producer. If the farmer desires to cooperate, all well and good. If he does not want to, he does not have to. It is entirely up to him.

In my humble judgment, the success of the present agricultural program is self-evident, especially with reference to our domestic situation. If we can keep what we have and continue our present program in regard to domestic markets and domestic policies, we will be doing mighty well. My great concern now is our foreign markets and foreign policies.

With that in view, those of us on the Agriculture Committee who represent districts and States that produce cotton and those commodities which necessarily must be sold to foreign countries, have incorporated in this bill certain provisions and sections that we believe if enacted into law will open up to the producers of exportable surplus commodities the markets of the world. At any rate it is a step in the right direction and sets up governmental machinery for that purpose.

Our Committee on Agriculture, of course, has no jurisdiction in regard to tariff. That is, within the exclusive jurisdiction of the House Committee on Ways and Means. However, the Agriculture Committee has worked out and fashioned legislation that, by indirect methods—employing the processing tax to be used as benefit payments to the producer—benefits the farmer just as in the past the levying of direct tariffs has been in the interest of the manufacturer.

Using all the powers that we are invested with as a committee in Congress, we have shaped our legislation in the interest of the farmer. We have met and are still meeting with all kinds of opposition from organized and protected interests, but I feel sure that the majority of the Membership of this House are willing to help us secure for the farmer as nearly as possible a fair share of the Nation's income and thereby restore economic recovery to all our people and all classes of industry.

The success of our present farm program, and the effective and sympathetic manner in which it has been administered, has thus far contributed greatly toward our onward march to the general economic recovery of this Nation.

My colleagues, the continuation, furtherance, expansion, and more effective administration of this farm program on behalf of the producer, relating to the production, handling, and marketing of agricultural commodities, is the purpose of of this proposed legislation.

The original Agricultural Adjustment Act provides for a "reduction" in the acreage or production of the commodity. This proposal provides for an "adjustment" of acreage and production.

Thus, under the provisions of the bill we are now considering, it is possible for the farmer to be paid benefits not only for reducing his acreage and cutting his production, but, if found necessary, from the proceeds of the processing tax, the farmer is also to be paid benefits, even though he increases his acreage and production, if we can more nearly balance our law of supply and demand by not only expanding our domestic markets but also our foreign markets.

In this bill we provide ways and means to increase our agricultural exports. It lends substantial encouragement and pays benefits for the removal of our agricultural surpluses of basic commodities by finding a market for them in foreign countries. The original Senate bill did not contain this feature with reference to helping our farmers by expanding our foreign trade.

I am aware of the opposition to this new feature of the bill, but I here and now say to you, my colleagues, if we pass this bill here in the House with this provision in it, I more than likely will be selected as one of the House conferees when it comes to ironing out these differences with the Senate conferees on this bill. In that event you may count on me to do all in my power as one House conferee to keep this expansion of our foreign market provision in the conference report and do all I can to have it enacted into the law.

Necessarily, my friends, I have talked to you in rather a general manner concerning the many provisions and broad purposes of this bill; but before I conclude permit me to specifically direct your attention to the provisions of a few new and specific sections of this bill in connection with the outline I have given you in this discussion.

On page 5, line 4, subsection (b) of the bill, and the language following is one of the new provisions of this bill that is not included in the original Agricultural Adjustment Act. This new paragraph specifically gives the Secretary of Agriculture the power to make payments for the expansion of domestic or foreign markets of a basic agricultural commodity, payments for the removal of surpluses of or surplus products of a basic agricultural commodity, or payments in connection with the production of that part of a basic agri-

cultural commodity required for domestic consumption. Such payments may be made with respect to a commodity whether or not an adjustment program is in effect on that commodity, but the payments may be made in combination with rental or benefit payments. Any one or more of such payments may be made and the payments may be made in kind. This new paragraph also contains a provision which applies generally throughout the Agricultural Adjustment Act to payments in kind, the effect of which is to prohibit the payment for the program on one commodity from being made in another commodity. For instance, cotton may not be used to make rental or benefit payments or payments for expansion of markets, removal of surpluses, or domestic production payments in carrying out the wheat or tobacco program, but may be used in connection with the cotton program.

Page 51 of the bill, line 5, section 31, adds a new section to the Agricultural Adjustment Act. This portion of the new section authorizes an additional appropriation for each fiscal year of an amount equal to 30 percent of the gross customs receipts during the preceding year ending December 31.

Amounts which may be appropriated under this subsection are to be maintained in a separate fund. The fund may be used for three major purposes. The first is the encouragement of exportation of agricultural commodities and products thereof by the payment of benefits in connection with their exportation or indemnifying for losses incurred in connection with exportation and by payments to producers in connection with the production of that part of the production of any agricultural commodity required for domestic consumption. The second use is the purchase or lease, on behalf of the United States, of submarginal agricultural and grazing lands. The third use to which sums may be put is the making of payments (which for the purposes of the act are not considered rental or benefit payments and hence do not require the levy of a processing tax as a condition of their payment) in connection with acreage or production adjustment of basic agricultural commodities. The Secretary is to expend the amounts as he deems will best effectuate the policy of restoring agricultural purchasing power as contemplated by the Agricultural Adjustment Act consistently with the fullest utilization of the productive capacity of land which can be profitably cultivated and with the most rapid expansion of agricultural exports.

Page 40, line 4, section 19 of the bill adds a new subsection to the original Agricultural Adjustment Act and in substance provides that all taxes and incomes derived from a certain commodity, such as the processing tax on cotton that is to be paid by the processor who turns the raw material into the finished product, must be expended in carrying out the cotton program. In other words, every tub stands on its own bottom. You cannot take the proceeds of the cotton program and use it for the benefit of the wheat program and vice versa. Hogs and corn however are considered as a single commodity.

Section 30 of the proposed bill, including all the language on pages 50 and 51 down to section 31, adds a new section to the Agricultural Adjustment Act to be known as "section 22" which provides another entirely new feature to the existing law.

It authorizes certain limitations on imports in connection with the agricultural-adjustment program. Whenever the current average farm price of an agricultural commodity is less than parity, if the President has reason to believe that any article or articles are being imported or are likely to be imported under such conditions and in sufficient quantities to prevent the price from reaching parity and to render ineffective any operation or program under the act, he is to order an investigation to determine these facts. The Secretary of Agriculture, or the United States Tariff Commission, whichever the President designates, is to conduct the investigation. The investigation is to be made after such notice and hearing and subject to such regulations as the President specifies.

If the President finds the existence of the facts required, after the investigation and report to him, he is to direct that the article or articles causing such situation shall be imported subject to such terms and conditions, such limitations on quantity, or the payment of such compensating taxes as he finds necessary to prescribe so that the entry of the things specified will not prevent attainment of parity and will not render or tend to render ineffective the operation or program. If compensating taxes are levied, they are to become available for expenditure under the act, and they are not to be in substitution for the processing tax on imported articles imposed under the present law. The President's decision on facts is final, the Secretary of the Treasury is required to carry out the order of the President, and the President, after investigation and finding, may suspend, revoke, or modify an order issued under the section.

If this bill becomes a law, the importation into this country of foreign-grown cattle that is so vitally affecting the present price of our domestic cattle can, to some extent, be regulated. Also such commodities as foreign oils and fats that are coming into this country at an alarming rate and which are competing with our cottonseed oils, beef fats, and so forth, and necessarily affect the price of cottonseed, beef cattle, and so forth, can be adjusted by a Presidential order, after each case is thoroughly investigated and all the facts ascertained.

In my judgment, there is no chance for us at this session of Congress to pass any tariff laws. During the early part of this session I introduced a bill in regard to lowering and adjusting our present tariff, but no action has been taken by the Ways and Means Committee on my bill or on any other tariff bill at this session. My committee has no right to frame or deal with the tariff laws, but we have brought to you the nearest approach to it that we are permitted to within the limited jurisdiction that prevails under the rules of the House.

We think the provisions of this bill in that regard are sound and will prove of great benefit to the farmer if we can succeed in enacting them into law.

We earnestly ask your help with these added features to the Agricultural Adjustment Act that I have discussed, together with the amendments strengthening the present law.

I am convinced that no single piece of legislation enacted by any Congress will be of greater benefit to the American people than the Agricultural Adjustment Act and these amendments thereto.

On account of the wonderful and whole-hearted cooperation given this program by the farmers themselves, the able, efficient, and effective administration of this law in the past by those in authority, we have every reason to believe that in this complex and broad program, even greater benefits are in store for the farmer in the future. The weak places in the existing law will be strengthened and many of the rough places made smooth.

We all know when you help agriculture you help everybody. We can, and I feel sure you will, help by voting for this legislation.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. [Applause.]

Mr. BEAM. Mr. Chairman, I yield myself 15 minutes. Mr. Chairman and members of the Committee, the subject of farm legislation and the best methods to improve agriculture generally has been one of the most perplexing questions which has confronted the Congress of the United States. We are all happy to observe the fact that the hysteria and fear which paralyzed our entire agricultural industry from 1930 to 1933 has now abated and subsided. The farmers of America have had a new deal under our democratic form of government and a sympathetic and understanding Congress has passed legislation in their behalf, which has accomplished the desired results.

A great deal of this credit is due to the congenial and fair-minded chairman and the entire membership of the great Agriculture Committee of the House for their wisdom, foresight, and judgment, which they have contributed both in executive sessions of the committee and upon the floor of the House in the advancement of legislation in behalf of agriculture.

There is not a Member in the House who does not realize and believe that if the agricultural interests of our country are in a state of prosperity, that condition is reflected to a large extent throughout the entire Nation; and by the same token it can also logically be inferred that if agriculture is not successful, the disastrous and far-reaching ill effects of such a condition take heavy tolls upon the success and prosperity of the great masses of our people.

But the question which must necessarily be the concern of every Member of this body at the present time is, "Are we going too far?" "Are we proceeding with the wisdom and the foresight justifying the tremendous expenditures of huge sums of money which we have appropriated and are advancing and the regulatory measures we have imposed, and are endeavoring to make more stringent, upon the industrial and consuming public for the benefit and interest of agriculture?"

Notwithstanding the legislative program we have enacted, we are confronted today with the unfortunate situation of vast numbers of our people on the relief rolls of the Federal Government and upward of 11,000,000 of our able-bodied citizens unemployed and without lucrative occupation in this great land of opportunity.

I sometimes wonder: Are we saddling upon the business of the Nation too great a load and too heavy an obligation?

Are we neglecting a program for the revival and rehabilitation of industry, or are we making it too involved, too interwoven with governmental regulatory measures, for the successful operation of business, whether it be great or small?

Can we legislate in behalf of one industry without analyzing and understanding the ultimate effects upon kindred industries and upon the Nation as a whole?

Agriculture has been the recipient of much legislation in an earnest attempt and desire to revive its stability, and I speak advisedly, for as a member of the House Agriculture Committee I supported all measures pertaining to the benefit of this all-important industry.

I respectfully desire to call to the attention of the House some of the bills we have passed since 1933, in furtherance of the agricultural program, together with the amounts authorized therein.

Seventy-third Congress appropriations for agriculture

H. R. 3835: Agricultural Adjustment Act	$2,505,000,000
H. R. 5790: Farm Credit Act of 1933	120,000,000
H. R. 5755: National Industrial Recovery Act, for A. A. A.	100,000,000
H. R. 6670: Federal Farm Mortgage Corporation Act	2,000,000,000
S. 1975: Crop production and harvesting loans	40,000,000
H. R. 7478: To include cattle as basic agricultural commodity	250,000,000
H. R. 8402: To place the cotton industry on a sound commercial basis, etc	150,000,000
Total	5,265,000,000

The following is a list of bills introduced and favorably reported from the House Committee on Agriculture during the Seventy-fourth Congress, together with the amounts authorized to be expended.

Seventy-fourth Congress

S. 1384: To amend Emergency Farm Act of 1933; Federal Farm Loan Act; Agriculture Marketing Act, and Farm Credit Act of 1933	$2,500,000,000
H. R. 3247: Crop production and harvesting loans	60,000,000
H. R. 2066: Lemke farmers' farm relief bill	3,000,000,000
H. R. 6914: Fulmer forest land management bill	20,000,000
H. R. 7593: Jones agricultural bank note bill	800,000,000
Total	6,380,000,000

Now let us compare one industry which forms the source of half the Nation's wealth, and by a comparison, see if we have not been just a little oversolicitous in furthering the agricultural industry of the Nation, and have not directed enough of our attention to the revival of business and to the welfare of the industrial population of the United States.

I have here a letter which was mailed to me by Congressman JOE L. SMITH, Chairman of the Committee on Mines and Mining, and in that connection he says:

The mineral industry forms the source of half the Nation's wealth, and has an invested capital of approximately $15,000,000,000, directly and indirectly furnishes the livelihood of some 25,000,000 people, employing in production and processing about 1,700,000 people, pays an annual wage of $2,000,000,000, pays approximately $200,000,000 annually in Federal taxes, and furnishes 55 percent of the total freight revenue on the railroads.

Now let us see what agriculture has paid in taxes. For the years 1924 to 1928 mineral producers paid almost six times as much as farmers in Federal taxes, totaling $800,064,024, compared to the agricultural tax of $151,251,405.

From the above it is perfectly obvious that the friends of agriculture have been most active and industrious and have accomplished great results for the agricultural interests of the country.

The hearings before the Agricultural Committee disclose the fact that the farm population of the United States is approximately thirty millions of people, or about 25 percent of the total population of the country. The testimony also shows, however, that the purchasing power of the entire farm population constitutes only 15 percent of the total. Seventy-five percent of the people gainfully employed are engaged in industry, trade, and transportation. The 11,000,000 people who are out of employment today represent twice as many as those profitably employed in agriculture, and it is my contention and my strong belief that the greatest relief that can come to the agricultural population of the United States is represented by recovery of industrial wages and earnings and the extensive and improved markets for agricultural products which would naturally follow as a result of business and industrial recovery.

We must not forget the fact that we look to business and industry to restore private employment and reduce and eliminate the necessity for public-relief and public-emergency work programs, and it is incumbent upon us to do what can be done to aid business and industry to accomplish the desired results. We should remove or alleviate burdens which have been unnecessarily imposed and which have hindered and delayed industrial recovery.

It therefore is self-evident, Members of the House, that agriculture has received most sympathetic and considerate treatment from a Democratic Congress, and I sincerely feel that before we pass the so-called "triple A amendments bill" we might with good grace pause and hesitate and give some consideration and some reflection on the effect of its passage upon the entire country.

If the passage of these amendments under consideration are for the best interests and welfare of the Nation as a whole, they should be adopted by this Congress. On the other hand, if it is the philosophy of this proposed legislation to restrain, handicap, regulate, and control the various industries affected thereby, and consequently further delay and retard the successful operation of business, they should be overwhelmingly rejected.

Mr. Chairman, many changes have taken place in the bill as now presented for our consideration from the one originally introduced. These changes, however, have occurred in the unimportant details of the proposed act, so it is doubtful to my mind whether we fully understand just what now is contained in this new bill—what powers would be conferred upon the Secretary of Agriculture and what are the implications of the legislation involved.

During the hearings before the Committee on Agriculture many of the grants of dictatorial and drastic power in the original proposal have been modified and temporized to some extent. However, the broad licensing power conferred upon the Secretary of Agriculture is still contained in the draft as presented with the exception that they have substituted the word "order" for "license", but the force and effect and the purpose sought to be accomplished are identically the same.

If this bill is adopted, it would enable some governmental clerk to formulate rules and regulations affecting cooperative creameries, fruit and vegetable associations, cheese factories, and other cooperatives, individuals, and concerns dealing in farm commodities, as enumerated in section 5 of the proposed bill, processed or otherwise.

In other words, we are going to permit some Government employee, no doubt unenlightened and unaware of the ramifications involved in the business management of great industries, to issue orders and decrees, regulating the con-

trol and operations of these business concerns, representing investments of hundreds of millions of dollars; affecting perhaps the employment of many thousands of our citizens engaged in industry; hamstring and impede the successful conduct of business by imposing regulations and measures unworkable in theory, impractical in operation, and keeping alive that uncertainty and fear which has stifled business and prevented the industrial workers from assuming their place in the commercial life of the Nation.

Now, Mr. Chairman and members of the Committee, in order to picture to you how far-reaching the effect of these amendments will be, if adopted, and the drastic and dictatorial provisions therein contained, I respectfully refer to the testimony of Mr. Chester Davis, Administrator of the Agricultural Adjustment Act, before the House Agricultural Committee.

Mr. BEAM. Mr. Davis, I want to ask you just one or two questions: Have you given thought or consideration to the number of processors that would come under the licensing features?

Mr. DAVIS. I have seen some statement that this would bring a million firms under that feature, but, Mr. BEAM, I want to point out that the same firms are subject to the licensing power under the existing act.

Mr. BEAM. I understand. But here is what I am trying to get at: I am talking about the wholesale processor, and I think conservatively there are 100,000.

Mr. DAVIS. Yes.

Mr. BEAM. And in addition to the wholesale-distributor another sixty or sixty-five thousand would be a conservative estimate?

Mr. DAVIS. I am sure that I would not say. I would say that the license feature would only be applied to a limited number of handlers, in a few commodities, where marketing or licensing plans are developed.

Mr. BEAM. I see.

Mr. DAVIS. I imagine that there would be comparatively a few thousand who would be actually brought under the licensing plan.

Mr. BEAM. But it is within the power of the Secretary to impose that on the retailer, is it not?

Mr. DAVIS. Yes; he could do that.

Mr. BEAM. Yes. So that in the aggregate a million licenses would be subject to the provisions of this act?

Mr. DAVIS. I would say that he could do that under the present act.

That is what I want to impress upon you Members of the House this afternoon. If he has that power in the present act, then why hamstring business and put upon the consuming public of America all this additional burden and expense to do something which the testimony discloses, without contradiction, he already has the authority to do under the present law?

Mr. HOPE. Will the gentleman yield?

Mr. BEAM. Will the gentleman wait until I finish, please.

Mr. KLEBERG. Will the gentleman yield?

Mr. BEAM. Not at this time. I decline to yield further, Mr. Chairman.

Mr. BEAM. Mr. Davis, is it not true also that under the power delegated to the Secretary of Agriculture that he can fix the amount, quantity, a processor may sell?

Mr. DAVIS. If that were one of the conditions set forth in the marketing agreement and the marketing agreement had passed through the steps indicated in the proposed amendment and was finally approved by the President that might become one of the terms of the agreement.

Mr. BEAM. Is it not also true that he may prescribe the manner in which the processor enters into agreements with producers?

Mr. DAVIS. No; I would not say that would be correct; that would be carrying it a great deal beyond anything that is in the marketing plan, and all of this is tied up to make the marketing plan effective.

Mr. BEAM. But nevertheless he still has that power, does he not, under this amendment? The power is given to the Secretary, and he could exercise that prerogative of control?

Mr. DAVIS. I will say, Mr. BEAM, you might say that under the existing act and our interpretation, the Secretary of Agriculture could, with reference to marketing agreements—at least impose conditions in a license which would affect a man's business in the way you indicate; that is, under the existing law.

I want to say to you, here is the testimony of the Administrator of the Agricultural Adjustment Act.

If the conditions disclosed and described by him are under the law as it now exists, why insist on these amendments which it has taken the Committee on Agriculture since last February to bring forth on this floor for discussion here today?

Mr. ANDRESEN. Will the gentleman yield?

Mr. BEAM. Yes; I yield.

Mr. ANDRESEN. Does the gentleman think that the bill before us limits the authority of the Secretary with reference to the present act?

Mr BEAM. It does in some respects, which I will point out as I proceed.

Mr. KLEBERG. Will the gentleman tell us whether the hearings from which the gentleman read were on consideration of the bill which the House now has before it, or were the hearings on the bill H. R. 5585, which were the original disputed set of amendments which gave all this unconstitutional power, which the gentleman knows the committee has corrected in the bill which the House is now considering?

Mr. BEAM. This bill has been amended so many times, as the gentleman from Mississippi [Mr. DOXEY] stated, in an attempt to meet the decision of the United States Supreme Court in the Schechter case, recently decided.

Mr. KLEBERG. Will the gentleman admit this is the hearing on the bill H. R. 5585?

Mr. BEAM. I will admit that is on the same bill. The provisions are identical in terms except the phraseology has somewhat been changed and additional provisions provided.

No person can listen to that testimony and not view with alarm the granting of such tremendous power, of regulation and control over the important industries of the Nation, as the facts therein disclose.

If, according to the testimony of the Administrator, the power to license and regulate is already implicit in the original act, why the necessity for the passage of the present bill? Why not continue as we are under the original Agricultural Adjustment Act and give business and industry an opportunity to proceed without the phantom of governmental bureaucratic regulation and control constantly arising and creating hesitation, doubt, and uncertainty in the path of normal recovery and progress?

But no, they desire more power and more control and more regulation of industry, which is the primary and fundamental purpose of H. R. 8492.

For example, under section 8 (c) the Secretary of Agriculture, after notice and a hearing, would have the right to impose license orders, rules, and regulations on processors, distributors, and wholesale handlers of such important agricultural commodities and products thereof as milk, fresh fruits, fresh vegetables, tobacco, and naval stores as defined in the Naval Stores Act, whenever in his judgment the issuance of such decree will tend to effectuate the policy of the act with respect to any commodity or product thereof, just above mentioned.

Processors and handlers of such commodities, including farmers, who also are handlers, could be compelled, if the Secretary of Agriculture so decreed, to conduct their business under a license "order" issued by him and according to rules and regulations promulgated by his Department.

The bill also contains a provision that no license "order" shall be applied to producers or retailers in their capacity as such, yet the minute the producer attempts to sell commercially his farm products, he immediately becomes subject to the regulations imposed by the Secretary.

Every retailer of milk and its products, throughout the country, will be compelled, under the bill as presented, to sell his commodities under rules and regulations issued and imposed by the Department of Agriculture.

Although the Secretary has been stripped of some of his potential powers sought by the bill as originally introduced, due to changes which have been made by our committee, nevertheless, it is an uncontroverted fact that the powers which would be conferred on him by the passage of H. R. 8492 are still such that we would have a substantial step in the direction of a controlled agriculture, a situation which is fundamentally unsound and contrary to our American form of government.

Why does the Agricultural Adjustment Administration want the tremendous powers that H. R. 8492 would give?

Why was its request for powers so general that if the bill had gone through as it was originally conceived the breadth of the Secretary's power would have been almost unlimited?

The Agricultural Adjustment Administration says it needs the amendments "to clarify" the act, to give the benefits of the adjustment program to a certain small group of agricultural products. If this is true, why does the Agricultural Adjustment Administration ask for blanket powers which would enable them to practically control American agriculture in its entirety, make the producers, the processors, the distributors, and consumers subservient and dependent upon regulations and decrees issued by the Department of Agriculture?

We have had 2 years of governmental control over agriculture. To a large extent the cooperation given by the farmers of this country to the program has been voluntary; but if this bill which we are now considering should become law, the power would be placed in the hands of a Secretary of Agriculture to compel and force a minority of producers or processors to comply with the Government's plan.

It cannot be denied but that considerable pressure has been brought to bear on some farmers of the country to insure their cooperation in the Government's plan.

The immense extent of the propaganda activities of the twin publicity bureaus of the Agricultural Adjustment Administration and the United States Department of Agriculture has had a deciding influence on a great many of the farmers of the United States.

It may be true that representatives of the Government have told farmers that if this measure does not pass the farmer's corn-hog checks, his cotton checks, and his wheat checks may stop. They say, in other words, that the existence of the Agricultural Adjustment Act is threatened unless the amendments are adopted.

Mr. HOPE. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. HOPE. The gentleman is making an excellent speech against the original bill, H. R. 5585. I was wondering whether the gentleman was under the impression that that is the bill which the House is now considering?

Mr. BEAM. I have the bill in mind. I am glad to receive the gentleman's suggestion and his enlightening information, which I appreciate.

Surely we all know that this is not the fact and the defeat of this proposed legislation will in no way threaten the adjustment checks farmers have been receiving, or the other phases of the Government's agricultural program, but is simply a snare and a delusion to bring additional pressure and strength to the support of the proposed legislation, and decree to an administrative officer power unheard of in the history of the Republic, the delegation of which is fundamentally wrong and contrary to the best interests of our Nation.

But let us look a little more closely into the opponents of this legislation. The Secretary of Agriculture in a radio address delivered a few weeks ago, pointed out to the farmers of this country that they should support this legislation. He said the middlemen were opposed to it.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BEAM] has again expired.

Mr. BEAM. Mr. Chairman, I yield myself 10 additional minutes.

I should like to say a word or two about those "middlemen."

The products of a man's farm or ranch would be worth very little if there were not, as the Secretary says, an "army" of middlemen to bring these products to the consumers.

Under our present civilization, residents of the city of New York are not in a position to buy direct from the farmer in Iowa, or the fruit grower in Florida or California, but they demand that the products be delivered to them where they reside and where they are to be consumed. I fail to see that it is a reflection on the middleman or a reflection on the present system of economics that the processing and distribution of agricultural products is a major business in this country.

The fact that in some instances the cost of distribution is a major element in determining the value of the raw material to the farmer, is not in any sense a condemnation of the system of today. Any farmer who desires to sell his product direct to the consumer and receive 100 percent of the consumers' dollar, has still that prerogative and that right; but in most instances it is more desirable and more economical for him to let the industries that are equipped to perform that job, take his products from his farm, convert them into products as desired, and transport these commodities to the places where they will sell and thereby dispose of them.

We could not do without the processors and distributors and they perform an efficient, economical function for the most part, in the industrial life of our Nation.

It is true that the processors and distributors have been almost unanimous in their opposition to these amendments, because with the powers conferred on the Secretary of Agriculture by this proposed bill, the Secretary would have almost iron-clad dictatorial control over their business and all would be practically dependent upon orders and regulations emanating from the Department of Agriculture, as to the operation of their respective industries.

The Secretary has given no evidence that his proposed amendments will do anything to help the handlers of agricultural products, nor has he given any concrete evidence that this measure will give any specific permanent benefit to the farmers of the Nation.

I ask you, Mr. Chairman and Members of the Committee, why the handlers and distributors of agricultural products should not oppose this type of legislation?

They oppose it for the same reason that I appear in opposition to it—for the same reason that many other gentlemen in this Chamber oppose it—because it threatens the existence of independent business; it is class legislation for a particular group of our citizens, and is not in the interest of the great masses of our consuming public.

It simply further retards industrial recovery and puts a highly important branch of American commerce under a system of political control, which would be contrary to our American principles and American ideals.

Mr. RYAN. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. RYAN. The gentleman realizes that farm prices have not yet reached parity, as defined under the act, does he not?

Mr. BEAM. That is the situation which they are trying to put up here, but I am trying to show that when they are attempting to place unnecessary burdens on the consuming public, it cannot be done. It cannot work out, in justice.

Much has been said by the proponents of this legislation to the effect that the amendments are needed to help accomplish the purposes of the Agricultural Adjustment Act. It seems to me, and I say this with all respect to those who hold an opposite viewpoint, that the purposes of the act have been pretty well achieved and that the granting of additional powers to the Secretary of Agriculture, especially when they are so broad in scope, is no longer necessary.

I respectfully call the attention of the House to the booklet issued monthly by the Department of Agriculture entitled "The Agricultural Situation", and refer to page 21 of the May issue, which I feel sets forth in no unmistakable terms the fact that agriculture today is in a fairly healthy state.

These figures show that in March of 1933 the index number of farm prices was 55. The index numbers are based on the average from August 1909 to July 1914. It is commonly believed that during such period prices of the commodities the farmers sold were in a very favorable position, as compared with the prices of the commodities which the farmers had to buy.

As I have stated, in March 1933 the index number of farm prices stood at 55. By May 1935 farm prices had doubled and the index stood at 111.

The prices paid by the farmers for the commodities bought also stood at a relatively low point in March 1933. The index,

which is based on the years 1910–14 as equaling 100, then stood at that same figure. In March 1935 the index was only 128. In other words, while farm prices had doubled, the prices paid by the farmers for the commodities bought had gone up only about 28 percent.

In March 1933 the index of employment stood at 58.8. In March 1935 it was 82.4, a gain of approximately 40 percent. During the same period the index number of pay rolls in manufacturing industries gained approximately 90 percent, which was less than the gain in farm prices. (Figures from Bureau of Labor Statistics, U. S. Department of Labor.)

It seems to me, therefore, Members of the House, that the advance which has occurred in farm prices since the passage of the Agricultural Adjustment Act indicates clearly that no strengthening of the act is needed.

While the act cannot be credited entirely as the cause of higher farm prices, the comparison of the increase in farm prices with the increase in employment and pay rolls leads one to the obvious conclusion that a further increase in returns to agriculture, without a corresponding increase in returns to industry, will work a real hardship on the vast majority of our people. Certainly I believe that the laments of so many people of their inability to buy food at present prices indicates that no strengthening of the Agricultural Adjustment Act is vitally needed at the present time.

Mr. Chairman and Members of the Committee, I respectfully submit that it should not be the purpose of Congress to adopt legislation which clearly contravenes the principles stated in the decision of the United States Supreme Court in the Schechter poultry case, rendered on May 27, 1935. I earnestly submit that the provisions of this bill, which are similar to those in the National Industrial Recovery Act condemned in the Schechter case, should be given careful consideration by this body before they are adopted into law.

One of the principal grounds upon which the codes in the Schechter case were found unconstitutional was that the National Industrial Recovery Act before the Court in that case involved an attempt by the Federal Government to exercise a control over intrastate commerce.

The policy of the Agricultural Adjustment Act, as declared in section 2 thereof, is " to reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period." Briefly the purpose of the act is to adjust farm prices.

The whole tenor of H. R. 8492 is to carry out this policy of adjusting farm prices. Under section 2, page 2, of H. R. 8492, based upon his judgment relating to farm prices and to production, marketing, and consumption of such commodities, the Secretary of Agriculture is authorized to enter into voluntary agreements with producers for adjustment of acreage or of production for market and for rental or benefit payments to producers in connection with such agreements.

While under subsection 13 (b) of section 5, page 21, line 20, " orders " provided for in section 5 are not applicable to any producer in his capacity as a producer, and, therefore, it would seem that producers are not subject to the regulation and control which is authorized under this section. Nevertheless, under this same section, page 9, line 16, and so forth, processors, associations of producers, and others engaged in the handling of agricultural commodities specified in subsection 2 of section 5 are subject to " orders ", and those regulations may contain provisions for classification, grading, size, or quality of the commodity.

They may fix minimum prices which the producer shall pay and they may contain other provisions which may be incidental to effectuate the other provisions of the decree. The Department rules may also limit the total quantity of commodities or products specified in subsection 2 of section 5 produced during any specified period which may be marketed, and the orders issued may allot amounts of such commodities or products which any handler may purchase of producer during a specified period. Thus, production, although not directly regulated and controlled, is more effectively, more conveniently, and more practically regulated and controlled through the purchasers of the producers' commodities than if production had been directly regulated.

Production is not commerce and does not fall within the power delegated to Congress to regulate interstate and foreign commerce. Congress has no power to control or regulate production.

The orders likewise apply to processors, associations of producers, and others engaged in the handling of any agricultural commodities or products thereof specified in subsection 2 of section 5. Processing is the same as manufacturing and, like production, is not commerce. It precedes commerce as production precedes manufacturing and, like production, control or regulation of processing or manufacturing is not delegated to Congress under the power to regulate interstate and foreign commerce.

The United States Supreme Court, in *Kidd* v. *Pearson* (128 U. S. 1, 20), stated this principle as applying to manufacturing in very clear and emphatic terms:

> No distinction is more popular to the common mind, or more clearly expressed in economic and political literature, than that between manufactures and commerce. Manufacture is transformation—the fashioning of raw materials into a change of form for use. The functions of commerce are different. The buying and selling and the transportation incidental thereto constitute commerce; and the regulation of commerce in the constitutional sense embraces the regulation at least of such transportation. The legal definition of the term as given by this Court in *County of Mobile* v. *Kimball* (102 U. S. 619, 702; 26, 238, 241) is as follows: " Commerce with foreign nations and among the States, strictly considered, consists in intercourse and traffic, including in these terms navigation and the transportation and transit of persons and property, as well as the purchase, sale, and exchange of commodities." If it be held that the term includes the regulation of all such manufactures as are intended to be the subject of commercial transactions in the future, it is impossible to deny that it would also include all productive industries that contemplate the same thing. The result would be that Congress would be vested, to the exclusion of the States, with the power to regulate not only manufacture, but also agriculture, horticulture, stock raising, domestic fisheries, mining—in short, every branch of human industry. For is there one of them that does not contemplate more or less clearly an interstate or foreign market? Does not the wheat grower of the Northwest and the cotton planter of the South plant, cultivate, and harvest his crop with an eye on the prices at Liverpool, New York, and Chicago? The power being vested in Congress and denied to the States, it would follow as an inevitable result that the duty would devolve on Congress to regulate all of these delicate, multiform, and vital interests—interests which in their nature are and must be local in all the details of their successful management.

This case was cited with approval by the Supreme Court in the Schechter case.

The policy of the act and the policy of the amendments are to control and regulate production and processing, and the provisions of the bill, as I have pointed out, clearly aim to accomplish that purpose, and so far as the amendments attempt to control and regulate production and processing, they are unconstitutional.

The price-fixing provisions of section 5 of H. R. 8492, to which I have referred, and the provisions also of section 5 imposing agreements upon minorities—subsection 8 of section 5—and imposing agreements upon majorities under subsection 9 of section 5 are likewise unconstitutional in that they are a deprivation of property of private citizens without their consent and without compensation.

We are just now emerging from a period of enforced governmental regulation and control as evidenced by the prohibition experiment, and we are all familiar with the lamentable and disastrous effects therein contained. Let us profit by our experience from that embarkation of enforced governmental regulation.

The people of the United States will voluntarily cooperate in any enterprise for the welfare of their country, but any attempt on behalf of a governmental bureau to enforce and compel that which they cannot voluntarily obtain surely is repugnant and contrary to all the traditions upon which our country was founded and upon which it has grown great and prosperous.

I, for one, will not vote to sacrifice and destroy on the altar of temporary expediency the initiative, the courage,

and the individualism of our people, which has been their proud boast and acclaim and their noblest heritage since the foundation of the Union. [Applause.]

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. BEAM. I yield.

Mr. LUCAS. The gentleman from Illinois is a very distinguished and successful lawyer of the city of Chicago, and, from the dissertation he has just delivered to the House, I take it the gentleman has made a very careful study of the constitutionality of the bill now before us. May I ask the gentleman whether any other outstanding lawyers of the country corroborate the gentleman's view as to the constitutionality of the pending measure?

Mr. BEAM. I can submit to the gentleman in private many other opinions of outstanding and distinguished lawyers substantiating my position. One of the principal grounds in declaring the Schechter case unconstitutional was an attempt by the Federal authorities to exercise a control over intrastate commerce.

They are attempting in this proposed legislation by regulating production to do that which the Supreme Court says cannot be accomplished by direct legislation.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN. Mr. Chairman, the triple A legislation has caused a good deal of controversy during the past 4 or 5 months, and considerable misinformation and misunderstanding has been had in regard to this legislation. From both sides a good deal of propaganda has been sent throughout the country, and I know that most of the Members have received letters and telegrams to support or oppose the triple A amendments, but the people sending the telegrams could not know what the amendments were about, as most of the Members did not know from day to day just what form the triple A amendments would take. In the first place the Secretary of Agriculture and the Administrator of the Agricultural Adjustment Act said that they already had sufficient authority in the law but thought it would be necessary to pass some additional legislation to clarify the present law. So a bill was introduced by the chairman of our committee which apparently represented the ideas of the Department of Agriculture, which bill was numbered H. R. 5585, and consisted of nine pages. Hearings were held on this bill. The bill, no doubt, clarified the present law, but it also gave the Secretary blanket authority to do almost anything he wanted to regiment agriculture and industry relating to agriculture. The committee did not consider that bill very long, but finally brought in another draft of triple A amendments, known as "H. R. 7088", on March 28 of this year. The bill H. R. 7088 contained 20 pages and attempted to circumscribe and limit the authority of the Secretary of Agriculture—and it did—but there was still considerable opposition in the committee to this bill. So, on April 24, H. R. 7713 was brought out from the committee, which made certain other changes in the triple A amendments. This bill materially changed the former bills and was considered by the committee. There was still objection to the triple A legislation, and on May 14 of this year H. R. 8052, consisting of 23 pages, further circumscribing and limiting the authority of the Secretary and modifying existing law, was presented to Congress with a report. Then the Supreme Court rendered the N. R. A. decision in the Schechter case, and all of the work done by the Committee on Agriculture went by the board. Without holding hearings, but having very deliberate executive sessions, the committee finally reported out the bill H. R. 8492, consisting of 53 pages, which is now before us, and which definitely limits and circumscribes the authority of the Secretary of Agriculture.

I opposed the other bills, not in full, but there were many instances where I felt that the authority sought to be conferred upon the Secretary went altogether too far.

I am supporting H. R. 8492 because most of the objections I had to the former legislation have been removed.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. WOODRUFF. It is the gentleman's opinion, I gather, that the Agriculture Adjustment Act will, if this amendment is adopted, give to the Secretary of Agriculture less power than he now has.

Mr. ANDRESEN. Decidedly so. It limits the power that he can exercise not only under the amendments but also under existing law, because the existing law is here rewritten in a great many instances, limiting his power.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. MOTT. In just what respect is the power of the Secretary limited with regard to the licensing features of the bill?

Mr. ANDRESEN. The licensing features, or the order features, are limited to certain definite commodities—milk and its products, tobacco, fruits and vegetables, turpentine, rosin, and soybeans. These are the commodities covered.

Mr. MOTT. I understand that; but as to the commodities included, how is the authority limited?

Mr. ANDRESEN. The bill prescribes just the extent of the authority; just how far the Secretary can go and what he may not do. He can go no further in issuing orders or licenses regulating the handlers of the agricultural commodities mentioned in the order section.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. CHURCH. Does the gentleman think this bill constitutional when he considers the Supreme Court's decision in the Schechter case?

Mr. ANDRESEN. There is some doubt as to its constitutionality. We discussed the constitutional features in the committee, as well as some of the other features of the bill.

Mr. CHURCH. What does the gentleman think?

Mr. ANDRESEN. I am in doubt, to be honest about it; and while I might feel that certain provisions of the bill, such as power on the part of the Secretary to delegate his authority to agencies that he might set up, and the powers conferred on certain groups through referenda to say what another group must do, are unconstitutional, yet we have had no direct decision on these propositions and it seemed advisable to me and to a majority of the members of the committee that the question which is now in the courts could well go through so that we would have one determination with reference to that authority on the subject of agricultural legislation.

Mr. CHURCH. Does not the gentleman think we would do more good for agriculture if we enacted amendments that were definitely constitutional instead of questionably constitutional?

Mr. ANDRESEN. We had several constitutional lawyers sitting with us for 10 days in our committee meetings. These gentlemen were from the Department. They proceeded to reply to the inquiries of the various members of the committee on the question of the constitutionality.

Mr. DONDERO. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Michigan.

Mr. DONDERO. When the gentleman from Ohio [Mr. MARSHALL] was speaking, I asked him if 51 percent of a group signed a processing agreement what becomes of the other 49 percent of the farmers who did not wish to sign that agreement.

Mr. ANDRESEN. There is no such provision in the bill, as a matter of fact. In the first place, orders may be issued by the Secretary if 50 percent of the processors or handlers of a given commodity agree to go into a marketing agreement. If they refuse to go into a voluntary marketing agreement, then the Secretary, with the approval of the President, and with the approval of two-thirds of the producers of that particular area and of that particular commodity, may go ahead and impose a license upon the handlers of

milk or its products, fresh fruits and vegetables, tobacco, soybeans, and naval stores.

Mr. DONDERO. The point I make is whether or not the minority in that kind of a case would have any voice of protest in order to get them from under the agreement in which they did not care to join.

Mr. ANDRESEN. Personally I think they would have the best kind of a day in court if they came before the court and presented their side of the question.

Mr. ARNOLD. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Illinois.

Mr. ARNOLD. The word "license", I understand, has been eliminated, and the word "order" substituted in its place.

Mr. ANDRESEN. Yes.

Mr. ARNOLD. Can the gentleman tell us the legal difference between licenses and orders as used in the present law and in this bill?

Mr. ANDRESEN. The word "order", as I understand it, was used principally to comply with the definition of "orders" as used by the Interstate Commerce Commission, the Federal Trade Commission, and the Tariff Commission. They issue orders instead of licenses. Really there is no difference between the two.

Mr. ARNOLD. Does that affect the constitutionality of the bill?

Mr. ANDRESEN. No; except that a license is something that may be revoked. We had a license provision which was not revocable, and if a person violated the license he was subjected to a penalty of $50 to $500 for each offense. So there is no difference really between order and license.

Mr. BOILEAU. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. It is not a license under the present law, because a license necessarily is revocable. These orders appear to carry a penalty, so they are properly designated as "orders", whereas under the law that is in effect at the present time the proposed licenses are revocable. Under the amendments in the bill H. R. 8052, we still called them "licenses", whereas they should have been called "orders."

Mr. ANDRESEN. That is correct.

Mr. MICHENER. Is not an order revocable, too?

Mr. ANDRESEN. No. The order will be in the form of a general proclamation taking in an entire group. It is not revocable, but the man who violates it is subject to a penalty of from $50 to $500 for each offense.

Mr. FOCHT. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Pennsylvania.

Mr. FOCHT. Was it not the purpose of the Supreme Court to eliminate all the compulsory features, and the way the matter now stands it is simply one of willingness to go ahead?

Mr. ANDRESEN. That is probably true in the Supreme Court decision on the N. R. A.

Mr. FOCHT. Is that not a fair understanding of the whole situation and this whole thing is meaningless if that is so?

Mr. ANDRESEN. No; because we have many good provisions in this bill outside of the order section, which all of the Members of the Committee are heartily in favor of.

Mr. FOCHT. That compulsory feature was very compulsory. That is removed from this bill?

Mr. ANDRESEN. Partly so; yes.

Mr. MILLARD. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from New York.

Mr. MILLARD. Did I understand the gentleman to say that he had an opinion from the Attorney General or from someone in the Attorney General's office that this bill is constitutional?

Mr. ANDRESEN. No; there is no question from the Attorney General.

Mr. MOTT. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Oregon.

Mr. MOTT. Does the gentleman think that the license provisions of this bill are among the good provisions or among the more or less objectionable features?

Mr. ANDRESEN. The order provisions that I regard as good, if they are constitutional, are the provisions that give the farmers a fair minimum price for the products they produce and which come under the provisions of the orders. A good many farmers, as has been previously explained here, have been subjected to very severe competition and many unfair practices. If there is anything we can do to give a fair return to the farmers, I know the gentleman is for that, and I am for it on the same supposition.

Mr. MOTT. Yes; I am for that proposition. Does the gentleman believe this order provision or licensing provision will in fact do that?

Mr. ANDRESEN. If it is constitutional, it will.

Mr. HALLECK. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Indiana.

Mr. HALLECK. Does the present Agricultural Adjustment Act provide for a license to be issued by the Secretary of Agriculture to certain persons as it is now constituted?

Mr. ANDRESEN. He has the general power now to impose a license under the act.

Mr. HALLECK. Do I understand that under the proposed amendment the issuance of orders will be limited solely to interstate commerce?

Mr. ANDRESEN. Absolutely. It does not affect intrastate commerce. If the gentleman is asked when he gets back home by his grocery merchant who sells milk, butter, and cheese, whether or not the merchant has to take out a license, he may tell him "no"; he does not have to take out a license and does not become subject to the Federal license issued by the Secretary of Agriculture. The same thing would apply to the small milk dealer or a farmer who has a small herd of cattle and sells the milk to the people in the cities and villages in the district. He will not be subject to a license, because the license provisions, or order provisions, deal only with commodities that move in interstate commerce.

Mr. HALLECK. May I ask the gentleman one further question? Take the case of a milk dealer in the city of Chicago who purchases milk from producers in the State of Illinois. Is it the sentiment of the committee that that man would be subject to the orders as provided for in these amendments?

Mr. ANDRESEN. If a marketing area were set up in Cook County or in Chicago, then the order provisions would affect all handlers within that marketing area. There, again, we come to the question of the constitutionality of this provision, or whether or not the milk that is sold by a farmer in Illinois to the handler within a marketing area in Chicago is in interstate commerce or not.

Mr. HALLECK. Was it not the sentiment of the committee that that would be a purely intrastate transaction in the light of the Schechter decision, which would take the transaction without the realm of Federal regulation?

Mr. ANDRESEN. If there were no marketing area set up, of course, it would be purely an intrastate transaction, but if the Federal Government goes in and sets up a marketing area and issues orders for the handlers in that area, of course, it would be a legal question as to whether or not the man who dealt in Illinois would come within the provision.

Mr. HALLECK. Assuming that the milk dealer in Chicago who bought his milk from producers in the State of Illinois would not be subject to the orders, on the theory that he was engaged in a transaction which was wholly intrastate, and then assume the case of another milk dealer in the city of Chicago who was buying his milk in my State of Indiana, he would, of course, be subject to these orders, and what would be the effect as between the two, if the dealer buying his milk from producers in Indiana had to pay a stipulated price, which was fixed in the order, while the other dealer buying his milk in the State of Illinois would buy it at a lesser price?

Mr. ANDRESEN. If there were no State law regulating the price of milk, similar to ones they have in the State of

New York and in some other States—I do not know whether there is one in Illinois or not—then, of course, it would become a constitutional or legal question to determine whether or not the dealer living in Chicago or in Illinois would have to pay the same price to his Illinois farmer as he did to the farmer living over in Indiana, and I think this is a question that will have to be determined by the court.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Oregon.

Mr. MOTT. If, under this law, the Secretary of Agriculture should make an order declaring or establishing an area which was entirely within one State, it is not the purpose of this bill to bring that area within the provisions of this Federal law, if so, under what possible theory could this be done?

Mr. ANDRESEN. It all depends on the commodity that is dealt with.

Mr. MOTT. Any commodity, milk, for instance.

Mr. ANDRESEN. We will take, for instance, butter, and if they were to make a marketing area for butter within your State——

Mr. MOTT. Entirely within my State; yes.

Mr. ANDRESEN. There is one thing that concerned me—and I will be very frank about it, because I think we should have an understanding about this proposition—as to the power of the Secretary to set up production areas and marketing areas. This applied to the other bill and is one reason why I opposed the other bill. This bill as our chairman, the gentleman from Texas [Mr. JONES], has already stated, does not give the Secretary the power to set up any marketing areas or trade barriers to stop free flow in commerce of any commodity covered by the marketing agreement or order section. My fear was that dairy products produced in the Middle West would not be permitted to be sold in the large consuming areas of the East. This feature has been definitely eliminated from the bill so that in the consuming centers the handlers of milk, butter, and other commodities covered by the bill and living in those centers, will have to pay the same price to the farmers out in the Middle West for the same commodities, as they do the farmers in their own States, with the exception of the freight rate or the transportation differential. The farmers out in our section will have to meet the grade and the sanitary requirements of the State of New York or the other States, but there is nothing in the bill that stops free flow in commerce of any commodity within the United States. Does that answer the gentleman's question?

Mr. MOTT. No; it does not. My question is this. If I am a milk handler in Chicago and you produce your milk some place in the State of Illinois, as the situation has been stated here, and our transactions in milk as producer and dealer are entirely within the State of Illinois, do we come under the provisions of this bill?

Mr. ANDRESEN. If there is no marketing area or marketing territory set up, you do not. If there is and the law is constitutional, you do. Now, that is a question for the courts.

I want now to proceed with one or two other things in the bill before I conclude. There are some very good features in this bill which we are for, because they embody the principles of the old McNary-Haugen bill and the export debenture idea.

This country should get back to normal production and get back to a reestablishment of our foreign markets. We should try to maintain in this country our American markets for the producers of this country.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ANDRESEN. We must try to preserve this market for the products of this country. This is one reason I am particularly interested in the section with regard to the power given the President to increase the duties upon all the commodities covered by this bill.

I have a table here made up from figures submitted by the Department of Commerce showing that the total value of merchandise imported for consumption into this country during the past 10 months was $1,467,000,000. This is the total value of merchandise imported for consumption. Of this amount $990,000,000 represented agricultural commodities.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. ARNOLD. Would the gentleman show in his remarks what agricultural commodities are coming in to make up that vast amount?

Mr. ANDRESEN. I am going to put the table in the RECORD.

Mr. ARNOLD. I shall be very pleased to see it.

Mr. ANDRESEN. I am not going to put in the entire table, but I want to point out some of the commodities we are particularly interested in throughout the Middle West.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I cannot yield until I have finished this statement.

During the last 6 months of 1934, 9,292 head of cattle came into this country, principally from Mexico and Canada. During the first 4 months of this year 144,919 came in.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. Yes.

Mr. CANNON of Missouri. Were they for breeding purposes or for consumption?

Mr. ANDRESEN. For consumption. I do not think that duty is paid on cattle coming in for breeding purposes. Meat products: 38,876,217 pounds of meat products came in during the last 6 months of 1934 and 38,040,917 pounds came in during the first 4 months of 1935, making a total of 76,917,134 pounds in 10 months. During the last 6 months of 1934, 822,000 pounds of butter came in, and during the first 4 months of 1935, 17,398,000 pounds came into the United States, principally from New Zealand, Argentina, and Australia.

In the last 10 months 11,269,000 bushels of corn came into the United States, 14,000,000 bushels of oats, 9,000,000 bushels of barley, 189,000,000 pounds of barley malt. Some of our good barley farmers in Minnesota are wondering why they get such low prices for their barley. That is the answer. They make the malt in Canada and ship it into this country in large amounts. Twenty-one million bushels of wheat came in in the last 10 months, and, 8,147,000 bushels of rye came into the United States. We want the President to go ahead and exercise the powers conferred in this bill, so that the American markets may be preserved not only for the cotton farmers and the textile business, but also for the other farmers in this country, who are entitled to this market, and who are unable to continue their business if they have to compete with cheaply produced agricultural products of other countries.

Mr. CANNON of Missouri. These importations you have listed constitute what percentage of the total amount of the respective commodities consumed in this country?

Mr. ANDRESEN. I am unable to get those figures right now?

Mr. CANNON of Missouri. Are not these importations an indication of prosperity on the American farm for the reason they indicate that for the first time in many years the domestic price is sufficiently high to warrant their bringing in these foreign products over our tariff wall? Up to this time the price has been so low it did not pay the foreign importers to bring commodities into the United States and pay the tariff, and the fact that they are now bringing them in would indicate a tremendous rise in the domestic price in the last year.

Mr. ANDRESEN. The first week in February butter reached a parity price of around 34 cents, which it held for a week. Imports of butter have come in so rapidly that the price has been depressed from 34 cents a pound the first week in February to 23 cents a pound today.

Mr. CANNON of Missouri. Was not that followed by a cessation of importations?

Mr. ANDRESEN. No. The biggest importation we had came in the month of April, when we had 7,500,000 pounds of butter—twice as much as we had in the 3 months before that. I cannot tell how to account for it. The imports are still coming in by leaps and bounds. I do not have the figures for the last month—they were not available.

Mr. CANNON of Missouri. What is the gentleman's remedy?

Mr. ANDRESEN. The remedy is to either raise the tariff or place an embargo on those commodities so that our farmers in this country may have the market for the products they produce here.

Mr. CANNON of Missouri. I fully agree with the gentleman. Curtail importations by tariffs or embargoes, and maintain domestic prices under the A. A. A.

Mr. MOTT. May I ask the gentleman, in view of the facts he has stated, why did not the committee provide for mandatory embargoes instead of leaving it to the discretionary authority of the President, which every one of us knows he will never exercise, because he has that authority now.

Mr. ANDRESEN. That is true; but it happens that the division on the committee is rather large, and while this committee never discusses politics because we are interested in the welfare of agriculture, we did discuss this very question, and some of them did not want to embarrass the men who might exercise this authority.

Mr. MOTT. Then they have done an entirely futile thing, if they give to the President discretionary authority when they know from experience during the last 2 years that the President never will exercise that authority.

Mr. ANDRESEN. We are in hopes that he will exercise that authority.

Mr. PIERCE. Mr. Chairman, I think it is distinctly unfair to say that he will not exercise the authority when the word is "shall" and not "may."

Mr. MILLARD. Does not the gentleman think it is unfortunate to have the words "when the President has reason to believe"? Cannot you make that any stronger?

Mr. ANDRESEN. We say in there that he shall do it.

Mr. MILLARD. But "when he has reason to believe."

Mr. ANDRESEN. We will have to leave it to his good judgment and we hope that he will exercise that authority.

Mr. CHRISTIANSON. Has the gentleman expressed any opinion as to the constitutionality of the so-called "marketing agreement order"?

Mr. ANDRESEN. I did express that there was some doubt on the part of the members of the committee, but we thought that question should be determined by the court.

Mr. MASSINGALE. Did the committee consider the fact that it had the right to enact, as a part of this law, an embargo against the importation of any farm products from abroad, to protect the American farmer?

Mr. ANDRESEN. I think the committee probably recognized that right, but sometimes committees do not function the way their good judgment dictates.

Mr. MASSINGALE. I will say there has been a great deal of criticism and suspicion expressed about what the President might or might not do. This Congress can place that embargo if they wish to do it.

Mr. ANDRESEN. The theory of some of the gentlemen in the present administration is that we are to negotiate reciprocal trade agreements and permit commodities to come into this country, of which we produce a sufficient quantity to take care of the domestic demands. I think that this administration should proceed to take care of the American producers, not only on the farms but also in industry, and protect them so that we can get back to a normal recovery in this country and again have prosperity.

Now, Mr. Chairman, I have tried to answer some of the questions that have been propounded. That is the only reason I took this time. So few of the Members of the House had an opportunity to study this 53-page document that is technical in character, and, therefore, I hope that my contribution has somewhat aided in clearing up or giving an explanation to the legislation. [Applause.]

Mr. MICHENER. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. MICHENER. Before the decision in the Schechter case the Farm Bureau and the Grange and the Milk Producers Association were down here en masse in favor of the proposed amendments. Can the gentleman advise the House as to the attitude of those farm organizations with regard to the bill which is now before the House?

Mr. ANDRESEN. We have not held any hearings on this bill, but I am satisfied that those organizations are still for the legislation. It is my hope that the enactment of this bill will materially aid agriculture throughout the United States so that our farmers may receive cost of production plus a fair profit for the products of the farm.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. ANDRESEN] has expired.

Mr. ANDRESEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a table from the Department of Commerce.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The table referred to is as follows:

Agricultural imports for 10 months beginning July 1, 1934, and ending Apr. 30, 1935

[Department of Commerce figures]

	6 months ending Dec. 31, 1934	4 months ending Apr. 30, 1935	Total 10 months
Total value of merchandise imported for consumption	$804,802,254	$662,297,761	$1,467,100,015
Of the above imports for consumption the following classifications represent agricultural products:			
Animals and animal products, edible	25,333,696	26,514,759	51,848,455
Animals and animal products, inedible	45,150,119	45,182,057	90,332,176
Vegetable food products and beverages	234,442,820	206,328,496	440,791,316
Vegetable products, inedible	109,490,793	95,971,433	205,462,226
Textile fibers and manufactures	111,876,989	90,587,065	202,454,054
Total for 10 months			990,898,227

List of a few important imported farm products during 10-month period

	6 months ending Dec. 31, 1934	4 months ending Apr. 30, 1935	Total 10 months
Cattle, head	9,292	144,919	154,211
Meat products, including fresh, prepared, and canned meat and pork, pounds	38,876,217	38,040,917	76,917,134
Butter, do	822,106	17,398,167	18,220,273
Corn, bushels	2,806,869	8,462,653	11,269,552
Oats, do	5,559,314	8,525,101	14,084,415
Barley, do	6,566,590	3,050,235	9,616,825
Barley malt, pounds	98,989,337	90,806,382	189,795,719
Wheat, bushels	12,936,872	8,823,494	21,760,366
Rye, do	3,678,810	4,468,858	8,147,668

Mr. BEAM. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, is is so ordered.

There was no objection.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I am not a dirt farmer. I happen to belong to the local grange, the Pomona Grange, and the National Grange, and the Farm Bureau Federation, but I plead guilty to not being a dirt farmer like my eminent constituent in the White House. However, I feel very strongly that the time has come for the Republican Party to present a clear-cut and definite farm policy to try to do something to restore the vanishing world markets for our agricultural products.

Mr. RYAN. Will the gentleman yield?

Mr. FISH. I have not made my point yet.

The so-called "grass roots" convention that met a few days ago in Springfield, Ill., had this to say as to their agricultural program.

Mr. PARSONS. Will the gentleman yield?

Mr. FISH. I do not yield.

National recognition of the needs of agriculture.
We hold that no economic——

Mr. FULMER. Mr. Chairman, a point of order. The gentleman is not speaking on the bill.

The CHAIRMAN. The gentleman will confine his discussion to the bill.

Mr. FISH. Oh, certainly. I am talking about agriculture. I am reading the agricultural plank of the recent Republican Mid-West convention. There could be nothing more pertinent to the pending bill than that.

Mr. ZIONCHECK. We do not have "grass roots" in agriculture.

Mr. FISH. I am not yielding to anybody, Mr. Chairman.

Mr. MILLARD. Mr. Chairman, a point of order. The gentleman did not yield to anybody.

Mr. FISH (reading):

National recognition of the needs of agriculture.
We hold that no economic advantage of agriculture thus far attained shall be surrendered. The farmer of right is entitled to a fair proportionate part of the national income and to receive a parity price for the products of his farm in domestic markets.

I am sorry, as a Republican, that that convention did not go much further and offer a clear-cut and definite program. Agriculture is and will continue to be one of the greatest problems and issues before the country, not only when this bill is passed but for years to come. We must do something to restore the vanishing world markets for our farm surpluses. I deplore the fact that that issue has not been raised and that no concrete program has been offered since the McNary-Haugen bill to restore these vanishing markets.

Mr. PARSONS. Will the gentleman yield for a brief question?

Mr. FISH. Very well. I yield.

Mr. PARSONS. At the "grass roots "convention in Springfield the article which they adopted in their platform practically approved the entire program which the Democratic Party has adopted for agriculture.

Mr. FISH. I have just read it. I believe every thinking man is in favor of giving agriculture every opportunity to make a fair profit beyond the cost of production. I feel that that solution will be accepted by all the Members of this House, that the western farmers should have a parity, an equilibrium between the prices for our agricultural products and the prices for the products of the mines and the factories. But what of that? That does not do anything to restore world markets. We are importing 15,000,000 more bushels of wheat than we are exporting. The United States, the greatest wheat-producing nation in the world, is importing 15,000,000 bushels more than we are exporting. Is it not time we talked about world markets for our American wheat, cotton, corn, and other farm produce?

Mr. ARNOLD. Will the gentleman yield?

Mr. FISH. I yield.

Mr. ARNOLD. I understand the gentleman has introduced and has pending in the House a farm-relief bill along the lines of the old McNary-Haugen bill?

Mr. FISH. That is right.

Mr. ARNOLD. The bill we are now considering contains the provisions of the McNary-Haugen bill. The gentleman states that in addition to aiding agriculture we should do something to build up our foreign trade. What has the gentleman done in the way of introducing any bills in Congress that would restore the foreign trade he is now complaining has been lost?

Mr. FISH. I think the gentleman just said, did he not, that I had reintroduced the McNary-Haugen bill?

Mr. ARNOLD. But the provisions of that bill are contained in this bill.

Mr. FISH. Some of the principles are in it.

Mr. ARNOLD. No; the principles of the McNary-Haugen bill are here.

Mr. FISH. Have I told the gentleman I was opposed to this bill?

Mr. ARNOLD. I was trying to find out what the gentleman has done to restore the foreign markets.

Mr. FISH. I was going to say that the only thing that impels me to vote for this bill is the fact that it contains some of the principles, possibly some of the main principles, of the McNary-Haugen bill. I am opposed to the processing tax. If I had my way I would wipe out the entire A. A. A. and give the Secretary of Agriculture the right and the power to fix minimum prices for agriculture, to have two sets of prices, a domestic price fixed by the Secretary, and a world price to take care of our surplus of wheat, cotton, corn, or whatever commodity it may be, sell it in the world markets, and take whatever price it brings, and distribute the money to the farmers.

Mr. ARNOLD. Would the gentleman empower the Secretary of Agriculture to fix this upset price?

Mr. FISH. I certainly would.

Mr. PIERCE and Mr. JONES rose.

Mr. FISH. Mr. Chairman, I want to inform the House, so there will be no misunderstanding about it, that I am speaking over a national radio hook-up at 6:30 this evening on the subject of our vanishing markets, giving facts and figures, so fire your questions at me now. I yield first to the chairman of the committee.

Mr. JONES. I understood the gentleman to say that he had introduced a bill which was referred to the Committee on Agriculture.

Mr. FISH. Yes; similar to the last McNary-Haugen bill; that was, provided the A. A. A. had been wiped out. I am opposed to all the processing taxes. I realize they have increased the cost of agricultural products, but that farmers want to maintain those benefits. I realize they are really bonuses, and the farmers will vote overwhelmingly for them, but that is not the proper system. It is, however, the system in existence. I maintain that the Republican Party should work out a clear-cut program to restore the vanishing markets and substitute something in place of the processing taxes, but I am not able to go into that angle of it at the present time in a limited debate.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. MOTT. May I suggest to the gentleman from New York that a complete program such as he has suggested is already in Congress in the shape of bills? There are the Frazier-Lemke farm-mortgage refinancing bill, the old John Simpson cost-of-production bill, the McNary-Haugen bill, and the old debenture bill. They are all in Congress. The only reason they have not received the consideration of this body—successful consideration—is because the present administration happens to be opposed to them. These bills are in shape so that they could be passed at this session of Congress if we had sufficient support in this body to do it; and I may mention that in the case of at least one of these bills 36 State legislatures out of 48 in the United States have formally petitioned the Congress of the United States to enact it into law as a substitute for this measure.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield for a brief question.

Mr. McFARLANE. Will the gentleman kindly inform the House and the country, inasmuch as he is running for President, how he stands on these bills?

Mr. FISH. I propose to do my own talking to the country over the radio tonight.

Mr. McFARLANE. Tell the people how he stands on these bills.

Mr. FISH. Now, let me proceed on this subject. The raising of agricultural prices has been welcomed by all the farmers, at least. Someone has asked whether the Grange and the Farm Bureau Federation are for this bill. I think both are for it. I ask the chairman of the committee, the gentleman from Texas [Mr. JONES], if the farm organizations are not for this bill?

Mr. JONES. All of them which have made a declaration for or against it are for it. There are some State unions which have favored it, but I do not think the national unions

have stated their position on it; but practically all the farm organizations, some 15 or 20 of them, I think, have endorsed the measure.

Mr. FISH. My main purpose in taking the floor at this time was to point out the undeniable fact that in 2 years the A. A. A. program, in spite of all it has done toward raising the cost of farmers' products, has lost the world markets. Let us take cotton, for instance. We have lost over 50 percent of the world market in cotton. Cotton was our single greatest export crop.

More people in America were connected with the production of cotton than any one single commodity. I have seen it estimated as high as 10,000,000 people. We have lost half of the world markets and through the reduction of 25 percent of the cotton crop hundreds of thousands of people in the South have been placed on the relief rolls. While we have lost 3,000,000 bales, Brazil, Egypt, India, North Africa, China, and Soviet Russia have increased their production more than 3,000,000 bales. We have simply lost that wealth. The question now is, How are we going to get it back? The greatest wealth this country has ever produced has been in cotton. We are losing our market for it every day. Eventually we shall lose the other 3,000,000 or 4,000,000 bales of exportable cotton produced in the Southern States. If the South wants to commit economic suicide, of course, it is not our fault. We are not responsible for it. It is due to the A. A. A. program that we have lost the foreign markets. It is due to the A. A. A. program and the processing tax that the wheat producers have lost the wheat market in Europe.

Mr. ARNOLD. How has the A. A. A. lost the foreign market?

Mr. FISH. I will tell the gentleman.

Mr. PIERCE. It was gone before the A. A. A. Act was passed.

Mr. FISH. Oh, no. When you reduce production 25 percent and increase the cost in the United States so it gets away above the world market, naturally foreign nations are not going to buy so much. That is self-evident to anyone and is exactly what has happened to our cotton and wheat surpluses. Egypt, Brazil, and other countries have undersold us in cotton, and Argentina and Australia in wheat.

Mr. ARNOLD. Our farmers want these increased prices, and it is to their benefit. Now, would the gentleman take that away from them in order to get the world trade?

Mr. FISH. One minute the gentleman denies we have lost the world trade and in the next minute he wants the increased prices at home. I say, yes, have two prices, one for our domestic market and another price for the world markets. Instead of destroying our crops and plowing them under, raise all we can and sell the surplus at whatever price we can get. [Applause.] If we can get 50 cents in the world market for wheat let us sell it. Then bring the money back to this country and distribute it to the farmers. It is a clear-cut proposition and a plan that the Republicans ought to stand for solidly.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I am sure that I cannot adequately appraise the value of the services of the Chairman of your Agriculture Committee, the distinguished and splendid gentleman from Texas, Hon. MARVIN JONES. While I do not desire to unduly compliment him upon the discharge of his legislative duties, I would not be true to my inmost feelings, as one of the younger members of the committee, if I did not publicly state that he has, as chairman of the committee, demonstrated splendid leadership and great ability. With wisdom and becoming dignity he has presided over the deliberations of his committee with such fairness and with such impartiality that he has not only distinguished himself but he has endeared himself to every member of the committee and is entitled to the gratitude of this House and the country at large. Whatever may be the fate of this measure, that divine compensation of life, the luxury of enjoyment, which comes only from duty well and faithfully performed, will surely be his rightful portion.

Were I guided solely by my own inclinations, I would not permit myself to trespass upon the patience of this committee, but I am impelled by a sense of duty and perhaps motivated by an intemperate zeal, in asking your indulgence for a few brief observations upon this bill, which so vitally affects the welfare and the happiness of those whom I have the honor to represent.

With unaffected humility, I frankly confess that there are those present who more thoroughly understand this bill, and before the splendor of whose genius and ability I should bow with respectful deference. But even though I am still in my congressional swaddling clothes, I believe that I know at least a little something about the vicissitudes of the farmer and the necessity of strengthening the Agricultural Adjustment Act, to the end that it may more effectively accomplish its high service—the restoration of the farmers' purchasing power and the rehabilitation of agriculture.

I have no quarrel with those who may differ with me upon the wisdom or the efficacy of the Agricultural Adjustment Act. Neither shall I impugn the motive nor question the sincerity, nor doubt the patriotism of any man or woman who may oppose this legislation on the ground that it is a form of governmental regulation. I am glad that this is still a forum wherein men may differ and, while I am mindful of the fact that governmental regulation is repugnant, I am also conscious of the fact that poverty, desolation, and foreclosures are likewise quite repugnant. While I have sympathy with those who may differ, I have little patience with the critics of honest effort who have no better plan to offer.

I believe that the American farmer loves the fundamental philosophy of his Nation, and I believe that I know the American farmer well enough to know that he wants no legislation which does not find sanction within the framework of our Constitution. The American farmer loves this representative Government of ours—he does not want communism, fascism, or nazi-ism, or any other kind of "ism" except true Americanism. He does not want charity; he only wants justice and the protection of those blessed rights guaranteed to him by the organic law of the land. He wants his share of the national income, his rightful place in the national economy, and his rightful portion of human happiness. He wants to be freed from the merciless tyranny of that antiquated system which has enslaved him.

Of course, the farmer looks forward to the time when he can plant freely and harvest generously, in the certainty that he will have a market at home and abroad for the product of his toil, but for the present, recognizing the emergency, is willing to curtail his efforts in order to reduce the surplus which is depressing the price and which the world apparently does not want or cannot buy.

I have a genuine faith in the American farmer, and I believe that he today has an abiding faith in the leadership of the Democratic Party as it seeks to furnish him with the machinery which will enable him to gain control of his own industry and become the master of his own household.

Industry produces only that which it can profitably sell. Pray tell me why the farmer should continue to deplete his soil by producing that which the world will not buy? Neither the processor nor the manufacturer nor the consuming public has the right to eat the food nor wear the fiber produced by the sweat and toil of the farmer unless and until they are willing to pay the farmer not only the cost of production but reasonable compensation for his labor. If to pay the farmer reasonable compensation for his labor will result in closing factory doors, then let the doors close, for they have no right to remain open and expect the cotton farmer to put shirt tails on the people of the world while he himself is bled as white as the cotton he produces. Neither is the public entitled to the milk unless it is willing to feed the cow.

This is not a processors' measure. It was not designed to protect the manufacturer. It was not initiated and it is not administered for the protection of the other parasites who have in the past "farmed the farmer", and we do not intend to permit them to dictate the terms and conditions under which the program for the improvement of agriculture is carried out.

Restore to the American farmer this purchasing power and then, and only then, will the idle wheels of industry start to turn. This bill seeks to do that very thing, and at the same time it does no violence to the legitimate rights of others.

Everything from root rot to blue mold works against the farmer. Everything that crawls upon the earth, and even that which dwells beneath or falls upon the earth, fights against him. Every bug and beetle and bollweevil is his enemy. May we hope that Congressmen will be his friends and pass this act which will give strength and vitality to a program which has meant so much to him.

I need not bore you with statistics nor attempt to recapitulate nor even extol the virtues of the Agricultural Adjustment Act. Only those who are blind can fail to see the conspicuous signs of returning prosperity. It will suffice to say that the shadow is lifting from the farm; despondency is disappearing; confidence is being restored; and happiness is returning to the hearthstones of American homes.

Time will not permit me to even attempt an analysis of this bill, but I do want to say:

It will make the Agricultural Adjustment Act more certain and more effective.

It will certainly remove all doubt as to the constitutionality of at least some, if not all, of the provisions of the Agricultural Adjustment Act.

It safeguards the exercise and possible abuse of the powers conferred upon the Department of Agriculture.

It gives the farmer a voice in the initiating and terminating of certain programs which seek to bring about the declared policy of the act.

It sets apart 30 percent of the import duties collected by the Government, which is estimated to be around $100,000,000, for the building up of the substandard of consumption; the development of foreign and domestic markets in the interest of a fuller utilization of our agricultural resources.

It provides for the payment of benefits to farmers cooperating in the great plan for adjustment of our national economy.

It protects the public by providing for an ever normal granary, which will provide adequate reserves of the major agricultural commodities to protect consumers from shortages.

This bill fixes, by act of Congress, the processing tax and prevents the filing of claims for refund of taxes already paid, and prevents the enjoining of the collection of processing taxes levied in the future. By fixing the tax ourselves, we certainly take care of the constitutional objection as to the delegation of power conferred upon the Secretary of Agriculture by the triple A, in this respect.

The bill spells out in certain terms the authority conferred upon the Department of Agriculture, and provides the conditions and limitations for the exercise of the power we have vested in the Secretary of Agriculture.

No farmer can be licensed or subjected to orders in his capacity as a producer.

No retailer can be licensed or subjected to orders in his capacity as a retailer.

No license or order can be imposed upon the processors of farm commodities unless the Secretary and the President first determine that it is the only practical means of accomplishing the declared policies of the act, and that two-thirds of the producers of the commodity favor the imposition of such orders. Thereupon, minimum producers' prices may be fixed so as to guarantee to the farmer a parity price.

As to the constitutionality of orders fixing minimum producers' prices, although we have no direct United States Supreme Court decision as a precedent, I desire to call your attention to a few decisions which we think justify the belief that these provisions of the Agricultural Adjustment Act are constitutionally sound. First, I would remind you that in many of the large metropolitan milk markets of the country by far the greater portion of the milk distributed in such markets is produced in States other than those in which such markets are located. The bulk of the milk supplied to these markets thus moves in interstate commerce directly from the producer to the distributor. As an example, approximately 90 percent of all milk distributed in the Boston metropolitan area is produced in States other than Massachusetts.

The fixing of minimum prices which distributors are required to pay producers for such milk is clearly a regulation of the contract of purchase of such milk; that is, the very transaction which initiates the movement of this milk in interstate commerce. In *Baldwin v. Seelig* (55 Sup. Ct. Septs. 497), decided March 4, 1935, the Supreme Court held that the State of New York could not constitutionally prohibit the sale within its borders of milk produced outside of the State and purchased from producers at less than the minimum prices fixed under the statute for the purchase of milk in New York. The Supreme Court held that this attempt by the State of New York to fix minimum producer prices for milk moving in interstate commerce was unconstitutional, because it constituted a regulation of interstate commerce. The holding in this case that New York could not fix producer prices for interstate milk was tantamount to a holding that the Federal Government could fix such prices. Otherwise, it would mean that this aspect of commerce was beyond the control of both the States and Congress, a result which is logically inconceivable.

Another Supreme Court decision affirming the power of Congress to provide for the fixing of minimum producer prices for commodities which move in interstate commerce is *Lemke* v. *Farmers Grain Co.* (258 U. S. 50). In that case it was held that a North Dakota statute which fixed the price to be paid for grain purchased from growers in that State—a very large percentage of which moved in interstate commerce after its purchase—was unconstitutional because the fixing of such producer prices was a regulation of interstate commerce and hence could be imposed only by Congress and not by the States. The Court said:

> It is alleged that such legislation is in the interest of the grain grower and essential to protect them from fraudulent purchasers and to secure payment to them of fair prices for the grain actually sold. This may be true, but Congress is amply authorized to pass measures to protect interstate commerce if legislation of that character is needed.

In other cases the Supreme Court has specifically stated that the buying and selling of goods for movement in interstate commerce is itself a part of interstate commerce (*Shafer* v. *Farmers Grain Co.*, 258 U. S. 189; *Dahnke-Walker* v. *Vondurant*, 257 U. S. 282), and consequently the regulation of such contract of purchase by fixing of minimum producer prices is clearly a regulation of a transaction in interstate commerce.

In the Schechter case the transactions regulated by the Poultry Code occurred after the interstate journey of the poultry had ended and after the slaughterers had purchased it from commissionmen and it had come permanently to rest within the State of New York. The opinion specifically distinguished the situation before the Court from that involved here, to wit, the regulation of the purchase of a commodity for immediate shipment in interstate commerce. The Court stated that the provisions of the Poultry Code were not concerned with the purchase of such poultry from producers or their agents, the commission men, and said:

> So far as the poultry here in question is concerned, the flow in interstate commerce had ceased.
>
> The poultry had come to a permanent rest within the State. It was not held, used, or sold by defendants in relation to any further transactions in interstate commerce and was not destined for transportation to other States. Hence decisions which deal with a stream of interstate commerce—where goods come to rest within a State temporarily and are later to go forward to interstate commerce—and with the regulation of transactions involved in that practical continuity of movement are not applicable here.

Thus the Court carefully distinguished the type of regulation involved in the fixing of minimum producer prices for commodities which are purchased for immediate interstate commerce. It is significant that the Court cited at this point of its opinion, among other cases, Lemke against Farmers Grain Co., which I have discussed, as an example of the extent of constitutional regulation of interstate commerce by the Federal Government. Hence the Schechter case indi-

cates that the fixing of minimum producer prices for commodities which move in interstate commerce is within the Federal commerce power.

Hammer v. *Dagenhart* (247 U. S. 251)—the child-labor case—is not an authority against the constitutionality of the fixing of minimum producer prices for interstate commodities. In that case the Supreme Court held that the real purpose and effect of the child-labor law was to regulate the hours of labor of children in factories within the States, a matter which has no relation whatever to interstate commerce. But obviously the purpose of fixing minimum producer prices for commodities named is to increase the price received by producers for a commodity which moves in interstate commerce. And the cases discussed demonstrate that the purchase and sale of the commodities named for shipment in interstate commerce is in itself a part of interstate commerce, and consequently that in regulating this contract of purchase by fixing minimum producer prices Congress is regulating a transaction which is a part of interstate commerce, not one related to interstate commerce, as was the employment of child labor involved in Hammer against Dagenhart.

In fixing minimum producer prices for such commodities, Congress is not regulating manufacture or production; the only transaction regulated is the purchase of such commodities by the distributor from the producer, and that purchase initiates the movement of such commodities in interstate commerce and is itself a part of interstate commerce.

In metropolitan milk markets such as Boston, there is, of course, a relatively small volume of milk which is produced in the same State in which it is distributed, and hence does not move in interstate commerce. The application of milk orders to this relatively small amount of milk is amply justified under the doctrine that Congress has the power to regulate intrastate commerce in connection with its regulation of interstate commerce when intrastate commerce is so intermingled with the interstate commerce regulated that effective regulation of the latter requires regulation of the former, or when the regulation of interstate commerce alone would give an unfair competitive advantage to intrastate commerce of the same character, or when intrastate commerce directly affects or burdens interstate commerce. Thus, the Interstate Commerce Commission may regulate intrastate railroad rates when such intrastate rates, if unregulated, would hinder effective regulation of interstate railroad rates, or would discriminate against those who ship goods in interstate commerce—the *Shreveport case* (234 U. S. 342); *United States* v. *Louisiana* (290 U. S. 70); *New York* v. *United States* (257 U. S. 591). It seems obvious that in these interstate milk markets the fixing of minimum producer prices for interstate milk could not be effective without fixing equivalent prices for intrastate milk which is in direct competition with interstate milk, and the fixing of minimum producer prices for interstate milk alone would clearly discriminate against such milk.

Therefore, it would appear that there can be no very serious question that the fixing of minimum producer prices for milk is permissible under the due-process clause of the fifth amendment. *Nebbia* v. *New York* (291 U. S. 502) and *Hegeman Farms Corporation* v. *Baldwin* (293 U. E. 163) establish that fixing such minimum producer prices for milk does not contravene the due-process clause of the fourteenth amendment, and it is well settled that the restraints of the fifth amendment upon congressional legislation are no greater than those of the fourteenth amendment upon State legislation (*Heiner* v. *Donnan*, 285 U. S. 312, 326).

We may expect new decisions upon new laws in this new and progressive age, but I am sure that no one Supreme Court decision, nor a dozen decisions, will halt the march of progress or send us back to the so-called "good old days" of starvation and woe and want.

In my State, and in the other flue-cured tobacco growing States, the situation, with reference to tobacco, is in many respects similar to the situation as to milk in the metropolitan areas. According to evidence introduced in the case of Motsinger and others against the collector of internal revenue for North Carolina and others, now pending in the United States District Court for the Middle District of North Carolina, approximately 60 percent of the entire North Carolina flue-cured crop is exported annually. At least 65 percent of the North Carolina crop is either exported and transported in interstate commerce to other States prior to its manufacture, and 98 percent of all of the flue-cured tobacco produced in North Carolina is ultimately consumed either before or after manufacture outside of the State, and, therefore, goes into the stream of foreign or interstate commerce.

It certainly follows, then, that the prostration of the tobacco farmer is well calculated to dry up the streams of commerce insofar as tobacco is concerned.

As the price of tobacco rises, increasing numbers of motor cars are sold in the tobacco-producing States. The sale of farm machinery and fertilizer and of any number of other things which the farmer must have increases in volume and accelerates the stream of interstate commerce and stimulates national prosperity.

I do not believe that the Agricultural Adjustment Act, as it will be amended by the bill under consideration, will be found wanting on the ground that it is an unconstitutional delegation of legislative power. Time will not permit a further discussion of this particular phase of the measure.

In closing, I desire to remind you of the splendid defense of the Agricultural Act delivered on the floor of this House on Tuesday, April 23, by my good friend and colleague from North Carolina the Honorable LINDSAY C. WARREN, which, I think, is a complete answer to those who have not been willing to go along with this part of the new-deal program, under which the income to cotton farmers alone rose from $464,000,000 in 1932 to $862,000,000 in 1933. Insofar as my State is concerned, when I realize that the cash income to our farmers was increased from $86,000,000 in 1932 to $216,000,000 in 1934, I am unwilling to remain silent when their program is threatened or attacked, and I want it distinctly understood that I am for this bill lock, stock, and barrel. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. COFFEE].

Mr. COFFEE. Mr. Chairman, I cannot discuss very many phases of this bill in 10 minutes, so I am going to confine my remarks to the provisions of the bill that deal with our foreign trade. I should like first to answer the gentleman from New York [Mr. FISH]. He asks what has happened to our vanishing foreign trade. I may state that if he would search through the Tariff Acts of 1921, 1922, and 1930 he would probably find the reason for the retaliatory barriers raised by foreign countries which have practically wrecked our international trade.

There can be no general prosperity in this country until the purchasing power has been restored to the 50,000,000 people in this country who are engaged in agriculture. It was the loss of this purchasing power that largely contributed to the collapse of industry and our consequent major social problem—the army of unemployed. Agriculture was the first major industry to be forced down the toboggan into depression because of loss of foreign markets. Other industries closed as a consequence of the loss of this domestic market, throwing millions of men out of work and further reducing the purchasing power of the Nation. The chain of circumstances is known to all of you. Our problem is to rebuild that which has been destroyed; to restore national prosperity and regain what has been lost.

The Agricultural Adjustment Act has been of great benefit to agriculture. The adoption of this bill containing the amendments to the act will, in my opinion, make the Agricultural Adjustment Act the legislative machinery that will not only pull agriculture out of the bog of depression but will start the wheels of industry and help carry the army of unemployed back to work.

The amendments dealing with our foreign trade in agricultural products introduce into the Agricultural Adjustment Act a clear authority to maintain a two-price system for American agriculture. By adopting these amendments Con-

gress will be taking a great step forward in recapturing lost world markets for American agriculture. It will be possible to maintain a domestic price level the height of our tariff above the world level on the portion of our products consumed in this country, and provide a means of exporting the surplus at the world level. In so doing, Congress will be adopting for the United States a system of marketing agricultural commodities already tried and approved in some form by practically every other country of any consequence engaged in exporting, as shown in the following table:

Two-price systems in export of certain agricultural products, by type of administration and source of funds (1929–34)

Country	Grains	Flax	Corn	Butter	Eggs	Beans	Olive oil	Pork and pork products	Beef	Cheese	Poultry	Live animals	Wine
Argentina	A–8	A (seed)–8	A–8										
Australia				B–4 A–5									D–1.
Austria	E–6			E–6					E–6	E–6			
Bulgaria	A–1+3 (2)		A–1+3 (2)										
Chile	A–3+1+7					A–3+1+7							A–3+1+7.
Denmark									A–1+3				
Egypt			D–6 (1)			D–6 (1)							
Estonia				D–9+1	D–9+1			D–1+3 (9)					
Finland				D–2	F–1			F–1		D–2			
France	D–2 (1)	D–2 (1)											
Germany	E–6			E–6	E–6			E–6	E–6				
Greece							D–1.						
Hungary	D(B)–3												
Irish Free State				D–1	D–1						D–1	D–1	
Italy	A (rice)–2												
Latvia		C–1		D+C–1				C–1					
Netherlands								A–1					
Poland	E–6+1			E–6+1				E–6+1		E–6+1			
Rumania	D–3+6 (1)		D–1 (6)										
Spain	A (Rice)–3												
Southern Rhodesia			A–5	B–4					D–3				
Sweden	F–1												
Union of South Africa			A–7+2	B+A–4					A–7+2				
Uruguay	A–1							A–1					
Yugoslavia	C–1 (3)												

LEGEND

Administration by: A, board created by Government; B, cooperative association; C, monopoly; D, bounties paid without any special administrative unit; E, import certificates; F, export certificates.

Source of funds: 1, general taxes; 2, special sales taxes; 3, processing taxes; 4, producers' assessments; 5, equalization fee plan; 6, general customs receipts; 7, special import duties; 8, foreign exchange profits; 9, tax on foreign exchange.

The substance of these amendments is very simple. First, they give the Secretary of Agriculture permissive power to make "payments to expand domestic or foreign markets", "payments to remove surpluses of agricultural commodities or products thereof." The comprehensive language of these phrases is intended to authorize three methods of disposing of surpluses: Exportation at world prices, diversion to relief channels, and conversion into low-cost by-products. Any of these payments may be made separately or in conjunction with the familiar rental or benefit payments now authorized under the act.

Second, the amendments provide the source of funds to make these payments. A processing tax may be levied with respect to any basic commodity. If no rental or benefit payments are to be made for adjustment of production, the tax would be reduced to the very low rate necessary to pay losses on exportation or to expand markets. In any case, even if all payments are being made, the rate of tax will not exceed the present rate.

Section 31 of this bill authorizes an appropriation of 30 percent of the customs receipts for the use of the Secretary of Agriculture for the principal purpose of encouraging the exportation of the surplus major agricultural commodities and products or diversion into relief. This fund will amount to approximately $100,000,000 a year and can be used in conjunction with or independently of any funds raised through a processing tax to pay exporters a bounty to indemnify them against loss in the removal of the surplus agricultural commodities from the domestic market. Through the manipulation of this fund a dual price level can be maintained and in this way we can prevent our domestic price level from being forced to the world level when a surplus occurs.

This is about agriculture's proportionate share of the tariff duties, since approximately 30 percent of the population is engaged in agriculture. This fund is an independent fund and can be used in conjunction with funds provided through the processing tax, if there is such, or independently, to remove surplus agricultural products from the domestic market through the export channel. It will give the American farmer an opportunity to increase production as world markets are expanded and a stabilized price on that portion of his production consumed domestically.

Normally 18 percent of farm income is derived from foreign sales as against 5 percent for industry. There is nothing mandatory in these provisions which are designed to arm the American producer with a means of attaining and regaining his foreign market.

The following table indicates the trend of meat exports from the leading meat-exporting nations:

Meat and meat products, international trade, biennial, 1919–33

[In millions of pounds]

Calendar year	United States	Argentina	Denmark	New Zealand	Australia	Brazil
1919	3,118	1,596	34	552	521	254
1921	1,948	1,242	237	553	338	174
1923	2,342	1,853	492	405	212	250
1925	1,584	2,168	564	449	458	153
1927	1,290	2,280	682	441	321	93
1929	1,448	1,701	681	428	383	201
1930	1,183	1,552	875	514	344	288
1931	978	1,544	1,040	519	350	184
1932	865	1,436	1,025	581	446	116
1933	945	1,429	797	651	434	136

Third, the amendments take steps to protect our rising domestic price level against importations. A new section added to the act authorizes the President to cause the Tariff Commission to investigate the importation of any articles of commerce, and, upon their finding that such imports tend to prevent any agricultural commodity from reaching parity price, to license further imports, impose quotas, or exact compensating taxes. This section is essential to protect our domestic market against importations of competing agricultural commodities and is of particular interest to the livestock producer.

The maladjustment of tariff benefits has in general tended to force the farmer to buy on a protected market and to sell on a world market. The high tariffs provided for industrial products and the low tariffs provided on most agricultural commodities have tended to industrialize the United States at the expense of agriculture and labor. Since 1922 the

trend has been toward increased exportation of industrial products and increased importation of foodstuffs.

The following figures indicate this situation better than words can tell:

Foodstuffs

[In thousands of dollars]

Year	Exports	Imports	Excess of exports (+) or imports (−)
1922	1,046,598	717,228	+329,370
1924	966,183	946,473	+19,710
1926	838,068	957,635	−119,567
1928	760,488	955,706	−195,218
1930	541,183	693,573	−152,390
1932	241,537	406,891	−165,354
1934	226,968	517,861	−290,893

Semimanufactures and finished manufactures

[In thousands of dollars]

Year	Exports	Imports	Excess of exports (+) or imports (−)
1922	1,730,037	1,215,624	+514,413
1924	2,198,720	1,405,234	+793,486
1926	2,612,328	1,680,961	+931,367
1928	2,976,354	1,669,004	+1,307,350
1930	2,410,891	1,365,174	+1,045,717
1932	820,955	557,558	+263,397
1934	1,220,671	657,525	+563,146

There are quoted below the domestic exports and imports for consumption of cattle and beef products from and into the United States during the calendar year 1934 and the period from January 1 to April 30, 1933, inclusive:

	Calendar year 1934		Jan. 1–Apr. 30, 1935	
	Quantities	Dollars	Quantities	Dollars
DOMESTIC EXPORTS				
Cattle for breeding.....number..	5,440	178,900	717	69,575
Other cattle.....do....	10,215	262,711	956	33,428
Beef and veal:				
Fresh or frozen.....pounds..	5,470,986	735,720	1,754,032	293,494
Pickled or cured.....do....	13,940,031	823,817	2,025,949	169,330
Canned beef.....do....	2,499,665	811,822	1,044,952	350,322
Tallow.....do....	7,347,140	335,792	24,241	2,518
IMPORTS				
Cattle for breeding.....number..	6,860	424,007	2,955	230,799
Other cattle.....do....	57,679	591,133	144,919	3,474,073
Beef and veal:				
Beef, fresh.....pounds..	140,474	13,445	3,190,313	371,487
Veal, fresh.....do....	3,204	316	10,715	1,293
Cured, fresh.....do....	823,613	49,314	299,743	29,708
Canned beef.....do....	46,673,095	3,015,675	25,613,601	1,757,613
Tallow.....do....	42,813,299	1,624,792	88,483,408	4,240,793

Wheat, total exports of principal exporting countries and position of leading countries

[Percent of total world exports]

Year	Total	United States	Canada	Argentina	Australia
Average:					
1909–13	745,194,000	13.5	12.2	12.8	6.7
1914–18	613,375,000	36.0	25.3	12.7	7.1
1924–25, and 1928–29	804,012,000	23.7	36.6	17.5	11.3
1929–30, and 1933–34	780,336,000	16.0	34.4	19.8	15.8
Crop:[1]					
1929–30	973,115,000	16.8	43.4	23.3	11.1
1930–31	644,882,000	23.8	28.6	25.0	9.6
1931–32	847,225,000	15.5	31.6	14.2	16.6
1932–33	808,633,000	16.8	24.7	17.9	19.2
1933–34	627,645,000	6.6	42.7	19.2	23.7

[1] Beginning in 1922, World Exports complied from June 1 to July 30 of each following year so that these figures may be more comparable with crop years.

Source: Yearbook, Agriculture, 1920–34, with latest revisions.

The objective sought in the Agricultural Adjustment Act is to attain parity prices for agricultural products. The inclusion of these amendments will be a step toward attaining for agriculture equal footing with industry, which has always managed to obtain practically all of the tariff benefits without affording to agriculture proportionate compensation.

With a properly balanced agricultural production in conformity to domestic and foreign demand, prices on agricultural products can be stabilized at profitable levels. When this is accomplished the increased purchasing power will be immediately reflected in increased industrial activity which is so essential at this time to put the unemployed back on the pay rolls and take them off the relief rolls. There can be no general prosperity in the United States without restoring purchasing power to the consumer.

With the adoption of these amendments, the Agricultural Adjustment Act will be greatly perfected and made more flexible, so that under its provisions each surplus commodity can be dealt with in a manner most adaptable to that particular commodity.

The present act provides only one means of removing surpluses, and that is through a reduction program, and rental and benefit payments can only be made in connection with a reduction program. The amendments change the word "reduction" to "adjustment", and in connection with the other provisions will make it possible to gradually increase production as domestic and foreign markets are developed. The present policy of allowing each industry to determine upon its own program under the act will be continued. However, with the adoption of the bill, the producers of any commodity will have several options under the act of how best to utilize Government assistance in coping with the problems pertaining to their industry.

The Farm Board Act failed because it provided no means of controlling production nor any means of disposing of the surplus. The old McNary-Haugen plan, which provided for an equalization fee to provide a fund sufficient to remove surpluses from the domestic market through the export channel, passed Congress in 1927 and 1928 and was vetoed twice by President Coolidge on the theory that it provided no means of controlling production.

The present act provides the means of controlling production, and by incorporating in that act the principles of the McNary-Haugen plan and also the export-bounty plan, as provided in this bill, the Agricultural Adjustment Act will then be perfected to remove surpluses through the export channel without depending entirely upon controlled production. Weather conditions and other economic factors make it impossible to plan production to meet domestic requirements only. Consequently a means of removing any surplus that may be produced without demoralizing the domestic market is essential.

If we want to fight for foreign trade, we must be armed with the same weapons that the other countries have. There are 15 countries that are subsidizing the exportation of grain, as shown in the table above. You talk about rye coming into the United States; certainly, it comes in from Poland, and Poland pays 30 cents a bushel to get it out of that country, because they are going to maintain their domestic price, and therefore they pay 30 cents a bushel as a bounty to get it out. We only charge 15 cents a bushel tariff coming into this country, and naturally this is a good cash market.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COFFEE. I yield.

Mr. ANDRESEN. The gentleman is making a very fine presentation, but there is a provision in existing law which permits the President to go ahead and increase our duties to offset something on account of subsidies paid in other countries, but he has not done this.

Mr. COFFEE. The gentleman appreciates the fact that I have tried to make that provision, restricting agricultural imports, in this bill as mandatory as possible.

Mr. ANDRESEN. I know that. The gentleman is a very good Republican in that respect.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. COFFEE. I yield.

Mr. MOTT. Does not the gentleman also realize that the President has the authority to put an absolute embargo upon these products whenever they interfere with American industry?

Mr. COFFEE. I will join with any of you people at any time to try and maintain the domestic market for the American producer.

I want to quote here a statement made by President Roosevelt in an address to industrial groups in Boston on November 1, 1932, which indicates his sympathetic attitude toward the provisions of this bill:

> * * * We need to give to 50,000,000 people, who live directly or indirectly upon agriculture, a price for their products in excess of the cost of production. That will give them the buying power to start your mills and mines to work to supply their needs. They cannot buy your goods because they cannot get a fair price for their products. You are poor because they are poor. I favor—and do not let the false statements of my opponents deceive you—continued protection for American agriculture. I favor more than that. I advocate measures to give the farmer an added benefit, called a "tariff" benefit, to make the tariff effective on his products. * * *

These amendments which we are advocating are the only measures before the Congress to correct this fundamental lack of balance in our foreign trade. They apply correctives at either end of the trade channel.

Agriculture must have Government assistance in order to compete with subsidized exports from other countries. While all nations have suffered in the loss of trade, the United States has suffered more than other nations in the loss of her foreign trade. We must arm our nationals with the means of getting rid of these agricultural surpluses. Until we rehabilitate agriculture and restore the purchasing power to the farmer, we are not going to get the wheels of industry turning in the East and get unemployed back to work.

Our committee has taken the position and has included an amendment to provide that each industry must stand on its own bottom and that the processing taxes in one industry cannot be used for the benefit of another. Corn and hogs are the only commingled items. Each industry maps out its own program in collaboration with the Secretary and Administrator. Secretary Wallace and Chester Davis, the administrator of the act, have had a superhuman task to perform. Their commendable efforts to rehabilitate agriculture are showing results. By giving them this additional power and funds necessary to remove burdensome surpluses that may accumulate, and to restrict imports of foodstuffs that compete with domestic production, American agriculture will be given a better chance to fight its way back to prosperity.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, the purposes of the Agricultural Adjustment Act, as set forth in the bill itself, are as follows:

First. To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929.

Second. To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

Third. To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmers in the pre-war period, August 1909–July 1914.

The bill under consideration today, H. R. 8492, seeks to amend the Agricultural Adjustment Act in several particulars. It's chief provisions are as follows:

First. Secretary of Agriculture Wallace will hold hearings. As a result of these hearings orders will be issued affecting processors and distributors but not producers. These orders will be subject to changes from time to time as emergencies arise which require change. These changes will be termed "regulations." These orders and regulations will take the place of licenses and amendments to licenses.

Second. Give the Secretary of Agriculture authority to keep an "ever-normal granary" by taking up surpluses in good years and dealing them out to farmers in bad years in the form of benefit payments in kind rather than in cash.

Third. Give him one-third of the customs receipts, a sum estimated at $100,000,000 a year, to finance marketing surpluses abroad and to improve the domestic market.

Fourth. Permit him to use part of the $100,000,000 to buy up and retire marginal lands.

Fifth. Presidential imposition of quota restrictions on tariffs on imports in event imports of agricultural commodities interfere with the program.

After many weeks of careful deliberation, the House Committee on Agriculture reported favorably on the amendments, and the House was ready to proceed with the amendments, which in their original form contained licensing features, but the Supreme Court ruling declaring the National Industrial Recovery Act unconstitutional made it necessary to send these amendments back to committee for complete revision. The licensing feature had to be eliminated, but in order that some measure of control be kept alive, the Secretary of Agriculture was vested with sufficient power to have some measure of supervision over agricultural products.

Whatever measure of control this may be, the writer sincerely hopes that it will not mean the destruction of any animal and vegetable life in the future as we have had in the past. The writer was taught as a child that the destruction of any food was a grave sin, and still believes firmly that the destruction of food is indefensible. No doubt, millions of our people were shocked when they read that cattle and hogs and grains and other foodstuffs were wantonly destroyed, while millions were undernourished and underfed, going to bed hungry for lack of these provisions. The writer is unalterably opposed to the destruction of any of the wealth produced from the land, as he believes that the creation of wealth is a blessing, and not a curse, to mankind.

However, it must not be forgotten that there are grave abuses in the processing and distribution of foods, and some measure of control must be lodged some place in order to minimize these abuses. Naturally, the proper place for that control should be lodged in the Agriculture Department, because all the available data relative to agriculture is collected in that Department. What this control should consist of no one knows, but the writer suggests that some plan similar to that which exists in Wisconsin under the Department of Markets might be successfully worked out. In our State we have defined unfair competition and unfair trade practices and we could also do that nationally. Under such a plan hearings could be held, testimony taken, and findings had, based thereon, which would constitute orders similar to those of our Marketing Division. If these orders were defective, or found to be incomplete as a result of experience, they could then be altered and amended to suit conditions. The writer feels this would give some measure of control and would not be as drastic or despotic as the proposed licensing scheme. Personally, I am very happy indeed that the licensing feature has been disposed of, as many of the Members of Congress felt that it gave the Secretary of Agriculture too much power.

In this article I have previously referred to the section of the bill which provides that 30 percent of all of the money collected by import duties under our tariff laws be turned over to the Secretary of Agriculture to aid agriculture. This money could be used for the removal of surpluses, the development of foreign and domestic markets, payment of cash or rental benefits to farms, or in various other ways for the benefit of American farmers. This provision, in itself, should materially benefit our farmers.

Another amendment to the Agricultural Adjustment Act contained in this bill, known as H. R. 8492, will give to the

President of the United States the power to fix quotas on imports, or to place a compensating tax on imports in order to keep farm prices up to the fair exchange value commonly referred to as the pre-war parity price, whenever there are actual or threatened imports of such commodities. This provision is of special importance to the dairy industry, particularly in view of the fact that in recent months there have been large imports of butter which have directly and adversely affected the price paid to American farmers for butter fat.

The legal division and the officials of the Dairy Section of the Agriculture Adjustment Administration believe that the amendment referred to will give the power which the dairymen now desire without the use of a production-control program, or a processing tax on butter fat or milk. They believe that it will be possible to reinforce a domestic butter buying program on the part of the Government to stabilize markets, by putting quotas or compensating taxes on imported foreign dairy products which compete with and tend to lower the domestic price level. The A. A. A. people believe that if they started a butter- and cheese-buying program to stabilize domestic prices, that the use of that particular section in the proposed amendment would provide them with a method of doing this without instituting a national production-control program or processing tax on dairy products. At present they feel that when they start buying butter for relief and stabilization, it simply shoots the price of butter up and invites foreign importations and increased consumption of butter substitutes.

One feature of this bill seems to have been copied directly from Joseph's advice to Pharaoh when he exhorted him to store up his grain during the 7 fat years in preparation for the 7 lean years, for this act provides for a similar policy. If there is a large crop one year, the new policy will be to reduce such crop the next year, if it seems advisable, and if there should be a short crop in any given year, the program for the next year could provide for an increase in the production of this commodity. This is in accordance with the theory, "an ever normal granary", and anticipates the production of a sufficient amount of agricultural commodities to meet the demands, first, of our domestic market, and then of our foreign market, secondly, and to keep the production of agricultural products adjusted to a point that will insure to the producer the fair exchange value of his commodity.

In a study of this difficult subject it seems to me that we should bear in mind these things:

First. The purchasing power of the consumer at home.
Second. Manipulations of speculators and racketeers.
Third. Domestic competition.
(a) Substitute for butter.
(b) Healthy herds and high standards.
Fourth. Foreign competition.
Let us consider these factors in order:

PURCHASING POWER OF CONSUMER AT HOME

In examining and studying the reports of the United States Department of Agriculture, Bureau of Agricultural Economics, I find the following:

Trade output of creamery butter, January to March 1934 and 1935

Item	1934	1935	Change 1934 to 1935
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Production	344,157	304,193	−39,964
Out-of-storage movement	95,898	41,834	−54,064
Imports	128	8,538	+8,410
Exports	491	167	−324
Trade output	439,692	354,398	−85,294

	Pounds
Gain in imports in 1935 over 1934	8,410,000
Decline in domestic production	54,000,000

In spite of import gains the domestic-butter consumption fell off one-fifth during the first quarter of 1935 under that of 1934. High butter prices placed butter beyond the reach of the average consumer, and he was forced to buy cheaper substitutes, thus reducing the butter market. Production of oleomargarine in the first quarter of 1935 was 46,000,000 pounds larger than in the same period of 1934.

The increase in imports has not been nearly as large as the decrease in production.

From a study of the foregoing we arrive at the conclusion that the sale of butter can never go beyond the power of the consumer to purchase it. The consumer wants butter and needs it, but he is prohibited from purchasing it because the price gets out of his reach. In order to increase the sale of butter we must increase the power of the consumer to buy it, and this, of course, can only be done by more employment and better wages. Prices of agricultural commodities follow very closely the prices paid for labor. When labor gets better wages the farmer gets better prices, and when wages go down the farmer's market declines.

Statistics show that wages run nearly parallel with the prices of all crops. In 1929 both fell sharply, the low being reached in 1932. From 1932 to 1934 there was a noticeable increase, wages and crop prices still maintaining almost parallel relations.

A study shows that the income of the industrial worker sets the figure of the farmer's income. This fact is clearly established. When wages were high and the industrial worker could buy, the farmer's income was on the level with the worker's wages. As soon as the wage earner's income dropped, the farmer's income dropped with it. So we see that, as far as the domestic market is concerned, and 90 percent of the farmer's products are sold in the domestic market, it is dependent almost entirely on the ability of the industrial worker to buy. Low wages and unemployment wrecks the domestic market for agricultural products. This means the destruction of the income for the farmer, and as soon as his income is destroyed, then he cannot buy what the wage earner makes, and as a result the wage earner cannot earn and buy the farmer's products. One helps to break down the other, and it is apparent from these studies that one is closely allied with the other and dependent upon it. It is to be hoped that the expenditure of the $4,880,000,000 will increase the purchasing power of the worker and thereby expand and increase the income of the farmer. However, this must be borne in mind: that the $4,880,000,000 is only 10 percent of the total amount that should be expended in industry in order to put this country back on its feet in normal business activity. With this public-works relief money we are merely priming the pump of industry. Private industry must expand the other 90 percent, or $45,000,000,000, in order that we may be back where we belong. Such a program is a vast one and cannot be accomplished in a day. It will take time, courage, and confidence to bring it about. Therefore, there must be absolute cooperation and a spirit of willingness to get together. We will not get ahead by fighting each other and wrangling among ourselves. Calm, cool judgment, clear vision, and the faith and perseverance to go on with our program as we see it will bring about the desired results. Do not place confidence in so-called "economic lightning-rod experts", "financial rain makers", and "social-security patent-medicine fakirs" to bring back the rainbow of prosperity overnight.

MANIPULATIONS OF SPECULATORS

The farmer has been the victim of the chiseler, grafter, racketeer, and manipulator in the field of food supplies. The latter's methods have been many and varied, but his objects and results have been the same. His object was, and still is, to depress the farmer's prices and then sell the farmer's products in the cities at the highest possible price, so that the consumer also is a victim to this menace's operations.

Unfortunately for the farmer, he does not sell directly to the consumer, especially in the great populous areas of the country. There is a middleman, who buys from the farmer and sells to the consumer, and here I want to point out an outstanding fact in the economics of the distribution of farm products, and that is this: The middleman always gets his margin. The unfortunate farmer may be producing at

less than cost, but the middleman does not sell at less than he pays the farmer. He adds his margin, so that under no conditions, whether it is drought, insect pests, plant diseases, overproduction, floods, or any other untoward emergency which wrecks the farmer's chances to make a profit, the middleman's profit is always secure. Furthermore, the middleman wants the volume of agricultural products large, so that he can keep the price to the farmer low, but, on the other hand, increase his own profits, because if the volume of business is large and the price to the consumer is low enough, the middleman makes his greatest profits. The middleman is not interested in the farmer's profit as long as he does a big volume of business and thereby makes a large profit himself. It is evident from these facts that the middleman's desires and interests are antagonistic to that of the farmer. If we could eliminate him, we would aid both the producer and the consumer.

Let me point out two specific instances in the dairy field: One of the "rackets" in the purchase of milk is to set a base supply and price for it and then a surplus supply and price for it, the theory being that only a certain quantity of milk and cream can be consumed in a given area and that consumption constitutes the base. All milk and cream over that consumption constitutes the surplus. The price for surplus milk and cream is therefore very low, much lower than the cost of production. Let us say that Mr. Smith owns and operates a large milk-processing and distributing company. He purchases the base and surplus of 1,000 farmers in a given area. He then bottles the surplus and sells it at the same price as the base, thus reaping an unfair and enormous profit at the expense of the farmer.

There are also racketeers who go out into farming communities and buy surplus milk which they peddle in small milk stations to the consumer in such large cities as New York and Philadelphia.

Another method of racketeering is to use butter substitutes and wrap them in fancy creamery butter wrappers, leading the consumer to believe that he is buying a high-grade creamery butter when in truth and in fact he is getting an inferior substitute. This practice was exposed by the Department of Justice in the summer of 1934. The plan worked out by the racketeers was as follows: Large quantities of uncolored oleomargarine were purchased from the manufacturers in Elgin, Ill. This oleomargarine was then shipped to Massachusetts, usually to bakers, because in that way the tax on oleomargarine would be avoided. Three hundred and seventy-five thousand pounds were shipped into Boston in this manner between November 1933 and June 1934. However, the Department got hold of this practice and discovered that such shipments were being intercepted in transit and reshipped to a cheese company outside of Boston where the oleomargarine was processed to look and taste like butter. This processed oleomargarine was then cut into rolls, wrapped in beautifully colored wrappers, marked "creamery butter made from pure cream" and sold on the market as butter. About 50 creamery prosecutions were begun in Boston alone against defendants caught working these practices. When you figure that in 9 months Boston used 375,000 pounds of this fake butter, you get some conception of the havoc that this bootlegging of oleomargarine is working in the legitimate field of honest butter.

I should add one more practice to the list above and that is, the unjustifiable profits, salaries, and bonuses of such companies as the National Dairy Products Co. and the Borden Co. I have many figures to bear out this contention, but I shall add only one to give you an idea of what can and does happen as a result of monopolies in the dairy field. It must be remembered that all of this is at the expense of the farmer:

The National Dairy Products Corporation and subsidiaries last year had net profits of $6,551,930 compared with $7,051,872 in 1933. Profit was equal, after preferred dividends were paid, to 93 cents a share on 6,263,165 shares of common against $1.01 in 1933. Sales aggregated $267,414,547 in 1934 compared with $231,196,979 in 1933 an increase of 15.6 percent.

Year ending Dec. 31, 1931

Officers	Salary	Other compensation	Total
Thomas H. McInnerney, pres	$180,000	$7,947	$187,947
W. S. Scott, v. pres	60,000	690	60,690
V. F. Hovey, d. p	35,000	640	35,640
F. J. Bridges, v. pres	35,000	140	35,140
L. A. Van Bomel, v. pres	75,000	8,120	83,120
Charles R. Bowman, c. and ex	48,000	120	48,120
H. W. Breyer, d. and ex	36,180	20	36,200
B. S. Halsey, d. and ex	36,000	3,800	39,800
J. L. Kraft, d. and ex	75,000	120	75,120

Year ending Dec. 31, 1932

Thomas H. McInnerney, pres	$168,000	$3,099	$171,099
W. S. Scott, v. pres	46,666	600	47,266
V. F. Hovey, d. p	35,000	680	35,680
F. J. Bridges, v. pres	31,641	180	31,821
L. A. Van Bomel, v. pres	70,000	660	70,760
Charles R. Bowman, c. and ex	44,681	200	44,881
H. W. Breyer, d. and ex	10,208		10,208
B. S. Halsey, d. and ex	33,600	180	33,780
J. L. Kraft, d. and ex	75,000	18,850	93,850

A careful consideration of these figures shows that the "middleman" was not suffering during 2 of our depression years.

DOMESTIC COMPETITION

The most pronounced substitute for butter is oleomargarine. The consumption of margarine in the United States in the past year was only about 10 percent as much as the consumption of all butter. In recent years the consumption varied from about 10 to 15 percent, this variation being due largely to changes in the supply and prices of butter. When the price of butter was relatively high, the consumption of margarine increased. As the supply of butter increased and the price declined, even in the face of the depression, the consumer increased his purchase of butter and reduced his takings of margarine.

An interesting question arises: What would be the effect upon butter consumption and upon the price of butter of eliminating margarine? Since margarine is much cheaper than butter and is known to be consumed mostly by those whose purchasing power is low, it is not to be assumed that the eliminating of margarine would result in a corresponding increase in the consumption of butter. In other words, the consumption of butter would not be increased 10 percent, unless the price of butter were lowered. A study of the relation of the supply of butter or its consumption to price indicates that the total purchasing power of the consumer is a very important factor in determining the price of butter. It seems likely, therefore, that the consumption of butter would be increased only to the extent that the consumers who are using margarine would be able to buy butter. At the most, the total expenditures for margarine would be available for the purchase of butter. Assuming that the margarine consumers would spend their money for butter and not for cheaper fats, the increase in the price of butter might be as much as about 1.4 cents per pound. Allowing for some shift to other fats, such as lard or vegetable oil, it might be reasonably estimated that the price of butter, with the purchasing power of consumers at its present level, would be increased by a little more than 1 cent per pound by the elimination of the use of margarine as a substitute for butter.

Another question that arises is this: What would be the effect of changing the composition of margarine? Twenty years ago oleo oil, cottonseed oil, and neutral lard constituted the bulk of the fats used in the making of oleomargarine. Now cocoanut oil constitutes the bulk of the fat in margarine. The weight of the cocoanut oil in a pound of margarine increased from three-fourths of 1 percent in 1916 to 55 percent in 1932. The significance of this shift in the proportion of this fat in the margarine is emphasized by noting that the percentage of milk increased from 11 to 23 percent, leaving only a small percentage of the total

weight to be made up from other fats. In November 1933 the price of nut margarine at Chicago was 7.5 cents per pound, and white animal-fat margarine was 9.3 cents per pound. The cost of the materials used in the manufacture of oleomargarine, as it was made in 1916, would have been 4 cents per pound. In other words, the shifting from using primarily animal fats and cottonseed oil to the use of cocoanut oil as the bulk of the fat, would reduce the cost, in terms of the prices of November 1933, by about 1.5 cents per pound. It is interesting to note that in November 1934 the price of the white animal-fat margarine was 1.8 cents per pound higher than the price of nut margarine.

To shift from the use primarily of an imported oil to a domestic product would not require a return to the use of the animal fats as the cottonseed, peanut, and soybean oils could be substituted for the cocoanut. Using equal quantities of cottonseed and soybean oil would raise the cost of the materials in the pound of margarine from 4 cents to approximately 5 cents per pound, which would be an increase of a little less than 1 cent per pound. This would tend to increase moderately the price of butter, but the effect would probably be not half as much as the total elimination of the use of margarine. It would, of course, tend to strengthen the market for cottonseed and soybeans.

FATS AND OILS IN RELATION TO DAIRYING

In formulating any policy in regard to butterfat and its imported substitutes, the situation with respect to all other principal fats and oils used in commerce must be taken into account.

This is because in an indirect and sometimes a direct way, all fats and oils produced in or imported to the United States compete more or less with each other. The suitability of a given oil for specific purposes is perhaps the first consideration, but the degree of use is also determined by its price and the cost of its chief competitors.

Soybean oil may be used for food, soap, paints, and varnishes. Likewise fish oils may be utilized for making soap, foodstuffs, and paints. Butter fat thus far is restricted to table and cooking purposes.

DOMESTIC AND FOREIGN PRODUCTION

Disappearance of fats and oils in this country has been tabulated by the Division of Statistical and Historical Research in the United States Department of Agriculture. The total domestic consumption for 1932 amounted to 6,823,000,000 pounds for domestic products of this class, while foreign-made oils and fats consumed here amounted to 1,323,000,000 pounds, which means that 16 percent of all fats and oils used here for all purposes came from abroad.

Taking them by broad classifications based on their chief uses, it is indicated that the percentages of total consumption of foreign-made products were greater in the case of fats and oils used for drying purposes and for soaps than they were for those used in food. In 1932 the imported drying oils represented 51 percent of total consumption here, the imported soap oils represented 44 percent of total disappearance here, while imported fats and oils used in food products constituted only 5 percent of the total home consumption.

To repeat, 95 percent of the oils and fats utilized here for food were produced within this country and only 5 percent were imported.

Looking at the domestic production picture, out of 6,823,000,000 pounds of fats and oils used here from our own home production, 80 percent went into foods, 12 percent into soaps, and only 3 percent into paints and varnishes.

Of the total imported fats and oils in 1932, coconut oil led with 173,000,000 pounds, edible olive oil was second, with 74,000,000 pounds, and palm oil was third with 25,000,000 pounds. Fish and marine oils, sesame oil, and palm-kernel oils made up the lesser balance.

Of the total domestic fats and oils used for food in 1932, butter led the list with 2,264,000,000 pounds of farm and factory product, lard was second, with 1,862,000,000 pounds, and domestic cottonseed oil was third, with 1,107,000,000 pounds. Of course, all the butter and lard went into food production, whereas a portion of the cottonseed oil was used for soap and other purposes.

TRADE BALANCE ON FATS AND OILS

From the same authority, it is shown that in 1933 the trade balance of this country was 916,000,000 pounds on the import side of the ledger for all primary fats and oils. Not since 1924 has this country had an export balance in fats and oils in its favor.

Our exports of fats and oils in 1933 were 808,000,000 pounds, of which lard was 584,000,000 pounds, oleo oil, 33,000,000 pounds, and butter only 1,190,000 pounds.

Our total fats and oils imports in 1933 were 1,750,000,000 pounds. Of this amount coconut oil and palm oil amounted to about 603,000,000 pounds, or nearly one-third. Butter imports in 1933 amounted to just about the same figure as our exports, 1,022,000 pounds.

Taking oleomargarine by itself, the total materials used in its manufacture in this country in 1932 amounted to 232,000,000 pounds. Of this total amount, 84,500,000 pounds came from animal sources—milk, butter, neutral lard, oleo oil and stearin, and oleo stock. The rest, or 147,500,000 pounds, was derived from vegetable sources—coconut, cottonseed, peanut, soybean, and other forms.

Coconut oil alone represented 128,000,000 pounds of the total of 232,000,000 pounds utilized in 1932 in domestic manufacture of oleomargarine.

There is a drive on now at Washington by the oleomargarine makers to bar foreign oils such as copra and coconut oil, palm oil, and palm-kernel oil in order that the odium of the "coconut cow" may be avoided. Makers of oleomargarine are astute enough to know that the term "coconut cow" has put a curse on their product, and they are now out to bar foreign oils in order to get away from this curse. To Wisconsin butter makers let me say that this move on the part of the oleomargarine makers is not a philanthropic move in the interest of the butter makers but is a program devised to substitute cottonseed oil in place of coconut and palm oil, and then advertise themselves as great benefactors to the Nation because they are aiding the home producer by buying home products. The Wisconsin butter maker will be just as bad off, if not worse off, with this kind of competition as he was before, because the oleomargarine maker will not have to pay the tax on imported coconut and palm oil. Under these conditions, we friends of the farmer at Washington will attempt to have some sort of handicap placed on the use of cottonseed oil as a substitute for butterfat, but with the South controlling both the House and the Senate, it seems utterly impossible for us to make any headway with a 3 to 1 majority against us in both Houses of Congress.

Oleomargarine, however, is not the only dairy substitute. Let me show you some of the milk substitutes that are now on the market. The following copies of the wording of well-known advertisements will show you articles that are now appearing on the market as substitutes for milk. These substitutes should be printed in all advertisements for what they really are—not the real thing but an imitation. It is only another illustration of how the farmer loses out in his fight for the home market and a decent price for his products.

ADVERTISING OF COCONUT OIL FILLED MILK BY ILLINOIS GROCERS

Note the implication in each case that filled milk—Milnut or Carolene brands—is the same as whole milk or evaporated whole milk:

Milk. Van Camp's evaporated, large can, 6 cents. Carolene, "so rich it whips", large can, 5 cents.

[Picture of can] Milnut, better than ordinary milk. Milk, "so rich it whips", 4 for 19 cents.

Borden's, Pet, Carnation, tall, milk, 6½ cents per can. Tall Milnut, 5 cents per can.

Milnut milk, 2 small cans, 5 cents.

Milk—Armour's, Libby, Carnation, Pet, 3 tall cans, 18 cents. Milnut, "so rich it whips", 3 tall cans, 15 cents.

Milk is higher. We still have some at the old prices. Dundee, Carnation, Pet, or Borden's, large cans, 3 cans, 19 cents. Milnut, large cans, 5 cents.

Carolene Milk, "so rich it whips", large can, 5 cents.

HEALTHY HERDS AND HIGH STANDARDS

I feel that one of the best ways for our Wisconsin producer to meet domestic competition is by setting a high standard both as to his herds and as to his cream and butter. Undoubtedly the drought has aided in bringing about a better grade and a healthier condition in our herds. Eradication of tuberculosis and Bang's disease will steadily improve conditions in our herds. A careful grading of cream and butter and the labeling of our products so that these grades are specifically set forth, will result in a demand for Wisconsin cream and Wisconsin butter. Such a program would have to be balanced by a careful expansion based on quality products. Such a program should also be applied to Wisconsin cheese which today does not mean anything in the consumer's market. I have asked storekeepers in Washington if they handled Wisconsin cheese and they would not know what you were talking about. If we had careful grading of Wisconsin cheese and sufficiently high standards, then you would have a demand that would mean considerable revenue to our Wisconsin producers.

Suppose farmer A delivers no. 1 cream and gets 30 cents per pound of butterfat, while farmer B delivers no. 2 grade cream and gets 28 cents per pound butterfat, according to mandatory State law. The manufacturer converts this cream into butter and sells it on the Chicago exchange. But on February 2, 1935, taking exact quotations then current, the 92 score butter made from no. 1 cream would have been worth 36 cents per pound, while the butter known as no. 90 score from the no. 2 grade cream would have brought 36¼ cents per pound. Thus the profit from the second-grade cream, based on the butter market quotations, would have been greater than for the first-grade cream.

Selfish interests, which are not usually allied to the better cooperative creamery associations now grading cream and labeling butter, are opposed to any system of quality improvement that emphasizes the butter grade in connection with the cream grade. This is partly due to their system of obtaining cream from long distances and of lower average quality for centralized car-lot butter, as against the well-knit frequently delivered cream at the cooperative local plants. When will farmers realize this distinct handicap and move to connect cream grading more firmly with consumer discrimination and premium prices?

Emergency herd tests for Bang's disease and tuberculosis have been a noteworthy part of the sanitary program of the A. A. A. and the Bureau of Animal Industry under the appropriation secured by the La Follette amendment to the act in 1934. States cooperating—without financial cost to them—were allowed to choose whether to take up T. B. testing or Bang's disease, depending on the status of their work to date. Work is now under way in more than 40 States. Out of a total allotment of the fund amounting to about $38,000,000, about $25,000,000 has been used for Bang's disease and $12,000,000 for T. B. testing and indemnity, and $1,000,000 for mastitis control. It is voluntary on the part of producers; no compulsion, but being widely used by breeders especially to get better herd foundations and to get set on more economic grounds.

Reactors from Bang's disease average about 40,000 cattle per month all over the country. Raise of $5 per head in maximum indemnity, making it $30 for grade reactors is contemplated, which will be helpful as grades are in majority over purebreds. If this raise is granted, and work proceeds at present rate, funds now available will last until about March 1, 1936. As the money is only available until December 31, 1935, an extension is desirable in the appropriation law.

FOREIGN COMPETITION

During 1935 there has been an ever-increasing influx of dairy products from abroad, and while such imports are not sufficient to displace any considerable quantity of the domestic product, nevertheless the effect on the price structure of the domestic product is disastrous. The President has the power to increase the tariff duty on foreign imports without consulting Congress up to 50 percent of the maximum limit. This power he has not seen fit to exercise, although he has been frequently requested to do so. The invariable answer of the administration leaders is that it would tend to increase the prices of dairy products to the consumer and also it would shut out of foreign markets the opportunity of American manufacturers to sell abroad. In other words, our farmers are being sold "down the river" in order that our manufacturers may have a better foreign market.

It would be a much better policy to let the farmers dispose of their surplus products abroad and thereby increase and revive their purchasing power, which, because of our high standard of living, would give our manufacturers a much more desirable market than any that could be found abroad. In this brief article I cannot touch upon reciprocal trade agreements which are now being written under the direction of the Secretary of State, Cordell Hull. I may, at some future date, prepare a brief article on this question, which is too large to be treated satisfactorily here.

CONCLUSION

First. What can be done in a legal way to protect the farmers and get for them not only the cost of production of their dairy products but also a fair profit in addition? First and foremost, we must have purchasing power on the part of the consumer. This is a solution of 90 percent of our problem. We must find work for the unemployed and we must get good wages for that work, because the industrial worker at home furnishes the ideal market.

Second. We must prosecute and punish by heavy fines and severe sentences the bootleggers, racketeers, and gangsters now operating in the dairy field. We must also restrict the profits of the manipulators of food markets and see that the producer and consumer get the benefit.

Third. We must not only uphold the principles and practices of cooperative associations in marketing, but we must also encourage, by wise legislation, larger and more effective cooperatives, so that the farmer exercises control of his distribution as well as his production. This will help him to get out from under the dominance of the middleman.

Fourth. We must continue the fight on the butter substitutes by shutting out the importation of foreign oils and by taxing substitute oils, such as vegetable and animal fats, which may be used in place of butterfats.

Fifth. And last but not least, by furnishing a market for surplus agricultural products abroad, by purchasing from those countries—like the British Isles, Germany, and France—which are not agricultural countries their manufactured articles in exchange for our agricultural products. Unfortunately there has been little or nothing to encourage the sale of manufactured goods from foreign countries across the seas in exchange for our agricultural products. This policy should be resumed so that we may again, as we did before the war, ship agricultural products out of the country and thereby sustain a market for our agricultural products.

Mr. Chairman, in the brief time I have I shall discuss some amendments which I propose to suggest for this bill. First, I ask the chairman of the committee, the gentleman from Texas [Mr. JONES], whether or not I got his statement correctly. I understood him to say that allotments of importations from foreign countries affected by the processing tax may be limited, but this does not affect those products on which there is not a processing tax. Is that correct?

Mr. JONES. No. It may affect imported competing products. It must be either a commodity on which there is a processing tax or a commodity which competes with that product.

Mr. SAUTHOFF. My point is this: In Wisconsin we are vitally interested in dairy products. There is no processing

tax on dairy products. How are we going to protect our dairy products through this allotment arrangement?

Mr. JONES. Dairy products, of course, are a basic commodity, the gentleman understands?

Mr. SAUTHOFF. Yes.

Mr. JONES. And commodities that compete with any of these commodities might be included. Some of the products of the hog, of course, compete with dairy products. There are various ways in which those commodities might be included in addition to being in direct competition with a commodity not subject to a processing tax.

Mr. ANDRESEN. Does the gentleman from Wisconsin refer to increasing the tariff?

Mr. SAUTHOFF. Yes; or placing an embargo on them entirely. I am talking especially about butter, in which the gentleman from Minnesota is also interested.

Mr. ANDRESEN. There will be a program on dairy products; and under section 22, relating to imports, the President will have the power to increase the duty.

Mr. SAUTHOFF. Oh, yes; I know.

Mr. ANDRESEN. If he does.

Mr. SAUTHOFF. Yes. I am not optimistic about the exercise of that power, as already there has been introduced into this country from abroad in the last 4 months 17,000,000 pounds of butter, so that we have not much confidence in the exercise of that power.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. No. I have only a little time and I want to discuss a few amendments. When I have finished with these amendments I shall be very glad to yield if there is any time left. I shall suggest an amendment on page 26, line 6, where the Secretary is empowered to examine books, papers, records, documents, and so on. I shall offer an amendment to include in that the Federal income tax, particularly the Federal income tax on such companies as deal in food products, and I have in mind particularly the Borden Co., the National Dairy Products Co., and General Foods, so that they cannot cover up with a holding company or through a subsidiary.

My idea is to find out what they are making out of this business, how much the processor is getting and how little the farmer is getting, and the thing to do is to include holding companies and subsidiaries as well as those handlers that are directly concerned. We know some of the huge salaries and bonuses paid to the officials of these companies even during depression years, when the farmer has not been able to get the cost of production for what he produced. Let us see who is making the profits out of the farmers' products—and I know of no better place to secure that information than from the Federal income-tax reports.

The best way to reach these facts is through the income tax.

Mr. ANDRESEN. Will the gentleman yield on that point?

Mr. SAUTHOFF. When I have finished.

On page 51, line 4, I want to add an additional section:

No agricultural products shall be imported into the United States unless such agricultural product shall bring to the producer of such product in the United States a price on the open market in excess of cost of production of such agricultural product in the United States. Cost of production as used herein shall mean cost of seed, labor, depreciation of tools and machinery, and buildings used in producing the same, a fair rental for the land used in such production, including insurance thereon, taxes, and special assessments, plus a reasonable profit.

One more amendment, which I have in mind and which I intend to offer is also on page 51, line 21. After the word "lands", add the following:

None of which shall be used for creating any agricultural product within the purview of this act.

My object in doing that is this: It is simple enough to enter into a lease or contract that you are not going to produce cotton, tobacco, or something else on certain acreage, and then turn that acreage into pasturage and raise either beef cattle or feed milk cows and get some more competition in the dairy industry. That is the thing I want to prevent, and that is why I am suggesting adding that amendment.

Last but not least, on page 20 I want to add another section:

SEC. —. (b) No marketing agreement, order, or regulation shall contain any term or provision which will tend to result in preventing or hindering any agricultural commodity or product thereof produced in any region or area of the United States from being brought into or sold in any other such region or area, or shall have the effect of subsidizing the production or sale of any agricultural commodity or product thereof in any such region or area, in such a manner that such commodity or product thereof will tend to be sold in such other region or area at prices which will tend to depress prices therein of such commodity or product thereof.

One of the things we have to contend with is the fact that every State, during this depression period, has been setting up barriers, in spite of the Constitution of the United States, to prohibit the introduction into another State of products that it raises in its own State. It is high time that we set our feet down on that and prevented it, or we will get ourselves into the same unenviable position that Europe is in now, where every little country or principality has set up tariff barriers against the introduction of products from any neighboring State. We are doing it now in the United States between different States, and this is one place where we can very well afford to put an end to it. I think we had better put an end to it before it gets wide-spread, because it will only result in damage and injury.

Mr. WHITE. Will the gentleman yield now?

Mr. SAUTHOFF. I yield.

Mr. WHITE. The gentleman said he was not optimistic as to the possibility of getting antidumping orders in effect. I want to state for the gentleman's information that within the last 60 days the Treasury Department issued a countervailing duty preventing the importation of peas into this country which were being financed by a firm in Holland.

Mr. SAUTHOFF. Inasmuch as we can one-fourth of the peas consumed in the United States, I am glad to hear it, but I would like to have the gentleman see about shutting off the butter that is being brought in.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BEAM. Mr. Chairman, I yield 6 minutes to the gentleman from Washington [Mr. ZIONCHECK].

Mr. ZIONCHECK. Mr. Chairman, I realize that very few Members on the Democratic side will vote against the present measure providing for amendments to the Agricultural Adjustment Act. I do not blame any Representative for voting for this measure if he has a rural district to represent, for without a question the triple A helped the farmers who have produced the commodities upon which the processing tax is levied and for which the benefits are paid.

In my representative capacity I am constrained to vote against this measure, because it adversely affects the great majority of the people of the First Congressional District of the State of Washington, which is composed of the entire city of Seattle and Kitsap County. I made inquiry several days ago of the Agricultural Adjustment Administration to ascertain the amount of benefits paid out under the act. I learn that more than $1,000,000,000 has already been paid to the farmers of the United States for restricting production, destroying hogs, burning wheat, and ploughing under cotton, that the State of Washington has received to date approximately $9,000,000 and that the district I represent has received the grand and startling sum of $374, whereas the cost of living has increased in this community approximately 25 percent. When I voted for the triple A 2 years ago I labored under no illusion as to its possible failure as far as the consuming public was concerned. On page 774 of the CONGRESSIONAL RECORD of March 22, 1933, I stated:

By my affirmative vote I do not endorse as a general policy the restriction of production, for I am a firm believer in the policy of economic planning of consumption, for then production will take care of itself without any planning whatsoever.

I am also mindful of the fact that this measure may, to some degree, amount to a sales tax if no steps are taken to prevent the first processors from passing the cost on down to the consumer, but I feel that there is such a great spread between the prices paid to the farmers and those paid by the actual consumers that the tax that the processor pays can well be absorbed in this differential, which can be best illustrated by the fact that the farmers of the State of Washington are receiving approximately 5 cents a gallon for their milk, which when laid down to the consumer costs him 40 cents a gallon, hence a 5- or 10-cent increase to the price paid the farmer need not necessarily increase the cost to the consumer.

In another part of the same speech, on page 773, I made the following remark:

I might state in passing that I am of the opinion that there never will be any real relief until we cease to talk about the leaves and the bugs on the leaves and commence to speak in terms of the roots of the tree, its trunk and main limbs, for it is going to necessitate more than mere palliatives to remedy the situation, and to do that we must seriously lend ourselves to the intelligent solution of the problems of rent, interest, and profit.

Now let us see what actually happened during the 2-year administration of the Agricultural Adjustment Act. I have before me the report of the administration of that act, released June 17, 1935. On page 241 the chapter designated as "Consumers Counsel" commences. Six and one-half pages of this entire report are devoted to the consumers' problem, while the report itself is 456 pages in length. Under the title "Salient Facts About Expenditures for Food" we have as follows:

1. Retail value of month's supply of 14 foods for typical family in 1934	$18.39
2. Value at farm (exclusive of benefit payments)	$6.90
3. Margin between farm value and retail price, including processing tax	$11.49
4. Farmers' share of consumer dollar spent for food for typical family in 1932—percent	32
5. Farmers' share in 1933, exclusive of benefit payments—percent	35
6. Farmers' share in 1934, exclusive of benefit payments—percent	37.5
7. Approximate increase in cost of living, 1934 over 1933—percent	5
8. Increase in retail prices of foods, 1934 over 1933—do	10
9. Approximate increase in urban purchasing power, 1934 over 1933—percent	9

Now, Mr. Chairman, I do not believe these figures to be accurate. It is only natural that a department will juggle figures so that they show the department's activities up to the best advantage. Everyone knows that the increased cost of living since 1932 approximates 20 to 25 percent, particularly in retail prices for foods. It is very significant that the so-called "purge" of the A. A. A. took place a few months before this report was released. At that time Frederic Howe was dismissed as the Director of the Consumers' Counsel and at the same time Gardner Jackson and Jerome Frank, who had the consumers' interest at heart, were likewise dismissed.

In my opinion, had these individuals, together with the others who were discharged, remained with the Department until this report had been completed the figures would show the consumer at a greater disadvantage. But let us take the figures as they are. You have the farmers' share in 1934, exclusive of benefit payments, as 37½ percent, as compared to the farmers' share in 1933, exclusive of benefit payments, of 35 percent, which is a 2.5-percent increase. Now, divide 35 by 2.5 and you find the farmers' increase amounts to a gain of but 1.4 percent, while the increased cost of retail prices of foods of 1934 over 1933 is 10 percent. Here you have the answer to this whole problem. When the farmer receives an increase of 1½ percent the consumer must pay an increased cost of 10 percent.

The real difficulty, Mr. Chairman, in our present economic system is the wide spread between the price the farmer and workingman receive for their labors and the price they must pay for the products of the farmer and laborer when they buy them in return. The middlemen consume the greatest portion, and under the present program the share which the middleman receives is growing proportionately larger and, in my opinion, aggravating the situation rather than relieving it.

On page 244 of the same report, table 50 is as follows:

TABLE 50.—*Comparison of farm and retail prices for various cotton products on July 27, 1933, and on Dec. 18, 1934, showing margin between farm and retail price, and amount of processing tax*

Article	Retail price		Farm price		Margin		
	July 27, 1933	Dec. 18, 1934	July 27, 1933	Dec. 18, 1934	Processing tax	July 27, 1933	Dec. 18, 1934
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Overalls	109	160	20	26	8.27	89	125.73
Work shirts	73	90	9	11	3.49	64	75.51
Sheets, 81 by 99 inches	99	130	19	24	7.66	80	98.24
Unbleached muslin, yard	10	14	3	4	1.13	7	8.67

This, Mr. Chairman, is further proof that the consumer, and when I speak of consumer I mean the farmers as well as the workers, can never get ahead under such a program of restricted production. As you see in the above table, overalls, for which the farmer received 20 cents July 27, 1933, and 26 cents December 18, 1934, cost the worker and farmer $1.09 in 1933 and $1.60 in 1934, showing a spread of 89 cents between the farmer price and retail price in 1933, and a spread of 125.73 cents in 1934.

On page 285 of this same report the Department recognizes the fallacy of the program when it states:

Lasting improvement in the welfare of farmers is necessarily bound up with increased production and consumption of agricultural products. A long-view policy for agriculture, therefore, cannot passively accept the present limited purchasing power for food and fiber products of large numbers of our people, nor conceive future production on that basis. Rather it must contemplate a more abundant economy for all groups.

This, Mr. Chairman, is an admission by the Department that we must come soon to the economic planning of consumption rather than production if we are to survive without serious troubles.

On page 244 of this same report appears the following paragraph:

These comparisons do not take into account the situation of the unemployed. However, it appears that the real problem of the urban consumer was not the increase in food prices, but the lack of income among a large number of unemployed who had relied on industry for their livelihood.

In the State of Washington we still have more than 200,000 individuals upon the relief rolls. According to the figures of the F. E. R. A. for the month of January 1935, the amount received by each individual amounted to less than $1.66 per week. I am informed that a single person in the State of Washington who is on relief, receives but $1.35. With these said amounts every increase in the cost of food means further privation, suffering, and semistarvation for these unfortunate recipients of relief. When one looks forward to the work-relief program under the $4,000,000,000 bill and the "security wage" of $19 to $55 per month per family, one cannot help but come to the conclusion that a vote for further restricted production and increased cost to the consumer amounts to taking food from the mouths of the unfortunate who are already undernourished and practically desperate.

Now, as to the employed in the First Congressional District. Most of them are on a fixed salary or wages and any increase in the cost of living merely decreases their real wage. I have heard of no wage increases in that community, although I have heard of many wage cuts, so this program which we have before us today has worked against the interest of those who have been fortunate enough to have employment during these distressing times.

Now, Mr. Chairman, I represent a group of farmers in Kitsap County, and I here insert two typical letters, which state their position more vividly and more accurately than I could.

POULSBO, WASH., *May 17, 1934.*

Hon. M. A. ZIONCHECK,
Washington, D. C.

DEAR SIR: Thought I would write a few lines from the western front. All is not quiet on the western front. Conditions are bad for the small, diversified farmer, the millworker, and logger. I am writing you a few of my observations and of conditions as they are here. They may be of interest to you.

First, about the new deal. Have left my gate open for a year now, and it has not made its appearance yet. Poultry and dairy product prices are down to last year's levels, with feed prices $5 to $10 a ton higher. For example, sold 5 gallons of cream to the creamery. With a test of 30 percent butterfat, received $1.87 for 40 pounds, about 37 cents a gallon. No purchasing power created at this price. With processing tax and bonuses to wheat, corn, and hog farmers, what consideration is the small diversified farmer getting?

There is an enormous purchasing power dormant; take, for instance, the little farmers of western Washington and of the whole United States. Each 5-, 10-, 20-acre farm is a complete home and farm. It needs housing, machinery, automobiles, etc. The wheat farmer, say, with a section of land, 640 acres, maintains a home and farm equipment for one farm; 640 acres divided into 20-acre farms, as they average in small farms, would make 32 small farms and each a complete home with equipment. No assistance or thought has been given this enormous purchasing power by the A. A. A. We have been penalized by processing taxes to help wheat, corn, and hog farmers from our small disappearing income. The Frazier-Lemke bill would be the best relief in sight. I urge you to use your influence in securing its passage.

Now, a little news from the lumber industry. These are conditions at Port Gamble. The worker or the forgotten man who labors at the mill is rewarded as follows: Twenty-five hours a week at 42½ cents an hour; total weekly wage, $10.60. Board and room, $9.60. Forty cents a week for medical, hospital, and insurance, leaves a sum of 60 cents for weekly wage or $2.40 for the month. The company's rent for family houses was raised $5. Conditions like these do not need any agitators to foment discontent. The lumber prices have raised from $16, last spring's price, to present price of $28 and $30 per thousand, nearly 100 percent increase. The mill is cutting as much in 6 hours now as in 8 before everything speeded up. Logging camps are highball madhouses; now 6 hours' work accomplishes 8 hours' work. Men are scared to death for their jobs. The exploitation is still in its fury, more than ever before.

While I am on the lumber subject, I will compare the poultryman's plight in buying lumber. One year ago I could buy 1,000 feet of no. 1 common lumber with 4 cases of eggs. Now I have to have 8 cases to buy the same amount and grade. The old slogan, "Profits first, service after", is still the key to recovery. It is a shame that our reforms and changes come so slowly.

POULSBO, WASH., *April 16, 1935.*

Hon. MARION ZIONCHECK,
Washington, D. C.

DEAR SIR: We represent a group of farmers from Kitsap County, Wash., who, like farmers everywhere, are trying to find out what the processing tax, the ploughed-under wheat, the subsistent farming, and the 57 other varieties of Government remedies that are advertised over the radio and in the newspapers as a cure for the farmer's economic ailments, are all about.

We do know that the farmers in this locality are poor risks for financial insurance and are getting no better fast. We once made a living selling eggs and poultry products, but as no one has decided to pay us for plowing under the hens, after we pay the processing tax, the tax for retailing products, the dairy-products tax, the sales tax and the countless other taxes that are added to our grocery and feed bills, there isn't enough left to pay the personal and real-estate tax.

Consequently the Government takes our land and it is used for colonization by subsistent farmers. These usually are the embarrassing persons on the city relief rolls that make a politician's face red at election time, so they are exiled to the country at Government expense. A paid start of stock, machinery, tools, seed, and even a living is provided for these potential farmers, and the cost is financed as just another tax added to the burden already carried by the established farmer who has been foolish enough to stay out of debt. The subsistent farmers, it is assumed, will either get their living from the land, or from the rural communities, which are less able to support them but not so efficient in evading their responsibilities as are the urban authorities.

Neither can we understand the logic of paying our fellow farmers to plow under wheat, cotton, and corn, but still allow him to use the land for other agricultural purposes. For example, our Midwest brother gets a check from the Government to pay for the corn he does not raise. He puts the check in the bank and the land into buckwheat. The buckwheat is fed to a flock of chickens that are practically clear profit, and the farmer can afford to sell the eggs and poultry at a lower price than the Pacific coast poultryman who gets no Government aid and who has to pay high freight rates.

The Pacific coast rancher must pay an added cost to his feed corn to finance the processing tax; he must sell the poultry products at a lower price to meet the Midwest competition. Consequently the Western farmer loses his credit, taxes consume his home, and the abandoned farm is then ready for more subsistent farmers.

Very few farmers are chosen to make laws. But, if there is some concealed logic in the present plan of aiding the farmers by sending out more farmers financed by the Government to compete with the first group, or if there is any permanent care for the farm problem to take the earnings out of a farmer's pocket in one section of the country and place them in some other farmer's pocket somewhere else, we would like to know about it.

Very truly,

NORTH KITSAP POULTRY LOCAL.

The theory underlying this present bill is the old worn-out theory of supply and demand; that if we decrease the supply which the farmer produces, the demand increases and a greater price will be received for what the farmer produces, so that he can pay for the cost of production and get a little profit besides, and that thereby the demand of the farmer in his prosperity on industry will be such by way of new purchases that the factories will have to reemploy all the unemployed in order to satisfy this increased demand, and thereby everyone will again be prosperous. The proponents of this theory fail to mention where the purchasing power of the workers will come from or what they will purchase with.

We have had upward of 2 years' experience under this theory, and we find that, instead of prosperity for all, the poor have become poorer and the rich have become richer. I have a letter from the Treasury Department, dated May 21, 1935, in which the Commissioner sets out the relative decreases and increases of the different income class groups of 1933 as compared to the same groups of 1932. The net incomes of the $10,000 per year group saw their revenues decrease 5 percent in 1933 as compared with 1932, which does not take into consideration the 11,000,000 people who find themselves without any income whatsoever or those receiving less than $1,000 per year.

The income-tax payers who had a net income of $50,000 and over showed a 14-percent increase in 1933 as compared with 1932, while those who received a net income of $100,000 and over showed an increase of 23 percent over their incomes of 1932, and the increase in the number of returns of individuals reporting a net income of $1,000,000 and over increased from 20 to 46. I here quote from the book entitled "The Economic Consequences of the New Deal", by Benjamin Stolberg and Warren Jay Vinton, wherein they state:

> In the last 12 months of the new deal, from October 1933 to October 1934, the real weekly wages of our industrial workers have declined by 2 percent. Yet the dividends of our great corporations increased 17 percent in the same period. And their industrial profits in the first 9 months of 1934 were 76 percent greater than during the same period in 1933.

These figures speak louder than words, and it is very evident that we must get down to economic planning of consumption rather than production; that we must decrease in a marked manner the spread between the cost of the product to the consumer and the price paid to the worker and farmer for its production, if we are to get out of this, the longest and most severe depression in the history of our machine age.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, the bill we are now considering, so far as I am personally concerned, shows to me conclusively how difficult the work of a Congressman is. Personally I do not think that the benefits that are intended should be derived from this kind of legislation will ever come into being.

I do not believe we have the right to delegate to any body of men in this Union, or to any organization, the power to impose sentences, to take away men's liberty; but that is what is done in this bill. I do not believe we have any power under the Constitution to say that a majority of men engaged in agriculture can force a program on another minority group. I do not believe, for example, that this Government has the right to go into any State of this Union and try to regulate a business which is carried on wholly within the boundaries of the State.

These are my personal beliefs. This is the way I should like to vote; but I happen to be a Representative of, and was elected by, farmers in North Dakota who have voted 10 to 1 for this A. A. A. program. Those farmers are resting assured this afternoon that they will have a Representative here in Congress to give them that support, and I am willing to give it to them. I will vote for this bill, but I want you to understand that personally I do not believe we have a right to pass many of the provisions of this bill.

Answering the insistent question raised this afternoon as to what those opposed to the bill would suggest as a substitute, the answer, to my mind, is very easy. First, I say,

enact Massingale cost-of-production bill for that portion of farm products used in this country.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield.

Mr. PIERCE. Does the gentleman believe that bill is constitutional?

Mr. BURDICK. Yes; I do.

Mr. PIERCE. How can the gentleman feel that bill is constitutional if he regards the pending bill unconstitutional?

Mr. BURDICK. For the reason that the Massingale bill places cost of production only on that portion consumed within the borders of the United States. If the people raise more than that they would sell it at their peril.

I maintain that we have no moral right, either in Congress or elsewhere, to limit the amount of production in any country, because the human race for 6,000 years before Christ has been producing and it has never produced a bushel more than the human race needs. If they have, I ask now, where is it?

Here is my next question to you, beside the Massingale cost-of-production bill, which in my judgment is constitutional, I would suggest the bringing in of a bill that will refinance these farmers and spread this huge debt that they cannot pay now over a long period of time at a low rate of interest. Give them a chance to come out. You know as well as I do that today in America every farmer, on the average, owes at least twice as much as his property is worth, still under the ruling of the Supreme Court those farmers must pay. If they must pay, give them a chance to pay. We have a chance to do that in this Congress.

Mr. Chairman, there is a bill pending before this Congress that will do this very thing. It requires the signatures of 218 men to that petition up there to give it consideration, yet only 190 Members have signed the petition. You have a chance to enact this legislation if you want to do so.

Here is no. 3: During the period of distress, and while we are trying to work out a solution of this situation, the Congress may enact a moratorium measure for 2 years in order to prevent the Government from foreclosing upon loans for which they are responsible, and may I say to you Members that at this very moment the Government is foreclosing loans which it made to the people of this country. You can stop that if you want to. Another thing that should be done, but neither side of the House will do it, is to take control of the issue of the money and credit of this Nation and put it back in the Government itself.

Mr. PIERCE. Will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Oregon.

Mr. PIERCE. The gentleman would do that through a moratorium act based upon the Minnesota case? Is that the way he would stop foreclosures?

Mr. BURDICK. I would declare a national moratorium for a period of 2 years and prevent Government agencies from foreclosing any mortgage where payment has not been made through no fault of the mortgagee.

Mr. PIERCE. Does the gentleman think, under the Minnesota case, the Supreme Court would declare such an act constitutional?

Mr. BURDICK. I do not know as I would be limited to the Minnesota case.

Mr. PIERCE. Is that not the only one we have at the present time?

Mr. BURDICK. That is the only one that our Supreme Court has passed upon. In that case the Supreme Court upheld it upon the ground that the mortgagor had to perform certain equities. I have no objection to certain limitations. I am simply pointing out to the Members of the House what can be done, instead of indulging in what we are doing at the present time.

My last point is that the Government should take over the control of the issuance of its money and credit that it never lost. We cannot escape this responsibility. The Congress is charged directly under the Constitution with the control of the issuance of money, yet we have surrendered this prerogative through various laws during the last 100 years until today what do we have? The cash in circulation is about $6,000,000,000, $4,000,000,000 of which has been issued by the private bankers of the country through the Federal Reserve System. We have surrendered this power of the American people to private banking interests. I say that under the Constitution this Government has never surrendered that power. The question has never been presented to the Supreme Court of the United States and if it is presented, from my experience as a lawyer I would say that the Supreme Court would hold that any attempt to give away the power to issue money and regulate the value thereof is unconstitutional.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. What does the gentleman think about the policy of the Government issuing money against its own obligations? In other words, making its own obligations security for another obligation?

Mr. BURDICK. On the Government debt of this country there is an annual interest burden of about one and one-quarter billion dollars that it would not be necessary to pay at all if the money was issued direct and upon any basis that we have for the issuance of money.

For example, if gold and silver is the basis upon which we issue currency, we have enough gold and silver on hand upon which we could have a currency issue of $20,000,000,000; yet there is in circulation only $6,000,000,000 and the private banking interests of the country have issued $4,000,000,000 of that.

Mr. Chairman, the ball game is on, but very few people can get to the ball game. We complain because the gate receipts are small. But the only reason they are small is because we have not tickets enough to go around. The people are complaining because they cannot get tickets to go in. We do not have enough money in circulation to do the Nation's business and remember that the amount of money in circulation plus the demand deposits in circulation multiplied by three in any one period of this country's history will give you the national income. Just try that out. For instance, what was the income in this country in 1920? First, what was the amount of cash and demand deposits on hand in this country in 1920? The amount of cash in circulation plus demand deposits was $21,000,000,000. Multiply that by three and you have the national income. When we look up the record we find that it shows that our national income at that time was $67,000,000,000. Take 1927. In 1927 we had cash in circulation and demand deposits of $25,000,000,000. Our national income was $77,000,000,000.

[Here the gavel fell.]

America's capacity to consume—The growth in income of the American people, 1900–29 [1]

[In current dollars]

Year	All income		Income from current production [2]		Other income [3]	
	Total (in millions)	Per capita	Total (in millions)	Per capita	Total (in millions)	Per capita
1900	19,100	251	17,035	224	2,065	27
1909	30,900	341	27,726	306	3,174	35
1910	32,580	353	29,175	316	3,405	37
1911	32,547	347	29,066	310	3,481	37
1912	35,223	370	31,604	332	3,619	38
1913	37,122	382	33,309	343	3,813	39
1914	36,232	366	32,254	326	3,978	40
1915	39,322	391	35,200	350	4,122	41
1916	48,227	473	43,823	430	4,404	43
1917	56,061	542	51,307	496	4,754	46
1918	62,394	597	56,770	543	5,624	54
1919	70,281	668	63,880	607	6,401	61
1920	75,397	707	67,325	631	8,072	76
1921	60,685	558	52,745	485	7,940	73
1922	67,601	613	59,602	541	7,999	72
1923	76,770	685	68,381	610	8,389	75
1924	78,600	688	69,924	612	8,676	76
1925	84,768	731	75,918	655	8,850	76
1926	86,395	735	77,177	657	9,218	78
1927	86,333	725	77,003	647	9,330	78
1928	89,335	741	79,679	661	9,656	80
1929	91,988	755	81,940	673	10,048	82

[1] Exclusive of profits from the sale of property. See table 5, pp. 152–153, for sources.
[2] Exclusive of income from foreign investments.
[3] Chiefly returns on property used in direct consumption. Includes also net income from foreign investments.

Income and its distribution—The growth in real income of the American people, 1900–1929 [1]

[In dollars of 1913 purchasing power]

Year	All income including business savings [2]		All income, excluding business savings [2]		Income from current production only [3]	
	Total (in millions)	Per capita	Total (in millions)	Per capita	Total (in millions)	Per capita
1900	24,331	320	23,694	311	22,009	289
1909	32,424	358	31,064	343	29,371	325
1910	33,381	362	32,202	349	29,801	323
1911	33,554	358	32,842	350	30,823	329
1912	35,905	377	34,635	363	32,053	336
1913	37,122	382	35,722	368	33,309	343
1914	35,944	363	35,364	357	32,449	327
1915	39,049	388	36,948	367	34,510	343
1916	44,204	433	39,677	389	37,044	363
1917	43,593	421	39,914	386	33,911	328
1918	41,130	393	39,821	381	32,720	313
1919	40,001	380	37,536	357	33,943	323
1920	38,079	357	37,374	350	31,285	293
1921	35,845	330	37,431	344	32,458	299
1922	42,704	387	41,646	378	37,604	341
1923	48,041	429	46,519	415	41,468	370
1924	49,004	429	48,150	421	42,404	371
1925	51,312	443	49,587	428	44,605	385
1926	51,983	442	50,645	431	45,775	390
1927	52,008	437	51,408	432	46,387	389
1928	55,800	463	54,308	450	47,231	392
1929	57,673	473	56,270	462	48,543	398

[1] Exclusive of profits from the sale of property. Based on table 5, p. 152.

[2] Deflated by index representing prices of goods and services purchased by consumers. (Based on King's data in The National Income and Its Purchasing Power.) This does not strictly apply to the portion of the income retained as savings in business enterprises. However, the proportion of this type of income is so small and the difference between the price index of capital goods and that of consumers' goods is so slight for the most part that it was not deemed essential to compute a new index.

[3] Deflated by an index intended to represent values of goods and services produced. (See pp. 147–148 and 151.)

Circulation of money and credit

[Henry G. Bahr, Feb. 19, 1935]

	Amount of demand deposits subject to check [1]	Amount of money outstanding [2]	Amount of money in the vaults of banks [3]	Population of the United States (estimated) [4]	Per capita circulation of money and credit [5]
	Thousands	*Thousands*	*Thousands*		
June 30, 1916	$12,045,909	$2,177,100	$2,364,600	100,757,735	$141.16
June 20, 1917	10,632,323	2,579,100	3,099,700	102,172,845	129.30
June 29, 1918	12,116,364	3,599,000	3,307,200	103,587,955	151.71
June 30, 1919	14,721,725	3,895,300	3,793,100	105,003,065	177.30
June 30, 1920	15,679,376	4,420,300	3,738,200	106,543,031	188.65
June 30, 1921	16,074,125	3,984,700	4,189,800	108,207,853	185.37
June 30, 1922	14,334,122	3,649,200	4,626,900	109,872,675	163.67
June 30, 1923	14,248,370	4,046,200	4,656,600	111,537,497	164.02
June 30, 1924	15,061,944	3,948,500	4,898,000	113,202,319	167.93
June 30, 1925	16,563,201	3,876,900	4,422,500	114,867,141	177.95
June 30, 1926	18,208,622	3,910,100	4,518,900	116,531,963	189.81
June 30, 1927	21,144,148	3,866,200	4,801,100	118,196,785	211.60
June 30, 1928	21,059,876	3,930,100	4,188,000	119,861,607	208.49
June 29, 1929	21,427,747	3,947,200	4,591,600	121,526,429	208.80
June 30, 1930	21,087,523	3,668,200	4,638,400	123,191,000	200.95
June 30, 1931	18,678,236	3,956,500	5,123,100	124,070,000	182.44
June 30, 1932	14,327,339	4,921,000	4,083,400	124,822,000	154.21
June 30, 1933	13,408,593	5,070,800	5,007,600	125,693,000	147.02
June 30, 1934	14,961,774	4,683,900	8,950,500	126,425,000	155.39
Jan. 1, 1935 [6]					

[1] Individual deposits subject to check in all reporting banks, as shown in the annual reports of the Comptroller of the Currency.

[2] Figures in this column include only money in general circulation, exclusive of amounts held by reporting banks, Federal Reserve banks and Treasury. Source: Annual reports of the Comptroller of the Currency.

[3] In the Treasury, Federal Reserve banks, and reporting banks. Source: Annual reports of the Comptroller of the Currency.

[4] Continental United States. Estimates as of the middle of the year. Source: Statistical Abstract of the United States, 1934, p. 10.

[5] The sum of the first and second columns divided by the population is given in the fourth column.

[6] Not available.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I take the floor at this time in order to secure some information. I dislike very much to break into the statements that are being made, but I should like to ask any one of the members of the Agricultural Committee a few questions on certain points of the bill which I have not been able to clear up in my own mind in the short time in which we have to consider it.

On page 7 of the bill, I should like to inquire as to why the growers of rice are permitted and encouraged to assign away the benefit payments they would likely have in due course for the purpose of production credit?

This seems to be the only provision of its kind in the bill, and I wish to inquire if this was placed in the bill because of the fact that the rice producers are in such financial straits that they must mortgage their potential benefit payments in order to secure production credit?

Mr. JONES. That provision is in the law at the present time. This is merely a repetition and this was wanted by the rice producers themselves, whose representatives were gathered here from all over the country in the early part of the session and asked that this provision be put in the bill. Their methods of production are peculiar and their methods of marketing and handling are peculiar, and they said this would be especially beneficial to them. The representatives gathered from every rice-production section of the country were here and asked that they be given this credit privilege, and it was put in at their request as an amendment to the old bill.

Mr. CRAWFORD. Now, on page 9, I wish to inquire whether or not agreements can be entered into on any or all farm commodities, whether basic or otherwise?

Mr. JONES. Agreements may be entered into, but the Secretary may not issue orders on any of these agreements that are binding on all handlers except these particular commodities named, milk and its products, fruits and vegetables, with the exceptions named.

Mr. CRAWFORD. Then, to make it a little clearer, if the producers of any given commodity other than those set forth on page 10, paragraph 2, voluntarily enter into a marketing agreement, whether it be 65 percent or 95 percent of them, after having entered into this voluntary marketing agreement, as I understand, the Secretary of Agriculture may not issue orders covering those products.

Mr. JONES. He cannot do so under the terms of this bill.

Mr. CRAWFORD. Then, on page 17 of the bill, lines 16 to 20, read:

> No person acting as a member of an agency established pursuant to this paragraph (B) shall be deemed to be acting in an official capacity, within the meaning of section 10 (g) of this title, unless such person receives compensation for his personal services from funds of the United States.

As I read the bill, it is my understanding that the Secretary may bring into operation an agency, and it appears from the language I have just read that there may be members of that agency other than those on the pay roll of the Federal Government.

Mr. JONES. Yes; that is particularly true of the local committees. The gentleman will understand that this particular provision puts under the ban men engaging in speculation in respect of a commodity and forbids any official from speculating on the exchanges or in futures markets, and so forth, in a commodity which they have a part in handling. When they have local committees that are mapping out the program, they are interested in the commodity, and it is felt that this ban should not be extended to them, and that is all it is intended to cover.

Mr. CRAWFORD. It seems to me on that point that is a very dangerous provision to have in the bill, because I think it could be determined that there are many people——

Mr. JONES. If these people draw anything from the Government, and some of them do draw a little pay, they are under the ban.

Mr. CRAWFORD. I understand that.

Mr. JONES. But if they are simply asked locally to help the local people who fashion most of these programs, it is felt if they are not being paid by the United States Government we did not quite have the right to forbid their engaging in such dealings.

Mr. CRAWFORD. If by chance a commodity operator should be placed on one of these agencies, he can certainly secure sufficient inside information to put him in position to make a wonderful scoop in the commodity markets from time to time by reason of having such inside information.

Mr. JONES. These men are selected by the producers in the communities themselves and they probably would not select that kind of man.

Mr. CRAWFORD. That agency, insofar as its personnel is concerned, then, is to be restricted to local people engaged in the production of the commodities in question.

Mr. JONES. Yes.

Mr. CRAWFORD. In that event, it would probably help the situation considerably.

Then with reference to the base period for marketing agreements, mentioned on page 27, I should like to have a little clearer information as to how this base period can be shifted from 1909–14 to 1919–29. Can the gentleman give us a little information on that?

Mr. JONES. There are some of the commodities on which definite figures in the regular base period are not available in the Department of Agriculture; that is, the records were not kept accurately for those commodities during the former base period and they are not available. I believe I am correct in my recollection that this provision covers such commodities and provides that he may take this later period in order to arrive at just what the parity price would be and what the figures would show.

Mr. CRAWFORD. And that would be used only in the absence of these other figures.

Mr. JONES. That would be used only in the absence of definite figures on the regular base period.

Mr. CRAWFORD. The bill, on page 32, refers to specific tax rates, where it appears that the rates in effect as of June 1, 1935, are frozen until December 31, 1937. Is it possible under this provision of the bill and by reason of the freezing of these rates for the farmers to be denied or deprived of what might be termed "parity payments" or "parity benefits"?

Mr. JONES. No; those rates are frozen subject to this change. Refer to subdivision 4 which begins at the bottom of the page. They were frozen to make certain of the legality of the tax. Congress really enacted the processing tax under that provision beginning in subdivision 4, line 22. The regular method of varying those taxes is set out; that is, the Secretary of Agriculture may increase or decrease them, but if this power granted here is held invalid by the Supreme Court the tax automatically goes back to the fixed rate. In other words, these are only fixed and would only remain fixed in the event the power conferred by Congress to move them up and down is denied by the Supreme Court.

Mr. CRAWFORD. Mr. Chairman, I take this opportunity to express my appreciation of the great effort the members of the committee have made in an attempt to solve this problem. I wish I could agree with all the features of the bill. It appears to me that the people who founded this country, having prepared and signed and published the Declaration of Independence, established themselves as a free people.

Then they proceeded to draw up a Constitution. It was accepted and adopted. Through its terms and provisions rights were recognized, and to date have been guaranteed to that free people. Out of this Constitution there came a Federal Government, with limited powers which were specifically set forth therein. The powers not delegated to the Federal Government were retained unto the people themselves, and therein is their freedom.

The observation has been made that out of the sphere of liberty there evolved or was carved that of government, and that freedom was not created by a Federal Government. Free men carved our Government in the form in which we find it as defined and circumscribed by the Constitution.

Historical but unbounded and indefinite rights and privileges which our people have inherited must again be guarded as they were in times past. Many men who are Members of this body never until recent years were forced to give much consideration to fundamentals of this nature. Life moved along smoothly for us, and we exercised our liberty without much thought, if any, as to how it came to us.

Today we have heard remarks dealing with the great problems of modern life, industry, agriculture, world trade; domestic production, consumption, and exchange. Perhaps the greatest task of free men today, acting under the terrific pressure under which modern life has placed us, with all of its social, economic, and relationship problems—is that of requiring government to mind its own proper business. It can be well argued that there has come to us here in this House at this very hour the opportunity and the responsibility to say to government that it must desist from any further attempts, under any guise or pretense, to invade the liberties guaranteed and preserved for us by and through that great charter of human rights which the Supreme Court of this land has so recently shielded in its three sweeping decisions. Those who framed that Constitution did not bow down to or recognize that there was in existence anywhere or in any form an all-powerful state which goes before, or which is superior to, and of necessity in control of, individual life and effort. The philosophy of man's immortality may have led him to believe that insofar as spiritual matters are concerned there is an all-powerful and all-knowing Supreme Being; however, to recognize such a power insofar as a political state is concerned, having to do with the economic, social, and political actions of mankind, I submit, is to deprive man of his liberty and freedom while living his life here on earth.

Therein is the crux of this bill insofar as I am concerned. It seems to me that if we are to preserve our freedom in this country we must, working cooperatingly among ourselves, solve these problems independent of Federal control or Federal dictatorship in any form whatsoever. However, if the Members of this House and if the farmers of this country have come to the conclusion that they cannot, through cooperation with each other and in their own way, solve these problems themselves as free men, and that they are now ready to surrender the freedom which they have heretofore enjoyed and prospered under and all without any further effort now insist that Government strengthen its authority, that, I submit, is a startling situation. If this be true and if there be problems which must now be solved, then our people will have to come to the Government and sit down at its feet and say, "Mr. Federal Power, we are unable to reach the benefits which we must have, and therefore we seek your aid." Insofar as I am concerned, I believe that our people through cooperative, intelligent, and free effort accomplish fivefold to what will be accomplished when Federal bureaus interfere. Apparent in this bill there is such a plea now being made, as evidenced by the farmers of Mr. BURDICK's territory. They have indicated, he says, 10 to 1, I believe, that they now desire the Federal Government to step in and lead them out of the wilderness. That to me appears to be the substance of this bill. It has many things in it that I think are very commendable. At the same time, there is no question in my mind but that we are surrendering, perhaps once and for all, much of that freedom which we have heretofore enjoyed and exercised and prospered under. Personally I believe we did not go far enough in our own efforts before we appealed to the Government.

Perhaps the situation came down on us in a crash in such a manner that we felt compelled to rush into something, but we come right back to the proposition that millions of our farmers say that they desire now to travel this road, that they desire to be led by Federal authority, and in working out this bill I can see where the committee has in a somewhat marvelous way inserted provisions which call for cooperation among the farmers themselves by putting here two-thirds vote for producers, two-thirds vote for volume, and then at the same time, as I understand it, a majority of the producers can issue an edict whereby the Secretary must cancel an order which has been issued. Is that correct?

Mr. JONES. He may cancel if a majority of the producers want it.

Mr. CRAWFORD. In my opinion, this bill will not bring to the farmers of this country the economic and social rights which they have reason to expect in this advanced day and age. It has been pointed out there are near 900,000,000 acres of farm land with a today's value of more than $30,000,000,000, and owned by more than 30,000,000 farm people. These farm folk must be recognized in a material and substantial manner. They are not paid cost for their production. They want wages comparable to those paid to people who

produce the goods and services which farmers buy—goods in the form of something to consume in stomach and on body and overhead. Goods in the form of travel. In the form of a few luxuries; in the form of education and training for their children. To have these things the farmers must be able to sell their labor in the form of the goods drawn from their farms at a price which compares favorably with that paid by them to the other branches of our population.

The organized processors of this land who are engaged in purchasing farm goods and processing them into finished products will not pay the farmers a reasonable price for their labor unless those processors are forced to do so. This bill does not carry the necessary teeth. It will not prove satisfactory to the farmers. There are too many exemptions. The Supreme Court properly held that certain powers should not be delegated by Congress to the Federal administrative officers. Now, to present a bill which comes within the circumscribing of the Supreme Court insofar as the powers that may be delegated by Congress to the Secretary of Agriculture, or an administrative office not responsible directly to the people, is one thing. But what the farm population wants is a bill which will assist the farmers—all of the farmers, in whatever State they may be located and for whatever crop they may be growing—giving them cost plus a profit for the goods they place on the market. If this bill protects the cotton grower and leaves the farmer who grows vegetables for the canner, fruits for the canner, beef, wool, mohair, and a hundred other crops without any protection, we should know that will not work. And this bill exempts canned vegetables, canned fruits, and many other crops from any kind of control or protection or benefits.

Furthermore, it will not be possible for the Secretary to reach out and gather into his hands the control of all the powers and purposes and aims set forth in the bill. When he attempts to do that it will set in motion other forces which will be just as disturbing and damaging as some force which he attempts to correct. There is too much artificial interference. Time and tide wait for no man to act. Neither does weather. The ebb and flow of world trade, the offers to buy and sell of the trader, and the increased and decreased amount of production by reason of climatic conditions, such as rainfall or lack of rainfall, are matters beyond the control of the Secretary.

His Bureau cannot work rapidly enough to meet the constantly changing factors that are involved in his calculations as to production, consumption, the ordering of the investigations, the determination of the facts based on the findings, the calling of hearings, the securing of approval of handlers and producers, the issuance of orders, and through the votes of a majority the cancelation of those orders after having once been issued. It is not reasonable to expect that a bill such as here presented will work out satisfactorily to the farmer, because this is a makeshift—a result of the original Agricultural Adjustment Act plus a lot of amendments which were on the way to be added to the original act, and which were arrested by a Supreme Court decision, and then some more additions which are hoped to be found constitutional.

Page 7, paragraph (8), sets forth a provision with reference to the growing of rice which appears to me to be grossly unfair to the rice growers of the country. When the production credit is in such a state that growers must assign or contract away the potential benefit payments they may receive under the act I think that is conclusive evidence the rice provisions of the A. A. A. are not now giving the relief it was claimed would be forthcoming on their enactment. This is a provision which must ultimately work hardships on the rice growers.

IMPORTS

Section 30, page 49, of the bill deals with this highly important matter of imports. This is not a strong section. There is too much beating around the bush. Here we are dealing with a vital matter. A policy which permits the operation of a plan of reducing crops, retiring acreage, holding down production, and at the same time allows millions of tons of farm products to come into this country from other lands is one in which I cannot concur.

Many countries have and are entering into reciprocal trade agreements with the United States. They will expect and will demand the right to ship farm goods into this country in increasing quantities. It is being done now. As prices advance, more goods will be offered to this country. Throughout the world there can be found warehouses with bulging sides filled with the goods of other lands. The highly trained and alert international traders are keenly aware of every point of advance or decline in the commodity markets. It is such an easy matter for them to flash an order to buy or to sell. Market news and other information having to do with human relations at home and abroad encircles the globe with electrical rapidity. Day and night, every second of each day, news travels to all points of the world from other points. In the fraction of a second commodity markets can be passed around the world to the waiting traders. Governmental machinery is too slow for this game. "Whenever the President has reason to believe." Who is going to give any President that "reason to believe"? Cannot we comprehend those countries enjoying reciprocal trade treaties will exert every influence at their command to pour more and more goods into this market as our production recedes through the retirement of acreage and the giving of benefit payments to our farmers as a price to take away from them the domestic market so that it may be filled by goods imported from other countries? Sure! Investigations are to be made—but how? The President shall specify to the United States Tariff Commission how the investigations shall be made. Why not let the Tariff Commission proceed under its own rules and make its investigation quickly but along its established lines? Why should its powers be set aside by some regulation issued by the President to support some reason he may have? If the importation of goods from other lands are causing great distress in our land, why not our Congress have the power to place an embargo on further importation? Why not make it mandatory on the part of the President that he must act upon the findings of the Tariff Commission? Furthermore, any decision of the President as to facts under this section shall be final. The committee, no doubt, has done its best in dealing with this question of imports. However, it is my opinion the act has not gone far enough.

In conclusion, I do not wish to be understood as contending that the Government should not at any time interfere in the interests of the farmer, nor do I contend that the present bill is wholly bad. I do most emphatically contend, however, that it is not an adequate solution to the problem of our 30,000,000 American farmers. With great responsibility in a great emergency must necessarily come impatience to fashion some sort of bill to meet a critical situation. This bill proposes to do that, but does it only partially; and I for one cannot support it in its inadequacy to meet our fundamental problem. It is true that the bill provides for payments to the farmers which help to mitigate a depressing and a miserable state of affairs. Yet that mitigation is bought at a stupendous price; that price is the sacrifice to decreased production while millions of our people are literally crying for food; that price is the sacrifice of personal liberty which cost the fathers of our country a vast amount of suffering and bloodshed to establish and under which our people have risen from a state of serfdom to that of a sovereign; and, finally, that price is the perpetuation of merciless poverty in the midst of plenty. Why must we continue the hopeless policy of cutting down production, plowing under food, when the world is crying for the products of the farm? Why must we continue the stupid policy of actually taxing part of our people in order to pay another part to destroy the very food we need? Why cannot a bill be fashioned which will permit the farmer to till and sow as nature intended that he should, and in return pay him the cost of his production plus a small profit to enable him to bring up his family in the independence to which they are entitled? I cannot and shall not by voting for this bill sacrifice the future physical and spiritual welfare of our farm population for a meager mess of pottage thrown at them now in the form of charitable benefit payments. My vote must be in the negative.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, I want to speak in behalf of the farmers of New York State who have not received any benefit from the processing tax. It has been a detriment to them. For the most part, we are dairy farmers, and we have not received any more for our dairy products, while the feed for our stock has cost us much more. I cannot see where the farmers of New York State or the East are going to get any benefit from this legislation. They will still have to pay more for what they buy, so the entire legislation, as I see it, will not be of any benefit to them.

I want to speak a little about production and the plowing under of wheat and cotton and the destroying of pigs. I happened to be chairman of the Red Cross in my section for some years, during the war period and since that time. During the time when the Red Cross had flour to distribute to the poor—and cotton clothing, socks, and underwear—to feed them, we were able to take care of them in very good shape, especially in the winter months. During this time, when crops have been plowed under and these products have not been available, it has cost us a great deal more to maintain our poor. If we might have those crops, if we might have the cotton and the wheat, we could give it to our people and save a great deal of suffering.

We are not producing any more than we need in this country. We are not producing enough. The only trouble is in the distribution. If we were distributing to our poor people what we are wasting, what we are plowing under, and what we are curtailing, they would be better taken care of than now. They would be much happier. They could have a living and they could have warm clothes to wear. I hope that we may get that distribution, that we may give to the poor the proper amount of wheat and other crops, and that we may give them the proper amount of clothing to keep them warm. It will permit the cotton farmer to raise more cotton and the wheat farmer to raise more wheat, and it will take care of the people who are suffering, especially during the winter months. This is true in our section of the country, and it would be much better for the entire country.

Mr. GILCHRIST. Will the gentleman yield?

Mr. LORD. I yield.

Mr. GILCHRIST. The gentleman says that he thinks the farmers of New York State should not have to pay any more for their feed.

Mr. LORD. No; I did not say that.

Mr. GILCHRIST. The gentleman says he is against the bill because his farmers will not be benefited inasmuch as the processing tax requires them to pay more for their feed.

Mr. LORD. I did not say that. I did not say I was against the bill. I was simply telling how it worked out in the State of New York.

Mr. GILCHRIST. The gentleman says he does not feel that the wheat farmers should go on producing wheat at 30 cents a bushel and the corn farmer should go on producing corn at 10 cents, does he?

Mr. LORD. No.

Mr. GILCHRIST. Even though that makes cheap feed for the dairy farmers.

Mr. LORD. I did not say I was opposed to the bill. I was telling the way it worked out in New York State.

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow, and that further general debate on the bill H. R. 8492 be limited to 1 hour, to be equally divided and controlled by the gentleman from Kansas and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order on Tuesday and Wednesday of this week may be dispensed with.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us what business is in order on these days?

Mr. TAYLOR of Colorado. The Private Calendar is in order on Tuesday and the call of the committees is in order on Wednesday. We want to go on with this bill.

Mr. MARTIN of Massachusetts. The gentleman does not think we shall finish the bill tomorrow, then?

Mr. TAYLOR of Colorado. It is hoped that we shall finish the bill tomorrow. We have other matters that we feel ought to be taken up. The deficiency bill is one of them.

Mr. MARTIN of Massachusetts. What will follow this bill?

Mr. TAYLOR of Colorado. I am not sure, but the deficiency bill is ready and is quite important.

Mr. MARTIN of Massachusetts. The gentleman, then, would go on with the deficiency bill on Wednesday if this bill is concluded in time?

Mr. TAYLOR of Colorado. I think that is the order of business.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection to the gentleman's request.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

JAMES J. DEIGHAN

Mr. STACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. STACK. Mr. Speaker, on the 14th day of June 1935 the great State of Pennsylvania lost a distinguished son in the untimely death of James J. Deighan.

The American Legion lost a sterling soldier and comrade in the person of Comrade James J. Deighan, department adjutant.

Commander Harry K. Stinger and every World War veteran of the Sixth District of Pennsylvania lost a distinguished friend and advocate when the Great Bugler sounded taps over their buddy, James J. Deighan.

Jim Deighan served with honor and distinction as a member of the Nation's armed forces in the Eightieth Division of the American Expeditionary Forces in 1918. He was honorably mustered from the military rolls on July 15, 1919. As a chartered member of the Woodrow Wilson Post, No. 2, Department of Pennsylvania, the American Legion, he was active for many years in the Legion's program, and in 1923 was chosen by the late J. Leo Collins, then department commander, as the department adjutant, in which capacity he continued to serve until his death. He was an authority on matters pertaining to the service men and women, and his advice upon such subjects was sought and followed throughout the United States. His innate disposition endeared him in the hearts of his friends and earned for him a Nation-wide reputation and appreciation for his meritorious labors and services on behalf of veterans and the widows and orphans of veterans. His life was a noble one spent in untiring effort to help the other fellow. He so lived that when his summons came to join the innumerable caravan he went with head erect, a smile upon his face, mute evidence of his unfaltering trust in his God and the knowledge that he had done his part in life honorably and well. May we emulate his splendid example. He was a kind and loving husband and father.

The Sixth District and the American Legion of Pennsylvania, through its commander, Harry K. Stinger, expresses the wish of all of us when he tells Mrs. Deighan that she and her children have our sincere sympathy in their bereavement.

NUISANCE AND SALES TAX RESOLUTION

Mr. SCHNEIDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHNEIDER. Mr. Speaker, I am unalterably opposed to House Joint Resolution No. 324, extending the nuisance and sales taxes for a period of 2 years.

I believe it is inexcusable to continue these sales levies, which fall on rich and poor alike, especially so long as congressional leaders are discouraging the bringing about of a systematic revision of the tax laws to place a greater share of the burden on those best able to pay through inheritance taxes, income surtaxes, and excess-profit levies on corporations.

This resolution provides for continuing for 2 years the sales taxes now imposed on matches, electricity, automobiles and trucks, tires and tubes, auto accessories, mechanical refrigerators, lubricating oils, toilet preparations, radios and phonographs, cameras, firearms, sporting goods, chewing gum, furs, jewelry, brewer's wort, grape concentrate, gasoline, and a number of other commodities. It also levies a tax on telegrams, telephone calls, conveyances, and transfer of bonds.

The costs of these taxes fall on the common people in undue proportion. Instead of making an effort to levy taxes on the basis of ability to pay, through a revision of our inheritance, income, and excess-profit taxes, the line of least resistance is being followed, and these taxes, which were appropriately described as nuisance taxes by a headline in the CONGRESSIONAL RECORD a day or two ago, are being continued for not merely 1 year but for 2 years.

The alibi is advanced that these are emergency taxes and we must act quickly lest they lapse at the end of the fiscal year. The fact that many of them will lapse has been known since the opening of the session. Until this week, however, no effort has been made by those charged with the responsibility of formulating tax policies to substitute other taxes in their stead which will be based on the ability of the taxpayer to pay for the cost of Government. At a time when dividends are increasing rapidly, adding to the stock of those who are comfortably fixed, it is manifestly unfair to continue to levy nuisance taxes on many of the things necessary in the home of the poor while the increased dividends are not also being asked to carry more of the emergency-tax burden.

Furthermore, under this resolution, it is proposed to continue the taxes for a 2-year period, rather than for the duration of the emergency or for 1 year. Most of these taxes have been in effect since they were first enacted by a Democratic-Republican combination in 1932, and apparently the plan is to continue them indefinitely. While their continuation is now sponsored by Democratic leaders, there seems to be no serious objection on the part of the Republican leadership, spokesmen for that party having indicated that if they had the power they would extend the principle of the sales tax further to impose levies on all sales.

These sales and nuisance taxes have been imposed on all who must use matches, automobiles and trucks, tires and tubes, and many other necessities for 3 years. First-class postage has been increased 50 percent since 1932, the advocates of this method of raising revenue contending that it must be obtained in this way because income, inheritance, and excess-profit taxes would not produce returns. With nearly a fourth of our population on relief and a large proportion of the others in desperate financial circumstances, prompt action should be taken to readjust our tax system and remove the burden from those already oppressed.

The extraordinary costs of correcting our economic maladjustments should be placed on those whose dividends and returns from capital invested are being rapidly increased and who have ability to pay. The 10-cent-store fortunes and similar concentrated wealth now being tossed away on foreign soils should make a larger contribution in times of unusual governmental need for funds before we continue a tax system for 2 years which takes the pennies of the poor, so essential to enable them to even buy food and clothing.

I believe that the issue should be met squarely by raising the rates on excess profits, gifts, inheritances, and incomes, instead of drifting along, making extensions for 1 and 2 years of sales and nuisance taxes under which the victims of the depression are paying an undue proportion of its cost.

It is indefensible on the part of the leaders to bring this tax proposal up in its present form, under a gag rule which limits debate on each side to 20 minutes and consideration of the measure to less than 1 hour. Under this procedure there is no opportunity to correct this resolution by offering amendments to either increase, decrease, eliminate, or add to the legislation. The resolution should be overwhelmingly rejected and a comprehensive tax bill substituted which will equalize the burdens of taxation and distribute them fairly.

WHAT CAN WE DO CONSTITUTIONALLY, AND DO IT NOW, TO BRING ABOUT AN ADJUSTMENT OF OUR FINANCIAL SITUATION?

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD concerning the money question.

There was no objection.

Mr. BURDICK. Mr. Speaker, what one thing can be done by this Congress, and constitutionally done, that would lay the groundwork for future prosperity of the entire country, and at the same time bring relief to the financially distressed which would be almost immediate in its effect? In answering this question I realize, of course, that there are many divergent views on this great question. Some sense what it is; some have a hazy conception of it; some are totally ignorant both as to the immediate or ultimate benefits of the proposition; some understand it but, for selfish reasons, take a most uncompromising stand against it; some are too much afraid that an out-and-out stand on the subject would render their tenure in Congress less secure. For any or all of these reasons, it will be difficult, but not impossible, to put this program into actual operation.

One important step has been gained by the decision of the Supreme Court holding the N. R. A. unconstitutional. In any plan to be presented to Congress hereafter it should be reasonably certain, in the first instance, that any such plan is constitutional. Had the proponents of the N. R. A. been Members of Congress instead of experts on the theory of government, no such plan as the N. R. A. would have been adopted by Congress. Experts and theorists have their place in our system of government, but to permit them to write laws is as dangerous to our liberties as it has now become embarrassing to the administration. Hereafter, I hope it can be said, that Congress will endeavor to work out its own program in cooperation with the President.

To those who have any keen conception of the framework of our Government, and its three departments of duties and responsibilities, it has been, for several months, quite apparent that the Constitution forbids the delegation of unlimited power to any department of Government. Congress cannot confer unlimited power upon the executive, the judiciary, or assume that power itself. When any attempt to do so is made, it not only violates our theory of three departments of this Government, but it violates another paramount principle guaranteed by the Constitution—that State governments have, in the adoption of the Constitution itself, reserved certain powers which the State alone can exercise. After the Constitution was adopted, with this explicit limitation on Federal power, each succeeding State as it came into the Union accepted the doctrine laid down in the Constitution; namely, that the Federal power of the Government was limited and that the States themselves should never be called upon to surrender their sovereign power.

To say that Congress can delegate power to the President to regulate business which is strictly intrastate would be an abject surrender of the sovereign power of the States, and there can be no logical argument against the decision of the Supreme Court holding, in effect, that this attempted delegation of power was unconstitutional.

Instead of attempting to change the Constitution it would be a much more valuable effort to gain a clear conception of what this Government was intended to be, and then shape legislation in Congress recognizing certain fundamentals which have always guided our conduct. Should a time arise when it is necessary to change our fundamental law, the way is open to us to do that very thing. But until we make that change in our fundamental law, it would further good government more by following the fundamental law than to attempt, by the application of some hair-trigger theory of government, to override what our experience has shown to be for our best interests.

Congress, itself, does not have the power to pass any law which shall strip States of their sovereign power. Much less has Congress the right to delegate this power. The Constitution provides:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people (amendment 10).

There is not any question but what the source of all power was intended to be left with the people (functioning in State governments), and any power granted to Congress, therefore, was a limited power so long as a State conforms to the injunction placed upon them by the Constitution, and which all States expressly agreed to, there is not any power in this Government that can take away from States, their own sovereign power to function as a government. Section 4 of the Constitution provides:

> The United States shall guarantee to every State in this Union a republican form of Government.

When the Constitution was adopted, the Constitution expressly conferred upon Congress the sole right—

> To coin money, regulate the value thereof, and of foreign coin, and fix the standards of weights and measures (sec. 8).

To make the power of Congress exclusive in regard to coining money, the States were specifically enjoined from that function. Among the injunctions against the States, the Constitution declares:

> No State shall * * * coin money (sec. 10).

That Congress did at one time have the sole power to coin money is not open to debate, but as to the question of whether or not Congress still has this right, and the sole right, is the question which, when answered in the affirmative, will set our financial house in order. It will bring immediate and permanent relief to a people who are rich in everything except a proper and sufficient medium of exchange.

Congress has never constitutionally surrendered the right to coin money, yet, through acts of Congress creating national banks, the Federal Reserve System, and the authorization of bond issues, it has, in effect, surrendered the power to coin money. That power has been surrendered to private interests, and by mere approval and custom the system has been in operation ever since the Government was organized, and secured open approval by Salmon P. Chase, Secretary of the Treasury under President Lincoln, temporarily and unconstitutionally surrendering the power to issue money to the private banking interests of the Nation.

What is our situation today as a result of the surrender of this power? The total circulation in the country is less than $6,000,000,000, and we find that the Federal Reserve Board, a private institution serving private banking interests, and not the Government, has issued nearly four billion of the six billion now in circulation. The Government prints the money, hands it over to the private system to sign and circulate, and all the charge made for this service by the Government is the actual cost of printing. As security for the unsigned money the Federal Reserve Board places with the Government, securities which the Government will accept. Usually those securities are Government bonds. These bonds draw interest, and while they are left as security the interest accumulations belong to the private banking system. Likewise, the actual money is then loaned out to the public and interest is collected on that, resulting in a double interest system to the private interests.

Not only that, but when the money is loaned out to the public a credit loan or 10 times the amount of cash on hand can be and is made. For example, if the Government has permitted the private system to issue $4,000,000,000 in new currency—for the cost of printing—then, using this $4,000,000,000 as a basis for credit loans, the private system can loan out $40,000,000,000 in credit and collect interest on forty billion of credit money and also on four billion of securities placed with the Government as security for the issue of the four billion, permitting an artificial principal of forty-four billion to operate, upon which the public must pay the annual interest charge on the entire actual and artificial principal.

To show how abjectly this Government has surrendered to the private banking interests, the proof is so overwhelmingly abundant that simply to state the proposition is to prove it. Our present Federal debt, represented by bond issues, is now close to $40,000,000,000. The Government cannot pay its obligations with bonds, hence the bonds must be exchanged for money. The Government sells its bonds to the private banking interests, who charge the Government from 3¼ to 3⅞ percent, and in payment for the bonds the private bankers are gracious enough to pay the Government for the bonds by extending the Government a credit balance on their private books. When the private system needs more actual cash to hold up its fictitious credit structure, the same bonds that were thus purchased are returned to the Government as security for a new currency issue. Thus the Government gets their own bonds back in their possession as security, and in the meantime the private banking interests get away with the cash and the actual ownership of the bonds. They collect the interest both ways and use the Government's own money to carry on the transaction.

It is quite obvious that if the Government can supply the private banking system with actual money to carry on their private operations, then the Government cannot deny that it would have the right to issue its own money and cut out this private loot of interest.

The present annual interest burden of the people of this country on the Government debt is now well over one and a quarter billion dollars. Can there be any justification for anyone to maintain a system that voluntarily and unconstitutionally hands over to private interests an annual harvest or over a billion dollars?

How long would it take, by the saving of this annual interest charge, to extinguish the national debt? How long would it take, by saving this annual contribution to the private money interests of the country, to pay the soldiers their adjusted compensation? How long would it take, if we abandoned this bankers' milking system, to create a fund that would properly take care of the aged?

The one stock argument against the plan of the Government's taking over the control of its own cash and credit is that to do so would produce an inflation of our currency. If to save an annual interest burden of over a billion dollars will be the cause of an inflation, then, in the name of the suffering millions, let us have that kind of inflation.

With a gold base of over $8,000,000,000, there can be predicated upon it a currency issue of $20,000,000,000 before there is one step made in the direction of inflation. Those who shout the loudest against inflation and insist upon keeping the money out of circulation and issuing Government bonds instead are the ones who are guilty of any inflation, if there is to be any. The very worst kind of inflation is the inflation of credit all based on borrowed money, which means the payment of interest.

Those who fear inflation apparently do not understand what money is. Money is not property, money is not wealth; money, in its simplest sense, is nothing more or less than a medium of exchange by which we are able to exchange our commodities and labor. There should always be a sufficient amount of money in circulation to do our natural and legitimate business. Even if we admit that demand credit in banks is the equal of money in the process of this exchange of commodities and labor, still we do not have more

than 50 percent of money and credits demanded by normal business. Our national income can be measured almost accurately by the amount of available cash and demand credit of the country, and any period of our history can be taken as proof of this statement. Our national income can be said, at all times, to be just three times the amount of the money in circulation, including demand deposits available for instant use.

In 1920 the amount of money in circulation, including demand deposits, was $21,000,000,000.

In 1920 our productive national income was $67,000,000,000.

In 1929 the amount of money in circulation, including demand deposits, was $26,000,000,000.

In 1929 our productive national income was $81,000,000,000.

In 1934 the amount of money in circulation, including demand deposits, was $17,000,000,000.

In 1934 our productive national income was $46,000,000,000.

Those interested in these tables may have the benefit of the full information contained in tables submitted by me in my speech on the floor under date of June 17, 1935.

Business in this country is actually starving out, and, with it, the chance of employment, because we do not have a sufficient amount of money in circulation to do the Nation's business. We need at least $33,000,000,000 in exchange medium but have only a fraction over half of that amount. I am willing to predict for the year 1935 that our national income will be based upon the amount of circulation, and that history will repeat itself.

If the opponents of the plan here put forward to have Congress retake its power to coin money and regulate the value thereof will quit talking inflation and study the economic history of the country, we will all soon arrive at a complete understanding that there should always be a sufficient amount of money in circulation to do our business, and that instead of going in debt to carry on our credit system, we should issue Government notes, based upon our legitimate right to issue money on the prevailing basis—the present one of a metal basis—for national needs.

If we take over the Federal Reserve System, and do our own issuing hereafter, will it be constitutional? I have been unable to find anywhere where this power was ever surrendered by Congress. If it has been surrendered, it was clearly unconstitutional, for that power cannot be delegated even to the Chief Executive, much less a private banking fraternity. The issuance of Federal Reserve banknotes, at this very moment, is unconstitutional. It has been sanctioned by use and custom. The question has never been raised before the Supreme Court. In light of the clear and unmistakable language of the Constitution, Congress cannot relieve itself of this obligation. What we need now is not a law but a declaration of policy, which shall state emphatically that from this moment on we shall assume and take charge of our own money and our own credit. If any administration, Democratic or Republican, would refuse to permit private banking interest to issue money, they would be wholly within their rights as defined in the Constitution. We do not necessarily have to stop with this statement—we can go further, and by law take over the Federal Reserve System, and by law prevent any person, firm, or corporation from issuing any form of money to be put into circulation. That would stop the private steal resulting in the huge annual interest burden.

Following the present system as abject slaves, we have seen enacted in this country the impoverishment of every third generation. We have seen the old pioneers of Boston and New York, after losing their property under an ownership of 50 years, compelled to move on west through the wilderness to acquire new homes. Having bared their breasts to the arrows of the savages and having built in the wilderness a new home, we have seen that same band of pioneers at the end of the next period of 50 years, compelled to move on farther to the West. There they again made new homes on the prairies of Illinois, Wisconsin, and Minnesota, easily forgetting the financial troubles of the past because of the unlimited opportunities open to them in this new country. But again history repeated itself, and in about the year 1880, these pioneers of Illinois, Wisconsin, and Minnesota were overcome with the same fate that confiscated the property of their ancestors. Again they swarmed on to the West and settled Iowa, Kansas, Nebraska, the Dakotas, and Montana. There they erected sod houses and lived happily in the surroundings of new golden opportunities. In these States in the next 50 years they built empires. Cities, churches, schools, farm homes, roads, telephones, and every possible institution known to modern civilization sprang up. Railroads spanned the country because of the new business created. Men could always find work as these endless empires were in the course of construction. But the end came with dramatic suddenness, and an end the like of which this country never before experienced. The final end of the trail of new homes in the wilderness had been reached, and the plan of their ancestors to move on to the West was brought to a final and immovable end.

They could not move farther on, because there was no more West. It was gone forever. Just 50 years from 1880 we find these western empire builders again losing their homes. The debt had overtaken their ability to pay. When this end came, it affected every community in the United States. Our Boston, the hub of the universe, did not escape. Labor in the East, manufacturing in the East, every channel of trade in the Union became affected because the end of the trail in seeking new opportunities in an endless frontier had been reached. That is the very reason why our financial difficulties at the present time are so acute; that is the main reason why we have had a national break-down in business.

This public debt and the annual interest paid to private interests began just at the close of the Revolution and has been in operation ever since. The soldiers of the Revolution were paid in continental money. It became worthless before the Nation was organized. Soldiers parted with this money for a few cents on the dollar. The wealthy men of the Nation bought up this money and when the Government was established, private interest, led by Alexander Hamilton, insisted that this continental currency should be redeemed by the Government at 100 cents on the dollar by a bond issue. That was carried through and the holders of the continental money made a harvest. Great fortunes were made in this country by the select few, and having once tasted of this method of getting something for nothing, they have kept it up ever since.

How do we stand financially now that we have reached the final end of the trail to the golden opportunities of the West? We find that we have a public and private debt of $300,000,000,000, upon which we pay an annual tribute in interest of $15,000,000,000, or more than the income in 1934 of labor and agriculture. What have we in property? Measuring all property in the United States at its actual value, and assuming that business property, railroads, farms, and other basic business enterprises of the Nation will suffer no further losses, we do not have in property more than 50 percent of what we owe. Yet we are told that we must pay. With what, I ask, shall we pay?

The system that has produced these results should be immediately abandoned. We should retake the power in Congress to issue money. We should eliminate the private interests that now use the Government's money and credit for their own selfish interest. We should eliminate this annual interest burden, which, just as sure as God lives, will overcome any business in the world in the long run. Farmers owe more than twice as much as they can pay, yet when we suggest a plan by which the debt can be spread over a number of years at a reduced interest rate, some of our members of Congress will not permit us even the opportunity of discussing the farm finance question before this House. Congressman Lemke has had on the Speaker's desk for months a petition asking that we be given a rule under which the Frazier-Lemke farm refinance bill may be brought on the floor of the House for debate. Only 190 Members have signed that petition and 218 are required to bring in

the rule, although the House Committee on Agriculture reported the bill favorably.

Some of my colleagues will not sign the petition because they say, "Why, this is a scheme of inflation." It is a scheme to save the farm homes of this Nation and nothing else. If those who want to hold fast to our past methods of financing in this country, when already that system has plunged us in debt to an extent that immediate payment of 50 percent of the debt is a physical impossibility, they will have a sad awakening, when they see farm homes of more than 50 years' standing swept away, under a financial system that has repeatedly performed its nefarious work within our own memories.

Let us take action now—let us do that which must finally be done before a dollar's worth of property is safe within the borders of the United States.

Let us take charge of our own money system, issue sufficient money to do the Nation's business, control the issue by Congress, reduce interest rates, and forcibly wean the private banking interest of the country from collecting annually from the American people an interest burden which they can no longer bear, and which if not stayed will destroy the Government itself.

There are many in this country—and they can be numbered by millions—who believe in the slogan of "Share the wealth of the Nation." They believe the topheavy accumulations of money should be taken away and distributed equitably. What we ask for now is "put a stop to the system that has permitted special privilege to accumulate unconscionable fortunes", while the millions suffer in consequence.

We ask now for an equal opportunity for all. We ask that special privilege be taken away and that every man be given a fair chance to live under our financial system. Here let me note that the opponents of equal opportunities for all and special privilege to none fight this doctrine even more viciously than they do the slogan of "Share the wealth now." If special privilege is so grasping as to not permit a halt in their system, and let the American people have a fair chance, under a financial system open to all, fair to all, just to all, then I say these very ones are the ones who are more responsible than anyone else in bringing about the actual operation of share the wealth now.

We can act in this matter and we can constitutionally act, and I challenge any lawyer or anyone else in this House to maintain that the plan here proposed is unconstitutional.

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, I ask unanimous consent that as a part of the remarks I made on the floor of the House this afternoon I may be permitted to include therein certain tables I used in that speech.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SISSON, indefinitely, on account of illness.

To Mr. UNDERWOOD (at the request of Mr. SECREST), indefinitely, on account of illness.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills and joint resolution of the Senate of the following titles:

S. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Auston L. Tierney;

S. 148. An act for the relief of the estate of Donnie Wright;

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 391. An act for the relief of Ralph E. Woolley;

S. 546. An act for the relief of Miles Thomas Barrett;

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 694. An act for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others;

S. 799. An act for the relief of Yvonne Hale;

S. 885. An act to correct the naval record of Joseph Horace Albion Normandin;

S. 1051. An act for the relief of the Western Union Telegraph Co.;

S. 1066. An act to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929;

S. 1325. An act for the relief of Dino Carbonell;

S. 1363. An act for the relief of John A. Jumer;

S. 1392. An act conferring upon the United States District Court for the Northern District of California, southern division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 1410. An act for the relief of Thomas G. Carlin;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 1611. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.;

S. 1656. An act for the relief of Ward J. Lawton;

S. 1809. An act for the relief of Germaine M. Finley;

S. 1831. An act transferring certain national-forest lands to the Zuni Indian Reservation, N. Mex.;

S. 1860. An act for the relief of the Tampa Marine Co.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park and for other purposes";

S. 2218. An act for the relief of Elsie Segar;

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2306. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes;

S. 2333. An act for the relief of John W. Dady;

S. 2371. An act for the relief of Margaret G. Baldwin;

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans;

S. 2597. An act for the relief of Irene de Bruyn Robbins;

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. 2780. An act to repeal the limitation on the sale price of the Federal building at Main and Ervay Streets, Dallas, Tex.; and

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 3 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Tuesday, June 18, 1935, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, June 20, 10 a. m.)

A joint hearing will be held of the Senate and House Immigration and Naturalization Committees in room 445, Old House Office Building, before which joint meeting Col. Daniel W. MacCormack will appear and make a statement on immigration and naturalization statistics.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Tuesday, June 18, 10 a. m.)

Subcommittee no. 3 will hold hearings on bills (H. R. 4450, H. R. 6, H. R. 3033, and H. R. 7400) relative to pneumatic mail tubes.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DEMPSEY: Committee on the Public Lands. House Joint Resolution 211. Joint resolution to create a commission to study and report on the feasibility of establishing a national monument, or monuments, in the territory occupied by the Spanish Colonial Missions in the States of Texas, New Mexico, Arizona, and California; with amendment (Rept. No. 1244). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 6678. A bill to add certain lands to the Rogue River National Forest in the State of Oregon; without amendment (Rept. No. 1245). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUBBS: Committee on the Public Lands. H. R. 7224. A bill to conserve the water resources and to encourage reforestation of the watersheds of Fresno County by the withdrawal of certain public lands included within the Sequoia National Forest from location and entry under the mining laws; without amendment (Rept. No. 1246). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTE HILL: Committee on the Public Lands. H. R. 7736. A bill to provide for the establishment of the Whitman National Monument; with amendment (Rept. No. 1247). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETERSON of Georgia: Committee on the Public Lands. H. R. 8431. A bill to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes; without amendment (Rept. No. 1248). Referred to the Committee of the Whole House on the state of the Union.

Mr. WEAVER: Committee on the Judiciary. H. R. 7374. A bill to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes; without amendment (Rept. No. 1250). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 8459. A bill to standardize sick leave and extend it to all civilian employees; with amendment (Rept. No. 1251). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 8458. A bill to provide for vacations to Government employees, and for other purposes; without amendment (Rept. No. 1252). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREGORY: Committee on the Judiciary. H. R. 5573. A bill to amend section 114 of the Judicial Code to provide for terms of District Court for the Western District of Wisconsin to be held at Wausau, Wis., and for other purposes; without amendment (Rept. No. 1253). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KNUTE HILL: Committee on the Public Lands. S. 1186. An act for the relief of Frank P. Ross; without amendment (Rept. No. 1242). Referred to the Committee of the Whole House.

Mr. KNUTE HILL: Committee on the Public Lands. S. 1490. An act for the relief of Earl A. Ross; without amendment (Rept. No. 1243). Referred to the Committee of the Whole House.

Mr. HOEPPEL: Committee on War Claims. H. R. 8524. A bill for the relief of sundry claimants, and for other purposes; without amendment (Rept. No. 1249). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the Public Lands was discharged from the consideration of the bill (S. 2388) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, and the same was referred to the Committee on Indian Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H. R. 8522) to amend section 32 of the World War Veterans' Act of 1924 as amended; to the Committee on World War Veterans' Legislation.

By Mr. KNUTE HILL: A bill (H. R. 8523) to provide for an adjustment with the State of Washington to satisfy the grants made to said State for school and other purposes in accordance with the provision of the act approved February 22, 1889 (25th Stat. 676); to the Committee on the Public Lands.

By Mr. COLLINS: A bill (H. R. 8525) prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located off-shore, and for the purpose of promoting the safety of navigation; to the Committee on Merchant Marine and Fisheries.

By Mr. SCRUGHAM: A bill (H. R. 8526) to amend part 3 of title III of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. McSWAIN: A bill (H. R. 8527) to amend an act entitled "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes", approved May 18, 1933; to the Committee on Military Affairs.

By Mr. RANKIN: A bill (H. R. 8528) to provide domiciliary care and medical and hospital treatment to former veterans of the World War and the Spanish-American War and to former members of the Regular Establishment who are in receipt of compensation or pension for service-connected disabilities; to the Committee on World War Veterans' Legislation.

By Mr. FISH: A bill (H. R. 8535) to prohibit the making, passing, or negotiation of spurious checks or other financial paper purporting to be payable by institutions in other States; to the Committee on the Judiciary.

Also, a bill (H. R. 8536) to amend section 2 of the act of May 18, 1934 (ch. 34, 48 Stat. 783), to provide punishment for certain offenses committed against banks organized and operating under the laws of the United States or any member of the Federal Reserve System; to the Committee on the Judiciary.

Also, a bill (H. R. 8537) to repeal section 420c of the United States Criminal Code; to the Committee on the Judiciary.

Also, a bill (H. R. 8538) to aid the several States in the extradition of criminals; to the Committee on the Judiciary.

By Mr. MARCANTONIO: Resolution (H. Res. 262) directing the Secretary of the Navy to transmit to the House of Representatives information concerning Rear Admiral Yates Stirling, Jr., of the United States Navy; to the Committee on Naval Affairs.

By Mr. STARNES: Joint resolution (H. J. Res. 326) for the establishment of a commission for the construction of a Dixie Memorial Highway connecting the Battlefield of Chick-

amauga and Fort Oglethorpe, Ga., with Fort McClellan, Ala., and Fort Benning, Ga.; to the Committee on Roads.

By Mr. MARCANTONIO: Joint Resolution (H. J. Res. 327) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. PETERSON of Florida: Joint resolution (H. J. Res. 328) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay; to the Committee on Ways and Means.

By Mr. QUINN (by request): Joint resolution (H. J. Res. 329) proposing an amendment to the Constitution in relation to the power of the Federal and State courts to pass on the constitutionality of the Federal statutes; to the Committee on the Judiciary.

By Mr. FENERTY: Concurrent resolution (H. Con. Res. 28) requesting the retirement of the United States Ambassador to Mexico; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOEPPEL: A bill (H. R. 8524) for the relief of sundry claimants, and for other purposes; to the Committee on War Claims.

By Mr. HAMLIN: A bill (H. R. 8529) granting a pension to John Dudley; to the Committee on Invalid Pensions.

By Mr. McANDREWS: A bill (H. R. 8530) for the relief of Bryan Eldredge; to the Committee on Naval Affairs.

By Mr. McCORMACK: A bill (H. R. 8531) for the relief of Joseph P. Hegarty; to the Committee on Naval Affairs.

By Mr. STEAGALL: A bill (H. R. 8532) for the relief of Arthur Joe Grant; to the Committee on Claims.

By Mr. STEFAN: A bill (H. R. 8533) granting a pension to Josephine Graves; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8534) granting a pension to Sarah Elizabeth Townsley; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8871. By Mr. BUCK: Memorial of the Assembly and Senate of the State of California, relative to memorializing the President and the Congress of the United States to enact House bill 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor and the House of Representatives to expedite consideration favorable to the bill; to the Committee on Labor.

8872. Also, memorial of the Assembly and Senate of the State of California, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on World War Veterans' Legislation.

8873. By Mr. COLDEN: Assembly Joint Resolution No. 64, adopted by the Assembly and Senate of the Legislature of the State of California, and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on Pensions.

8874. Also, Assembly Joint Resolution No. 58, adopted by the Assembly and Senate of the Legislature of the State of California and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; to the Committee on Pensions.

8875. By Mr. HOEPPEL: Petition of the Assembly and Senate of the State of California, urging enactment of House bill 6628, to provide employment for all blind citizens who are between 21 and 50 years of age; to the Committee on Labor.

8876. By Mr. LAMBERTSON: Petition signed by L. L. Leeds, Marysville, Kans., and other citizens of Kansas, providing for regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

8877. By Mr. McLAUGHLIN: Resolution adopted by the Board of Directors of the Omaha Grain Exchange, approving the proposed amendment to section 602 of the Revenue Act of 1932; to the Committee on Ways and Means.

8878. By Mr. O'CONNELL: Resolution memorializing the President and Congress of the United States in behalf of the lace industry and the persons employed therein; to the Committee on Ways and Means.

8879. Also, resolution requesting the Senators and Representatives from Rhode Island in the Congress of the United States to support the Costigan-Wagner antilynching bill now pending in Congress; to the Committee on the Judiciary.

8880. Also, resolution by the town council of the town of Richmond, protesting to the reciprocity committee the reduction of any tariff on lace goods; to the Committee on Ways and Means.

8881. By Mr. TRUAX: Petition of John E. Edgington and numerous other citizens of Moscow and New Boston, Ohio, urging opposition to House bill 5379, known as the "Eastman bill", as detrimental to the competitive traffic of inland waters; to the Committee on Interstate and Foreign Commerce.

8882. Also, petition of the United Brick and Clay Workers of America, Local Union 473, Strasburg, Ohio, by their financial secretary, Arthur E. Wallick, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8883. Also, petition of the Carpenters' Local Union 716, Zanesville, Ohio, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8884. By Mr. WELCH: Joint resolutions of the California Assembly, no. 58, relative to memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; no. 59, relative to memorializing the President and the Congress of the United States to enact House bill 6628, providing remunerative employment for blind citizens of the United States; no. 64, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; and no. 61, relative to memorializing Congress to repeal an act to amend the Tariff Act of 1930; also resolution urging passage of Senate bill 1793; and resolution of the Board of Supervisors of San Francisco, urging passage of House bill 6984; to the Committee on Ways and Means.

SENATE

TUESDAY, JUNE 18, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 17, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Auston L. Tierney;

S. 148. An act for the relief of the estate of Donnie Wright;

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 391. An act for the relief of Ralph E. Woolley;

S. 546. An act for the relief of Miles Thomas Barrett;

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 694. An act for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others;

S. 799. An act for the relief of Yvonne Hale;

S. 885. An act to correct the naval record of Joseph Horace Albion Normandin;

S. 1051. An act for the relief of the Western Union Telegraph Co.;

S. 1066. An act to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929;

S. 1325. An act for the relief of Dino Carbonell;

S. 1363. An act for the relief of John A. Jumer;

S. 1392. An act conferring upon the United States District Court for the Northern District of California, Southern Division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 1410. An act for the relief of Thomas G. Carlin;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 1611. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.;

S. 1656. An act for the relief of Ward J. Lawton;

S. 1809. An act for the relief of Germaine M. Finley;

S. 1831. An act transferring certain national-forest lands to the Zuni Indian Reservation, N. Mex.;

S. 1860. An act for the relief of the Tampa Marine Co.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes";

S. 2218. An act for the relief of Elsie Segar;

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2306. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes;

S. 2333. An act for the relief of John W. Dady;

S. 2371. An act for the relief of Margaret G. Baldwin;

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans;

S. 2597. An act for the relief of Irene de Bruyn Robbins;

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. 2780. An act to repeal the limitation on the sale price of the Federal building at Main and Ervay Streets, Dallas, Tex.; and

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum, and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Barbour	Brown	Capper
Ashurst	Barkley	Bulkley	Caraway
Austin	Bilbo	Bulow	Chavez
Bachman	Black	Burke	Clark
Bailey	Bone	Byrd	Connally
Bankhead	Borah	Byrnes	Coolidge
Copeland	Hayden	Murphy	Shipstead
Costigan	Johnson	Murray	Smith
Davis	King	Neely	Steiwer
Dickinson	La Follette	Norbeck	Thomas, Okla.
Donahey	Lewis	Norris	Townsend
Duffy	Logan	Nye	Trammell
Fletcher	Lonergan	O'Mahoney	Truman
Frazier	Long	Overton	Tydings
George	McAdoo	Pittman	Vandenberg
Gerry	McCarran	Pope	Van Nuys
Gibson	McGill	Radcliffe	Wagner
Gore	McKellar	Reynolds	Walsh
Guffey	McNary	Robinson	Wheeler
Hale	Maloney	Russell	White
Harrison	Metcalf	Schall	
Hastings	Minton	Schwellenbach	
Hatch	Moore	Sheppard	

Mr. VANDENBERG. I announce the unavoidable absence of my colleague [Mr. COUZENS] on account of illness, and ask that this notice stand for the day.

Mr. AUSTIN. I announce that the Senator from Wyoming [Mr. CAREY] and the Senator from New Hampshire [Mr. KEYES] are necessarily absent from the Senate.

Mr. LEWIS. I announce the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH] and of the Senator from Virginia [Mr. GLASS], who are necessarily detained, and also the absence of the Senator from Utah [Mr. THOMAS], who is detained on important public business.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

ISIDOR GREENSPAN

The VICE PRESIDENT laid before the Senate the amendments of the House to the bill (S. 1121) for the relief of Isidor Greenspan, which were, on page 1, line 6, after "$1,500", to insert "in full settlement of all claims against the Government of the United States"; and on page 1, line 11, after "provisions", to insert ": *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. BARBOUR. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

REPORT OF FEDERAL EMERGENCY RELIEF ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Federal Emergency Relief Administration, transmitting, pursuant to law, a report of the Administration covering the period of February 1 to February 28, 1935, inclusive, which, with the accompanying report, was referred to the Committee on Appropriations.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Education and Labor:

Assembly joint resolution relative to memorializing the President and the Congress of the United States to enact bill H. R. 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor of the House of Representatives to expedite consideration favorable to said bill

Whereas during recent times there has been a great deal of public interest and discussion on the part of social and welfare organizations and individuals throughout the United States of the necessity to enact immediate legislation for the purpose of providing remunerative employment for the blind citizens in the United States; and

Whereas in recent years it has become clear to all workers for the amelioration of the condition of the blind that the blind problem is essentially an economic problem which can be solved only through remunerative employment; and

Whereas on March 12, 1935, there was introduced in the House of Representatives by JOHN H. TOLAN, of California, a bill known as "H. R. 6628", which has as its purpose "to provide blind citizens

of the United States with remunerative employment, to enlarge economic opportunities of the blind, and to stimulate the blind to greater efforts in striving to render themselves self-supporting"; and

Whereas the Tolan bill, H. R. 6628, is general in its application and seeks to provide employment for all blind citizens who are between 21 and 50 years of age: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the President and Congress of the United States are respectfully urged to enact legislation proposed by bill H. R. 6628, and that the Committee on Labor of the House of Representatives is also urged to expedite consideration favorable to said bill; and be it further

Resolved, That the Governor of the State of California is hereby requested to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to the Chairman of the Committee on Labor of the House of Representatives, and to each member of the Committee on Labor of the House of Representatives, and to each Senator and Member of the House of Representatives from California in the Congress of the United States, and that such Senators and Members from California are hereby respectfully urged to support such legislation.

EDWARD CRAIG,
Speaker of the Assembly.
GEO. J. HATFIELD,
President of the Senate.

Attest:
[SEAL] FRANK C. JORDAN,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Finance:

Assembly Joint Resolution 64

Assembly joint resolution relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation

Whereas the Supreme Court of the United States has rendered a decision declaring unconstitutional certain national legislation providing for the establishment of codes of fair competition; and

Whereas similar legislation has deprived many disabled war veterans of the United States of their just and lawful compensation which in the light of this decision may also be proven to be equally unconstitutional: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the President and the Congress of the United States is hereby memorialized to make immediate and complete restitution of all deductions heretofore made from the legal and established compensation of our disabled war veterans in accordance with certain legislation and Executive orders pursuant thereto, which legislation in the light of a recent decision of the United States Supreme Court is clearly indicated to be unconstitutional; and be it further

Resolved, That the Governor of the State of California is hereby requested to forward a copy of this resolution to the President and Vice President of the United States, Speaker of the House of Representatives, and to each Senator and Member of the House of Representatives from California in the Congress of the United States.

Mr. COPELAND presented a resolution adopted by the annual convention of the New York State Bankers Association, endorsing certain suggested amendments, recommended by the committee on Federal legislation of that association, to be proposed to the so-called "Banking Act of 1935", which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the annual convention of the New York State Bankers Association, protesting against the enactment of the so-called "Wheeler-Rayburn public-utility bill", which was ordered to lie on the table.

He also presented a resolution adopted by the annual convention of the New York State Bankers Association, favoring amendment of the so-called "Social Security Act of 1935", exempting private pension plans, and employers and employees participating therein, from the requirements of the proposed law in instances where such plans meet with the standards and approval of the social-security board provided for in the bill, which was ordered to lie on the table.

He also presented a resolution adopted by the executive council of the Rochester (N. Y.) Chapter of the Federation of Architects, Engineers, Chemists, and Technicians, protesting against the adoption of the entire proposed wage scale in connection with the Federal work-relief program, which was referred to the Committee on Education and Labor.

He also presented resolutions adopted by a general meeting of the New York Society of Accountants, New York City, N. Y., protesting against the enactment of the bill (S. 2944) to prevent and make unlawful the practice of law before Government departments, bureaus, commissions, and their agencies by those other than duly licensed attorneys at law, which were referred to the Committee on the Judiciary.

PRELIMINARY REPORT ON OCEAN MAIL CONTRACTS (REPT. NO. 898)

Mr. BLACK. Mr. President, from the Special Committee to Investigate Air and Ocean Mail Contracts, I ask unanimous consent to present a preliminary report with reference to ocean mail contracts. I may say that the report is signed by the Senator from Nevada [Mr. MCCARRAN], the Senator from Utah [Mr. KING], and myself, the Senator from Utah making a special explanation with reference to his signature to the report, and that the Senator from Vermont [Mr. AUSTIN] and the Senator from Maine [Mr. WHITE] did not sign the report, and reserved the right to file minority views if they should see fit hereafter to do so.

In this connection I desire to call attention to two corrections in the committee print of this preliminary report which was distributed yesterday. On page 26, about the middle of the page, with reference to the salary and bonus of Mr. P. A. S. Franklin, the figures appear as $13,900 per year. That was a printer's mistake. The original report shows the correct figures to be $139,000 per year.

And on page 41, at the end of the italicized portion, near the bottom of the page there should be stricken out a clause which appears to be a recommendation for a Government subsidy. The words "the operation to be subsidized where this is proved necessary" should be stricken out, and a period inserted after the words "private operation."

I ask permission to file this report for the benefit of the Senate in connection with proposed legislation.

The VICE PRESIDENT. Without objection, the report will be received and printed.

REPORTS OF COMMITTEES

Mr. PITTMAN, from the Special Committee on Conservation of Wildlife Resources, to which was referred the bill (S. 2990) to preserve from extinction the American eagle, emblem of the sovereignty of the United States of America, reported it without amendment and submitted a report (No. 899) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2203) to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes, reported it with amendments and submitted a report (No. 900) thereon.

JOHN MONROE JOHNSON

Mr. COPELAND. As in executive session, from the Committee on Commerce, I report the nomination of John Monroe Johnson, of South Carolina, to be Assistant Secretary of Commerce, for the Executive Calendar.

Mr. VANDENBERG. I object to receiving the report at this time.

The VICE PRESIDENT. The Senator from Michigan objects.

Mr. COPELAND. Very well.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LOGAN:

A bill (S. 3080) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of John W. Hubbard; to the Committee on Claims.

A bill (S. 3081) to exempt publicly owned interstate highway bridges from local taxation; to the Committee on Interstate Commerce.

By Mr. BULKLEY:

A bill (S. 3082) authorizing the appointment of John B. Medaris as a first lieutenant of Infantry, United States Army; to the Committee on Military Affairs.

By Mr. MALONEY:

A bill (S. 3083) granting a pension to Caroline Cutler; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 3084) to regulate the practice of pharmacy in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HATCH and Mr. CHAVEZ:

A bill (S. 3085) authorizing construction, operation, and maintenance of Rio Grande Canalization Project and authorizing appropriation for that purpose; to the Committee on Foreign Relations.

By Mr. FLETCHER:

A bill (S. 3086) to provide for the striking of medals, in lieu of coins, for commemorative purposes; to the Committee on Banking and Currency.

By Mr. BLACK:

A bill (S. 3087) for the relief of certain persons whose cotton was destroyed by fire at Leighton, Ala.; to the Committee on Claims.

By Mr. McADOO:

A bill (S. 3088) for the relief of Mearon Perkins; to the Committee on Claims.

By Mr. McKELLAR:

A bill (S. 3089) for the relief of Nellie T. Francis; to the Committee on Foreign Relations.

By Mr. BYRD:

A bill (S. 3090) for the relief of Joseph M. Cacace, Charles M. Cacace, and Mary E. Clibourne; to the Committee on Claims.

By Mr. FRAZIER:

A bill (S. 3091) to provide funds for cooperation with Trenton School District, Williams County, N. Dak., for extension of public-school buildings to be available for Indian children;

A bill (S. 3092) to provide funds for cooperation with White Bird School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children;

A bill (S. 3093) to provide funds for cooperation with Sanish School District No. 1, Mountrail County, N. Dak., for extension of public-school buildings to be available for Indian children;

A bill (S. 3094) to provide funds for cooperation with Fort Yates School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children;

A bill (S. 3095) to provide funds for cooperation with Cannon Ball School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; and

A bill (S. 3096) to provide funds for cooperation with Porcupine School District, Sioux County, N. Dak., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, was read twice by its title and referred to the Committee on Finance.

AMENDMENT TO MERCHANT MARINE BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF REVENUE ACT OF 1932—EGGS AND EGG PRODUCTS

Mr. STEIWER submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

FLAG DAY ADDRESS BY SENATOR O'MAHONEY

Mr. LEWIS. Mr. President, I tender a speech delivered by the able Senator from Wyoming [Mr. O'MAHONEY] on the steps of the Capitol on June 14 last at the Flag Day exercises of the Grand Army of the Republic and the Women's Relief Corps. The title of the address is "To What Purpose was the Union Saved?" It discusses the important features of government today, and is very informative. I ask that it be published in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

We assemble today not only to give expression to the patriotic sentiments which all Americans bear toward the flag of this Republic, but to pay our tribute to the services of the devoted men and women in and out of the armed forces of our country who preserved the Union.

It is important in this new crisis of our country's affairs that we should take advantage of an occasion of this kind to analyze the fundamental issue in defense of which the members of the Union forces offered their lives.

If we properly understand the principles for which they fought and for which so many of them died, we shall more readily see the course which we should now follow.

LINCOLN SAVED THE UNION

The whole world honors Lincoln for one thing: He saved the Union. We admire him for his ability. We honor him for his patience. We respect him for his character, but we love him because he saved the Union as an instrumentality of freedom for all the peoples of the world.

When you visit that most beautiful of all memorials, which a grateful Nation has erected to his memory upon the banks of the Potomac River, you will find inscribed upon its wall above the heroic figure of the great statesman the statement that the memorial was raised to his memory because, through his leadership, the Union was preserved.

Those who participated in the great Civil War were moved by many purposes. Some thought the struggle was waged for one objective and some for another, but in Lincoln's mind there was never any doubt as to the meaning of the combat. There was only one reason why he was willing to see the fraternal blood of American citizens spilled upon our own soil. That was his conviction that unless the Union were saved human liberty would perish from the face of the earth.

It was not for the freedom of the slaves that he waged that war. He made that clear in one of the most eloquent and effective replies ever made by a President to his detractors.

You will recall that in the summer of 1862 the tide of criticism was running high against the President because he had not yet freed the slaves. This criticism reached its peak in a bitter editorial from the pen of Horace Greeley, then the leading publicist of the country. It became necessary for Lincoln to reply, and in an open letter to the great editor he defined his position in a manner that could not be misunderstood.

THE OPEN LETTER TO GREELEY

"I would save the Union," he wrote. "If there be those who would not save the Union unless they could at the same time save slavery, I do not agree with them. If there be those who would not save the Union unless they could at the same time destroy slavery, I do not agree with them. My paramount object in this struggle is to save the Union and is not either to save or destroy salvery. If I could save the Union without freeing any slave, I would do it; and if I could save it by freeing all the slaves, I would do it; and if I could save it by freeing some and leaving others alone, I would also do that. What I do about slavery and the colored race I do because I believe it helps to save the Union; and what I forbear, I forbear because I do not believe it would help to save the Union. I shall do less whenever I shall believe what I am doing hurts the cause, and I shall do more whenever I shall believe doing more will help the cause."

The Union was saved because Abraham Lincoln was able to see through the superficial aspect of things and understand fundamentals. Though he hated slavery, he was willing to tolerate it if by so doing he could save the Union, because he had faith that through the instrumentality of that Union the blessings of liberty would be preserved, not for us alone, but for all the peoples of the world.

Slavery passed. The wounds of war were bound, and all have been healed. The Union remains. To what purpose was it preserved?

We shall fail to measure up to the standards of the founders and of the saviors of our Union, and we shall be unworthy of the sacrifice that they made, unless, like Lincoln, we are also able to see through the superficial aspect of the issues of this hour to the fundamentals by which they must be decided if human liberty is to endure.

THE GETTYSBURG ADDRESS

Every citizen of the United States—young and old, man or woman—should read anew the immortal address that Lincoln delivered upon the battlefield of Gettysburg; for there, within the compass of a few hundred words, he expressed the very heart and soul of Americanism. Surely there is no spot in all this land more fitted for the reading of that speech than here upon the steps of the Capitol of the Union which its author saved:

"Fourscore and seven years ago our fathers brought forth on this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal.

"Now we are engaged in a great civil war, testing whether that nation, or any nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have

come to dedicate a portion of that field as a final resting place for those who here gave their lives that the Nation might live. It is altogether fitting and proper that we should do this.

"But, in a larger sense, we cannot dedicate—we cannot consecrate—we cannot hallow—this ground. The brave men, living and dead, who struggled here, have consecreated it far above our poor power to add or detract. The world will little note nor long remember what we say here, but it can never forget what they did here. It is for us, the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion; that we here highly resolve that these dead shall not have died in vain; that this Nation, under God, shall have a new birth of freedom; and that government of the people, by the people, for the people, shall not perish from the earth."

AMERICA MUST REMAIN A PEOPLE'S GOVERNMENT

Let no one forget that we are in truth "a Nation conceived in liberty and dedicated to the proposition that all men are created equal." Let no one ever doubt that America is and must remain "a government of the people, by the people, and for the people."

These are not platitudes. They are the vital principles that Jefferson wrote into the Declaration of Independence, that the framers of the Constitution wrote into the very preamble of that instrument and to which Lincoln summoned the people to rededicate themselves in the immortal address we have just re-read.

Lincoln believed in the common people. He believed that this Government was founded to preserve their inherent liberties. He believed that without the Union free government would disappear from the face of the earth and that mankind everywhere would once again become the prey of exploitation and oppression. And so he bent every faculty of his being to the accomplishment of a single objective, the preservation of the Union.

All the pages of history tell the story of the progress of humanity toward freedom—freedom from the bondage of thought, freedom from the bondage of political power, and now, freedom from economic bondage. Every major struggle that has been waged has been a struggle between those on the one hand who sought to subjugate or exploit their fellows, and those, on the other, who resisted conquest and exploitation. Every step of progress achieved by mankind has been won through the efforts of those who fought for the liberation of the masses from the domination of self-constituted masters. We shall be insensible not only to our history and to the heritage bequeathed to us by Lincoln and the men who waged the war in defense of the Union, but we shall be insensible as well to the opportunity which is presented to us today if we fail to understand that greed and power in the hearts and hands of those who seek to control our economic destinies are threatening the principles that Lincoln so eloquently expounded. The modern battle for economic freedom will be half won when we fully recognize it as only a phase of the age-old conflict, for the aspirations of the American people remain the same today as they were in the beginning.

The historic theory of human freedom which made this country great and which made it the hope of the world now faces its supreme test, a test that will be the more difficult because the issue has been so terribly confused by loose thinking. The cry of constitutional government has been raised by many sincere and honest men thinking that they were defending the individual citizen against the encroachments of a too-ambitious central government.

Let us make no mistake about this: the modern conflict in this land of ours is not between the individual citizen on the one hand and the Federal Government on the other. It is a conflict between the Federal Government as the defender of individual liberty against an industrial and commercial despotism which knows neither State rights nor human rights, and which, dominating the economic life of the Nation, has been slowly undermining the liberties of the people.

THE CONSTITUTION A CHARTER OF LIBERTY

Lincoln saved the Union for the task that must be performed in this hour. Do not be deceived. The Constitution of the United States is a charter of human liberty. It is not and never was intended to be a shield for corporate monopoly. Those who would now use it as an instrument for preventing the Federal Government from effectively regulating the huge economic units which span the country without respect to State lines are forgetting that the Constitution was ordained "to promote the general welfare and to secure the blessings of liberty" to the people, that it was framed to make effective a government of the people.

Most of the political and economic difficulties from which our country is now suffering have resulted from the fact that we have forgotten the distinction between natural persons and artificial persons created by the States, which are called corporations. Thomas Jefferson was not thinking about corporations when he wrote "that all men are created equal." The framers of the Constitution were not thinking about corporations when they wrote the preamble. Abraham Lincoln was not thinking about corporations when he delivered the Gettysburg Address and when he went into the valley of death to preserve the Union. They were all thinking about people—about men and women of flesh and blood and of their human rights.

Political institutions have not kept pace with our commercial and economic development. An airplane spans the continent before the sun can circle the globe. In the twinkling of an eye the human voice vibrates over a telephone wire from New York to San Francisco, and on the waves of ether, through the radio it reaches beyond the boundaries of imagination. In the industrial and commercial world State lines have practically disappeared, but all these wonderful powers which have been released by science and invention for the service of mankind have been controlled through the corporate form for private rather than for public good.

ECONOMIC FREEDOM, OUR NEXT STEP

The huge corporations which carry on the great bulk of our commerce and industry are too large to be regulated by the separate States. The Federal Government, the Union, is the only agency of the people that is powerful enough to cope with them.

Do not misunderstand me as opposing all corporations. They have served a very necessary and useful purpose. The natural progress of our times could scarcely have been achieved without them, but they are the servants, not the masters of mankind. Our task is to make certain that they shall continue to be the servants of the people.

The concentration of wealth in this country has gone hand in hand with the multiplication of the corporations. The unimagined wealth of the Nation has literally poured into the hands of a few, not because we have lacked the will to prevent monopoly, but because, somehow, our leaders have been too weak to act. Because we have been too jealous of State rights we have placed human rights in jeopardy by permitting some of the States to charter corporations with unconscionable powers to prey upon the people, corporations that are managed neither by their stockholders nor their employees and are regulated neither by the States nor by the Nation. Administrations may come and administrations may go, but there will be no complete restoration of prosperity and happiness until we have found the way of liberating the people of America from corporate exploitation. We must take control of our own economic destinies.

The Federal Union is the instrumentality through which that objective will be attained. It was dedicated by its founders "to the proposition that all men are created equal." It was preserved by men who dedicated themselves anew to that principle. In this hour of crisis only a rededication to human rights will enable it to achieve the purposes of freedom for which it was created and for which it was saved.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

The VICE PRESIDENT. The Chair understands that the Senator from Missouri last evening, as the RECORD shows, asked permission to offer certain amendments to be considered as one amendment and to have them pending. The Chair considers those amendments to be pending, unless the Senator from Mississippi [Mr. HARRISON] calls up a committee amendment which was passed over, as under the unanimous-consent agreement committee amendments were first to be considered.

Mr. HARRISON. It is perfectly agreeable that the amendments of the Senator from Missouri be considered at this time.

Mr. CLARK obtained the floor.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Idaho?

Mr. CLARK. I yield.

Mr. BORAH. I simply desired to know what was pending; that is all.

The VICE PRESIDENT. The pending question is on the amendments offered by the Senator from Missouri at the conclusion of the session last evening.

Mr. CLARK. Mr. President, I ask that the amendments be stated.

The VICE PRESIDENT. The amendments will be stated.

The CHIEF CLERK. On page 15, after line 25, it is proposed to add the following new paragraph:

(7) Service performed in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee performing such service has elected to come under such plan; except that if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, the service performed while the employee was under such plan as approved shall be construed to be employment as defined in this subsection.

On page 43, line 11, after "Sec. 702.", insert "(a)."

On page 43, lines 17 and 18, add the following new paragraphs:

(b) The board shall receive applications from employers who desire to operate private annuity plans with a view to providing benefits in lieu of the benefits otherwise provided for in title II of this act, and the board shall approve any such plan and issue a certificate of such approval if it finds that such plan meets the following requirements:

(1) The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

(2) The benefits payable at retirement and the conditions as to retirement shall not be less favorable, based upon accepted actuarial principles, than those provided for under section 202.

(3) The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee approved by the board.

(4) Termination of employment shall constitute withdrawal from the plan.

(5) Upon the death of an employee, his estate shall receive an amount not less than the amount it would have received if the employee had been entitled to receive benefits under title II of this act.

(c) The board shall have the right to call for such reports from the employer and to make such inspections of his records as will satisfy it that the requirements of subsection (b) are being met, and to make such regulations as will facilitate the operation of such private annuity plans in conformity with such requirements.

(d) The board shall withdraw its approval of any such plan upon the request of the employer, or if it finds that the plan or any action taken thereunder fails to meet the requirements of subsection (b).

On page 52, after line 7, add the following new paragraph:

(7) Service performed by an employee before he attains the age of 65 in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee has elected to come under such plan, and if the Commissioner of Internal Revenue determines that the aggregate annual contributions of the employee and the employer under such plan as approved are not less than the taxes which would otherwise be payable under sections 801 and 804, and that the employer pays an amount at least equal to 50 percent of such taxes: *Provided*, That if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, there shall be paid by the employer to the Treasurer of the United States, in such manner as the Secretary of the Treasury shall prescribe, an amount equal to the taxes which would otherwise have been payable by the employer and the employee on account of such service, together with interest on such amount at 3 percent per annum compounded annually.

Mr. CLARK. Mr. President, I ask unanimous consent that my amendments may be considered as one amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. CLARK. Mr. President, while it has been necessary to propose amendments to various sections in the bill, the amendments essentially comprise but one amendment. The purpose may be very briefly stated. The purpose of the amendment is to permit companies which have or may establish private pension plans, which are at least equally favorable or more favorable to the employee than the plan set up under the provisions of the bill as a Government plan, to be exempted from the provisions of the bill and to continue the operation of the private plan provided it meets the requirements of the amendment and is approved by the board set up by the bill itself.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Texas?

Mr. CLARK. I yield.

Mr. CONNALLY. Would the Senator's amendment exempt such corporations from paying the tax?

Mr. CLARK. Yes; to the extent of the requirements of the amendment.

Mr. CONNALLY. If under the Senator's plan a company should qualify under his amendment, there would be no payroll tax on the company or the employees, I understand.

Mr. CLARK. Insofar as this title is regarded, that would be true; but the amendment requires that the employer shall pay into the private pension fund, under conditions approved by the board, not less than the amount of the taxes which would otherwise be paid under the provisions of the bill.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. CLARK. Certainly.

Mr. ROBINSON. In connection with the statement the Senator is now making, on page 3 of the amendment, I find the following language:

And if the Commissioner of Internal Revenue determines that the aggregate annual contributions of the employee and the employer under such plan as approved are not less than the taxes which would otherwise be payable under sections 801 and 804, and that the employer pays an amount at least equal to 50 percent of such taxes.

Will the Senator explain the meaning of the last clause, "that the employer pays an amount at least equal to 50 percent of such taxes", in view of the requirement that the annual contribution under such plan, when approved, shall be "not less than the taxes which would otherwise be payable"?

Mr. CLARK. Some of the plans require diversified contributions by employer and employee. It is provided further that the amount of the contribution shall be not less than the taxes to be paid as provided in the pending bill, and further, there is a requirement for the purpose of insuring that no employer can gain anything financially by remaining under a private pension plan or going under a private pension plan. To that end a provision is inserted that he shall pay not less than 50 percent of the joint contribution. No employer shall, under the exemption granted by the amendment, be permitted to pay into the private pension fund, as a minimum, less than the amount of the taxes he would have to pay under the bill. That is the whole purpose of the amendment.

Provision is made as fully and adequately, in my judgment, as it is possible to make provision to cover the purposes intended; and the amendment has been recast since it was offered in the committee for the purpose of meeting objections made in the committee. It is provided on page 2:

The board shall receive applications—

That is, the board set up under the bill, and no one may have exemption unless his plan meets the requirements of the amendment and is approved by the board itself.

(b) The board shall receive applications from employers who desire to operate private annuity plans with a view to providing benefits in lieu of the benefits otherwise provided for in title II of this act, and the board shall approve any such plan and issue a certificate of such approval if it finds that such plan meets the following requirement:

(1) The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

Of course, the exemption does not provide for forcing under the operation of the plan any employee who would prefer to remain under the Government plan.

(2) The benefits payable at retirement and the conditions as to retirement shall not be less favorable, based upon accepted actuarial principles, than those provided for under section 202.

In other words, it remains for the board, set up under the bill to administer the Government pension plan, to determine in each case and make an affirmative requirement; and the board shall find, before they grant the exemption, that the benefits to the employee under the private pension plan are not less favorable, based upon accepted actuarial principles, than those provided under the Government pension plan.

3. The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee approved by the board.

This puts in the hands of the board itself the security of these funds and insures that no possible failure on the part of the employer may jeopardize the interests which the employees acquire. It puts it in the hands of the board to make requirement for that security.

4. Termination of employment shall constitute withdrawal from the plan.

Mr. O'MAHONEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wyoming?

Mr. CLARK. I yield.

Mr. O'MAHONEY. May I ask the Senator from Missouri if he does not believe that there is a possibility, at least,

that clause (4) would allow an employer to terminate the employment and thereby defeat the plan?

Mr. CLARK. I will say that, in my judgment, that is completely guarded against—although I shall be very glad to accept a further amendment to make it more certain—by later language in the amendment which provides that upon termination of employment—

There shall be paid by the employer to the Treasurer of the United States, in such manner as the Secretary of the Treasury may prescribe, an amount equal to the taxes which would otherwise have been payable by the employer and the employee on account of such service, together with interest on such amount at 3 percent per annum, compounded annually.

Mr. O'MAHONEY. Would the Senator accept an amendment by which the word "voluntary" should be inserted before the word "termination"?

Mr. CLARK. I should be glad to accept the amendment. As a matter of fact, it seems to me that the termination under this plan should be from any cause, either by discharge of the employee or by the withdrawal of the employee, provided it is made certain that at such time the employee should pay into the Government fund the amount which would have accrued by taxes, plus 3 percent compounded annually. That is the theory of the amendment. I am willing to accept the amendment suggested by the Senator from Wyoming.

Mr. BARKLEY. Mr. President, in that connection, will the Senator yield?

Mr. CLARK. I yield to the Senator from Kentucky.

Mr. BARKLEY. The mere insertion of the word "voluntary", so that it would read "voluntary termination of employment", unless we should put in "on the part of the employee", might mean the voluntary termination of it by the employer.

Mr. CLARK. If the Senator from Wyoming will permit me, if he will examine the amendment carefully, I think he will find that the theory of the amendment is that whenever the employment is terminated from any cause whatever, at that moment the employee shall have the right, as already provided, to have paid into the Government fund from the private pension fund the amount of taxes which would have been paid in from the beginning of his employment, plus 3 percent compounded annually, which is exactly the basis of the Government plan. In other words, the theory is that whenever the employee from any cause goes off the private pension plan, he shall automatically be entitled to take his place in the Government plan with the same benefits that would have been there if he had been under the Government plan all the time.

Mr. O'MAHONEY. Of course, this is the first opportunity many of us have had to examine the amendment, and I have just been following the Senator as he proceeded through it. I believe the amendment should be studied carefully before acting upon it.

Mr. CLARK. I shall be very glad to have any suggestions from the Senator. The amendment has been carefully gone over by the legislative drafting service in order to meet the objections which were made in the committee. I believe it to be comprehensive. I had the amendment printed several days ago, and have urged many Senators to take the trouble to examine it, and if there are any suggestions on the part of any Senator for the purpose of making abundantly clear the purposes of the amendment, I shall be very glad indeed to have them brought forward.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. CLARK. I yield to the Senator from New York.

Mr. WAGNER. Referring to the first requirement, the Senator's amendment provides:

The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

Does the Senator interpret that to mean that any employee, if he elects to join this plan, may join it—in other words, that the employer is compelled to accept as a member of the plan any employee who elects to become a member of it?

Mr. CLARK. Yes.

Mr. WAGNER. It seems to me that the language is not subject to the interpretation given it by the Senator.

Mr. CLARK. It seems to me it is. If the Senator from New York has any suggestions, I shall be very glad to have them.

Mr. WAGNER. The language of the amendment is:

The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

That is, the employer cannot compel an employee to become a member of the plan.

Mr. CLARK. That is not intended.

Mr. WAGNER. But, at the same time, there is nothing in the amendment which will prohibit an employer from declining to accept the employee.

Mr. CLARK. Mr. President, if this language is not clear, I shall be very glad if the Senator from New York will suggest some amendment to make it clear, because I personally should be unable to frame it in any clearer language.

The plan shall be available without limitation—

The last clause prohibits any employer from shutting out, on the ground of age, any of his employees who wish to come under it.

Mr. LONG. Mr. President——

Mr. CLARK. I shall be glad to yield to the Senator from Louisiana in a moment.

The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

I do not know how to make that any clearer. If the Senator from New York can suggest some way of clarifying it, I shall be glad to have him do it.

Mr. WAGNER. There is nothing in the amendment which requires the employer, if that election takes place, to accept it. He may decline to do so.

Mr. CLARK. The amendment says:

The plan shall be available * * * to any employee who elects to come under such plan.

Mr. WAGNER. "Elects"—yes.

Mr. CLARK. I shall be glad to accept any amendment to the effect that the employer must accept any employee who desires to come in, because that certainly is the intention of the language. I think the language is perfectly clear, but I shall be very glad to accept an amendment to that effect, which I will prepare a little later.

Mr. LONG. Mr. President——

Mr. CLARK. I yield to the Senator from Louisiana.

Mr. LONG. Is this the amendment about which I have been getting some letters from employees of oil refineries? Is this to take care of them?

Mr. CLARK. I dare say it is. I have had a great many letters from employees and a great many letters from employers. Some of the oil companies—notably the Standard Oil Co. of California, the Socony-Vacuum Co. of New York, I believe the Standard Oil Co. of New Jersey, and a great number of companies—have voluntary pension plans.

Mr. LONG. This amendment protects them in what they already have?

Mr. CLARK. This amendment is for the purpose of protecting them in their rights.

Mr. BARKLEY. Mr. President——

Mr. CLARK. I yield to the Senator from Kentucky.

Mr. BARKLEY. Would not this amendment, if adopted, subject the whole measure to the possibility of creating a competitive situation between the Government and private annuity or insurance companies, so that a lot of high-pressure salesmanship would be brought to bear on employers by private companies to adopt a private system in competition with the national system?

Mr. CLARK. Mr. President, I do not think it would; and if the high-pressure salesmanship led to employers extending more generous treatment to their employees, I do not see that there would be any disadvantage to anybody if that were the result.

Mr. BARKLEY. Let me ask the Senator another question. Would not the employer be permitted or induced to discriminate as between younger employees and older employees, so that the older ones might be shunted off on the

Government, while the younger ones were taken care of by the private plan?

Mr. CLARK. That objection was raised before the committee, and the amendment was redrawn and the provision added that the payment of the employer shall not be less than the amount of tax for the specific purpose of meeting that objection; so there is no possible way, under the amendment as now drawn, by which any employer can profit to the extent of a single penny, in any manner, by going on a private pension plan rather than on the Government pension plan.

Of course, the suggestion originally arose in connection with such companies as the Ford Motor Co. and the Goodyear company. The suggestion was made that when they had limitations as to the ages of their employees, or refused to employ men over 35 or 40 years old, to allow them to have private pension plans was to put a premium on such conduct. As a matter of fact, Mr. President, of course, everybody knows that nearly all the companies which have age limits as to their employees are companies, like the Ford Motor Co., which manufacture on a line which requires each employee to perform a certain operation at a certain time, and a slowing up of one employee slows up the whole operation. In other words, it is like a ball player's legs giving out on him and slowing up the whole baseball team. The purpose of that requirement in such companies as that has nothing to do with any pension plan, but is simply because the younger employees are more efficient in the line operation.

For the purpose of meeting such an objection as that, however, a provision was inserted in this amendment as redrawn, and as now before the Senate, which provides that the employer must in every case pay into the private pension fund, and to the reserve set up under the private pension fund, an amount not less than the amount of the tax, so that it is impossible for him to profit in any way by going under a private pension system.

Furthermore, if, as suggested before the committee, there is any advantage to the employer in being able to insure more cheaply because of the average younger age of his employees by reason of this age-limit requirement, under the amendment the only person who could benefit by such cheaper rate would be the employee.

In other words, if the employer under the provisions of the Government pension scheme should be required to pay in $300 a year, he would still be required to pay in a minimum of $300 a year under the private pension scheme, because that is specifically set forth in the amendment. The only advantage which could come to anybody would be, in such a situation, if there were lower rates of insurance on account of the younger age of the employees, that the employer in paying the $300 into the private pension fund would be able to buy a larger annuity for his employee than he otherwise would under the Government pension scheme. That would be the only possible advantage.

Mr. President, it was said before the committee, and was said again in the Senate the other day by the distinguished chairman of the committee, that there are in fact no private pension plans which are more favorable to the employee than the Government pension plan provided for in the bill. I do not desire to go into great detail on that matter. I simply desire to point out that while I freely admit that there are private pension plans now in existence which are not as favorable to the employee as the Government pension plan, which class of private pension plans would not come within the purview of the exemption set up in the amendment, there are a great number of private pension plans which are vastly more favorable to the employee in many particulars. For instance, some private pension plans now in existence—many of them, in fact—provide for an earlier retirement age for women than for men. The bill makes no distinction between the retirement age for men and for women under the Government pension plan; and yet it is almost universally agreed among doctors and sociologists that in any pension scheme a distinction should be made between the retirement age for men and for women, because in the wear and tear of industry it is very desirable that women should be retired earlier than men.

Mr. LEWIS. Mr. President——

Mr. CLARK. I yield to the Senator from Illinois.

Mr. LEWIS. I wish to say to the Senator from Missouri that the large institutions in my home city called the "packing companies" inform me that they have long had in existence their own private systems; and, if I may be forgiven a personal touch, while for a little while acting mayor of that city—previously the corporation counsel—we sought to inaugurate a joint city concern with that of the packing interests, which did not succeed. The packing companies feel, however, that their own plan has been a very great success; and there is presented, I may say to the Senator, a joint paper on the subject signed by a certain number of their employees. What proportion the number bears to the whole of their employees I do not know. I ask the Senator, is there anything in his amendment or in the bill which would prevent these concerns from dropping their private arrangement and coming into the Federal bill at a later time if they chose to do so?

Mr. CLARK. There is not. There is specifically provided in the amendment, I will say to the Senator from Illinois, the completest freedom of action. In other words, an employee would be permitted to withdraw from the system at any time he chose and to take into the Federal system with him the amount which would have been there if he had been under the Federal system all the time. The board not only has the right but it is the duty of the board, at any time all of the conditions provided for in the amendment are not complied with, to withdraw the exemption and force the employer and the employee into the Government pension system.

Under the amendment the employer has the right, if he finds he cannot go on with the private pension plan, to withdraw his application for exemption, at which time the whole concern passes under the Government plan, with every right secured to the employees that would have been theirs if they had been under the plan all the time.

Mr. LEWIS. Then I understand the able Senator to say that if the amendment should be agreed to and the private concerns continue as they are, should anything arise as between the employers and the employees, the availability under the general law would be open to them completely, without obstructions?

Mr. CLARK. That is entirely correct.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BARKLEY. Does the Senator think it is in the interest of efficient administration to have some of the employees of any employer under a private annuity system and other employees of the same employer under the Government system?

Mr. CLARK. That might be a matter of inconvenience to the employer, but if in truth and in fact the private annuity plan were more beneficial to the employee, I think there would be very little danger that the employees would not desire to be under the private plan. On the other hand, if it were not more beneficial, then there would be very little doubt that all the employees would desire to be under the Government plan.

Mr. BARKLEY. In any case, would not the Government be under an obligation to carry on inspections to determine whether or not the plan was as favorable as that of the Government?

Mr. CLARK. There is so much inspection and so much administrative overhead machinery provided for in the bill that it is impossible for me to believe that a few more Government employees in the administrative section would make much difference.

Mr. BARKLEY. One more question, although I do not like to take the Senator's time.

The Senator will recall that we attempted to eliminate child labor, first, by prohibition against the shipment in interstate commerce of products of child labor, which was declared unconstitutional. Then we tried to reach it by tax-

ation, and the Supreme Court held that unconstitutional in part on the ground that it was a penalty assessed against those who did indulge in child labor. Under the pending amendment, as I understand it, those who adopt the private system are exempt from the tax that is levied generally for the support of the Government system. Does the Senator think that lays the bill open to the constitutional objection, on the ground that it penalizes those who do not have a private insurance plan as compared with those who have, and that that might endanger the bill on the question of constitutionality?

Mr. CLARK. The constitutionality of the proposed act is already so doubtful that it would seem to me to be a work of supererogation to bring up the question of constitutionality in regard to the pending amendment. Let me say to the Senator, to answer more seriously, that if the question of constitutionality is involved in regard to the matter he has suggested, it is already in the bill under the amendment in title IX offered by the Senator from Wisconsin [Mr. LA FOLLETTE], and adopted by the Senate, making certain exemptions in the case of employees' pensions. In other words, the distinction, while not identical, is in principle the same.

Mr. BARKLEY. The amendment to which the Senator refers deals with a different subject.

Mr. CLARK. Of course it deals with a different subject; in other words, it deals with an exemption for the purpose of allowing the State of Wisconsin to continue its own State system without interference.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. LONG. I wish to say that, as the Senator from Kentucky very appropriately pointed out, on the basis of the complete analysis he has made, the bill is unconstitutional. The private pension system is the thing which the Government could afford to encourage.

Mr. BORAH. Mr. President, will the Senator yield to me?

Mr. CLARK. I yield.

Mr. BORAH. The Senator made reference to exemptions already incorporated in the bill.

Mr. CLARK. That is in a different title, I will say to the Senator from Idaho. That is under unemployment insurance, in title IX.

Mr. BORAH. The bill does not cover all employees in all lines of industry or avocation, does it?

Mr. CLARK. It does not. I take it for granted that it is an undoubted constitutional principle that the matter of classification is a matter for the legislature rather than the courts. The bill specifically exempts large classes from its operation. For instance, it exempts agricultural classes, and exempts Government employees, one of the largest classes of employees in the country, I assume for the reason that the Congress recognizes, in considering this bill, that the Government already has in effect, in its capacity as employer, a pension system more beneficial to the employees than the one set up in the bill for the general run of industry. As the Senator has suggested, there are large classes of the population who are already excluded or exempted from the operation of the proposed law.

Mr. BORAH. May not the Congress make any classification it desires, so long as it is not purely arbitrary or capricious? If there is any foundation for a difference of classification, the Congress can make it.

Mr. CLARK. It seems to me there cannot be any question of that as a legal proposition.

The PRESIDENT pro tempore. The Senator's time on the amendment has expired.

Mr. CLARK. I reserve the balance of my time, then.

Mr. McNARY. Mr. President, a few days ago I received a very interesting letter from Mr. H. W. Forster, vice president of an insurance company of Philadelphia, setting forth some of the advantages embodied in the proposal made by the Senator from Missouri [Mr. CLARK]. Having that in mind, I ask unanimous consent to have the clerk read the reasons set forth in the letter in support of the amendment. It is very brief, comprising but one page.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the clerk will read.

The legislative clerk read as follows:

REASONS IN SUPPORT OF AN AMENDMENT PERMITTING PRIVATE ANNUITY PLANS UNDER SOCIAL SECURITY BILL (H. R. 7260)

ADVANTAGES TO EMPLOYEES

1. More liberal annuities.
2. Credit for past service.
3. Protection for employees now on pension.
4. Employees age 60 and over are covered.
5. Annuities in true proportion to earnings and service.
6. Joint annuities, so as to protect wives also.
7. Earlier retirements for women.
8. Earlier retirements for disability or other reasons.
9. Annuities, not cash, for withdrawing employees.

ADVANTAGES TO EMPLOYERS

10. They need and want the more adequate annuities provided by private plans, with recognition of past service.
11. They know that it is not feasible to impose on all employers any heavier burden than the bill contemplates, but more liberal plans are desired by many who can afford to carry them.
12. Private plans take adequate care of older employees, their most pressing problem.

ADVANTAGES TO THE GOVERNMENT

13. Relief from deficits due to unearned annuities.
14. Reserves of private annuity plans flow into business channels.
15. Private plans will absorb part of the burden on other portions of the social-security program.
16. Private plans will relieve the Social Security Board of a vast amount of detail.

SAFETY OF PRIVATE PLANS

17. Past record of properly financed plans, and the future outlook, show only security for properly safeguarded private plans.

THE "SUPPLEMENTARY PLAN" IDEA

18. Theoretically appealing, but not practically workable and certainly not productive of liberal guaranteed annuities for employees.

Mr. GEORGE. Mr. President, I desire to support the amendment offered by the Senator from Missouri [Mr. CLARK] not only upon the grounds stated in the presentation made and in the document just read from the desk, but also because there is very grave doubt of the constitutionality of the bill as it stands. I do not believe that any lawyer of experience would assert that the bill is free from constitutional question. I do not wish to expand the constitutional argument, because the Senate is not in receptive mood, but the bill undertakes to impose a tax upon specific employers. The beneficiaries of the tax are a special class, it is disclosed in the hearings, and it is disclosed in the suggestion of the Secretary of the Treasury at one time for an alteration in the tax rate itself, showing that the only purpose of the bill is to set up a system of old-age annuity and unemployment insurance by the use of the taxing power, and by the creation of the annuity system and the old-age employment insurance system.

I direct the attention of the Senate to the fact that the bill is not a grant in aid to the States. That is true as to title II, portions of title III and title VIII of the bill, the taxing title, and part of title IX, which also covers taxing provisions. It is not a grant in aid of the States, but it does undertake, by the use of the power to appropriate money out of the General Treasury, to apply the money so appropriated to the establishment of the old-age-annuity and unemployment-insurance systems, under which the beneficiaries are the identical employees of the taxed employers, and under which the taxing provisions of this bill undoubtedly are tied in with the titles establishing the old-age annuity and the unemployment-insurance provision.

I also direct attention to the salient and important fact that under title II of this bill and a part of title III of the bill rights enforceable at law are granted to private citizens, irrespective of the character of their employment, irrespective of the character of the industry in which employed, in every State in the Union; and that, in my judgmen, clearly shows that an effort is here made to establish a system which does not lie within the powers granted to the Congress, but which have been definitely reserved to the States under the reserved rights and powers of the States.

Even the preamble of the bill shows unmistakably that the taxing power is invoked for the purpose of setting up old-age annuity and unemployment insurance.

Mr. President, I know that the courts will go a long way to uphold the power of Congress to appropriate; and I am not going to controvert that. I also know that the courts will go a long way to sustain legislation of this character, and I think they should. But if the court looks through mere form to the substance of this bill, I assert again that the question of the validity of the bill is one which no responsible lawyer would undertake to say is not in serious question. Hence, why strike down, with the probably unconstitutional bill, the private pension systems and private benefit systems granting benefits to the employees of employers of this country, some 450 in number, embracing a large part of our population—why strike those down when a bill is proposed which probably will not pass the muster of the courts?

Let me say that it was argued in committee that the private pension systems might still be maintained. I submit as a matter of plain common sense that the private systems will not, in fact, be maintained if the employers are subjected to a tax which they must in any event pay for the purpose of setting up an exactly similar system, or a system that has for its objectives the same general purpose.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LEWIS. Conscious as I am that the able Senator from Georgia occupied a high place on the bench, and, therefore, that the subject he is now discussing is not one to be called primary with him, I should like his judgment on one matter. How far does he feel that the decision of the Supreme Court of the United States on the tax feature to which he alludes, in the cause which came up from North Carolina where the question of tax was assumed to be the motive in the case of protecting child labor—how far does he feel that that opinion supports the viewpoint he has uttered here today respecting the doubtful features of the tax provisions of this bill?

Mr. GEORGE. In reply to the distinguished Senator from Illinois, I would not say that the child-labor taxing decision is strictly applicable to this case, except in point of principle. In that case the act itself carried upon its face the disclosure of the real purpose of imposing the tax; and the Supreme Court, of course, said that the object was not that of raising revenue.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Georgia yield to the Senator from New York?

Mr. GEORGE. I yield.

Mr. WAGNER. Will the Senator from Georgia permit me to read to him some language from the case of United States against Doremus, Two Hundred and Forty-ninth United States Reports, page 86, involving the Harrison Narcotic Act, in which the question was whether a bill which contained a taxing feature could also accomplish some other purpose in addition to that of merely levying a tax? The Court said:

> An act may not be declared unconstitutional because its effect may be to accomplish another purpose as well as the raising of revenue. If the legislation is within the taxing authority of Congress, it is sufficient to sustain it.

There the act itself had other purposes in addition to levying a tax.

Mr. GEORGE. The decision to which the Senator from New York calls attention would not be controverted by anyone, anywhere.

Mr. WAGNER. I thought the Senator was controverting it.

Mr. GEORGE. No; I am not controverting it. I am trying to make my position clear, and I am saying that we are setting up in this bill a particular old-age annuity and unemployment insurance system under which the individual citizen in any State in the Union acquires an enforceable right; and when he undertakes to enforce it, by what authority has the Congress established it? That is the simple, the necessary, the logical question.

I know that the tax may be imposed if within the taxing power of the Congress, although other objectives may be effected or accomplished through the imposition of the tax; but I also know that it is a sound principle of law that a tax cannot be imposed for a private purpose. It must be public. I also know that as a matter of sound legislation the Congress ought not to set up a scheme under which enforceable rights are given to individuals unless the Congress can relate its legislation to some grant of power.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WAGNER. I absolutely agree, of course, with the Senator from Georgia that we certainly cannot levy a tax for a purely private purpose; but does the Senator contend that the payment of an old-age pension is a private purpose as distinguished from a public purpose?

Mr. GEORGE. I contend that we do not levy this tax nor do we use the proceeds of the appropriation made out of the General Treasury for the purpose of setting up an annuity for all old people in the United States. We have selected classes. I contend also that we have selected the classes which are intimately and inescapably tied in with the employers who are taxed under title VIII and title IX of this bill, and therefore the scheme is palpable and clear to my mind, and that we are imposing the tax for identically the same purpose condemned by the Supreme Court in the railway-retirement decision, aside from the first suggestion that there were inseparable clauses which offended varied provisions of the Constitution; that we could not by compulsion make the industry set up an old-age-pension system.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. BLACK. The Senator several times has referred to the bill, when, as I gather his argument, he intends to limit his constitutional objection to title II.

Mr. GEORGE. Exactly.

Mr. BLACK. As I understand the Senator, he concedes fully and completely the right of a State under the Constitution to establish an old-age-pension system.

Mr. GEORGE. Beyond all doubt.

Mr. BLACK. And, therefore, he concedes the right of the Federal Government to aid that State by Federal grants in aid, under such conditions as it sees fit.

Mr. GEORGE. I do; and I should have been most enthusiastic in my support of the bill had this particular part of the bill been dealt with in that way—that is, through grants in aid to the States.

Mr. BLACK. As I understand further, the Senator's objection on the constitutional ground is that instead of permitting the State—which he says does have the power to set up a system—to set up that system, in title II the Federal Government sets up an old-age-pension system; and the Senator from Georgia is of the opinion that the Federal Government does not have that power under the Constitution?

Mr. GEORGE. I am of that opinion, because I can find in the Constitution no provision which grants that power. This is clearly, as I think, among the reserved powers of the State.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WAGNER. I do not wish to annoy the Senator with my interruptions.

Mr. GEORGE. No; I shall be glad to yield.

Mr. WAGNER. I am not quite clear as to one of the Senator's contentions. Does the Senator contend that, because of the decision in the Railway Pension Act, we are powerless to enact a law of this character?

Mr. GEORGE. I contend that under that decision the Congress cannot directly say to an industry, "You must set up an old-age-pension system" or "a retirement system"; and I contend further that when the scheme which has been devised is so tied in with the taxing provision as

to disclose but one purpose, and that is the purpose of using the general taxing power for the purpose of providing this system only for the beneficiaries who fall within the classification of the employees of the taxed employers, we shall have a legislative act, if the bill shall be passed, which any reasonable lawyer of experience will be bound to say is subject to serious question.

For my purposes, that is all I desire to say, because I am arguing in this instance for the approval of the Clark amendment.

Mr. WAGNER. I understand.

Mr. GEORGE. And I am proceeding upon the theory that Congress ought not, through this legislation, practically to strike down and prevent the expansion of private or company insurance, or annuity plans. The effect of the proposed legislation undoubtedly will be to discourage any further advances of the private pension systems in the United States.

Mr. WAGNER. Mr. President, as I recall, there was not anything in the decision that might even suggest that the establishment of a pension system, providing that the classification is fair, would not be considered a public purpose.

The decision was based on the ground that interstate commerce was not affected by the retirement of old workers. The taxing power was not involved.

Mr. GEORGE. That is very true; the taxing power was not involved, but we cannot, under the compulsion of a tax, make an industry do any more and we ought not at least to undertake to make it do any more than we could do directly. If the scheme is one that can be referred to any legitimate power of the Congress, all well and good; but if it cannot be, and if it is one that must depend rightfully and rightly upon the exercise of the reserved powers of the States, then Congress should not through the compulsion of a tax undertake to compel the adoption of the scheme.

Mr. WAGNER. Then, as I understand the Senator's contention, it is that he doubts whether the establishment by Federal Government of a Federal pension system for a class of workers in this country is a public purpose.

Mr. GEORGE. I did not say that it was not a public purpose.

Mr. WAGNER. I mean the Senator contends that there is a serious question as to whether or not it is a public purpose.

Mr. GEORGE. I said that under this bill there is a serious question as to whether or not it is.

Mr. WAGNER. Is that because of the classification?

Mr. GEORGE. Because the beneficiaries are so restricted and tied in with those who are taxed as to make it, in substance at least, a compulsory system through the use of the taxing power by the Congress.

Mr. WAGNER. In other words, as I understand the Senator's contention, he believes that it would be a safer method if we should tax all the people of the United States, instead of merely taxing the employers of the workers, for the purpose of supporting a pension system.

Mr. GEORGE. Mr. President, I do not regard it as within the power of the Federal Government to set up a pension system for all the people of the United States; I take the contrary view. My philosophy is quite different from that of the distinguished Senator from New York.

Mr. WAGNER. The Senator misunderstood me, I am sure.

Mr. GEORGE. I think that the pensioning of the people of the country is essentially within the reserved powers of the States.

Mr. WAGNER. As a general proposition, I agree with the Senator. I am trying to have clear in my mind the particular objection the Senator raises to the proposed legislation. As I understand, the Senator feels that there is a serious constitutional question involved because we are levying a tax for the payment of pensions upon the employers of the particular workers benefited.

Mr. GEORGE. And the employees, too.

Mr. WAGNER. Yes; and the employees, too. Does the Senator feel that we would be on safer ground if we taxed everybody in the United States to pay these particular pensions? I do not know where the Senator got the notion that I ever contended that everybody in the United States ought to have a pension. I never made any such contention.

Mr. GEORGE. I think it would.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. GEORGE. I yield.

Mr. BARKLEY. If I understand the Senator correctly, he does not raise any constitutional question as to the power of Congress to levy the tax as a tax?

Mr. GEORGE. Oh, no.

Mr. BARKLEY. The money to go into the Treasury for general governmental purposes.

Mr. GEORGE. I want to qualify my statement. I do not raise any question regarding the power of the Federal Government to make appropriations out of the General Treasury and to levy taxes, of course.

Mr. BARKLEY. Therefore, if the proposed pension system is tied in with the tax, although in an attenuated way, the Senator thinks that the tax, then, is lawful, just as a pure tax would be lawful, and is within the power of Congress?

Mr. GEORGE. I think Congress may impose an excise tax based upon the volume of pay rolls, if that is what the Senator means; but if it is tied in with this particular scheme, as provided in this bill, I question the validity of the tax.

Mr. BARKLEY. Where is the difference, in constitutional principle, between making a lump-sum appropriation out of the Treasury for relief purposes and making an appropriation out of the Treasury for relief purposes by setting up classifications under which relief shall be paid in the form of old-age pensions? I do not quite understand the distinction the Senator makes or how it would raise any constitutional question as to the power of Congress to pay aged people what we call a pension.

Mr. GEORGE. Does the Senator mean to pay them as a mere matter of gratuity?

Mr. BARKLEY. Well, not necessarily as a matter of gratuity; but assuming that it were a gratuity——

Mr. GEORGE. Does the Senator mean to say, if enforcible rights are granted to pensioners generally, that, even if the appropriation is made out of the general funds of the Treasury, no serious question might be raised?

Mr. BARKLEY. Of course, the line of demarcation is so blurred at points that it is always difficult for anybody here to be sure that what he does is constitutional.

Mr. GEORGE. Perhaps I may help the Senator by this observation: I did not undertake to make a constitutional argument; that is not my purpose; my purpose is to point out the doubtful validity of this proposed act and to invite the Senate to permit, under the Clark amendment, the continuance of the plans now in existence if they meet the standards which the Congress is setting up.

Mr. BARKLEY. I do not want to take the Senator's time, but I derived the impression early in his remarks that his main objection was that the payment of the pension, the distribution of the fund, is so tied in with the collection of the fund as to make them one and the same transaction, and that, therefore, the bill would be subject to grave constitutional question, whereas either transaction standing, on its own bottom, would not be subject to that fear.

Mr. FLETCHER and Mr. CLARK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. GEORGE. I yield first to the Senator from Florida.

Mr. FLETCHER. As I understand the decision in the Child Labor case, it was to the effect that, although the act purported to raise revenue, as a matter of fact, it did not raise any revenue.

Mr. GEORGE. Exactly.

Mr. FLETCHER. The Supreme Court held that it was never intended to raise revenue.

Mr. GEORGE. Exactly; and that is what I am trying to say here. In that respect the principle is in point that this proposed act does not raise any revenue for the General Treasury, because all the money that it does raise is taken out and devoted to this specific purpose.

Mr. FLETCHER. I was going to ask the Senator, if this proposed act does, in fact, raise any revenue?

Mr. GEORGE. It is not intended to raise revenue, but it is intended to furnish support to the old-age-annuity and unemployment-insurance sections of the bill.

Mr. FLETCHER. Then the Supreme Court held that the Child Labor Act was an encroachment upon the police powers of the States, and that was really its purpose, in effect, if it was good for anything; that it deprived the States of the exercise of their police powers. Does this bill interfere with the establishment of old-age pensions and legislation on the subject by the States?

Mr. GEORGE. No, it does not, I may say to the Senator; I do not understand it so interferes at all.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from New York?

Mr. GEORGE. My time is limited on the amendment.

Mr. WAGNER. I will give the Senator some of my time, although, if it annoys him, I will not interrupt the Senator further.

Mr. GEORGE. I yield to the Senator from New York.

Mr. WAGNER. I desire to have a clear understanding of the Senator's point. The two features of the bill, paying the pension and raising the taxes, are separated. As I understand the proposed legislation, when the tax is collected it is to be paid into the General Treasury?

Mr. GEORGE. Yes; that is true.

Mr. WAGNER. And out of the General Treasury there will be made an appropriation for the payment of the pension?

Mr. GEORGE. Exactly.

Mr. WAGNER. In answer to my inquiry a short time ago, I understood the Senator to say that he did not doubt the power of Congress to make an appropriation for the purpose of paying old-age pensions to a class not arbitrarily selected. Thus, even if the court should hold that the classification of those taxed was an arbitrary classification and therefore unconstitutional, nevertheless the remainder of the bill, the portions providing for the payment of old-age pensions, could survive such a decision, could it not?

Mr. GEORGE. Mr. President, I was not considering that phase of it; I was considering the taxing power as being in fact, under this bill, tied in with the particular provision of title II, and a portion of title III of the bill.

Mr. WAGNER. But the Senator understands that the tax, as collected, is paid into the General Treasury?

Mr. GEORGE. I do, under the bill, and I so stated.

Mr. WAGNER. Exactly. There is an appropriation for paying old-age pensions?

Mr. GEORGE. Yes.

Mr. WAGNER. So it could very well be held by the Court to be constitutional.

Mr. GEORGE. If the tax was stricken down, it could very well be that the other portions of the bill might be held to be valid; I am not controverting that; but I do say it is not within the granted power of Congress to set up directly this kind of a pension system in the United States. It might be done, but I am trying to show that, despite the conscious and undoubted effort to separate the tax from the scheme set up in title II of the bill, nevertheless, the Court will look beyond the mere words or mere form and to the substance of the thing, and they will say that they are tied together, or, as I said in the beginning, they are likely to say they are tied together, or at least a serious question is raised as to whether they are tied together here.

Mr. WAGNER. Mr. President, I should like to ask the Senator one further question. Assuming that they are tied together, and the Court finds that the tax is levied upon a class that really gains a benefit through the payment of old-age pensions, might not the Court very well find that the Congress did make a proper classification for the purpose of imposing the tax?

Mr. GEORGE. It might find it, but let me ask the Senator from New York, if the taxing provision of the bill should be stricken down, would he undertake to justify the provision for old-age annuities running, as it does, to special classes if we are forced to go to the General Treasury for the money?

Mr. WAGNER. No!

Mr. GEORGE. The Senator very frankly says "no."

Mr. WAGNER. I say "no" because I am for the insurance system.

Mr. GEORGE. I understand, and I am asking the Senator the question if the taxing provision of the bill should be stricken down, would the Senator undertake to restrict title II to those employees who now come within it?

Mr. WAGNER. No. I should say we would have to revise the classifications altogether, of course.

Mr. GEORGE. I understand the Senator's viewpoint.

Mr. WAGNER. I think the Senator and I do not disagree on that point.

Mr. GEORGE. I know we do not.

Mr. WAGNER. I am very confident that it is a proper exercise of the taxing power and that the incidental purpose is valid for that reason.

Mr. GEORGE. I am not confident of it, and if time sufficed I should be glad to go into the constitutional question at length.

The Senator from New York now admits—and it does his conscience and humane purpose very great credit—that if the taxing provision of the bill should be stricken down he would limit the benefits under title II to those who now would receive them under title II. He is quite right about it. Therefore, I have said that title VIII is tied in inescapably with title II, and its sole purpose is to impose a tax for setting up a system of insurance and old-age annuities.

Mr. WAGNER. Mr. President, will the Senator yield further?

Mr. GEORGE. Will the Senator please let me finish my statement? I think I have been quite liberal in yielding.

Mr. WAGNER. The Senator made an assertion, but whatever I say cannot bind my colleagues as to what should be done in the event the tax provision is stricken down.

Mr. GEORGE. I understand that, but I understand the real proponents of the legislation——

The PRESIDING OFFICER. The time of the Senator from Georgia on the amendment has expired. Does the Senator desire to be recognized on the bill?

Mr. GEORGE. I shall take my time on the bill.

Mr. BONE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Washington?

Mr. GEORGE. I yield.

Mr. BONE. Is it the view of the Senator that any effort on the part of the Congress to set up a general old-age pension system would involve a vested property right, the right to advance a claim for monthly pension from Federal sources, and that a system of that kind would infringe upon the Constitution in a way to make it unconstitutional?

Mr. GEORGE. I am not discussing that question.

Mr. BONE. I understand that.

Mr. GEORGE. The bill grants benefits to a special and limited class and it imposes a burden upon a special and limited class.

Mr. BONE. My question was quite outside of that point.

Mr. GEORGE. I would rather not go into that wider field. I am going to undertake to say further as to the constitutionality of the tax that even the tax, to be constitutional, must be immune against the provisions of the fifth amendment. In other words, it is permissible under the fifth amendment to question the validity of the tax. Here is a tax upon certain employers. The beneficiaries of the tax are those who come within title II, let us say, of the bill, and they are a limited class. The tax on em-

ployers to support the system is levied at a uniform rate without regard to the hazards of industry. The mining company which sends its men down to the bowels of the earth, where fatalities often occur, has to bear the same burden of tax as the industry in which retirement, accidents, and death rarely and seldom occur. That is another feature involving the constitutionality of the measure, but I do not intend to do more than say that no responsible lawyer who has been in a courthouse three times would dare say that the provisions of this bill which have been discussed are not subject to serious question.

I do not have to go further than that, and on that predicate I say why strike down the private systems which have been built up through the years and which have granted benefits to employees? Why not preserve them?

The answer is, "We do not strike them down. They will still go on", when we know that will not be the case. Our mail is full of assurances by responsible men that they will be compelled to abandon their own systems if this tax shall be imposed upon them and if they shall have to pay it.

Also it was answered us in committee that none of the private systems grant equal benefits to those provided in title II and title III of the bill. If none of them grant equal benefit, pray answer me why would private industry maintain a system which did not grant equal benefits, but at the same time pay taxes to set up another system which increases the benefits over those of the private system then in existence? In other words, it is said in one breath that the private system can do more and will do more, that the private companies will maintain their private plans, and in the next breath we are answered and told that not one of the private systems maintained by private companies in this country bestows benefits equal to those provided by the bill.

Now let me answer those who stand firmly against the amendment, and they ought to be answered for the benefit of the American people. There is but one solid ground of objection to the amendment and that is the basic ground upon which it stands. Those who oppose the amendment want to put in the Federal Government the business of pensioning the people of the country. They want to centralize power here. They want to socialize and federalize the Nation in all its affairs. Otherwise they would accept the amendment and say, "We will not take the risk of striking down the private insurance systems in this country which have been built up through the years. We will not take the risk of destroying them, but of the private companies and individuals setting up their own insurance plans we will require—we will absolutely demand of them—that they set up a plan equal to that set up in the law of Congress. If they do that we will let them operate.

It may be said—it can be said, I concede, that the exemption from the tax of those who set up an acceptable and approved plan of insurance or of benefits, may emphasize the character of the bill, may further open it to attack upon constitutional grounds; but it is already open to attack. It is inescapable that the Court will be called upon to pass upon this bill. I do not wish to assert dogmatically that the Court will strike it down, but I do wish to say that no well-grounded lawyer can say certainly and dogmatically that the bill will ultimately prevail. Surely there is serious question of its validity when we look beyond the form and words of the bill to its substance.

The real objection to the amendment, the basic objection to the amendment, is not that it takes out the strong and leaves the weak to pay the tax, is not, in my humble judgment, the ground which has been advanced, but the real objection is the overweening desire of those who seek to concentrate in Washington all power and reduce the States to a system of vassalage, and to convert a free people, able and willing to manage and conduct their own affairs, into humble supplicants for the crumbs and for the benefits which may fall from the national table. I do not think it is healthy or wholesome. The least that can be done is to take this amendment and let the private systems continue to function if they grant equal or superior benefits, and let industry carry on as it has been carrying on through a period of years in building up these private systems.

It is said that only 1 percent or a fraction of 1 percent of all employees are now able to receive benefits through these private systems. Grant it; but up to this time the Federal Government has done nothing to induce, to aid, or to assist, and remarkable progress has been made in setting up some 450 private systems now operating in the United States, and making at least some provision for a large number of employees working for the individuals and companies which have established these private systems.

I wish it to be definitely understood that the purpose and objective of old-age annuities and of unemployment insurance have my heartiest approval; but in my judgment there is no necessity for the impatience with which we seek to do things which we cannot do, and then the courts strike them down and destroy all that industry has done.

The distinguished Senator from New York [Mr. WAGNER] has gone from the floor; but I recall that he was equally certain that the railway pension retirement act was constitutional, and yet the Supreme Court—by a divided Court, it is true—said that it was not.

From this bill are already excepted State employees and Federal employees, as the Senator from Missouri said, perhaps the largest class of employees working for one concern or one corporation or one political subdivision or one sovereignty in all of the United States. Already they are excepted from the bill. They do not pay any tax. Of course, the Government does not, as a tax, nor do the employees who work for the Government or for the States or for the municipalities, nor does agricultural labor or domestic labor. I am not saying that those exceptions are not properly granted; that if it were a mere matter of classification they would not constitute a proper basis for classification. I am not asserting that at all; but I am saying that the bill is already open to the constitutional objection which I candidly concede may be emphasized by further exceptions of classes on whom it does not operate. At the same time the question is there, and the act may go down before the decision of the Court; and if it does, then we shall have lost, after some 1 or 2 years of trial, all that has been gained by the efforts of private employers to set up their own systems.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Massachusetts?

Mr. GEORGE. I yield to the Senator from Massachusetts.

Mr. WALSH. In the event the Senator should be satisfied that this measure is constitutional, would he favor the Clark amendment?

Mr. GEORGE. I think I should still favor the Clark amendment.

Mr. WALSH. In other words, it is not merely the irreparable loss that may result to employees who are now receiving benefits under private arrangements with their employers about which the Senator is concerned. Of course, there would be almost irreparable harm to them if this measure should be found to be unconstitutional.

Mr. GEORGE. That is quite true.

Mr. WALSH. But the Senator goes further than that, and regardless of the constitutionality of the measure, he is inclined to favor lifting out of it those private companies which make beneficial arrangements with their employees?

Mr. GEORGE. I do, but I was stressing the other point upon this particular amendment.

Mr. BARKLEY. Mr. President, in that connection, of course, if the courts should declare the act unconstitutional, it would then have no effect upon these private annuity arrangements. They would go on just as they are now.

Mr. GEORGE. Exactly; but in the meantime they would have been destroyed. The employers would have abandoned any effort to maintain their organizations. They would not wait for a year or two until the Supreme Court passed upon this measure and abide by the decision, or go into the courts

at the expense of heavy litigation to test the constitutionality of the measure.

Mr. CLARK. Mr. President——

Mr. GEORGE. I yield to the Senator from Missouri.

Mr. CLARK. I received this suggestion from the head of one of the largest banks in the State of Missouri, who told me that they have had a pension system for more than 20 years, and that they now have a large number of employees who will be eligible to retirement in the next year or two. If the bill should be passed without the amendment I have offered, and should strike down that pension system, and then the act should be declared unconstitutional, those men would simply be deprived of their rights.

Mr. HARRISON. Mr. President, will the Senator yield to me?

Mr. GEORGE. I yield to the Senator from Mississippi.

Mr. HARRISON. The Senator from Missouri will recall that the bill especially exempts Government agencies and Government employees, also such persons as are employed by a national bank.

Mr. CLARK. I will say to the Senator that this is not a national bank.

Mr. HARRISON. If it is a part of the Federal Reserve System, it is exempt.

Mr. CLARK. This was simply an illustration; not that that particular bank was important. I used the illustration to show what might happen in any industry where there is now established such a pension plan. It does not make any particular difference about whether or not that particular bank would be exempt, if the same thing ran through industry wherever private pension plans are now existing.

Mr. WALSH. Mr. President, may I ask the Senator from Missouri a question?

Mr. CLARK. The Senator from Georgia has the floor.

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Massachusetts?

Mr. GEORGE. I do.

Mr. WALSH. Would the Senator from Missouri accept an amendment that would permit the status quo to continue between employees and employers who now have insurance benefits until such time as the Supreme Court might pass upon the constitutionality of this measure?

Mr. CLARK. I should be perfectly willing to accept such an amendment as that, but I do not think such an amendment would reach the whole question.

Mr. WALSH. It would not completely take care of the Senator's objection.

Mr. CLARK. That is perfectly true.

Mr. WALSH. It would in part, but it would not completely do so. The Senator still thinks, notwithstanding the passage of this bill, that private employers who desire to make special arrangements with their employees should be permitted to do so?

Mr. CLARK. I do not think there is any question about it.

Mr. GEORGE. Mr. President, I had not intended to occupy the time I have taken, and I had not intended to discuss the general bill under consideration. I had intended to confine myself strictly to the Clark amendment. My purpose was to point out at least the possibility of serious constitutional objection to titles II and VIII of the bill as it now stands; admitting that further exceptions from those who are made liable to the tax may still open the bill somewhat to more direct attack, nevertheless, that question is there, and the Supreme Court will be compelled to meet it whenever a proper case reaches that tribunal; and that if the Court should hold the act unconstitutional, all that has been gained by individuals and companies that have operated their own systems probably would be lost; at least, the larger part of it would be lost. While many of the systems operated by individuals and corporations and associations may be open to question, while many of their practices may be subjected to certain sharp criticisms, nevertheless on the whole they have accomplished great social good for their employees; and therefore this simple amendment, which gives the election to the employee to go under the Federal system or to remain in his private system, ought to be adopted as a part of this proposed legislation.

Mr. COPELAND. Mr. President, I have been much impressed by what the author of the amendment has said, as well as by what the Senator from Georgia [Mr. GEORGE] has stated.

I desire to use a part of my time in asking questions of the Senator from Missouri regarding the effects of this plan.

I am disturbed because in my State many industrial concerns have arrangements for insurance and of course prefer not to be disturbed. At the same time there are many citizens of New York who feel that to permit the continuance of the private insurance arrangements would result materially to reduce the level of age of the employees in such industrial establishments. For these reasons I wish to ask a question or two of the Senator from Missouri, questions founded on an analysis of his amendment which has been given to me.

We will assume that a basic condition to permitting an employer to maintain a private pension plan would be the establishment of benefits at least equal to those under the Security Act. The two main factors in cost would be the general level of wages and salaries paid by the employer, and the ages of his employees. The younger the employees, and the higher the level of pay, the greater the advantage to the employer in buying annuities from a private insurance company.

Of course, these two basic factors are in part opposed to each other, since high age distribution is usually associated with higher than average wages.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. CLARK. Under the amendment as it is now before the Senate the objection the Senator has just raised is taken care of by the provision that the employer must pay into his private pension system or into any other system not less than the amount of the tax he would pay in under the Government plan; so that if there be any advantage to an employer who employs younger men, that advantage must go to the employees, because the employer will be able to buy more annuity with the amount of tax he is required to pay in.

Mr. COPELAND. That is a very satisfactory answer; but I desire to press the matter for the moment, in order that my conscience may be clear.

Does the Senator from Missouri believe that this private plan would tend to the employment of fewer persons over middle age? The problem of employment for a person past middle age, of course, is rapidly becoming one of the most serious social problems with which we have to deal. Would the effect of the amendment which the Senator has offered be to intensify that problem?

Mr. CLARK. I do not see how that could possibly be true, in view of the fact that the employer at every stage of the game, at every period of paying the tax, must pay into the private pension fund not less than the amount of tax; and then, when the employment of the employee is terminated, there must be paid into the Government fund as much as the tax would have been compounded at 3 percent annually.

Mr. COPELAND. I thank the Senator. I take it to be his view that the amendment would not aggravate unemployment among the middle aged.

Mr. CLARK. I do not see how it possibly could.

Mr. COPELAND. I assume the Senator has seen the same analysis to which I am referring.

Mr. CLARK. I have never seen that particular analysis, but I may say to the Senator that the same question was raised in the committee, and that the amendment was drawn to meet that specific objection.

Mr. COPELAND. So the Senator is quite satisfied that the retention of these successful private systems would in no sense endanger the employment of persons of advanced age, and could not be used by the industries which have such systems to coerce employees in any sense?

Mr. CLARK. I do not see how it possibly could. I may say to the Senator from New York that I have agreed with the Senator from Washington [Mr. SCHWELLENBACH] to accept an amendment to my amendment which will provide specifically that the election to go under a private system shall not in any sense be made a condition of employment or

of retention of employment, which I think would be an improvement on the amendment.

Mr. COPELAND. May I ask the Senator from Washington what his amendment is? It perhaps covers the very point I have in mind.

Mr. SCHWELLENBACH. Mr. President, on page 2, line 16 of the amendment of the Senator from Missouri, after the word "plan", I propose to insert a colon instead of the period and the words "*Provided,* That no employer shall make election to come or remain under the plan a condition precedent to the securing or retention of employment."

Mr. CLARK. I am glad to accept that amendment.

Mr. COPELAND. I think that is a very valuable amendment.

Mr. SCHWELLENBACH. If the Senator has no objection, I might offer it at this time.

Mr. COPELAND. I wish the Senator would do so, because it would help to answer the criticism I have in mind.

Mr. CLARK. I accept the amendment, and modify my own amendment in accordance therewith.

The PRESIDING OFFICER. The Senator from Washington offers an amendment to the amendment of the Senator from Missouri, which the clerk will report.

The LEGISLATIVE CLERK. On page 2, line 16, after the word "plan", it is proposed to insert a colon instead of the period and the following words:

Provided, That no employer shall make election to come or remain under the plan a condition precedent for the securing or retention of employment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

Mr. McNARY. Mr. President, may I inquire whether this is a perfecting amendment to the amendment offered by the Senator from Missouri?

The PRESIDING OFFICER. It is a perfecting amendment offered by the Senator from Washington [Mr. SCHWELLENBACH].

Mr. CLARK. I accept the amendment offered by the Senator from Washington, and modify my own amendment in accordance therewith.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I take it that answers the criticism I had in mind, namely, that the encouragement of private pension plans would place powerful coercive weapons in the hands of employers.

Mr. SCHWELLENBACH. I may say to the Senator that that was my purpose in preparing the amendment.

Mr. COPELAND. I think it is a very valuable addition to the amendment of the Senator from Missouri.

As I review the amendment, as it now stands, as compared with the amendment as it was originally offered, I think it has been very greatly improved. To a great degree it answers the criticisms which have been passed upon it. I am glad, because, as I have already said, there are many private plans in force in my own State, and they have been very successful in most instances. Yet I would not want anything to interfere with the proposed legislation, which to my mind is very important.

The greatest tragedy in the world is the tragedy of old age in poverty, and whatever we can do to relieve the distress of mind of those of our people who have not been fortunate enough to accumulate the wherewithal to be maintained in old age is a very desirable and necessary thing to do. At this time, too, there are thousands of families, I suppose millions, who thought they had prepared for the rainy day, but by reason of the depression, and the circumstances involved in it, they have come to be almost as bad off as many who were born and have lived all their lives in poverty.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. CLARK. I should like to call the attention of the Senator to a plan in force in a company in his own State as an example of private pension plans. I refer to the Socony Vacuum Oil Co. I have in my hand a letter from the chairman of the annuity insurance committee of that company in which he states:

The employee pays 3 percent of his wages into the fund; the company pays approximately 4 or 4½ percent into the fund.

Over 99 percent of our employees are under the plan, which is insured with the Metropolitan Life Insurance Co. The average pension payable exceeds the maximum $85 payable under the Government plan.

I should like to read that again:

The average pension payable exceeds the maximum $85 payable under the Government plan.

In other words, under this plan the average annuity is greater than is possible under the Government plan.

As part of this plan, each employee is carried for life insurance to the extent of 1 year's salary, for which he pays six-tenths of 1 percent and the company pays the balance.

Our company desires to continue with its private plan.

I ask the Senator this question: When a company has been willing voluntarily, without any compulsion of law, to do more for its employees than is likely or than would be permitted under the proposed act, why should not those employees have the benefit of that additional plan?

Mr. LONG. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.

Mr. LONG. I merely desire to call the attention of the Senator from Missouri to the fact that under most of the private pension plans an ex-employee does not have to prove himself to be needy in order to get his pension.

Mr. CLARK. That is perfectly true; the pension accrues as a matter of right.

Mr. LONG. It accrues as a matter of right, but under the particular bill before us that would be wiped out, and unless a man proved himself to be a pauper he could not qualify for the pension roll.

Mr. COPELAND. Mr. President, the great trouble in the United States, and I suppose all over the world, is that when a man or woman approaches middle life, or passes middle age, and is out of employment, it is almost impossible to find new employment. There is almost unanimity of opinion among employers that such persons are not desirable employees; the situation is pathetic.

My only regret about the bill is that we have not been a little bit more generous in it. I assume we will go just as far as we can, and we ought to, but certainly if there is one thing which stirs the emotions and should excite us to do the right thing it is the urge to take care of aged persons.

We can find means to aid the babies, we establish institutions to prevent disease, but the most amazing thing is that the homes for the care of old people are almost bankrupt. If we cannot through voluntary contributions maintain in decency persons in old age, then certainly it is time for the Government to step in and undertake what is intended to be done by this measure. As I have said, my only regret is that we cannot deal more generously with our aged citizens.

Mr. HARRISON. Mr. President, before a vote is taken on the amendment I desire to say to the Membership of the Senate that there was no question presented to the committee related to the pending legislation to which we gave more consideration than to the question before us. It was presented by the distinguished Senator from Missouri [Mr. CLARK] and the distinguished Senator from Georgia [Mr. GEORGE].

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield. I mean the idea was presented by the Senator from Missouri.

Mr. CLARK. If the Senator will permit, I merely desire to recall to the Senator's mind the fact that the amendment was lost in the committee on a tie vote only.

Mr. HARRISON. That corroborates my statement that the committee gave the matter every consideration.

When the question was first presented to the committee, the amendment appealed to me, as one member of the committee, and I am sure it appealed to others. I thought that those institutions which had built up private pension systems of their own should be commended; that they had taken a great forward and progressive step and that they

should be encouraged because they were forward looking; and personally I did not want to see anything done by legislation which might hamper their progressive march.

When we begin to analyze the proposition, however, from every angle and to stop, look, and listen, we find there is more to it than might appear at first glance, and I changed from the first opinion that I held about the matter.

We had before us some experts; one gentleman from Rochester, N. Y., Mr. Folsom, who made a splendid presentation and was thoroughly informed on the matter. He is a man of extraordinary ability and has charge of the pension system for the Eastman Kodak Co. It is my impression that he is thoroughly satisfied with this provision as written now. He appeared before us when the bill was being considered in executive session by the Finance Committee.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CLARK. So far as Mr. Folsom is concerned, the Senator will recall that in the executive session of the Finance Committee, when this proposition was under discussion, the statement was made by Mr. Murray W. Latimer that Mr. Folsom did not approve this amendment, and I have here a communication from Mr. Folsom in which he says that Mr. Latimer was not authorized in any way to say that.

Mr. HARRISON. Mr. President, I am not in a combative mood or of such disposition at all. I am in the most amiable spirit in the world. My greatest desire is to try to finish the debate on the bill this afternoon and send the bill to conference; so I admit, if the Senator makes the statement, that it is so. I have been led to believe that he is satisfied with it. Mr. Latimer, who is one of the great experts on this legislation, appeared before the committee and, if I correctly recall his testimony, he said he met with the representatives of nine of the biggest industrial institutions of the country, which had inaugurated and carried on for many years these private pension plans, and he said that of the 9 representatives present 5 of them thought it was better for these corporations to come under the Government's pension plan.

Let us see now why some believe that it is better to have one system than for business institutions to continue their individual pension systems and not participate in the proposed plan. It was pointed out by the distinguished Senator from Delaware [Mr. HASTINGS] the other day that there is favored treatment accorded to those in the old, ripe years over those of younger years. We admit that. It is just so. It cannot be otherwise. They have worked many years in comparison with the short period they will be under the proposed annuity system, and consequently we give them proportionately more for the time they are in the system than we do younger men.

Then some of us believe that in a great crisis such as the present, with problems such as now face us, that favored treatment should be given to help to bear the burdens of the older worker. However, that was the Senator's criticism of the bill. When he compared the benefits and burdens imposed by this measure, he found that the old received larger benefits compared to burdens. If these private institutions are permitted to carry on their private pension plan, there is nothing in the amendment of the Senator from Missouri [Mr. CLARK] which prevents them from doing what they please in the matter of discharging men when they reach a certain age, because of the heavy obligations which are imposed upon the private industrial institutions, and take on in their places younger men, because the younger the men are the less heavy are the obligations.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CLARK. Is there anything in the bill as it now stands which prevents an industrial company from laying off men when they reach a certain age?

Mr. HARRISON. Yes.

Mr. CLARK. What is in the bill that prevents that, which is not in the amendment?

Mr. HARRISON. Of course, they can fire them if they want to, so far as direct provisions of either bill or amendment is concerned.

Mr. CLARK. In other words the same situation exactly exists under the bill as it is proposed which will exist under the bill with the amendment in it, is that not correct? Is that not precisely the situation?

Mr. HARRISON. There is nothing in the bill which compels an institution to keep somebody on, but there is a provision that if a man has worked a number of years, or has reached a certain age, or he dies, that he or his heirs shall get a certain fixed payment.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BLACK. It does not have to be in the law, it seems to me, for the reason that if the company buys a private annuity for all of its men it would certainly be able to buy it much cheaper if it were to employ men from 21 to 25 than it could if it kept men from 50 to 65 years of age.

Mr. HARRISON. Absolutely.

Mr. BLACK. So there is the strongest inducement in the world for them to endeavor to get the insurance the cheapest way possible, and you would find them competing to get cheaper rates of private insurance by employing younger men, if they were permitted to discharge their older employees.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CLARK. If the Senator from Alabama will take the trouble to read the amendment he will find a specific provision in the amendment that the employer under private practice shall pay into the private-pension plan not less than the amount of the tax. So that his argument of there being an incentive to employ younger men absolutely falls down. If it be true that by employing younger men he is able to get his insurance cheaper, then by reason of the fact that he must pay in at least the amount of the tax he can simply get more annuity for the employees.

Mr. HARRISON. The Senator at one place in his amendment provides:

> Except that if any such employee withdraws from the plan before he attains the age of 65, or if the Board withdraws its approval of the plan, the service performed while the employee was under such plan as approved shall be construed to be employment as defined in this subsection.

In other words, if there is a private industrial institution with a private pension system, and it should go bankrupt just before an employee became 65 years of age, or entitled to the pension, the responsibility would be placed on the Government, and it would have to pay the pension and not the private institution, because there would be nothing left of that institution. There is another provision in the amendment which says that he can receive back the amount he paid in——

Mr. CLARK. Plus 3 percent interest; exactly what he would get under the Government system.

Mr. HARRISON. Yes. There is this about that. The amount he pays in amounts to 3½ percent of his wages, payable in the case of death to the estate. What the employer paid in thus goes into the Federal Treasury of the United States, if the employee is in the Federal system, and is lost to the Treasury if the employer has a private system. The older man would naturally be left in the Federal system, and funds from general taxation paying benefits under the Senator's amendment.

However, aside from all the analysis which we might go on with here, which I was hopeful we might avoid, the simple question, Members of the Senate, is this: We did not adopt this amendment which was offered in the committee because, first, we thought it might be an encouragement to private institutions to stay out of the system, weakening the Federal plan and giving a leverage to private institutions to discharge their employees when they had reached a certain age, and to take on younger men, or that same institution would go out and take Federal insurance under this plan to the number of its older men, but as to the younger men

they would carry private insurance, because the burden would not be so great in one case as in the other case; and, secondly, some of us believed that it would add to the doubtfulness of the constitutionality of this bill. Of course, I do not know, and no one else can know what the Supreme Court will hold.

Mr. CLARK rose.

Mr. HARRISON. I will yield to the Senator in a moment. I had not completed my sentence. I can talk so much better when the Senator is sitting down. No one in the world can tell what law is going to be held unconstitutional until it is passed on by the Supreme Court. I am not criticizing the Supreme Court. They have their functions to perform and we have our functions to perform; but I might say incidentally that when the question comes up before the Senate of two-thirds of the Justices passing on the unconstitutionality of congressional legislation I am going to support that proposed amendment to the Constitution of the United States.

Mr. LONG. Mr. President, what is that? What did the Senator say?

Mr. HARRISON. It is not worth repeating to the Senator. [Laughter in the galleries.] I do not suppose that the Senator agrees with me.

In the Child Labor case the Supreme Court did declare that act unconstitutional. They declared it unconstitutional when Congress levied a tax upon products made by child labor, or by those under a certain age, which entered into interstate commerce.

Here the measure presents a uniform system of old-age benefits. The taxing features of the bill are entirely separate from other provisions. These taxing provisions are to raise revenue which, it is believed, will roughly equal anticipated appropriations for unemployment insurance and a system of annuities. Whether that will have any influence on the Supreme Court I do not know, but it was drafted by some very fine experts, and the tax features are over here in a part by themselves, so far as the constructive features of this legislation are concerned.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CONNALLY. It will not have any effect on the court unless the Senator talks about it.

Mr. HARRISON. The experts drafted it, and it is there, and we hope that it will have its influence and its bearing. However, if this amendment were adopted, it would seem to me that it would make the measure more doubtful than otherwise, because with this you are imposing a tax and trying to compel people to set up unemployment plans, because you say to them, "If you do not go into a private insurance plan, we are going to tax you." That might be held analogous to the Child Labor case.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Colorado?

Mr. HARRISON. I promised to yield to the Senator from Missouri [Mr. CLARK] first.

Mr. CLARK. I do not desire to disturb the Senator's train of thought, because he has left the subject upon which he was talking at the time I tried to get him to yield.

I should like to get the Senator to explain merely wherein his statement is correct that under this amendment as it now stands there could possibly be any advantage to an employer financially in staying under a private plan and being under the Government plan, assuming that he employed younger men, if he has to pay the amount of tax, anyway, plus a further amount?

Mr. HARRISON. Let us take the provisions with reference to the proposal in the bill as recommended by the committee:

All industrial employers pay the tax imposed, and annually appropriations are made to the reserve fund to be invested; a large reserve is to be built up through their investment, by the purchase of Government bonds, and so on. The purpose is to give strength to the fund and assurance that when employees shall reach 65 they will get the payments due them, and when they shall pass off the stage of life their estates will receive the money to which the worker was entitled. But if an industry sets up a private plan under the amendment it is separate and apart; the board to be created will not be authorized to investigate, for instance, what reserve the private institution may have.

Mr. CLARK. The board has to approve the plan.

Mr. HARRISON. Oh, yes; the board has to approve the plan when the application is first made, but there is nothing in the amendment with reference to the board following through to determine whether or not the reserves may be dissipated, or what may become of them, of what the financial status of the industrial corporation is; and, consequently, after men have paid into this private fund for years and years, if the institution becomes bankrupt, they may lose their all.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CLARK. It is perfectly apparent the Senator has not read the amendment, because in paragraphs (c) and (d), page 3, it is specifically provided:

(c) The Board shall have the right to call for such reports from the employer and to make such inspections of his records as will satisfy it that the requirements of subsection (b) are being met, and to make such regulations as will facilitate the operation of such private annuity plans in conformity with such requirements.

(d) The Board shall withdraw its approval of any such plan upon the request of the employer, or if it finds that the plan or any action taken thereunder fails to meet the requirements of subsection (b).

So the board has the authority to follow up the operation of the private plan, and it is the duty of the board to do so, though I do not concur in your conclusion, but conceding it for the moment.

Mr. HARRISON. If the board should withdraw its approval of the plan, and the fund has been dissipated, or there is not sufficient reserve to meet the demands upon the fund, or the plan is discarded, then what is going to happen to the poor individual who has been paying into the fund for many years and who is shortly about to reach the age limit?

Mr. CLARK. The reserves will largely be invested under supervision of the board and under such regulations as the board may make.

Mr. HARRISON. The amendment does not say "under the supervision of the board."

Mr. CLARK. Let me read the Senator the provision:

The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee, approved by the Board.

Mr. HARRISON. Yes; but it does not say anything about continuing supervision, as I understand. When a concern makes application for the approval of a particular plan the board has authority to approve it, but it has no jurisdiction, as I understand, to follow through with subsequent investigation and with general supervision and control of the funds of the private institution.

Mr. CLARK. Subsection 3 clearly gives the board that authority.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Colorado?

Mr. HARRISON. I yield.

Mr. COSTIGAN. Mr. President, with his usual force and ability, the Senator from Mississippi has stated the reasons for rejecting this amendment. May I ask the Senator whether it is not true that the experts who have continuously counseled the committee with respect to this proposed legislation believe that this amendment threatens the welfare of the older workers and is calculated to impair the integrity and efficiency of the bill?

Mr. HARRISON. As I have suggested, I was led to believe in this proposal when it was first advanced, but later I became thoroughly convinced that it might be used to the disadvantage of the older men in favor of the younger men; that it might affect greatly the system we are trying to put into operation; that it also might affect the constitu-

tionality of the measure; and that is why, as one member of the committee, I did not support it.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. BARKLEY. The point has not been raised, as I recall, but it seems to me that this amendment may endanger the constitutionality of the proposed act on another ground. The Constitution provides that:

> All duties, imposts, and excises shall be uniform throughout the United States.

Of course, that does not mean that Congress has to levy the same kind of tax on everybody in the United States; Congress has the power to classify the people for the purpose of taxation; but within that class the tax must be uniform. How can the Congress establish a class in order to bring about uniformity of taxation and then lift individuals or groups out of that class and say, "You shall not be subject to the tax provided you have a private institution of your own", without endangering the constitutionality of the tax on the ground of the lack of uniformity?

Mr. HARRISON. I agree with the Senator. I hope the Senate will not adopt the amendment and that it will be rejected.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Minnesota?

Mr. HARRISON. I yield to the Senator.

Mr. SHIPSTEAD. It seems to me there is a question of policy involved here. I have had, in recent years, complaints from people who supposed they were the beneficiaries of private retirement systems but who found that the reserve funds invested to carry on the retirement plan had been so badly invested that when the time came for them to receive the benefits which were anticipated, and which they expected to receive annually, the condition of the fund was such that the amount received by them, in many cases, was very little. Others have complained that they have been discharged from the service a year before the date for their retirement without, at least so they claim, any just cause. I wonder if the committee has considered the injustices and the disappointments which in many cases have come to those who are supposed to be beneficiaries of private pension systems.

Mr. HARRISON. That, as I have stated, was among the reasons that caused some of us to oppose the adoption of such an amendment as is now pending. There is nothing in this proposed legislation that will prevent private institutions from carrying on their pension systems just as they have carried them on in the past. They can do that if they so desire. There is no reason in the world because of the adoption of this measure for any person who has an interest in such a private fund and who has been a participant in a private pension system losing it. He will have all his equities and all his rights just the same. If a private pension system is, as some have pointed out, better than the Government's plan, those supporting it will have a perfect right, so far as this legislation is concerned, to carry it on as they have done in the past. If some big-hearted industry has been doing that, it can continue to do it just the same. Of course, it will have to pay the tax that is required under the proposed law, but it may add that to the benefits of its employees.

Mr. President, it was stated by the Senator from Georgia that we are trying to centralize administration of the system here in Washington. I do not think he was talking about me, but he was talking about some who have had something to do with the framing of this proposed legislation. It must be recalled that when this proposal was first made to the Senate Finance Committee it gave much more power to officials in Washington, so far as pensions were concerned. The authorities here were to pass on State plans with respect to amount of pensions, who should get pensions, and so forth. They were, in many respects, to pass on standards of my State, such as those specifying who is a needy individual and how much he is to obtain; but we subsequently effected a complete change.

I know it was the opinion of the Committee on Finance that the whole order should be changed and that the authority should be vested in the States. The House acted first; they completely rewrote the bill, and they left it to the States to say who should get a pension. The Finance Committee put in only the limitations that the Federal Government would contribute pensions to needy aged individuals. The $15 per month Federal contribution does not limit the pension to $30. The State may go up higher than that if it so desires. The measure also provides that the age should be 65 years, with the exception that up to 1940 the State, if it chooses, may fix the age at 70. So the measure is not one which centralizes everything in Washington, but it is to be left largely to the States to determine how to expend this money.

Of course, the Federal annuity the proposed amendment affects is wholly a Federal matter and naturally is administered in Washington, but this is only one of the many phases of the bill.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield to the Senator from Louisiana.

Mr. LONG. I notice the Senator is of the opinion that the administration is to be left to the States. I call his attention to the fact, however, that the board in Washington can judge that the State has failed to comply with the general outline or the specific plan and can thereby eliminate the State from receiving a contribution. In other words, whenever the board takes a notion it can cut off the State.

Mr. HARRISON. No; the Senator is mistaken about that.

Mr. LONG. Let the Senator look on page 6.

Mr. HARRISON. We lay down the conditions——

Mr. LONG. But the bill lets the board be the judge.

Mr. HARRISON. And we leave to the States to say who shall be the persons selected to receive the Federal assistance.

Mr. LONG. But the Senator does not catch my point.

Mr. HARRISON. Of course, reports must be made to Washington.

Mr. LONG. Not only that, but the board is the sole judge as to whether or not the act is being properly carried out by the States. The board is the sole judge of the facts and of the law, and it can say, "Under the law and the facts we have decided that the State of Mississippi is not complying with this law, and therefore it will receive no more help from the Federal Government for pensions." Furthermore, not even an appeal to the courts has been provided. The board can cut the States off if it wants to, and my experience has always been that when boards are made judges of the facts and the law they fit the law and the facts to whatever they want to do.

Mr. HARRISON. Of course, the States have to make reports to Washington, and they should make reports to Washington. The Federal Government will be expending millions of dollars, and some agency of the Federal Government should know about the expenditure and should have reports. We do that with reference to the Federal aid for roads, for which purpose we appropriate millions of dollars; naturally, reports have to be made and some supervision provided. But the bill gives the maximum amount of jurisdiction and authority and power and discretion to the States with reference to the aid granted for old-age pensions, and with reference also, I may say, to unemployment insurance and provision for child welfare, and so forth. When this bill was first proposed to our committee it provided what kind of plan of unemployment insurance there should be. We broadened it so that the State itself may adopt unemployment insurance providing for pooled funds, separate accounts, or a combination of these plans.

Mr. LONG. Mr. President, I want to say to the Senator that if the board should decide that the States are discriminating among the people to whom they are giving pensions, if the board should decide the States are giving to the nonneedy and leaving out the needy, if the board should

decide that any of the sections of the bill are not being carried out in spirit or in letter, the board could cut off any State if it should want to cut it off. A blind man can see that if he knows what has happened in similar cases. He would know they could cut off whom they wanted to. The facts are always there, as Frederick the Great had them, as I was telling, and there are always professors in universities to explain the reason they have for cutting them off.

Mr. HARRISON. Mr. President, I think I have said all I desire to say.

Mr. WAGNER. Mr. President, I do not desire to extend this discussion unduly. I only wish to call the attention of the Senate to a few considerations that make me very apprehensive about the pending amendment. One of our great industrial problems—and I think most Senators who have given any thought to the subject realize it—has been the preservation of employment opportunities for older men, men above 40 years of age. We have heard time and time again that industry refuses to employ these men. In spite of what the Senator from Missouri [Mr. CLARK] said, surveys which have been made time after time show that private pension plans tend to discourage the employment of older men.

The bill now pending would do away with the incentive to get rid of the older workers, because the contributions of the employer and the employee will be the same whether the man employed is 55 years of age or 30. There will be no financial advantage to be derived merely by the employment of younger men.

To show that there has been discrimination in the past I cite the fact, that of all the employees who have been entitled to draw pensions from industry under voluntary pension systems, only 4 percent of them are actually drawing any benefits. Men are rarely employed until they reach the age where they would be entitled to a pension. The amendment of the Senator from Missouri would tend to perpetuate this evil. It would create an incentive to the discharge of older workers that many employers could not resist.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. CLARK. Will the Senator be kind enough to explain wherein that danger lies?

Mr. WAGNER. Yes; I shall try to do so. Under the bill as now drawn the older men of today will receive an annuity which is greater than they will have actually earned. The theory is that the younger men and the employees who are contributing to the fund will make up that difference by contributing over a longer period of time; otherwise the system would, of course, become bankrupt.

Industries are going to try to make this plan as inexpensive to themselves as possible. If they employ older men, they will have to use part of the funds contributed by the younger men to pay the annuities to the older men. The chances are that the employer himself will have to make up a substantial part of the difference.

Mr. CLARK. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from New York yield further to the Senator from Missouri?

Mr. WAGNER. I yield.

Mr. CLARK. If under the amendment the employer is required to pay into the private fund not less than the amount of the taxes he would have to pay if he were paying into the Government fund, where can there be any advantage in the way the Senator has indicated?

Mr. WAGNER. If he has a greater number of older men than of younger men, his fund is bound to become bankrupt; because, as I said, when the older man of today retires he will get an annuity far larger than he has actually earned. Somebody has to make up that difference. If there is a large pooling system, however, to which the younger men and the employers throughout the country contribute, there will be ample funds to make up the difference.

Mr. CLARK. Under the amendment the employee cannot possibly get less than he would get under the Government system. The employer cannot contribute less than he would contribute if he were under the Government system.

Mr. WAGNER. But the employer will say that he will not employ older men. He does not want the problem of having to pay his employees more than they have actually earned. It is very clear to me, although I may not have made it very clear to the Senator from Missouri.

Mr. CLARK. The Senator certainly has not.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Texas?

Mr. WAGNER. I yield.

Mr. CONNALLY. I suppose it has already been pointed out, but the chief objection to the amendment is that it will interfere with any wide-spread general plan. All the prosperous businesses will build up their own little plan, thinking they can save money by it, and there will be left only the little wabbling, crippled corporations to participate in the Government plan. It seems to me the plan ought to be universal in its application.

Mr. WAGNER. That is the only way to make it work successfully.

Mr. CONNALLY. If we have the same standard throughout all industry, then no one will have any advantage over anybody else in industry.

Mr. WAGNER. That is the idea of any pooling system.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. WAGNER. I yield.

Mr. CLARK. The same rule would apply under section 909, where provision is made for a lesser tax based on experience.

Mr. WAGNER. That may be, but there is no question of a national pooling system there. Each State has its own system. Under the bill it may be a pooling system, or it may not be. A State may enact a law permitting private industries to carry their own unemployment insurance funds. That has no bearing here.

Mr. GEORGE. Mr. President, may I ask the Senator a question?

Mr. WAGNER. I yield to the Senator from Georgia.

Mr. GEORGE. If it is absolutely necessary to have a uniform and universal system, why is it the Senator has excepted some existing systems?

Mr. WAGNER. I meant universal within a class.

Mr. GEORGE. Why so? Why say "class"?

Mr. WAGNER. We must have a pooling system, insofar as those with whom we deal are concerned. We need not include in the pool classes excluded from the bill.

Mr. GEORGE. The chairman of the committee stated a little while ago that the national banking system, which had its own pension plan, would be under the Government system, while the State banking system, which is not under control of the Federal Government, would be outside the Government plan.

Mr. WAGNER. A number of States have pooling systems for workmen's compensation. The State of Washington has one that has been sustained by the Supreme Court, the Court saying that some of the better and more prosperous employers could be compelled to bear part of the cost of those who had a more unfavorable experience. That is the whole theory of a pooling system. Any actuary, I am sure, would be able to persuade the Senator that it would pay an employer operating a private pension system to eliminate entirely the risks arising from employing the older men.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. LONG. We have not outlawed it in this bill, and that is the point which the Senator from Georgia and the Senator from Missouri were making.

Mr. WAGNER. The Senator was talking about another matter altogether. He was talking about unemployment insurance. We do not attempt to deal with that on a national scale. Each State will be free to determine under what system it desires to pay unemployment insurance. That has no connection here.

There is another consideration that we have not said very much about, and I wish to invite the attention of the Senator from Missouri to it. Our country has a tremendous industrial turn-over. Suppose, to be very moderate indeed, that in the industries which adopt this system a million men are the annual turn-over.

In each individual case when a job is vacated, either voluntarily or through discharge, the board would be required to determine what amount should be paid by the employer into the Federal fund on behalf of the particular worker, or if the employee died in service the board would have to examine whether his estate received its full due. Such circumstances would require in each instance a separate investigation. How will it be possible to conduct a million investigations per year just to ascertain these facts? It would certainly be unfair not to investigate them, because some of these plans may be run loosely, and may not afford the individual worker the protection to which he is entitled.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Missouri?

Mr. WAGNER. I do.

Mr. CLARK. If any private plan were loosely run, it would be directly chargeable to the holy social security board set up by the Senator himself in this measure, because they are specifically charged with the responsibility of seeing that these plans are not loosely run; and since we are giving them practically powers of life and death over the population of the United States anyway, it does not seem to me too much to require that they should see that these private plans are not loosely run.

Mr. WAGNER. Even though they may not be loosely run, certainly the worker should have some assurance that he is getting all that he is entitled to get. He is not an actuary. He is not a mathematician. He is just a plain worker. He does not know whether or not he is getting the proper sum, and he is entitled to Government protection.

We had a persuasive experience upon an analogous matter in New York State. For a period of time after the workmen's compensation law was enacted—and I was largely responsible for the liberal provisions of that law—we permitted insurance companies to make private settlements with workers when they were injured. We thought that no abuses would occur, and that a proper determination would be made of the injury which a man received and of the amount of compensation to which he was entitled under the law. But very soon abuses came to the attention of the authorities. Officials and investigators themselves were frequently at fault. Wanting to make good records, they paid, for the loss of a leg, perhaps, the price of the loss of a finger. The poor worker did not know the difference. He did not know what he was entitled to, so he signed a release. The system was in existence for only about a year when the abuses were called to the attention of the legislature, and we changed the law so that the approval of the authorities must be had in each case before payment was permitted to be made.

These millions of workers, when they leave one employment and go into another, are entitled to protection, and where can enough inspectors be obtained to make investigations and report every case? I think that, as a pure matter of administration, the amendment of the Senator from Missouri is an impossibility.

Besides, of course, as the Senator from Mississippi [Mr. HARRISON] has pointed out, there would be no public control over the administration of the private funds of companies. A man could not be sent in every week or every month to make an investigation as to how the funds were being administered. I do not say that there would be so very many abuses; but the worker must be protected in every case.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WAGNER. I yield to the Senator from Missouri.

Mr. CLARK. How does the Senator construe subsection (c) on page 3 if he says the board has no right to make inspections and follow up these matters? The subsection provides for that as specifically as the legislative drafting service was able to make it do so.

Mr. WAGNER. I am addressing myself more to the physical impossibility of doing it. I should like to agree with the Senator on his plan. I know that most of the private companies wish to be fair to their employees, but, at the same time, they all feel that they owe an obligation to their stockholders, and they are going to conduct these funds with as little expense as possible.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Mississippi?

Mr. WAGNER. I do.

Mr. HARRISON. I was about to ask the Senator a question, but I wished to have the Senator from Missouri hear it in the hope that it might appeal to him.

This part of the bill is to go into effect in 1937, 2 years from now. Am I right in that statement?

Mr. WAGNER. Yes.

Mr. HARRISON. If we could pass the bill in this form we should have 2 years in which to study the question of amending the law and working out the safeguards that might be absolutely needed in the way of supervision, inspection, and all those things. We could study this particular proposal further, and we should have 2 years in which to make the study.

Mr. WAGNER. Yes; that may very well be.

Mr. HARRISON. I hope the Senator from Missouri will acquiesce in taking that course.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. CLARK. The Senator's argument answers itself. If the amendment should be accepted, and any hardship were to develop, it would always be possible to amend the act and cut out the exemption. The Senator's proposal is to wipe out these private pension systems, and then, if we find that we have done a wrong, to try to cure the wrong by amendment.

Mr. WAGNER. I know the Senator will not agree with me on that point; but I am firmly convinced that if this amendment were adopted we should find the Government holding the bag for the older men who are entitled to consideration, while the industries would take care only of the younger men who earned every bit of annuity they received. That is the danger; and in connection with this very remarkable step forward in taking care of the aged members of the community, I do not think we ought to risk, even in the slightest degree, an amendment of this character.

Mr. CLARK. Mr. President, will the Senator yield one moment more?

Mr. WAGNER. Yes.

Mr. CLARK. A while ago I referred to the plan in effect in the Socony-Vacuum Co., which gives to its employees certain very outstanding advantages above the Government plan. I am just in receipt of a telegram from Mr. Guth, of the Socony-Vacuum Co., which it seems to me answers the Senator's argument. He says:

> The average age of our company's 42,000 employees in the United States—
>
> Who receive these benefits, voluntarily given—
>
> is over 40.

Mr. WAGNER. Yes; they have a particularly good record. There is no doubt about that. There are some companies which undoubtedly would administer this privilege in a way that would be of great advantage to the worker. The difficulty is that we cannot make exceptions that would let in a lot of abuses. The Senator happened to mention one company which has had an excellent system; but there are many bad ones. In addition, this bill does not abolish any system. If any employer desires to give to his employees an advantage in addition to that which is given under this bill, he is at liberty to do so. He can supplement our efforts; and let me say that I am sure that the company whose name the Senator has just read will do so—and many other companies will.

Mr. CLARK. The Senator means to say, if he will permit me, that a company may have two systems going at the same time if it desires. In other words, they are not permitted to have one system which will grant to the employees very distinct advantages, but they must go to the trouble of having two separate and distinct systems.

Mr. WAGNER. I have given the reasons why I think the amendment is dangerous. I am apprehensive of its effect upon this legislation; and the experts—who, after all, have given study and thought to this subject for a long while—all agree that this amendment is devastating to the object of the legislation.

I do not wish to make a long constitutional argument upon this question, because apparently I talked to deaf ears the other day. I tried, in my introductory address in the Senate, to cover the question and to advance the reasons why I believe that the measure is constitutional. Of course, as the Senator from Mississippi has said, all these matters ultimately will be determined by the United States Supreme Court, and we can only base our predictions upon what the Court heretofore has done.

The first question raised by the Senator from Georgia was whether the legislation embodies a public purpose. I thought we had reached the stage where we accepted this as a legal truism; that the prevention of destitution in old age and taking care of our old people who have spent their lifetimes in creating the wealth of the country, are certainly public purposes. We have so recognized by prior legislative acts. We have made appropriations to take care of many people, not only the old, but also the young who are on the point of starvation.

Mr. GEORGE. Mr. President, I am not quarreling with that.

Mr. WAGNER. I understood that the Senator was.

Mr. GEORGE. Oh, no; I am not. I do not see how the Senator could have misunderstood my statement.

Mr. WAGNER. The Senator did say, as he will see if he will look back in the RECORD, that there is a question as to whether this bill embraces a public purpose.

Mr. GEORGE. Yes.

Mr. WAGNER. And I asked the Senator a question about some of the State pension laws, which certainly are based upon the theory of a public purpose.

Mr. GEORGE. It is one thing to care for the aged and the infirm out of general appropriations. It is one thing to provide general relief. It is quite a different thing, when we have a specific bill which, in my judgment, may be open to that attack, from saying that Congress has not general power for that purpose.

Mr. WAGNER. Then there is still a doubt in the Senator's mind as to whether our classification is rational and not arbitrary. Time and time again Congress has made classifications, and so long as they have been reasonable, the courts have never interfered. In many States laws which have been upheld by the courts have provided that no pension shall be paid until one is 65 years of age. That discriminates against younger men who, perhaps, would like to retire; but it is a classification which is fair and reasonable.

I am sure we all agree that one of the fundamental purposes of government is to give security to its people; and I do not think any greater contribution could be made to the happiness of our people than to give them security in old age. So I think that, so far as the question of a public purpose is concerned, there will not be much dispute.

The second question which the Senator from Georgia has raised is that the taxing power is here used indirectly to provide a social advantage or a pension for a certain class of persons.

It is argued that we cannot use the taxing power for these other purposes. Unfortunately for the argument, the courts say that we can. Long ago, when Congress passed a law taxing State bank notes, not only the ostensible reason but the conceded reason for the legislation was to drive them out of circulation. As a matter of fact, I do not think a dollar was ever collected under the imposition of that tax, but it did accomplish the purpose of destroying the notes. That act went to the Court, and the argument was made: "This measure is really not a taxing measure. The purpose of it is to drive the notes out of circulation." The Court said: "It is a proper exercise of the taxing power of Congress, and if it serves some other purpose, that does not affect its constitutionality."

The same thing is true of the Narcotic Act. That act was passed not so very long ago, in the form of a tax measure, but other purposes were tied in with it, among them a health purpose. The act was attacked upon the ground that the tax was a mere pretext. The Court declined to consider that objection, and said:

> An act may not be declared unconstitutional because its effect may be to accomplish another purpose as well as the raising of revenue.

Then there is the oleomargarine case. And while the question has not yet been passed upon by the Supreme Court, the circuit courts of appeals have upheld the processing tax, although the act embodying it concededly has objectives other than the levying of a tax.

The final question which the Senator from Georgia has raised is that we are only calling upon a certain class of our citizens to pay the tax, which goes into the Federal Treasury, and in time will be used in part to finance the payment of pensions.

I think that is a fair classification. I think it can be justified easily, because the employer gets a special benefit from the pension law. Of course, the public generally is benefited by the prevention of destitution; but specifically the employer is benefited, because it is now a recognized fact that more security to the worker improves his efficiency.

In New York State we had experience along that line after the workmen's compensation law was enacted. A survey was made 3 or 4 years later; and it was shown that, excluding the question of new labor-saving machinery, the productivity per worker actually increased, although at the same time hours were shortened. As I have said, experience has very definitely shown, and I do not think anyone will contradict me on this, that in affording the employee better conditions of life, better sanitary conditions, and security in old age, the employer makes a happy and contented worker and thus increases his productivity. Therefore, it seems to me that the classification is perfectly fair, since employers will get benefits greater than the benefits which the common run of citizens will receive.

I think these are the questions which the Senator raised. I know the Senator did not contend that the proposed act would be unconstitutional; he merely indicated his grave doubts about it. On the contrary, I feel very confident that the proposed legislation will run the gantlet of the courts; and of course it has the approval of the overwhelming sentiment of the country.

Mr. TYDINGS. Mr. President, I do not wish to say anything about the merits of the bill or to discuss its constitutionality, but I rise to support the amendment offered by the Senator from Missouri [Mr. CLARK]. About 2 weeks ago I offered a similar amendment, which the committee considered. I am advised by the members of the committee that they were very sympathetic to the exemption contained in the amendment of the Senator from Missouri, as well as the amendment proposed by me.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CLARK. I stated a while ago, during the absence of the Senator, that my amendment was lost only on a tie vote when there was a very slim attendance of the committee, when a quorum of the committee was not actually present; in other words, lost on a vote of 5 to 5 in the committee. There were a great many more experts present than members of the committee.

Mr. TYDINGS. I understand those who voted against the amendment voted in that way because they thought that with the exemption in the bill it would make the bill unconstitutional.

I wish to speak primarily of the merits of the amendment offered by the Senator from Missouri. Long before this

matter was agitated by the States or by the National Government, some forward-looking concerns, having the interests of the workingman at heart, and realizing that a contented worker was a good investment, set up insurance plans, particularly old-age and retirement plans.

In my State there are any number of such plans which are working efficiently. The United Railways, in Baltimore City, having about 4,000 employees, has such a system, and I have learned from the lips of the employees themselves that it works splendidly, and they would prefer, at least for the present, to have the company insurance feature retained, rather than to have a Federal law enacted. Probably later on if the national law turns out as its authors think it will, they may want to abandon their own scheme and come in under the national scheme, but for the time being they have confidence in the insurance plan set up by the United Railways of Baltimore. There are a number of other plants, employing thousands of people, which have similar old-age-retirement set-ups to take care of those who would be taken care of by the Federal Government under the proposed law.

As a matter of policy, is it wise to wipe out in one fell swoop these successful insurance set-ups, and substitute one that is only on trial, to say the least? Would it not be better to exempt them for the time being, and then, if we find the Government plan to be a success, as everyone hopes it will be, to legislate again later on? That is what the employees in the concerns themselves want, and I can see no harm, certainly at this juncture, in making an exemption in this case, so that where there is contentment, and where the employee finds that he is protected against the vicissitudes of old age to his own satisfaction, that scheme may be kept in existence until the proposed plan can demonstrate its good fruits.

Mr. President, that is basically what the amendment of the Senator from Missouri would do. It would not change the philosophy of the bill. It provides only that where, after a review, it is felt that the agency in the private system is comparable with the set-up proposed on the part of the Federal Government, it shall receive a certificate of exemption from the provisions of the proposed act. What harm could be done? As I understand, the agency certified must be as good as the agency proposed to be set up by the Federal Government in order to get the exemption certificate. It may be better.

Some of these annuity systems have been built up for 25 or 30 years. Fortunately, where physical examination is an incident to employment, and where there is little drain on the fund, the amount of money built up in reserve far exceeds that which would be built up in the ordinary run of labor employment. Therefore, what earthly harm can there be, until the proposed act shall have been tried out, in letting the concerns to which I have referred, which are already doing what the Federal Government would do, retain their own systems, until the Federal system shall have been promulgated and placed in full operation?

If it turns out that private systems of any business organizations are falling below the standard which the Government wants established, we can legislate at a later date and say, "You are not doing as well as the Federal Government is requiring other concerns to do, and therefore we will have to legislate you out of business."

Certainly at this juncture, when the plans referred to are the only voluntary old-age-insurance schemes in existence; and since they are satisfactory to both employer and employee, it seems to me that the weight of logic is that for the present we should make an exemption; and if subsequent events prove it to be unwise we can correct it.

Let us consider the other alternative. Suppose we do not allow this exemption; suppose we wipe out all these benefits; all these annuity funds which have been created; and we find that our scheme is not working as well as the private schemes are working at this moment; that for some unexpected reason the lack of taxes, a new depression, or for any other reason the Federal scheme becomes impracticable. We would have wiped out all the insurance systems in the meantime, and we could not go back then and reestablish them. Their reserves would have been liquidated, and concerns would have been disorganized, insofar as the insurance features were concerned, and we would have many people, perhaps, on the relief rolls, whereas if we had made this exemption the companies themselves could have taken charge of them.

I do not believe the Federal Government ought to discourage legitimate business in trying to cooperate with labor for the best interests of labor in providing a retirement fund when the laborer shall have reached the age of 65 years and has rendered efficient service.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CONNALLY. Would not the argument of the Senator be met, however, by limiting this amendment to systems already in existence? The amendment of the Senator from Missouri invites the establishment of new systems for the purpose of avoiding the requirements of the Federal plan.

Mr. TYDINGS. I personally should like to see the exemption as the Senator from Missouri has it in his amendment; but I should be satisfied, I may say to the Senator from Texas, if the amendment were restricted to apply only to concerns now having such systems in existence.

Mr. CONNALLY. After the establishment of the Federal system there is no reason why everybody should not come in, except for the temptation to devise a system by which employers might think they could save money.

Mr. TYDINGS. If the Senator from Missouri were to restrict his amendment, I should not object to it at all. My concern at this time is bottomed primarily on the fact that where these agencies are already in existence, and they are doing as good a job as the Federal Government expects to do, or in some cases a better job, and it is desired that they remain in existence until the Federal law can be promulgated and proven, they are well within their rights in saying, "We did this 25 or 30 years before the proposal ever came to Congress; our plan is a success; it is as good as the plan which the Federal Government itself intends to set up, or better, and we ask only that for the time being we be given an exemption."

What harm can be done by giving such an exemption? The private agency must be doing as good a job as the Government expects to do in order to get its exemption certificate. If the private system were inferior to that which the Federal Government would set up, it would be a different proposition; but where they are already carrying out not only the intent but the substance of the law, and have been doing so for 25 or 30 years, and when we have been urging employers to do this very thing, it strikes me it would be discouraging to industry and to employees alike to have that effort wiped out in one fell swoop.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CLARK. I should like to invite the attention of the Senator from Maryland, and the Senate, to the fact that the Federal Government itself is exempted under the provisions of this bill. It is the largest employer in the country, and it is exempted. I should blush, I am sure every Member of the Senate would blush, if he thought the Federal Government was requiring from industry or from other employers advantages which it was not willing to grant to its own employees. The Federal Government is exempting itself under the operations of this bill for the reason that we have already in effect a better retirement and annuity plan than is provided in this bill for general labor.

Certain religious bodies, notably the Presbyterian Church, are exempted under the provisions of this bill by reason of the fact—and it can be the only reason—that they already have in effect a much more liberal and more meritorious plan.

If the Federal Government, the Presbyterian Church, and other religious bodies are to be exempted, why should not other employers who desire to do the same thing be exempted?

Mr. TYDINGS. In my judgment, the Senator's argument is unanswerable.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BARKLEY. Of course, the object of this bill is to levy the tax on organizations which are set up for profit. The Presbyterian Church or any other organization under it is not a profit-making institution, and, therefore, the Government does not desire to tax it in order that it may set up a fund of this sort. It would be utterly inconsistent for the Government of the United States to tax itself in order to raise funds in a way similar to the way the tax is levied on private industry. It is not a question of whether there has already been established a retirement system which is better than the one we are setting up for private industry, or whether the Federal Government plan will be better than a plan which some private institution or agency already has in operation.

It seems to me there would be no logic in undertaking to put the Federal Government, or a church, or even a State, which is a political division of the Nation, on the same basis as that on which we would put a corporation which is employing men, out of whom it makes a profit. It seems to me there is no analogy between those situations.

Mr. TYDINGS. Mr. President, I do not altogether agree with the Senator from Kentucky. The purpose of the bill, as I understand, is to declare a new policy in this Nation; namely, that when people arrive at the age of 65 years they shall have, in effect, the right to retire. It does not make any difference whether they are preachers, or doctors in a hospital, or workers in a steel mill, or conductors on the street cars. If our general policy is to take people off the work list when they have arrived at 65 years of age there is no earthly reason why the Federal Government or the Presbyterian Church or any other body should have an exemption, unless every other concern which is already providing age retirement should have an equal right, particularly when it is maintaining a better system or pays more than is proposed to be paid by the Federal Government.

Mr. BARKLEY and Mr. LONG rose.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I first yield to the Senator from Kentucky. Then I will yield to the Senator from Louisiana.

Mr. BARKLEY. Mr. President, if we were establishing a general old-age-pension system applicable to all when they reach a certain age, of course we should have to provide the money out of general taxation. We could not tax a church, we could not tax the Federal Government, because neither has anything upon which to levy a tax. If we are ever to embark upon a general old-age-pension system applicable to everybody, we may have to abolish any special taxes to raise funds on the part of employers, and pay the pensions out of money in the Treasury raised by general taxation.

However, this bill does not contemplate any such step as that, though it may come some day; but it has been felt that this is as far as we can go now in undertaking to make employees and employers contribute to a fund for old-age pensions.

Mr. TYDINGS. I see the point of the Senator from Kentucky; and, as I have said, I do not wholly disagree with him. I think, however, the Senator from Kentucky will be fair enough to say that the main purpose of the bill is not to levy a tax on anybody. The main purpose of the bill is to provide retirement for people who have reached the age when they can no longer work. If that is the case, there is no reason why anybody should be exempted; and if exemptions are to be made for the Government, or for the Presbyterian Church, or for an organization which has provided its own retirement agency, then it strikes me that concerns which have provided retirement agencies comparable or superior to that which is envisaged by the bill should receive an exemption, at least temporarily, until the fruits of the bill can be tested in the light of experience.

Mr. LONG rose.

Mr. TYDINGS. I desire to make further answer to the Senator from Kentucky before I yield to the Senator from Louisiana.

What is the title of the act?—

An act to provide for the general welfare by establishing a system of Federal old-age benefits—

And so forth. That ought to apply to the preachers the same as to anybody else. I am sure the Senator from Kentucky does not desire to have the ministers left out of this system.

Mr. BARKLEY. No.

Mr. TYDINGS. I agree with him that we cannot tax the congregation to make its particular contribution to this fund; but indirectly we tax the congregation, because it consumes the things which all the concerns covered by this bill make; and, therefore, if we tax them, the congregation bears the indirect if not the direct tax.

Mr. BARKLEY. Mr. President, my contention is that whenever we shall establish an old-age-pension system for everybody we will have to pay for it by general taxation. We cannot levy a tax on the Ford Motor Co. to pay old-age pensions to its own employees and also to the Presbyterian preacher and the school teacher. We cannot levy an employer's tax on the Baldwin Locomotive Works in order to pension somebody who does not work for the Baldwin Locomotive Works. So whenever we decide to pension everybody who is over 65 years of age we must levy a general tax on everybody, subject to tax.

Mr. TYDINGS. Mr. President, I will answer that statement in a moment. Now I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, has the Senator from Maryland any figures showing how much is being paid in pensions under the private employers' system?

Mr. TYDINGS. I did have some figures. I do not know how accurate they were. I do not have them available. Perhaps the Senator from Missouri has them.

Mr. LONG. Has the Senator from New York such figures?

Mr. WAGNER. I have not the figures, but I will say that there are only 2,000,000 employees under pension systems today.

Mr. TYDINGS. I am surprised there are so many.

Mr. LONG. If there are 2,000,000 persons under pension systems today, I will say that that is more than will be accommodated under the proposed act.

Mr. TYDINGS. Mr. President, according to the 1930 census there are 48,000,000 people of working age in this country. From that number we must eliminate, first of all, many millions engaged in agriculture.

We also must eliminate those who are engaged in transportation, particularly on the railroads, almost all of which have a pension system. We also must eliminate most of those who work in the steel mills. When we add all the municipal and State employees who are under merit systems and retirement acts, I shall be very much surprised if the number does not far exceed the 2,000,000 which the Senator from New York gives.

Mr. WAGNER. Will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WAGNER. Of course, I did not include public employees.

Mr. TYDINGS. But the Senator must concede that the 48,000,000 also includes those who work for the Government, so if he is going to state one part of the proposition for one purpose he ought to state the other part of the proposition for the other purpose.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. LONG. I will put what I wish to present in the form of a question. If we had what we knew was a compensatory pension system which actually covered all persons beyond a certain age when they should retire from labor, that would be one thing; but we know that this bill is necessarily confined by reason of the amount of money involved, if by no other reason, to a very small number of those who reach that age; and we are about to destroy the private system. I con-

cede the private system to have some faults; but nonetheless, with a far more faulty system we are about to destroy a system which is taking care of a far greater number of people on a pension roll. Not only that, but I may add to the Senator from Maryland that this bill prescribes that only the needy, the paupers, may get a pension.

Mr. TYDINGS. I do not desire the Senator to take too much of my time.

Mr. WAGNER. I think the Senator from Louisiana is mistaken in the statement he has just made.

Mr. LONG. The Senator is talking about unemployment insurance?

Mr. TYDINGS. Yes.

Mr. WAGNER. Yes; that is correct.

Mr. LONG. I was talking about pensions.

Mr. TYDINGS. Let us take the argument made by the Senator from Kentucky in regard to the Presbyterian ministers. The Senator from Kentucky very properly says that the congregation or the employers, so to speak, do not pay any tax into this fund, and, therefore, the preacher who has retired should not receive any of the benefits out of this fund, and therefore that it is a proper exemption.

By direct analogy, does not that apply to the company which is exempted? It receives no benefits from this fund. It pays into its own fund, and, therefore, why should it not be exempted? It does not cost the Government a 5-cent piece to maintain insurance agencies which are now in existence; and if they provide their own funds and pay their own benefits, why should they pay into a Federal fund?

Mr. BARKLEY. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. BARKLEY. We are dealing now with private corporations engaged in the employment of men for profit. I do not believe we can have a successful national pension system while at the same time exempting those who may set up their own system and who may be subject to high-pressure salesmanship on the part of agents of annuity or insurance companies coming around and telling them that they can establish their own system and save money over and above what they would pay into the Federal Government. I think ultimately it would tend to break down the national system, for the only prospect of success in this national system is that it shall be universal. If it is going to have any competition in the field on the part of private annuity companies and insurance companies, it will be a failure to that extent.

Mr. TYDINGS. Basically the Senator from Kentucky and I are not far apart. What we think is the direct purpose of the bill, in effect, is to compel every employer in the country who employs more than 10 men——

Mr. BARKLEY. As the bill now reads, more than four men.

Mr. TYDINGS. Very well; more than four men. The direct purpose is to compel such employer to enter into a system of retirement insurance whereby his employees will receive the benefit of it when they reach a certain age. The modus operandi in that case is by taxes, but the purpose is to compel them all to insure their workingmen. I am not quarreling with that; but the way to compel them to do that is by taxing them, taking the money and putting it into the system, whether they want it or not. If they are already doing that, if they are already paying benefits either equal or superior to those set up by the bill, then why should not the Government let them alone, for they are already doing what the Federal Government through its taxing power is trying to make the other concerns do that have not heretofore done it.

Mr. BARKLEY. Mr. President——

Mr. TYDINGS. I shall yield to the Senator in just a moment. I submit to the Senator from Kentucky that if every employer employing more than four people now had this kind of insurance system, this bill would not be here. The only reason this bill is here is that most concerns have not set up such a system of insurance, and this is an attempt by the taxing power to compel them to set up that sort of a system.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Kentucky?

Mr. TYDINGS. I yield.

Mr. BARKLEY. Those concerns which now have their own private system which is as beneficial to the employee as would be the system we are proposing to set up will lose nothing by going into the Federal system, for it would cost them no more, if they are already paying into such a fund. So they will not be harmed by being required to go in. If they have a system that is better than the proposed Government system, then they can go into this system and still supplement their old system by whatever excess of good they are now engaged in doing toward their employees. So they will not be hurt.

Mr. TYDINGS. That is a fair concession from the Senator from Kentucky.

Mr. BARKLEY. I am always fair.

Mr. TYDINGS. The Senator said inferentially that where the system which is now in existence under private concerns is better than that which the Federal Government attempts to set up he hopes they will go ahead with it, but he is unwilling to give them any exemption to go ahead with a plan which is better than the Federal Government's plan.

Mr. BARKLEY. I do not know that there are any such concerns; I am assuming that there may be.

Mr. TYDINGS. I can tell the Senator that there are.

Mr. BARKLEY. If there are, there is nothing in this proposed law that will prevent them from going ahead with their unusual generosity toward their employees.

Mr. TYDINGS. The bill provides, we will say, $30-a-month old-age retirement pensions. In Baltimore the United Railways, I think, pay their men $50-a-month retirement pay; yet that is to be wiped out. In other words, those men who have looked forward all their lives to getting $50 a month when they are retired are to be cut down to $30 a month; and yet this bill is in the interest of labor.

Mr. BARKLEY. The Senator will concede that there is nothing in this bill that prevents such a concern from supplementing this tax so as to make it $50 a month?

Mr. TYDINGS. If we are going to give them the right to do it anyhow, in a supplementary form, why not let the system which is better than the proposed Government system stay?

Mr. BARKLEY. Because we cannot have a successful patchwork system; it has got to be universal and uniform in order to be successful.

Mr. TYDINGS. I do not think it has got to be "uniform." The Senator's own words belie that, I think, because he says if the system now in existence is better than the one to be provided by the Federal Government he hopes there will be supplemental action; so it will not be uniform.

Mr. BARKLEY. The Senator cannot take advantage of a mere expression. What I was talking about was uniformity in the minimum requirement of the Federal statute as to the Federal system. Any concern which desires to go beyond that may do it; any concern which desires to continue its present system may do it in full. It might not want to do it, and, I dare say, would not want to do it, but it may do it if it wants to.

Mr. TYDINGS. I am going to make a suggestion to the Senator from Kentucky and to others who may do me the honor to listen to me. My prediction is—and mark this well, Senators—that if the exemption is not granted, if individual concerns do not have the right to set up their own insurance systems, if they are compelled to conform to the letter and spirit of this proposed national law, what will happen will be that they will liquidate their present insurance systems, go under the Federal law, and the workers will get less money than they would get if the exemption were granted. The concerns having private systems will say, "That is the Federal standard; we have lived up to the Federal standard, and therefore, gentlemen, although we did have a system, the Federal law has wiped it out; we feel we have done our part; we told the Congress that we would like an exemption, but the Federal Congress did not care to grant it to us, even though our system was better than that the Federal Congress

had in mind; and now that they have wiped out our own agencies, we will just go along with the Federal agency."

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. TYDINGS. Yes; I yield.

Mr. BARKLEY. Where there is 1 private institution which is providing a better system than this bill would provide there are 400 which are not providing systems that do as well.

Mr. TYDINGS. All this amendment seeks to do is to exempt those that are doing as well or doing better than the bill requires that they shall all do; and what reason there can be for failing to grant an exemption in such a case I do not know.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. TYDINGS. Yes; I yield.

Mr. BARKLEY. The Senator has very consistently urged for many years his opposition to an army of Federal inspectors going out all over the country.

Mr. TYDINGS. The Senator is correct as to that.

Mr. BARKLEY. But if we exempt all these private concerns, it will take another army of Federal inspectors, going all the time, to ascertain whether they are living up to the standard.

Mr. TYDINGS. I approach this matter with the positive view that if we are going to establish a uniform law, and wipe out all private initiative, we shall be laying the foundation of real bureaucracy. So long as we leave the door open for private initiative, particularly that which has established itself for 25 or 30 years, we encourage the employer to take care of his employees, which he is doing now better than would be done under the proposed Federal Government. I predict that this bill is only the first step on the stairs, and the Members of this Chamber—and I am not taking sides on the matter; I am merely making an observation—will see the day, particularly if there are no exemptions granted, when we will have a uniform retirement law for all the workers of this country, regardless of their health, regardless of their salaries, regardless of their savings or income, or anything else, just as certain as that the sun rises and sets. That will be the first real bureaucracy that we will have under this bill. What I am proposing to do is to keep the Federal Government from interfering with private organizations which are already doing as well as this bill, if enacted, would compel them all to do. I would rather see this done voluntarily all over the country than to have the Federal Government in it at all, were it possible to have it done voluntarily.

I take it for granted that the only reason we have this bill before us today is that certain concerns will not insure their employees, and, therefore, the time has come when Congress desires to compel them to do it; but why should those concerns which have for 25 or 30 years built up their own insurance agencies, which are doing better than the plan which this bill proposes to do, be wiped out? Why should they not be given an exemption? What harm could it do?

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. The time of the Senator from Maryland has expired on the amendment.

Mr. TYDINGS. Very well, I will speak on the bill.

Mr. SHIPSTEAD. I believe that Andrew Carnegie was a good business man. He established a retirement fund for college professors. My information is that there is very little left of that fund.

If some particular business institution employing labor exempted from the provisions of this bill should not manage and supervise the reserve fund better than has been done in the case of the Andrew Carnegie fund and the private industrial company's pension fund should go the way of the Andrew Carnegie fund, what would happen to those dependent upon it? Undoubtedly the establishment of the fund was a good thing for Andrew Carnegie; he got a lot of college professors to carry out his ideas; but where does it leave the professors, and how does it affect the United States?

Mr. TYDINGS. The Carnegie Institute was a charitable institution, pure and simple.

Mr. SHIPSTEAD. Mr. President——

Mr. TYDINGS. Just a moment. The Federal Government had not any say in the world over Mr. Carnegie's fund, but under this amendment the industrial concern would only be exempted if its plan in operation was equivalent to or better than that to be provided by the Federal Government. So that the power of supervision, the right to take away their exemption certificates and compel them to do this or that or the other thing in order to retain their exemption certificates, would always lodge in the Federal board. So the Senator's analogy, in my judgment, is not an accurate one.

Mr. SHIPSTEAD. Mr. President, may I ask the Senator another question?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. Does not the Senator think there should be some supervision over private institutions, if they are to be exempted from the provisions of the bill, so the fund would be protected from dissipation and investment in worthless securities?

Mr. TYDINGS. I have no objection to that; in fact, I would encourage it. I should like to see the funds invested in the strongest and safest possible way. In many States, including my own, such funds can be invested only in that kind of security which is approved by the court; and under that plan there has been little or no loss, because the court will only approve National or State bonds, or city or county bonds which are in good standing. I suppose that system is in existence in other States so that trust funds can be invested only in securities approved by the court. I know in the majority of States of the Union that is the law.

Mr. President, I now return to the question with which I opened my remarks. Can there be any harm done to the proposed retirement system if the amendment offered by the Senator from Missouri [Mr. CLARK] is accepted? No; there cannot be, because in order to be excepted or exempted the private retirement agency must be equal or superior in its benefits to the agency set up or the standard fixed by the Federal Government. The workingman is better off, or at least as well off, under the private insurance agency as he would be under the Federal Government.

In view of that fact—and when the law is in its initial stages, when it has not had a chance to operate—what harm can there be in keeping the demonstrated institutions which have proven real strength and real benefit and real consideration for the workingman on the part of those who have employed him? What harm can there be in giving them a temporary exemption until the fruits of the law may be ascertained? If anyone can show me where the workingman will be any worse off, I shall not have another word to utter. Thus far no one on this floor has been able to offer a single scintilla of evidence to show that the workingman will be any worse off under this exemption than under the terms of the bill. On the contrary, it is conceded that in cases he will be better off under the exemption than if he is forced to come under the terms of the bill.

If these facts be true, and I believe they are true, then why not grant the exemption until we can observe the workings of the law for a year or two, and then if we see that it comes up to our expectations, that private systems are no longer to be considered in connection with this phase of work in human activity, we can wipe them out. But is it not the part of wisdom, and is it not the part of caution, and is it not the part of vision to retain something that is a success until we can find out whether the promulgated measure shall bear the very lovely fruit which its sponsors think it will?

That is all the amendment seeks to do. It simply provides that where a system is operating and paying benefits equal to those set up in the bill, or better than those provided in the bill, then the board shall grant to such private agency a certificate of exemption. The board can revoke the certificate whenever the private system falls below the standard, but so long as it is operating in a fashion equal or superior to the plan proposed by the bill, it shall be granted that exemption.

I have not heard anyone yet offer any objection to the amendment except that we ought to make the system uniform, even if making it uniform takes from some workingman some benefits which he would have if the exemption were granted.

Mr. SMITH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from South Carolina?

Mr. TYDINGS. I yield.

Mr. SMITH. The Senator is losing sight of the cardinal principle behind most of this type of legislation, namely, that all the beneficiaries must look to the Federal Government and not to local or private agencies. The theory is we must centralize here in the Federal Government. Of course, we cannot argue against that because we want to wipe out all the States and all their rights and have everything all centered here in Washington!

Mr. TYDINGS. In conclusion, let me submit this pertinent fact for the consideration of the Senate. Bear in mind, Senators, that when this measure was pending before the Finance Committee, the committee divided evenly on whether they should adopt the amendment or should not adopt it. The Finance Committee was very close to adopting it, and I understand from some of those who did not support it in committee that at that time they opposed it solely on the ground that they were afraid it might call into question the constitutionality of the measure. Inasmuch as since that time other exemptions have been granted, why in the name of heaven should not this exemption be granted when it does as much for the workingman or more for the workingman than the provisions of the bill?

This is one of the times when the Senator from New York [Mr. WAGNER], who is said by many to be the best friend that labor has in Congress, is trying to take benefits away from the workingman which he would otherwise have, and when I, who am sometimes said to be not friendly to labor, am trying to hold for the workingman the benefits which he already has under private agencies. The Senator from New York does not say the amendment would make the bill unconstitutional.

I only ask that where private industry over a long period of years has established a system which gives to the workingman more than the Federal Government can give him under the bill, let us give that exemption to such industry so that the fruits of retirement may be full rather than meager, which will be the effect if the amendment shall not be adopted.

Mr. LONG. Mr. President, will the Senator answer a question?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. LONG. Would not the natural thing be for big concerns that have already put into operation pension plans, when the Federal Government adopts this plan, simply to say, "We do not care to compete with the Government, and hence our pension plan is at an end"?

Mr. TYDINGS. I should think so. The predicition which I made previously, and which I now restate, is that if the bill shall be passed and there shall be no exemption, then private concerns will liquidate their annuity funds, and there will be established a uniform standard over the country which, if no exemptions are granted, will result, in the case of millions of employees, in their receiving a lesser annuity than they would have received had the exemptions been granted.

Mr. LONG. I wish to say, referring to the $50 about which the Senator from Maryland spoke, that I have two or three good friends who are drawing $100 a month. I think my friend Moran, who served his time with the Standard Oil Co., today draws $100 a month under their pension plan. I do not understand why anyone should oppose it. Let us not now destroy these private systems.

Mr. TYDINGS. Let me interrupt the Senator to say that in the little village in which I have lived, Havre de Grace, Md., there recently died a man who had been a telegraph operator. He had worked for the Pennsylvania Railroad for about 35 or 40 years, I believe. When he retired he received a pension of something over $50 a month. Under the terms of the bill, if that system had been wiped out, that poor fellow would have been getting, assuming he would have lived 5 or 10 years more, only $30 a month instead of the $50 a month which he had built up for himself over a long term of years with the railroad company. I submit that it smacks of injustice when this man, who had looked forward all those years to a definite sum of money which he would have gotten under that system, would have been compelled under the Federal retirement plan contemplated by this bill to take a much less sum.

In conclusion, I predict again if we pass the bill without exemption that many Senators will find millions of laboring men who are going to be very much displeased, because I believe there will be millions who will get less under the compulsory retirement standard set by the bill than they now expect to enjoy under the pension plans of private industry.

Mr. LONG. Mr. President, further on this line let me say——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. LONG. I can use my own time to make this statement.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. I have not heard anyone advocating this bill who does not doubt its constitutionality.

Mr. TYDINGS. Does the Senator mean the amendment?

Mr. LONG. No; I am talking about the bill. Everyone doubts the constitutionality of the bill. Even the proponents of the bill doubt it. I desire to say to them that they not only have a right to doubt it but I do not believe it is possible for the bill as it is now written to be held constitutional. I would bet everything I have on it. I do not mean that it will be held unconstitutional by a divided court, either. We need not worry about the amendment of the Senator from Nebraska [Mr. NORRIS] that it will take six to three to declare a law unconstitutional. Not one out of nine will uphold the constitutionality of this measure, any more than one out of nine upheld the constitutionality of the N. R. A. Not a single member of the Supreme Court of the United States will hold this bill constitutional as now written.

What is it that the bill proposes? It is not a tax in order to decentralize wealth. It is not a tax in order to serve the common welfare. This is a pension system established by the Government. That is what it is—an unemployment system established by the Government. We cannot put a tail on one end of it and a head on the other end of it and make it anything else, and it does not necessarily depend upon any interstate transactions in order to have its constitutionality maintained.

If this bill is going to be sustained, all well and good; but let us not wipe out pension systems that are doing good. There will be hundreds and thousands of people who will become eligible for the private pensions that they have earned long before this bill is held to be constitutional or unconstitutional; but if it finally goes into effect, and the private concerns wipe out their private pension systems, and the pensions of men who are drawing $100 a month are wiped out on the ground that they should have $30, and then they do not get the $30, and we have destroyed the private pension systems, the harm will have been done in two ways. The first is, we shall have given no pensions at all. The second is, we shall have destroyed a private system that may have considerable merit and may have some faults.

Let me say one thing further, Mr. President. I have no particular faith in the good will of any corporation, except such as is necessary to its own interest. I am wholly in favor of the regulations that are imposed in this particular amendment upon private pension systems; but I think I see chances for far less harm under the amendment that is proposed than I do under the regular bill, because we must

bear in mind the fact that there is a very small contribution made, to begin with, by the Federal Government. That is one thing. We must bear in mind the further fact that it is left within the province of the various and sundry boards that are in control of the several functions under the several titles of the bill to discontinue the system as prevailing and as maintained in certain localities whenever they desire to do so; and there is just as much room—aye, more—there is more practical room for abuse, and in effect it will be found that in many instances there is more abuse, in a publicly administered system of this kind than there is in privately administered systems of this kind.

Under this particular amendment, the abuse of the private system can be controlled. The Government can step in and prevent abuse in a private system, but it cannot step in and prevent abuse in the public system, nor can it breathe life into concerns destroyed by a law which may be unconstitutional—aye, which is unconstitutional if I know anything about the law. I venture the assertion that the enactment of the bill without the amendment will mean the wiping out of whatever good has been done under the private systems, and no good will be done under the system proposed here. So let us try the plan contemplated by the amendment.

What harm can be done? We meet here every year. Let us get this public pension system or public unemployment system to working. Let us see what good it does. Let us have it held constitutional if it can be held constitutional, which it never will be, but let us have it held constitutional before we wipe out the pensions of millions and millions of employees under the private systems. When it is held constitutional, and when it is proved to be reasonably workable, that will be time enough to talk about destroying the private pension systems.

We have plenty of time to do that. When we find that we have a baby here that is able to walk, and then is able to stand alone, we shall have something on which we can base our good judgment to destroy the private pension systems; but let us not destroy a system that is now accommodating many more millions of persons than our own program may accommodate, and a system that is paying more money than this system will pay, and risk it all subject to the hazard that what we are doing here may be either ineffectual or invalid when it reaches the Court.

Mr. LA FOLLETTE. Mr. President, I am opposed to the amendment offered by the Senator from Missouri [Mr. CLARK]. I recognize that upon its face it has much appeal; but, as stated by the Senator from Mississippi, after most careful consideration in the committee I came to the conclusion, as did a number of other Senators who had previously been inclined to favor the amendment, that its adoption would very seriously undermine this particular title of the act, namely, the old-age benefit title.

Mr. ROBINSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Arkansas?

Mr. LA FOLLETTE. I yield.

Mr. ROBINSON. The Senator has just made a statement which I believe to be correct. I should like to have him elaborate his thought on that subject if he chooses to do so, and explain why, in his opinion, the adoption of this amendment exempting existing arrangements and institutions will undermine and impair the effectiveness of the proposed Federal system for retirement.

Mr. LA FOLLETTE. I shall be glad to attempt to do that, Mr. President.

In the discussion here this afternoon it has been quite evident that many Senators are laboring under the impression that all the existing private pension plans are of a high standard, and that they confer great benefits upon the employees covered by them. The contrary is the fact. Most of the plans which are now in existence do not bring, in the end, great benefits to the aged employees. This is conclusively shown by the fact, as brought out in the record before the committee, that, while there are now approximately some 2,000,000 employees under private plans other than those of railroad companies, only approximately 165,000 persons are drawing any retirement benefits under industrial pension plans and half of these are under railroad company plans. This salient fact is a clear indication that there must be something wrong with plans which have succeeded in bringing benefits and payments to only about 4 percent of those who are under those plans.

Mr. ROBINSON. Mr. President, will the Senator yield for a further question?

Mr. LA FOLLETTE. I yield.

Mr. ROBINSON. The statement has been repeatedly made on the floor this afternoon by at least one Senator that the number of workers who are now receiving benefits from private arrangements for retirement far exceeds the number that may receive benefits under this measure. I have been unable to reconcile that declaration with my knowledge of the facts. What are the facts in that particular?

Mr. LA FOLLETTE. Mr. President, the best information I can obtain, refreshing my recollection, is that there will be approximately 25,000,000 people under this Federal plan if it is not impaired by the amendment of the Senator from Missouri.

Mr. ROBINSON. And the number now is said to be 2,000,000?

Mr. LA FOLLETTE. Two million.

Mr. President, I do not wish to be understood as criticizing or not giving full credit to the employers who have attempted to set up these plans; but I wish to point out that the plans are not so beneficial, so far as the employees are concerned, as many Senators seem to feel, as I judge from the discussion which has taken place here this afternoon.

It is stated by those who are supporting this amendment that no harm can result, insofar as title II is concerned, if we permit private plans to be approved which give benefits equal to those contemplated under the Federal system.

On its face, if we do not analyze that statement any further, it is an appealing one; but the fact is that if this amendment shall be adopted, inevitably employers will study the various advantages from a financial standpoint as between the system set up in title II—the Federal system—and a private plan. That is inevitable. Therefore, to start with, if we shall adopt this amendment the Government, having determined to set up a Federal system of old-age benefits, will provide in its own bill creating that system, for competition, which in the end may destroy the Federal system; and I submit that no Senator approaching this problem from a logical, businesslike point of view could for a moment believe that to be a sound public policy.

If this amendment should be agreed to and the employer should sit down to compare the Federal system, as provided in title II, with the system being urged upon him by some insurance broker, one of two things would inevitably result. Either he would decide that it was better for him to employ only those in the younger age groups and to provide a system embracing all his employees under a private plan, or he would employ a fair share of the older men but do all in his power to encourage the older employees in his employment to elect to come under the Government plan, so that under either course he would be able to provide as liberal benefits as the Federal system without paying as much for them, because the Federal system would have to carry the older workers.

Mr. GEORGE. Mr. President, may I ask the Senator from Wisconsin if he is not really making an argument against the whole bill—that is, against all the provisions under discussion? If employers are going to assume the attitude the Senator thinks they will assume with reference to the privilege which would be accorded them under this amendment, will they not also try to escape just as much taxes as they can, and will they not also try to get just as much service as they can for every dollar they expend, and will they not also use every bit of labor-saving machinery they can possibly employ?

If the Senator's hypothesis is correct that our industries are going to try to take advantage of an amendment which they themselves certainly may desire, is not the Senator making an argument against the whole bill?

Mr. LA FOLLETTE. No, Mr. President; I do not see that point, if I may say so to the Senator, because the tax provided is uniform.

Mr. GEORGE. I know it is uniform, but if the employees are going to assume the attitude assumed by the Senator from Wisconsin and the Senator from New York and other Senators, will not the American business man, actuated by such selfish motives and impulses as have been here ascribed to him, try to get the maximum service, the maximum production, out of every laborer to whom he is paying a wage, to the end that his excise tax, which is measured by his pay roll, will be just as little as possible for the amount of work which is done, and will he not be influenced and induced to employ a younger man who can work more and harder, and perhaps can turn out more product that the older employee?

Mr. LA FOLLETTE. Unfortunately, Mr. President, without any tax at all; that has been the tendency of industry under the pressure of economic conditions. But I do not want to be a party to making an additional inducement for further lowering the average hiring age in the United States, for I may say to the Senator that the situation which confronts employees between the ages of 40 or 45 and beyond is becoming one of the most serious problems which this country is now called upon to solve.

Mr. GEORGE. I fully agree with the Senator.

Mr. LA FOLLETTE. The Senator is aware of the fact that during the depression, a man 40, 45, or going on 50 years of age, no matter how well preserved he might be, has found it very difficult to secure reemployment in competition with younger persons.

Mr. GEORGE. Mr. President, I must not trespass on the Senator's time, but permit me to say that I know that to be true, and I know that the Senator is not making an argument against the bill; but it does seem to me that an argument against the amendment is an argument against the whole philosophy of the bill. I do not share the view that American industries as a whole will undertake to take advantage of this amendment, and will employ only young men, because their obligation would be the same as it is under the plan set out in the bill. But if the Senator is correct, it seems to me that we might as well accept as an established fact in the beginning that the same selfish motives will induce the American employer to hire and employ the young man who can produce more per hour than the old man. Remember, the employer's tax is measured by his pay roll, and that will also induce him to use every bit of labor-saving machinery he can put into his establishment. If selfishness is the driving motive of all American business, it seems to me the Senator's argument is against the whole bill as much as it is against the amendment.

Mr. LA FOLLETTE. I do not see that, because the amendment sets up a situation whereby one of two things, as I started to say, will result; either the employer will elect to hire only people in the younger age group and will put the whole group of employees under the private plan, because hiring them in the lower age group the employer will be able to secure his annuities at a cheaper rate; or if he elects to keep some of his older employees he will urge them, he will use all his persuasive and his economic power to get them, to elect to take their benefits under the Federal system; and if that shall be the eventuality, then the Federal system will be carrying all the heavier risk, because it will have the older groups, which are more expensive to carry.

I can understand Senators being completely against the objectives which are outlined in the pending social-security bill; I can understand their position, although I do not agree with it; but it seems to me that all Senators who regard the objectives of this title as being sound public policy should hesitate long ere they accept an amendment which will tend to break down and to destroy the effectiveness and the success of the Federal old-age-benefit system.

The Senator from Maryland urged that by adopting this amendment we should give an opportunity to employees and employers to elect to continue under their present private plan, but to leave it open for them later to come in under the Federal system if they wish to do so. That, it seems to me, is an argument which will not stand analysis for a moment. Let us take the case of the United Railways in Baltimore, cited by the Senator from Maryland. It might be very advantageous to them to stay out of the proposed system for a number of years, until they have relatively more aged employees than they now have, and then to dump them over onto the Federal system, but thereby they would burden and help to upset the actuarial basis of the Federal system; and, if it were done in a large number of instances, such practices would upset it altogether.

Much has been said in the debate about destroying the existing plan. So far as I know, there is not a private pension plan in the United States which will not have to be revised if the bill shall become a law, whether the amendment of the Senator from Missouri shall be agreed to or not. Everyone of them will have to be changed to meet the requirements of this amendment, and it is just as easy for those socially minded employers who desire to add additional benefits to the plan now proposed in title II of the bill to revise their existing plans so as to offer benefits in addition to those provided in title II as it is for them to revise them in order to take advantage of the amendment offered by the Senator from Missouri, if it shall be agreed to.

Reference has also been made in the debate to the situation confronting employees who have been under these plans, and it has been argued that if the bill becomes a law those upon the verge of retirement may lose all of their benefits. Unfortunately, that happens all too often under private pension plans. But the employers who have systems which are upon a sound basis, and which have any social justification at all, have established reserves for their individual employees. To say that such employers would use the enactment of the pending bill as a justification for refusing to pay the beneficiaries of the reserves which have been contributed by employees and employers over a long period of time is to make an indictment of the integrity of these forward-looking industrial leaders which I would not make upon the floor of the Senate or in any other place. If there be any such unscrupulous employers, the individual employee has not a Chinaman's chance with them anyway, because when he got up to within a few months of the time when he would be entitled to the benefit provided, he would be discharged by the employer and would lose his benefits.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. TYDINGS. Assuming what the Senator says to be so, then what harm can there be in granting them an exemption, if they build up these reserves, and the benefits are superior to those contemplated by the bill?

Mr. LA FOLLETTE. I have already pointed out a number of reasons why I think it is an unwise policy. The Senator was not in the Chamber when I covered those points, and as my time is limited, I beg him to excuse me from going over the ground again.

Mr. TYDINGS. May I ask the Senator one other question, which I think is apropos the point of which he is now speaking?

Mr. LA FOLLETTE. Certainly.

Mr. TYDINGS. The Senator said that he had covered the point to which I referred. Did the Senator say there would be harm in granting these exemptions?

Mr. LA FOLLETTE. I did.

Mr. TYDINGS. Then, I will read the Senator's remarks.

Mr. LA FOLLETTE. Now the Senator has tempted me to do what I said I would not do.

It is my firm conviction, I may say to the Senator from Maryland, after the most careful study I have been able to make of this whole question, that if the Federal Government in establishing this Federal system should adopt the amendment of the Senator from Missouri it would be inviting and encouraging competition with its own plan which ultimately would undermine and destroy it.

I do not think the amendment which the Senator from Missouri accepted, as tendered by the Senator from Washington [Mr. SCHWELLENBACH], is any protection at all to employees. It reads:

Provided, That no employer shall make election to come under or remain under the plan a condition precedent or a requirement of continued employment.

Mr. President, that sounds well; but how are individual employees all over the United States to be protected from being subjected to economic coercion, either direct or indirect, which their employers may exert upon them? It is perfectly silly, it seems to me, for any person to contend that a mere affirmative declaration in this amendment will be any protection whatsoever to employees from coercion upon the part of the employer.

In that connection I may say that I am authorized to make the declaration on the floor of the Senate that the American Federation of Labor regards the amendment offered by the Senator from Missouri with great apprehension. The A. F. of L. is convinced that it will do more to engender the type of company unionism which the Wagner labor-disputes bill—passed by the Senate some days ago—was designed to prevent than any other single thing which can be done.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. CLARK. Would the Senator mind pointing out wherein my amendment will tend to promote company unionism? It is very easy to make such a statement.

Mr. LA FOLLETTE. It is based upon the theory, as I understand, that private pension plans which enable the employer to have the right to say whether an employee is to be a beneficiary under one type of plan or the other produces a condition in which the employee feels unable to assert his economic rights. Labor also feels, and I think rightly so, that the employer controls the private annuity plan, and is likely to use it to keep organized labor out of his plant.

Mr. CLARK. Mr. President, will the Senator further yield?

Mr. LA FOLLETTE. I yield.

Mr. CLARK. If the Senator will take the trouble to read the amendment he will find that suggestion expressed in the negative in the amendment as I introduced it, and specifically covered in the amendment to the amendment offered by the Senator from Washington.

Mr. LA FOLLETTE. I do not agree with the Senator that the affirmative statements contained in this amendment are any protection whatsoever to millions of employees scattered all over the United States. This body recognized the problem when it went on record overwhelmingly in favor of setting up specific machinery in an attempt to protect labor in its right to organize and to bargain collectively. We have just completed a tragic experience in regard to section 7 (a) of the National Industrial Recovery Act, where there was an affirmative legislative declaration which proved hardly worth the paper on which it was written.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. LONG. I did not think we went so very far to set up specific provisions to protect labor. The Senator is one of those who voted to let the value of labor be set by a more or less arbitrary order, which down in my section of the country amounted to $19 for a month's work. I do not see why we ought to kick on a thing like this.

Mr. LA FOLLETTE. I debated that question, Mr. President, with the Senator when the work-relief measure was under consideration. I stated then, and I now repeat, that the Senator was opposed to the measure, and that I refused to follow his leadership in that regard when he sought to defeat the measure, rather than to secure its enactment.

Mr. CLARK. Mr. President, will the Senator yield for a suggestion?

Mr. LA FOLLETTE. If the Senator will bear in mind that my time is running out.

Mr. CLARK. I simply desire to suggest to the Senator, when he says that none of these propositions can be valid or controlling, that the control of the subject and the enforcement of the subject are vested in the very same board on whom the validity of the whole act depends, and who are to administer every provision of this measure which the Senator thinks to be of such great merit.

Mr. LA FOLLETTE. Yes, Mr. President; but the Senator desires to increase their responsibilities several million fold by the amendment which he is proposing.

I admit that the administrative responsibilities under this bill, as it was reported, are great, and I was coming to that very point in a moment. That is another reason why I think the adoption of the amendment offered by the Senator from Missouri would be a very grave mistake from the point of view of those who are in sympathy with the objectives of this proposed legislation.

Mr. President, under the amendment of the Senator from Missouri, employees are to have the right to elect whether they shall come under the Federal plan or whether they shall stay under the private plan. Furthermore, employees will be able to elect, later, whether they desire to change from the private plan to the Federal plan; or, if an employer decides to abandon his system, then all of his employees will be transferred over into the Federal plan. There will be involved in transfers of this kind, in hundreds of thousands if not millions of instances, separate calculations, which will have to be made, and there will have to be audits of the books of the various corporations having private annuity plans with relation to every individual employee to determine whether the proper taxes have been paid for the employees included in the Federal system.

If there could be anything better calculated to destroy the effectiveness of the Social Security Board and to burden it with a task beyond human execution, I fail to see how it could be devised. At least it goes beyond the powers of my imagination to conceive of any task which could be imposed upon this board which would more quickly break down its efficiency and its administration.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Wisconsin yield to the Senator from New York?

Mr. LA FOLLETTE. I yield.

Mr. WAGNER. Of course it must be conceded that it would be to the advantage of the employer to have as many as possible of his employees younger men.

Mr. LA FOLLETTE. The Senator's point is well taken, and I agree with him entirely.

Mr. WAGNER. I do not see how there can be any question about that, because the older men get as an annuity more than they put in. We recognize that the employer still has some economic influence over his workers. Suppose a worker were employed at the age of 55, and should elect to go into the private system, and the employer would rather not have him in that system, but would rather have him in the Government system: It is conceivable that there might be some economic influence used to induce the employee to accept the Government plan rather than the other.

Mr. LA FOLLETTE. I have no doubt, Mr. President, that such influence will be exercised. Furthermore, I may point out, as the Senator well knows, that an inducement is already afforded to the older employees to elect to come under the Government plan, as they will get a larger percentage of the employer's contribution if they do so. Under the amendment, inducements would be offered to both the employer and the employee to load down the Government plan with the older employees and to upset its actuarial basis, and, as I said at the outset, ultimately to destroy the whole plan.

There is one other point in connection with the increased administrative problems which will be presented to the board if the amendment of the Senator from Missouri shall be adopted: A worker who has been in the employ of his employer under a private plan for a number of years either elects to go under the Federal plan or he loses his job with that employer and goes to another. Think of the many calculations which will have to be made after an audit of the books to find out just what that man's wages were during all the time he was in the first employer's employ; and if he shall have gone to another employer, additional calculations will have to be made in that instance.

I think the administrative calculations that will have to be made if this amendment shall become law will run into astronomical figures and will entail an administrative force which will make any other agency of the Government, in

relation to the number of its employees, shrink into insignificance.

Mr. President, I desire to say that, so far as I know, the Committee on Finance heard every person who desired to be heard upon this question. The hearings are here. They embrace 1,354 printed pages. There are only two instances where any of the witnesses who appeared before the committee urged the proposition which is now being favored by the Senator from Missouri. One was Mr. Folsom——

The PRESIDING OFFICER. The time of the Senator from Wisconsin on the amendment has expired.

Mr. LA FOLLETTE. I will speak on the bill. One was Mr. Folsom, of the Eastman Kodak Co., who came, I submit, primarily to argue in favor of the plant-reserve type of unemployment insurance, but who, it is true, incidentally pleaded for the exemption of private pension plans. The other was a Mr. Forster, of Philadelphia, a very estimable gentleman whom I have known casually for several years, but who, let it be said, is in the business of selling this kind of insurance.

If the amendment offered by the Senator from Missouri shall become a law it will provide a bonanza for the brokers who are engaged in selling this type of insurance, because they will have all the employers of the United States as prospects, since all employers can derive financial profit through establishing private annuity plans covering their younger employees, leaving the Federal system to take care of the older employees. Wherever they can devise a plan which appears to be of less expense to the employer than the public plan, there will be a sale prospect for the insurance broker. The insurance brokers will be reaping commissions and let it be said, they will be getting commissions and will be getting pay for selling something in this country which everybody would otherwise be compelled to buy.

It is my understanding that most of the large employers in the United States, who have the kind of plans which have been referred to in the debate as being good plans, have already made studies of the bill as it was reported from the Senate Committee on Finance and have come to the conclusion that it is better for them to revise their plan, to bring their employees under the Federal title, and to supplement the Federal plan with their private plan to take care of certain groups of their employees, especially those in the higher-income class.

I recognize the right and the obligation of any Senator who regards this proposed legislation as unsound, from the point of view of public policy, to oppose it and to vote against it on the final roll call; but to those Senators who believe that the objectives sought by this title of the bill are sound, I appeal not to take this oblique method of destroying this part of the bill. I absolve any Senator from any intent to do that and especially the Senator from Missouri. I know that he and the other Senators who have been supporting the amendment are doing so in the best of faith, but I appeal to the Senators who have not considered the amendment carefully and who believe in the principles of the bill not to vote for the amendment and thus to preserve the integrity of the bill.

I reserve the balance of my time on the bill.

Mr. KING. Mr. President, it had been my purpose to discuss somewhat in detail various provisions of the pending measure and to examine a number of decisions of the Supreme Court of the United States, which, in my opinion, condemned as unconstitutional titles II and VIII. However, the time for general debate has passed and under the unanimous-consent agreement there is but limited opportunity for discussion.

Mr. President, with the general purposes of the bill I am in accord and sincerely desire that some measure within the authority of the Federal Government might be enacted that would tend to accomplish the results desired. I am anxious to see ample provisions made for old-age benefits and for unemployment insurance. I cannot help but believe that this measure will prove disappointing and will not attain the objects desired. That several of its provisions will be held invalid I am constrained to believe.

I shall briefly consider titles II and VII because it is the view of many, as well as my own, that they exceed the power of Congress to enact into law.

These titles do not provide for appropriations to the States as do the other titles, which provide for child welfare, old-age assistance, unemployment compensation, public health, and maternal care. They seek to set up a Federal system of providing for compulsory old-age annuities. This is apparent from the face of the bill, which is entitled "An act to provide for the general welfare by establishing a system of Federal old-age benefits", and so forth. Title II is designated Federal old-age benefits, and title VIII taxes with respect to employment. It is clear from a reading of the bill, as well as the reports, that the taxes imposed by title VIII are to be levied for the purpose of paying for the Federal old-age benefits provided for under title II. It must be conceded that the Federal Government, being a government of delegated powers, cannot directly set up a system of compulsory old-age annuities. This is evident from such decisions as *United States* v. *Knight* (156 U. S. 1), holding that the power of a State to protect the life, health, and property of its citizens is a power not surrendered to the Federal Government and is essentially exclusive to the State. This principle was recently reaffirmed by the Supreme Court in the Railroad Retirement Act decision, the effect of which the Chief Justice said in his dissenting opinion was to deny to Congress "the power to pass any compulsory pension act for railroad employees." If we cannot pass a compulsory pension act for railroad employees engaged in interstate commerce, how can we pass a pension act for employees engaged in intrastate, as well as interstate, commerce? Yet this is what we are trying to do.

Congress, in titles II and VIII, knowing that it cannot directly collect premiums to pay compulsory old-age annuities, is attempting to reach this result indirectly through the taxing power. It is obviously disclosed on the face of the act what is trying to be done. The premiums are collected as taxes under title VIII and the annuities paid as Federal old-age benefits under title II. I do not believe anyone ought seriously to contend that Congress by changing the form of the bill can overcome the constitutional limitations. As stated by the Supreme Court in *Linder* v. *United States* (268 U. S. 5)—

> Congress cannot under the pretext of executing delegated power pass laws for the accomplishment of objects not intrusted to the Federal Government. And we accept as an established doctrine that any provision granted by the Constitution not naturally and reasonably adapted to the effective exercise of such power but solely reserved to the States is invalid and cannot be enforced.

This is not the first time we have attempted to exercise a power which belongs to the States or the people. Congress at one time passed an act prohibiting transportation in interstate commerce of goods made at a factory in which 30 days prior to removal of the goods children under certain ages had been permitted to work. This was, of course, an attempt to regulate child labor under the constitutional power to regulate commerce among the several States. The Supreme Court held this act unconstitutional, stating that the grant of power to Congress over the subject of interstate commerce was to enable it to regulate such commerce and not to give it authority to control the States in the exercise of their police power over local trade and manufacturing (*Hammer* v. *Dagenhart*, 247 U. S. 251). Having failed in this attempt, Congress next tried to regulate child labor under the taxing power. The Supreme Court also held the taxing act unconstitutional, stating in the Child Labor Tax case (259 U. S. 20) that the decision in the *Hammer* v. *Dagenhart case* was controlling and reaffirming its position that Congress could not "under the pretext of exercising its powers pass laws for the accomplishment of objects not intrusted to the Government."

I might also cite numerous other cases bearing out this same principle, such as *Hill* v. *Wallace* (259 U. S. 44) and *Trusler* v. *Crooks* (269 U. S. 475), holding that Congress cannot under the taxing power regulate boards of exchange.

Yet in this bill we are trying to do that which the Supreme Court has repeatedly held we are without power to do.

It has been stated on the floor that the Railroad Retirement Act decision does not affect this bill, due to the fact that that act related to the power of Congress to regulate interstate commerce and not to the power of Congress to levy taxes. But this is an old argument. This argument was also advanced in the Child Labor Tax case after the Supreme Court had already held that Congress had no power to regulate child labor under the commerce clause. The Supreme Court stated that Congress, likewise, had no power to regulate child labor under the taxing clause. Do we wish to go around the circle again now that the Supreme Court has held in the Railroad Retirement Act decision that Congress is without power under the commerce clause to provide compulsory pensions to railroad employees? In view of this decision, and in view of the Child Labor Tax case, how can it be said that Congress can provide pension plans for employees under the taxing clause? Have we not already learned a lesson from cases already decided?

I listened with interest to the argument advanced by the Senator from New York [Mr. WAGNER] in support of this part of the bill. He relies to a large extent on the decisions of the Supreme Court in the *Veazie Bank case* (8 Wall. 553) upholding a 10-percent tax on bank notes issued by State banks, the *McCray case* (195 U. S. 27, 59) upholding a discriminating tax upon the sale of oleomargarine, the *Doremus case* (249 U. S. 89) sustaining the constitutionality of the Harrison Narcotics Act, and the case of *Magnano* v. *Hamilton* (292 U. S. 40) upholding a State tax of 15 cents a pound on butter substitutes. But the sole objection to these taxes was their excessive character. Nobody contended that Congress did not have the power to lay a tax upon bank notes issued by State banks, or to lay a tax upon oleomargarine. Nothing except the taxes appeared upon the face of the acts. This was pointed out by the Supreme Court in the Child Labor Tax case and was also emphasized in the Doremus case, in which a regulation subjecting the sale and distribution of narcotic drugs to official supervision and inspection was upheld as a necessary means to enforce the special tax imposed upon such drugs. But here the face of the bill itself shows that the tax under title VIII has been adopted as a mere disguise to permit the Federal Government to set up a system of compulsory old-age annuities, which it has no power to do under the Federal Constitution.

Let us glance at these two titles to see whether or not they disclose on their face their real purpose.

(1) The employees subject to tax under section 801 of title VIII of the bill are the only persons who receive benefits under title II of the bill.

(2) The employees whose wages are exempt from the tax under section 801 of title VIII of the bill do not receive any benefits under title II of the bill.

(3) The tax on employees is computed on a percentage of the wages received by the employee after December 31, 1926, with respect to employment after such date. The old-age benefits under title II are computed upon wages received by the employee after December 31, 1936, with respect to employment after December 31, 1936.

The PRESIDING OFFICER. The time of the Senator from Utah on the amendment has expired.

Mr. KING. I will speak a few minutes, then, on the bill.

Mr. President, continuing,

(4) Services performed by an individual after he has attained the age of 65 are not counted in arriving at the benefits payable under title II but are subject to tax under title VIII. The purpose of this provision is to discourage individuals from working after they attain the age of 65. However, some of the people who will be 65 at the time this bill is enacted will be forced to pay taxes on their wages, although they cannot obtain any benefits at all under title II. Manifestly it is claimed that this is done to mislead the court into believing that title II has no direct connection with title VIII. But I do not believe the court will be misled by such subterfuge, and it is certainly a rank discrimination against aged people to tax their meager earnings after they become 65 and at the same time deny them any benefits under title II.

(5) In the case of a person who dies before attaining the age of 65, his estate receives under title II 3½ percent of the total wages determined by the Social Security Board to have been paid to him with respect to employment after December 31, 1936. These are the same wages upon which he is subject to tax under title VIII. There seems to be no justification for paying to the estate of such person subject to tax under title VIII a certain portion of his wages regardless of his financial needs, unless it is admitted that such payment is a return of the taxes paid under title VIII.

(7) An individual who is not qualified for benefits under section 202 of title II of the bill will receive payments under title II equal to 3½ percent of the wages paid with respect to employment after December 31, 1936, and before he reached the age of 65. These wages are the same as those with respect to which such person is subject to tax under title VIII. This means that an employee who has received wages subject to tax under title VIII before he attained the age of 65 of less than $2,000, or an employee who did not receive wages in each of at least five different calendar years after December 31, 1936, and before he attains the age of 65, will get back 3½ percent of such wages regardless of his financial needs. This can only be justified on the theory that he is being returned the taxes he paid under title VIII.

It is true that the tax under title VIII is paid into the general fund of the Treasury. But this was also the case in respect of the child-labor tax imposed by title XII of the Revenue Act of 1918 and the tax on grain futures imposed by the act of August 24, 1921 (42 Stat. 187). The Supreme Court did not hesitate to hold both of these taxes unconstitutional. (*Child Labor Tax case*, 259 U. S. 20; *Hill* v. *Wallace*, 259 U. S. 44.)

But suppose the two titles are held to be separate. How can title II standing alone be upheld, for how can it be said that Congress is providing for the general welfare by paying bounties to wealthy salaried individuals, or their estates at death, and at the same time deny such payments to agricultural laborers, persons employed by religious or educational institutions, and domestic servants? Moreover, under title VIII, when standing alone, there is a discrimination in its classification apparently in violation of the fifth amendment. Why should stenographers, clerks, janitors, and so forth, doing the same class of work, be exempted from a tax when they are working for religious, charitable, scientific, or educational institutions and subject to the tax when working for other institutions or business?

If one looks at the face of the bill, the conclusion seems inescapable that the tax under title VIII is not a tax at all, but an attempt by Congress to assert a power reserved to the States and the people under the tenth amendment. The decision cited by the Senator from New York [Mr. WAGNER] dealing with State workmen's compensation acts do not appear to be decisive of this question, for these acts deal with the powers reserved to the States or the people and not to the powers delegated to the Federal Government under the Constitution. I do not see how we can expect the Supreme Court to be "misled" by the subterfuges we have adopted in this bill in the attempt to exercise a power over which Congress has no control under the Constitution. I cannot help but believe that under the decisions of the Supreme Court titles II and VII will be declared unconstitutional.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri.

Mr. VANDENBERG. Let us have the yeas and nays.

Mr. HARRISON. Mr. President, I am convinced that it will be impossible for us to reach a vote on the pending amendment tonight. There are, however, some other amendments which I think we can dispose of which will not take much time. I have talked to a number of Senators, and I hope the unanimous-consent agreement which I send to the desk may be entered into.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The legislative clerk read as follows:

Ordered, by unanimous consent, That when the Senate concludes its business today it take a recess until 12 o'clock noon tomorrow; that at not later than 1 o'clock p. m. tomorrow the Senate proceed to vote without further debate upon the pending amendments; and that thereafter no Senator shall speak more than once or longer than 10 minutes upon the bill or any amendment or motion relating thereto.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY obtained the floor.

Mr. LONERGAN. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. HARRISON. Will the Senator from Oregon yield to permit the Senator from Connecticut to ask a question?

Mr. McNARY. Mr. President, just a moment. Reserving the right to object, and making the same reservation for the Senator from Connecticut, I desire to have it understood, as accompanying this proposal, that there shall be an agreement that no action shall be taken with respect to the Holt case tomorrow, because I understand that at 12 o'clock the majority and minority members of the committee will file reports. I desire to have them printed and lie over at least for the day.

Mr. GEORGE. Mr. President, I may say that in the event the Senator-elect from West Virginia [Mr. HOLT] should present himself, the program of the Privileges and Elections Committee would be to present such a report as the committee may finally submit, and ask for the printing of the report, and that the matter lie over at least for 1 day.

The PRESIDING OFFICER. Does the Senator from Georgia desire the attention of the Senator from Oregon?

Mr. GEORGE. I merely stated that if the Senator-elect from West Virginia should present himself tomorrow, the purpose and program of the Privileges and Elections Committee would be to ask that the report submitted be printed and that the matter lie over for at least 1 day, so that it would not interfere with the legislative program.

Mr. HARRISON. Mr. President, I may say to the Senator from Oregon that I have conferred with the colleague of the Senator-elect from West Virginia [Mr. NEELY]; and he states—I think we shall get through with this measure by 2 o'clock, anyway, under this arrangement—that he does not feel that there would be any objection, and that the Senator-elect would not present himself until after this matter should have been disposed of. I am confirmed in that by what the Senator says.

Mr. LONG. We can take up the Holt case at sometime tomorrow, however, can we not?

Mr. HARRISON. Oh, yes; if we get to it.

Mr. McNARY. No, Mr. President; I understood from the response to the statement I made that that would not be done I intended to imply that I thought it was fair and orderly for the reports from the committee to be filed at 12 o'clock, and that they should go over for at least 1 day. I think that statement was confirmed by the Senator from Georgia, who thought likewise.

Mr. GEORGE. I should ask that the matter take that direction, Mr. President. If the Senator-elect should present himself tomorrow, the reports of the committee would be in order; and I should certainly request that the matter lie over for 1 day, in order that the reports might be printed and made available to the Senate.

Mr. McNARY. That is correct. Then I suggest, after conferring with the Senator from Rhode Island [Mr. METCALF], that it would be well to provide that 15 minutes should be allowed on the bill and 10 minutes on the amendments.

Mr. HARRISON. I have no objection to that.

Mr. McNARY. Very well. Then, with that modification, I ask that the proposed agreement be stated.

The VICE PRESIDENT. The clerk will state the modified unanimous-consent proposal.

The legislative clerk read as follows:

Ordered, by unanimous consent, That when the Senate concludes its business today it take a recess until 12 o'clock noon tomorrow; that at not later than 1 o'clock p. m. tomorrow the Senate proceed to vote without further debate upon the pending amendments, and that thereafter no Senator shall speak more than once nor longer than 15 minutes upon the bill, or more than once nor longer than 10 minutes upon any amendment or motion relating thereto.

The VICE PRESIDENT. Is there objection?

Mr. LONERGAN. Mr. President, I desire the attention of the Senator from Mississippi. Does the proposed agreement say "pending amendment" or "pending amendments"?

Mr. HARRISON. The Senator from Connecticut is interested in one of the committee amendments and desires to make a motion with reference to that matter, as I understand. Under this agreement he will have 25 minutes after 1 o'clock to speak on that question.

Mr. LONERGAN. That is satisfactory.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement as modified? The Chair hears none, and the agreement as modified is entered into.

SOCIAL SECURITY AGAINST FEDERAL POLITICS

Mr. SCHALL. Mr. President, I apprehend that few Members of the Senate are opposed in principle and in fact to the general purposes of this bill as advertised, namely, unemployment insurance, old-age and childhood relief, and sundry measures of social relief.

The striking and outstanding features of the bill, as analyzed by those who have studied it, are:

First. The small and even trifling amount of relief it will afford in the coming fiscal year 1936 to meet urgent conditions of unemployment and social helplessness, as compared with the vast program of promises to be fulfilled in the years 1939 to 1949, when the planned chaos of this so-called "emergency", we hope, will be over.

Second. Compare the estimate of only $400,000,000 which will be realized under the bill for unemployment insurance and old-age relief in 1936 with the $5,000,000,000 appropriated subject to the allocation of the Executive for his emergency in 1936.

In other words, for the 1936 emergency of the Executive, we have appropriated 12 times the amount available in 1936 for unemployment insurance and old-age relief combined.

Thus, under the cloak of "social security" for the unemployed, old age, and childhood relief, we give the Executive $5,000,000,000 for 1936, or an equivalent of $125 per voter for all of the 40,000,000 votes cast in the Presidential election.

Social security is needed now, in the hour of adversity, not in 1939 or 1949, after the "emergency" is presumed to be past.

In a published analysis of the practical effects of the bill I note that beginning January next a tax of 1 percent on pay rolls will begin to finance unemployment insurance, which will amount to $200,000,000, and that the Nation and the States will increase this to $400,000,000—available a year later, when the Government reports the collections.

In 1937 this pay-roll tax will jump to 2 percent for unemployment insurance, and another 2 percent to finance old-age benefits. Thereafter, we are told, these tax rates will steadily mount until by 1949 they are estimated to reach $4,000,000,000—a fifth less than the amount which for 1936 we toss to the Executive for his campaign fund in one lump sum subject to his allocation as he mysteriously chooses.

If we are here as practical statesmen, and not rubber stamps for a Presidential campaign committee, the questions that confront us are these:

First. This emergency which we aim to meet is in the fiscal year 1936 instead of 1949. Then why make available for unemployment insurance and old-age relief only $400,000,000 for 1936 against $4,000,000,000 in 1949?

Second. If we are for social security and not for Federal dominion over the States, then why in this day of emergency do we make only $400,000,000 available to unemployment insurance in 1936, against $5,000,000,000 available as an Executive political club in 1936?

The situation stands that for every dollar available for social security in 1936, we give $12 to the Executive to club the States, yes, even the Congress, into compliance with the dictates of the White House candidate for reelection.

Is that social security, or is it Federal politics?

Does that make for even the political security of the States from Federal domination?

In order to make this plan of social security effective now, when it is bitterly needed, instead of in the remote future, after the emergency is, as we hope, past forever, not to return, I suggest, Mr. President, that the amount of $2,000,000,000 be drawn from the $5,000,000,000 1936 campaign fund hitherto appropriated subject to the allocation of the Executive.

This suggestion will accomplish two principal objects:

First. It will demonstrate that the purpose of Congress is to achieve true social security, and not merely to issue a wide-spread campaign of idle promises, hullabaloo, and hypocrisy. It will start to give that security now, when it is bitterly needed, instead of passing the buck to future administrations and imposing a vast tax burden on both wage earners and employers alike, increasing steadily until 1949.

Second. It will materially aid the cause of the Republic, the protection of the rights of the States, the protection of Congress itself from the Federal encroachment now usurping the legislative powers of Government, if the Executive club of $5,000,000,000 is shortened to $3,000,000,000, and the difference appropriated to the social security of the needy and the political security of the Republic.

THE REPUDIATION PARTY AND ITS EMBLEM, THE BLUE EAGLE

Mr. President, those administration pallbearers who are trying by the passage of this bill to resurrect the dead corpse of the N. R. A., after the nine Justices of the Supreme Court by unanimous decision have consigned it to the grave, place themselves in a unique position.

They brand themselves as the outstanding repudiators of political history.

First. By retaining the provision which suspends the antitrust laws, they repudiate the platform on which they and the President were elected, namely, their "100 percent" pledge demanding—

Strict and impartial enforcement of the antitrust laws to prevent monopoly.

Second. They repudiate two of the outstanding progressive achievements of the former Democratic administration of Woodrow Wilson, namely, the Clayton Antitrust Act and the Federal Trade Commission Act.

Third. They repudiate every Democratic platform in 40 years, from the second administration of Grover Cleveland in 1892 to the one and only administration of Franklin "Delaware" Roosevelt, demanding strict enforcement of antitrust laws against monopoly.

Fourth. They repudiate the Constitution which they swore to uphold when they took their oaths to obtain seats in this Chamber, after the Supreme Court has found that the N. R. A. is unconstitutional.

Fifth. They repudiate the sovereignty of their own States, which this unconstitutional N. R. A. seeks to override.

Sixth. They repudiate the demands of 90 percent of the people of the United States, who overwhelmingly call for the burial of the Blue Eagle and all its progeny as the greatest stench that has ever revolted the American body politic.

Seventh. They repudiate even their own speeches for national industrial recovery, because the N. R. A. has been the chief obstacle to industrial recovery, as witness:

(a) In the first year after the first N. R. A. code, in July 1933, the industrial production of the United States fell 25 percent, while the industrial production of Canada and Great Britain rose 20 percent.

(b) It brought on the greatest industrial strike in American history, 800,000 wage earners being involved in a country-wide strike, and both leaders of the warring industrial factions were factotums of the N. R. A., namely, the Chairman of the N. R. A. Textile Code Authority was spokesman for the employers, while a leading member of the N. R. A. Labor Advisory Board was president of the United Textile Workers, both being official members of the N. R. A. set-up, and the entire strike or industrial war sprang from the N. R. A. and was apparently designed within N. R. A. circles to cut down the surplus supply of textile mill goods and boost consumer prices.

(c) Even in April 1935 the American Federation of Labor finds 11,500,000 unemployed as compared with 7,000,000 reported by the American Federation of Labor for April 1932, showing an increase of 4,500,000, or 65 percent, in 3 years of increasing industrial chaos, during which leading industrial countries abroad, such as Great Britain and Canada, have returned to a normal condition of industrial prosperity, the greatest they have known since the World War.

Eighth. Though the Supreme Court, by declaring the N. R. A. and its huge patronage of 5,400 unlawful under the Constitution, the administration majority repudiates its 100-percent pledge in the Chicago platform to cut off useless bureaus and reduce the cost of Government "by not less than 25 percent."

Ninth. Though the Supreme Court has performed a great public benefaction in cutting down Government costs by several hundred millions in its decision that kills the N. R. A., the administration majority deliberately chooses to ignore the Court's decision and thereby repudiates the Chicago platform pledge for a "Federal Budget annually balanced."

Tenth. Though the greatest bar to national industrial recovery is the uncertainty and fear injected into the economic development of the country by unconstitutional "experiments" and the "crack-down" threats to all private enterprise, the administration majority persists in perpetuating this N. R. A. uncertainty nearly a year longer and thereby repudiates its pledge to "recover economic liberty", to "restore confidence", and to "bring peace, prosperity, and happiness to our people."

Thus the administration supporters of the dead N. R. A.—upholders of the corpse which "nine out of nine" Justices of the Supreme Court have pronounced legally defunct and stinking—have not only defied the judgment of the Court and the provisions of the Constitution, but they have repudiated every economic plank of the platform on which they were elected, repudiated every pretense of recovery on which they based their long chain of "planned emergency", repudiated the record of all previous Democratic administrations in 50 years, repudiated the speeches and White House promises of 3 years of industrial chaos, repudiated even the false hullabaloo of the 11,000 press releases sent out by the publicity division of the N. R. A. and its short official life to date.

In short, we have here the greatest case of partisan self-repudiation known to history. Having repudiated their own party, all their platforms, all their party history, all their former leaders, and finally repudiated themselves and their own works and words—deserted all for one stinking corpse—these "new dealers" of the N. R. A. today have resolved themselves into a new party in American history—the repudiation party.

The other day a mass convention of American citizens gathered at Springfield, Ill., the former home of Abraham Lincoln, who prayed at Gettysburg that "government of the people, by the people, and for the people should not perish from the earth."

Were it not for the vicious principle, the rotten failure, the industrial chaos, exemplified by the unconstitutional N. R. A. Act and its exposure by the nine out of nine Justices of the Supreme Court, that convention might not have been held. This "grass roots" convention of the Mississippi Valley States marked the popular revulsion of the American people against this corpse of the N. R. A. Other like conventions are to be held in Ohio, representing nine central industrial States of the East, another at Salt Lake City representing the Mountain States, and still another representing the Pacific Coast States. Similar revolt against Federal domination of industry is expressed by the Governors of nine States of the South.

Here is one of the cheering patriotic signs at this "grass roots" convention in the town made famous by Abraham Lincoln. That assembly of 8,000 cheered the name of Alfred E. Smith, the Democratic standard-bearer of 1928. They

cheered the names of the Senators of Virginia, the veteran CARTER GLASS and former Governor BYRD. They cheered the name of the Senator from Maryland [Mr. TYDINGS]. And why these cheers from a convention presumed to be of the party of Abraham Lincoln?

The reason is plain enough. They had read the speeches and watched the votes and listened to the radio messages of these statesmen, who placed country above the party whip, Jefferson and Lincoln above Tugwell and Richberg, the nine Justices of the Supreme Court above Frankfurter and Cohen, and Washington, Cleveland, Theodore Roosevelt, and Woodrow Wilson above Franklin Roosevelt, General Johnson, and the Blue Eagle corpse and chaos.

That mass convention of the "grass roots" States had taken notes of the attitude of this administration toward the Supreme Court and toward the Constitution, as expressed by the President in his White House press interviews. Those men and women of the Middle West were not blind to the White House slur, that the nine Justices of the Supreme Court had set the country back 50 years, to the "horse and buggy" days because they had set up the Constitution as their guide, instead of the Roosevelt-Johnson codes; because they had set the principles of American liberty above the edicts of a would-be dictator; because they had placed the sovereign rights of the States above the interests of code monopolies; because they had held, as every court before them held for 146 years, that the legislative power of Congress cannot be delegated and usurped by the Commander in Chief of the Army and Navy to build here a bureaucratic autocracy as in Rome, Berlin, and Moscow.

That is why this "grass roots" convention cheered, not only the names of Jefferson and Lincoln, but the names of Alfred E. Smith and the Senators from Maryland and Virginia. It is only the scared handful, repudiators of their own party and platform, afraid to voice their own true convictions because of that club of the $5,000,000,000 burglary, the officeholders waiting for their split of the greatest hold-up of history, who are unable to read the handwriting on the White House wall—"Mene, mene, tekel, upharsin"—weighed and found wanting!

On the day chosen for dragging this Blue Eagle corpse through the Senate Chamber under a gag law, insisted upon by the President himself, the Shriners of the United States were marching up Pennsylvania Avenue 100,000 strong. The Stars and Stripes waved everywhere, at the reviewing stands and above the marching ranks, and there was not a Blue Eagle sign displayed.

And thereon hung the great news event of the day. When Franklin "Delaware" Roosevelt saluted the Shriner colors as the procession passed his reviewing stand, he was compelled to salute The Star-Spangled Banner—the flag of the free, the flag of the Constitution—instead of the corpse shrould of the Blue Eagle, the bedraggled rag of the N. R. A., salvaged by the swag of $5,000,000,000.

Mr. President, I ask leave to print an industrial-control report relating to the "grass roots" convention.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Industrial Control Reports, issued weekly by the James True Associates, National Press Building, Washington. No. 102. June 15, 1935]

FRANKNESS FROM THE "GRASS ROOTS"

Washington opposers of the administration, both Democrats and Republicans, are greatly encouraged over two results of the "grass roots" convention—establishment of the constitutional issue, and the brushing aside of restraint in attacking Roosevelt personally.

Undoubtedly, the most effective feature of administration propaganda was its protection to Roosevelt until the recent Supreme Court decision. More than 300 official administration press agents were assisted by thousands of socialist "fronts" and "plants" in every section of the country. Reds on the staffs of papers used their influence to the utmost. Jewish advertisers also brought pressure to bear.

About 60 days ago, a prominent Washington correspondent of an opposition paper told the writer that it was not safe to attack Roosevelt. Published criticism brought a flood of protests from the "fronts" and "plants", and their letters were received as an indication of public opinion until their names became familiar to editors. Hoaxing of the press in this way is an established method of Communists and Socialists.

We have received many letters of protest and denunciation, a number of them threatening, because of our many factual statements regarding Roosevelt. A striking similarity of phrasing unmistakably indicates the organized effort on the part of reds and pinks to protect "the first Communist President of the United States", as he is called in Russia, against adverse criticism.

More than a year ago we predicted that the new deal would be blocked when the public learned some of the facts regarding the motive behind it. Now the bars are down. A large part of the public suspicions that it has been betrayed. Roosevelt's responsibility for his appointments and leadership is established. Without serious molestation, newspapers can now publish the truth, thanks to the "grass roots" convention.

"GRASS ROOTS" HIGHLIGHTS

From a well-known observer at the convention, we learn there were 8,666 delegates registered from 10 States. The galleries at all meetings were filled. As many women as men attended. A great many resolutions were thrown out, none but the most important and significant were considered. "The new deal was indicted, tried, found guilty, and sentenced to hang."

Women will wield more influence in the next campaign than ever before, if convention indications hold. Women delegates were unanimous in their denunciation of the First Lady for her political activities and radio advertising. They pronounced her a socialist and severely criticized other members of the family. It was evident that Republican women will make Mrs. Roosevelt one of the major issues, and that they are determined that the next hostess of the White House shall be one who will carry out the American tradition.

DAMNING EVIDENCE AND A FEW QUESTIONS

Breaking of the popularity of Roosevelt is largely due to a public realization of the hypocrisy and double-dealing of the man. If you want just a mild hint of his complete change of front, write the Republican National Committee, Washington, D. C., for a complimentary copy of the pamphlet "Franklin D. Roosevelt, as Governor, Warned Against * * *."

Why did Roosevelt junk the Democratic platform he was elected on and substitute the Socialist platform? Why did he adopt the "brain trust" new-deal program after he had vigorously denounced control by master minds, infringement of State rights, Federal interference with business, and the other communistic ventures he has promoted as President?

Answers to these questions have been supplied the public by millions of letters, books, pamphlets, small periodicals, booklets. Many thousands of these pieces have been stolen from the mails by "new dealers" in the Postal Service. To a large extent, pamphleteers have expressed their goods. The campaigns have been mightily effective and have largely nullified the press censorship and the effects of threatened press boycotts.

CREDIT WHERE CREDIT IS DUE

For the vast and recent change in public sentiment, credit should be given to Albert W. and Elizabeth Dilling, Gerald B. Winrod, H. A. Jung, Col. Edwin M. Hadley, Robert E. Edmondson, Col. E. N. Sanctuary, John B. Trevor, John B. Snow, Miss M. R. Glenn, and many others. At great personal sacrifice, these Americans have exposed the communistic fallacies of the administration and the sinister international influence behind Roosevelt.

DEMOCRATS WITH THE NEW-DEAL JITTERS

Fear of what the new deal will do to the party is expressed by prominent Democrats in two major ways. The movement to block the nomination of Roosevelt is well started, and is based on the fact that he has proved he is not a Democrat. The plan is to have one-third of the delegates instructed or pledged not to vote for Roosevelt, and the movement is said to be making marked headway in Georgia, Tennessee, Virginia, Florida, and Texas.

This week, a secret poll of Democrats in the House was made by the National Congressional Committee to determine sentiment for the 1936 election. The first question is: "What in your opinion is the reaction, personally, to Mr. Roosevelt in your district?" The second deals with the reaction to administration policies, and the third is: "Can Roosevelt carry your district?" It is the earliest poll ever conducted by the committee.

OLD WINE IN A NEW BOTTLE

The United States Flag Association is promoting a declaration of independence of today, to be signed by 56 "outstanding Americans." The announcement will be made on July 4, and the new document will paraphrase the original declaration.

Insiders say that since both Roosevelt and his wife are officials of the United States Flag Association, they cannot understand how a conclusion was reached without removing both the blue and the white from the flag.

DEFYING THE SUPREME COURT?

Apparently in opposition to the principles laid down by the Supreme Court in the recent N. R. A. case, new-deal leaders in Congress are making desperate efforts to push through the A. A. A. amendments. Although new-deal legal tricksters say they have gotten around the decision by "rephrasing" parts of the bill, the legislation, if enacted, will give the Secretary of Agriculture supreme control of farm products. Leaders in both Houses and A. A. A. officials have admitted, insiders say, that the announcement regarding cancelation of licensing power was merely a "gesture." There is no doubt that the proposed legislation is unconstitutional.

The N. R. A. bill, considered under gag rule by the House, holds together the Tammany political machine in a form that can be rapidly extended for the political campaign. It offers practically no benefits to industry and preserves the sinister menace of political control. Even in its emasculated form it is doubtful that all provisions of the N. R. A. bill are constitutional.

TAX FIGHTS

We predict that the next heavy blow dealt the new deal will be in the form of suits to recover processing taxes. While egomania still rules at the top, sane administration officials admit that the entire A. A. A. structure is in grave danger. It has been announced that the tobacco industry will claim about $50,000,000. Thursday, in Philadelphia, six packing companies filed suits in the United States district court.

They have asked that the collector of internal revenue be enjoined from collecting further processing taxes. The suits are based on the claim that the Government has no power to control production, that the processing tax is not a tax as defined by the Constitution, and that the Secretary of Agriculture should not be granted arbitrary taxing power. Other suits for millions of dollars have been filed in various sections of the country.

WORTH-WHILE BROADCASTS

Monday evening, June 17, at 6:30 (eastern standard time), Representative HAMILTON FISH, Jr., will broadcast a vitally important statement on the condition of agricultural exports and imports. His speech will be made over the blue network of the National Broadcasting Co.

On June 21, at 10:30 (eastern standard time), Representative MARTIN DIES, of Texas, will broadcast over the same network an appeal to reason regarding aliens. He will advocate the immediate passage of his bill to permanently stop immigration and deport 3,500,000 aliens unlawfully in this country. His speech is sponsored by more than 100 patriotic organizations.

EXPORTS AND IMPORTS

Recently Representative FISH introduced the last McNary-Haugen bill (H. R. 8427), providing for the control and disposition of surplus farm commodities. He will explain his reasons during his broadcast next Monday, and following we state some of the facts that impelled him to attempt to save vanishing markets for the country's agricultural products.

The present condition vitally affects every American business. Mr. FISH takes the charitable view that the demoralization is due to mistakes of administration officials. About 16 months ago we emphasized certain facts which strongly indicated a deliberate attempt to retard recovery. Since then we have repeatedly charged the administration with planning to impoverish the country in order to make its communistic experiments acceptable. The following facts are submitted as proof of our charges:

EVIDENCE OF OFFICIAL SABOTAGE

Half or more of our cotton exports have been lost. We are actually importing more wheat than we are exporting. Since last July 21,760,000 bushels of wheat have been imported, while exports were only 3,008,697, and the equivalent of 11,702,000 in flour, a large part of it milled from Canadian grain. We have imported 11,269,000 bushels of corn, 14,084,000 bushels of oats, 9,624,000 bushels of barley, and 12,474,000 bushels of rye.

During the first 4 months of this year importation of grains amounted to $22,721,000, and during the same period of 1934 the total was $4,785,000. Wheat exports dropped from 12,174,000 to only 57,000 bushels. Rice imports increased from 12,708,000 to 39,024,000 pounds. Rice exports decreased from 39,375,000 to 28,778,000 pounds. There was a net trade loss of 36,912,000 pounds of rice during the 4-month period.

Butter imports increased from 217,000 pounds last year to 17,398,000 pounds for the first 4 months of this year. Importation of meats increased from 16,326,000 pounds to 38,041,000 pounds, while meat exports decreased from 79,544,000 to 57,888,000 pounds. Lard exports dropped from 166,952,000 pounds to 51,386,000 pounds during the 4-month period. Tobacco exports for April this year were the smallest for any month since March 1918.

In 1925 exports of agricultural products reached a total of about one billion and a half dollars. In 1934 exports were $733,416,000—less than half. Authorities estimate that agricultural exports for this year will not exceed $500,000,000. The 1925 figures are based on a sound, 100-percent dollar. The decreased figures are in the depreciated 59-cent dollar. Based on the old sound dollar, the value of this year's farm exports will not exceed $300,000,000—one-fifth of agricultural exports for 1925.

These figures are but a small part of a large number which point to the same inevitable conclusion. The new deal planned ruin of the country's agriculture is almost complete, and during the process the administration stealthily increased its communistic control. The only success of the administration is its deliberately planned demoralization.

Mr. HARRISON. Mr. President, there is to be no other discussion of the pending amendment this afternoon, I understand.

Mr. McNARY. Does the Senator from Mississippi desire to have me present at this time the amendment in behalf of the Senator from South Dakota [Mr. NORBECK], or shall I wait until tomorrow?

Mr. HARRISON. The Senator may offer the amendment now. I should like to clear up as many of these matters as possible.

Mr. McNARY. In the absence of the Senator from South Dakota, who is compelled to be away on account of official business, I submit the amendment which I send to the desk.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The Senator from Oregon [Mr. McNARY] presents an amendment on behalf of the Senator from South Dakota [Mr. NORBECK], which the clerk will state.

The LEGISLATIVE CLERK. On page 80, after line 4, it is proposed to insert the following:

TITLE XII—INDIAN PENSIONS

SEC. 1201. That heads of families and single persons of Indian blood, not otherwise entitled to the benefits of this act, who have heretofore attained or shall hereafter attain the age of 65 years, are hereby declared to be entitled to a pension from the United States in the sum of $30 per month, subject to the following conditions:

Applications for pension by persons of Indian blood shall be made in writing in such form as the Secretary of the Interior may prescribe and shall be filed by the applicant with the superintendent or other officer in charge of the agency or tribe to which the applicant belongs. Upon receipt of any such application the Secretary of the Interior shall make, or cause to be made, such investigation as he may deem necessary to determine the accuracy of the facts shown thereon, including the annual income of the applicant from other sources. In all cases where the Secretary of the Interior finds that the annual income of such applicant is less than $1 per day, said Secretary shall award to such applicant a pension in an amount which, when added to the other annual income of such applicant, will bring such annual income up to but not in excess of $1 per day: *Provided, however,* That payments to Indian pensioners entitled hereunder shall be made in equal monthly installments from the date of approval of application therefor by the Secretary of the Interior, and, in the discretion of said Secretary, such payments may be made direct to the individual beneficiaries or to other persons designated by the Secretary of the Interior providing care for any beneficiary under the provisions of this act: *Provided further,* That in the discretion of the Secretary of the Interior such payments due any Indian beneficiary may be handled in accordance with regulations governing individual Indian money accounts; and the Secretary of the Interior is hereby authorized to prescribe such further rules and regulations as may be necessary for carrying out the provisions of this section.

SEC. 1202. All persons of Indian blood who are permanently blind but less than 65 years of age shall be entitled to a pension from the United States in the sum of $10 per month, and all persons of Indian blood who have for 1 year previous to the enactment of this act been unable to perform physical labor on account of being crippled or otherwise disabled shall be entitled to a pension from the United States in the sum of $10 per month during such disability.

SEC. 1203. The Indians and Eskimos of Alaska shall receive a pension under same conditions and in an amount one-half that provided for Indians under this title.

SEC. 1204. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act, including necessary expenses of administration.

Mr. HARRISON. Mr. President, I have considered the amendment very carefully, and I am willing that it shall go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McNARY. Mr. President, I am in possession of a letter written to the Senator from Mississippi [Mr. HARRISON], in charge of the bill, by the Commissioner of Indian Affairs, which the Senator from South Dakota [Mr. NORBECK] desired to have me offer for the RECORD, and I ask unanimous consent that it may be printed following the action on the amendment.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 17, 1935.

Hon. PAT HARRISON,
United States Senate.

DEAR SENATOR HARRISON: I have talked with your secretary, Mr. Calhoun, about the proposed amendment to the Securities Act providing for pensions for aged Indians.

I am in sympathy with this proposal, and I call attention to its modest character. These aged Indians will receive from the Government a sufficient monthly pension to bring their total income to a dollar a day. The possibilities of abuse under the terms of the proposed amendment would be minimized. Most of these aged Indians, insofar as they receive incomes at all, receive them from properties under the jurisdiction of the Government and in the form of payments out of individual accounts held in trust. This fact means that the Interior Department, through its local superintendencies, would know with considerable exactness the income already being received by each of these old people.

I should add that a large percentage of them are now receiving little income or none at all. Many of these old Indians possess no

land any more. Others are in possession of allotments not yet alienated, from which the regular income is trifling. Often their landholdings are split through numerous heirship processes—lands which have become subdivided through the pernicious allotment system to that point where they can no longer be profitably rented or farmed. These old Indians now subsist at a near-starvation level through such help as relatives may be able to give them and through the very inadequate relief grants now made to the Indian Office.

I should add that these old Indians are the best of their race, and I believe every American feels that the Government ought not to let them starve nor leave them dependent upon uncertain local charity. Usually they do not have access to the relief sources which imperfectly meet the need of aged white people.

What probable liability will the amendment place upon the Government? There are about 14,000 Indians aged 60 years and over; about 11,900 aged 65 years and over; about 9,325 aged 70 years and over. The maximum theoretical liability for the group 60 years and over would be $4,260,000 a year. I would estimate roughly that two-thirds of the total of those 65 years and over (11,900) would be entitled to some aid, and that on the average this two-thirds (7,900) would become entitled to pension at the rate of 66⅔ cents a day. This would mean an annual cost to the Government of about $1,925,000. You will understand that this is a merest estimate and that in time of drought and of business depression the required amount might be larger, while in good times it would be substantially smaller.

Sincerely yours,

JOHN COLLIER, *Commissioner.*

Mr. HARRISON. Mr. President, I offer two clarifying amendments.

The PRESIDING OFFICER. The Senator from Mississippi offers amendments, which the clerk will state.

The LEGISLATIVE CLERK. On page 29, line 1, after the word "State", it is proposed to insert the words "and its political subdivisions."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 33, line 23, after the word "State", it is proposed to insert the words "and its political subdivisions."

The amendment was agreed to.

Mr. HARRISON. I offer another amendment, to be inserted at three places in the bill.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 8, line 1, it is proposed to strike out the words "Secretary of the Treasury" and to insert in lieu thereof the words "Social Security Board."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 8, line 4, it is proposed to strike out the words "Secretary of the Treasury" and to insert in lieu thereof the words "Social Security Board."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 9, line 10, it is proposed to strike out the words "Secretary of the Treasury" and to insert in lieu thereof the words "Social Security Board."

The amendment was agreed to.

Mr. RADCLIFFE. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 15, line 22, after the word "literary", it is proposed to strike out "or educational" and to insert in lieu thereof "educational or hospital."

On page 52, line 4, after the word "literary", it is proposed to strike out "or educational" and to insert in lieu thereof "educational or hospital."

On page 61, line 22, after the word "literary", it is proposed to strike out the words "or educational" and in lieu thereof to insert "educational or hospital."

Mr. HARRISON. Mr. President, I have examined this amendment. Many charitable hospitals have been held by the Treasury Department to be exempt, and this provision of the bill is in the same wording as the present law.

Mr. CLARK. Mr. President, what is the purpose of the amendment?

Mr. HARRISON. There are certain charitable hospitals which under the wording of the bill are already exempt.

Mr. CLARK. According to the great argument the Senator from Mississippi [Mr. HARRISON] made this afternoon, as well as the Senator from New York [Mr. WAGNER], this amendment would impair the constitutionality of the bill.

Mr. HARRISON. I am sorry the Senator places that interpretation on it. The wording is as follows:

(b) The term "employment" means any service, of whatever nature, performed within the United States, or as an officer or member of the crew of a vessel documented under the laws of the United States, by an employee for his employer, except—

* * * * * * *

(6) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes—

And so forth.

Mr. CLARK. Unfortunately, perhaps, the Treasury Department does not as yet make the laws of the United States. The Supreme Court within the last 2 or 3 weeks said that the Congress still functions. While I have no objection to this amendment, which simply provides another exemption to those already in the bill, it certainly gives the lie to the argument which has been made here all afternoon by the sponsors of the bill, the Senator from Mississippi [Mr. HARRISON], the Senator from New York [Mr. WAGNER], the Senator from Wisconsin [Mr. LA FOLLETTE], and others, that to put exemptions in the bill would invalidate the measure. I shall not object.

Mr. HARRISON. Mr. President, I desire to say only a word. The amendment does not, in my opinion, add anything to what is already in the bill. It is a clarifying amendment, and for that reason it was offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maryland [Mr. RADCLIFFE].

The amendment was agreed to.

Mr. McNARY. Mr. President, I think I shall take this opportunity to say a few words on one section of the bill, particularly that which applies to old-age pensions.

For many years I have been very much interested in the philosophy of legislation of this character. In reviewing a few days ago some of the bills, I found that on August 15, 1919, I introduced a bill which provided a pension for those who had reached the period of old age.

Today we are considering a plan directly affecting millions of our citizens—so many, in fact, that they outnumber the combined populations of Arizona, Delaware, Idaho, Montana, Nevada, New Mexico, North Dakota, Rhode Island, South Dakota, Utah, Vermont, Wyoming, the District of Columbia, and Alaska.

The problem which we are called upon to face in the care of our dependent aged grows more acute with each year. Within a century man's expectancy of life has jumped from 39 to 60 years, so that in 1930 those over 65 years of age represented more than 5 percent of the entire population, a percentage double that of 1850.

We cannot lightly approach any plan touching so large a number of our citizens. For good or ill, dependent wholly upon the ultimate soundness of our program, our decision will affect the entire economic, social, and perhaps political life of the country. The cry for old-age pensions, delayed though it has been in the United States, is now challenging the attention of the country as never before.

Wrapped in our own affairs, we have gone our separate and indifferent ways until conditions have become so acute as to compel a wide-spread realization of an indefensible situation. Now an awakened and aroused public opinion clamors against this existing evil, and few are left sufficiently entrenched in selfish interests to remain calloused to the call of humanity, or to dare ignore the challenge of an enlightened remedy.

There are some who attribute this to clever and appealing propaganda; but the demand for decent care for our dependent aged is rooted in the fundamentals and ideals of our democracy, and of late years has been intensified by our rapid mechanization and industrialization.

A century ago problems of old age from the economic standpoint were not so acute nor so sharply defined as today. The man of 50, 60, or 70, growing more adept at his trade, handled his simple tools skillfully; and if advancing years laid a restraining hand on his shoulders, they also bestowed

the benediction of experience, trustworthiness, and dependability which youth does not always possess. So the elderly man had his place. The whir of the accelerated motor, the machine which, serving man, demands perfection of eye and muscle of him who serves it—these did not yet constitute a challenge to his efficiency. On the farm, in the simple workshops, in the fields, driving the vehicles of those days on rude but safe highways, the worker of yesterday did not find it necessary to clutch with a life-and-death grasp the job which gave him independence.

The women also had their place. The mother found many things to which her willing hands could turn in the homes of yesterday, with the younger generation coming on apace and no labor-saving devices to lighten the burden. Families were larger in those days. There were more children to share the expense of maintaining the older generation when it ceased to be financially independent.

Again, in the last decade we have turned sharply from agriculture to industry. Forty-five years ago nine and one-half million of our people were engaged in agriculture, topping by more than a million those found in mining, manufacturing, transportation, and trades. But in 1920, 30 years later, agriculture claimed only 11,000,000 as against 21,000,000 in the other fields of endeavor, and in 1930 there was an actual decrease in the number of agriculturists, as against 25,000,000 in the industrial groups. In other words, in 1890 a greater proportion of our people were engaged in agriculture than in any other business activity. Since that time, and up to 1930, agriculture has barely held its own, whereas the industrial group has practically trebled itself.

This, of course, has a direct bearing on old-age dependency. Not only did the elderly man and woman find a niche in the agricultural pursuits, but the struggle for shelter and food was not so exacting on the farm as in the crowded cities to which industry has drawn our people. Every time man's inventive genius constructs another labor-saving device, more men and women walk the streets with empty hands, and the blight falls first on those of matured years.

But to damn the machine is futile, since progress is inevitable, and should be welcome. Nevertheless, it is essential that we adjust our economic life to our new industrialization and mechanical advancement; and when we care for the aged we have taken one necessary step in that direction.

Not alone have we become industrialized as a nation, but we boast an industrialization pitched to the highest degree of efficiency, specialization, and speed. Added to this there is the abominable practice, rapidly increasing, of placing an employment deadline somewhere between 35 and 50. In 1929 the National Association of Manufacturers, after a survey, revealed that 30 percent of the concerns investigated—the large corporations chiefly—operated under set age limits, the most accepted limit for unskilled workers being 45 years of age; for skilled workers, 50 years of age.

Now, if it were possible, in this land of abundant natural wealth, for the majority of our workers to earn enough to accumulate a surplus for their latter years, this condition might not be so tragic. But, of course, in the case of at least half of those employed this is utterly impossible. The Brookings Institution, in its survey based on conditions in 1929, found that about 40 percent of income recipients received incomes less than $1,000. The average income was approximately $1,200. Going by slowly ascending steps to an annual income of $2,000, we find that less than 19 percent of our people receive in excess of this amount. These figures were calculated, not on conditions in one of our depression years, but in our so-called "boom" year of 1929, when we as a people were supposed to be cradled in luxury and abundance. When we consider the exigencies of life, the inevitable periods of unemployment and illness, the losses and the costs involved in these and in other accidents and hazards, we are putting it optimistically if we assume that even 40 percent of our people are able to accumulate a substantial and adequate savings account. As a matter of record, 16,000,000 families, comprising about 59 percent of all our families in the United States, in 1929 had aggregate savings of about $250,000,000 only. This amounts to about $16 per family.

Of this group some will have a few hundreds more, some nothing at all, and many will be in debt, but the net answer is the same. More than half of our people cannnot, out of their meager earnings, set aside any substantial amount against the years of unemployment and old age.

We find, then, in our modern industrialized society these two related causes of old-age dependency, neither of which surely can be charged to those who suffer from them most: Foremost, low wages which prevent accumulation of any degree of wealth, and its close associate, the refusal to employ those who have passed youth and middle age. Various industrial studies made within the last 10 years plainly indicate that only a few of our workers have earned enough to maintain a moderately high standard of living, and not only have earnings fallen short of this in good times, but during periods of depression they have been insufficient to supply even the minimum necessities. It is conceded by most students of the problem, including the foremost authorities in this field, that the major factor for poverty in old age is the low wage scale. I may say that an examination of this class shows that small earnings and dependency in old age maintain an inseparable relationship.

A year ago a study by the Brookings Institute entitled "America's Capacity to Consume" startled us by its statistics concerning the number of families and workers who, because of the small return for their labor, were compelled to exist far below our accepted American standard.

A series of charts on family and individual incomes is followed by this explanatory language:

The figures in the table and chart reveal in a striking way the wide disparity in incomes, and also the concentration of the great bulk of the families in a relatively narrow income range. The greatest concentration of families was between the $1,000 and $1,500 level, the most frequent income being about $1,300. The following summary statement will aid in showing both the range and the concentration that exists:

Nearly 6 million families, or more than 21 percent of the total, had income less than $1,000. About 12 million families, or more than 42 percent, had income less than $1,500. Nearly 20 million families, or 71 percent, had income less than $2,500. Only a little over 2 million families, or 8 percent, had income in excess of $5,000. About 600,000 families, or 2.3 percent, had income in excess of $10,000.

In the face of this cold statement of facts, no argument is needed to establish our responsibility toward those who find themselves at 60 or over without adequate savings. If anything is needed to strengthen this recognition, let us turn again to the study of our wealth distribution for an analysis of surveys during the same period:

Sixteen and two-tenths million families with income from zero to $2,000 (59 percent) show aggregate savings of about $250,000,000. 8.9 million families (32 percent) with income from $2,000 to $5,000 saved approximately 3.8 billion dollars. Two million families (7 percent) with income from $5,000 to $20,000 contributed about 4.5 billion dollars of the aggregate savings. 219,000 families with income above $20,000 saved over $8,000,000,000.

About 2.3 percent of all families—those with incomes in excess of $10,000—contributed two-thirds of the entire savings of all families. At the bottom of the scale 59 percent of the families contributed only about 1.6 percent of the total savings. Approximately 60,000 families at the top of the income scale, with income of more than $50,000 per year, saved almost as much as the $25,000,000 families (91 percent of the total) having income from zero to $5,000.

Thus, it must be evident to the most determined individualist that in most instances old-age dependency in the United States is not due to individual maladjustment, but to social and economic forces which the individual cannot hope to govern.

To present a problem is much simpler than to present its solution. Yet I am confident that once the magnitude of this problem is clearly recognized, once we face squarely the fact that it has passed beyond the ability of the individual to master, and is distinctly national in its character, we shall set ourselves to the task of its solution. It does not square with our sense of fair play and honorable acceptance of responsibilities to flinch and turn a cowardly back upon our duty.

In Wisconsin, where there was an opportunity for voters to register their convictions, they voted in 1931 to change

the law from optional to mandatory form; and Minnesota followed suit in 1933. Six of the 13 laws enacted between 1931 and 1933 set the pensionable age at 65 years instead of 70. Since the beginning of 1935 seven States have enacted laws affecting old-age pensions. In every instance the trend has been toward liberalization such as reduction in age limit, lowering the residence requirements, or making the obligation of the counties mandatory.

I do not claim that an old-age pension alone will bring to this country a full solution of its pressing problems; but it is an important, righteous forward step.

Both the farmer and the business man should profit by the application of a generous pension plan, greatly in excess of whatever share of the financial expense may fall upon them. If it is feasible to spend billions of dollars to lift industry from its prone position and start it again into its stride, it is feasible to expend money in this just cause with the expectation that it will carry out the second part of its twofold purpose, namely, to stimulate the purchase of our so-called "surplus commodities" by assuring for them a fixed and balanced market.

No less a beloved citizen than Abraham Lincoln has said:

> Inasmuch as most good things are produced by labor, it follows that all such things ought to belong to those whose labor has produced them. But it has happened in all ages of the world that some have labored, and others, without labor, have enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor as nearly as possible is a worthy object of any good government.

Those who are devoting themselves to the cause of good government can take this means of assuring to our workers, in their old age at least, the products of their labor of earlier years. Thus, there shall be happiness and peace in homes now darkened with despair, and in serving the cause of good government we shall serve the cause of democracy and humanity as well.

EXECUTIVE SESSION

Mr. ROBINSON. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of John B. Tansil, of Montana, to be United States attorney, district of Montana, to succeed James H. Baldwin, appointed United States district judge for the district of Montana.

Mr. BURKE, from the Committee on the Judiciary, reported favorably the nomination of John E. Sloan, of Pennsylvania, to be United States marshal, western district of Pennsylvania, vice J. Hilary Keenan, resigned.

Mr. COPELAND, from the Committee on Commerce, reported favorably the nomination of John Monroe Johnson, of South Carolina, to be Assistant Secretary of Commerce, vice Ewing Y. Mitchell.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of sundry postmasters.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The reports will be placed on the Executive Calendar. If there be no further reports of committees, the calendar is in order.

FEDERAL HOME LOAN BANK BOARD

The legislative clerk read the nomination of John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board.

Mr. RUSSELL. Mr. President, on yesterday I agreed with the Senator from Florida [Mr. FLETCHER] that this nomination should be disposed of today. The junior Senator from New Jersey [Mr. MOORE] desires to be present when it is considered. He had an engagement to deliver a commencement address in New Jersey this afternoon and went there by airplane to deliver the address. I understand he will be back tomorrow. In view of the circumstances, I ask that the nomination be passed over for another day.

Mr. WALSH. Mr. President, do I understand the Senator from Georgia to say that the nomination will be taken up tomorrow?

Mr. RUSSELL. I should be perfectly willing to dispose of it today; but, as I said, the Senator from New Jersey made the request of me that I mention his desire to be present when the matter is considered. I said that it was not in my hands, but that I should have to see the Senator from Florida [Mr. FLETCHER], who is not on the floor at the present time.

Mr. WALSH. The Senator from Florida spoke to me about the matter. I shall be very glad to accommodate the Senator from New Jersey [Mr. MOORE], as well as the Senator from Georgia [Mr. RUSSELL], and let the nomination go over until tomorrow. I hope it may be disposed of tomorrow.

JOHN MONROE JOHNSON

Mr. McNARY. Mr. President, I inquire of the Senator from New York if he reported the nomination of Mr. Johnson?

Mr. COPELAND. I did.

Mr. McNARY. The nomination has gone to the calendar?

Mr. COPELAND. It has gone to the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Elwood Hamilton to be United States district judge, western district of Kentucky.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harry E. Pratt to be district judge, division no. 4, district of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, with the exception of Alice L. Woolman, appointed to be postmaster at Coweta, Okla., I ask that all the other nominations on the calendar be confirmed en bloc, and that that nomination be permitted to remain on the calendar.

The PRESIDING OFFICER. Without objection, with the exception mentioned, the postmasters will be confirmed en bloc.

That completes the calendar.

Mr. WALSH. Mr. President, I ask the attention of the Senator from Tennessee [Mr. McKELLAR]. I notice that the nominations of postmasters in Massachusetts are not on today's list. Has the committee been unable to report them as yet?

Mr. McKELLAR. The committee has reported them, and they will be on the calendar tomorrow.

RECESS

Mr. ROBINSON. Mr. President, in pursuance of the unanimous-consent agreement heretofore entered into, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate, under the order previously entered, took a recess until tomorrow, Wednesday, June 19, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 18 (legislative day of May 13), 1935

UNITED STATES DISTRICT JUDGE

Elwood Hamilton to be United States district judge, western district of Kentucky.

DISTRICT JUDGE, ALASKA

Harry E. Pratt to be district judge, division no. 4, district of Alaska.

POSTMASTERS

ARKANSAS

Lucie H. McDonnell, Altheimer.
Max B. Wurz, Bigelow.
Frank Welch, Carlisle.
John W. Page, Dover.
William F. Price, Evening Shade.
Andrew J. Clemmons, Grady.
Leo C. Russell, Lamar.
Clement C. Bowen, Osceola.
Albert S. Snowden, Paragould.
Elbert R. Winton, Piggott.
James H. Carnahan, Prairie Grove.
John L. Hyde, Tillar.
Leila B. Lynch, Weiner.
Ernest A. Stockburger, West Fork.

IDAHO

Arvene J. Boyle, Blackfoot.
Carl A. Rohrman, Culdesac.
Hastings Brown, Kamiah.
Marie E. Roos, Weippe.

ILLINOIS

Edwin G. Stifle, Robinson.

KENTUCKY

Walter B. Carvell, Allensville.
James R. Wilson, Auburn.
Dycie B. Chism, Camp Taylor.
Martin S. Bowne, Clearfield.
Ray Flowers, Columbia.
Henry S. Bogan, Franklin.
William R. Sizemore, Hyden.
Pearl Parsley, Inez.
Jerry D. Shain, Madisonville.
Lawrence W. Hager, Owensboro.
Addie F. Owens, Russell Springs.
Robert S. Welch, Scottsville.
Victor B. Stephens, Stanton.
Louise N. Chaney, Woodburn.

MAINE

Joseph M. Mountain, Dexter.
Earle B. Files, Gorham.
William D. Hay, Kennebunk.
Edith B. Holden, Oakfield.

MICHIGAN

Edward Kott, Center Line.
Roger J. Tobin, Channing.
James A. McDonald, Detour.
Dennis E. Kelleher, Fenton.
William J. Putnam, Goodrich.
David G. Bernard, Hale.
Etta V. Schram, Lincoln.
William M. Hankerd, Munith.
Frank L. Brighenti, Ramsay.

NORTH CAROLINA

Leslie G. Shell, Roanoke Rapids.

OKLAHOMA

Margaret Cummins, Chattanooga.
Lizzie E. Capehart, Jay
Beaulah J. Van Coevering, Orlando.

TENNESSEE

Mamie D. Phillips, Brighton.
Augustus F. Shults, Caryville.
Robert L. Queener, Jacksboro.
Sam L. Cummins, Lyles.
Robert M. Cobb, Mascot.
Everett M. Smith, Maynardville.
Rufus V. Cawthon, Mount Juliet.
William T. Latham, Niota.
Kirk D. Beene, Petros.
Thomas A. Humphreys, Puryear.
William T. Christian, Roan Mountain.

UTAH

A. Lucile Greenwood, Richfield.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 18, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our fathers' God and our God, we pray for Thy wisdom to strengthen us for every duty; and not unto us but unto Thy holy name we give glory. We entreat Thee that the Man of Galilee and the multitudes may come face to face. Come, Thou Almighty One, to the city life of our country. Here breaks life's blushing dawn; here, too, burns life's sultry noon; and here are the aged, with no light at evening time. O come to them with their eager rivalries, broken ambitions, petty jealousies, hard-visaged toil, and with their hard-hearted mammonism. O come to their abodes of sweat, labor, and blood. Master of life, come to their two twilights of childhood and old age and stay their tears. Move us with divine compassion, which is love touched with pity. May all hands be joined with all remedial forces—religious, social, and political—to save, succor, and bless the forgotten crowds. In the name of our Elder Brother. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1121. An act for the relief of Isidor Greenspan; and

S. 1863. An act for the relief of Trifune Korac.

OUR VANISHING WORLD MARKETS

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by my colleague the gentleman from New York [Mr. FISH].

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the radio address of Hon. HAMILTON FISH, Jr., of New York, over the National Broadcasting Co. network, June 17, 1935:

Secretary of State Cordell Hull, with whom I served for many years in Congress, is both a scholar and a charming gentleman from Tennessee, but he has nursed an obsession for a quarter of a century, and nothing is more dangerous to the interests of American wage earners and the public than an obsession that has been suppressed for so long a time. Mr. Hull is at heart an internationalist and a free trader, one of the relics of that school of thought long since discarded by the Democratic Party, except in certain sections of the South. Suddenly clothed with power over negotiating trade agreements through the abject and cowardly surrender of a supine and partisan Congress, at the arrogant demands of the President and, in my opinion, unquestionably in defiance of the Constitution, Mr. Hull, as Secretary of State, finally finds himself an actual dictator in shaping tariff policies. After waiting all these years, burdened with a single obsession or mission, the very thought of breaking down economic barriers in a protective and nationalistic world warms the cockles of his heart.

What difference does it make if our textile mills are shut down by competition with Japanese labor, or our single biggest export market, the Philippines, from whom we buy 85 percent of their products, is surrendered for the benefit of Japanese labor paid 20 cents a day in order to put Mr. Hull's long-distance economic policies into effect? American labor has not as yet realized what it means to have a free trader as Secretary of State, but they all will when the unconditional favored-nation clause goes into effect, bringing American labor into competition with the poorly paid labor of Europe and Asia.

The refusal of the State Department to approve the offer of the Philippine Congress to protect the American textile trade is so against the interests of the United States that, in my opinion, it is actually treasonable.

The adherence to the unconditional most-favored-nation clause means the lowering of the duties to all countries, which in turn means the lowering of the American standard of wages and living and the loss of our foreign markets, as our wage earners are not willing to compete with the cheap labor of Europe and Asia.

The theory behind the Hull program is that if American industry cannot compete with foreign industry, why, it is just too bad, even if additional scores of thousands are added to the army of unemployed. The treaty with Belgium will undermine the glass, cement, and lace industries, that with Sweden our match industry, and that with Cuba seriously affects our domestic vegetable mar-

ket and our beet-sugar industry. The handwriting on the wall is perfectly clear, and the next logical and consistent step to be taken, in accord with the Hull economic program, will be the destruction of the beet-sugar industry in a dozen western States, because it cannot survive without adequate protective duties.

Mr. Hull only a few days ago, speaking in New York, opposed the plan to buy at home which is certainly consistent with his free-trade views. The Secretary of State went on to say that from July 1934 to February 1935 the volume of imports of dairy products, vegetables, meats, and fruits were far below the 10-year average. I propose to answer this statement with facts and figures, so that he who runs may read and understand just what Mr. Hull, Mr. Wallace, and Mr. Tugwell have done to the American export trade in agricultural products.

Up to the present time only four reciprocal trade agreements have been consummated—those with Cuba, Haiti, Belgium, and Sweden. It is interesting, from an agricultural point of view, to note the increase in Cuban export trade in vegetables to the United States from November 1934 to April 1935, as compared with the corresponding season the year previous, before the trade agreement had gone into effect: Shipments of tomatoes from Cuba to the United States increased to 50,841,909 pounds, compared with 33,950,000 pounds; eggplant increased from 3,676,536 pounds to 5,309,695 pounds; peppers, from 1,838,958 pounds to 4,643,023 pounds; cucumbers, from 1,441,563 pounds to 1,871,161 pounds; and potatoes, from 102,359 pounds to 2,289,412 pounds. Exports of potatoes from Cuba to the American market in April amounted to 1,651,775 pounds, compared with none in April 1934.

What will the farmers of Florida, who grow large quantities of tomatoes, cucumbers, and peppers, do about these increased importations of vegetables when they learn the facts? And what will the reaction be in Maine, Michigan, and Idaho to the phenomenal increase in the importation of potatoes from Cuba as a result of the Hull-Wallace-Tugwell tariff experiment? It was officially stated by the "new dealers" that the trade agreement with Cuba would open up a new market for Maine potatoes; but, like most of the new-deal experiments, this theory or propaganda has failed to materialize and instead is actually causing serious competition for American potato growers in our home market.

My criticism of Mr. Hull's tariff theories, as visionary, impractical, and ineffective, should not be construed as a partisan attack, as it is substantiated by Mr. George N. Peek, until recently the President's foreign-trade adviser and head of the administration's Export-Import Bank, who denounced the Hull program of unconditional most-favored-nation trade agreements as basically unsound and ruinous to the Nation's foreign and domestic markets. I hope Mr. Peek will go further and likewise expose and denounce the host of young "brain trusters", impractical visionaries, and free-trade crystal gazers who have been appointed in the State Department by Secretary Hull. How do they ever expect to put unemployed Americans back to work when they are deliberately pursuing a policy to destroy both our foreign and domestic markets?

I introduced last week, with the permission of Senator McNARY, of Oregon, a copy of the last McNary-Haugen agricultural surplus control bill, providing for the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce. The bill as introduced in the House is known as H. R. 8427.

My object in introducing this bill is to try to save the rapidly vanishing world markets for our agricultural exports. The loss of these foreign markets for American cotton, wheat, meat products, and other agricultural and dairy commodities during the last 2 years is a sad commentary on the new deal, which has all but wiped out the export of American farm products.

The tragedy of the situation is that we are actually importing more wheat than we export, have lost over half of our cotton export trade, and have been for the past year importing shiploads of corn, oats, barley, and rye. Since last July we have imported 11,269,522 bushels of corn, 14,084,415 bushels of oats, 9,624,076 bushels of barley, and 12,474,248 bushels of rye.

In addition, 21,760,366 bushels of wheat have been imported, whereas we have exported only 3,008,697 bushels and the equivalent of 11,701,723 bushels of flour, a large part of that milled from Canadian grain, leaving the United States, unbelievable as it may sound, a net importer of wheat with the duty at 42 cents.

According to Government figures on our foreign trade, for the first 4 months of this year (1935), as compared to the same period in 1934, the decrease in exports and the corresponding increase in imports is more startling. During this period the importation of grains and grain preparations for the first 4 months of 1935 amounted to $22,721,000 as compared with $4,785,000 imported in 1934. Wheat exports dropped from 12,174,000 to 657,000 bushels, and rice exports from 39,375,071 pounds to 28,778,537, while rice imports increased from 12,708,270 pounds to 39,024,220 pounds, a net trade loss of 36,912,484 pounds during the 4-month period. Butter imports increased from 217,000 pounds last year to 17,398,000 pounds for the first 4 months of this year; meat products showed an increased importation from 16,326,000 pounds to 38,041,000 pounds, while our exports of meat products dropped from 79,544,000 to 57,888,000 pounds. Cattle imports during this period increased from 39,667 head, valued at $459,880, in 1934, to 147,874 head, valued at $3,704,872, in 1935. Lard exports decreased from 166,952,000 pounds during the first 4 months of 1934 to 51,386,000 pounds in 1935. With respect to tobacco exports, the quantity recorded for April 1935 was the smallest for any month since March 1918.

The total exports of agricultural products in 1925 was approximately one billion and a half dollars, whereas, in 1934, the total exports amounted to less than half, or $733,416,000, and it is estimated that in 1935 it will not exceed $500,000,000. This startling decrease is based on a depreciated 59-cent dollar, whereas the 1925 figures are on a sound-money value, or a hundred-cent dollar. In other words, the foreign importers should have been able to buy 41 percent more from the United States than before we depreciated the dollar, consequently the real export value based on a gold dollar will probably not exceed $300,000,000, or one-fifth of our export trade for 1925 in agricultural products. That is what the new-deal A. A. A. program and the reciprocal-trade agreements have done toward destroying the markets of the world for our farm export surplus.

Only immediate action can preserve our foreign markets for our surplus agricultural products and the enactment of a bill similar to the McNary-Haugen bill, which passed the Congress and was vetoed on May 3, 1928, would offer a practical solution to the ruinous loss of our foreign markets for our farm products. The conditions that prevailed when President Coolidge vetoed the bill are completely reversed, and today we face constantly diminishing world markets approaching a vanishing point.

One of the main pledges of the new-deal administration was to promote the export of our agricultural products, but, instead, because of the half-baked program of the A. A. A., the destruction of crops and the birth control of pigs, it has demoralized and all but destroyed the export of wheat, cotton, pork, and other farm produce which has been a great source of wealth to our people for over a century and a powerful factor in the development and prosperity of our country. The facts are seeping through to the people in spite of the radio barrage of the "new dealers" and the honeyed words and sugar-coated phrases of the President in his fireside chats, that the impractical, visionary, and magical schemes of the Wallaces, Tugwells, and Ezekiels to destroy crops and provide a program of scarcity when there are more than 11,000,000 unemployed and over 20,000,000 Americans on relief, have increased unemployment, retarded recovery, and lost our world markets for our exportable farm surpluses formerly constituting the bulk of our foreign trade.

If the cotton farmers and the South want to commit economic suicide for temporary profit, that is their business, but it does not change the facts by one jot or tittle. Lenin was right when he said that the capitalists would commit suicide for temporary profit, and that applies to the farmers as well. The cotton farmers have already lost over 50 percent of the world markets and will lose the balance to Brazil, Egypt, India, and Soviet Russia within the next 2 years, bringing economic and financial ruin to the South.

An Associated Press report from San Pedro, Calif., dated June 8, reads as follows: "60,000 tons of Argentina corn are en route to the United States, it was disclosed today with the arrival of the British tramp freighter *Cycle* from Rosario with 4,000 tons for local discharge and 2,500 tons for other Pacific coast ports. Other steamers are en route with similar cargoes. Higher prices for domestic corn have made importations of Argentina grain profitable. The grain is being sold to Pacific coast millers." The duty on corn is 25 cents a bushel, but it is now profitable for foreign producers to pay the 25-cent tariff on corn and enter the American market in competition with the farmers of the United States.

Secretary of Agriculture Henry A. Wallace goes about the country denouncing the tariff and blaming our protective tariff for the loss of the world markets for our agricultural products. What kind of reasoning is this? If it were not for the 42-cent duty per bushel on wheat, 25 cents a bushel on corn, and other protective duties on practically all farm products, the United States would be the dumping ground of the Argentine, Australia, Canada, and Europe. If these duties were reduced or wiped out our American market would be swamped with Canadian wheat, Argentine corn, dairy products from Denmark and Australia, and vegetables, poultry, and cattle from the adjoining nations of Canada, Cuba, and Mexico, where the wage scale is much lower than our own. Are there any farmers in the North or South, East or West who would willingly give up or surrender any of the protection that has been secured under Republican administrations to preserve the home market for American agricultural products?

I do not claim to be a dirt farmer, although for 16 years I have represented in Congress a great dairy, vegetable, and poultry district along both banks of the Hudson River, and in the New York State Legislature for 3 years prior to the World War. I am a member of the local, Pomona, and the National Grange and of the Farm Bureau Federation, but I do not claim to be able to solve the farm problems with which the western farmers are confronted. They know their own problems better than anyone else. They are entitled, certainly, to the cost of production plus a reasonable profit and to have a parity or equilibrium between the price of farm products with other industries whether in the factories or in the mines.

I have reintroduced the McNary-Haugen bill, as I sincerely believe, in view of the changed conditions since the Coolidge administration and a rapidly disappearing world market for our farm surplus, that immediate constructive legislation is necessary to hold the markets we have and regain those that we have lost for the benefit of American farmers and producers.

Only prejudiced "new dealers", incapable of facing the facts, will attempt to deny any of the above statements regarding the tragic loss of our foreign markets for our agricultural products. As for me, I will continue to present the facts and figures, alarming and stubborn though they be, so that every American with

sound common sense will know the truth, and let the chips fall where they may. I plead guilty of being a critic of the wanton and willful destruction of our export trade for our farm surpluses; and if this be treason let the "new dealers" make the most of it. The truth is mighty and will prevail.

The time has come for the American people to arise and unite for the preservation of the great American market which in normal times consumes over 90 percent of our total production. Under the Roosevelt-Hull-Wallace-Tugwell policy we are rapidly losing both our domestic and foreign markets, particularly for agricultural products, and increasing the number of our unemployed, who are, in effect, the forgotten men of the new-deal administration.

THE 1935 EDITION OF NUISANCE AND SALES TAXES

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks on the tax bill, which was passed yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, I want it plainly understood that my remarks are not a criticism, in any sense, of the distinguished Chairman of the Ways and Means Committee, Mr. DOUGHTON, of North Carolina. If such criticism might be imputed, I need only to refer to the courageous stand of the gentleman from North Carolina against the proposed sales tax in the Seventy-second Congress. Nor is criticism intended for the members of the Ways and Means Committee. They are naturally obligated to carry out the administration program. I am aware of the prevailing sentiment among Members of the House to reach an early adjournment. My contention is, however, that if this wrong is ever to be righted by a tax on wealth, incomes, inheritances, and gifts the start must be made now.

We are asked to reenact the same schedule of nuisance and sales taxes that has been in existence for the past 2 years. We are asked to reenact this legislation without due consideration, without debate, and without an opportunity to change the bill or to offer amendments. In other words, we are asked to again become mere rubber stamps, and to rubber stamp for 2 years more the most vicious, iniquitous, unfair, and unjust set of nuisance and sales taxes ever inflicted on a hard-working, long-suffering, tolerant, and ever-patient citizenry by a Congress who ought to know better, who does know better but refuses to act in the best interests of these taxpayers. I expect to vote against this bill. I shall vote that way because I am unalterably opposed, fundamentally and inherently opposed, to all sales and nuisance taxes which in the final analysis are successful attempts to saddle on the backs of the poor those tax burdens which by their very nature and by right and by justice should be borne by the rich.

When the present schedule was enacted in 1932 during the Hoover administration it was done because Congress was told that these taxes were only emergency taxes; that they were designed and created to balance the Budget which was out of balance because of the depression and panic that was then beginning to manifest its worst phases in hard times, bankruptcies, receiverships, and poorhouses for 90 percent of our citizens. We were told at that time that this measure would be only a temporary one. We were told that it would not or could not last for long. The people were asked to resign themselves to the cruel fate of the depression and to dig down deep into their pockets and instead of having less taxes to pay they would be forced to pay more taxes because of these obnoxious nuisance and sales taxes.

In other words, if a man was racked and tortured by lumbago, rheumatism, or arthritis, instead of giving him something to ease the pain, instead of giving him a sedative, give him a more and bigger dose of that same old lumbago, sciatic rheumatism, and arthritis. If the former light dose did not kill him then this new and heavier dose certainly would. And so the taxpayers struggled along in the hope that Congress would do as it had promised in 1932 and repeal these taxes at the end of the expected 2 years.

Now we are informed, seemingly with great glee, that because of the imposition of these nuisance and sales taxes, the receipts of the United States Government for 10 months of the fiscal year closing on May 31, 1935, were $612,186,571 more than was received for the corresponding 10 months of the previous fiscal year. We are advised that the total receipts of the Federal Government amounted to $3,336,733,841 in the first 10 months of that year. Because of those increased receipts heretofore mentioned, we are told in the same breath that for the first time in years the Budget is balanced—that is, providing you do not count the $6,470,205,136 which represents the total expenditures of the Government for the 10 months of the fiscal year mentioned, namely, 1935. To go on further, those total receipts exceeded the regular expenditures of the Government by nearly $100,000,000 for the first 10 months of that fiscal year; but we must "bear in mind" that the emergency expenditure, so called, which represents the amount of money to keep 22,000,000 on relief rolls and which provides for food to eat, clothing to wear, and a house in which to dwell, that for those human, necessary needs for the same period, $3,229,000,000 was spent.

So we are told also, or at least by inference we deduce, that our expenditures for the next few years are expected to exceed the revenue collected by more than $3,000,000,000 per year. In other words, our outgo for the next few years is to exceed the income more than $3,000,000,000 per year. So, to balance our Budget further in the direction of "regular" expenditures, we propose to reenact these sales and nuisance taxes, which are insufficient to meet in the slightest measure the expenditures needed to carry on for 22,000,000 out of work, out of jobs, out of income, and out of property and wealth. We propose to send out a boy to do a man's job.

Where we should be imposing heavy taxes on all swollen fortunes of $100,000,000 and over, where we should be scaling all swollen fortunes of $100,000,000, $200,000,000, $300,000,000, and a billion dollars down to $1,000,000, we propose a reenactment of these wholly inadequate nuisance and sales taxes that have been in effect for 4 years. Sale taxes and nuisance taxes that haunt the farmers, the wageworkers, the small businessman, and the soldiers of the country, night and day, 24 hours per day, 7 days per week, 4 weeks per month, and 12 months per year. And so we are advised that this emergency still exists, an emergency that licenses the United States Government to tax every article, every commodity in sight, merely scratch the surface of the depression and at all times shy away from the millionaire, from the man of riches, from the man of wealth, from the man of big income, and from the man with the biggest fortune. Let us leave him alone, let us stay away from him, let us not heap burdens upon his broad and sturdy shoulders. Let him keep what he has, let him have more wealth, more riches, more swollen fortunes, and let him strictly alone. That is the doctrine, that is the philosophy taught in this bill.

Here we are after 4 years of taxation outrages and injustices. We are asked to come in here today, suspend the rules, with 20 minutes' debate on each side, with no opportunity to speak and deplore the further perpetuation of this iniquity, no chance to deplore to the masses of taxpayers what is being done, what is being reenacted under a gag rule and with no time for consideration, deliberation, or debate.

Mr. Speaker, I propose not only to protest against this sort of procedure, I propose to vote against the bill. My justification in that vote will be found first that the Government of the United States has no business to engage in petty larceny. It has no business to stoop to the level that is now being perpetuated by reaching out the hand of Government tax collectors, plunging it deep into the taxpayer's pockets and filching and extracting therefrom a tax on the food he eats, the clothing he wears, the automobile that he rides in, the house in which he lives, and every article and commodity that he is compelled to use daily, weekly, monthly, and yearly by this imposition.

Twenty-six States have already adopted sales taxes and those sales taxes are in most cases in operation. In opposition to these State and Federal sales and nuisance taxes and to all such taxes, I lay down five elemental rules.

First. Our Constitution, our best traditions, and our greatest historians continually preach the equality of men in the United States of America. We are taught and we believe that all men are created free and equal. Assuming those premises to be correct, then we say that every man, every woman, and every child has a right to live and to live decently and respectably.

Second. Every man, every woman, and every child has a right to eat decent, wholesome, satisfying foods.

Third. Every man, every woman, and every child has his inherent right to attire himself in decent, comfortable, satisfying raiment and clothing.

Fourth. When the day's toil is ended and completed this same American citizen has a right to indulge in decent, wholesome recreation, amusement, and entertainment.

Fifth and finally. This same citizen, when he has lived and served his three score and ten years, or even before, has for his inherent right, the right to end his days in peace and comfort without being hounded from the cradle to the grave by noxious, foul sales and nuisance taxes.

I contend that it is the privilege of American citizens to purchase the commodities of life, including food and clothing; to attend the motion-picture performances, the theater, the circus, to ride in their automobiles, be they Fords or Cadillacs, to reside in their homes, be they hovel or palace, without being raided by Uncle Sam and the State governments every time they buy a commodity, be it a toothpick or radio.

Simply because this law was enacted under Hoover and the Republicans does not justify its perpetuation by Roosevelt and the Democrats. I, too, want to balance the Budget. I know that the Budget can never be balanced in this manner. I know that the only way the Budget can be balanced is by taxing wealth, by imposing heavy levies upon inheritances and gifts, and on all large incomes. By that method England is balancing her Budget. By that method we can balance our Budget.

As you know, I have voted against all "gag" rules. Of all of them this one is of the worst. The bill we are considering has a privileged status. It is considered without a rule from the Committee on Rules. It gives us no chance to reduce 3-cent postage to 2 cents, a wanton, cruel raid upon the pocketbooks of the poor. Some have said that this is a "fair" sales tax. My reply is that there is no such animal. They say that a manufacturing excise tax is a good tax and a fair sales tax. I deny it, because the manufacturer will pass it on to the consumer. We are told that we must continue with these nuisances because there is no other way. There is another way, but the proponents of this tax refuse to see it; that is, to tax wealth and riches of this country.

Some may inquire my reason for supporting processing taxes on farm commodities. Some may claim inconsistency on my part because of my opposition to nuisance and sales taxes, and concurrence in the imposition of processing taxes. My reply is that, first, processing taxes are levied to advance price levels to producers of farm commodities so that cost of production may be received by producers. Secondly, the disparity or difference between producer and consumer is so great that out of those disparities or differences processing taxes can be and are readily absorbed by the processors, handlers, and middlemen, thus imposing no hardship on the consumer.

Three-cent postage is an outrage—an imposition unwarranted, unjustified, and uncalled for. The Postmaster General has requested that this rate be continued, claiming that it is necessary to avoid a deficit, claiming that unless this rate is continued the postal expenses for 1936, which include steamship and aircraft subsidies and free carriage of Government mail, will be increased by about $75,000,000, all of which will become an added burden on the general revenues of the Treasury. That is a clear and deliberate statement of fact; but, if 3-cent postage is necessary in order to avoid that $75,000,000 deficit, so that we can continue steamship and aircraft subsidies, then I say let us do away with those subsidies once and for all time. Why should the poor taxpayer continue to be bedeviled and burdened with 3-cent postage.

The Ways and Means Committee recommends that all temporary provisions of the present revenue law which brings in additional revenue should be extended for a period of 2 years. Yet in the same breath the committee believes that these taxes and the higher postage rate should be removed as soon as the condition of the Treasury permits. I say that time has arrived now. The condition of the Treasury will permit this abundantly if you take wealth and incomes accordingly. So that you can determine for yourself just who and where nuisance and sales taxes pinch most, I am inserting at this point tables provided by the Committee on Ways and Means. [Applause.]

TABLE I.—*Excise taxes subject to repeal under existing law*

Tax on—	Section Revenue Act of 1932	Actual revenue fiscal year 1934	Estimated revenue fiscal year 1935	Estimated revenue fiscal year 1936
Lubricating oil	601(c)(1)	$25,255,000	$26,848,000	$28,000,000
Brewers' wort, etc	601(c)(2)	3,040,000	1,322,000	800,000
Grape concentrate	601(c)(3)	27,000	2,000	1,000
Imported petroleum, etc	601(c)(4)	8,243,000	8,000,000	8,000,000
Imported coal	601(c)(5)	1,153,000	1,100,000	1,100,000
Imported lumber	601(c)(6)	918,000	900,000	900,000
Imported copper	601(c)(7)	800,000	800,000	800,000
Tires and tubes	602	27,630,000	26,141,000	27,000,000
Toilet preparations	603	10,813,000	12,554,000	12,000,000
Furs	604	7,662,000	2,725,000	2,500,000
Jewelry	605	4,669,000	1,942,000	1,800,000
Auto trucks	606	5,048,000	6,191,000	6,300,000
Other autos	606	32,527,000	34,305,000	35,000,000
Auto accessories	606	5,696,000	6,128,000	6,200,000
Radios and phonographs	607	3,157,000	3,583,000	3,700,000
Mechanical refrigerators	608	5,526,000	6,538,000	6,800,000
Sporting goods	609	3,773,000	4,513,000	4,600,000
Firearms, etc	610	2,511,000	2,333,000	2,300,000
Cameras, etc	611	364,000	345,000	340,000
Matches	612	6,971,000	6,284,000	6,200,000
Chewing gum	614	651,000	638,000	650,000
Electrical energy	616	33,134,000	32,452,000	33,000,000
Gasoline	617	202,575,000	162,059,000	170,000,000
Telephone and telegraph messages, etc	701	19,251,000	19,686,000	20,200,000
Transfer of bonds	724	13,300,000	14,300,000	14,300,000
Conveyances	725			
Oil by pipe line	731	10,379,000	9,585,000	9,600,000
Total		435,073,000	391,274,000	402,091,000

NOTE.—Expiration dates of above taxes all June 30, 1935, except taxes on tires and tubes, auto trucks, other autos, and auto accessories, which will be on July 31, 1935.

TABLE II.—*Excise taxes subject to reduction under existing law*

Tax on—	Section Revenue Act 1932	Actual revenue fiscal year 1934	Estimated revenue fiscal year 1935	Estimated revenue (if rate increases are extended) fiscal year 1936	Estimated annual loss of revenue (if rate increases are not extended)
Issues of bonds	721	$2,959,000	$3,162,000	$3,200,000	$1,600,000
Issues of stock	722				
Stock transfers	723	38,066,000	14,916,000	15,000,000	8,000,000
Produce futures	726	7,848,000	4,040,000	2,700,000	1,300,000
Admissions	711	14,613,000	15,389,000	16,000,000	14,000,000
Total		63,486,000	37,507,000	36,900,000	24,900,000

NOTE.—The expiration date of the temporary rate increase of the above taxes is June 30, 1935, under existing law.

TABLE III—*Summary*

Actual revenue from temporary taxes and taxes temporarily increased for fiscal year 1934	$498,559,000
Estimated revenue from above for fiscal year 1935	428,781,000
Estimated revenue from above for fiscal year 1936 (if taxes are continued on existing basis)	438,991,000
Estimated annual loss of revenue on 1936 basis (if temporary taxes and rates are not continued)[1]	426,991,000
Estimated annual loss of revenue (if existing temporary law in respect to postal rates is not continued)	75,000,000
Grand total estimated annual loss of revenue (if existing temporary laws are not continued)	501,991,000

[1] Loss for fiscal year 1936 would be about $45,000,000 less than the annual figure given, since collections would be made in the first 2 months of the fiscal year 1936 on account of sales made in the last 2 months of the fiscal year 1935. (Postal rates decrease after June 30, 1935, under existing law.)

LAYING OF CORNERSTONE OF THE NEW POST OFFICE BUILDING AT BERGENFIELD, N. J.

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered by J. Austin Latimer, Special Assistant to the Postmaster General, at the cornerstone laying of a post office in my district.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by J. Austin Latimer, Special Assistant to the Postmaster General of the United States, at the laying of the cornerstone of the new post-office building at Bergenfield, N. J., Saturday, June 15, 1935:

Mr. Chairman, ladies and gentlemen, I am always very happy when my good friend and your good friend, James A. Farley, requests me to represent him personally, and this is particularly true today when I bring to his neighbors his personal greetings and best wishes, and his sincere regrets that he cannot be with you.

We of the Post Office Department always find it a pleasure to deal with your excellent Representative in Congress, and I am particularly happy to have the honor of appearing on this program with Congressman Kenney, Mayor Lindstrom, and Postmaster Stoughton.

This is an important day in the history of Bergenfield, for you have a just right to be proud of your first federally owned post-office building, of which we lay the cornerstone today. This new post office, costing approximately $36,000, will contain more than twice the floor space of your present rented quarters. It will be modernistic in design, as befits such a progressive and rapidly growing borough as Bergenfield. Our records indicate your splendid growth—your population practically quadrupled in the 20 years between 1910 and 1930; your postal receipts increased from $8,371 in 1910 to $19,821 in 1934.

I was interested to learn that the site of this new building was purchased from one Albert V. Demarest, and to note that John Z. Demarest was your first postmaster, appointed December 11, 1883, followed by Charles B. Hunter, February 23, 1911; George Breisacher, March 1, 1915; Alfred Christie, March 1, 1919; John G. Stoughton, February 15, 1924.

I understand that the Demarest family is one of the oldest in this vicinity, the first settler of that name locating here soon after the middle of the seventeenth century. According to this history, the territory now included in Bergenfield was first known as Schraalenburgh, from the Dutch meaning a barren knoll or hill. Soon after Matthew Nicols forfeited his grant from failure to settle sufficient families on the land, David Demarest, a French Huguenot appeared here. He did not attempt to secure patents from the governor but bought about 6,000 acres from the Hackensack and Tappan Indians, which shrewd move put him in peaceful relationship with them and gave him undisputed possession. I believe you did not become the borough of Bergenfield, however, until 1894.

Situated in a State that has been aptly termed "The Battleground of the Revolution", because nearly 100 battles, great and small, were staged on New Jersey's blood-stained soil—more than were fought in any other of the 13 States—this locality naturally witnessed the passings of both armies during that long struggle, but not only during the Revolution have you been in the midst of military movements. During the World War, I am told, nearly 1,000,000 troops passed through Bergenfield to Camp Merritt, the embarkation camp for overseas service, and to other training camps.

Yours has been an interesting past, and a busy progressive present. With your strategic location and other natural advantages, I predict for Bergenfield a prosperous and promising future. It would not surprise me if within the life of many of us present here today to lay the cornerstone of this modern and adequate post-office building, that your thriving community would grow to the point where even larger quarters would be needed to handle your constantly increasing postal needs, though in planning this building the Government has tried to look ahead and take care of the future somewhat as well as of the present.

The postal receipts have long been considered a barometer of business conditions throughout the country, so when a town outgrows its postal facilities it is a splendid indication of prosperity and well-being, not only in that section but in the country at large.

Shortly after the present Postmaster General took office, he found that while the postal receipts were a good barometer, they were some months late in registering the rise or fall of business, and being a business man in every sense of the word, Mr. Farley at once improved that. A modern system was installed so that the Department now knows on the 7th of each month the income for the previous month, and on the 20th we have the complete accounts.

The improved system now enables me to tell you that for the first 10 months of this fiscal year there has been a gain in postal receipts of 10⅓ percent over last year, in the smaller offices throughout the United States. I am happy to report that the present year—by which I mean the fiscal year ending June 30, 1935—promises to keep up the good report. April 1935, the tenth month of this fiscal year, records the best postal increase of any month since April 1930, and only a million dollars below that year. That month's gain is nearly 15 percent over April 1934, which translated into dollars and cents means that April 1935, shows a gain in postal receipts over the same month last year of more than $7,000,000. And the receipts for May to date show substantially the same corresponding increase over May of last year. The budget of the Postal Service has been balanced. Postmaster General Farley has freqently stated his intention of conducting the Postal Service as a public-service establishment rather than as a profit-making organization, and of returning to the people in improved service, and to the employees in improved working conditions, what is received over and above the postal expenditures.

Incidentally, the erection of every post office, such as this we celebrate today, is a milestone that marks the Nation's path back to prosperity. As I have said, the postal receipts are considered a barometer of business conditions throughout the country, and there is no more accurate index to our economic progress or decline than the post-office figures. When business goes up, the postal activities and resulting revenues increase. When business goes down, the post-office work declines in almost exact ratio.

The present healthy situation of the post-office budget is a direct reflex of the improvement in business conditions. The index points to a vast improvement all along the line. However, we are not out of the woods, of course, though we are well on our way. Not only does the substitution of black ink for red in drawing up the balance sheets emphasize this fact, but the contrast between the despair of the depression period and the hopefulness that now exists among our people tells the same story. As the Postmaster General so aptly stated at Philadelphia recently—wherever you turn you see the flowering of our business plants. It is an economic spring preceding the summer of content, and you may be assured that precautions will be taken by President Roosevelt against any unseasonable frost that might spoil the harvest. He, like New Jersey's own President, Woodrow Wilson, is a great leader; indeed "one of the few that have a right to rank with the true makers" and "far within old darkness' hostile lines" he is advancing and pitching "the shining tents of light."

Mr. PITTENGER. Mr. Speaker, may I call the attention of the House to the fact I was on my feet yesterday just before adjournment at the same time the gentleman from Massachusetts [Mr. MARTIN] had the floor, and I made a reservation of objection, which the RECORD does not show. I did that for the purpose of trying to find out what would happen to the omnibus bills, because I had been told earlier in the day they would not be considered today.

The SPEAKER. The Chair will state the request submitted by the gentleman from Colorado [Mr. TAYLOR] was unnecessary, because if the gentleman will read the Private Calendar rule he will find it is within the discretion of the Chair whether he will direct the Clerk to call Private Calendar bills on the third Tuesday in the month. There is a difference with reference to the consideration of bills on the Private Calendar on the first Tuesday and the third Tuesday of the month, and if the question had been raised the Chair states it would have been in the discretion of the Chair whether he would have ordered the calling of bills on the Private Calendar.

The Chair may also say, in explanation, that the Chair feels the Private Calendar may be taken up later in the session and the entire calendar called, including the omnibus bills. The Chair feels, however, that in the interest of an early adjournment we ought to consider these other major bills and send them to the Senate and consider the Private Calendar later on.

Mr. PITTENGER. May I thank the Chair for the statement, because the RECORD as it stands indicates that no one objected to what was being done, although I would have objected to the procedure if I had obtained the floor.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. In view of the special order yesterday doing away with the consideration of bills on the Private Calendar today, the bills on the Private Calendar and omnibus bills would not be in order today even after we get through with the A. A. A. amendments?

The SPEAKER. The gentleman is correct. The Chair may say in explanation of the statement made a while ago and in further amplification of that statement that the first section of the rule which applies to the first Tuesday in the month does not include omnibus bills. It provides that on the first Tuesday of the month the Speaker shall direct the calling of the Private Calendar, and the rule cannot be dispensed with except by a two-thirds vote of the House. The second paragraph, which covers the third Tuesday in the

month, provides that the Speaker may direct the calling of the Private Calendar, and there is no provision to the effect it shall not be dispensed with.

Mr. O'CONNOR. Mr. Speaker, this was all done deliberately and thoroughly and understood when the rule was adopted.

The SPEAKER. I am sure that is so, and I think the author of the rule and the House knew that when the rule was adopted.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8492, with Mr. Cox in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, in the short time allotted me, I do not expect to be able to discuss this bill in detail, but under the wise provision that someone started years ago, giving us permission to revise and extend our remarks in the RECORD, there will be found at the end of my remarks a more complete discussion of the problem as a plain, real farmer sees it.

Mr. Chairman, I remember when I came to this Congress a little more than 2 years ago, one of the first friendships I formed was with the genial, brilliant gentleman from Illinois, who spoke yesterday for the processors. We had many things in common. We early became friends. We were both members of the Agricultural Committee. I said to him one day: "Why are you, a Chicago lawyer, on the Agricultural Committee?" He looked at me and smiled and said: "Governor, the stockyards are in my district." I needed no further explanation. I congratulate the brilliant and talented attorney for the wonderful defense he made of the stockyards, the packers, and the processors. We will hear much of that speech in the coming months.

I sincerely hope someone with the ability of the able Chairman of the Agricultural Committee, the gentleman from Texas [Mr. JONES], will give us a detailed answer to that marvelous array of, shall I say, misinformation from the farmers' point of view.

The millions and billions of dollars that the farmers are supposed to have received, according to that speech, would have made us all rich. Most of the money borrowed by farmers will be returned. Many millions of this borrowed money have already been returned. Many millions of the money that you set out in your wonderful array of figures have not even been appropriated.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. PIERCE. I am sorry I cannot yield.

Mr. BEAM. I just want to correct the gentleman's statement by changing the word "appropriated" to "authorized." If the gentleman will read the RECORD, he will see that the statement says "authorized."

Mr. PIERCE. The RECORD will show the facts.

I want to compliment the chairman of this committee for his very careful consideration, not only of this bill but of every bill that came before the Agricultural Committee. He has certainly displayed a wonderful degree of generalship harmonizing the requests of the departments and the views of various members of his committee.

FARM PRICES ARE BETTER

The meat of this whole thing is this: When we passed the Agricultural Adjustment Act in June 2 years ago the farmer was getting less than one-third of the consumer's dollar and two-thirds of it was going to the processor and middleman. Today the best compilations we have show that the farmer or the producer is getting about 45 cents out of each consumer's dollar. The statement of my lawyer friend that the farmer had a perfect right to take his products to the ultimate consumer and get 100 cents of the consumer's dollar is certainly true, but what chance has the farmer of Ohio or the cattleman of Oregon or the wheat man of Nebraska to take the products of his farm to the ultimate city consumer and get anything for it? It has to go through the hands of the processor.

Fifty years or a little more ago, when I commenced my career in Oregon as a farm hand, the farmer was getting more than 50 cents out of each consumer's dollar. This has been gradually forced down, reaching 32 cents for the farmer's share. Since the present administration came into power it has gradually increased, until today the farmer is getting 45 cents of that dollar. Is it any wonder that the processor or the transportation man is getting alarmed and has flooded Members of the Congress with his propaganda, threatening us with the dire disaster that will follow if we pass these simple amendments, to do what? To make more effective the present act.

[Here the gavel fell.]

Mr. PIERCE. Mr. Chairman, I ask unanimous consent that I may revise and extend my remarks for those who are interested in the farmer's point of view.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PIERCE. Mr. Chairman, Charles Beard, in his justly famous book, The Rise of American Civilization, opens his chapter on agriculture with words something like these, "In every age and in every clime where civilization has passed its most primitive form there has always appeared a small group of men devoted to finance, commerce, and industry. This group has always borne down with terrific oppression upon that group which derived its sustenance from agriculture." True in ancient, medieval, and modern days. The early agriculturists were mere slaves, often tied legally to the soil and sold with it when transfers of title were made. In Europe as well as in Asia those who produced the food and fibers that made possible industry and commerce were mere peasants, working for a bare subsistence, having nothing left over after the exactions of landlords and tax gatherers were met. They had no opportunity to share and to enjoy even the meager comforts which were then available for the average man of the time. When America became known to the farming and middle classes of Europe 300 years ago, a new vision gave hope to those who tilled the soil and produced the commodities that civilized men desire. It was a new vision, because they saw across the stormy ocean a land where they might acquire title to precious acres, where they might grow most of the things they needed, be enabled to sell their surpluses, and become free, independent landholders, enjoying the fruits of their labors and constructively building for the future.

FARM CONDITIONS HAVE CHANGED IN AMERICA

In our Colonial era, before the American Revolution, the larger percentage of the people lived on their own farms, where they were largely self-sustaining as to food, clothing, and housing. The Virginia farmer, as well as the farmer of New England, cured his own meat, ground his wheat and corn, constructed most of his own implements and tools, and made his own clothing. The average Colonial farmer sold about 5 percent of the commodities he produced. He consumed the other 95 percent of his products. The average present-day farmer must sell about 80 percent of commodities produced, either in grain or livestock.

Our governmental institutions were worked out and formulated principally by farmers, who had no other ideal than the economic and social conditions which prevailed in 1787. They were not able to pull aside the curtain that hid the future from their day. The wisest men of the day could not envision the America of today. The isolated, independent farmer of Revolutionary days is gone forever. Industrial evolution has settled his fate. In the place of the independent, individual farmer we have a highly industrialized farming population.

Not so many years ago, we lived in a world of scarcity. Clothing was scarce; food was scarce; the few simple ma-

chines were scarce. I can, myself, remember when my father's binder was the only one in the whole neighborhood, and they ran it during all the daylight that the long summer days afforded. Today, even the farm is mechanized, and the farmer is producing farm commodities on a commercial basis by means of hired labor and machinery, with little or no work of his own hands. Such a farmer is a commercial farmer. Conditions require such a farmer to use machinery in its most modern, up-to-date form.

On my own farm in Oregon, I have plowed my land with walking plows and gang plows, with horses and mules for power. On that farm some three different types of tractors have been used in the farming operations, as these machines have become perfected. Land, that it formerly cost me $1.50 an acre to plow with horses or mules, can today be plowed for less than 50 cents an acre. This includes not only the cost of fuel but the upkeep and the wear and tear, and all items considered. In other words, a farmer who has any quantity of plowing to do cannot afford, today, to hitch up his own horses against a Diesel engine, where the actual fuel cost is about 8 cents an acre for plowing. This machine age, in which we live, has brought about these same changes for the majority of all farming activities.

In his diary, George Washington complains of constant farm losses throughout his long years of experience and ownership. During the past hundred years, there has been some farm prosperity, and certainly a hopeful attitude on the part of the farmer. It appears that even this is gone, today. I know there are many who say the farmer has been extravagant and that his troubles have been brought on by his expensive and costly methods of operating. Speaking as a real farmer, who has operated under changing conditions during 50 years, I wish emphatically to assert, that I think the farmer is entitled to all of the necessities of life together with a reasonable share of modern luxuries and up-to-date machinery. The automobile and truck are a necessary part of the commercial farm equipment. The time was when the farmer could drive his own horse to the county seat. He raised the feed for that horse on his own land, and he had a horse growing up in the back pasture to drive when the other animal had outgrown its usefulness. Now, if that farmer wants to be a part of the world, and to enjoy a little of its society, and to keep his boys and girls around him on the farm, it is necessary for him to have the modern mechanical devices.

Rural electrification is a subject which is receiving much attention on the part of this administration. Electric light and power add much to country life. With the millions of electric horsepower going to waste down our streams, it is not right to ask those who live on the farms to do without this electrical energy which can be produced so cheaply. In order to facilitate rural electrical development, promoter's profits must be eliminated, and the natural resources used wisely for all mankind and not for the specially favored few.

PERIODS OF AGRICULTURAL PROSPERITY

When the World War was over and the great European emergency market for the American agricultural products was brought to a sudden end, there were very few who properly analyzed the situation. I remember the days of 1920 and 1921 very distinctly. I was then a large producer of cattle, hogs, and wheat. I often said "You will never see wheat less than $1.50 a bushel, and the fat steers and hogs will always bring at least 10 cents a pound." Along with millions of others, I could not envision the dark hours that were to follow for the farmer. We farmers of America 15 years ago were the most optimistic, happy group of tillers of the soil the world has ever seen. We had been large borrowers of money; we paid liberal interest; we paid high taxes; and we were sending our children to college; we were buying books and manufactured articles from industries. The future looked bright. We could not foresee the wreckage of our hopes and ambitions.

The three periods of great prosperity for the American farmer were periods of war. The first was that period from the formation of our Government in 1789 to 1815, the years in which Napoleon led the armies of the French from Moscow to Egypt. During those Napoleonic wars, every article the American farmer produced brought a good price and he was prosperous. Another great period of prosperity was during the time of the War between the States. Our third and last great period of prosperity was that period extending from 1914 to 1920. No one wants to see war return anywhere on this earth, even to create prosperity for any group or class. The point I want to make is that the prosperity justly due the farmer has been taken from him by the three groups mentioned by Beard, those "devoted to finance, commerce, and industry." This always happens unless their greedy hold is broken by some catastrophe such as war, which yields them such great profits from other sources that they temporarily relinquish their throttlehold upon the farmer. Without governmental backing or cooperative organization the individual farmer is as helpless as a mouse in a cat's paws.

CAUSES OF AGRICULTURAL COLLAPSE

There must be some sound basic reason or group of causes which have prevented general and permanent prosperity for the tillers of the soil, for, in America alone, the tiller in large part has also been the owner, especially in the North and West. Various causes for present unhappy conditions are given by students of agricultural economics, but I am convinced that we must accept a series of causes which combined to crush the landowner. First, he paid too large a share of the taxes for support of Government, because his wealth was tangible, and the holders of intangible wealth went scot free under an unjust system of taxation. Second, he paid too high a rate of interest on the money he was compelled to borrow for seasonal operations and for purchase of land. Third, he was compelled to pay excessive profits to speculators in land. Fourth, he was victimized by the excessive cost of farm machinery, due to uncurbed trusts. Fifth, excessive freight rates and preferential Government treatment of railroads, with their profits on watered stock, kept him from his markets. Sixth, tariff privileges were bestowed by Government on his oppressors and denied him. Seventh, speculation on commodity exchanges in prices of agricultural commodities made his selling operations a gamble. Eighth, producer organization was neglected by agricultural colleges and agencies, while they promoted quantity production. Their shortcomings and their manipulation by "finance, commerce, and industry" resulted in neglect of those aspects of farm life which should have been studied earlier. Ninth, the farmer follows a hazardous occupation subject to weather conditions and fluctuating markets.

With such an array of adverse circumstances, it is not strange that the farmer is today demanding an economic reorganization with governmental aid and control.

I am well aware of the fact that since the World War our greatest difficulty has been the loss of European markets, where we sold our surplus cotton, wheat, and hogs. Europe was ready to buy at a fair price because we bought of her, and because we owed her large sums of money borrowed to build our railroads and other improvements. That foreign market collapsed after the World War when an era of barrier tariffs was ushered in by our privileged friends in "finance, commerce, and industry." Nationalism became a fetish. Germany, France, England, and Italy strove to produce not only their own wheat and meat but, in fact, everything that they wanted to consume. That spirit of nationalism has driven from the high seas the trade of the world. No longer are our cargoes of farm commodities welcomed in foreign ports; they are now subject to quotas and to prohibitive tariff walls. Consequently, our surplus has been thrown back on the American markets. These markets have broken under the strain, and bankruptcy has followed in the wake of our orgy of nationalism. Ruin faces not only the farmers of America but the financiers as well, and also many an industrial concern that made the better part of its profits from articles manufactured and sold to the farming world.

Value has practically gone out of farming land and it is my judgment today, that if accurate figures were obtainable, it would be found that taxes alone are taking over one-half

of the rental value of the farming lands of America. I know figures are often quoted showing that the larger percentage of the farms in America are not mortgaged and that a large percentage of the farmers are prosperous. I challenge those figures. In order to arrive at that conclusion every acre and half-acre lot in every suburban tract must be counted as a farm. The real honest-to-goodness farms are 80 percent mortgaged, from the Allegheny Mountains to the Pacific Ocean. When once mortgaged, the farms are practically lost as far as the farmer is concerned, for at prices which he can secure now and probably in the future, there is little or no hope that the farmer can pay the expenses, taxes and interest, and wipe out the mortgage.

GOVERNMENT AID NEEDED

Left to his own resources, the American farmer cannot recover. He is not only ruined financially himself, but he is pulling down with him the industrial and financial world. The ill-fated Farm Board was created to help restore his prosperity, it failed because it was dominated by that group devoted to finance, commerce, and industry.

The Agricultural Adjustment Act has helped to bring back partial prosperity. We must now enact into law these amendments, H. R. 8492, so that the fight may still continue to restore parity in exchange to the farming community. By that I mean that a given quantity of farm commodities should purchase the same quantity of tax receipts, farm implements, or other articles that the farmer must have, which would have been purchased in the base period of 1909 to 1914.

Full well do I know that many say "Let the farmer alone. He is all right. Do not hamper him with laws." That doctrine can lead only to trouble. Under present conditions we must have controlled production or financial failure for the American farmer. He is still holding a long-view objective and hopes for a more abundant economy for the industrial groups. He is sure that with a relief from the exactions of the financial group there ought to be a profitable market for everything he will be able to produce.

IMPROVEMENTS WROUGHT BY TRIPLE A ACT

When this administration came into power farm prices were approximately 35 percent below the relation of farm prices to industrial prices which had held for the 20-year period prior to 1920. Farm prices are still 25 percent below that relation.

Two years ago this June month we passed the Agricultural Administration Act, known as the "triple A." It was a bold, far-seeing, brave, generous conception. It was an attempt to give the farmer a larger percentage of the dollars that the consumers paid for the commodities produced. Careful compilations made at that time showed that the producer received about one-third of the consumer's dollar; or, in other words, it took an average of two-thirds of the amount that the consumer paid to cover transportation and pay the profits and expenses of the middle man and the processor. Never lose sight of the fact that the object of the triple A is to help and assist the farmer to get a better price for his commodities. The real purpose of this act was to give the farmer a few more cents out of the consumer's dollar. Careful compilations show that, at the present time, the farmer is now getting about 45 cents out of each consumer's dollar instead of the 33⅓ cents, which he had under the old system. Those extra cents out of the consumer's dollar have gone to the man who milked the cows, raised the hogs and produced the wheat. No wonder the processor is up in arms! He has simply flooded the Congress for months with his propaganda, begging, threatening; in fact, doing everything humanly possible, and many inhuman things belonging to the category of the nether regions, to prevent any amendment that would strengthen the Triple A Act. I know there are a few farmers who will contend that they have never been benefitted by this act. They are simply deceived, or are the victims of this propaganda. They have listened to the siren voice of the processor who would like to have the farmers produce commodities in immense quantities so that he could get his rake-off. The processor has been greedy, and he has been short-sighted, possibly he has sometimes used this power corruptly.

Rates for processing and transportation remain the same whether crops are small or large. In good years and poor years, those charges are like the laws of the Medes and the Persians. They hold through all conditions and change only to be more firmly fixed. They certainly charge all the traffic will bear, and then some.

FURTHER CONTROL NEEDED

Between 1929 and the spring of 1933, agricultural commodities dropped in price 63 percent, and during the same period the output dropped only 6 percent. Farm implements during the same time dropped in price only 6 percent, but they dropped in output 80 percent. No wonder there was trouble. Implement makers had control of production. Farmers did not have that control.

In spite of the drought and agricultural curtailments of crops, the total volume of farm commodities in 1934 was only 15 percent under the production of 1929, while industrial production was off 42 percent during the same period. In 1870, 53 percent of the gainfully employed were on farms; they received 26½ percent of the total income. In 1932, 62 years later, 23 percent of the gainfully employed were on farms, but they received only 7½ percent of the income. All the immense profits that had resulted from the use of machines and modern methods had been absorbed by that group mentioned by Beard, those devoted to "finance, commerce, and industry."

PRICE FIXING NOT INCLUDED

I have never in the past been an advocate of prices fixed by Government mandate. It has never seemed to me possible for the Government to fix the prices without injury to many people and many interests. I am free to confess that my service on the Agricultural Committee for three sessions of Congress has somewhat softened my opposition to price fixing, and, after listening to hours of hearings, I am beginning to wonder if we may not be approaching the time when fixed prices for farm commodities will be a part of the agricultural program. The Triple A Act does not attempt to do this. It is based upon the theory that if we could cut down the amount of our farm commodities so that we would consume what we raised, and provide a normal carry-over granary, the prices of farm commodities would regulate themselves.

BENEFIT PAYMENTS ARE LIFESAVERS

Those who cooperate in reducing the quantity so that there shall be no exportable surplus are rewarded by benefit payments. I do not know what farmers in some parts of my district would have done had it not been for the money they received by way of the benefit payments. In many counties that I represent on this floor there are scores of farmers who have found those benefit payments a sort of an insurance, enabling them to pay taxes, clothe their families, and send their children to school.

FARM INCOME HAS INCREASED

Substantial improvement has been made under the present administration. In 1932 the farm cash income was $4,328,000,000. In 1934 it was $6,100,000,000, an increase of 41 percent. The value of this advance was partially lost by the fact that during the same period nonagricultural commodities advanced 15 percent over the price in 1932.

About 23 percent of the Nation's gainfully employed are farming. In 1932 that 23 percent of our population received only 7½ percent of total income. In 1934 that same farming population received 10⅕ percent. The farmer is not getting one-half of his share yet, but there has been a real improvement.

In 1934 the purchasing power of units of farm products averaged 73 percent of the pre-war level. In March 1933, at the low point, it stood at 55 percent of pre-war level.

UNFAIR PRACTICES MUST BE STOPPED

There never has been justification for raising the price of flour and bread as the millers and bakers have done. They have forced flour and bread prices higher, using the processing taxes for an excuse for their unjustifiable increases. Actually the increase in the price of bread has been 2 cents

a loaf; the farmer got out of that increase one-half of 1 cent a loaf. The cotton farmer received about 8 cents increase on a pair of overalls. Other articles were in like proportion, but the processor and the seller reaped immense profit. A neighbor in my home county reported to me last week that wheat was down to 51 cents a bushel and local flour $1.84 for a 50-pound sack. At this price for flour, wheat should sell for $1.64, including the processing tax of 30 cents; the farmer should net $1.34. Someone is making too much. Why not divide more equally? It is our business to regulate this. A congressional investigation should be made at once, and, if it reveals what I expect, it should be followed by drastic legislation next session.

AMENDMENTS OVERCOME CONSTITUTIONAL DIFFICULTIES

The National Industrial Recovery Administration made an attempt to force the business world to sell to the consumer at reasonable prices and to pay reasonable wages. Unfortunately, the chiseler, the obstructionist, and the courts have ruined that experiment. The Agricultural Adjustment Act is also a finely conceived attempt to give to agriculture a chance to exist, a chance to receive a reasonable price for the products of labor, so that interest and taxes may be paid, so that the steady march of the American farmer toward peasantry may be stayed. It must not be ruined by court decree or legislative act.

These triple A amendments, which our Committee on Agriculture is offering today and asking this House to pass, amend the present law in several important particulars. They are carefully drawn to meet the requirements laid down by the Supreme Court in their recent Schechter decision. In that case, which is now history, the Supreme Court held that Congress could not delegate its legislative power, except within certain limitations. This Supreme Court decision is the most important and far-reaching decision that has come from that august tribunal since the Dred Scott decision, 78 years ago.

Our American citizens demand an end to the present inhuman and cruel economic system upheld by the Supreme Court in the Schechter case. We must find a way to legislate within the Constitution so that Government shall be allowed to act in all respects for the protection of the citizens. We believe we have provided, in this pending bill, all the specifications and rules, all of the conditions that the Supreme Court will find necessary to make an order of the Secretary of Agriculture constitutional.

COMMODITIES INCLUDED IN THE AMENDMENTS

The commodities under discussion for inclusion through amendment were fruits, vegetables, and milk. Canned fruits and vegetables were omitted from the operation of the act because it was believed by the committee that, in a large measure, vegetables and fruits for canning were produced by farmers very closely tied in with the canners. In many cases the canning and producing are cooperative enterprises. It was thought by the committee that it was not best to have any agreements or orders pertaining to these industries at the present time. Hence, they were omitted, as were apples. Other fresh fruits and vegetables remained in the list. Soybeans and tobacco were included because it was thought by the majority of the committee that the same rules that applied to fresh vegetables and fruit could be applied to tobacco and soybeans. The most important commodity covered by these amendments is milk and its products. Milk today is a necessity and its production and distribution is a utility charged with public use. There is no food that our people depend upon as much as milk and its products. It is believed that when the final test comes before the Supreme Court this law will be found to be constitutional. I regret to state that it was concluded by the committee that it would not be best to include wool and mohair because we are still importers of wool and rules were difficult to formulate.

PROCESSING TAXES

Processing taxes of nearly a thousand million dollars have been collected under the act; and should the Supreme Court of the United States declare unconstitutional the original Triple A Act, and if there be no prohibitive legislation, the processors may demand that the Government return to them this immense sum of money. This would be most unfair and unjust because, generally, the processor has passed on to the consumer the charge for the amounts of money collected. It would be unjust to repay to processors millions of dollars which they paid in the first instance, and then made their customers pay back to them in the higher price of the processed goods.

It is the belief of the committee that this amendatory act will prevent suits from being filed that will have any standing in a court of law or equity. For this one reason, if for no other, this bill should be passed now at this session. The act also provides that in the future this processing tax shall be collected under the taxing power of the United States, using an entirely different power upon which to base the right to levy the tax, one that the courts, we feel certain, will hold constitutional.

CONTROL OF SURPLUS AND IMPORTS

In this bill, H. R. 8492, now pending, there is a provision that 30 percent of our customs duties shall be kept in a separate fund and be used by the Secretary of Agriculture to assist in an effort to bring back price parity between agriculture and industry. This will amount to about $100,000,000 annually and may be used to—

(1) Encourage the exportation of major agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities, or by other means, from the normal channels of trade and commerce; (3) purchase or lease, on behalf of the United States, submarginal agricultural and grazing lands; and (4) finance adjustments in the quantity planted or produced for market of agricultural commodities.

This provision follows some of the principles of the Grange debenture plan and the McNary-Haugen bill.

Particularly will these provisions benefit the Pacific Northwest, where we annually raise 80,000,000 bushels of wheat, more than half of which must be exported from that coast. In that great region we are handicapped by a railroad rate of 42 cents a bushel on wheat to the Missouri River. Under the pending bill the Secretary of Agriculture will be authorized to use money to export that regional surplus as he did a year ago when he took 28,400,000 bushels of surplus wheat out of the Northwest at a loss to the A. A. A. fund of a little more than six and a half million dollars, or 23 cents a bushel, for the purpose of stabilizing prices.

There is also another provision in this bill that should endear it to the heart of every agriculturist, and that is the provision that will make it possible for the President practically to prohibit the importation of agricultural products from foreign countries. He shall do this when he learns through his fact-finding boards that the importation of these farm commodities is not necessary for the maintenance of our people or to fill a normal granary, but that such imports are used to break our domestic markets or to "render ineffectual or materially interfere with any program or operation to the Secretary of Agriculture to benefit agriculture." I believe the day is close at hand, unless there is a decided change in the nationalistic sentiment so prevalent in the world today, when we must absolutely prohibit the importation of any agricultural product that can be produced in the United States. This section of the bill probably goes as far as we ought to go at the present time.

THIS CAREFULLY PREPARED BILL SHOULD PASS

I can assure you no bill of this session could have received more care and attention, more thoughtful study. For hours, days, and weeks the Agricultural Committee has labored faithfully, and we believe we have brought for final passage before this House the most important bill of this session. It would be a calamity to see this bill fail of final enactment. It would not only be a calamity but it would be an irreparable disaster. Congressmen who represent particularly the industrial and financial districts should vote for this bill for their own safety and the safety and well-being of our entire people. Those devoted to finance, commerce, and industry are dependent upon farm prosperity.

The American farmer will not be forced to peasantry without one most desperate struggle. He and his family have tasted of the better things of life. He has the right to vote and he will rise up with the power that he has. He may be driven to follow demagogues, he may wreck this very Government itself, but he will not tolerate loss of home, occupation, and self-respect. He has lost through court decision the opportunity to save his farm from foreclosure pending return of values. This Congress has been gravely negligent in omitting legislation providing a moratorium by means already held constitutional in the Minnesota case.

We who sit in this Hall today may be very conservative compared to the group that may follow us. Should this bill fail of passage, or should it fail to accomplish the purpose that we believe it will accomplish, then danger threatens. A vote for this bill is a vote to establish stability and confidence in the farming world.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, the committee has worked diligently upon this bill for 4 months, and since the middle of February. There was another bill before the committee, which was referred to yesterday by the gentleman from Illinois [Mr. BEAM], which was open to the objections that he recited, but there is no one of those objections that is relevant to the bill now before us. I could spend 2 hours in showing you this, but the best proof of it is that when the original bill came to a vote in the committee it passed the committee by a vote of 11 to 13 and then was recalled and a new bill substituted, which new bill eliminated the faults of the old one.

The new bill is now before you. It is not open to any of the objections proposed by the gentleman from Illinois—not one of them. For example, the gentleman referred to the colloquy he had with Mr. Davis with respect to 1,000,000 being affected by the old bill. That was possibly true at that time, because the old bill related to all processors, to all handlers, and to every grocery man, either at a crossroads or in the cities, who might be selling a can of peas or a pound of potatoes. All of those things have been taken out of the pending bill. It does not affect retailers or producers. There is nothing left of them. I do hope that when gentlemen come to vote upon this bill they will make up their minds on the facts with regard to the bill now before us, and on nothing else. Do not be misled by arguments directed against a bill that is dead and has been buried in the committee for months.

Mr. Chairman, there was an old agriculture which had to do with old-style things, where the farmer was a self-sufficient man and self-contained man living with his family upon the farm. They produced and made for themselves nearly everything needed. I can remember my grandmother making tallow candles. I can remember the old spinning wheel, and so on. In my 15 minutes I cannot dwell on these things. But there is now a new agriculture, and the agriculturalist is in business just as much as the banker or the merchant or the broker who deals in stocks or bonds. This new agriculture is a commercial business. Under conditions that have been existing since I was a boy in northwest Iowa, covering a period of time greater than I care to admit here, agriculture has been broke almost twice in every generation of mankind. I have seen the farms sold. The time comes in the life of nearly every family on the farm when the father dies and the mother dies and the eldest son puts a mortgage on the farm to pay out the other children. Then adversity comes. Prices go down. However diligent and honest and careful he may be, the owner finds himself overwhelmed by conditions which he cannot remedy or overcome, and for which he was not responsible.

After that I have often seen the sheriff come to sell that old homestead farm. It has happened in my family, and it may have happened in your family. I am asserting that agriculture has been broke or "busted", to use a very suggestive term, practically once, and possibly twice, in every generation of mankind, as the game has been practiced out on the farms of Iowa. And the theory has been that agriculture must take what it can get under a sort of seepage theory. Let the rich and those who are in commercial businesses prosper—and I want them to prosper; I am not going to make a demagogic speech here—but let those at the top prosper, and then there will be sufficient seepage from above down below to the farmer, the agriculturalist. The theory is that it will be a good deal like Lazarus and the rich man. There will be enough crumbs fall from the rich man's table so that Lazarus can at least eke out a living. So it has come to pass that many folks believe that the farmer should have only the necessities. I have here in my hand a letter from a man who is a great packer in the city of Newark, Ohio. He pretends to tell me, who have lived on a farm in northwestern Iowa and watched farmers all of my life, that the trouble with the farmers is, first, that they spend too much time in town; and, second, that they do not limit themselves to necessities. The letter is dated March 22. There is no group of men on earth who work so much and so diligently and for so many hours as do the farmers. In the summertime they work 12 and 14 hours per day and in the wintertime 10 hours per day. Necessities! So this packer says that they spend so much for luxuries that they have nothing left for necessities. I hold it to be true that the best things we can do for all of our people, whether they work in the mines or in the textile factory or on a farm, is to give them sufficient income so that they can live in comfort and culture and have the beautiful things and good schools and good churches and good homes and all of the other things that twentieth century civilization calls for. There is no reason why a farmer should not have an automobile. If there is any one man on earth who ought to have an automobile it is the farmer. I do not have one here in Washington and do not have to have one. I can take the street cars and the taxis, but the farmer is so isolated that he must have and use one. His wife and family should have schooling and churches and fine things that make for culture and for decent living. I am willing to go with the textile boys. I want their workmen to have the same kind of treatment. I want the boys who work in the mines to have the same kind of treatment, but the farmers have not yet had it.

There are too many folks who are like the man who wrote this letter, who think the farmers ought to limit themselves to necessities—no silk dress for the farmer's wife, no automobile for the farmer, a crust of bread and a bone is enough, existence only. That is where a lot of opposition to this bill arises.

I cannot dwell on that. I have only 15 minutes. There has been too much interference with the farmer. He is interfered with by the grain importations. We ought to give him the American market. We ought to prevent blackstrap and tapioca coming in from foreign fields, so that the farmer would have a right to that market. The farmers have been compelled to compete with Government agencies. For example, there are the reclamation projects. The Government is paying for them. If the Government would set up a Government textile factory and start the manufacture of textiles, what would the boys in the East and the South say to that? But that is exactly what the Government is doing with the farmer. Then there is the spread between price of agricultural products as sold by the farmer and as paid for by the consumer. It is entirely too much. One could make an oration on that for hours. I went down here the other day and saw potatoes au grautin at 40 cents a service. The trouble with the farmers is that they cannot raise potatoes "au grautin" and get $50 to $100 a bushel for them. If we could regulate these things so as to give them a proper and decent percentage of the price the consumer pays, the farmer would be much better off; and possibly we would not have to put into force these positive ways of assuring them a parity price and of assuring the cost of production for the things that society gets from them. No man has a right to eat the bread they produce without paying for its cost. No group has a right to mooch upon some other group.

Gentlemen yesterday talked about parity. The gentleman from Chicago [Mr. BEAM], able as he is, told you that farm

prices had doubled. Yes. What does that mean? Double zero, and what do you get? Double corn at 10 cents, and what does that mean? Twenty cents. Yes; corn has doubled. Wheat at 30 cents. Double that. Sixty cents for wheat. Yes; wheat has doubled; but, Mr. Chairman, when you get down to the actual proposition in hand, you will find that everything that the farmer buys has quadrupled, so that today the official figures, without dispute, show something that the gentleman did not say yesterday. Why do not they tell the whole truth? A half truth is as deceptive sometimes as a fraudulent statement.

They ought to be fair about it. The farmer's price has not come yet to parity. He is now, this day, carrying a heavy burden in the economic race with other business men.

How can he compete that way? How can I succeed in a race with you if a 15-pound ball is chained to my feet? The bill has not been in operation above 2 years. Farm commodity prices have improved because there has been a devaluation in the dollar, but the principal thing that has made the approach toward parity is because there has been an unprecedented drought. The crop was cut short, so that you get a good price for corn if you have any, but you do not have any. When you talk about the rise in the price of corn, you are talking about a bushel of corn that the farmer does not have.

Mr. HOPE. Will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. HOPE. In other words, the parity in price does not necessarily mean parity in income?

Mr. GILCHRIST. No; nor in prosperity.

I do not know of a single farmer that would not be willing to give the boys in the industrial field prices that will put them up to parity. Since I have been in Congress I have voted for every one of these things that would return good income and wages to workingmen.

Now the time has come for you to understand this bill—not H. R. 5585 under discussion a few months ago, which the Committee refused to put on passage.

There has been a great deal of misinformation and misunderstanding in describing this bill. I have letters from men in which they said that it will put a processing tax on every product the farmer raises. That is not so. This does not put a processing tax on a single article that did not heretofore have a processing tax on it or was not subject heretofore to such a tax. This bill does not increase processing taxes upon anything. It adds no new taxes. Why not be fair about it?

A certain chamber of commerce said that the bill took away every semblance of human rights. The bill does not do anything of the kind. As now written, it simply adds a few regulations to cover certain products such as milk and a few of what they call "specialty products", which experience has shown is necessary, in order to do what? Why, in order to give the farmer an honest price and a decent living.

Mr. Chairman, at Springfield, Ill., last week there was a gathering of folks who called themselves "Grass Root" Republicans. At that meeting Governor Lowden was the principal speaker. Governor Lowden is an Iowa boy, born in a little village in Iowa. His father was a blacksmith. He went forth into the world from a humble home and became the Governor of a great State. He is revered and loved by hundreds of thousands of farmers and of Republicans. He made a speech in 1926, and I will just quote one sentence from the speech on account of my short time.

> Under present conditions we have this anomoly: The farmer is not nearly so likely to suffer from a short crop as from a bumper crop.

He wrote an article published in the World's Work, and another one for the Review of Reviews, in which he said——

The CHAIRMAN. The time of the gentleman from Iowa [Mr. GILCHRIST] has expired.

Mr. HOPE. Mr. Chairman, I yield the gentleman from Iowa 3 additional minutes.

Mr. GILCHRIST. I will not continue to read the quotation, but I will put it in my extension of remarks. That is the theory that Governor Lowden has had during these years. That is the theory of this bill and of the A. A. A. It is the theory of Henry Wallace, another great Iowa product. God Almighty has had a great deal to do with raising farm commodity prices because of the drought that has existed, but I think the Agricultural Act has had something to do with it also. Furthermore, Governor Lowden at that convention last week said:

> So long as we have a protective tariff for the benefit of industry we must give agriculture a corresponding benefit for that portion of the product of the soil which goes into domestic consumption.

And this bill is for the purpose of giving a corresponding benefit to agriculture.

I stand for those things. It is good Republicanism. It is espoused by such men as Governor Lowden and other Republicans, and it is not partisan. I think everyone on the Republican side of this committee is going to vote for this bill. I think all the Democratic Members, except possibly one, will vote for it also. There is absolutely no partisanship in this bill. It will help to restore farm prices, and until this is done there will be no prosperity for anyone.

I cannot close without paying my small tribute to the Chairman of this great Committee on Agriculture. Splendid as he is in character, intelligence, and ability, it is a pleasure to work under him as we have done for the last 4 months. It is also a pleasure to work with my colleague, the leader on the Republican side of that committee, Mr. HOPE, of Kansas. There are just two men in this Congress who know all about agricultural legislation and agricultural regulations, and if I had to tell you their names, one of them would be MARVIN JONES, of Texas, and the other would be CLIFFORD HOPE, of Kansas. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Alabama [Mr. STARNES].

Mr. STARNES. Mr. Chairman, we have before us one of the most important measures that this House has been called upon to consider at this session of Congress. I think that our able chairman and the members of that committee are to be congratulated on the unremitting toil and effort they have put forth in order to bring to us this perfected bill.

There have been voices raised in criticism of this measure. This measure seeks to do simple, elemental justice to the greatest consuming group in American life today, the American farmer. Those voices come from a section which has long prospered at the expense of the farmers of this Nation and other sections of this country. We should either have a tariff for all or a tariff for none. That is the real battle cry of the American farmer today. For more than a century in the history of this country the American farmer has paid tribute to a certain section of this country in the form of a tariff, and it is nothing more, as I stated in the beginning, than simple, elemental justice that the farmers should receive just recognition at this late hour. If we destroy the processing tax feature of this measure we destroy the heart of the measure.

What does the farmer seek at our hands? He is not coming here asking for any special privileges. No high-powered or highly paid propagandists have been raising their voices in behalf of the farmer, but we are merely giving to the farmers of this country justice so long delayed. We must restore the prosperity of the farmer before we can restore the prosperity of this Nation.

What has the A. A. A. done? Let us speak of terms of benefit when we speak of legislation. We have been accused of passing destructive legislation. We have been accused of attempting to pass legislation which would destroy the initiative of the American citizen, which would destroy individualism, which tended toward collectivism and communism; but this measure gives to the greatest single group in this country an opportunity to live and to live decently. The farmer asks for no special favor at your hands and mine. He simply asks for a square deal. He seeks not special privileges. He does not want a dole, and he resents the idea of charity. All he asks is that he be placed on a parity with

industry and other organized groups in this country who have been able, through organization methods, to get special benefits from this Congress. [Applause.]

The administration of the A. A. A. has been of untold benefit to the farmer. It has sought to balance production with demand. It has revived a prostrate agriculture and breathed the hope of life in the hearts of millions of our people. The following statistics will show the financial benefits to the Nation by reason of the operation of the principles of the A. A. A., to wit:

1. Farm cash income:	
1932	$4,328,000,000
1933	$5,051,000,000
1934	$6,100,000,000
2. Percent increase in cash income, 1934 over 1932	41
3. Percentage of rental and benefit payments to farm cash income:	
1933	2.6
1934	7.3
4. Index of average farm prices (pre-war 100):	
In December 1933	78
In December 1934	101
5. Percent farm prices were of parity:	
December 1933	67
December 1934	80
6. Number of production control contracts in effect:	
At close of 1933	1,925,000
At close of 1934	3,699,000
7. Percent of total farm cash income in 1933 contributed by commodities now covered by production-control programs	49.9
8. Number of marketing agreements and licenses in effect:	
At close of 1933	60
At close of 1934	107

The farmer is told by the industrialists that by subscribing to the principles of the A. A. A. he is losing his initiative, individualism, and his constitutional liberty. The industrialist argues that the farmer should be permitted to work as many hours per day and night as he desires, to produce in unlimited quantities, and to sell in an open and unprotected market. He is willing for the farmer to produce and sell cotton at 5 cents per pound, corn at 25 cents per bushel, wheat at 33 cents per bushel, and hogs and livestock at a price below the price of production. Strange to relate, the industrialist does not practice the theory and doctrine he asks the farmer to accept. Some figures with reference to this phase of the problem will prove illuminating. The volume of farm production in 1934 was only 15 percent below that of 1929. By contrast, the volume of industrial production in 1934 was 42 percent below that of 1929. Industrial prices received the support of a greater curtailment of production than did agricultural prices. While prices of industrial products declined 14 percent, farm prices declined 40 percent.

The effect of increasing the farm cash income since 1932 has been to increase retail and wholesale trade. A study made in 10 Southeastern States showed that shipments of industrial goods from 16 Northeastern States had increased 38.8 percent during the year ending June 30, 1934, as compared with the year ending June 30, 1933.

The effect of the increase in farm cash income has enabled the farmer to pay his debts, save his farm, buy necessities for his family, and to indulge in the fond hope that his years of unremitting toil will be rewarded by raising the social and economic standards of his family life.

Let us pass this measure for the benefit of those who have toiled through the years without asking special favors at our hands. They have shown a wonderful spirit of cooperation. During the past year they have expressed their sentiments toward this measure by cooperating with the program of the Department of Agriculture and by their votes on the question of continuing the policies of the A. A. A. They ask no more of us than to give this program an opportunity to function. We can do no less. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama [Mr. STARNES] has expired.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Chairman, since I have been a Member of this House I have supported almost every bill that has come before the House which had for its purpose relief for agriculture. I represent a constituency that has few, if any farms. My objection to this particular bill, however, is the continuation of that vicious, un-American, and discriminatory processing tax, because I believe it is nothing but what its name implies, the process of making the underpaid worker and underpaid consumer of the cities provide the funds to enable the farmer to get out of the depression caused by the concentration of wealth in the hands of the few. My personal opinion is that most of this money from the processing tax does not go to create more purchasing power among the farmers, but it goes to the bankers who hold the mortgages and charge the farmers the high interest upon their loans made on agricultural lands in the good years. Processing taxes, parity prices, and a lot of the other buncombe will not help the farmer until his debt burden is scaled down and refinanced.

The Frazier-Lemke bill, in my opinion, was a practical way by which the farmer could be brought back to his own, in this country. That bill provided for the refinancing and reorganizing of the capital structure of the farms in much the same way that big business is refinancing its debts under the Bankruptcy Act. Mr. Wallace let the cat out of the bag as to the real, underlying purpose of this processing tax, when in his remarks before the committee, he said that the processing tax would be figured high enough to make the parity price include the mortgage and the interest charges that the farmer has to pay to his overlords and overseers, the bankers.

I submit, Mr. Chairman, it is unfair for us to pass legislation which compels the poor of the cities to help the poor of the farms—the blind to lead the blind. It is absolutely unfair to dip into the almost empty pockets of the people of the city for a processing tax to help the farmer to get prices sufficiently high to pay the unequal tribute to the bankers that now makes farming unprofitable. Through the processing taxes the consumer is taxed to pay the farmer a bonus to enable the farmer to raise less to charge the consumer more! If this is not the most illogical, asinine, and cockeyed plan that could be conceived, I am unable to reason. I wonder how many of the farmers who have received processing-tax checks have actually been able to buy more than the necessities of life? I have not yet seen a statement from the Department of Agriculture as to how many farmers have been able to reduce the debts upon their farms by reason of these processing taxes.

The theory of the processing tax is that it comes out of the processor. Everybody knows the tax comes from the consumer. For instance, let us take wheat and the finished product produced from wheat, bread, which the poorest citizens of this country, many of them on relief, need as part of their daily diet. Mr. Wallace says a bushel of wheat will produce 40 loaves of bread. If he is no better at baking bread than this statement would indicate, it would seem that it were better for him to farm the farmers of America than to engage in the baking business. I have been told by those who ought to know, that with 58 pounds of flour to a bushel of wheat, approximately 67½ loaves of bread can be produced from that bushel. I refer to the common chain store bakery kind of bread and not the kind they tell us mother used to make. This being the case, it does not take much of a mathematician to figure that with a process tax of 30 cents a bushel on wheat and the market price of 35 cents a bushel, that the processing tax plus the market price makes 65 cents, or 1 cent additional per loaf of bread cost to the consumer. But the price of bread since these processing taxes were levied, has increased approximately 2 cents a loaf. This means that the consumer of bread, be he on relief where one loaf of bread can mean the difference between an empty stomach and a full one, or be he a small wage earner with little enough with which to support his family, has to pay this increase of nearly 2 cents per loaf of bread. This means that the processing tax has cost the consumer of the finished product of wheat, approximately $1.37 per bushel more when he gets that bushel in loaves of bread than it did before this tax levy. Thus the consumers of the

country are paying the chain stores or the bakeries or somebody else, even 1 cent extra for each 1-cent collection by the processing tax supposedly finding its way into the pocket of the farmer. Thus, in addition to being a levy to supposedly help the farmer, the process tax becomes a disguise and an excuse for more price gouging from the consumer.

Pursuing this line of thought, if the farmer bought bread on the market he would pay out in increased cost to the processor and the seller of bread the 1 cent that he gets under the guise of a processing tax.

I am perfectly willing to vote again for a bill like the Frazier-Lemke bill which has for its purpose a refinancing and reduction of farm mortgage charges, but I object to a policy that makes one group of the masses of this country reach into the pockets of another underpaid and hungry group to help bring the agriculture out of a financially rigged and Wall Street conducted depression.

Mr. Chester Davis, in an article in yesterday's paper, had this to say about the lack of any need for more processing taxes on the food and clothing of America's "still forgotten" masses:

DAVIS, OF A. A. A., GIVES HIS ANNUAL REPORT

A. A. A. Administrator C. C. Davis reported today on his organization's 1934 activities and dedicated it to a policy of "controlled expansion, in step with increasing domestic and foreign demand."

He said it was up to industry to produce further improvement in farm income.

"Since the agricultural price level is now being largely supported by shortages due to an unprecedented drought, it is doubtful whether further increases in agricultural prices would be practical at present", Davis wrote.

"Improvement in the exchange value of agricultural for industrial products can be accomplished, then, either through lowering industrial prices and costs or through such a rise in city buying power as would support an increase in farm prices and in the farmer's share of the national income."

I submit that if you pass this bill every Member who represents a city will find it costly, for the one thing their constituents will remember is that it reaches into the pockets of these underpaid and unemployed citizens for their few remaining pennies.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. O'MALLEY. I yield.

Mr. HOEPPEL. The best way to get this money would be by a general tax levy, instead of taxing the unemployed, as happens in the processing-tax procedure.

Mr. O'MALLEY. I propose to offer an amendment when the bill is read under the 5-minute rule, so that the consumers of the city will know just how much this "poor-help-the-poor" program of farm relief we have had for 2 years is costing them. I will propose that each processed article bear a tag showing just what the processing tax on the article amounts to. Then we shall know whether or not the consumers are footing the whole bill, when the bankers who hold the farmers in bondage to huge mortgage and interest payments should be the ones to pay for the farmers' recovery.

Mr. PIERCE. The facts of the case are that the farmer gets but one-half a cent out of each dollar of increase.

Mr. O'MALLEY. It is time the consumers knew what was being done in the name of the processing tax, and not compel them to be the goats for an atheistic, unsound, and suicidal plan that literally flies in the face of the Creator by paying money to destroy the bounty which His benign hand has lavished upon America, the favored of all nations under His firmament.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I would like to ask the chairman of the committee a question for the purpose of getting information with regard to the processing tax.

Mr. JONES. Mr. Chairman, I have promised all my time. If later I find I have any time remaining, I shall be glad to yield to the gentleman.

Mr. RICH. I am sorry the gentleman cannot yield.

Mr. JONES. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Chairman, I am in sympathy with the general purposes of this bill. I make no criticism of the committee members. I realize they have worked faithfully and deserve the commendation of the Membership of this House.

I believe, however, that certain provisions of the bill in an important respect deserve criticism.

My particular criticism is directed at the nonbasic commodities provisions of the bill.

The provisions relating to these commodities prescribe no uniform system by which the farmers of the country on an equal basis may receive the benefits of this bill. Instead of providing a common standard under which the growers of any products may qualify for the benefits under this bill the committee have designated certain specific products and excluded all others.

This method of procedure has eliminated from the benefits of this bill certain important products which were operating under marketing agreements in 1934. Canned cherries, peaches, olives, and asparagus, all heretofore under marketing agreements, are excluded from benefits under this bill. For instance, in 1933 and 1934, in my own State cling peaches were handled under a marketing agreement to the advantage of the industry. They are eliminated from the benefits of this bill. Cling peaches are of no particular value except for canning so the whole cling-peach industry is excluded without any just reason. All canned fruit is eliminated.

The California Legislature at a recent session by act provided for the State to cooperate with the Federal Government in carrying out marketing agreements. That act provided that all the farmers of our State on showing the approval of a sufficient majority of the producers of any one product would be entitled to the benefits of the act. All agricultural products were intended to be placed on an equality and have an equal opportunity to come into the program.

The bill before the House plays favorites. Those favored cooperate to exclude other producers. Congress selects the particular products that may get the benefits. The others go without this aid. If this plan of aiding agriculture is just and practical, it should be applied to all the farmers of the country on equal terms. New products are brought in while old ones, without reason, are excluded. The right to participate in a recovery plan should not be made a special privilege without just discrimination. No congressional committee should deny to any particular class of farmers the benefits of this plan when they are able and willing to meet the just requirements for such participation. The result is that certain products that have overwhelming majorities in favor of marketing agreements in our State are denied any benefits under this bill or any right to be even considered.

This is true of hops. Practically all the hops in the United States are produced in the three Pacific Coast States. These producers recently voted by a very large majority in favor of a marketing agreement. This act denies the hop producers any opportunity to receive the benefits of the act.

I am hoping that before this bill finally becomes a law changes will be made which will give the farmers an equal opportunity when they demonstrate sufficient approval to have the benefits of this bill.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield myself 1 minute to answer a question which the gentleman from Pennsylvania desires to ask.

Mr. RICH. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Pennsylvania.

Mr. RICH. I would like to ask the chairman of the committee a question which I have asked a number of the speakers, but I have received a different opinion from different individuals in the House. Under this bill, H. R. 8492, is the Secretary of Agriculture permitted to levy processing taxes the same as under the A. A. A.?

Mr. JONES. He is permitted to levy processing taxes. We have made some changes in order to assure that there is no taxing power delegated. We make more certain, insofar as it is possible to do so, the exact conditions under which the processing fee will be levied. Then he is given the power to vary those taxes, and given other methods that may be used in addition.

Mr. RICH. Then the Secretary of Agriculture will have the power to regulate these taxes up or down as he may determine?

Mr. JONES. There is a provision herein which will permit him to do that under certain very restricted conditions.

Mr. RICH. Is he permitted under this bill to add any other commodities than those stipulated under the new A. A. A. amendment?

Mr. JONES. No; not so far as processing taxes are concerned.

Mr. GIFFORD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. On page 47, it seems that refunds and credits are to be allowed in the future when the processor swears that he did not get the money from the vendee. I would like to have the gentleman explain that provision, if he will.

Mr. JONES. In an effort to recover processing fees, where there is a refund, except in case of overpayment or duplicate payment, before the processor is permitted to recover he would be required to show that he did not pass it on to the consumer.

Mr. GIFFORD. Suppose he did not pass it on?

Mr. JONES. He would be permitted to show that fact. [Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield myself 12 minutes.

Mr. JONES. Mr. Chairman, I yield the gentleman from Kansas [Mr. HOPE] 5 minutes also.

Mr. HOPE. Mr. Chairman, may I join in the tribute which other members of the committee have already paid our chairman? We all appreciate the patience with which he has listened to the suggestions of the various members of the committee, the courtesy he has shown us at all times, and the leadership that he has exhibited in making this bill, I believe, the most important bill that the Committee on Agriculture has reported to the House.

Before I go into a discussion of the provisions of the bill itself, I want to take a few moments to reply to the attacks made on the processing tax this morning by the gentleman from Wisconsin and by the gentleman from Massachusetts [Mr. GIFFORD] on yesterday. I appreciate the statement of the gentleman from Massachusetts with reference to his interest in farm prosperity, and I have no reason to doubt that at all. I note his suggestion that he and his constituents are not opposing benefit payments to the farmers, but that they do oppose making those payments from the proceeds of a processing tax. I note his suggestion also that we do away with processing taxes and make benefit payments out of the Federal Treasury.

Mr. GIFFORD. Only on one commodity. Please do not forget that.

Mr. HOPE. The gentleman corrects me by saying that is only on one commodity. I presume that is cotton.

That proposal is, in my opinion, both unfair and illogical. The gentleman admits by his statement that the farmers of this country are not receiving a fair price for their products and that, I submit, is the only reason why any benefit payments should be made to the farmers, because if they are receiving a fair price they are not entitled to anything further. If they are not getting a fair price it is because the consumers of those products are not paying a fair price.

The most practical way to insure that the consumers of these products will pay a fair price—at least, the most practical way that has been devised so far—is to apply the processing tax to make up the difference between the going farm price and the fair exchange value. That is what has been done in applying the processing tax. If we should follow the plan suggested by the gentleman from Massachusetts and make benefit payments out of the Federal Treasury, we would in effect say to the consumers of farm products, "We are going to let you have these products for less than a fair price, less than you ought to pay for them, and we are going to tax future generations in order to give you this subsidy." That is exactly what we would do if we adopted the plan suggested by the gentleman from Massachusetts.

Mr. GIFFORD. Will the gentleman yield for just one question?

Mr. HOPE. Yes; I yield for a brief question.

Mr. GIFFORD. Speaking of taking money from the General Treasury, does not your exportable feature in this measure, where you take $100,000,000 from the customs, take money out of the General Treasury?

Mr. HOPE. I understood the gentleman to say he had no objection to that.

Mr. GIFFORD. I do not; but it applies just the same to the other method.

Mr. HOPE. It is used primarily, of course, as the gentleman understands, for another purpose, and I propose later to discuss that feature so far as that is concerned; but I do not want to be diverted now.

Whether the gentleman from Massachusetts agrees to it or not, the fact is the processing tax is the farmer's tariff. The prices of agricultural commodities of which we have an exportable surplus are fixed in the world market. There are times and conditions under which tariffs are effective upon these commodities. In general, however, they are largely ineffective. This means that producers of those commodities must buy on a protective market and sell on a world market. The processing tax is the one method which has been devised thus far to give producers of these commodities a price commensurate with the general price structure of the country. Every argument which can be made for a protective tariff can be made for processing taxes. The theory justifying each is the same, and I predict that in the future the two will stand or fall together. This is inevitable because the farmer, whose prices are fixed in world markets, cannot continue to buy in a protected market. Either the tariff will have to come off or a compensating benefit in the form of a processing tax will have to continue.

I want to call the attention of the gentleman from Massachusetts and other members of my own party to the recognition of this principle, which was contained in the resolutions adopted at the recent "grass roots" Republican convention, in part as follows:

> We hold that no economic advantage of agriculture thus far attained shall be ended. The farmer is of right entitled to a fair and proportionate part of the national income, and to receive a parity price for the products of his farm in domestic markets.

And, continuing, it is stated:

> We endorse the statement of Governor Lowden in this conference that so long as we have a protective tariff for the benefit of industry we should give to agriculture corresponding benefits for that portion of the production of the soil which goes into domestic consumption.

That is exactly what the processing-tax program does. This principle has been supported by Republicans in the Middle West ever since the days of the first McNary-Haugen bill. We will continue to support it, and I do not believe that I am speaking out of turn when I say that unless the tariff-protected industries of the East are willing to afford that measure of protection to agriculture then we of the West cannot be expected to continue to support high tariffs for industrial products.

Now, Mr. Chairman, before discussing the details of this measure, I wish for a moment to say something about the agricultural situation as it exists at this time.

Mr. RICH. Will the gentleman yield for a question?

Mr. HOPE. Yes.

Mr. RICH. In speaking of the tariff for industry and the tariff for agriculture as exemplified in the processing tax, the tariff for industry is a prohibition on the import of commodities from foreign countries. Is that applicable in the same manner to agricultural products, as was stated by the gentleman a few moments ago?

Mr. HOPE. The gentleman has a different idea of the tariff than I have if he thinks a tariff prohibits imports from other countries. The gentleman evidently means an embargo. The tariff provides for a compensating duty on products which come in from other countries, in order to equalize

the difference in the cost of production here and abroad, and that in effect is what the processing tax does.

Mr. FOCHT. Mr. Chairman, will the gentleman yield for just a short question?

Mr. HOPE. Just briefly; yes.

Mr. FOCHT. The gentleman has been speaking about this new tariff he is going to have for agriculture. What about the tariff we have always had for agriculture? From a blade of grass to the biggest steer or mule raised on a farm we have had protection. What are you talking about when you refer to another tariff? Does the gentleman want two tariffs? This is a plain question.

Mr. HOPE. All right, I will answer it in a plain way.

Mr. FOCHT. All right.

Mr. HOPE. I will say that tariffs are usually not effective as to agricultural commodities which are on an export basis, at least, not fully effective. The reason for this is that the price of these commodities is made in the world market. It is based upon the export price, and as long as we are on an exportable basis we take the world price. The only way you can give the farmer a domestic price is to do it by the method we have adopted in applying the processing tax. This, of course, does not apply to all agricultural products. On some of them, such as dairy products, where we are on an import basis, tariffs are effective in increasing price.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield to allow me to clear that question with a short statement? The processing tax on wheat, for instance, would have to be immensely larger if we did not retain the tariff of 42 cents a bushel on wheat.

Mr. HOPE. It is true that during recent months——

Mr. GIFFORD. You must have that tariff of 42 cents just the same.

Mr. HOPE. Not necessarily. It is true that during recent months the tariff has been partly effective on wheat because of the fact we have had a great drought and a shortage. We have had three short wheat crops in this country; but ordinarily, when we are on an exportable basis, the price in this country is the world price less transportation charges.

Mr. GIFFORD. If you did not have the 42-cent tariff now, you would have plenty of foreign wheat coming into this country.

Mr. HOPE. If we did not have the 42-cent tariff, the processing tax would be higher at present.

Mr. GIFFORD. Very much higher.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. JONES. Mr. Chairman, I yield to the gentleman from Kansas 5 minutes more.

Mr. HOPE. Now, Mr. Chairman, I want to say a word about the agricultural situation at this time, because I believe that is important in considering what this measure is expected to do.

In the first place it has immeasurably improved as compared with 2 years ago. Some commodities, notably corn and tobacco, have reached a parity price. Others have approached it more nearly than for several years. Surpluses of cotton and wheat have been greatly reduced. The excess of meat animals has been reduced. Several causes have contributed to this—the drought, the adjustment program, the devaluation of the dollar, and commodity loans have all played a part. Some commodities have been affected by all of these factors, others by only a part of them. Aside from whatever price enhancement may have come from dollar devaluation to crops, the price of which is fixed in world market, the chief reason for the better position in which agriculture finds itself is that burdensome surpluses have been removed, and there has been a better adjustment between supply and demand. This means, therefore, that whatever improvement has been made is likely to be lost unless efforts to balance supply and demand are continued. In other words, if we should plant the same number of acres as our average from 1926 to 1932, should harvest therefrom a normal crop, and were not able to develop new markets, we would in another year—certainly 2 years—approach the same condition which existed in 1931 and 1932 as far as agricultural prices are concerned. This makes it essential that the adjustment program be continued. By that I mean that the American farmer must continue to hold his production to a point where it will not result in a buyers' market like we had during the first 3 years of the depression.

I have no patience with those who call a course of this kind a program of scarcity, with the implication that farmers are interested in creating a shortage of food supplies to the detriment of the consumer's stomach and pocketbook. It is true that after having long been the victim of a policy of this kind on the part of industry, farmers might be justified in retorting in kind, yet I do not know of a single farmer or responsible spokesman for farmers who advocates a policy of that kind. Why, today, even after the most devastating drought in our history, and with the adjustment program in effect for 2 years, we have ample supplies of all food commodities, and in some cases a much heavier carry-over than in any predepression year. Our wheat carry-over this year will be between one hundred and sixty and one hundred and seventy million bushels, whereas the average for the years 1920 to 1930 was 120,000,000 bushels. The carry-over of American cotton on August 1 will be at least 8,000,000 bales. In spite of the Government cattle purchases there are more cattle in the country now than in 1928, and yet no one ever suggested a shortage at that time. There are ample supplies of beef, pork, and dairy products. In fact, it is impossible to name any agricultural commodity in which there is an actual or potential shortage at this time. Rather than being a program of scarcity, the plan now in effect is one of plentiful supplies at fair prices. The farmer is asking for no more; the consumer is entitled to no more.

The philosophy of this measure recognizes the necessity for continuing a program of adjustment, but at the same time sets up machinery by which advantage can be taken without injuring domestic price of any export demand which may be developed. It is a fair statement, I think, to say that this bill embodies in principle the equalization fee, the export debenture, and the domestic allotment plans. There is no inconsistency in this, because the basic principle of all three is that of giving the farmer a price for that part of his product which is consumed domestically which is on a par with the price of the things he buys, with a world price for any exportable surplus. It is true that the domestic allotment plan provides for a better control of production, and to that extent is generally preferable in the existing situation. However, it is thought that conditions may make it advisable on occasion to use either or both of the other methods and they are in the bill to be used if needed.

The provision in the bill which, in effect, makes the McNary-Haugen equalization-fee plan in order is that which authorizes the use of processing taxes for the exportation of basic agricultural commodities. The export debenture plan is contained in the provision which authorizes the appropriation of 30 percent of the customs receipts each year for the purpose, among others, of financing exports.

Frankly, I am not so enthusiastic about the equalization-fee and the export-debenture features of this bill as some. I am glad they are in the bill. I hope they can be used to build up our foreign trade in agricultural products. However, these provisions in themselves will not open up any markets. The matter of price is not the fundamental reason our foreign trade in agricultural products has dropped so materially. The real reasons are our inability or disinclination to take exports from countries which would buy our products and the instability of currency which has disrupted all world trade.

Our situation now is not materially different from what it has been since we became a creditor nation during the war, except that until 1929 we loaned enough money abroad to enable importing nations to buy our surplus agricultural commodities. When the loans stopped our trade began declining and has continued to decline ever since. I think the provisions in the bill making funds available to overcome what price obstacles there may be in connection with exports of agricultural products will be helpful in special cases, but

I do not expect to see any great increase in agricultural exports until world currencies are stabilized, and until we are willing to accept imports from the countries which can use our agricultural products.

Generally speaking, the provisions of the bill may be divided into five main parts. The first deals with changes in the law affecting those basic commodities on which programs are now in effect, involving the payment of benefits to producers in connection with adjustment programs.

The second deals with the matter of orders covering certain specified commodities which cannot be included in the benefit payment plan or in which it is felt that it is necessary to supplement the benefit payment plan through the use of orders.

The third deals with the new provision authorizing the appropriation of 30 percent of the customs receipts for the development of foreign markets, together with other agricultural purposes and the use of processing taxes under certain conditions to promote the exportation of agricultural commodities.

The fourth is the provision which gives the President authority to impose compensating taxes or quotas on imports which are rendering ineffective or which materially interfere with the agricultural adjustment program.

The fifth deals with the imposition and collection of processing taxes.

I do not mean to imply that all of the provisions of this bill can be grouped under the five heads above mentioned, but these five subdivisions do embrace the more important features.

The most important provisions of the bill, as they relate to the programs involving benefit payments, are those which make this specifically an adjustment rather than a reduction program. It is not necessarily a change in policy, because the title of the original act indicates that an adjustment program was to be undertaken. However, the provisions in that act for the payment of benefits contemplated their payment only in return for crop reductions. The amendments contained in this bill provide that payments may be made for crop adjustments. Another feature contained in this part of the measure is the provision whereby benefit payments may, at the option of the producer, be made in commodities rather than in cash, specific provisions of the amendment, however, requiring that payment only be made in the commodity with respect to which the payment is being made.

Closely connected with this feature is the ever normal granary plan which authorizes the Government to acquire from the proceeds of processing taxes agricultural commodities which have been pledged as security for Government loans and to use the same in making payments in kind rather than in cash to producers who have cooperated in the program in question. It is the thought that through the use of this plan it may be possible to prevent violent fluctuations in prices due to excessively large or small crops and maintain for the benefit of consumers adequate reserves of agricultural commodities from year to year.

By reason of the decision in the Schechter case it has been felt advisable to rewrite the provisions of the original Agricultural Adjustment Act which gave the Secretary of Agriculture the right to make rental and benefit payments. The new language makes provision for findings by the Secretary upon which the determination to make rental or benefit payments may be based and specifies what the Secretary must find in order to put those payments into effect. In other words, the delegation of power to the Secretary is specifically set out and the basis which he must use in making his findings is written in the act. It is also specified that benefit payments must be terminated when the Secretary makes certain other findings in the exercise of the power conferred on him in the bill.

Of importance also is the provision to the effect that in determining parity prices in the case of all commodities for which the pre-war period is used as a basis, that account must be taken of the difference in interest payments and tax payments per acre on farm real estate between the base period and the present. It is estimated that at the present time taxes and interest payments per acre are approximately 160 percent or 170 percent of the pre-war level. Such items are an important part of the cost of farm operations and their inclusion in the matter of determining parity prices afford a much fairer basis for the same.

There are certain very important agricultural commodities upon which it is not possible to put into effect plans involving benefit payments to producers. The most important of these commodities are milk and fruits and vegetables. Under the provisions of the original Agricultural Adjustment Act, attempts have been made to handle these commodities by means of marketing agreements. In some cases these efforts have been quite successful, particularly as to some fruits and vegetables. In the case of milk the efforts have been successful only in part. As a matter of fact, the milk situation is the most aggravated in the agricultural picture today. This is particularly true in the large milksheds, every one of which seems to have a different problem to meet. The great difficulty in most cases is that the distribution of milk in these areas is under what amounts to monopolistic control and the dealers have apparently been able to force the producer to take any price which they care to pay. This has been brought out very clearly as a result of the investigation which the Federal Trade Commission has made in some of the larger milk sheds of the country. Inasmuch as the dairy industry is the largest single branch of agricultural production and includes more farmers than any other, it is important that everything possible be done to relieve the distress which now exists.

The decision of the United States Supreme Court in the Schechter case makes it necessary to entirely rewrite those provisions of the original Agricultural Adjustment Act relating to marketing agreements and licenses in order to meet the constitutional questions raised by that decision. To this end the power of the Secretary in such matters is limited to the power of the Federal Government over interstate commerce as stated by the Court in the Schechter and similar cases. The transactions affected are by the terms of the bill confined to agricultural commodities or products thereof in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce. Likewise, in conformity with the decision, the powers which are granted the Secretary are specifically set out in the bill itself. Also, in order to more nearly express the character of the regulations made by the Secretary, they are in this measure called "orders" instead of licenses. I know no one who is familiar with the nature of these regulations who will not agree that this is a more accurate term. The commodities embraced in the marketing agreements and orders section are limited to the following, and with the exception of naval stores, extend to the products thereof: Milk, fruits—including pecans and walnuts, but not including apples and not including fruits for canning—tobacco, vegetables—including soybeans but not including vegetables for canning—and naval stores. As to milk and its products, there are certain specific provisions set out which the Secretary may include in his orders and he is given no authority to include provisions other than those set out. As to the other commodities mentioned, the Secretary is specifically limited by the legislation as to the nature of the orders which may be made. It is further provided that orders may not be issued except under certain conditions, and in the case of the so-called "imposed orders" the Secretary must find that the orders are approved or favored by at least two-thirds of the producers of the commodity in the area affected. Furthermore, no producer as such can be made subject to an order and no retailer, excepting retailers of milk and its products.

FUNDS FOR ENCOURAGING EXPORTS OF AGRICULTURAL PRODUCTS

Reference has already been made to the provisions contained in the bill setting aside 30 percent of the customs receipts each year to be used among other things to bring about the exportation of agricultural commodities. In this connection there should also be mentioned the provision whereby the proceeds of processing taxes may be used for the same purpose. In addition to encouraging the exporta-

tion of major agricultural commodities, the proceeds of the 30-percent fund may be used to encourage the domestic consumption of such commodities, for the purchase or lease of submarginal and grazing land, and to finance adjustments in the quantity planted or produced for market of agricultural commodities. It is specifically provided, however, that funds shall not be used for the last two purposes unless the Secretary finds that it is not necessary to spend such funds in assisting the exportation of major agricultural commodities or encouraging the domestic consumption of such commodities. It is felt that this provision, together with that which makes it possible to use processing-tax funds for the same purpose, affords ample opportunity to encourage and stimulate exports of agricultural products, so far as the same may be done through removing price differentials.

Under existing conditions, especially with many countries operating under depreciated currencies, it is quite possible for the agricultural program to be seriously affected by imports. For this reason a provision has been placed in the bill by which the President is given power to order an investigation by the Tariff Commission when he has reason to believe that articles are being imported, or are likely to be imported, under such conditions and in quantities to render ineffective or materially interfere with the operation of any program under the Adjustment Act. If, as a result of this investigation, it is found that the importation of the articles in question is having an adverse effect upon an agricultural program, it is within the power of the President to impose compensating taxes or place a quota upon the importation of the articles in question. It is believed that this provision will be very helpful in meeting any emergency which may suddenly arise with respect to imports.

TAX PROVISION

This bill makes some very important changes in the provisions for processing taxes. One of the most important is that which provides in the case of all commodities upon which the tax is now in effect, except rice, the tax in effect on June 1, 1935, shall remain in effect until December 31, 1937, and in the case of rice the June 1 rate shall remain in effect until July 31, 1936. This express fixing of the rates by Congress does away with any objection which might be raised on constitutional grounds as to the right of the Secretary to fix the amount of the tax. In order to further meet any objection which might be raised on that ground, it is set out in the bill that the Secretary must make certain findings before any change can be put into effect increasing, decreasing, or removing the tax. Under certain conditions, upon making these findings, the Secretary may vary the rate of tax fixed by this act prior to December 31, 1937, and on and after that time he is authorized to impose new rates of taxes based upon the findings which he makes under the authority given him by this act.

Another important provision is that which states that in determining the rate of the processing tax the Secretary must take into consideration the fact that a portion of the goods normally subject to tax is tax exempt because they are used for charitable distribution or for State institutions. In determining the rate of tax, therefore, the Secretary is instructed to take this fact into consideration and increase the tax in an amount which will make up this deficiency in revenue, such increase, however, being limited to not more than 20 percent.

In the event that any rate of tax fixed by the Secretary under the provisions of this bill should be held to be invalid, the rates of tax which are specifically fixed in the bill are to become effective at once.

Another important provision is that which prohibits the bringing of suits for refunds or credits of any tax heretofore paid. This provision, however, does not apply to certain classes of refunds set out in the act. What is intended, of course, is to prevent the recovery of any tax paid on the ground that the tax is illegal. In the case of taxes of this kind such a provision is entirely justified, because of the fact that the taxes in question have all been passed on to the consumer and the party who nominally made the payment would not be the party in interest in any action to recover. The bill also contains a provision prohibiting refunds or credits on taxes accruing in the future unless the claimant is able to prove that he has neither passed the tax on, passed it back to the producer, nor that the person actually bearing it has consented in writing to the refund. This bill is one of the most important measures affecting agriculture ever to come before the House. It has been unanimously reported by the Committee on Agriculture after many weeks of careful study. In its present form it is a product of the deliberations of all of the members of the committee and represents a sincere effort to work out a measure which will meet the agricultural problems of today so far as this can be done by legislation. It contains the fruit of the suggestions made by those in charge of the Agricultural Adjustment Administration after 2 years' experience in administering the Agricultural Adjustment Act. It embodies many suggestions made by farmers and farm organizations. It amends and perfects the Agricultural Adjustment Act in the particulars in which experience has shown it to be deficient, and finally it attempts to meet the constitutional questions raised by recent decisions by the Supreme Court. In its present form it is, in the opinion of the committee, in harmony with those decisions. This bill will not meet with the approval of those who are opposed to Government assistance to agriculture. It will not be favored by those who believe in tariff protection for industry but are opposed to compensating benefits to agriculture. It will be opposed by that class of processors of agricultural commodities who are in favor of buying farm commodities as cheaply as possible and selling them at as high prices as the consumer will pay.

The bill is in entire harmony with the present Agricultural Adjustment Act and represents a logical extension of the act looking toward a more permanent program for agriculture. It is in harmony with the efforts for agricultural equality which have been made in the agricultural sections of the country ever since the World War from the original McNary-Haugen bill to the present time. It is in entire harmony with the resolutions relating to agriculture which were adopted at the recent meeting of middle western Republicans at Springfield, Ill. So far as I know, no national farm organization is opposed to the bill, and almost all of them have affirmatively gone on record as favoring it. In my opinion it comes more nearly having the united support of the agricultural interests of the country than any measure ever before Congress. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. LEE].

Mr. LEE of Oklahoma. Mr. Chairman and members of the Committee, in matters of agriculture if the Republican Members of the House would follow the able leadership of men like the gentleman from Kansas [Mr. HOPE] and the gentleman from Ohio [Mr. MARSHALL], they would have a safe agricultural program.

Likewise, if they would follow the leadership of the distinguished chairman of the committee, the gentleman from Texas, Mr. MARVIN JONES, they would pass legislation that is beneficial to agriculture. Mr. JONES and Mr. HOPE represent agricultural districts containing farms and ranches larger than some of the counties of New England.

I wish now to answer the arguments advanced in yesterday's debate by the gentleman from Illinois [Mr. BEAM].

He used indirection and innuendo. The facts and figures that he submitted no doubt are correct, but the whole effect of his speech was to imply that the farmers had received much greater benefits at the hands of the Government than they have, and not only to imply but to state that the benefits to agriculture have been at the expense of business. Let me give you the gentleman's words as found in the RECORD, on page 9474, of June 17, 1935, where he said:

> I sometimes wonder, "Are we saddling upon the business of the Nation too great a load and too heavy an obligation?"

Then he enumerated the different bills that have been proposed for agricultural relief. Now, mark you, these bills have merely been proposed, have not become law, but he

enumerates them, and totals up the amounts in the respective bills, leaving the impression that the farmer is the recipient of this grand total of proposed appropriations.

Then, further, he totals up the bills, including the amounts of money that have been authorized to be appropriated for loans to the farmers on their grain, livestock, and land, as though that, too, would be "saddled upon the business of the Nation."

In other words, the gentleman has said to the House that if the farmer had all the money that has been proposed for farm relief, he would have all the money that has been proposed for farm relief, if all of this proposed legislation were passed.

In other words, if he had some ham, he would have ham and eggs, if he had some eggs.

That is what I mean by the argument of indirection and innuendo. If I ask you how far it is from here to New York City and you tell me that a dog's hind leg is crooked, what you say is absolutely true, but it has nothing to do with the question asked.

What has been proposed for farm relief has very little to do with what the farmer is actually receiving.

The gentleman seems to have stayed within the facts, but he has presented them in such a manner as to give an implied meaning that does not square with the true situation.

For instance, it is like the man who himself would not hurt the dog, but he pushed the dog out of doors and yelled "Mad dog!" The result was the same as though the man himself had killed the dog in the first instance. He placed the dog in such a bad light before the people that they administered the death sentence.

Mr. BEAM would place facts before this House in such a manner as to have you administer a death sentence to the only relief that seems available at the present time for agriculture.

The gentleman has told you how much has been proposed—not appropriated, mark you—for the relief of agriculture, with the intention of leaving you under the impression that the farmer has been amply cared for at the expense of business, and I suppose the gentleman has in mind big business, because the Chicago stockyards are in his district.

The gentleman proceeds on the same line of reasoning that the man would who said one morning when he met his friend, "I have just saved $50,000."

His friend inquired how, and he said, "General Motors went down $1 a share on the stock market, and I did not have 50,000 shares."

The gentleman from Illinois has listed the different appropriations for loans to the farmers and in his arguments has asked, "Are we not saddling upon the business of the Nation too great a load and too heavy an obligation?" clearly implying that the money loaned to the farmer will have to be paid back by the business man.

Now let us take up some of these loans and see for ourselves who will pay them, and whether or not they constitute burdens that will be "saddled upon the business of the Nation."

When the corn farmers were selling corn at the ruinous price of 10 cents a bushel, the Government stepped in and loaned these farmers 45 cents a bushel on that corn in sealed cribs. These loans bore interest at the rate of, I believe it was 6 percent.

Corn advanced in price to 90 cents a bushel; it advanced to just twice the amount the Government had loaned on it. When that corn was sold, not only the principal but the interest was paid. The Government actually made money on that loan and saved the farmers of the Corn Belt $160,000,000 that would otherwise have gone to the grain speculators on the grain exchange.

Now those loans have already been paid back with interest or else are secured by corn that is worth twice the amount of the loan. Therefore, it will not be necessary to "saddle that burden upon the business of the Nation."

Then again, when the livestock industry was flat on its back, the Government came to the rescue. I have some cattle, I secured a Government loan at a time when it was difficult to get a bid on the cows, and those that sold brought from $4 to $12 a head, and had it not been for the Government loans, most of the livestock men would have been forced to throw their livestock upon the market, which would have forced the price still further down the scale.

That Government loan saved me from losing my herd. I have already paid back half the amount of the loan plus the interest due, from the increase of the herd, and the remaining cattle are now worth three to four times more than they were when the loan was made.

Would not you consider that pretty good security? The Government saved the livestock industry and actually made money by these loans. That money will not have to be raised by taxation, and thus "saddle a burden on the business of the Nation."

Then again, our farmers were being foreclosed on their farms when the Government stepped in and made available Government loans secured by the farms. Before a farmer could get one of these loans an appraiser came out and appraised his land. Then a second appraiser came out and checked the first one. The farmer and his wife both signed a first-mortgage lien on that farm to the Government. That loan bears 5-percent interest. Before a clear title can be given to that property it will be necessary to pay not only the principal but the interest.

These loans were all made at about two-thirds of the market value of the farm, which certainly should be a low enough valuation to make them a good loan.

Those loans are well secured. The great loan companies and the life-insurance companies have always considered farm mortgages as the best form of investment. And the money loaned on these farms will not become a "burden saddled upon business."

In other words, my friends, if grain that represents the bread which we eat, if the livestock that represents the meat that we eat, if the fertile farm acres that represent the productive power of the Nation, if the farmer's name on these loans backed by his character, if all of this does not represent good security, then we do not have any in the United States.

Therefore, I submit that Government loans are not Government gifts, and the gentleman has erroneously implied that these constitute a burden that will be saddled upon the business interest in the United States.

Then again, the gentleman from Illinois presented in another argument an unfair comparison. Quoting page 9474 of the RECORD of June 17, 1935, the gentleman said:

> Now let us see what agriculture has paid in taxes. For the years 1924 to 1928, mineral producers paid almost six times as much as farmers in Federal taxes. * * *

Now, I believe every Member of this House will recognize the unfairness of that comparison, because farmers pay their taxes on real property located in the local community, and as a matter of fact, the money from their taxes goes to the building of roads, running schools, and operating the local government, and very little of the farmers' tax goes into the Federal Treasury, whereas, because of the very nature of the business itself, the mineral industry naturally pays considerable Federal taxes.

Again may I call your attention to the gentleman's style of argument. It is obviously an injustice to compare the Federal taxes of the farmer to those of the mineral industry, but would the gentleman say that the mineral industry or any other business pays as much tax, State and local, in proportion to its ability to pay as does the farmer?

If the mineral industry and the packing industry and all the other industries paid as much taxes in proportion to the ability to pay as the farmer does, there would be little need to worry about revenue, because we would have an abundance.

I have seen in some of the farm journals the statement that the land in the United States represents only 40 percent of the Nation's wealth, but that it bears 80 percent of the Nation's tax load.

Now, if that statement is true, the farmer, representing only 40 percent of the Nation's wealth, is carying 80 percent of the tax load, and I have in mind local and State as well as Federal taxes.

Therefore, the gentleman, by arguing to you that the farmer is not bearing his share of the tax load is manifestly unfair.

I can give the gentleman a better comparison than that. Why did he not compare the farmer's income taxes with the income taxes of the business world. Very few, if any, farmers have enough income to pay income tax; therefore the comparison is unfair, because the farmer pays a heavy property tax. All through the gentleman's arguments are those dangerous tricks of illogical comparison. For instance, to show you how unjust such tricks can be, suppose I tell you that the average income of myself and Henry Ford is $10,000,000, it certainly would be erroneous for you to conclude, therefore, that my income was $5,000,000.

Mr. Chairman, I now wish to consider the arguments against the processing tax as advanced by the gentleman from Massachusetts: Where did this depression begin? I feel that every Member of Congress is interested in improving conditions in the United States and, as has already been stated in this debate, it is necessary for us to see the picture as a whole and not merely look at one section of the United States, or at one class of people. If the Nation is to be prosperous, then all wholesome business must be guarded.

But I submit that this depression began when the farmer lost his buying power. He stopped buying, the merchant stopped selling, the factory wheels stopped turning, and wage earners started hitch-hiking.

Now, what caused the farmer to lose his buying power? It was because of the great difference between what he had to sell and what he had to buy. He had to sell on a world market and buy on a protected market. The process that bled him white was so gradual that it went unnoticed, but the drain continued. This difference was made possible because of the high protective tariff for the benefit of industry.

When our Nation was young, it was argued then, and with good logic, that if we were to become a great Nation and have our own industries, it would be necessary to protect our young industries from the competition of older countries by a protective tariff, and with the full belief that as soon as these industries were developed, that tariff would be reduced materially, if not removed entirely, but just the contrary happened. The higher the tariff wall, the stronger grew industry. The stronger industry became, the higher went the tariff, and for 150 years an indirect subsidy, in the form of a tariff, has been laid upon all of the consumers for the special benefit of one class, the manufacturing class.

Therefore, it comes with poor grace from the gentleman from New England to oppose this processing tax on the grounds that it is an indirect subsidy laid upon all consumers for the special benefit of the agricultural class. Because this is a farmer's tariff.

In past years the farmer has offset this handicap by frugal living and by extra long hours of labor. It has been somewhat offset, too, because the farmer has found a ready market for most of his products. But as the purchasing power of his products gradually diminished he stretched out his arm and produced more in order to make up the difference in purchasing power. But, finally the tariff handicap overtook him. What he bought cost more, and what he sold brought less. No matter how fast his herds increased, they could not keep pace with the ever-widening gulf between what he had to sell and what he had to buy, until finally his buying power was completely destroyed.

May I give one incident to prove what I say. A farmer in my district took 127 cowhides to Oklahoma City and sold them. He took all the money he got from 127 cowhides and went to buy one set of tug harness. It took all of the money he got from 127 hides and $9 additional cash to buy the one set of tug harness.

Therefore, when there is that much difference between what the farmer sells and what he buys, his buying power has been destroyed, so the farmer stopped buying. He had to.

We have heard the argument to let the law of supply and demand operate. We are perfectly willing for the law of supply and demand to operate providing it operates on the manufacturer as well as the farmer, but heretofore the law of supply and demand has been artificially controlled as applied to the manufacturer and allowed to operate freely as applied to the farmer. Now we are at the crossroads. We must go one of two ways. We must either let the law of supply and demand operate naturally as applied to both, or artificially control it as applied to both.

I agree with the gentleman from New England that we should have a high standard of living in the United States and that to remove all tariff protection would be a mistake, because it would place our laborers in competition with the cheap labor from foreign countries, but likewise, unless we also give the farmers protection, they are in competition with the Hindus of India, the Chinese of Tibet, the Arabians of Egypt, the Hottentots of Algeria, and the peons of Mexico.

Now, therefore, gentlemen, since this depression began with the break-down of the farmer's purchasing power, I believe we should begin recovery by restoring that purchasing power.

The difference between the farmer's condition before the enactment of the A. A. A. and the present is the difference between 4-cent cotton and 12-cent cotton, the difference between 24-cent wheat—I sold wheat from my ranch at 24 cents—and 90-cent wheat.

The farmer's purchasing power is gradually being restored. When it is sufficiently restored, he will begin buying the things that he needs—farm machinery, paint, lumber, barbed wire, metal roofing, and the long list of things needed on the farm.

When they begin buying again, the merchants will begin selling; when the merchants begin selling, the factory wheels start turning. When the factory wheels start turning, the laborers will be employed. Then we will be on the road to permanent recovery.

Let me say to the gentleman from New England, just as the tariff is here to stay, so also is the processing tax here to stay. I believe it possible for every industry to pay what it costs the producers of raw products a fair price for those raw products, and still sell their finished commodity at a reasonable profit.

If we are to be a great and prosperous Nation, we must bring about conditions where the herdsman's call can be heard as well as the turmoil of the stock exchange, where the whistle of the plowboy can be heard as well as the hum of the factory wheel. [Applause.]

The Clerk read as follows:

Be it enacted, etc., That (a) the first sentence of subsection (1) of section 2 of the Agricultural Adjustment Act, as amended, is amended by striking out the first word and inserting in lieu thereof the following: "Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to", and by inserting before the period at the end thereof a semicolon and the following: "and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the base period."

(b) Section 2 of the Agricultural Adjustment Act, as amended, is amended by striking out subsections (2) and (3) and inserting in lieu thereof the following:

"(2) To protect the interest of the consumer by (a) approaching the level of prices which it is declared to be the policy of Congress to establish in subsection (1) of this section by gradual correction of the current level at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets, and (b) authorizing no action under this title which has for its purpose the maintenance of prices to farmers above the level which it is declared to be the policy of Congress to establish in subsection (1) of this section."

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it strikes me that we are following the advice of our good Speaker a little too explicitly. The Speaker asked yesterday in some interesting remarks which he made, that haste should be made in legislation. The majority and the Committee on Agriculture bring in a complicated bill

of over 50 pages one morning, start general debate on it that day and expect to pass it the next day. That is making haste with a vengeance. I, for one, think we should protest against that type of legislation. It is not my opinion that the Speaker expects that sort of haste. There are too many complicated questions in this bill to take it up in such a manner as that.

Among others of the complicated features is the continuation of the processing tax. I introduced, almost at the beginning of this session of Congress, a measure to repeal the processing tax. So far I have been unable to secure even so much as a hearing upon that measure. It is not a tax, as I see it, and as the word is defined, but if there is one iniquitous form of legislation it is the so-called "processing tax", where one group of people is assessed for the benefit of another, but not for the Federal Treasury. In my judgment, it is as iniquitous as anything the Democratic Party has put on the statute books during its power, and absolutely unfair to a large section of this country.

Further than that, it is the first time, to my knowledge, that any definite effort has been made to tax food and clothing. Some years ago we tried to pass the so-called "manufacturers' excise tax", carrying a tax equitably to all classes of people at moderate rates, and instead of accepting such a measure as that, we are today confronted with a continuation of this type of taxation. I am astonished that the majority would offer legislation of this type.

There is included in this bill, I understand, additions to the processing tax. For instance, there are two or three pages which, as I casually glance through the bill, endeavor to legalize what the Supreme Court has declared to be unconstitutional. Now, if the Democratic majority intend to try to get away with that type of legislation, they should let people know about it for more than 24 hours in advance; but it is fair to assume that the gag is again at work.

Another outstanding objection to this measure, in my mind, is the fact that it takes 30 percent, or about $125,000,000, of revenue collected at the customhouse and pass it out to the so-called "equalization" of agricultural products. I represent, in large measure, an agricultural section, but we do not stand for that kind of legislation.

I simply want to further call attention to the iniquity of the settlement of the processing tax, when one concern in my district last year paid $1,000,000 in processing taxes and another concern paid $250,000, without the slightest benefit to anybody, so far as I can learn, and without being able to pass a cent of it on to the consumer.

Now, let us not run away with the idea that legislation for one section of this country as against another is of general benefit. We have heard nothing of late but complaints about New England. For heaven's sake, how is the rest of the country going to live if you cannot earn an honest livelihood in the New England or northeast section of this country? It is ridiculous to say that we have sufficient money in our area to support all the rest of the country under these unfair and iniquitous methods of taxation. Let us get back to the old methods of living under the Constitution, and not try by legislation of this kind to offset legal constitutional decisions.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. TREADWAY] has expired.

Mr. HILL of Alabama. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY] says that he protests that we are making too much haste. We have a good and righteous thing to do, and experience teaches us that the sooner we do a good and righteous thing, the better it is.

The gentleman speaks of the processing tax as being iniquitous. If it be iniquitous, we learned our lesson, and we got our example from the high protection tariff interests whom the gentleman so ably speaks for and represents in this House. [Applause.]

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. MARTIN of Massachusetts. Is not the gentleman aware of the fact that the first protective tariff came from Henry Clay and John Calhoun, one from Kentucky and the other from South Carolina, and at that time New England was the free-trade section of the country?

Mr. HILL of Alabama. That may be true, but I will say to the gentleman that the father of the protective tariff in this country was Alexander Hamilton. We find that Alexander Hamilton said that there should be a protective tariff, but that there should also be a bounty or compensating benefit to the farmer. That has been the fundamental trouble in this country. We have gone on all the while raising higher and higher tariffs for the industries and the manufacturing interests of this country, and at the same time have refused to do one thing for the farmers.

Mr. MARTIN of Massachusetts. Will the gentleman yield for another question?

Mr. HILL of Alabama. Yes, if the gentleman will be brief.

Mr. MARTIN of Massachusetts. The Democratic Party has been in control of this Congress for 5 years. It has been in control of the Nation for 3 years. It is talking constantly of high tariffs, but what have you done about it?

Mr. HILL of Alabama. We are working on the tariff, and we have done this: We have given to the farmers of America the A. A. A. We have given them equality of opportunity in this land. That is what we have done.

The gentleman knows that if the farmers of the country had continued to follow the Republican Party bare feet and shirttails would be their uniform today. [Laughter.] That has been the trouble through the years, we have not given the farmers that equality of opportunity to which they were justly entitled and which is so necessary for the general welfare and the very life of the country. That is exactly what the A. A. A. Act does and what these amendments propose to do; and in giving to the farmer equality of opportunity we do not rob some other section, we do not rob some other group, or some other class. The records show, Mr. Chairman, that the greatest increase in department store purchases, in general merchandise, in insurance sales, and automobile sales last year was in the sections of the country where the A. A. A. farm program was operating. The goods and articles purchased from the department stores, the general merchandise and the other things, are manufactured by the industries of America, and when you make it possible for our farmers to buy those things, then you make it possible for these industries to prosper. One of the major contributing causes of the depression was the fact that under Republican tariffs the farmers were exploited and robbed to the point that their purchasing power was destroyed.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. RICH. In reference to the statement made by the gentleman that we did not do anything for the farmer, does not the gentleman believe——

Mr. HILL of Alabama. Mr. Chairman, I cannot yield for that. The gentleman knows his party has not done anything for the farmer.

Mr. RICH. I should like to ask the gentleman a question.

Mr. HILL of Alabama. Then, ask the question.

Mr. RICH. Does not the gentleman think we ought to have a tariff on every commodity the farmer grows so that competitive commodities cannot be imported into the country?

Mr. HILL of Alabama. No, of course, I do not think there ought to be a tariff on every commodity the farmer grows. We have got to sell our products in the markets of the world, and to preserve those markets we cannot follow a policy of exclusion. Furthermore, the Republican Party placed a tariff on wheat and it did the farmer no good. It would be absurd to talk about a tariff on cotton where over 50 percent of the crop must be exported.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. I feel, Mr. Chairman, that the people of this country, whether they live on farms or in cities, ought to be thankful for this A. A. A. program, because we are taking care of the economic mud sill of the Nation in providing this program.

I join in what has been said in tribute to the Chairman of the Committee on Agriculture and the members of that committee, and I also want to pay my tribute to Henry Wallace, Rex Tugwell, and Chester Davis. They have been the backfield of this program, they have played ball, they have carried the ball to touchdown after touchdown [applause]; and if we will go forward with this program we shall not only bring the American farmer into a happier and better day but we shall lead the entire Nation into a brighter and more abundant day. [Applause.]

Mr. O'MALLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Strike out the quotation marks and the period in line 18, page 2, and add thereto the following language: "(c) And by setting a maximum consumer price exceeding which certain designated commodities may not be sold."

Mr. O'MALLEY. Mr. Chairman, section 1 as amended——

Mr. JONES. Mr. Chairman, I make the point of order, if I heard the amendment correctly——

Mr. O'MALLEY. Mr. Chairman, I submit the gentleman's point of order comes too late. The Chair had already recognized me, and I was proceeding with my argument.

The CHAIRMAN. The Chair thinks the point of order comes too late. The gentleman had offered his amendment and been recognized and was proceeding with his discussion.

The Chair overrules the point of order.

Mr. O'MALLEY. Mr. Chairman, the purpose of section 2, according to its language, is to protect the interests of the consumer. The authority given the Secretary of Agriculture in section 2 supposedly is authority for the protection of the interests of the consumer, but insofar as section 2 goes it is only a group of nice words; it does not mean anything.

We have delegated enough authority to the Secretary of Agriculture in the past few years to make him rank with the former Czars of the Russias. Why not, then, give him additional authority to protect the interests of the consumer against rising prices; and one of the ways in which we can give the Secretary of Agriculture authority to check prices when they get out of bounds is to add these few words to this section that I propose. My amendment would make the section actually effective by giving the Secretary of Agriculture authority to establish a maximum price which may be charged the consumers upon the commodities designated in the Agricultural Adjustment Act.

The farmers of the country represent 30,000,000 consumers, but the residents of the cities of this country represent equally as many, if not more, consumers, and they ought to have some protection from the costs and from the results of this Agricultural Adjustment Act. While we are giving authority to the Secretary of Agriculture to designate the prices that shall be paid the farmers, let us also give him some authority to control the prices which the consumers of this country have to pay for the necessities of life, the things they eat and wear, which they must buy, whether they are on relief or receiving the average meager income paid to the great mass of workers.

Mr. Chairman, I hope this amendment will be adopted.

Mr. JONES. Mr. Chairman, under the decision of the Supreme Court if an attempt is made to fix prices by legislation a yardstick would have to be laid down, and this is not done by this amendment.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. JONES. No; I am sorry I cannot yield.

In the second place it is very doubtful, even if you did say that you could fix a particular price, that it would be constitutional, because it is not limited in its application to commodities in interstate commerce.

In the third place, the gentleman said he represents a city district and is not interested in the farmers' prices. Therefore, for all of the three reasons cited I ask that the amendment be defeated.

Mr. WHITE. Mr. Chairman, I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Without objection, the Clerk will read the amendment.

There was no objection.

The Clerk read the O'Malley amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. O'MALLEY].

The amendment was rejected.

Mr. MICHENER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MICHENER: Page 1, line 3, after the word "that", strike out the remainder of the section and insert in lieu thereof the following: "section 2 of the Agricultural Adjustment Act, as amended, is hereby amended to read as follows:

"'SEC. 2. It is hereby declared to be the policy of Congress—

"'(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments, and tax payments during the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929.

"'(2) To protect the interest of the consumer by (a) approaching the level of prices which it is declared to be the policy of Congress to establish a subsection (1) of this section by gradual correction of the current level at as rapid a rate as the Secretary of Agriculture deems to be in the public interest and feasible in view of the current consumptive demand in domestic and foreign markets, and (b) authorizing no action under this title which has for its purpose the maintenance of prices to farmers above the level which it is declared to be the policy of Congress to establish in subsection (1) of this section.'"

Mr. MICHENER. Mr. Chairman, I do not want to be considered as scolding the members of committees about the form of bills. This amendment in no way changes what the committee seeks to accomplish. Section 1 of the bill furnishes the mechanics and lays down a formula whereby existing law is to be amended. The amendment which I present is the result accomplished if the directions as set forth in section 1 of the bill are carried out. In short, it is the accomplishment, and not the narration, of the operation which the Committee seeks to perform on section 2 of the Agricultural Adjustment Act.

No one will contend that section 1 of this bill as drafted is properly drafted. Such draftsmanship would be unworthy of the crudest State legislature or county board of supervisors in the country. Imagine a court wanting to ascertain what the law was and being confronted with a statute which directed him to strike out a semicolon, insert a comma, strike out certain language and insert other language in lieu thereof; and this in the shape of an amendment to the original statute. It would be necessary for him to call a stenographer and to redraft the statute before he could tell what he was asked to rule upon. If we adopt this bill as drafted, the court will be obliged to do that very thing.

We have a legislative counsel, or drafting service, in which we have taken much pride in the past, and on whom we have been wont to rely. Mr. O'Brien, of that service, is in attendance upon the committee, and I have talked with him about this form of draftsmanship. These men are experts and the committee should yield to their judgment. It does not require an expert to amend by "striking out" and "inserting" only. There is no justification or excuse for such slovenly, loose, vague, and uncertain language as is found in this bill.

No excuse is given or can be given other than that it is not desired to be specific, because there might be some omission, or that the attention of the House might be called to existing

law, which upon consideration might be further objected to, or perchance a properly drafted statute might require a little more printing. Surely we should not economize in printing at the expense of properly worded legislation.

Someone has suggested to me that the compiler of the statutes could figure this out and that the law-book companies will prepare proper compilations by assembling the statutes and working out the formulae given by the Congress. We all know these compilers' editions are not authority in court. The statutes are what count, and each statute must stand on its own bottom. Congress should make the statutes intelligible and not rely upon fallible compilers.

I call your attention to the report of the committee filed in this case with special reference to that part complying with the Ramseyer rule. The Ramseyer rule requires three things: First, the printing in roman type of the existing law sought to be altered; second, the inclusion within brackets of that part of the existing law to be amended; third, the printing in italics of the new matter added to the section. We all realize the value of this printing. Now, if you take section 2 as presented in the committee report under the Ramseyer rule and strike out everything between the brackets, which, as stated above, is the part of the old law eliminated, and reenact the remainder of the section, you will have a complete statement of the section as amended. This is good draftsmanship, is clear, concise, and tells the whole story. This is all that my amendment seeks to accomplish. It in no way changes the intention of the committee in reference to the changes in the section.

I realize that this amendment, regardless of its merit, cannot be adopted without the approval of the chairman of the committee. I am sure that the chairman of the committee will not deny that this amendment is proper. If this amendment is adopted, then I shall offer similar amendments to each succeeding section of this bill, and when the bill leaves the House we will all know just what we have enacted, and those called upon to obey the law will be able to read and to understand without inserting, striking out, and interpreting. Of course, if this amendment is not adopted, I shall not take the time of the House and the space in the CONGRESSIONAL RECORD in presenting the other perfecting amendments.

Under the privilege granted I want to explain the action which I shall take on this bill. I am not in favor of the plowing-under policies of the A. A. A. I realize that something must be done, if possible, to make the tariff effective for agriculture. I think that during my time in Congress I have always voted for every reasonable proposal that might aid the farmer. I voted for the McNary-Haugen bill. I voted for the Farm Board. I voted for the so-called "allotment plan" in the Seventy-second Congress. I have been ready to vote for the debenture plan. This was because no better plan was suggested, and I have felt for many years that the farmers' condition was such that some relief must be given; that nothing was certain and that a trial was necessary.

Before the Schechter decision on the N. R. A. the National Grange, the Farm Bureau, and the Milk Producers' Association from my State called upon the Michigan delegation, urging the enactment of the amendments then proposed to the A. A. A. Since that time the N. R. A. decision has, in my judgment, determined that much of the A. A. A. and the proposed amendments, including the license feature, are unconstitutional. I have not had any endorsement for the pending amendments from anyone, with the exception of the Washington representative of the Milk Producers' Association.

It is true that the existing amendments attempt to circumvent the constitutional objections set forth in the N. R. A. decision, but I do not believe that this has been accomplished. We may change the "licenses" to "orders", but it takes more than a change in name to make the change real and effective.

I realize that there is some logic in the suggestion that this is all an experiment and that the committee has attempted to include within the four corners of the present bill provisions resembling the McNary-Haugen bill and the debenture plan. Some of the suggestions in this bill are admirable, but, taken as a whole, with the inclusion of the processing taxes and the continued regimentation of agriculture, the bill is unpalatable to one who believes that the farmer should be permitted to go to bed when he gets ready, to arise at his discretion, to plant, to sow, to reap, and to sell as his good judgment dictates. We must have cooperation, but we must not have bureaucratic dictatorship.

A large percentage of my constituents are farmers. Their ancestors have lived on and from the soil. Their children have been educated. Their homes have been improved—and all this without dictation from some agent sent out by the Federal Government to control their everyday going and coming. Our people just cannot get used to this kind of thing, and I am not going to be a party to placing a penalty on initiative, industry, and thrift. There is too much artificiality in everything we do nowadays. Let us get back and be more real.

We all know that it is the surplus crop that is causing the trouble, and I am ready to attempt the principles of the equalization fee, the embargo, or any other sound principle that will make the tariff effective for agriculture. I am not going to add encouragement to legislation and practices that tax the consumer to pay the farmer not to produce, and, at the same time, put the American producer of what is left out of business by permitting foreign importations of agricultural commodities.

A number of the members of the Agriculture Committee will give facts and figures during this debate showing the quantities of farm productions imported since the A. A. A. has been in effect. It is not only interesting but it is depressing. Let us stop this thing, rather than continue the policies of the A. A. A.

I shall vote against these amendments, and in so doing believe that I am voting for the best interests of the real farmers in America. The farmer does not ask for a subsidy, all he wants is the cost of production and a reasonable profit. He must be placed on a parity with other industry. He does not want to destroy the things other people need. Make it possible for him to handle the accumulated indebtedness of the years when he was not given equal opportunity with others and he will ask no more.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, according to the gentleman's statement, it makes no difference in legal effect if we adopt the additional language which he suggests, and that would make necessary the recopying of both acts which are referred to in this measure. So far as practical life is concerned, I do not think it would be of any additional help, except it would cost more money for reprinting. If we recopied all of the laws that are amended in this House, there might not be anything for the gentleman's Committee on Revision of the Laws to do, and I do not want to take that job away from him.

May I say that the country lawyer relies on the compilation of the statutes, and that is what is presented in court. Of course, if introduced in evidence, a certified copy of the measure must be produced. We have complied literally with the orders of this House under the Ramseyer rule. In back of the committee report is shown each section amended, with the changes therein. That is the customery procedure which is followed in this House in connection with practically all bills.

This bill has a great many technical provisions in it, but has been carefully drawn and gone over. If we undertook to rewrite each paragraph of the bill here on the floor of the House we would be in utter confusion before we got through. At the appropriate time, if the gentleman wants to redraft this entire bill setting out each provision and have it checked and rechecked, I do not object to his having unanimous consent to suggest the changes and have it printed in that way when we are through, but let that be done as a separate proposition. We have complied with the procedure established by the House, and unless the House sees fit to change the procedure we do not feel at liberty to depart from it.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. MICHENER. I may say to the gentleman that so far as the procedure of the House is concerned, such procedure has not been followed.

Mr. JONES. It has been followed in most cases.

Mr. MICHENER. Just recently we have been following that procedure, and it seems to me that a statute should be so plain that anyone could read it and know what it means without having to refer to some other statute and then superimpose the amendments on the other statute before anyone can tell just what is the law.

Mr. JONES. I think this is plain.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The Clerk read as follows:

SEC. 2. Section 8 of the Agricultural Adjustment Act, as amended, is amended by striking out everything preceding subsection (2) and inserting in lieu thereof the following:

"(1) Whenever the Secretary of Agriculture has reason to believe that:

"(a) The current average farm price for any basic agricultural commodity is less than, or is likely during the current or next succeeding marketing year for such commodity to be less than, the fair exchange value thereof; and

"(b) The conditions of and factors relating to the production, marketing, and consumption of such commodity are such that the exercise of any one or more of the powers conferred upon the Secretary under subsections (2) and (3) of this section would tend to effectuate the declared policy of this title, and that the exercise of any one or more of such powers would be administratively practicable;

he shall cause an immediate investigation to be made to determine such facts. If, upon the basis of such investigation, the Secretary finds the existence of such facts, he shall exercise such one or more of the powers conferred upon him under subsections (2) and (3) of this section as he finds, upon the basis of such investigation, administratively practicable and best calculated to effectuate the declared policy of this title.

"(2) Subject to the provisions of subsection (1) of this section, the Secretary of Agriculture shall provide, through agreements with producers or by other voluntary methods—

"(a) For such adjustment in the acreage or in the production for market, or both, of any basic agricultural commodity, as he finds, upon the basis of the investigation made pursuant to subsection (1) of this section, will tend to effectuate the declared policy of this title, and to make such adjustment program practicable to operate and administer; and

"(b) For rental or benefit payments in connection with such agreements or methods in such amounts as he finds, upon the basis of such investigation, to be fair and reasonable and best calculated to effectuate the declared policy of this title and to make such program practicable to operate and administer, to be paid out of any moneys available for such payments or to be made in quantities of one or more basic agricultural commodities acquired by the Secretary pursuant to this title.

"(4) Subject to the provisions of subsection (1) of this section, the Secretary of Agriculture shall make payments, out of any moneys available for such payments, in such amounts as he finds, upon the basis of the investigation made pursuant to subsection (1) of this section, to be fair and reasonable and best calculated to effectuate the declared policy of this title:

"(a) To remove from the normal channels of trade and commerce quantities of any basic agricultural commodity or product thereof;

"(b) To expand domestic or foreign markets for any basic agricultural commodity or product thereof;

"(c) In connection with the production of that part of any basic agricultural commodity which is required for domestic consumption.

"(4) Whenever, during a period during which any of the powers conferred in subsection (2) or (3) is being exercised, the Secretary of Agriculture has reason to believe that, with respect to any basic agricultural commodity:

"(a) The current average farm price for such commodity is not less than, and is not likely during the current or next succeeding marketing year for such commodity to be less than, the fair exchange value thereof, or

"(b) The conditions of and factors relating to the production, marketing, and consumption of such commodity are such that none of the powers conferred in subsections (2) and (3), and no combination of such powers, would, if exercised, tend to effectuate the declared policy of this title or that the exercise thereof would not be administratively practicable,

he shall cause an immediate investigation to be made to determine such facts. If, upon the basis of such investigation, the Secretary finds the existence of such facts, he shall not exercise any of such powers with respect to such commodity after the end of the marketing year current at the time when such finding is made and prior to a new finding under subsection (1) of this section.

"(5) In the course of any investigation required to be made under subsection (1) or subsection (4) of this section, the Secretary of Agriculture shall hold one or more hearings, and give due notice and opportunity for interested parties to be heard.

"(6) No payment under this title made in an agricultural commodity acquired by the Secretary in pursuance of this title shall be made in a commodity other than that in respect of which the payment is being made. For the purposes of this subsection, hogs and field corn may be considered as one commodity.

"(7) In the case of sugar beets or sugarcane, in the event that it shall be established to the satisfaction of the Secretary of Agriculture that returns to growers or producers, under the contract for the 1933–34 crop of sugar beets or sugarcane, entered into by and between the processors and producers and/or growers thereof, were reduced by reason of the payment of the processing tax, and/or the corresponding floor stocks tax, on sugar beets or sugarcane, in addition to the foregoing rental or benefit payments, the Secretary of Agriculture shall make such payments, representing in whole or in part such tax, as the Secretary deems fair and reasonable, to producers who agree, or have agreed, to participate in the program for reduction in the acreage or reduction in the production for market, or both, of sugar beets or sugarcane.

"(8) In the case of rice, the Secretary of Agriculture, in exercising the power conferred upon him by subsection (2) of this section to provide for rental or benefit payments, is directed to provide in any agreement entered into by him with any rice producer pursuant to such subsection, upon such terms and conditions as the Secretary determines will best effectuate the declared policy of this title, that the producer may pledge for production credit in whole or in part his right to any rental or benefit payments under the terms of such agreement and that such agreement and that such producer may designate therein a payee to receive such rental or benefit payments.

"(9) Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm, inspection and measurement of any such commodity so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such commodity and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any such commodity so stored. In any such case, such deduction may be made from the amount of the benefit payment as the Secretary of Agriculture determines will reasonably compensate for the cost of inspection and sealing but no deduction may be made for interest."

Mr. KVALE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KVALE: On page 8, line 8, at the end of the section, add the following subsection:

"(10) No agreement shall be entered into pursuant to the provisions of this section unless such agreement shall contain provisions with respect to agricultural laborers, share tenants, and share croppers employed or engaged in farming upon all land owned or controlled by any party to such agreement:

"(A) Providing for the distribution, directly to and in the name of the particular party in interest, of any payments made pursuant to such agreements upon such basis as the Secretary deems fair and just between owners, landlords, share tenants, and share croppers."

Mr. JONES (interrupting the reading of the amendment). Mr. Chairman, the reading has progressed far enough to show that this amendment is subject to a point of order.

Mr. MARCANTONIO. Mr. Chairman, may we have the full amendment read? I submit the point of order should be made after the amendment has been read.

Mr. JONES. I do not object to having the amendment printed in the RECORD, but I do not see any use in reading a lot of matter here that is clearly not germane, and I make the point of order that the amendment is not germane to the section or to the paragraph.

The CHAIRMAN. The Chair has noted the gentleman's point of order, but would suggest that the reading of the amendment be completed before ruling on the point of order.

The Clerk resumed the reading of the amendment, as follows:

(B) Providing that any adjustment in acreage or production required or effected pursuant to such agreement shall be effected ratably among such persons as continue to be employed or engaged in farming upon the land covered by such agreement, and that the same number of share-tenants, of share-croppers, and of agricultural laborers which was employed or engaged in farming before such agreement was entered into upon the land covered by such agreement shall be employed or engaged in farming upon such land at all times during the period covered by such agreement.

(11) The Secretary of Agriculture, or any person employed or engaged in farming upon the land covered by any agreement entered into pursuant to this section, may bring a bill in equity, regardless of the amount in controversy, in the District Court of the United States for the district in which such land is located to enjoin the breach or compel the observance of any provision required by subsection (10) of this section or section 8g of this title, to be included in the agreement covering the land upon which such person is employed or engaged in farming. Violation of any such provision by any party to any such agreement is hereby declared to be a misdemeanor and shall be punishable by a fine of not less than $50 and not more than $100 for each day that such violation continues.

The CHAIRMAN. The gentleman from Texas makes a point of order against the amendment offered by the gentleman from Minnesota. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. KVALE. I think not, Mr. Chairman. I shall have to abide by the decision of the Chair, and I am hopeful the Chair will give the amendment a liberal construction. The amendment has been rather carefully drawn, and while I have no pride of authorship, I hope the amendment may be considered in order and that we may vote upon it.

Mr. JONES. Mr. Chairman, the generally accepted rule is that if any part of an amendment is subject to a point of order, the entire amendment is subject to the point of order, and this brings in entirely new subject matter not contained in either the section or the paragraph.

The CHAIRMAN. The Chair thinks the amendment does introduce new subject matter not contemplated by the bill, and is clearly subject to a point of order. The Chair therefore sustains the point of order.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise my remarks and to extend in the RECORD three telegrams which I have received in opposition to this bill.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Chairman, I am in somewhat of a quandary in respect to this bill. I do not know whether I shall support it or not, but I do know that I am unalterably opposed to the inequitable, un-American, and in my opinion, uneconomical method of relief which it embodies.

When I passed through Gillette, Wyo., last year, on my way to California, Government agents were then in Gillette, with automobiles loaded with ammunition and firearms, with instructions to go out on the ranches and kill 200,000 head of sheep. These sheep, after slaughter, were to be left where they fell, the owners, however, to be permitted to take the hides if they wished. I cannot subscribe to such a policy of destruction and artificial stimulus of the price of foodstuffs.

This bill we are now discussing proposes also a curtailment in the production or distribution of oranges. I believe that every child in America should have an orange whenever he wants it and I protest the enactment of legislation which will make the consumption of oranges impossible for our poor and undernourished children.

Instead of limiting our production of oranges and other basic foods, I favor increased production in order that essential foodstuffs for a balanced diet may be available to all our people and through proper nutrition, the health of our Nation may be safeguarded.

I am in favor of assisting the agricultural producer to the fullest possible extent, but not through the means proposed in this bill.

Another feature in this bill to which I am opposed, and it is a very important one—is the processing tax, which is a tax levied upon the consumer.

If we are to have a processing tax, it should come from a general tax levy. This tax should be placed upon the surplus of large corporations, upon the larger incomes of $50,000 or more, and on gifts and inheritances. There are one hundred-and-forty-odd thousand families in the county of Los Angeles now on relief. Under the provisions of this bill this inequitable, unfair, and un-American processing tax, which each and every individual must pay, increases the cost of living to all our people, but the burden is heaviest on those whose funds are pitifully inadequate for the barest necessities of life.

By the imposition of these processing taxes the price of lard is raised 2½ cents per pound, flour $1.38 a barrel, boneless ham 7 cents a pound, sugar one-half cent a pound, bread one-half cent per loaf, salted peanuts 1½ cents per pound, and peanut butter 1¾ cents per pound. Taxes apparently will be continued for 2½ years on the cotton in women's and children's dresses, diapers, shirts, pajamas, overalls, sheets, handkerchiefs, underwear, work gloves, window curtains, thread, and so forth.

Today, in the city of Washington, bacon is 47 cents per pound and steak as high as 65 cents per pound. We should remember that the administration paid millions of dollars for the destruction of pigs and additional millions for the destruction of cattle and other livestock, with the idea of raising prices for the producer of these commodities, while under our ridiculous reciprocal tariff procedure we are importing 10 times more fats, oils, and so forth, than we are exporting, thus apparently curtailing our own production for the benefit and profit of foreign agricultural producers.

The administration, however, appears to be little concerned as to the plight of the consumer. Under the work-relief plans, wages as low as $19 per month are provided for our unfortunate, worthy unemployed. The maximum for the highest type of professional employee is $95 per month. With our present prices, how far will $19 per month go? Some of our workers will not be able to buy a pound of meat with the wages of a day's work! In our efforts to increase prices through unnatural processes, we are increasing the cost of living, lowering the American standard of living, lowering the American wage standard, and reducing the purchasing power of our people! Such short-sighted, inconsistent policies are their own assurance of failure!

Furthermore, I contend that this bill is unconstitutional. It is unfair to the general population to take general revenues to subsidize a distinct class of people as we are proposing to do in this bill, and it is discriminatory indeed to take the revenues from tariff imposts and to apply them in the interest of the farmers for the purpose of developing foreign trade. It is my opinion that the hundreds of millions of dollars of general revenue with which we propose to experiment to develop a foreign market could best be spent here at home for an adequate old-age pension and for pensions to the disabled and to widows with children who are without sufficient means of support. Certainly these American citizens, if they were given these millions of dollars, would spend this money here at home and the farmer would be directly benefited rather than hypothetically benefited through the proposed experiment of spending hundreds of millions of dollars to develop our foreign trade. The American market is one of the most valuable assets of this Nation, and we would do well to protect and maintain it in the interests of our own people, instead of sacrificing it for hoped-for advantages in foreign trade.

There is no individual with common sense who is opposed to giving the farmer an adequate return on his investment and labor, but even the farmer himself, in his heart, must condemn the stupidity of paying for crop destruction or idleness. Instead of trafficking with the public funds and placing an inordinate tax on the consumer, which doubly oppresses the unemployed, we should enact legislation now before us providing for the cost of production, plus a reasonable profit, for the farmer; we should enact the Frazier-Lemke bill to free the farmer from the tentacles of the money-lender and we should refrain from the present tendency of Government to coerce and intimidate one group within an industry at the expense of another. With the myriad of bureaus which have been established in the new deal and the bureaucracy which is being developed we may eventually find ourselves with one-half of our population in Government positions of one sort or another, seeking to tell the other 50 percent of the people how they should conduct their business.

I reiterate that I am somewhat in a quandary as to how to vote on this bill, due to the fact that certain of the larger

cooperative associations favor this bill, while practically all of the smaller or independent associations oppose the bill.

Under leave to insert in the RECORD, I include herewith three of the many telegrams I have received, all of which were opposed to the enactment of this legislation.

LOS ANGELES, CALIF., *June 18, 1935.*

JOHN H. HOEPPEL,
Representative, Washington, D. C.:

Undersigned vigorously oppose amendments Agricultural Adjustment Act. Prorating markets and limiting to specific grades and sizes absolutely unsound and confiscatory to some growers. Delegation authority to State officials by Secretary Agriculture we believe unconstitutional. Fifty percent approval clause absolutely unsound due inability enforce. Control into specific markets most unfair, as undersigned over period years have built up special trade certain markets. All undersigned at meeting June 14 passed following resolution:

"This group independent growers and shippers being of opinion present California-Arizona citrus marketing agreement not legal, and being operated only as gentlemen's agreement, and recognizing necessity orderly marketing method and agreeing continuance pro rate willing carry on provided following amendments to agreement adopted to make present program: Eliminate intrastate shipments from pro rate; eliminate f. o. b. shipping point acceptance orders from pro rate, the same regulations to apply on f. o. b. sales as apply export; that have only one area in pro rate."

Representing over 10,000 cars citrus, we ask your support our contentions. Unless these changes in amendments and new amendments added marketing agreement will foster monopolies and curtail if not completely eliminate smaller individual operators. Reply.

C. B. Moore, 1231 East Seventh Street, Los Angeles, Calif.; American Fruit Growers; Randolph Marketing Co.; Andrews Bros.; Banks Fruit Co.; California Citrus Cash Cooperatives; California Fruit Distributors; Cherokee Citrus Co.; Fusch Fruit Co.; Gentile Bros.; Gold Banner Association; Gold Buckle Association; Gore Packing Co.; Hanson Fruit Co.; Krinard Packing Co.; Theodore Krumm Lyn & Sons; Meffered Bros.; Pico Citrus Association; Placentia Orchards; Quality Fruit Co.; San Antonio Orchards; Speich & Co.; Kenneth Spencer; Emil Steiner; Sunny Hills Ranch; Granada Packing Co.; Engebretson Grupe Angeles Brokerage; Growers Service Co; Federal Fruit Distributors; Urick Hollis Reedley Grape Growers.

WHITTIER, CALIF., *June 15, 1935.*

Hon. JOHN H. HOEPPEL,
House of Representatives, Washington, D. C.:

We oppose proposed amendments to Agricultural Adjustment Act, which permit monopoly under State authority, unfair, impracticable, discriminatory in volume movement to markets of specific grades, sizes, and quality, strangles exports, with like reaction on domestic shipments. Therefore, request California citrus fruits be excluded from amendments.

INDEX MUTUAL ASSOCIATION.

POMONA, CALIF., *June 15, 1935.*

JOHN H. HOEPPEL,
Representative, Washington, D. C.:

We oppose amendments to the Agricultural Adjustment Act and request that California citrus fruits be excluded from them, because—

First, permits proration of markets, limiting of specific grades, sizes, and qualities.

Second, limits exports when we should stimulate exports in order to relieve domestic markets.

Third, permits Secretary of Agriculture to pass control over to State officials.

Fourth, permits putting orders into effect upon 50-percent approval when experience proves that even with 90-percent approval it is difficult to administer agreements.

Controls volume going into specific markets, which is unfair and impracticable, because certain shippers have special trade in specific markets built up over many years.

Grade, size, and quality control are discriminatory because all do not have same amount of grades, sizes, and quality, which would compel some to ship less than others.

Permitting State officials to administer orders will prove disastrous. We urge you to prevent adoption of such amendments.

LAVERNE COOPERATIVE CITRUS ASSOCIATION.

POTATOES

Mr. BREWSTER. Mr. Chairman and ladies and gentlemen of the Committee, I want to speak of the very serious situation that confronts us in Maine.

Coming down here with our native Yankee caution, exceedingly suspicious of encroachment upon our boasted individualism, we have now come to realize, so far as my part of the country is concerned, that we are confronted by a condition and not a theory. That condition is that potatoes in my district today are selling for 10 cents a barrel.

If some of you gentlemen concerned in cotton can conceive of cotton selling at 1 cent a pound, you can realize what it means to us. Or if corn were selling at 5 cents a bushel or wheat at 10 cents a bushel, you would realize what it means to us to have potatoes selling at 1 cent a peck. In Aroostook County this month 1,000,000 barrels of potatoes are being dumped into the fields to rot without a market of any kind into which they can move.

What is the answer to this question? I will not pretend to say in the brief time allotted to me, but I do wish to say that we are vitally concerned. We are faced with absolute ruin. We are willing and desirous to cooperate in any measure that shall afford to us some measure of relief.

We realize that potatoes may come within the classification in this bill as a vegetable. It is the conviction, however, of those who have given the closest study to the potato problem that under these amendments it will not be possible to assist in any adequate measure the potato producers of this country. We recognize that thus far there are 14 farm crops of the United States given recognition as basic commodities. Potatoes thus far have received no recognition, although they are the fourth food crop of the United States. We must ask of this assemblage before adjournment very serious consideration of the Warren bill that shall accord to potatoes something of the position to which they are entitled in the agricultural program as the fourth food crop of the United States.

We appreciate the consideration given to us by the Chairman of the Committee on Agriculture and his associates. We hope before this session closes that you may give to this commodity, and to 100,000 people in Maine who face ruin at the present time, and to millions of others concerned in the potato crop throughout the country, the same consideration that has been afforded to the 14 basic commodities hitherto extended aid. [Applause.]

The Clerk read as follows:

SEC. 3. The first sentence of subsection (b) of section 12 of the Agricultural Adjustment Act, as amended, is amended to read as follows: "In addition to the foregoing, for the purpose of effectuating the declared policy of this title, a sum equal to the proceeds derived from all taxes imposed under this title are hereby appropriated to be available to the Secretary of Agriculture for (1) the acquisition of any agricultural commodity pledged as security for any loan made by any Federal agency, which loan was conditioned upon the borrower agreeing or having agreed to cooperate with a program of production adjustment or marketing adjustment adopted under the authority of this title, and (2) the following purposes under part 2 of this title: Administrative expenses, payments authorized to be made under section 8, and refunds on taxes."

Mr. JONES. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 8, line 14, strike out the word "are" and insert the word "is."

The amendment was agreed to.

The Clerk read as follows:

SEC. 5. The Agricultural Adjustment Act, as amended, is amended by striking out section 8 (3) thereof and by adding after section 8b, the following new section:

"ORDERS

"SEC. 8c. (1) The Secretary of Agriculture shall, subject to the provisions of this section, issue, and from time to time amend, orders applicable to processors, associations of producers, and others, engaged in the handling of any agricultural commodity or product thereof specified in subsection (2) of this section. Such persons are referred to in this title as 'handlers.' Such orders shall regulate, in the manner hereinafter in this section provided, the handling of such agricultural commodity, or product thereof, in the current of interstate or foreign commerce, or so as directly to burden, obstruct, or affect, interstate or foreign commerce in such commodity or product thereof.

"COMMODITIES TO WHICH APPLICABLE

"(2) Orders issued pursuant to this section shall be applicable only to the following agricultural commodities and the products thereof (except products of naval stores), or to any regional, or market classification of any such commodity or product: Milk, fruits (including pecans and walnuts but not including apples and not including fruits for canning), tobacco, vegetables (not including vegetables for canning), and naval stores as defined in the Naval Stores Act. As used in this section, the term 'vegetables' includes soybeans.

"NOTICE AND HEARING

"(3) Whenever the Secretary of Agriculture has reason to believe that the issuance of an order will tend to effectuate the declared policy of this title with respect to any commodity or product thereof specified in subsection (2) of this section, he shall give due notice of and an opportunity for a hearing upon a proposed order.

"FINDING AND ISSUANCE OF ORDER

"(4) After such notice and opportunity for hearing, the Secretary of Agriculture shall issue an order if he finds, and set forth in such order, upon the evidence introduced at such hearing (in addition to such other findings as may be specifically required by this section) that the issuance of such order and all of the terms and conditions thereof will tend to effectuate the declared policy of this title with respect to such commodity.

"TERMS—MILK AND ITS PRODUCTS

"(5) In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:

"(A) Classifying milk in accordance with the form in which it is ultimately used or consumed, and fixing, or providing a method for fixing, minimum prices for each such use classification which all handlers shall pay, and the time when payments shall be made, for milk purchased from producers or associations of producers. Such prices shall be uniform as to all handlers, subject only to adjustments for (1) volume, market, and production differentials customarily applied by the handlers subject to such order, (2) the grade or quality of the milk purchased, and (3) the locations at which delivery of such milk, or any use classification thereof, is made to such handlers.

"(B) Providing:

"(i) for the payment to all producers and associations of producers delivering milk to the same handler of uniform prices for all milk delivered by them: *Provided*, That, except in the case of orders covering milk products only, such provision is approved or favored by at least three-fourths of the producers who, during a representative period determined by the Secretary of Agriculture, have been engaged in the production for market of milk covered in such order or by producers who, during such representative period, have produced at least three-fourths of the volume of such milk produced for market during such period; the approval required hereunder shall be separate and apart from any other approval or disapproval provided for by this section; or

"(ii) for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered;

subject, in either case, only to adjustments for (a) volume market, and production differentials customarily applied by the handlers subject to such order, (b) the grade or quality of the milk delivered, (c) the locations at which delivery of such milk is made, and (d) a further adjustment, equitably to apportion the total value of the milk sold by any handler, or by all handlers, among producers and associations of producers, on the basis of their production of milk during a representative period of time.

"(C) In order to accomplish the purposes set forth in paragraphs (A) and (B) of this subsection (5), providing a method for making adjustments in payments, as among handlers (including producers who are also handlers), to the end that the total sums paid by each handler shall equal the value of the milk purchased by him at the prices fixed in accordance with paragraph (A) hereof.

"(D) In order to accomplish the purposes set forth in paragraph (A) of this subsection (5), providing that all handlers shall pay the price specified in such order for milk utilized for manufacturing purposes for all milk delivered to them by producers who were not, upon the effective date of such order, regularly selling milk for consumption in the area covered thereby, for the period of 90 days from and after the commencement of deliveries by such producers, respectively.

"(E) Providing for the verification of weights, sampling, and testing of, and security for the payment for, milk purchased.

"(F) Nothing contained in this subsection (5) is intended or shall be construed to prevent a cooperative marketing association qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the 'Capper-Volstead Act', engaged in making collective sales or marketing of milk or its products for the producers thereof, from blending the net proceeds of all of its sales in all markets in all use classifications, and making distribution thereof to its producers in accordance with the contract between the association and its producers: *Provided*, That is shall not sell milk or its products to any handler for use or consumption in any market at prices less than the prices fixed pursuant to paragraph (A) of this subsection (5) for such milk.

"TERMS—OTHER COMMODITIES

"(6) In the case of fruits (including pecans and walnuts but not including apples and not including fruits for canning) and their products, tobacco and its products, vegetables (not including vegetables for canning) and their products, and naval stores as defined in the Naval Stores Act, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:

"(A) Limiting, or providing methods for the limitation of, the total quantity of any such commodity or product, or of any grade, size, or quality thereof, produced during any specified period or periods, which may be marketed in or transported to any or all markets during any specified period or periods by all handlers thereof.

"(B) Allotting, or providing methods for allotting, the amount of such commodity or product, or any grade, size, or quality thereof, which each handler may purchase from or handle on behalf of any and all producers thereof, during any specified period or periods, under a uniform rule based upon the amounts produced or sold by such producers in such prior period as the Secretary determines to be representative, or upon the current production or sales of such producers, or both, to the end that the total quantity thereof to be purchased or handled during any specified period or periods shall be apportioned equitably among producers.

"(C) Allotting, or providing methods for allotting, the amount of any such commodity or product, or any grade, size, or quality thereof, which each handler may market in or transport to any or all markets, under a uniform rule based upon the amounts which each such handler has available for current shipment, or upon the amounts shipped by each such handler in such prior period as the Secretary determines to be representative, or both, to the end that the total quantity of such commodity or product, or any grade, size, or quality thereof, to be marketed in or transported to any or all markets during any specified period or periods shall be equitably apportioned among all of the handlers thereof.

"(D) Determining, or providing methods for determining, the existence and extent of the surplus of any such commodity or product, or of any grade, size, or quality thereof, and providing for the control and disposition of such surplus, and for equalizing the burden of such surplus elimination or control among the producers and handlers thereof.

"(E) Establishing, or providing for the establishment of, reserve pools of any such commodity or product, or of any grade, size, or quality thereof, and providing for the equitable distribution of the net return derived from the sale thereof among the persons beneficially interested therein.

"(F) Fixing, or providing methods for fixing, minimum prices at which any such commodity or product, or any grade, size, or quality thereof, shall be purchased by the first handlers subject to such order: *Provided*, That such first handlers, as a group, purchase or otherwise acquire not less than 50 percent of the total quantity of the commodity or product covered by such order directly from producers or associations of producers.

"TERMS COMMON TO ALL ORDERS

"(7) In the case of the agricultural commodities and the products thereof specified in subsection (2) orders shall contain one or more terms and conditions:

"(A) Prohibiting unfair methods of competition and unfair trade practices in the handling thereof.

"(B) Providing for the selection by the Secretary of Agriculture, or a method for the selection, of an agency or agencies and defining their powers and duties, which, among other things, shall include the powers:

"(i) To administer such order in accordance with its terms and provisions;

"(ii) To make rules and regulations to effectuate the terms and provisions of such order;

"(iii) To receive, investigate, and report to the Secretary of Agriculture complaints of violations of such order; and

"(iv) To recommend to the Secretary of Agriculture amendments to such order.

No person acting as a member of an agency established pursuant to this paragraph (B) shall be deemed to be acting in an official capacity, within the meaning of section 10 (g) of this title, unless such person receives compensation for his personal services from funds of the United States.

"(C) Incidental to, and not inconsistent with, the terms and conditions specified in subsections (5), (6), and (7) and necessary to effectuate the other provisions of such order.

"ORDERS WITH MARKETING AGREEMENT

"(8) Except as provided in subsection (9) of this section, no order issued pursuant to this section shall become effective until the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of not less than 50 percent of the volume of the commodity or product thereof covered by such order have signed a marketing agreement, entered into pursuant to section 8b of this title, which regulates the handling of such commodity or product in the same manner as such order.

"ORDERS WITH OR WITHOUT MARKETING AGREEMENT

"(9) (A) Any order issued pursuant to this section shall become effective in the event that, notwithstanding the refusal or failure of handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 percent of the volume of the commodity or product thereof covered by such order to sign a marketing agreement relating to such commodity or product thereof, on which a hearing has been held, the Secretary of Agriculture, with the approval of the President, determines:

"(1) That the refusal or failure to sign a marketing agreement (upon which a hearing has been held) by the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 percent of the

volume of the commodity or product thereof specified therein tends to prevent the effectuation of the declared policy of this title with respect to such commodity or product, and

"(2) That the issuance of such order is the only practical means of advancing the interests of the producers of such commodity pursuant to the declared policy, and is approved or favored by at least two-thirds of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of the commodity specified in such marketing agreement or order, or by producers who, during such representative period, have produced for market at least two-thirds of the volume of such commodity produced for market during such period.

"MANNER OF REGULATION AND APPLICABILITY

"(10) No order shall be issued under this section unless it regulates the handling of the commodity or product covered thereby in the same manner as, and is made applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

"REGIONAL RULE

"(11) (A) No order shall be issued under this section which is applicable to all production areas or marketing areas, or both, of any commodity or product thereof unless the Secretary finds that the issuance of several orders applicable to the respective regional production areas or regional marketing areas, or both, as the case may be, of the commodity or product would not effectively carry out the declared policy of this title.

"(B) Except in the case of milk and its products, orders issued under this section shall be limited in their application to the smallest regional production areas or regional marketing areas, or both, as the case may be, which the Secretary finds practicable, consistently with carrying out such declared policy.

"(C) All orders issued under this section which are applicable to the same commodity or product thereof shall, so far as practicable, prescribe such different terms, applicable to different production areas and marketing areas, as the Secretary finds necessary to give due recognition to the differences in production and marketing of such commodity or product in such areas.

"COOPERATIVE ASSOCIATION AMENDMENT

"(12) Whenever, pursuant to the provisions of this section, the Secretary is required to determine the approval or disapproval of producers with respect to the issuance of any order, or any term or condition thereof, or the termination thereof, the Secretary may consider the approval or disapproval by any cooperative association of producers, bona fide engaged in marketing the commodity or product thereof covered by such order, or in rendering services for or advancing the interests of the producers of such commodity, as the approval or disapproval of the producers who are members of, stockholders in, or under contract with, such cooperative association of producers.

"RETAILER AND PRODUCER EXEMPTION

"(13) (A) No order issued under subsection (9) of this section shall be applicable to any person who sells agricultural commodities or products thereof at retail in his capacity as such retailer, except to a retailer in his capacity as a retailer of milk and its products.

"(B) No order issued under this title shall be applicable to any producer in his capacity as a producer.

"VIOLATION OF ORDER

"(14) Any handler subject to an order issued under this section, or any officer, director, agent, or employee of such handler, who violates any provision of such order (other than a provision calling for payment of a pro rata share of expenses) shall, on conviction, be fined not less than $50 or more than $500 for each such violation, and each day during which such violation continues shall be deemed a separate violation: *Provided*, That no person shall be convicted under this title because of any violation of any order or of any obligation imposed in connection therewith, if such violation occurs between the date upon which such person files with the Secretary a petition, with respect to such order or obligation, as provided for in subsection (15), and 5 days after the Secretary enters a ruling thereon.

"PETITION BY HANDLER AND REVIEW

"(15) (A) Any handler subject to an order may file a written petition with the Secretary of Agriculture, stating that any such order or any provision of any such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary of Agriculture, with the approval of the President. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

"(B) The District Courts of the United States (including the Supreme Court of the District of Columbia) in any district in which such handler is an inhabitant, or has his principal place of business, is hereby vested with jurisdiction in equity to review such ruling, provided a bill in equity for that purpose is filed within 20 days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the bill of complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. Nothing contained in this subsection (15) shall be construed to prevent, hinder, or delay the United States or the Secretary of Agriculture from pursuing the remedies provided for in section 8a (6) of this title. Any proceedings brought pursuant to section 8a (6) of this title (except where brought by way of counterclaim in proceedings instituted pursuant to this subsection (15)) shall abate whenever a final decree has been rendered in proceedings between the same parties, and covering the same subject matter, instituted pursuant to this subsection (15).

"TERMINATION OF ORDERS AND MARKETING AGREEMENTS

"(16) (A) The Secretary of Agriculture shall, whenever he finds that any order issued under this section, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this title, terminate or suspend the operation of such order or such provision thereof.

"(B) The Secretary shall terminate any marketing agreement entered into under section 8b, or order issued under this section, at the end of the then current marketing period for such commodity, as specified in such marketing agreement or order, whenever he finds that such termination is favored by a majority of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of the commodity specified in such marketing agreement or order, provided that such majority have during such representative period produced for market more than 50 percent of the volume of such commodity produced for market during such period, but such termination shall be effective only if announced on or before such date (prior to the end of the then current marketing period) as may be specified in such marketing agreement or order.

"(C) The termination or suspension of any order or amendment thereto or provision thereof, shall not be considered an order within the meaning of this section.

"PROVISIONS APPLICABLE TO AMENDMENTS

"(17) The provisions of this section, section 8d, and section 8e applicable to orders shall be applicable to amendments to orders."

Mr. JONES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 9, line 24, after the word "thereof", insert the word "only."

The amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Mr. MARTIN of Colorado offers the following amendment: At the end of line 13, page 10, strike out the period and add the words "and edible dried beans."

Mr. JONES. Mr. Chairman, I suggest to the gentleman from Colorado that edible dried beans are vegetables. The only reason that the soybean is included is that the soybean, as sometimes happens, is not classified as a vegetable horticulturally. I am sure the edible dried bean is a vegetable and unless the gentleman has some reason to show that they are not so classified, I hope the amendment will not be agreed to.

Mr. MARTIN of Colorado. I would like to take up the 5 minutes in order to get the situation before the House. I have not had any time.

Mr. JONES. The soybean is used not only for food but for other purposes. It so happens that some authorities classify the soybean as a vegetable and others do not, horticulturally. Usually it is not classified as a vegetable. The edible dried bean I am sure is a vegetable.

Mr. MARTIN of Colorado. Are edible dried beans included in the word "vegetables" so as to make it unnecessary to specify it?

Mr. JONES. The word includes all these commodities named and the products thereof. Edible dried bean would either be a vegetable or the product of a vegetable.

Mr. MARTIN of Colorado. I want to use my 5 minutes to get the situation before the committee.

Mr. JONES. I hope the gentleman will not insist upon putting this in the bill.

Mr. MARTIN of Colorado. Mr. Chairman, I have not had any time to give any consideration to this amendment. If there is any Member here who knows any way by which a man can get time to consider anything, I wish he would let me in on it. I consider myself fortunate to be permitted to be present while the agricultural amendments are being considered, so that I can find out something about them.

Mr. Chairman, the bean is a very valuable agricultural commodity in the United States. It is a major agricultural

commodity in California. It is a big thing in Idaho, it is a big thing in Wyoming, and Colorado, and New Mexco. It is an important industry in Michigan, and in New York and in other States. I worked for a year to get a marketing agreement. After 8 or 10 drafts, occupying much time in hearings, regional and national, there was worked out what the Department of Agriculture said was the finest marketing agreement that had ever been produced under that Department, but it failed of adoption for two reasons. One was that the dealers held out for fixed margins, and fixed resale prices. And the other was the drought, which came along and killed the bean crop of 1934 and sent beans sky-high in price, so that a lot of the growers said, "We are going to get all we want for beans without any marketing agreement", so they failed to sign up. Mr. Chairman, I am neither a prophet nor the son of a prophet, but I predicted something last year in the national meeting in the city of Denver, which has been verified to me by the Department of Agriculture since the House convened today. I said, "If you fellows don't get together and adopt the marketing agreement to regulate this product, the first good crop year that comes along you will plaster this country with beans from Mexico to Canada and they will not be worth pulling out of the ground, just as they were not worth pulling out of the ground in 1933." My secretary came here a few moments ago to say that he had been called up by someone in the Department of Agriculture, with the information 1935 is going to be that kind of a year on the bean crop, and they will raise so much that they will not be worth pulling out of the ground.

It has been demonstrated in agriculture, and it will be demonstrated in industry with the passing of N. R. A., that the people cannot do what they ought to do or what they really want to do without the guiding and helping hand of the Government.

To meet that situation I introduced a bill making edible dried beans a basic commodity. Senator COUZENS introduced the same bill in the Senate. The truth is that my bill is the Couzens bill with my name on it. I hope somewhere along the line, either here or in the Senate, edible dried beans will be made a basic commodity. Edible dried beans are a really more important agricultural commodity than the name might indicate to gentlemen. I hope they will be taken care of under these amendments, so that in the marketing of the crop prices may be protected to the grower, as was proposed in the marketing agreement.

Mr. HOPE. Has the gentleman inquired of the officials of the Department of Agriculture whether edible dried beans are included in their definition of "vegetables"?

Mr. MARTIN of Colorado. The gentleman from Kansas asks me whether I had inquired of the Department of Agriculture whether edible dried beans were included in the word "vegetables." I have not; but I just stated that my secretary came here a few minutes ago and said he was called up by someone in the Department of Agriculture, where my activities in behalf of this commodity are well known, with the suggestion that I undertake to get this amendment in the bill. So evidently they do not consider it within the word "vegetables" in the bill, and that is why I have proposed the amendment.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has again expired.

Mr. LEE of Oklahoma. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the soybean is not generally considered an edible vegetable. It is a hay. It is a legume sowed like clover for the purpose of hay. I have a belief that if we include dried beans we would then have to name every possible edible vegetable that is used in a cured form, or else by naming one we would automatically eliminate the others. Therefore I oppose the amendment. I think the gentleman's beans are in no danger whatever. I think they would be classified as a vegetable.

Mr. DOBBINS. Will the gentleman yield?

Mr. LEE of Oklahoma. I yield.

Mr. DOBBINS. I would not like the inference that soybean is a term applying to hay only to remain unchallenged. Soybeans in a great part of the country are not marketed in the form of hay at all, but are marketed in the matured form of the shelled beans. I am sure it is the intention of the committee, in reporting this bill out, to include shelled beans in the scope of the legislation, as well, perhaps, as the green bean plant when cut for hay. It happens that in our own State of Illinois more soybeans are grown for market than in all the other States, and one of the largest processing plants utilizing this crop is located in my own district. In cooperation with my colleagues from six or eight districts in Illinois, where soybeans constitute a money crop of increasing importance, I have devoted considerable effort to impress upon the Committee on Agriculture the necessity of protecting our bean market through the inclusion of this commodity in the terms of this bill. In that effort we had the influential and intelligent support of the president of the Illinois Agricultural Association and of the president of the American Farm Bureau Federation.

I am sure that all of us had in mind primarily the matured beans themselves more than the immature bean plant in the form of hay as the crop that will be in need of protection against price reductions. Therefore I should not like this debate to close without this statement as a precaution against some adventitious court decision in the future that might possibly construe this language in the bill as applying to hay only, on the strength of what the gentleman from Oklahoma has said.

Mr. MARTIN of Colorado. The word "soybeans" certainly would not include the Great Northern, the White Navy, the Pinto, or any of the great bean varieties in this country.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. LEE] has expired.

Mr. JONES. I ask for recognition. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. The gentleman said if we put "edible dried beans" in we might as well put everything else in. I am in favor of putting in everything else that we can help in this way. There is a separate potato bill pending; there is a separate rice bill pending. The rice people came to grief just like the bean people did, only they had signed up all but 2 percent of the growers and 7 percent of the producers, but that little 7 percent of chiselers killed the rice marketing agreement in Louisiana. I think it is a matter of extreme importance to a great agricultural industry to include it in this bill. If the bare inclusion is not sufficient, the bill can be perfected later on at the other end of the Capitol.

Mr. JONES. Mr. Chairman, there are several hundred bills pending before the Committee on Agriculture. That committee has worked practically every day hearing different people. It has not been the committee's intention to be discourteous if we have not acted on everything that has come up.

Mr. MARTIN of Colorado. I would not intimate anything of the sort. The gentleman from Texas is the able chairman of a hard-working committee, and we Members representing farm interests all admire and trust him.

Mr. JONES. In my judgment, I have no doubt at all but that the product to which the gentleman referred is included. Of course, marketing agreements may be made without any of these amendments. These orders may be applied where they do not all sign up with respect to these particular commodities. The act says "It shall be applicable only to the agricultural commodities and products thereof", which naturally would include all vegetables in every form. The term "soybeans" sounds like a vegetable, but it has been classified both ways. I have no doubt whatever, if the gentleman finds later that they have made such a ruling, which they have not made heretofore, the matter can be taken care of, and I will be glad to reconsider it.

Mr. MARTIN of Colorado. But that will be too late.

Mr. JONES. I will state to the gentleman that there is no question but that edible beans in any form are included. It might as well be said that if we say "all dogs are included" it would not include a shepherd dog.

Mr. MARTIN of Colorado. Is the gentleman willing to state that the word "vegetable" includes edible dry beans?

Mr. JONES. I am, in my judgment.

Mr. MARTIN of Colorado. I would rather see it voted into the act.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

The question is on the amendment offered by the gentleman from Colorado [Mr. MARTIN].

The question was taken; and on a division (demanded by Mr. MARTIN of Colorado) there were ayes 8 and noes 72.

So the amendment was rejected.

Mr. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDRESEN: On page 14, after line 11, insert a new subsection, as follows:

"(g) No marketing agreement or order applicable to milk and its products in any marketing area shall prohibit the marketing in that area of any milk or product thereof produced in any production area in the United States."

Mr. JONES. Mr. Chairman, I will state that I think that is the meaning of the language as we have it now, but I have gone over it with several members of the committee at the gentleman's suggestion. It is simply clarifying and I have no objection to the adoption of the amendment.

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF to the amendment offered by Mr. ANDRESEN: Strike out the word "prohibit" and insert in lieu thereof the words "limit or tend to limit."

Mr. SAUTHOFF. Mr. Chairman, the original amendment offered by the gentleman from Minnesota [Mr. ANDRESEN], I think, has considerable merit and it should be adopted, but it uses the word "prohibit." In other words, that there shall be no marketing agreement, order, or regulation which will prohibit. I am satisfied that the Secretary of Agriculture is never going to formulate or promulgate any order or marketing agreement that is going to directly prohibit any dairy product going from my State into any other State.

Wisconsin dairy products have found barriers erected against them by New York, Pennsylvania, and Massachusetts. This barring of Wisconsin dairy products is done under the specious argument that these States are thereby protecting the health of their citizens, but I submit that Wisconsin herds are as free from tuberculosis or Bang's disease as the herds in any of these States or any other State of the Union. Our farmers are being discriminated against unjustly, and I want to place some safeguard in this bill so as to protect them.

That is why I have changed the word "prohibit" to the words "limit or tend to limit." In other words, instead of putting in a direct limitation, I ask that the amendment be so altered that there can be no agreement, order, or regulation set up which would even tend to shut out the products of one State from another State.

I believe, therefore, Mr. Chairman, that the amendment should be amended as indicated.

Mr. JONES. Mr. Chairman, the adoption of the amendment of the gentleman from Wisconsin would absolutely wreck the whole milk program. In order to get away from the terrific conditions that have prevailed in the milk industry there is provided in the bill authority to fix a minimum price to producers. That, at least in a measure, would limit or tend to limit shipment, and yet the gentleman, I am sure, does not want to interfere with the price to producers. Then it is a universal custom in the marketing of milk to classify milk. This, in a way, is a limitation.

I am perfectly willing to adopt the first amendment suggested, because that simply treats all areas alike, for you could not prohibit someone from an outside area coming in so long as he complied with the conditions prescribed for that area; but if you said that no restrictions or limitations could be required, it would wreck the program, it would destroy every vestige of a program we have for milk.

I ask that the amendment to the amendment be voted down.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to ask the distinguished chairman of the committee if in his opinion there is anything in this bill that gives to the Secretary of Agriculture or to anyone else any power to restrict the free flow of milk or any other commodity between the various States?

Mr. JONES. No; there is nothing in it that will do that. The only tendency is to make all sections comply with the same rules.

Mr. BOILEAU. I have the same understanding of the bill and I agree entirely with the chairman of the committee. I have taken it up with representatives of the Department of Agriculture and they have interpreted the language of the bill the same as has the chairman of the committee and as I have.

I have yet to find anyone who has specifically pointed out wherein this bill gives such power to the Secretary of Agriculture. The bill gives to the Secretary the right to issue these orders and it states that he shall issue orders containing any one or more of the provisions of that particular section and no others. Unless there is something in that particular part of the bill giving the Secretary the right to make such an order, then, of course, he would not have the power to impose such a restriction; and I have been unable to find any such provision in the bill.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. ANDRESEN. Fear has been expressed on the part of certain Members that some such power might be found in the bill. I offered my amendment, therefore, which the chairman of the committee consented to.

Mr. BOILEAU. I appreciate the gentleman's attitude.

Mr. ANDRESEN. It will do no harm.

Mr. JONES. I accept the amendment of the gentleman from Minnesota only on condition that the amendment of the gentleman from Wisconsin be rejected.

Mr. BOILEAU. Mr. Chairman, I agree with the gentleman from Minnesota that this can do no harm, but I do not think it is necessary.

Mr. JONES. I do not think it is necessary, either.

Mr. BOILEAU. If any one thinks there is danger in the provisions of this bill, I should be glad to have him point out where the danger lies.

Mr. HULL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, if there is nothing in this bill which would authorize the Secretary of Agriculture or any subordinate so to limit transportation or shipment of dairy products from one State into another, then the amendment of the gentleman from Minnesota as amended by the amendment of the gentleman from Wisconsin [Mr. SAUTHOFF] can do no harm.

The three States of Minnesota, Iowa, and Wisconsin, produce about 45 percent of the butter made in this country and we are interested in this matter of the shipment of dairy products to other States.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. HULL. I yield.

Mr. JONES. Would the gentleman object to the requirement that Chicago dealers pay the Wisconsin producer a minimum price?

Mr. HULL. Not at all.

Mr. JONES. That certainly would tend to limit.

Mr. HULL. This will not tend to limit, it will merely tend to prevent some man in the Agriculture Department from issuing an order that would stop the shipments of any dairy product from Wisconsin into the New York district, for instance, the Boston district, or the Chicago district, which is now being partially done under so-called "rulings" of boards of health.

Mr. JONES. The provision with reference to orders plainly states that in the case of milk and its products orders may contain the following conditions and none other. I think that is just as clear as it can be.

Mr. HULL. If that be the case, then there is no harm in this amendment as amended.

Mr. JONES. I have heard the gentleman from Wisconsin make speech after speech urging that a special price be given to producers, and I am surprised to hear him take the position he does here.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. MOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOTT: Page 10, line 13, after the word "soybeans", strike out the period and insert "and hops."

Mr. MOTT. Mr. Chairman, I am offering an amendment which in the opinion of the hop growers of the Pacific coast is necessary to the successful continuance of their industry, and which, so far as I have been able to learn, has not been objected to upon its merits. I desire to amend section 8 (c) (2) by adding, after the word "soybeans", in line 13, on page 10, the words "and hops."

The objection to this amendment is the objection of the chairman and the majority members of the committee, and that objection is not to the merit of the proposal. The objection is simply that the chairman does not want to change this section either by adding to or subtracting from any of the commodities named in the bill. I submit that that objection is not valid if the amendment offered is meritorious. The chairman has suggested that all amendments changing this section be offered in the Senate, in order to expedite the bill in the House. That, in my opinion, is not a proper objection, either.

Objection has also been heard that this amendment is not necessary in this bill because a separate bill is now pending to make hops a basic commodity. That is a separate proposal and should stand or fall on its own merits. What we are asking here is simply the right to make marketing agreements which will have the sanction of law.

Ninety percent of the hops grown in the United States are grown upon the Pacific coast. It is an industry which furnishes one of our largest cash-money crops. Thousands of people are employed every year in the harvesting of this crop. In the State of Oregon alone there are 20,000 acres devoted to the growing of hops, and last year there was paid out to common labor alone more than $2,000,000. Several thousand people are employed every year in connection with the growing and harvesting of hops.

The reason this amendment is necessary is because the hop growers have very little control over their own industry, and they are obliged to sell their product for whatever is offered them. It costs 24 cents a pound to grow hops; yet the few hop buyers of the country, who virtually control the market, have got that industry so completely in their hands that they are paying now about 10 cents a pound for the hops which cost 24 cents a pound to grow. This condition has obtained for the last several years, and unless we can get some remedy whereby the hop growers on the Pacific coast are permitted to make a marketing agreement under which they will have something to say about the price they shall receive that industry is very likely to go out of business.

The immediate reason for the amendment is that hops are neither a vegetable nor a fruit, and Mr. McDrew, the hop specialist of the Agricultural Department, has stated before the subcommittee that on this account, unless hops are specifically named in this bill, no market agreement can be made in regard to that product.

The amendment which I have offered will injure no other industry. It is necessary for the protection of this industry, and I trust it will be accepted and that the provisions of this bill may be extended to the hop growers of the Pacific coast.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there are two or three bills pending before the committee in reference to hops. I think there is a bill pending in both the House and Senate which would make hops a basic commodity. We have included certain products in this bill, outlining what the orders may contain. It is necessary that these be very definite. There is provision for marketing agreements in the present bill and any time the hop growers out there can get a marketing agreement signed they may go forward with the marketing agreement.

I do not want to load this bill down with a great many things, even though there might be some merit in including some of them, until it is determined what course they want to pursue. I think this commodity should be excluded, and I therefore ask Mr. Chairman, that the amendment offered by the gentleman from Oregon be voted down.

Mr. MOTT. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Oregon.

Mr. MOTT. May I ask the gentleman if he is aware of the fact that more than 80 per cent of the hop growers of the Pacific coast have already signed the agreement and have been advised by the Department of Agriculture that unless hops are named in this bill their agreement will be of no avail and the only remedy they can get is to have the word "hops" inserted in this bill?

Mr. JONES. I think we better not include that item at this time.

Mr. MEAD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from New York.

Mr. MEAD. In view of the fact that by the repeal of the prohibition law we opened up a large market for the hop industry, and also in view of the fact that a number of States which are going back to the production of hops would be excluded from increasing their acreage if the amendment offered by the gentleman from Oregon is adopted, I feel that this particular industry should be given ample time to develop and that there should not be any restrictions placed upon it at this time. Hop growers in my State who produced a very large volume of hops some years ago went out of this business during prohibition. They are returning to the production of hops now, and it would be unfair to put this restriction upon them, which, I understand, would result if the amendment offered by the gentleman from Oregon is adopted.

Mr. KNUTE HILL. In our State the wheat growers and hog growers have voted 12 to 1 for this. If it is good for them, why would it not be good for the hop growers?

Mr. JONES. That is only on the regular processing fee. There is a bill pending to make hops a basic commodity, but it is not involved here. That is a different bill altogether.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 11 minutes.

Mr. SNELL. Mr. Chairman, reserving the right to object, I should like to have a couple of minutes to ask the Chairman of the Agricultural Committee a few questions.

Mr. REED of New York. I should also like to have 5 minutes.

Mr. FOCHT. I desire 5 minutes also.

Mr. JONES. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all speeches under the 20-minute limitation may be limited to 4 minutes, with the exception of the time to be allotted to the gentleman from Pennsylvania, who asked for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FOCHT. Mr. Chairman, during yesterday and today while this bill has been under consideration, I have followed it with great interest and much concern. Even though many of the Members may not realize it, I represent a great agricultural district in Pennsylvania. Agriculture in Pennsylvania is of predominant interest and concern to the people. When I tell you that Pennsylvania ranks seventh in the list of agricultural States in the Western Hemisphere you may have reason to believe that I am concerned in agriculture, representing, as I do, one of those great districts. Furthermore, for many, many years, the people engaged in the agricultural industry east of the Allegheny Mountains have not been able to raise enough to supply the people of that section of the country with sufficient food. Therefore, we are sincerely concerned about the material welfare of the West and are always ready to help by way of a tariff or otherwise.

The gentleman from Kansas offers a challenge to the Eastern States in regard to the protective tariff not helping the farmers. Every Member from Pennsylvania I have ever known in the past 20 years has willingly and gladly, as I have and always will, voted for a protective tariff for the great agricultural industry of the country, because agriculture is the queen of all occupations. We all know that and admit it. While I regard this bill as almost impotent, in view of the decision of the Supreme Court, certainly my State of Pennsylvania is safe from any oppressive measures which may be adopted against the farmer or against anyone else—by Secretary Wallace or any other contingent part of the oligarchy that offers the most absurd and indefensible object of reducing agricultural acreage, destroying hogs and at the same time, under the flexible tariff, which gives the President full power to the extent of 50 percent, allow the importation of millions of pounds of butter, lard, cattle, and cottonseed meal.

I expect to stand for this bill as long as it contains anything that will benefit the farmer, but when the gentleman talks about the tariff not helping the farmer, I want you to admit the eternal truth which you cannot deny and cannot divide. The industry of agriculture is amply protected by the tariff, and if it is not, just propose one and everybody from the East will be in favor of it. I am hoping one of these days to see just what the 20 Democratic Members from Pennsylvania are going to do about this great protective tariff that made Pennsylvania and the East and the whole country great and rich and strong. The hope in this is that we have individual opinions which make collective opinions, and here comes mine. Will you listen to me a moment when I tell you what I think is wrong about the whole business in endeavoring to restore the country to prosperity? You have begun at the wrong side. You have begun at the side of production, forcing production on people who do not have the money to pay for it. Put the big industries into operation, which a properly applied tariff will do, thus creating consuming power and giving work to everyone. Start at the consuming side of this question and production will take care of itself. [Applause.]

AMERICA FOR AMERICANS

WASHINGTON, June 17.—Criticizing "the substitute offered by the President for the N. R. A.", Representative BENJAMIN K. FOCHT said today, "It may have its uses in covering the retreat before the sweeping decision of the Supreme Court, but the very name is discredited and it can be of little more value than substitutes usually are."

"In some instances," Focht continued, "the N. R. A. was working, but according to Senator BORAH only in cases where monopolies made their own codes which were invariably to the disadvantage of the little fellow or small dealer, while the antitrust laws were being disregarded.

"Mark Twain said of a man that he 'was only half as bad as he would be if there were two of him.' In this case of the N. R. A., if the stronger law failed ignominiously, how could this last and weaker proposal be of any effect or do more than cause controversy, which it might be well to avoid at this time."

FOCHT advised Roosevelt to "accept his failure to substitute dictatorship for representative government, to acknowledge the errors of the socialistic philosophy he has espoused, and to devote the remainder of his term to upholding America for Americans."

Mr. SNELL. Mr. Chairman, I rise in opposition to the pro forma amendment to ask the chairman of the committee a question.

I would like to get an interpretation of the language in lines 13 to 17, on page 12.

For instance, in my home State there are two large buyers of milk—Sheffield Dairies and the Dairymen's League. Does this language mean they must both pay exactly the same price for the milk, regardless of whether the milk is used for manufacturing purposes or for distribution as fluid milk?

Mr. JONES. No; they may have classifications with different prices for the different classifications. This is in accordance with the present custom. Insofar as possible, in handling all these matters, so they have advised us, they will use local committees and local customs and methods of handling. It is necessary to have different classes of milk, according to its use, and there will be a different price for the different uses and the different classifications when the custom or the need requires it.

Mr. SNELL. Then this language does not apply to that part of it?

Mr. JONES. That is correct.

Mr. SNELL. Are both of these companies obliged by this language to pay exactly the same price to the producer for milk?

Mr. JONES. They are, if it is for the same purpose.

Mr. SNELL. I wanted the gentleman to be very definite about that.

Mr. JONES. There may be some production and valuation differential where there is a little difference in shipment or in the freight rate, but that is only to take care of that particular situation; and, practically speaking, it will be the same price for the same quality or the same character of milk intended for the same use.

Mr. SNELL. That is what I had in mind.

Mr. JONES. Yes.

Mr. SNELL. Then, in a town in the northern part of New York, where both of these companies are buying milk, according to this bill they both must pay exactly the same price for the same grade of milk.

Mr. JONES. For the same grade and for the same use—that is correct.

Mr. LEA of California. Mr. Chairman, I rise in support of the amendment of the gentleman from Oregon [Mr. MOTT] to include hops among the nonbasic commodities.

A suggestion was made by the gentleman from New York that if hops should be included there would be restrictions on production that would exclude other States from this production. Under this bill there would be regional control. It would apply only to the Pacific coast unless New York wanted in. If it developed that we restricted production on the Pacific coast, or if we increased prices in the national market, this would accrue to the advantage of New York instead of to her disadvantage. She would share the benefits without the sacrifices that the Pacific coast industry would make. The present prices afford no inducement for anybody to plant hops in New York or elsewhere.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. Yes; briefly.

Mr. PIERCE. I would like to have a definition of what the gentleman means by a nonbasic commodity. That is the reason I failed to get it included in committee. I made the motion but it was ruled out of order.

Mr. LEA of California. The gentleman from Oregon has proposed this amendment at the appropriate place in the bill. The basic commodities are specified. For them processing taxes may be levied. This amendment does not ask that privilege for hops.

The hops industry is a small one. It includes only 35,000 acres, but the annual labor employment exceeds an average of over $100 per acre. Hops are one of the most expensive agricultural products from the standpoint of labor employment in the United States. The industry gives direct employment to 40,000 persons a year.

For more than a year the hops industry has been endeavoring to get into a marketing agreement. A referendum was

called recently and 82 percent of the growers in the Pacific Coast States took part in this referendum. It is now reported that in these three States the total vote was nearly 5 to 1 in favor of joining in a marketing agreement. The industry is now demoralized. Prices are only 50 percent of the production costs. Shall we now thwart their efforts to improve the situation?

If this plan is good for some, why is it not good for an industry like hops, where it is regarded of so much importance, and where the growers are so unanimously for it?

My colleague the gentleman from South Carolina [Mr. FULMER] was on the subcommittee of the Committee on Agriculture, which had hearings on the bill, proposing to make hops a basic commodity. This amendment does not propose that. This amendment asks for no processing tax for the benefit of the hop industry. We simply ask that the hop industry be given this opportunity to help itself.

My colleague the gentleman from South Carolina [Mr. FULMER] advises me that after contacting the Department of Agriculture upon the question, it was stated the Department had no objection to the inclusion of hops in this bill. If the policy of this bill is good for any commodity, it ought to be good for hops. I see no justice in excluding them.

So far as I am concerned, I think it regrettable that the committee has seen fit to discriminate between industries regardless of any logical basis of discrimination. Some are put in without much reason, and some of these products, where the industry has been heartily in favor of coming in, have been rejected without any reason. There is no logical basis for discrimination between this and other products included. So far as I am concerned, I believe the growers of every agricultural product ought to have an opportunity, when they show a sufficiently strong favorable sentiment, to be included in this bill and treated on a basis of equality. When they can qualify under equal standards they should be treated equally.

I believe this is a very meritorious amendment proposed by the gentleman from Oregon. The industry strongly wants it, and I hope it will be adopted.

Mr. CITRON. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee a question. In view of the fact that this act permits certain farm interests to make voluntary agreements to protect themselves against unfair trade practices, I would like to ask the chairman of the committee to explain why the industry of poultry raising and egg production have not been included?

Mr. JONES. As far as the voluntary agreements are concerned, they can still make the voluntary agreements under the original act, but they cannot have the orders enforced.

Of course, the poultry industry under the decision of the Supreme Court almost immediately becomes local, and so it is not thought practical to include it. A number of other commodities may ask to be included.

The gentleman's question indicates how impossible it is to include every commodity. Wool, mohair, poultry, and different character of nuts have been suggested. Definite plans would be necessary as to each of them. It is not possible to include every commodity.

Mr. Chairman, I ask that the amendment be voted down.

The CHAIRMAN (Mr. CARY). The question is on the amendment offered by the gentleman from Oregon [Mr. MOTT].

The question was taken; and on a division (demanded by Mr. MOTT) there were 28 ayes and 67 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 6. The Agricultural Adjustment Act, as amended, is further amended by striking out subsection (4) of section 8 thereof and adding after section 8c thereof the following new sections:

"BOOKS AND RECORDS

"SEC. 8d. (1) All parties to any marketing agreement, and all handlers subject to an order, shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he finds to be necessary to enable him to ascertain and determine the extent to which such agreement or order has been carried out or has effectuated the declared policy of this title, and with such information as he finds to be necessary to determine whether or not there has been any abuse of the privilege of exemptions from the antitrust laws. Such information shall be furnished in accordance with forms of reports to be prescribed by the Secretary. For the purpose of ascertaining the correctness of any report made to the Secretary pursuant to this subsection, or for the purpose of obtaining the information required in any such report, where it has been requested and has not been furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, or memoranda, as he deems relevant and which are within the control (1) of any such party to such marketing agreement, or any such handler, from whom such report was requested or (2) of any person having, either directly or indirectly, actual or legal control of or over such party or such handler or (3) of any subsidiary of any such party, handler, or person.

"(2) Notwithstanding the provisions of section 7, all information furnished to or acquired by the Secretary of Agriculture pursuant to this section shall be kept confidential by all officers and employees of the Department of Agriculture and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary of Agriculture, or to which he or any officer of the United States is a party, and involving the marketing agreement or order with reference to which the information so to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (A) the issuance of general statements based upon the reports of a number of parties to a marketing agreement or of handlers subject to an order, which statements do not identify the information furnished by any person, or (B) the publication by direction of the Secretary, of the name of any person violating any marketing agreement or any order, together with a statement of the particular provisions of the marketing agreement or order violated by such person. Any such officer or employee violating the provisions of this section shall upon conviction be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or to both, and shall be removed from office.

"DETERMINATION OF BASE PERIOD

"SEC. 8e. In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any commodity specified in such marketing agreement or order, the purchasing power during the base period specified for such commodity in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purposes of such marketing agreement or order, shall be the post-war period, August 1919–July 1929, or all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined from available statistics of the Department of Agriculture."

Mr. REED of New York. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to extend my remarks and include therein certain excerpts from legal decisions and newspaper articles.

There was no objection.

Mr. REED of New York. Mr. Chairman, the provisions in this bill, H. R. 8492, which attempts to legalize, ratify, and confirm the illegal acts heretofore committed by this administration under the A. A. A., and by the adoption of these amendments to debar the taxpayers from recovering such illegal taxes imposed by the Government under that act is an example of legislative and executive tyranny, the ultimate consequences of which are startling and fearful to contemplate.

There are times when the deadly parallels of history are interesting and instructive. Magna Carta had its birth more than seven centuries ago. It faced many bitter contests for hundreds of years before it was finally accepted by all of the rulers of the English-speaking race. The representatives of a united and outraged citizenry, insistent upon restoring and preserving their ancient rights under the law of the land, forced an arbitrary ruler to recognize those rights by forcing him to affix the royal seal to the great charter.

King John was long on promises and short on fulfillment. What a day for the English-speaking race, when on June 15, 1215, 720 years ago, the army representing the people camped on the meadow of Runnymede, while the chosen delegates met King John on what is now reverently called "Charta Island." The King hesitated, rebelled, and fumed, but he signed and sealed one of the greatest documents in all history. That immortal parchment, after the lapse of more than seven centuries, grips the imagination and stirs the affections of the entire English-speaking race.

What a picture. On one side was the powerful, arrogant King of a great nation, who had trampled under his feet the laws of the land, who had corrupted the courts, who

had taken away the liberties of the people, who had plundered them through taxation, who had broken down every defense which they had against arbitrary rule. On the other side stood the representatives of a brave, self-reliant, and undaunted people demanding from that King the restoration of the laws of their fathers. They did not cringe in the presence of royal power. They risked everything, even life itself, to regain the priceless heritage of liberty.

History records that when King John had reluctantly put his seal to the great charter, he returned to Windsor, and as he reflected upon the incidents of that eventful day and the arbitrary powers he had surrendered, he was seized with a fit of anger, and in his uncontrollable rage he rolled on the floor and chewed straws and sticks. The brain storm passed. The records reveal that he soon resumed his cunning and his craft. The wiley King John, who had entered into a solemn covenant with the people, annulled the great charter in August 1215; then he promptly usurped the rights of the citizenry and reestablished his arbitrary rule.

Throughout the intervening years the everlasting principles protecting life, liberty, and property embodied in that sacred document were often overthrown, only "like truth crushed to earth", to rise again. The survival of the great charter ought to be an inspiration to every liberty-loving person, for it imparts the lesson that a free people, unless bereft of reason and of character, will never permanently surrender nor barter away the priceless heritage of freedom.

The Supreme Court of the United States is the great forum, the Runnymede, the Charta Island, the last refuge of the humblest citizen. While this great institution of impartial justice stands unimpaired the life, the liberty, and the property of every American citizen will be secure from legislative tyranny and arbitrary executive action. The Federal Constitution for 147 years has stood the test of every war and every economic storm. Under its beneficent and wise provisions the Nation has prospered and the people of the United States have enjoyed a measure of prosperity and liberty unknown to the citizens of any other nation.

How prophetic are the words of one of the distinguished fathers of our Federal Constitution, who almost a century and a half ago graphically portrayed that only under "a good constitution can liberty be enjoyed and be secure." Let me quote this man:

> The influence of a good or bad constitution is not less powerful on the citizen, considered as individuals, than on the community, considered as a body politic. It is only under a good constitution that liberty—the priceless gift of heaven—can be enjoyed and be secure. This exalting quality comprehends, among other things, the manly and generous exercise of our powers, and includes, as its most delicious ingredient, the happy consciousness of being free.
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> What energetic, what delightful sensations must this enlivening principle diffuse over the whole man! His mind is roused and elevated, his heart is rectified and enlarged, dignity appears in his countenance, and animation in his every gesture and word. He knows that if he is innocent and upright, the laws and constitution of his country will insure him protection. He trusts that if to innocence and integrity he adds faithful and meritorious services, his country, in addition to protection, will confer upon him honorable testimonies of her esteem. Hence he derives a cheerful and habitual confidence; this pervades and invigorates his conduct and spreads a noble air over every part of his character. Hence, too, he is inspired with ardent affection for the public; this stimulates and refines his strongest patriotic exertions. His heart, his head, his hands, his tongue, his pen, his fortune, all he is and all he has, are devoted to his country's cause and to his country's call.

The distinguished jurist then paints a word picture of a person consigned to live under a constitution that suffers and permits tyranny and arbitrary rule. Again I quote:

> A person of a very different description appears in view—pale, trembling, emasculated, faltering in his steps, not daring to look upwards, but, with marked anxiety, rolling his eager eyes on every side. Who is he? He is the slave of a bad constitution and a tyrannical government. He is afraid to act, or speak, or look. He knows that his actions and his words, however guarded, may be construed to be criminal; he knows that even his looks and countenance may be considered as the signs and evidences of treacherous thoughts and treasonable conspiracies; and he knows that the suspicion of his masters, upon any of these points, may be fatal; for he knows, that he is at the mercy of those, who, upon the slightest suspicion, may seize and hang him, who may do whatever they please with him, and with all those who are dear to him.
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> What effects must this man's situation produce upon his mind and temper? Can his views be great and exalted? No. Such views, instead of being encouraged, would give offense; and he is well aware of what would follow. Can openness and candor beam from his soul? No. Such lights would be hateful to his masters; it must be extinguished. Can he feel affection for his country, its constitution, or its government? No. His country is his prison; its constitution is his curse; and its government is a rod of oppression, held continually over his head.
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> What must this man be? He must be abject, fawning, dastardly, selfish, disingenuous, deceitful, cunning, base—but why proceed in the disgusting detail? He must receive the stamp of servility fully impressed upon his person, on his mind, and on his manners.

Mr. Chairman, is it not evident that the great and good men who framed the Federal Constitution were well aware of the benefits to be derived under a good constitution? Is it not evident that they sought to anticipate and guard against tyranny, whether legislative or executive? Did it ever occur to the fathers of the Federal Constitution that a time might come when the legislative and the executive departments of the Government would join forces in establishing an executive dictatorship? They had sufficient penetration and vision to realize that without the violent overthrow of the Government by revolutionary forces, the liberties of the people guaranteed to them under the Constitution could not be taken from them by Executive usurpation unless surrendered to the Executive by an abject or by a venal Congress.

Those who are now active in attempting to set up a new form of government in place of our constitutional form have been brought to an abrupt halt in their efforts to do so by the Supreme Court. The recent decisions of this great tribunal have temporarily balked the plan, and these decisions have restored to the citizens of the United States some of their former constitutional liberties.

Figuratively speaking, if the report of the press conference at the White House following the Supreme Court decision was authentic, the ancient episode of rolling on the floor and chewing straws and sticks was most dramatically reenacted.

Mr. Chairman, I turn to another point. "New dealers" now raise their voice in opposition to the right of the Supreme Court to question the validity of an act of Congress, asserting that such a power was not contemplated by those who framed the Federal Constitution.

The views of Judge James Wilson with reference to the reasons why the Supreme Court of the United States should have the right and the power to declare an act of Congress unconstitutional is of interest, especially at this time, when, as I have said, men connected with this administration would have the people believe that the men who framed the Federal Constitution had not considered the question and did not contemplate granting any such power. This eminent jurist, whom I have had the honor to quote, delivered a series of lectures on law in the College of Philadelphia during the winter of 1790 and 1791. In one of these lectures he discussed the specific questions as to the power of the Supreme Court to declare unconstitutional a law enacted by Congress. At the time he delivered his views on the subject, the Supreme Court had not been called upon to consider the question. May I add that Judge Wilson was a member of the convention that framed the Federal Constitution, and he was chairman of the committee which reported the document. Here is what he had to say on the point:

> From the Constitution, the legislative department, as well as every other part of government, derives its power; by the Constitution, the legislative, as well as every other department, must be directed; of the Constitution, no alteration by the Legislature can be made or authorized.
>
> "In our system of jurisprudence, these positions appear to be incontrovertible. The Constitution is the supreme law of the land; to that supreme law every other power must be inferior and subordinate.
>
> "Now, let us suppose that the Legislature should pass an act manifestly repugnant to some part of the Constitution, and that the operation and validity of both should come regularly in question before the Court, forming a portion of the judicial depart-

ment. In that department the 'judicial power of the United States' is vested 'by the people', who 'ordained and established' the Constitution. The business and the design of the judicial power is to administer justice according to the law of the land. According to two contradictory rules, justice, in the nature of things, cannot be administered. One of them must of necessity give place to the other. Both, according to our supposition, come regularly before the Court for its decision on their operation and validity. It is the right and it is the duty of the Court to decide upon them; its decision must be made, for justice must be administered according to the law of the land. When the question occurs: What is the law of the land? it must also decide this question. In what manner is this question to be decided? The answer seems to be a very easy one. The supreme power of the United States has given one rule; a subordinate power in the United States has given a contradictory rule; the former is the law of the land; as a necessary consequence, the latter is void, and has no operation. In this manner it is the right and it is the duty of a court of justice under the Constitution of the United States to decide.

"This is the necessary result of the distribution of power, made by the Constitution, between the legislative and the judicial departments. The same Constitution is the supreme law of both. If that Constitution be infringed by one, it is no reason that the infringement should be abetted, though it is a strong reason that it should be discountenanced and declared void by the other.

"The effects of this salutary regulation, necessarily resulting from the Constitution, are great and illustrious. In consequence of it the bounds of the legislative power are not only distinctly marked in the system itself, but effectual and permanent provision is made that every transgression of those bounds shall be adjudged and rendered vain and fruitless. What a noble guard against legislative despotism.

"This regulation is far from throwing any disparagement upon the legislative authority of the United States. It does not confer upon the judicial department a power superior, in its general nature, to that of the legislature; but it confers upon it, in particular instances, and for particular purposes, the power of declaring and enforcing the superior power of the Constitution—the supreme law of the land.

"This regulation, when considered properly, is viewed in a favorable light by the Legislature itself. 'It has been objected,' said a learned Member of the House of Representatives, in a late debate, 'that by adopting the bill before us, we expose the measure to be considered and defeated by the judiciary of the United States, who may adjudge it to be contrary to the Constitution, and therefore void, and not lend their aid to carry it into execution. This gives me no uneasiness. I am so far from controverting this right in the judiciary that it is my boast and my confidence. It leads me to greater decision on all subjects of a constitutional nature, when I reflect, that, if from inattention, want of precision, or any other defect, I should be wrong, there is a power in the Government, which can constitutionally prevent the operation of a wrong measure from affecting my constituents. I am legislating for a nation, and for thousands yet unborn; and it is the glory of the Constitution, that there is a remedy for the failures even of the Legislature itself.'"

Mr. Chairman, may I call attention to the fact that the learned Member of the House of Representatives to whom Judge Wilson refers was Hon. Elias Boudinot, of New Jersey, a distinguished member of the bar. He was a Member of the Continental Congress 1777, 1778, and 1781–84; was President of the Congress 1782–83 and signed the treaty of peace with England. He was elected to the First, Second, and Third Congresses (Mar. 4, 1789–Mar. 3, 1795).

It is apparent from the lecture delivered by Judge Wilson, who sat in the Convention that framed the Federal Constitution, that under that Constitution the Supreme Court and all Federal courts are bound to measure the constitutionality of every legislative act by the supreme law of the land. I repeat that these views were expressed by this distinguished jurist before the Supreme Court had been called upon to pass upon the question. It is apparent from the statement made by Hon. Elias Boudinot, a Member of the House of Representatives, that as a legislator he did not question the doctrine.

The Chief Executive and his more vocal mouthpieces seem to resent the recent action of the Supreme Court in performing its duty under the Constitution. The President grows bitter when prevented from riding rough-shod over the supreme law of the land. The Chief Executive, now that his dictatorial powers have been partially curtailed and brought within constitutional limits, has displayed the temper of King John. Does he plan to further emulate that unfortunate ruler, ignore the people's rights and trample upon their liberties, should the opportunity present itself?

I have read with deep concern press reports as to the hostile attitude of President Roosevelt toward the Supreme Court of the United States. There was an article written by Mark Sullivan, published in the New York Herald Tribune, June 14, 1935, in which the author points out that had the Supreme Court by its decision in the gold case have required the Government to pay in gold according to the terms of the bonds under the old standard of value, the President was all ready to resist the decision. I quote from Mr. Sullivan's article:

[From the New York Herald Tribune]

SPEECH SAID TO BE PREPARED

In anticipation of the possibility that the Court might call on the Government to pay, Mr. Roosevelt had prepared a plan. The plan contemplated direct refusal to obey the Court's possible order. The plan further contemplated a radio appeal to the country, asking for public endorsement of the President's refusal to obey.

The plan was revealed in a dispatch by Mr. Arthur Krock in the New York Times on February 21. The pertinent parts of Mr. Krock's dispatch read as follows:

"If the Supreme Court had ruled that the Government must pay * * * the President would have addressed the people that night. * * * Had this address * * * been delivered, it would have marked the most sensational and historic episode in the constitutional history of the United States since Andrew Jackson said of a Supreme Court ruling: 'John Marshall has made this decision; now let him enforce it' * * *. The writer tonight learned that a draft of the speech was prepared * * *. Had the President delivered it the clearest issue yet presented by the new deal would have been made. * * * The helmsmen of the new deal do not question that the people would have rallied behind the President. * * * Delivery of the speech that was prepared would have opened a new and remarkable chapter in American history. * * * The speech, this writer learns, is still in the President's possession. Circumstances may arise which will require its delivery."

ROOSEVELT NOT BACKING DOWN

It may be asked now why the President did not deliver this speech to the country after the Supreme Court decision invalidating the N. R. A. 2 weeks ago. It would be a mistake to infer that the President backed away from his earlier position. On the contrary, as the public partly knows, the President's dissent from the Supreme Court's decision in the N. R. A. case was very strong and was accompanied by strong feeling.

The reason the President's speech prepared in anticipation of the Liberty bond decision could not be delivered after the N. R. A. decision lies in an essential difference between the two cases. The Supreme Court's decision in the Liberty bond case, had it been adverse to the Government, would have been an order to the administration to do something, to take an affirmative step, to pay money. This the administration could and would have simply refused to do. Thereafter nothing would have happened. The administration would have defied an order of the court, would have "defeated judgment", as lawyers say—and that would have been that.

In the N. R. A. case, however, the Court's decision against the administration was of a different nature. In the N. R. A. case the Court did not order the administration to do anything, hence there was nothing the administration could refuse to do. In the N. R. A. case the court merely decided that the citizens who were defendants—the Schechter brothers—need not pay the fines or incur the penalties which the N. R. A. statute said they must suffer. There was in the N. R. A. case no opportunity for Mr. Roosevelt to defy the Court in the sense of refusing to do something the Court ordered. Mr. Roosevelt's feeling could only be expressed as he did express it, in public expression of his hostile opinion of the decision.

A. A. A. CASE MAY BRING DEFIANCE

There is ahead another kind of case which, if the Court decides against the administration, may give the President the opportunity to refuse to obey an order of the Court. This will be one of the A. A. A. cases. Under the A. A. A. the administration collects what the administration calls a "processing tax" from manufacturers of cotton and other farm products. Some manufacturers have paid this tax under protest and are now suing the Government to get it back. If one of these cases should be decided by the Supreme Court against the Government the decision would call on the administration to take an affirmative step to return the money. This the administration could refuse to do.

In short, a triple-A case, if the Supreme Court decides it against the Government, may provide Mr. Roosevelt the opportunity for the kind of direct defiance of a Supreme Court order which Mr. Krock says President Roosevelt anticipated and prepared for in the Liberty bond case.

It is already clear that Mr. Roosevelt is willing and eager that challenge to the Supreme Court by words, such as he has already spoken, should be an issue before the country. It remains to be seen whether he is willing to make the issue one of defiance by deed. It is possible the issue in the latter form may be postponed until after next year's election. It is also possible Mr. Roosevelt may avoid defying any decision of the Court that is unanimous and may wait for one in which the Court divides.

I hope this press report does not register the attitude of the President toward the Supreme Court, nor accurately

reflect his intention to defy the Court in the event of future decisions by this great tribunal adverse to new-deal legislation.

If this press report be true, what an example of Executive contempt for the law of the land and for an independent judiciary, in duty bound to defend and protect the Constitution!

How different the calm and judicial admonition of Washington to his fellow countrymen to observe and obey in letter and in spirit the supreme law of the land; and especially to avoid transgressing the bounds by any act of usurpation. In his Farewell Address he said:

It is important likewise that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department, to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern, some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed. The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 6 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SAUTHOFF. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 26, line 6, after the comma and the word "accounts", add the following: "Federal income-tax reports."

Mr. JONES. I reserve the point of order, Mr. Chairman, that the amendment is not germane.

Mr. SAUTHOFF. Mr. Chairman, my point is this. My purpose is to give the Secretary of Agriculture power to examine the records, books, documents, papers, and so forth of processors and handlers in order to help him to make his orders. In order to help him I have added, in addition to the books, documents, papers, and so forth, "Federal income-tax reports", one of the best sources of information the Secretary could possibly have in order to get information upon which to base his orders and rulings.

Of course, I know that the original income-tax report will be filed with the Government, but there must be a copy of such report kept by the processor, or handler, for a period of 1 year and we can get at that and then the Department of Justice can compare that report with the original and also the books of the company and ascertain what the true facts really are.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. JONES. I think the gentleman could get that under the present amendment. After I see his amendment I think it is germane, but I think it is wholly unnecessary, for this reason. You have under this provision access to the records from which the income taxes are made up which, of course, goes behind them. What I fear is that if we adopt this, we might not be able to have access by implication to the State income-tax records.

Mr. SAUTHOFF. The difficulties we have always had in an attempt to examine the Federal income taxes were injunctional proceedings in the Federal court.

Mr. JONES. I want them examined, and they have authority not only to examine under the present language——

Mr. SAUTHOFF. No; there is no authority under this act. All the authority you have under this act is to go into the office of the processor and examine his books, but you cannot go into the income-tax department of the Treasury Department and examine their books. That is sound law. I do not have to refer to any of the attorneys of the Department, because we have had that question up in years gone by. It has been decided against the Government. Let us give the Government power and not hamstring it, and deprive it of opportunity to go in and examine income-tax reports. The processor's office is not the place where the income-tax reports are filed. They are filed either in Washington or in the regional office, and you have to be able not only to show the law on which you can stand to go in there and get it, but many times you have to go to court to get an order before you can look at income-tax reports. In the case of milk, in the last few years we had in the State of Wisconsin one dairy company, the president of which received a salary in a depression year, when the farmer could not even get cost of production, of $206,000 a year, and in addition to that his wife drew down $57,000 as an additional salary as vice president. Let us get at those records. That is the thing that I am after, and I hope that the Committee will vote in favor of this amendment. It is to be regretted that every time we of Wisconsin have made an effort to examine income-tax reports, whether State or Federal, every conceivable argument is brought forward to defeat such a proposal. Let us not handicap the Government in its effort to do something constructive. Let us give our departments every possible assistance.

Mr. JONES. Mr. Chairman, the gentleman evidently has drawn his amendment without thinking what it will do. The measure as written provides access to all the books, papers, records, accounts, correspondence, contracts, documents, or memoranda that he deems relevant and which are within the control of any such party. That is all he can get. If the gentleman would say copies of income-tax returns, then I am willing to accept the amendment, because even under the present language he can get facts from which those reports are made, but certainly the income-tax report itself is not in the control of the party whose books are made subject to examination. I shall not have any objection if the gentleman will say copies of income-tax reports.

Mr. SAUTHOFF. That will not do us any good.

Mr. JONES. He has to withhold copy for a year under the income-tax law. A man must keep his own records and a copy of the record from which they are made up. If the gentleman will look at the language of this measure he will see that the income-tax report itself goes to the Department and it is not any longer within his control. The subsequent language would nullify the effect of the gentleman's language. I withdraw any point of order on it, because I want them to have access to all of this. I reserved the point of order because my attention was distracted at the moment and I wanted to know what was in the amendment before I agreed to let it come in. If the language is properly drawn, I have no objection to his having this information. The gentleman says they are going into the books of these processors to see whether they are complying with the law. If he will say copies of income-tax reports which he has on file there—and that is all he could have—I will accept the amendment.

Mr. SAUTHOFF. I agree to that.

Mr. O'MALLEY. Might I suggest that we put in the language "certified copies of their income-tax reports."

Mr. JONES. They could require it in any form they want. I would not want to say sworn and certified copies, because I do not know what form of copies they keep. The originals are sworn to. Make it copies, and I shall agree to it.

Mr. SAUTHOFF. Very well.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the amendment be changed to make it "copies of income-tax returns."

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. SAUTHOFF: Page 26, line 6, after the comma following the word "records", insert "copies of Federal income-tax reports."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

Mr. JONES. Mr. Chairman, why have the word "Federal"? Let us give them access to copies of both the Federal and State returns.

I ask unanimous consent that the word "Federal" be stricken from the amendment, so that they may have access to copies of both Federal and State income-tax reports.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read the modified amendment, as follows:

Modified amendment offered by Mr. SAUTHOFF: On page 26, line 6, after the comma following the word "records", insert "copies of income-tax reports."

The modified amendment was agreed to.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the word "agreements" on page 27, line 3, be changed to "agreement." It is a typographical error.

The CHAIRMAN. Without objection, the change will be made.

There was no objection.

The Clerk read as follows:

SEC. 7. Subsection (5) of section 8 of the Agricultural Adjustment Act, as amended, is further amended by designating said subsection as section 8f, by inserting said section at the end of section 8e, and by striking out the last sentence thereof.

Mr. KVALE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KVALE: On page 28, line 17, at the end of the section, add the following new section to be entitled "section 7 (a)":

"SEC. 7. (a) The Agricultural Adjustment Administration, as amended, is amended by adding after section 8 (f) the following new section:

"'SEC. 8. (g) No agreement, marketing agreement, or order shall be executed or issued pursuant to the provisions of section 8, 8 (b), or 8 (c) of this title, unless such agreement, marketing agreement, or order shall contain provisions with respect to agricultural laborers, share tenants, and share croppers employed by any person who is a party to, or beneficiary of any such agreement or marketing agreement, or by any person who is subject to any such order:

"'(A) Prohibiting the employment of children under the age of 16 years, and limiting the hours of labor during any 1 day for children between the ages of 16 and 18 years to 8 hours;

"'(B) fixing minimum wages, maximum hours, and terms and conditions of employment or tenure which shall give such agricultural laborers, share tenants, and share croppers a fair and decent standard of living;

"'(C) giving the right to such agricultural laborers, share tenants, and share croppers to organize and bargain collectively through representatives of their own choosing, and to be free from interference, restraint, or coercion of their employers or landlords, in the designation of such representatives, or in self-organization, or in any other concerted activities for the purpose of collective bargaining or any other mutual aid or protection; and

"'(D) directing that no such agricultural laborer, share tenant, or share cropper, and no one seeking employment or tenance with any such producer, processor, or landlord shall be required, as a condition of employment or tenancy to join any company union, or to refrain or agree to refrain from joining or from assisting a labor organization of his own choosing.'"

Mr. JONES. Mr. Chairman, I make a point of order against the amendment.

Mr. ANDRESEN. Will the gentleman yield before he makes the point of order?

Mr. JONES. I yield.

Mr. ANDRESEN. Does the gentleman mean that a farm lad under 16 years of age shall not perform labor on his father's farm?

Mr. KVALE. Not at all. That is not in anywise the purport or intent of this amendment.

Mr. ANDRESEN. The gentleman has a provision there that no one under 16 years of age can work on a farm.

Mr. KVALE. That is under employment conditions. That does not apply. The gentleman is facetious, I am sure.

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. JONES. No, Mr. Chairman.

The CHAIRMAN (Mr. Cox). The amendment is subject to a point of order. The point of order is sustained.

The Clerk read as follows:

SEC. 11. (a) Subsection (a) of section 9 of the Agricultural Adjustment Act, as amended, is amended by striking out all of the second sentence preceding the semicolon and inserting in lieu thereof the following: "When the Secretary of Agriculture determines that any one or more payments authorized to be made under section 8 are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation."

(b) The eighth sentence of such subsection (a) is amended by striking out "rental or benefit payments" and inserting in lieu thereof: "all payments authorized under section 8 which are in effect."

Mr. WIGGLESWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGLESWORTH: On page 29, line 21, after the word "proclamation", strike out the period, insert a colon and the words "*Provided*, That in lieu of any processing tax in respect to cotton there is hereby authorized to be appropriated out of money in the Treasury not otherwise appropriated such sums as may be required for the payment of such a tax."

Mr. JONES. Mr. Chairman, I make the point of order that that is not germane. This is a tax section, and an appropriation in lieu thereof would not be germane.

Mr. MARTIN of Massachusetts. Mr. Chairman, this is not an appropriation. This is an authorization.

Mr. JONES. But it is subject to the same point of order, Mr. Chairman. It is not germane to the text.

Mr. MARTIN of Massachusetts. Mr. Chairman, I believe it is clearly in order, because we are treating of processing taxes, and this simply provides how that payment shall be made. I think it is clearly within the subject under consideration.

Mr. WIGGLESWORTH. There are other exceptions made in the same paragraph of the original act.

The CHAIRMAN. Does the gentleman from Texas [Mr. JONES] wish to be heard further?

Mr. JONES. This is a tax provision authorizing taxes to be made under certain circumstances. An authorization for an appropriation is an entirely different subject matter from a tax for a particular purpose.

Mr. MARTIN of Massachusetts. Mr. Chairman, all these processing taxes go into the Federal Treasury, and are therefore a matter of authorization eventually.

Mr. JONES. That is right; but one is a tax measure and the other is an appropriation.

I think we would save time if I withdrew the point of order, Mr. Chairman. In order to save time I will withdraw the point of order, and we can vote on the amendment.

I ask unanimous consent, Mr. Chairman, that all debate on this section and all amendments thereto close in 11 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, this amendment speaks for itself, I think. It is offered with a view to removing the burden imposed on a single industry by the proposed processing tax on cotton and to obtaining the desired funds out of the general revenues of the Treasury. It is offered with a view to removing the burden of the tax from the shoulders of an industry which finds it extremely difficult at this time to meet that burden and which by its nature would seem to me to make the imposition of a processing tax contrary to the best interests of the Nation as a whole.

If the Members of the House could see at close range the conditions by which this industry represented by hundreds of organizations and hundreds of thousands of workers and their families in both the North and the South is confronted at this time, I am sure they would be sympathetic with the purpose of this amendment.

The cotton-goods industry, one of the oldest and largest industries in the Nation, has been fighting for self-preservation. The foreign market for cotton goods measured in

exports has been radically curtailed. Other nations are planning to take our place. The domestic market has been subjected to foreign importations which have been rapidly increasing. Plant after plant has closed. Hundreds of thousands of spindles have ceased operation. Thousands of workers of the textile industry have been added to the rolls of the unemployed since the first of the year.

The situation is, of course, the result of various factors. One of these factors, and a material factor in the overwhelming opinion of those primarily concerned, has been the processing tax imposed 2 years ago under the present administration.

The tax, insofar as this industry is concerned, has meant an added burden on the industry amounting to some $200,000,000. With certain exceptions, it appears to have been out of the question to pass this burden on to the consumer. Those qualified to speak from actual experience advise me that the people of the country have not been given a fair picture in statements emanating from the Department of Agriculture. They advise me that the processing tax has amounted to from 8½ to 17½ percent of the total cost of various classes of finished goods based on N. R. A. prices. These figures are in respect to articles used by the great bulk of the population.

We should not lose sight of the nature of the cotton industry. In normal times no less than 50 percent of the cotton produced in America is placed in a foreign market. The inevitable tendency of the processing tax, as I see it, is to destroy that market by making it available to producers in other countries to the permanent detriment of hundreds of thousands of American workers and their families.

The road to reemployment is the road that leads through the preservation and encouragement of legitimate enterprise throughout the Nation. The adoption of this amendment would be a step in that direction. It would remove a burden from the shoulders of a single industry and its workers, suffering severely at this time. It would place it insofar as it is justified in the interest of the producers of the country squarely on the general revenues of the Treasury. This is where it belongs in all fairness.

I urge the adoption of the amendment.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I think the House will recognize that the amendment just offered has been the burden of my argument for some time, and I trust that it will be considered seriously. It is quite evident that the chairman of the committee seems to think that 11 minutes was sufficient for the consideration of this amendment, 10 minutes to the proponents and but 1 minute necessary to defeat it. In this act you have taken $100,000 from the Treasury to pay administration expenses and benefit payments, and you change it now to make the $100,000 available for any part of section 8. Two hundred thousand dollars is provided for the dairy and beef-cattle industry. They could not seem to bear the processing tax and you take the money from the General Treasury.

We have been unable to bear this tax in the cotton industry. We come to you with all the evidence of the last few weeks that has been presented and ask that an appropriation of less than $200,000,000 be made and take the processing tax off cotton.

The processing tax largely caused our recent troubles. It was piled on the already added burden of N. R. A. and its codes. It was the last weight and is responsible for this situation in the cotton industry. The manufacturers have proven their case. It is a proper request that you help cotton just as you help the beef industry and the dairy industry. I think it is a perfectly fair request and ought to be more seriously considered than apparently is intended.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I should like to be heard.

Mr. JONES. Mr. Chairman, how much time remains?

The CHAIRMAN. There is 1 minute remaining.

Mr. JONES. Mr. Chairman, how much time does the gentleman from Massachusetts desire?

Mr. MARTIN of Massachusetts. Under the circumstances I shall ask for but 2 minutes.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may proceed for 2 minutes and that I, following him, may proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Chairman, I spoke yesterday at lenth upon this subject and consequently will be brief at this time. There are very good reasons why we should treat cotton in accordance with the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]. At the present time a commission appointed by the President is investigating the entire cotton situation, but its report is not available. In order that President Roosevelt and Secretary Wallace may keep faith with the cotton industry we should delay action on the extension of the cotton processing tax. Why pronounce judgment before the jury gives the report? It is preposterous and decidedly unfair.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. ANDRESEN. Are the cotton processors unable to pass the processing tax on to the consuming public?

Mr. MARTIN of Massachusetts. That is the point; that is where cotton is different from other commodities.

Mr. ANDRESEN. They are not able to pass the processing tax on?

Mr. MARTIN of Massachusetts. Not in most instances. There are times when the manufacturer of novelties or specialties can control the selling price and thus be able to pass the tax on. In a majority of instances the manufacturers of cotton goods in the South and New England cannot pass it along. The competition both at home and abroad is too keen. The burden, therefore, falls heavily upon the cotton spinning industry. If this tax continues as at present only drab days are ahead for the people who find employment in this industry.

Give the cotton grower his aid, but do not destroy an industry in giving that aid. I hope the amendment will be adopted.

Mr. JONES. Mr. Chairman, this amendment to strike out the processing tax on cotton and authorize an appropriation from the Treasury is not feasible and should be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 19, noes 87.

So the amendment was rejected.

The Clerk read as follows:

SEC. 12. Subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"TAX RATE GENERALLY

"(b) (1) The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity, plus such percentage of such difference, not to exceed 20 percent, as the Secretary of Agriculture may determine will result in the collection, in any marketing year with respect to which such rate of tax may be in effect pursuant to the provisions of this title, of an amount of tax equal to (A) the amount of credits or refunds which he estimates will be allowed or made during such period pursuant to section 15 (c) with respect to the commodity and (B) the amount of tax which he estimates would have been collected during such period upon all processings of such commodity which are exempt from tax by reason of the fact that such processings are done by or for a State, or a political subdivision or an institution thereof, had such processings been subject to tax. If, prior to the time the tax takes effect, or at any time thereafter, the Secretary has reason to believe that the tax at such rate, or at the then existing rate, on the processing of the commodity generally or for any designated use or uses, or on the processing of the commodity in the production of any designated product or products thereof for any designated use or uses, will cause or is causing such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then the Secretary shall cause an appropriate investigation to be made, and afford due notice and oppor-

tunity for hearing to interested parties. If thereupon the Secretary determines and proclaims that any such result will occur or is occurring, then the processing tax on the processing of the commodity generally or for any designated use or uses, or on the processing of the commodity in the production of any designated product or products thereof for any designated use or uses, shall be at such lower rate or rates as he determines and proclaims will prevent such accumulation of surplus stocks and depression of the farm price of the commodity, and the tax shall remain during its effective period at such lower rate until the Secretary, after due notice and opportunity for hearing to interested parties, determines and proclaims that an increase in the rate of such tax will not cause such accumulation of surplus stocks or depression of the farm price of the commodity. Thereafter the processing tax shall be at the highest rate which the Secretary determines will not cause such accumulation of surplus stocks or depression of the farm price of the commodity, but it shall not be higher than the rate provided in the first sentence of this paragraph.

"SPECIFIC TAX RATES

"(2) In the case of wheat, cotton, field corn, hogs, peanuts, tobacco, paper, and jute, and (except as provided in paragraph (6) of this subsection) in the case of sugar cane and sugar beets, the tax on the first domestic processing of the commodity generally or for any particular use, or in the production of any designated product for any designated use, shall be levied, assessed, collected, and paid at the rate prescribed by the regulations of the Secretary of Agriculture in effect on June 1, 1935, during the period from the date of the adoption of this amendment to December 31, 1937, both dates inclusive.

"SPECIFIC TAX RATE—RICE

"(3) For the period from April 1, 1935, to July 31, 1936, both inclusive, the processing tax with respect to rice shall be levied, assessed, collected, and paid at the rate of 1 cent per pound of rough rice.

"ADJUSTMENT OF RATE

"(4) In accordance with the formulae and standards prescribed in this title, (A) any rate of tax prescribed in paragraphs (2) and (3) of this subsection may be decreased (including a decrease to zero), to prevent an accumulation of surplus stocks of the commodity or the products thereof, to prevent such reduction in the quantity of the commodity or products thereof domestically consumed as will result in the accumulation of surplus stocks of the commodity or products thereof, or to prevent depression in the farm price of the commodity, or may be increased, or shall terminate pursuant to proclamation as provided in section 9 (a) or pursuant to section 13, and (B) after December 31, 1937 (in the case of the commodities specified in paragraph (2) of this subsection), and after July 31, 1936 (in the case of rice), rates of tax shall be determined by the Secretary of Agriculture and shall thereafter be effective. If the applicability to any person or circumstances of any tax under this title the rate of which is fixed in pursuance of this paragraph is finally held invalid by reason of any provision of the Constitution, or is finally held invalid by reason of the Secretary of Agriculture's exercise or failure to exercise any power conferred on him under this title, there shall be levied, assessed, collected, and paid (in lieu of all rates of tax fixed in pursuance of this paragraph with respect to all tax liabilities incurred under this title on or after the effective date of each of the rates of tax fixed in pursuance of this paragraph, respectively) rates of tax fixed under paragraph (2) or (3) and such rates shall be in effect (unless the particular tax is terminated pursuant to proclamation as provided in section 9 (a) or pursuant to section 13) until altered by act of Congress; except that, for any period prior to the effective date of such holding of invalidity, the amount of tax which represents the difference between tax and the rate fixed in pursuance of this paragraph and tax at the rate fixed under paragraph (2) or (3) shall not be levied, assessed, collected, or paid.

"RICE—SPECIAL RULE

"(5) In the case of rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to a processor, except that, where the producer processes his own rice, the weight to which the rate of tax shall be applied shall be the weight of rough rice when delivered to the place of processing.

"SUGAR—SPECIAL RULE

"(6) In the case of sugar beets or sugar cane the rate of tax shall be applied to the direct-consumption sugar, resulting from the first domestic processing, translated into terms of pounds of raw value according to regulations to be issued by the Secretary of Agriculture, and in the event that the Secretary increases or decreases the rate of tax fixed by paragraph (2) of this subsection, pursuant to the provisions of paragraph (4) of this subsection, then the rate of tax to be so applied shall be the higher of the two following quotients: The difference between the current average farm price and the fair exchange value (A) of a ton of sugar beets and (B) of a ton of sugarcane, divided in the case of each commodity by the average extraction therefrom of sugar in terms of pounds of raw value (which average extraction shall be determined from available statistics of the Department of Agriculture); the rate of tax fixed by paragraph (2) of this subsection or adjusted pursuant to the provisions of paragraph (4) of this subsection shall in no event exceed the amount of the reduction by the President on a pound of sugar raw value of the rate of duty in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930, as adjusted to the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, and/or the provisions of the act of December 17, 1903, chapter 1.

"WHEAT PREMIUMS

"(7) In computing the current average farm price in the case of wheat, premiums paid producers for protein content shall not be taken into account."

Mr. O'MALLEY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. O'MALLEY: Under subsection (b) of section 12, on page 32, following the word "paragraph", in line 3, insert the following language:

"In all cases where the commodity subjected to a processing tax is offered for sale there shall be clearly set forth, in whatever manner the Secretary of Agriculture may designate, that proportion of the selling price which constitutes the processing tax on said commodity or commodities under this act. In the case of retail goods this information shall be clearly set forth on a label, tag, stamp, or other suitable indicia accompanying said goods for the protection of the consumer."

Mr. JONES. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Wisconsin is not germane to this particular section, which has to do with a processing tax. The amendment has to do with the sale of an article and the labels that are to be put on the article sold. The sale of an article is not involved in this particular section.

Mr. O'MALLEY. Mr. Chairman, this section deals with the levying of a tax and my amendment provides that the proportion of the selling price of the commodities taxed shall be displayed in some way so that the consumer may know how much of the processing tax he is paying and how much of the processing tax is being used as an argument to increase prices. I know that when the processing tax was attached to one food product in my State it amounted to about 2 cents to the consumer, but the producers of that product immediately raised their price 10 cents, so they not only got the processing tax but 8 cents in additional profits.

Mr. Chairman, if the processing tax is a good thing, all the Members who are in favor of it ought to be willing to let the consumer know how much he is paying toward the processing tax. If the processors are taking it out of their profits and the consumers are not paying the processing tax, they do not have to comply with this amendment. Why are we afraid to have the consumer know how much this processing tax is costing him, if it is costing him anything? Why can we not give the consumers some protection, so that the processors are not able to get not only the processing tax but use the processing tax in order to get additional profits? Why cannot the consumer be shown what proportion of the cost of the goods the processing tax involves?

Mr. Chairman, I submit the amendment is clearly in order, because it deals with the method of indicating what the tax is. It is a germane amendment.

Mr. JONES. Mr. Chairman, subsection 9 (a) has to do with the levying of the tax. This section simply has to do with the rate of tax. The question of what shall be done in connection with the sale of a commodity is not involved in the particular section now before us, which is section 12 (b).

Mr. O'MALLEY. My amendment only provides for disclosure of the amount of tax to the people who foot the bills.

Mr. JONES. I may say to the gentleman, to put a conversion factor on every one of the infinite variety of commodities that are made from a basic commodity would be practically impossible, because one basic commodity may go into a hundred different finished items. I may say further that the present bill provides that if a false statement is made by a processor as to the amount of the tax in connection with the sale of an article he may be fined, because it then becomes an offense.

Mr. O'MALLEY. A merchant can raise the price and use the processing tax as the basis for the increase. The consumer has no protection. He does not know what percentage the tax is, and he ought to have this information. If the tax is a good thing, we ought to have frankness and decency enough to allow the consumer to know what it is.

Mr. Chairman, this section amends section 9 (a); therefore my amendment is in order.

The CHAIRMAN. The portion of the bill just read mentions section 9 (a).

Mr. JONES. Section 9 (a) is treated in this bill on page 29, which we have already considered.

Mr. O'MALLEY. This deals with section 9 (a).

The CHAIRMAN. The Chair is ready to rule.

The Chair is impressed with the view that the point of order made to the amendment offered to this section of the bill is good, and therefore sustains the point of order.

Mr. O'MALLEY. Mr. Chairman, my amendment does not provide a means for the collection of the tax or regulate the collection in any way.

The CHAIRMAN. The amendment offered by the gentleman goes to the collection of the tax. The amendment specifically provides for the use of stamps which, of course, under the amendment is in the discretion of the Secretary of Agriculture.

Mr. O'MALLEY. Mr. Chairman, the method provided is that the Secretary may designate the method, and I only suggested a stamp or a tag as one of the many ways the Secretary might protect the consumer from being gypped.

The CHAIRMAN. The Chair has ruled. The Chair thinks the point of order is well taken and sustains the point of order.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in 6 minutes.

Mr. GIFFORD. Mr. Chairman, reserving the right to object, this is a very important section indeed and bears similarity to other sections in the bill.

It is inconceivable that they would not want more time, but I am willing to confine my remarks now to 5 minutes and take more time on section 21.

I withdraw my reservation of objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GIFFORD. Mr. Chairman, after setting forth the contents of this section in 5 minutes, I will agree that 1 minute may be enough for the chairman of the committee to apologize for it. [Laughter.]

Section 12, paragraph 1, taxes generally; and then it states that we will really use the taxes until they are found unconstitutional.

Paragraph 2, with respect to specific tax rates, they contend is so narrow that it will be held constitutional even if the rates are not fair or unnecessary.

On the next page it is provided that if these general rates are held unconstitutional, then they will go back to the special or the specific rates. How hard we are trying to make past legislation constitutional. We are here serving notice that we are to try by every conceivable means to carry out our theories at the risk and apparent expectation of its being held unconstitutional.

This may be the only refuge that the committee could find and, evidently, 1 minute will be all that is required to acknowledge that this is true, but I want to remind you of the situation and compare this section with section 21, a part of which at least ought to be removed from the bill.

Look at section 21, on page 46, and notice the recitation there. It is provided that all the taxes heretofore paid prior to the date of the adoption of this amendment are hereby declared to be legalized, ratified, and confirmed to all intents and purposes as if we had passed the proper legislation in 1933. This is a bold statement to make, but the Supreme Court will regard it of but little value. However, the statement I am interested in, Mr. Chairman, is the one that provides that even though taxes may have been illegally imposed, we will freeze such taxes and we will commit an immoral act, because although it may be proven to be unconstitutional we go still further and say that even if proven unconstitutional we attempt to state that the aggrieved taxpayer may not press his claim in court. They may not even present their case and attempt to recover taxes illegally paid.

Will you not kindly give some consideration to section 21 and help us remove this particular vicious section and let our citizens have their day in court. This is the burden of my argument at the present moment.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, under the section referred to the Congress simply enacts the processing fees that are already in effect and makes them the act of Congress in order to avoid any question of delegation. The change the gentleman refers to is an effort to adjust the program to suit a situation that might arise. If the additional flexible power is legal, well and good; but, if not, we certainly cannot afford to wreck the whole farm program, which has meant so much to this country.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 13. Subsection (c) of section 9 of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"(c) For the purposes of part 2 of this title, the fair exchange value of a commodity shall be the price therefor that will give the commodity the same purchasing power, with respect to articles farmers buy, as such commodity had during the base period specified in section 2; and, in the case of all commodities where the base period is the pre-war period, August 1909 to July 1914, will also reflect interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during said base period; and the current average farm price and the fair exchange value shall be ascertained by the Secretary of Agriculture from available statistics of the Department of Agriculture. The rate of tax upon the processing of any commodity, in effect on the date on which this amendment is adopted, shall not be affected by the adoption of this amendment and shall not be required to be adjusted or altered, unless the Secretary of Agriculture finds that it is necessary to adjust or alter any such rate pursuant to section 9 (a) of this title."

Mr. CARPENTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if there was no other good that was to come out of the Agricultural Adjustment Act, the fact that it has set up for the first time in the history of agriculture a method of cooperation and organization among the farmers such as every other business and industry has in this country that would be justification enough for the act.

Three years ago when the Roosevelt administration came into power agriculture was prostrate. Farm prices and conditions had been going from bad to worse.

For instance, in 1919 there was produced in the State of Kansas 146,109,192 bushels of wheat, which at an average price during that year of $1.99 per bushel resulted in the farmers of the State of Kansas receiving $289,886,360; by 1931 the price had dropped to 34 cents per bushel as an average for the year, and whereas there was 239,907,709 bushels of wheat produced in Kansas that year almost 100,000,000 bushels more than was produced in 1919, yet the farmers of the State of Kansas only received $81,416,717, or more than $200,000,000 less than they received in 1919. The following year, 1932, the average price was 29 cents per bushel, and the farmers of the State of Kansas only received $30,975,880 for their wheat, or approximately one-tenth of what they received in 1919, yet their indebtedness had been increased and their rates of interest had not been lowered.

Take the case of corn in 1917. Kansas produced 106,166,517 bushels of corn, and at a price of $1.14 per bushel received $121,540,410, whereas in 1931 they produced 8,000,000 more bushels of corn than was produced in 1917 and received approximately $90,000,000 less than they received in 1917, or a total of $32,666,554. The prices the farmer received for wheat and corn in 1932 were lower per bushel than any other year before or since 1889, as illustrated by a table compiled from the twenty-seventh biennial report, Kansas State Board of Agriculture, page 538, and data of subsequent years obtained from the board.

Mr. Chairman, I ask unanimous consent to insert this table of prices of wheat and corn as a part of my remarks.

The CHAIRMAN. Without objection, it is so ordered.

The table follows:

Some interesting Kansas figures

Year	Total rainfall, Wichita	Total rainfall, Dodge City	Total production of wheat, in bushels	Number of acres sown to wheat	Average yield of wheat per acre	Average value per bushel of wheat	Total value of wheat crop for year	Total production of corn, in bushels	Number of acres of corn planted	Average yield of corn per acre in bushels	Average value of corn per bushel	Total value of corn crop
1889	34.67	19.17	35,319,851	1,594,285	22.15	$0.57	$19,917,401	273,888,321	6,820,693	40.15	$0.18	$51,649,876
1890	24.7	11.72	28,801,214	2,321,113	12.40	.81	23,410,548	51,090,229	5,775,691	8.84	.42	21,491,916
1891	34.53	32.34	58,550,653	3,733,910	15.68	.72	42,596,759	139,363,991	5,209,234	26.75	.34	48,057,978
1892	29.94	19.66	74,538,906	4,129,829	18.05	.55	40,691,762	138,658,621	5,603,588	24.74	.30	42,089,849
1893	18.19	10.12	24,827,523	5,110,873	4.85	.44	11,032,932	118,624,369	6,172,462	19.20	.28	32,621,762
1894	32.44	12.60	28,205,700	4,840,892	5.82	.40	11,297,979	66,952,833	6,404,705	10.45	.38	25,354,190
1895	26.46	20.31	16,001,060	4,171,971	3.84	.47	7,463,118	201,457,396	8,394,871	24.00	.22	46,189,772
1896	27.6	19.87	27,754,888	3,357,727	8.27	.44	13,257,193	221,419,414	7,897,575	28.03	.17	35,633,013
1897	26.1	21.58	51,026,604	3,444,364	14.81	.68	34,385,304	152,140,993	8,293,819	18.34	.19	28,555,293
1898	39.46	31.46	60,790,661	4,624,731	13.14	.54	32,937,042	126,999,132	7,237,601	17.54	.23	30,298,097
1899	33.49	28.45	43,687,013	4,988,952	8.76	.51	22,406,410	225,183,432	8,194,561	27.48	.24	53,530,576
1900	31.85	20.76	77,339,091	4,378,533	17.66	.54	41,974,145	134,523,677	7,369,020	18.25	.29	39,581,835
1901	27.47	16.06	90,333,095	5,316,482	16.99	.56	50,610,505	42,605,672	6,722,973	6.33	.51	21,731,215
1902	38.73	17.70	54,649,236	6,301,040	8.67	.53	29,139,490	201,367,102	6,990,764	28.80	.39	78,321,653
1903	31.80	15.27	94,041,902	5,964,866	15.76	.56	52,426,355	169,359,769	6,525,777	25.95	.34	57,078,141
1904	31.11	17.19	65,141,629	5,861,712	11.11	.79	51,409,255	132,021,774	6,494,158	20.33	.38	50,713,955
1905	34.63	25.96	77,178,177	5,925,338	13.02	.70	53,889,365	190,519,593	6,799,755	28.01	.36	68,718,583
1906	31.00	32.54	93,292,980	6,436,085	14.49	.59	55,178,711	187,021,214	6,584,535	28.40	.35	65,115,203
1907	31.51	18.26	74,155,695	7,235,283	10.24	.77	56,787,511	145,288,326	6,809,012	21.33	.43	63,040,743
1908	37.71	19.61	76,808,922	6,939,351	11.06	.83	63,885,145	150,640,516	7,057,535	21.34	.55	82,642,461
1909	30.56	20.55	80,958,740	6,450,734	12.55	.93	75,941,189	147,005,120	7,711,879	19.60	.57	83,066,905
1910	17.33	10.12	61,017,339	4,870,442	12.53	.87	52,785,955	152,810,884	8,589,682	17.79	.50	76,402,327
1911	36.89	22.27	50,809,436	4,643,398	10.94	.86	43,840,589	105,047,068	7,760,087	13.54	.57	59,599,408
1912	29.14	24.40	88,889,128	6,242,855	14.24	.80	71,227,437	156,499,382	6,884,044	22.73	.53	83,483,681
1913	21.94	17.28	72,458,051	6,062,066	11.95	.78	56,375,409	18,420,052	6,655,023	2.77	.73	13,378,475
1914	23.32	12.32	180,924,885	9,116,183	19.85	.84	151,583,031	87,338,272	5,279,552	16.54	.68	59,320,146
1915	41.23	28.75	95,768,176	7,630,810	12.55	.90	85,681,786	142,653,140	4,537,238	31.44	.53	73,547,443
1916	29.62	14.35	99,384,760	7,819,627	12.71	1.35	134,615,306	62,127,191	6,964,724	8.92	.84	51,886,271
1917	16.11	13.06	41,563,387	3,546,433	11.72	2.06	85,679,211	106,166,517	9,162,232	11.59	1.14	121,540,410
1918	38.56	19.58	93,195,332	6,800,059	13.70	1.99	186,332,974	44,539,488	6,195,624	7.20	1.44	64,081,655
1919	22.98	13.70	146,109,192	11,640,873	12.56	1.99	289,886,360	63,083,497	4,188,045	15.06	1.31	82,845,451
1920	29.95	22.97	140,842,516	8,982,743	15.68	1.87	262,110,065	132,786,130	5,137,238	25.85	.69	92,036,455
1921	23.37	17.51	128,220,148	10,345,651	12.39	.97	123,876,118	96,484,070	4,421,669	21.82	.29	27,760,924
1922	41.94	23.61	116,864,983	9,602,955	12.17	.90	105,489,103	95,311,582	5,055,989	18.55	.54	51,648,465
1923	35.28	24.34	76,172,274	7,835,853	9.72	.87	66,341,972	125,680,706	6,014,323	20.89	.62	77,588,715
1924	22.73	19.49	153,627,658	9,435,672	16.28	1.07	163,809,506	131,007,817	5,818,153	22.52	.81	106,313,292
1925	23.95	27.21	74,264,926	8,530,564	8.71	1.41	103,888,770	104,860,915	6,546,349	16.02	.71	74,065,081
1926	30.18	19.99	149,983,056	10,083,428	14.87	1.20	179,995,914	58,380,892	5,656,361	10.32	.70	41,010,514
1927	34.85	25.10	111,406,440	9,945,955	11.20	1.17	130,294,960	176,712,332	5,896,661	29.96	.65	113,924,418
1928	37.53	27.77	177,860,700	10,474,680	16.98	.94	167,324,843	179,116,320	6,634,096	27.00	.66	117,760,980
1929	34.84	21.90	137,995,088	11,515,809	11.98	1.00	138,428,561	106,804,968	6,324,219	16.89	.77	82,638,728
1930	26.01	19.14	158,862,287	11,773,015	13.49	.63	99,651,305	76,162,845	6,544,478	11.64	.64	48,596,573
1931	29.36	15.75	239,907,709	12,345,596	19.43	.34	81,416,717	114,177,015	6,376,692	17.60	.28	32,666,554
1932	26.69	17.71	106,538,659	8,933,273	11.92	.29	30,975,880	141,049,455	7,337,522	19.22	.15	21,631,891
1933	21.81	18.66	57,452,000	6,759,000	8.50	.70	40,216,000	80,431,000	6,994,000	11.50	.35	28,151,000
1934	24.17	11.50	79,700,000	8,659,000	10.80	.85	67,744,000	10,526,000	3,777,000	2.78	.88	9,307,000
Average, 46 years	29.86	19.99	88,570,058	6,885,304	12.74	.86	80,656,737	105,919,827	6,531,687	19.22	.52	57,318,358

Mr. CARPENTER. Three years ago when the Roosevelt administration came into power agriculture was prostrate. Farm prices and conditions had been going from bad to worse. Many tears had been shed over the farmer and many promises made to him, but the passage of the Agricultural Adjustment Act was the first time anything had been definitely done for agriculture. To use the expression of the street, and one which is generally understood, it was the Roosevelt administration that brought home the bacon to the farmer. Those who come from agriculture districts are quite well satisfied with the success of the operation of this act. They know what it has meant to agriculture the past 2 years, but as further proof of the success, satisfaction, and appreciation of the farmer was the great spontaneous meeting of over 5,000 farmers from the length and breadth of this land recently held here in Washington. It is generally thought that the farmer never could be satisfied, that he was divided in his own ranks as to what plan should be followed. Never before had such a gathering as was held here in Washington by the actual dirt farmers been dreamed of. They did not come with any demand or complaint, merely to express to this Congress, this administration, and their President their thanks and appreciation of what has been done for them. We can gather from this meeting that they desire the continuation of this act and its strengthening by such amendments as were deemed necessary. Not only did this meeting impress Washington and give the newspapers and other news agencies, who are so prone to picture the farmer under unfavorable circumstances, an idea of what a real farmer looks like, but it had a far greater effect in this country, for there had been conceived by certain persons, whom were those who had promised the farmer much when they were in power, but had failed to keep their promises, a meeting which they dubbed the "grass-roots convention", which was designed and conceived among other things to knock the stuffing out of the A. A. A. To them it was a proposition of "root hog or die", but in the face of this meeting here at Washington and the referendum vote of the farmers throughout the country upon the proposition of continuing this act, those from the short-grass country did not dare carry out the purposes of this meeting. What is the position of the farmer? He has always been one of the most independent individuals in the country. Every other business and industry was seeking special privileges from the Government, but the farmer never asked for any special favor. He was willing to produce by the sweat of his brow and he could export his surpluses abroad and therefore receive a reasonable price for his products.

All he asked was that nothing be done to him, but governments began to increase his taxes. He found himself the victim of the Government's high-tariff program, which resulted in the loss of his markets, and his surpluses were thrown back on him; the Government having done all this to him, it was then up to the Government to do something for him. One thing the farmer desired more than any other class is to remain free and independent. As I have stated, he is for the present Agricultural Adjustment Act, so long as it remains a free and independent plan, but he is opposed to any compulsory plan. He does not desire that the Federal Government, through the Department of Agriculture or any other department, tell him what he can produce or what he cannot produce, and tell him how much he can produce and how much he cannot produce, and I have assurance from the Secretary of Agriculture that there is no such desire on his part.

As I view it, one of the reasons for supporting the present bill containing the A. A. A. amendments, if there was such power of compulsory control in the hands of the Secretary of Agriculture, as I understand it, it is stricken out under these amendments. Furthermore, under the recent Supreme Court decision any such provision would be void. I believe that the Agriculture Committee is in such close touch with

the farmers of this country that they have done a great work in this legislation in protecting agriculture and changing and amending this bill to safeguard the farmer and protect his interests.

Mr. LUCKEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and my colleagues of the House, yesterday I heard a very able speech by the gentleman from New York [Mr. FISH] attacking the Agricultural Adjustment Act amendments, and I happened later in the day to hear the same gentleman in another address on the same subject over the air. The man running the radio tired of the latter speech and turned it off, therefore robbing me of the opportunity to hear the complete speech. Both speeches were along the same line—a wailing lament over the vanishing American foreign markets and a bitter protest against the present agricultural program as being responsible for that waning market.

Some time ago I submitted part of my studies on this situation to the Members of the House. Today in a few brief words I want to add some further comments on the export-import situation. I believe that the gentleman from New York was barking up the wrong tree when he charged that the loss of our foreign markets was the work of the present administration. It is perhaps due to the fact that the charts and figures that I use are not the same as those used by the gentleman from New York that causes my conclusion to be that the agricultural export losses were sustained, to a very large degree, prior to the advent of the present administration. How could we lose what we had already lost?

Without boring you with long tables and charts to show the decline of American agricultural export trade, I am going to present only two or three items of that trade which conclusively show the decline in the pre-Roosevelt era. Take the case of cotton, one of the focal points of attack by the opposition, where the period of 1925 to 1933 shows the trend. In the case of cotton in its unmanufactured state, the values of exports in each of the years from 1925 to 1933 were as follows:

1925	$1,059,751,000
1926	814,429,000
1927	826,306,000
1928	920,008,000
1929	770,830,000
1930	496,798,000
1931	325,667,000
1932	345,164,000
1933	398,212,000

During this same period, unmanufactured cotton exports declined from $1,059,751,000 in 1925 to $45,524,000 in 1932. In simple words, our export values in both of these fields had fallen off to the point where the 1932 valuation was only about one-third of that of 1925. Surely this is a falling export market.

[Figures from the Bureau of Foreign and Domestic Commerce, Department of Commerce]

Yearly average or year (calendar)	Total agricultural exports	Animals and products edible	Dairy products and eggs	Grains and preparations	Vegetables, fruits, and nuts	Miscellaneous animal and vegetable products	Cotton	Tobacco
1925	$2,136,200,000	$269,300,000	$31,100,000	$351,800,000	$121,100,000	$149,400,000	$1,059,800,000	$153,800,000
1926	1,816,700,000	236,700,000	26,800,000	355,700,000	132,600,000	113,600,000	814,400,000	136,900,000
1927	1,884,600,000	181,600,000	25,300,000	443,800,000	143,600,000	124,500,000	826,300,000	139,700,000
1928	1,863,100,000	182,300,000	24,700,000	315,700,000	152,000,000	113,900,000	920,000,000	154,500,000
1929	1,692,900,000	198,200,000	22,100,000	286,400,000	162,800,000	106,600,000	770,800,000	146,100,000
1930	1,200,700,000	149,900,000	19,500,000	191,300,000	130,400,000	67,100,000	496,800,000	145,600,000
1931	821,400,000	93,200,000	12,800,000	106,000,000	122,000,000	50,900,000	325,700,000	110,800,000
1932	662,400,000	55,200,000	6,600,000	66,900,000	84,900,000	37,700,000	345,200,000	65,900,000
1933	694,400,000	63,600,000	4,400,000	31,500,000	77,100,000	36,600,000	398,200,000	82,900,000

In the year 1925, the total value of all agricultural exports was $2,136,200,000, while in 1932, the total was $662,400,000, a net decrease of $1,473,800,000. Here, too, we see that the American export trade in agricultural products had suffered a tremendous shrinkage. At this point, I wish to insert a table covering the export statistics of all agricultural products by classified groups.

In all of the items in this table, it is seen that the same downward trend is followed as that shown for cotton.

Is it not strange, then, how by some peculiar reasoning so common today, that anyone could reach the conclusion that our agricultural export market has fallen off due to the agricultural program of the present administration.

I am a strong believer in the doctrine of recapturing every possible bit of the foreign market that we can possibly capture. In this present bill, I believe that we have the essential principles necessary for the recovery of the American position in the world market. The fundamentals of the McNary-Haugen measure have been incorporated in these amendments, and they have been harmonized with the whole program.

It is vital to the recovery program that the American farmers reach parity. The man who feeds the country has every right to expect that he will receive for his farm products a price that will justify his continuance as a farmer. The amendments now before us greatly perfect the agricultural program, and they will materially aid the farmers of this country. Our farmers believe in the present program and in the amendments now before us. The interjection of partisan political arguments into this discussion serves only to becloud the real issues. The distortion of facts, facts which in themselves may be quite true, to make them appear as an indictment of the farm program and the amendments, surely cannot be regarded as a legitimate or weighty attack.

There are a great many gentleman in this House who are in the same position as I find myself. They are wholeheartedly in support of the amendments, and none of the blinding figures or false facts which have been set forth thus far can change that belief. Our farmers are in support of these amendments, and the American farmer shall be and will be benefited by this administration and by these amendments.

The Clerk read as follows:

SEC. 15. Subsection (b) of section 10 of the Agricultural Adjustment Act, as amended, is amended to read as follows:

"(b) (1) The Secretary of Agriculture is authorized to establish, for the more effective administration of the functions vested in him by this title, State and local committees, or associations of producers, and to permit cooperative associations of producers, when in his judgment they are qualified to do so, to act as agents of their members and patrons in connection with the distribution of payments authorized to be made under section 8. The Secretary, in the administration of this title, shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress, and as will tend to promote efficient methods of marketing and distribution.

"(2) Each order issued by the Secretary under this title shall provide that each handler subject thereto shall pay to any authority or agency established under such order such handler's pro rata share (as approved by the Secretary) of such expenses as the Secretary may find will necessarily be incurred by such authority or agency during any period specified by him for the maintenance and functioning of such authority or agency, other than expenses incurred in receiving, handling, holding, or disposing of any quantity of a commodity received, handled, held, or disposed of by such authority or agency for the benefit or account of persons other than handlers subject to such order. The pro rata share of the expenses payable by a cooperative association of producers shall be computed on the basis of the quantity of the agricultural commodity or product thereof covered by such order which is distributed, processed, or shipped by such cooperative association of producers. Any such authority or agency may maintain in its own name, or in the names of its members, a suit against any handler subject to an order for the collection of such handler's pro rata share of expenses.

The several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy."

Mr. CHANDLER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. CHANDLER: Amend section 15 by inserting the following sentence at the end of paragraph (b) (1), line 14, page 37: "Such recognition and encouragement under this title shall be limited to associations which deal in the products of nonmembers to an amount not greater in value than such as are handled for their bona fide producer members; and there shall be included in nonmember business all commodities not delivered by persons having a legal or equitable right in the production thereof; all commodities received under any contract which does not give the delivering producer credit for and the right to receive within a reasonable period his pro rata share of profits after deduction of costs and permissible dividends; and all commodities upon which more than 90 percent of the market value is advanced without recourse prior to disposition thereof by the association unless the delivering producer has to his credit with such association reserves sufficient to cover, and liable for any loss incurred in the handling and ultimate disposition of such commodities delivered by him if handled separately, or his pro rata share of any loss incurred in the handling and ultimate disposition of commodities delivered to any pool."

Mr. CHANDLER. Mr. Chairman, when H. R. 8052, the immediate predecessor of H. R. 8492, now under consideration, was introduced, I prepared an amendment along the lines of the one just offered and sent it to the very able and indefatigable Chairman of the Committee on Agriculture [Mr. JONES]. He informed me, and I think correctly so, that that amendment involved a change in the Capper-Volstead Act. I have redrawn the amendment so as to avoid that criticism and now ask its adoption.

That part of section 15 of the bill, to which this amendment would be added, requires the Secretary of Agriculture to "accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress."

The Capper-Volstead law, which authorizes producers of farm products to form cooperative associations, free from the Antitrust Act, provides that such an association "shall not deal in the products of nonmembers to an amount greater in value than such as are handled by it for members", but, unfortunately, the act does not define nonmember business; and the pending amendment is to make that definition to some small extent for the purposes of the Agricultural Adjustment Act, at least. While the amendment necessarily would have general application, its practical operation would be confined to the cotton trade.

Firstly, it is provided that there shall be included in nonmember business commodities delivered by persons not having any legal or equitable interest in the production of the commodity. This test of producer qualification is the same as that applied in section 3 of the Bankhead Act in permitting votes to determine whether that act should be continued for this season. It permits cotton delivered by landowners, tenants, sharecroppers, and other persons having an actual interest in producing the cotton to be counted as member business, but would not permit ginners and other cotton buyers to sell cotton outright to the cooperatives, and have it called "member cotton." Yet, this is a common practice at the present time.

Secondly, it would class as nonmember business all commodities delivered under any contract which does not give the producer the rights of an actual partner in the profits of the business. This expressly permits, of course, deductions of costs and dividends permitted on capital stock or capital in any other form, but will require any cooperative demanding recognition by the triple A to credit to the farmer his share of the profits, and, if he desires to do so, to permit him to withdraw his profits within some reasonable period. In other words, it will make it impossible for cooperative managers to compel producers against their wishes to invest capital in the cooperative, and yet call their deliveries member business. It will place membership on a voluntary basis, where it certainly ought to be.

Thirdly, this amendment will require cooperatives seeking recognition and encouragement to limit any advances they make on commodities to a reasonable figure, or call such transaction what it actually is, a purchase, and therefore nonmember business. No cooperative asking special favors here ought to be permitted to risk the reserves belonging to its bona fide members, and the funds loaned to it by this Government, in speculating in commodities. Advances of 90 percent of the market value are the maximum which can be made with any degree of safety even on a commodity which can be hedged in the future market such as cotton. All that this clause will require is that the risk of loss on a commodtiy delivered be borne by the delivering producer if he is to be called a member. It prevents cooperative managers from risking reserves of bona fide members and funds borrowed from the Government in what in effect are outright purchases from persons having no interest whatsoever in the continued operations of the cooperative.

This is an amendment in the interest of the farmer, sound cooperative marketing associations, and the independent cotton dealers. For 75 years the independent cotton merchants, whom we may now call "the little fellows", found the outlets at home and abroad for the farmer's cotton, and these people have furnished the competition by which the farmer received the best price obtainable for his product. Now these private business concerns cannot meet the open-market competition of cooperative associations which have become not cooperative organizations but huge merchandising units operating with Federal funds and paying almost no taxes. Soon the farmer will have to put all of his eggs in one basket, and that will be another sad day for him.

The small cotton dealers and their employees, and there are thousands of them in every cotton-growing State, are in a desperate condition because they cannot compete in the open market with the so-called "cooperatives", which have no definite limits on their operations, receive liberal Government credit, and will claim further preferential treatment under this section of the bill. I have been implored by scores of men formerly in the cotton business in my district to help them get other work because their life's occupation is gone. So, we may classify this amendment also as an employment measure.

I do not see how anyone can fairly object to this amendment since all that it does is define in some small degree for the purposes of this act what constitutes membership in a cooperative. The legally operated producer-cooperatives should welcome it, and certainly, Congress is justified in requiring the simplest attributes of membership here laid down, both in protecting producer-cooperatives and public funds, as well as in preventing unfair and destructive competition by Government-financed merchandising organizations which have no real attributes of producer-cooperatives. Surely, membership should entail some right to profits and some burden for losses, or it means nothing more than membership in a night club during the prohibition era.

I sincerely urge adoption of the amendment.

Mr. JONES. Mr. Chairman, there is no reason why a bona fide cooperative should not be permitted to perform any of these functions for its members. Everyone recognizes that if all the farmers were 100 percent organized on any commodity, they could handle the marketing of that commodity without any legislation. I do not think we should do anything that would prevent cooperatives handling any part of the program they are in a position to handle. That has been the philosophy that has been pursued for some time.

I ask that the amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. CHANDLER].

The amendment was rejected.

Mr. CHANDLER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. CHANDLER: Amend section 15 (b) (1), on page 37, in line 14, by changing the period to a comma and

adding thereafter the following: "but without discrimination against other producers, processors, and handlers."

Mr. JONES. Mr. Chairman, I have no objection to that amendment. It simply clarifies the matter.

The amendment was agreed to.

The Clerk read as follows:

SEC. 29. The Agricultural Adjustment Act, as amended, is amended by adding after section 20 the following new section:

"SEC. 21. (a) No suit or proceeding shall be brought or maintained in, nor shall any judgment or decree be entered by, any court for the recoupment, set-off, refund, or credit of, or on any counterclaim for, any amount of any tax assessed, paid, collected, or accrued under this title prior to the date of the adoption of this amendment. Except pursuant to a final judgment or decree entered prior to the date of the adoption of this amendment, no recoupment, set-off, refund, or credit of, or counterclaim for, any amount of any tax, interest, or penalty assessed, paid, collected, or accrued under this title prior to the date of the adoption of this amendment shall be made or allowed. The provisions of this subsection shall not apply to (1) any overpayment of tax which results from an error in the computation of the tax, or (2) duplicate payments of any tax, or (3) any refund or credit under subsection (a) or (c) of section 15 or under section 17.

"(b) No suit, action, or proceeding (including probate, administration, receivership, and bankruptcy proceedings) shall be brought or maintained in any court if such suit, action, or proceeding is for the purpose or has the effect (1) of preventing or restraining the assessment or collection of any tax imposed or the amount of any penalty or interest accrued under this title on or after the date of the adoption of this amendment, or (2) of obtaining a declaratory judgment under the Federal Declaratory Judgments Act in connection with any such tax or such amount of any such interest or penalty. In probate, administration, receivership, bankruptcy, or other similar proceedings, the claim of the United States for any such tax or such amount of any such interest or penalty, in the amount assessed by the Commissioner of Internal Revenue, shall be allowed and ordered to be paid, but the right to claim the refund or credit thereof and to maintain such claim pursuant to the provisions of law made applicable by section 19 may be reserved in the court's order.

"(c) The taxes imposed under this title, as determined, prescribed, proclaimed, and made effective by the proclamations and certificates of the Secretary of Agriculture and/or of the President by the regulations of the Secretary with the approval of the President prior to the date of the adoption of this amendment, are hereby legalized and ratified, and the assessment, levy, collection, and accrual of all such taxes prior to said date are hereby legalized and ratified and confirmed as fully to all intents and purposes as if each such tax had been made effective and the rate thereof fixed specifically on May 12, 1933, by act of Congress. All such taxes which have accrued and remain unpaid on the date of the adoption of this amendment shall be assessed and collected pursuant to section 19, and to the provisions of law made applicable thereby. Nothing in this section shall be construed to import illegality to any act, determination, proclamation, certificate, or regulation of the Secretary of Agriculture or of the President done or made prior to the date of the adoption of this amendment.

"(d) No refund or credit shall be made or allowed of any amount of any tax which accrued on or after the date of the adoption of this amendment under this title (including any overpayment of such tax), unless (1) the claimant establishes to the satisfaction of the Commissioner of Internal Revenue, (A) that he has not included such amount in the price of the article with respect to which it was imposed or of any article processed from the commodity with respect to which it was imposed, and that he has not collected from the vendee any part of such amount, or (B) that he has repaid such amount to the producer or the ultimate purchaser of the article, and (C) in the case of hogs that such amount has not been deducted from the price paid to the producer, or (2) the claimant files with the Commissioner of Internal Revenue the written consent of such producer and ultimate purchaser to the allowance of the credit or refund. The provisions of this subsection shall not apply to any refund under section 15 (a), section 16, or section 17.

"(e) No refund or credit shall be made or allowed of the amount of any tax, under section 15, section 16, or section 17, unless, within 1 year after the right to such refund or credit has accrued, a claim for such refund or credit (conforming to such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe) is filed by the person entitled to such refund or credit, except that if the right to any such refund or credit accrued prior to the date of the adoption of this amendment, then such 1-year period shall be computed from the date of this amendment. No interest shall be allowed or paid, or included in any judgment, with respect to any such claim for refund or credit.

"(f) The provisions of section 3226, Revised Statutes, as amended, are hereby extended to apply to any suit for the recovery of any amount of any tax which accrued, on or after the date of the adoption of this amendment, under this title, and to any suit for the recovery of any amount of tax which results from an error in the computation of the tax or from duplicate payments of any tax.

"(g) Whenever in this title a refund of any tax is authorized to be made to any person other than the person required to pay the tax with respect to which an application for refund is made, upon statement under oath by the applicant for refund that he has no knowledge, information, or belief that such tax has not in fact been paid, then for the purpose of such refund to said applicant such tax shall be deemed to have been due from and paid by the person liable therefor. Any other provision of the law notwithstanding, the Comptroller General of the United States is authorized and directed, without review of the fact of the payment of the tax, to certify for payment refunds authorized under this subsection in the amounts scheduled to him by the Commissioner of Internal Revenue. Whoever makes any false statement under oath in connection with applying for or securing such refund of any tax shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than $1,000 or by imprisonment not exceeding 6 months, or both."

Mr. GIFFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GIFFORD: Page 44, line 20, strike out Sec. 21 (a).

Mr. GIFFORD. Mr. Chairman, this is the amendment to which I have heretofore referred, wherein any tax that may have been illegally collected prior to the adoption of this act will be frozen, so that a citizen will not be able to go into court and collect it. It may be possible that this act itself is unconstitutional. In fact, the writers of the act, on page 46, section (c), which I will not ask to have stricken out, would seem to think so. There they make another recitation saying, in effect, that all these acts to all intents and purposes shall be just as effective as if we had done it constitutionally in 1933. I do not believe the recitation will amount to much when the Supreme Court looks it over, but you have emphasized it and you also practically say that the Supreme Court must not think, because of the recitation made, that it may carry the import that it might be unconstitutional. That will be found at the bottom of the page:

Nothing here would import or suggest that it would be unconstitutional.

However, I am approaching this from a little different angle. Because you may be wearied of my own arguments, a prominent editorial writer has furnished me with something better than I perhaps could present here as my own statement, to the effect that every other citizen in every other kind of business in the country always adds to his costs, and even though he passes it on—which in this case he has not been able to do—he has had his right to recover. However, even though he has handed it on and afterward it was found that the taxes were illegally collected, certainly it is the right of a citizen to go into court and recover. According to this editorial the processing tax idea is a "fanaticism" in the minds of its proponents, and reason does not prevail. These editorial writers regard this as a most serious matter. Prominent writers are bringing to the attention of the country the fact that this is probably the first time any such attempt has actually been made to retain taxes illegally collected and where a citizen has been deprived of the right even to attempt to recover them.

I hope this amendment will have some serious attention.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. GIFFORD] has expired.

Mr. JONES. Mr. Chairman, of course, this is a question that involves processing fees that have been heretofore collected, practically none of which has actually been absorbed by the processor. A serious situation arises with reference to these processing fees. The argument has been made repeatedly by those who have opposed processing fees, that they are either passed back to the farmer in the way of reduced prices or passed on to the consumer in the way of increased prices. Now the argument is made by some gentlemen who oppose them that the price to the consumer is increased so greatly that we cannot afford to have a farm program. If that be true, what excuse could there be for permitting the processor who had not actually absorbed the taxes to recover these great sums?

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

Mr. HOPE. Mr. Chairman, I move to strike out the last word.

The statement has been made on the floor several times in the course of this debate, and so far as I know it has not

been challenged, that the cotton processing tax is not being passed on to the consumer. I do want to challenge that statement. There has been no proof offered here that it is not being passed on to the consumer.

Mr. GILCHRIST. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. GILCHRIST. Is it not true that the statement has always been made that this has been a tax upon clothing? Is that not the statement that has been made?

Mr. HOPE. The opponents of this legislation have urged various reasons in opposition to it. Some of them say it has been a tax on clothing. Now, the gentlemen representing the textile interests say that they cannot pass it on, but I want to call attention to some figures which are contained in the report of the Administrator of the Agricultural Adjustment Act just issued.

These figures show the increase in the price of cotton goods since the processing tax went into effect. It is not pretended, of course, that all of this increase is due to the processing tax, because it includes additional costs due to labor. It includes a higher base price for cotton, but these figures show that a pair of overalls at retail sold on an average at $1.09 on July 27, 1933, before the processing tax went into effect; whereas the average price for the period from November 1933 to November 1934, was $1.56, or an increase of 47 cents. These figures show that sheets 81 by 99 inches in size increased in price from 99 cents to $1.31; that work shirts increased in price from 73 cents to 91 cents; that unbleached muslin per yard increased in price from 10 cents to 14 cents during this period.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. DONDERO. Can the gentleman inform the House what percentage of the processing tax collected has gone to the producer?

Mr. HOPE. Of the processing tax collected I would say 95 percent has gone back to the producer—all of it except the cost of administration which, to my best recollection, has not exceeded 5 percent.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 16 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WEARIN. Mr. Chairman, I was very glad to see the Committee on Agriculture include in this bill at page 25 a section with reference to the books and the records of the processors of agricultural products. For some time I have had pending before the Committee on Agriculture several bills with reference to this particular subject matter by which I have sought to amend the existing Packers and Stockyards Act of 1921 in such manner that the Secretary of Agriculture would have access to the books and records of the processors of agricultural products. Consequently, it is a great satisfaction to me to see the Committee on Agriculture include a provision of this type in this particular legislation, even though it is of only a temporary character. I trust it will establish a precedent upon which we may proceed in the future to accomplish the thing I have desired to accomplish for some time.

It should be remembered that notwithstanding the distress we have experienced during the past few years the processors of food products have been able to show a profit substantially higher than other major manufacturing industries in this country while the producers of the products they were processing were going bankrupt on every hand in our farm State of Iowa. This is one of the excellent reasons why the Secretary of Agriculture should have access to the books and records of such concerns. It would then be possible for us to determine the reason for such a strange coincident without additional action by Congress as appears to be necessary at the present time.

I might also suggest at this point that I likewise have pending before a committee of the Congress a resolution asking for a thorough investigation of food processors, the prices they are charging consumers today and the percent of the said consumer's dollar that is reaching the pockets of the producers. With such data before us we could determine the exact status of the American farmer as compared to what it was say a decade or two ago. A similar proposal sponsored by Senator WHEELER has already passed the United States Senate. Action upon my resolution in the House would insure results.

The legislation I have proposed that deals with the inspection of books and records of food processors includes provisions that would simplify the legal procedure now existing with reference to the enforcement of the terms and the provisions of the Packers and Stockyards Act of 1921, which is being enforced with great difficulty at the present time. I shall cite to you a recent example in a case in the southern section of the United States resulting from a complaint entered by the Secretary of Agriculture against 12 of the packing industries of this country. They placed on the witness stand approximately 900 witnesses with reference to that particular matter. It was perfectly obvious, from their testimony, that they were doing it with the specific thought in mind of prolonging that case, thereby defeating the purpose of the Secretary of Agriculture from the standpoint of enforcing the provisions of the Packers and Stockyards Act of 1921. I trust that after our deliberations upon the pending bill, the Committee on Agriculture and the House of Representatives will consider seriously bills of a character such as I have described briefly today, with reference to giving the Secretary of Agriculture access to the books and records of the packing interests of this country as a permanent policy.

Furthermore, I trust such legislation along this line as may be considered by the Committee on Agriculture will, at the same time, simplify the legal procedure with reference to the enforcement of the act of 1921 in order that we can get some action with reference to the protecion of the public that was intended to be afforded to them in that act.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I offer an amendment. In line 7, page 49, strike out the words "shall be guilty of."

The CHAIRMAN. The Chair informs the gentleman from Texas that a motion is already pending before the Committee.

Mr. BLANTON. Mr. Chairman, something has been said about our farmers having given up their rights by reason of acts passed by Congress. Today in the United States I believe farmers have more rights than anywhere else in the world. In this country no farmer has given up any rights under any bill Congress has passed except by his own volition, and every right any farmer has given up has been for the benefit of all farmers as a class and, incidentally, for the benefit of the people of the United States, because whenever you affect the interests of the farmer you affect the interests of the people everywhere in our country.

In my mind I have just been comparing the rights of the farmers in this country with the rights of the farmers in Russia. In Russia they are told when to go to bed at night, when to get up in the morning, what they shall do as to farm work during the daytime, and how they shall do it, what they shall do at night, what they shall do for recreation; and after they work hard all day, all week, all month, and all year, most of the product of their industry is taken from them by the Government.

In Russia today you will find hundreds of thousands of farmers absolutely starving to death because their Government has not left them enough food from the products of their own labor to subsist upon.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BLANTON. Has the gentleman something informative to give us on the subject of starving farmers in Russia?

Mr. HOEPPEL. Yes. I received a letter from a constituent of mine past 70 years of age. He and his aged wife have just lost their home because the Home Owners' Loan Corporation would not assist them. He must submit to an operation next month, and under our Democratic relief plan he

receives insufficient subsistence and absolutely no meat. His work order for 1 week included two cans of sardines. Imagine a diet of this kind for an aged person who is to submit to an operation!

Mr. BLANTON. Where is that?

Mr. HOEPPEL. In Los Angeles. I think we ought to pay more attention to our own country, talk less about Russia, and do more for the United States and for our own unfortunate people.

Mr. BLANTON. I am talking about the American farmer and his rights as compared with the rights of starving farmers in Russia. I do not hesitate to discuss conditions in Russia when Russian Communists have been trying to disrupt the American farmers of the United States.

I do not want to see a condition ever arise in this country where the right of any farmer may be taken from him. I do not want a condition ever to arise in the United States where the Government of the United States may say to a farmer what he shall do, and how he shall do it, and what he shall not do, and where the Government may also say to him: "We will take from you most of the products of your labor."

I do not yield to the gentleman from California.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. May I say to the gentleman from California that one thing I did in this session of Congress I am proud of is my amendment that I got passed on the recent District appropriation bill that will prevent another dollar of American money being paid to any teacher in Washington who advocates or teaches communism in the schools in Washington, which read as follows:

That hereafter no part of any appropriation for the public schools shall be available for the payment of the salary of any person teaching or advocating communism.

I got that amendment placed in the bill, and passed, and it is permanent law. No Communist teacher in the schools of Washington, or anybody else connected with our public schools here advocating communism therein will ever be able to get another dollar of salary out of the Federal Treasury. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I regret another word seems necessary, but I want to parallel the words made by my good friend the gentleman from Kansas. After all the testimony that has been introduced by our New England Members in reference to the processing tax, I am sorry that our words have not been accepted as facts. Should we have cluttered up the RECORD with the letters and the statements that we have received from our manufacturers? The New England Council received scores of letters from manufacturers stating that they could not pass on this tax. There was one case where the manufacturer testified that after adding all the costs, in order to meet competition he could add only exactly 43 percent of this tax.

Mr. HOPE. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman will admit there has been a great increase in the cost of cotton goods?

Mr. GIFFORD. Indeed we admit that.

Mr. HOPE. It has been handed on. There has been a great increase in the retail price as well.

Mr. GIFFORD. It has not been handed on! The only point I make is that the gentleman said we had adduced no proof. The proof we have adduced is contained in pages upon pages that have been submitted to the special Cabinet committee.

Mr. HOPE. The gentleman has not produced any proof before the House.

Mr. GIFFORD. I cannot admit any such thing. We have testified here personally day after day. We have scores of letters on our desks which we could have put in the RECORD. These letters have been filed with the Cabinet officers. I do not like the statement that we have not proven our case. I know, and the country knows, that we have proven our case. We could pass on only a portion, and sometimes none, of the processing tax in order to meet competition. The statement is an unfair statement, especially from the very able Member from Kansas, who is usually fair and considerate.

[Here the gavel fell.]

Mr. BEAM. Mr. Chairman, may I direct the attention of the Chairman of the Agricultural Committee and his legal adviser here to page 45, line 1, which states:

The provisions of this subsection shall not apply to (1) any overpayment of tax which results from an error in the computation of the tax, or (2) duplicate payments of any tax, or (3) any refund or credit under subsection (a) or (c) of section 15 or under section 17.

In reference to the computation of the tax, I would like to ascertain from the chairman if that does not also imply an error in the ascertainments or computation of the tax? In other words, suppose an error is made in computing the tax rate. Is that section applicable to an error in computing the tax rate?

Mr. JONES. I doubt whether that would be included. I know what the gentleman is driving at. The trouble in construing it to include that would be that there might be a dispute over the elements which the Secretary considered in making up the rates.

I think any purely mechanical error that might be made in compiling the total tax——

Mr. BEAM. Or any mistake in determining the tax rate applicable to that section would certainly come within the meaning of the section.

Mr. JONES. If it were a mechanical mistake, it would probably be included. An error of law would not be included, because we do not want to put behind these taxes a controversy over whether the Secretary should allow so much consideration to this or so much to that, but if, in making up the tax, he inadvertently used a wrong figure or made a mistake in the compilation, I think such a mechanical or clerical mistake would be included.

Mr. BEAM. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. GIFFORD].

The amendment was rejected.

The Clerk read as follows:

SEC. 30. The Agricultural Adjustment Act, as amended, is amended by inserting after section 21 the following:

"IMPORTS

"SEC. 22. (a) Whenever the President has reason to believe that any one or more articles are being imported or are likely to be imported into the United States under such conditions and in sufficient quantities to render ineffective or materially interfere with any program or operation undertaken under this title, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this subsection, to determine such facts. Such investigation shall be made after such notice and hearing and subject to such regulations as the President shall specify.

"(b) If, after such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by order direct that the entry into the United States of such article or articles shall, for such time as may be specified by him, be permitted subject to (1) such terms and conditions, (2) such limitations on the total quantities thereof which may be imported, or (3) the payment of such compensating taxes as he finds necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with such program or operation undertaken under this title. Any compensating tax imposed under this section shall be in addition to any tax imposed under section 15 (e) and the provisions of such section shall apply thereto.

"(c) Any decision of the President as to facts under this section shall be final.

"(d) Upon information of any order of the President under subsection (b), the Secretary of the Treasury shall permit entry of any article or articles specified therein only in conformity with such order.

"(e) After investigation, report, and finding in the manner provided in the case of an original order, any order or provision thereof may be suspended or revoked by the President whenever he finds that the circumstances requiring the order or provision no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the provisions of this section."

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: On page 49, strike out lines 15 to 25 inclusive, and on page 50, strike out lines 1 to 17 inclusive, and insert in lieu thereof the following:

"SEC. 22. (a) In order to put into force and effect the policy of Congress by this act intended, the United States Tariff Commission (1) upon the request of the President, or (2) upon resolution of either or both Houses of Congress, or (3) upon its own motion, or (4) when in the judgment of the Commission there is good and sufficient reason therefor, upon application of any interested party, shall investigate and find upon such investigation that any one or more articles are being imported or are likely to be imported into the United States under such conditions and in sufficient quantites to render ineffective or materially interfere with any program or operation undertaken by this title, the said United States Tariff Commission shall certify its findings to the President. Such investigation shall take precedence over any investigation authorized by any previous act of Congress.

"(b) Upon the receipt by the President of such certificate issued by the aforesaid Commission, the President shall by order direct that the entry into the United States of such article or articles shall, for such a time as may be specified by him, be permitted subject to (1) such terms and conditions, (2) such limitations on the total quantities thereof which may be imported, or (3) the payment of such compensating taxes as he finds necessary to prescribe in order that the entry of such article will not render or tend to render ineffective or materially interfere with such program or operations undertaken under this title. Any compensating tax under this section shall be in addition to any tax imposed under section 15 (e) and the provisions shall apply thereto."

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, every Member of this House knows the concern there is throughout the country today, particularly in the farming sections, caused by the importation of foreign-produced farm goods coming into this country at a time when, through one means or another, the production of farm goods is being held down and acreage is being retired in the United States.

I think, perhaps, if this one objection to the triple A was eliminated there would be a great deal more satisfaction than at the present time. This would remove a great many of the complaints which people have against the triple A; but so long as we do decrease production in this country and at the same time bring in these staggering imports from other parts of the world, there will be a tremendous amount of justifiable opposition to the operations of the Agricultural Adjustment Act.

Section 30, as set forth in this bill, in my opinion, has three very distinctly weak provisions.

One is that when the President has to arrive at such a decision he will have pressure from the reciprocal trade agreement countries pushing on one side and pressure from the producers of such goods in this country pushing on the other, and as between these two forces he must have a reason.

The second point is that the United States Tariff Commission, which is supposed to be a nonpartisan commission, and which is supposed to have power to act without operating under duress or restraint imposed by the President, as set forth in the recent decision of the Supreme Court in the Humphrey case, must as set forth here carry on the investigation under such regulations as the President shall specify. I think therein is a very weak part of this section, and I think it imposes a responsibility on the President which he should not be forced to carry.

I believe this will subject the President to tremendous criticism, and I do not see how he can satisfactorily administer this particular section if he is to set forth the regulations under which the Tariff Commission is to act.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. BOILEAU. I may suggest to the gentleman that the reason for that is to facilitate matters, it being felt by those who proposed this amendment that if the Tariff Commission operated under their usual methods it would take too long, and therefore the desired results would not be accomplished.

Mr. CRAWFORD. In answer to that statement, I may say that my amendment provides that such an investigation as would come about through this section would take precedence over any other investigation authorized by any previous act of Congress. This would leave the Tariff Commission free to act and carry on its investigation and determine the facts and certify these facts without any pressure from the President.

The third point I wish to bring out with reference to section 30 is that the decision of the President as to the facts under this section shall be final. Let the Tariff Commission determine the facts. Let it be an impartial investigation. Let Congress—either or both Houses have the right to initiate these highly important investigations in these peculiar times of crop reduction when so many people are going hungry—initiate the investigation by passing resolutions to the effect that the Commission shall make them and certify the facts to the President for prompt action. Let those who are being driven out of production, whether it be the processor or the farmer, have the right to appeal to the Tariff Commission to proceed with an investigation for a determination of the facts. Let the Tariff Commission have the right, under its own motion, to make an investigation if it feels that a sufficient quantity of goods are coming in to defeat the intent of Congress as set forth under the provisions of this act. Finally, let there be impartial investigations, nonpartisan investigations, which are the only kind the Commission should make. The Supreme Court has held that the Chief Executive shall not discharge members of the Tariff Commission simply because they do not agree with the tariff and trade policies of the President. Yet if we leave section 30 of the bill as it is now presented to us, we provide a means whereby the President can circumvent the Supreme Court decision and even issue the regulations whereby and whereunder the Commission shall be forced to act. That is not fair to the farm people of this country who are cooperating with the administration in this reduction program. It is not fair to the American people who contribute money in the form of processing taxes all to the end benefit payments may be made for the reduction of the production of food, clothing, and shelter. The enactment of such a provision in this bill, which purports to be in the interest of the American farmer, cannot be justified or successfully defended. Mr. Chairman, I hope the chairman of the committee will accept this amendment. [Applause.]

Mr. REED of New York. Mr. Chairman, I rise in opposition to the amendment. I ask unanimous consent to revise and extend my remarks and to include therein some official figures.

The CHAIRMAN. Without objection, it is so ordered.

Mr. REED of New York. Mr. Chairman, I believe that no person who loves individual liberty can examine the provisions of H. R. 8492—the purpose of which is to vest larger powers of regimentation in the Secretary of Agriculture than he now has under the Agricultural Adjustment Act—without a feeling of apprehension as to the wisdom of the proposed measure.

Almost every section and paragraph of the bill reeks with arbitrary regulations, licenses, pains, forfeitures, fines, and penalties. The poison in these legislative pills is sugarcoated with promises of bonuses, subventions, and a more abundant life to make them palatable until the drug has time to paralyze the victim.

The arbitrary powers under the A. A. A. sought to be vested in the Secretary of Agriculture and the still greater powers the amendments seek to confer upon him invite attention to the record of the official who is to wield these powers. The inflammatory character of the speeches, the propaganda machinery set in motion to mobilize the hatred of class against class by the official who is to administer such arbitrary and sweeping powers under the A. A. A. and under the amendments here proposed ought not to be ignored by those who legislate.

The statements made by the Secretary of Agriculture during his tour of New England, and the misleading and inflammatory statements recently made by him in his speech at Peoria, Ill., are not such as to inspire confidence in his leadership.

The farmers of this Nation, the great rank and file of them, are practical men, fair and honest, and they know that impractical leadership in the affairs of agriculture will in the long run mean disaster to their interests, not success.

To be more specific, what is the record of the Secretary of Agriculture as a formulator of policies and as a practical leader in the field of agriculture? Some very pertinent facts bearing on this point were recently stressed in a radio speech delivered on May 5, 1935, by Dr. G. W. Dyer, professor of economics, Vanderbilt University. Discussing the condition of the farmers in the Southern States, as revealed by authentic official statistics, he said:

> There were 1,112,834 farms in the Southern States in 1930 that were operated by full owners. Of this number, only 328,773 were mortgaged. In the Southern States 784,773 farms were absolutely free of mortgages. * * * Less than 28 percent of the farms operated by full owners in the Southern States carry any mortgages at all. Over 78 percent of the farms of Virginia operated by owners are free of mortgage.

Professor Dyer then points out the conditions in Iowa, the home State of the man whom it is proposed to clothe with dictatorial powers to lead the farmers to economic salvation. Here is what he says:

> The farm mortgage indebtedness of Iowa is greater than that of all the Southern States combined, with Texas excluded. In the State of Iowa, where Mr. Wallace has been a conspicuous leader in agricultural policies, farm mortgage indebtedness increased over $285,000,000 between 1910 and 1920. This was an increase of 132 percent; yet this was the period of great agricultural prosperity.

The farmers of New York State have received insignificant benefits under the Agricultural Adjustment Act. This has been openly and frankly admitted by one of the A. A. A. officials, Mr. Chester Davis. Viewed from the angle of the cost of living resulting from the imposition of processing taxes upon the necessities of life, A. A. A. has been highly injurious to the farmers and all other consumers in New York State.

Official figures clearly demonstrate that the purpose and practical effect of the operation of the law is to collect processing taxes in one section of the country and distribute the money so collected to other sections. There had been collected in processing taxes under the A. A. A. from the taxpayers in New York State up to April 30, 1935, a total of $89,528,119.86. The total rental and benefits paid to the farmers of New York State during the same period amounted, all told, to $384,519.82.

Broken down as to commodities, $66,696.24 was paid to farmers in my State for not raising wheat; $67,384.91 was paid to the farmers for not raising tobacco; and $250,438.67 for not raising corn and hogs.

The story of Iowa, the home State of the Secretary of Agriculture, presents a very different picture. The taxpayers of the State of Iowa paid in processing taxes during the same period $27,837,138.47. Rentals and benefits paid to the farmers covering the same period amounted to $70,376,519.14.

The official records of the A. A. A. show that in nine counties of Iowa up to April 30, 1935, the farmers had received in rental and benefits more than $1,000,000 each or an actual aggregate sum for the nine counties of $11,550,173.44.

I respectfully submit two schedules furnished by the Agricultural Department showing the benefits paid to farmers in the State of Iowa and the State of New York, respectively:

SCHEDULE No. 14

Rental and benefit payments, Apr. 30, 1935

County	Total	Wheat	Corn hogs
IOWA			
Adair	$809,943.03	$3,182.91	$806,760.12
Adams	555,532.63	1,345.78	554,186.85
Allamakee	384,812.80	1,359.72	383,453.08
Appanoose	263,486.81	1,462.12	262,024.69
Audubon	718,746.02	698.23	718,047.79
Benton	918,564.15	1,884.41	916,679.74
Black Hawk	751,253.20	461.88	750,791.32
Boone	666,845.94	1,388.88	665,457.06
Bremer	437,985.76	415.73	437,570.03

SCHEDULE No. 14—Continued

Rental and benefit payments, Apr. 30, 1935—Continued

County	Total	Wheat	Corn hogs
IOWA—continued			
Buchanan	$657,837.92	$483.54	$657,354.38
Buena Vista	848,725.19	130.97	848,594.22
Butler	676,611.99	64.75	676,547.24
Calhoun	749,858.75	964.62	748,894.13
Carroll	904,395.20	1,067.64	903,327.56
Cass	890,766.73	8,091.12	882,675.61
Cedar	837,106.89	2,024.30	835,082.59
Cerro Gordo	647,736.98	186.64	647,550.34
Cherokee	948,480.20	184.98	948,295.22
Chickasaw	456,845.74	11.76	456,833.98
Clarke	368,223.91	482.56	367,741.35
Clay	734,920.83	52.80	734,868.03
Clayton	822,586.66	1,071.70	821,514.96
Clinton	939,575.51	4,371.92	935,203.59
Crawford	1,168,927.14	7,195.87	1,161,731.27
Dallas	875,685.72	21,164.86	852,520.86
Davis	266,681.15	1,227.84	265,453.31
Decatur	411,243.75	2,626.61	408,617.14
Delaware	697,449.53		697,449.53
Des Moines	455,662.53	16,196.09	439,466.44
Dickinson	427,078.28	48.20	427,030.08
Dubuque	648,421.44	675.35	647,746.09
Emmet	471,761.79	1,380.37	470,381.42
Fayette	701,234.99		701,234.99
Floyd	485,769.73	1,108.77	484,660.96
Franklin	854,961.09	593.91	854,367.18
Fremont	780,423.50	38,274.79	742,148.71
Greene	739,060.99	426.63	738,634.36
Grundy	687,822.24	131.30	687,690.94
Guthrie	700,349.32	2,249.91	698,099.41
Hamilton	828,915.22	837.34	828,077.88
Hancock	725,788.46	149.34	725,639.12
Hardin	859,540.94	298.21	859,242.73
Harrison	938,719.24	38,586.88	900,132.36
Henry	530,981.19	3,290.86	527,690.33
Howard	368,212.35	166.73	368,045.62
Humboldt	607,068.19	215.74	606,852.45
Ida	751,291.46	137.00	751,154.46
Iowa	882,621.02	5,540.95	877,080.07
Jackson	564,435.87	1,152.85	563,283.02
Jasper	1,182,570.48	12,133.31	1,170,437.17
Jefferson	429,670.91	1,922.06	427,748.85
Johnson	926,933.01	1,679.47	925,253.54
Jones	644,413.90	469.51	663,944.39
Keokuk	823,105.89	2,343.87	820,762.02
Kossuth	1,273,385.35	146.91	1,273,238.44
Lee	314,286.12	7,114.47	307,171.65
Linn	856,825.18	823.47	856,001.71
Louisa	470,782.17	16,511.05	454,271.12
Lucas	328,507.98	863.50	327,644.48
Lyon	701,633.66	435.59	701,198.07
Madison	780,735.00	23,717.13	757,017.87
Mahaska	926,178.42	7,182.20	918,996.22
Marion	743,776.14	6,967.01	736,809.13
Marshall	815,489.62	2,240.80	813,248.82
Mills	664,586.70	26,053.06	638,533.64
Mitchell	460,411.28	522.88	459,888.40
Monona	1,080,335.51	180,552.62	899,782.89
Monroe	308,887.26	2,781.08	306,106.18
Montgomery	732,398.12	14,044.99	718,353.13
Muscatine	485,611.72	6,227.96	479,383.76
O'Brien	761,508.46	306.29	761,202.17
Osceola	485,291.37		485,291.37
Page	914,383.27	37,450.51	876,932.76
Palo Alto	728,947.26	371.44	728,575.82
Plymouth	1,060,829.69	5,708.03	1,055,121.66
Pocahontas	790,562.37	797.55	789,764.82
Polk	739,359.89	42,278.02	697,081.87
Pottawattamie	1,537,616.29	16,819.91	1,520,796.38
Poweshiek	952,467.89	743.97	951,723.92
Ringgold	484,442.86	2,071.99	482,370.87
Sac	919,896.46	330.63	919,565.83
Scott	696,512.79	22,171.26	674,341.53
Shelby	1,008,540.51	1,138.91	1,007,401.60
Sioux	1,034,110.83	927.14	1,033,183.69
Story	847,200.61	1,993.53	845,207.08
Tama	966,578.02	1,547.40	965,030.62
Taylor	527,235.70	5,567.53	521,668.17
Union	441,928.53	1,310.16	440,618.37
Van Buren	272,723.64	2,298.01	270,425.63
Wapello	414,943.94	15,559.72	399,384.22
Warren	784,742.30	30,891.41	753,850.89
Washington	872,905.21	1,466.33	871,438.88
Wayne	407,253.01	858.18	406,394.83
Webster	761,879.02	958.43	760,920.59
Winnebago	434,598.45		434,598.45
Winneshiek	678,141.40	842.04	677,299.36

SCHEDULE No. 31

Rental and benefit payments, Apr. 30, 1935

County	Total	Wheat	Tobacco	Corn hogs
NEW YORK				
Albany	$14,451.66			$14,451.66
Allegany	4,119.52			4,119.52
Broome	5,104.86			5,104.86
Cattaraugus	11,577.37			11,577.37
Cayuga	24,292.58	$3,705.36	$11,986.11	8,601.11
Chautauqua	5,760.46			5,760.46
Chemung	18,692.32	237.89	13,618.93	4,835.50
Chenango	3,565.72			3,565.72

SCHEDULE No. 31—Continued

Rental and benefit payments, Apr. 30, 1935—Continued

County	Total	Wheat	Tobacco	Corn hogs
NEW YORK—continued				
Clinton	$1,916.42			$1,916.4
Columbia	6,906.50	$287.47		6,619.03
Cortland	557.20			557.20
Delaware	7,950.43			7,950.43
Dutchess	1,870.50			1,870.50
Erie	15,812.93	1,681.72		14,131.21
Essex	4,110.12			4,110.12
Franklin	3,816.13			3,816.13
Genesee	13,578.39	6,387.10		7,191.29
Greene	2,944.71			2,944.71
Herkimer	1,400.26			1,400.26
Jefferson	7,143.67			7,143.67
Lewis	307.76			307.76
Livingston	16,363.39	12,241.65		4,121.74
Madison	4,069.58			4,069.58
Monroe	13,099.79	6,060.87		7,038.92
Montgomery	84.00			84.00
Niagara	11,235.91	3,301.14		7,934.77
Oneida	7,364.11			7,364.11
Onondaga	36,727.52	1,293.91	$29,014.39	6,419.22
Ontario	19,358.68	9,599.70		9,758.98
Orange	201.35			201.35
Orleans	13,817.10	3,011.97		10,815.13
Oswego	8,082.32		927.32	7,155.00
Otsego	1,155.48			1,155.48
Rensselaer	5,770.73			5,770.73
Rockland	190.19			190.19
St. Lawrence	11,819.65			11,819.65
Saratoga	11,771.32			11,771.32
Schenectady	2,347.23			2,347.23
Schoharie	1,519.53			1,519.53
Schuyler	4,074.25	1,552.70		2,521.55
Seneca	8,591.14	1,766.39		6,824.75
Steuben	15,359.29		11,838.16	3,521.13
Sullivan	1,548.34			1,548.34
Tioga	2,211.11			2,211.11
Tompkins	2,720.40	1,376.29		1,344.11
Ulster	1,059.09			1,059.09
Warren	934.79			934.79
Washington	3,050.55			3,050.55
Wayne	8,676.80	1,968.16		6,708.64
Wyoming	9,312.54	6,109.79		3,202.75
Yates	6,124.13	6,124.13		
Total	384,519.82	66,696.24	67,384.91	250,438.67

Mr. MOTT. Mr. Chairman, I present a substitute for the amendment of the gentleman from Michigan.

The Clerk read as follows:

Page 51, line 4, after the word "section", insert: "*Provided, however,* That whenever the Secretary of Agriculture shall find that a surplus of any agricultural product or products exists in the United States he shall so certify to the President, and thereupon the President shall by order direct that no such product or products shall be imported into the United States so long as such surplus exists. Such order may be suspended or revoked by the President upon certification by the Secretary of Agriculture that such surplus no longer exists."

The CHAIRMAN. The Chair will say to the gentleman that he does not think that that is a substitute for the pending amendment, but is an amendment to the section.

Mr. MOTT. Very well. I will offer it as an amendment to the section.

Mr. Chairman, this amendment is so plain and simple that I feel that it explains itself.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I am sorry I cannot yield, but I have only 3 minutes. This amendment leaves section 30 as it is. The discretionary authority granted the President by section 30 is still there if he wants to use it. Gentlemen who think the President will use that discretion or authority ought to be satisfied on that score, because this amendment does not interfere with it.

This amendment, however, goes on and says that whenever the Secretary of Agriculture finds that there is a surplus in any agricultural commodity in the United States he shall certify that fact to the President, and the President thereupon shall by order prohibit the importation of that commodity into the United States so long as that surplus exists.

Now, many gentlemen on both sides of the aisle have stated at various times that they want regulation that will keep foreign agricultural products out of this country altogether when our own farmers are producing more of those commodities than they can sell. I speak to the Republicans who time after time have expressed their opinion on that point. If they want tariff protection that will really protect, if they want regulation that will effectively give the American market to American farmers, let them vote for my amendment. Gentlemen who believe that agricultural commodities in this country of which we produce a surplus should be protected entirely from foreign importations, should vote for this amendment, whether they be Democrats or Republicans. [Applause.]

Mr. HULL. Mr. Chairman, I have an amendment which I send to the desk.

The CHAIRMAN. Is it an amendment to the pending amendment?

Mr. HULL. No; it is an amendment to the section.

The CHAIRMAN. The Chair asks the gentleman to withhold his amendment until the pending amendment is disposed of. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

Mr. JONES. Mr. Chairman, just a word on that. I hope the House will vote down these amendments. This is a very fine provision as it stands now, under which something may be accomplished. It is not customary in legislation to give directions to the Chief Executive. I think we would be in danger of losing the whole power if the wishes of these gentlemen who want to make it different should prevail. They are somewhat in the position of the dog in Æsop's Fables. Having a piece of meat in his mouth, he saw the shadow of it in the water, and grabbed for what he thought was the better piece of meat and lost it all. This is a good provision if adopted and it can be made very effective. I hope the House will vote down the amendments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and there were on a division (demanded by Mr. MARTIN of Massachusetts)—ayes 51, noes 111.

So the amendment was rejected.

Mr. MOTT. Mr. Chairman, I offer my amendment at this point.

The CHAIRMAN. The gentleman from Oregon offers an amendment which the Clerk will again report.

The Clerk again reported the Mott amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlemen from Oregon.

The question was taken; and there were on a division (demanded by Mr. MOTT)—ayes 52, noes 110.

So the amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer the following amendment which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. WITHROW: Page 49, line 20, after the comma, insert the following, "or if the domestic price is below the fair exchange value."

Mr. WITHROW. Mr. Chairman, I am deeply concerned with the welfare of the dairy farmer because the welfare of the State of Wisconsin is largely dependent on the welfare of our dairy industry. For the past several years dairy farmers have suffered severely because they have been unable to secure a parity price for dairy products. It is true that during the past several months prices paid to farmers for dairy products have increased, but the farm prices are still below parity and it is obvious that dairy farmers, already faced with bankruptcy, cannot continue indefinitely with prices which do not cover the cost of production.

Because of this very serious situation many representatives of the dairy farmer have come to Washington during the past year to ask that something be done to relieve the dairy farmer. These representatives of the dairy farmers, together with various Members of the House have presented their case before numerous agencies of the Government, only to find that a deaf ear has been turned to their pleas.

The improvement in dairy prices which has occurred has been almost entirely the result of weather conditions and the operations of nature rather than the result of any activity on the part of the various agencies of the Federal Government.

One of the most urgent requests which has been made by the dairy farmers is that they be protected from the competition of foreign imports. At this point let me say that while the activities of the A. A. A. have not helped dairy farmers, they have very materially increased the cost of supplies which dairy farmers must buy and have therefore actually increased the cost of production of dairy products. This fact makes it even more important that protection be afforded against foreign imports.

Despite the fact that butter is now being imported into this country at a price below the domestic cost of production, representatives of the dairy farmers found that the President was unwilling to utilize his power to increase the tariff on butter. I believe that the committee is sincere in its desire to protect our domestic dairy farmers from low-cost foreign imports, and I know that it is the intention of Congress to promote the welfare of our domestic dairy farmers. I do not believe, however, that we will accomplish this purpose by enacting the permissive provisions contained in this bill. It is true that these provisions might work to the advantage of dairy farmers if we could be assured that they would be properly and sympathetically administered, but our experience has been that it has been impossible to secure action under previous permissive legislation very similar to that contained in the committee amendment and I am not optimistic enough to believe that a mere reenactment of what is virtually the present law, will materially benefit dairy farmers.

I am therefore proposing an amendment which makes it mandatory that the President shall take action to prevent importations whenever the domestic price of any farm product falls below a fair exchange value.

My amendment would apply not only to butter but to other dairy products as well and includes all other agricultural products which enter into competition with dairy products.

During the first 2 months of this year the importation of butter into this country has increased more than 20 times over importation during a similar period last year. This rapidly increasing volume of importation, together with the fact that we are approaching the peak of our domestic production season, makes it imperative that action be taken immediately if we are to protect our domestic dairy farmer and the domestic butter market.

It is imperative that action be taken to assure to farmers a parity price for dairy products. I realize that protection from foreign competition alone will not accomplish this purpose, but it is certain that without effective protection from foreign competition, such as would be provided by my amendment, it will never be possible to establish or maintain a parity price in this country.

At this point I ask unanimous consent to insert a table which has been prepared by the Department of Agriculture showing the prices which were actually paid to farmers and the prices farmers should have received during the same period in order to give them a parity price. A comparison of these two prices will show you that farmers have been selling every pound of butterfat at an actual loss; that farmers have been forced to sell their product at a price below the actual cost of production.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Parity prices for butterfat and average prices actually paid to farmers, adjusted to seasonal, by months

	Parity prices butterfat per pound	Actual average farm price butterfat per pound
1934—January	42.7	25.7
February	43.3	29.0
March	43.1	30.2
April	41.8	28.4
May	41.3	28.6
June	40.4	29.1
July	40.7	29.4
August	41.7	30.8
September	43.7	31.7
October	44.9	31.7
November	45.6	33.9
December	46.2	34.9
1935—January	46.3	36.9
February [1]	46.3	40.4

[1] Latest figure available.

Table prepared by Bureau of Agricultural Economics, U. S. Department of Agriculture.

Mr. WITHROW. There is no justice, gentlemen, in permitting the importation of dairy products when such importation drives into bankruptcy one of the principal branches of our agricultural industry, the dairy farmers.

If we are sincere in our desire to benefit the dairy farmers, then let us do it effectively by the method which is proposed by the amendment which I have introduced. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JONES. Mr. Chairman, if that amendment were adopted, we would have the President investigating so much all of the time that he would not have time to take action, because he would have to investigate every time the price of a commodity went below parity.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. HULL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 50, line 15, after the word "thereto", insert a comma and the words "and shall be not less than the difference between the cost of production in any foreign country and the cost of production in this country."

Mr. HULL. Mr. Chairman, the purpose of this amendment is to provide that the compensating tax which the President may levy under subsection (b) of this section cannot be less than the difference between the cost of production in our country and the cost of production in any foreign country.

Some 5 years ago there was presented to the Tariff Commission on behalf of Wisconsin dairymen a petition for a revision of the tariff and investigation of the cost of production at home and abroad. That petition is still unacted upon.

Mr. HOPE. Will the gentleman yield?

Mr. HULL. I yield.

Mr. HOPE. Does not the gentleman think that that requirement will necessarily slow up any action, because it will require the Tariff Commission to make studies abroad, and it would delay action to such an extent as to make it ineffective?

Mr. HULL. Oh, they have compiled much information on this same question. They have issued reports on it. All I am asking is that we in the Northwest may have that kind of protection which we need against the introduction of dairy products from countries like the Argentine, New Zealand, and Australia.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. HULL] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. WITHROW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WITHROW: On page 51, line 4, strike out the period, insert a colon and the following: "*Provided*, That no importation of any dairy product or other agricultural product which enters into competition with any dairy product shall be permitted unless application is made to the President. Upon receipt of such application for permit to import a dairy product or other agricultural product which enters into competition with any dairy product the President may issue a permit for such importa-

tion if he finds that such importation will not render the domestic dairy program or policy ineffective or materially ineffective. Violation of this provision by any person or corporation shall be punishable by a fine not to exceed $10,000 for each offense. This provision shall not be construed to prevent the levying of a tax on any dairy product or other agricultural product which enters into competition with any dairy product upon which permit to import has been granted by the President."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

The Clerk read as follows:

SEC. 31. There is authorized to be appropriated for each fiscal year an amount equal to 30 percent of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of such fiscal year. Sums appropriated in pursuance of such authorization shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to: (1) Encourage the exportation of major agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation, (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce; (3) purchase or lease, on behalf of the United States, submarginal agricultural and grazing lands; and (4) finance adjustments in the quantity planted or produced for market of agricultural commodities. The amounts appropriated in pursuance of this section shall be expended for such of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Agriculture finds will tend to eliminate unprofitable agricultural and grazing lands, bring about the utilization of only such lands as can be profitably utilized, increase the exportation of agricultural commodities and products thereof, and increase the domestic consumption of agricultural commodities and products thereof: *Provided*, That no part of the funds authorized to be appropriated by this section shall be expended pursuant to (3) or (4) hereof unless the Secretary of Agriculture determines that the expenditure of such part pursuant to clauses (1) and (2) is not necessary to effectuate the purposes of this section.

Mr. CARLSON. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CARLSON. Mr. Chairman, I want to call to the attention of the House the great need of assisting in the exportation of domestic wheat and wheat flour. The wheat harvest is now on, and the cash wheat market has dropped nearly 25 cents per bushel in the last 60 days. When the reciprocal trade agreement law was enacted last spring our people had great hopes that agreements would be negotiated with other countries, particularly with those that have been good markets for our wheat flour, which would permit mills and wheat growers in the United States to recover a substantial portion of the business they have lost since 1929, but instead of relief, here is what has happened: In every reciprocal trade agreement so far concluded wheat flour milled in bond has been classed as a United States product. This flour, milled from Canadian wheat, which has not paid the 42 cents per bushel duty, was used as a United States product because it was a product of industry. The State Department has been willing to accept this wheat flour in these agreements as though it were manufactured from wheat produced in the United States.

From January 1 to April 1, 1935, exports of flour amounted to 199,355 bushels of wheat, of which 30,668 bushels were milled wholly from United States wheat, and 168,687 bushels were milled from other wheat; or, in other words, 85 percent of our flour exports was from wheat milled in bond furnished by Canada. Trade agreements have been concluded with Belgium, Brazil, and Haiti, but no concessions in the duties on wheat or wheat flour were obtained in any of the agreements.

It is unfortunate that under our present laws flour milled in bond from imported wheat when exported from other nations is treated by our Government the same as flour milled from wheat grown in the United States. This is due to the language that appears in the trade-agreement law and also in the various trade agreements which have been negotiated.

This question was recently brought to the attention of wheat growers and millers when our reciprocal trade agreement was entered into with Haiti. Haiti has a law which doubles the import duty on articles imported from nations which purchase less than 1 percent of the Haitian exports during a 2-year period. Canada, buying less than 1 percent of the Haitian exports, found its flour with 100-percent increase in duty, but flour milled in bond at Buffalo from imported wheat was held by our State Department to be entitled to the duty allowed United States flour, which enjoyed the regular basis. Many of us had the question up with the State Department, trying to get them to hold that bonded flour should not be entitled to greater privileges than Canadian flour, since such flour, if raised in the United States, would have to pay a duty to our Government, but the State Department turned us down.

The millers are greatly concerned because they feel no reduction of any consequence will be secured in any of the reciprocal trade agreements. Likewise the wheat producers are seriously disturbed because they are getting no relief through the trade agreements. Some months ago an agreement with Cuba was concluded and this contains substantial concessions on the import duty on wheat flour and naturally the millers and wheat growers believe other similar agreements should be developed.

The total flour exports from the United States have declined from 13,663,000 barrels in 1929 to 4,165,000 barrels in 1934. The flour exports milled from wheat grown in the United States have declined from 10,644,000 barrels to 1,793,000 barrels in 1934. This shows a startling decline in this period. In 1929 only 22 percent of our flour exports from the United States were milled in bond from Canadian wheat, but in 1934, 57 percent of our total flour exports were milled in bond. I want to call attention to the serious reduction in wheat exports to various countries.

Formerly the Netherlands and the United Kingdom were our best markets. In 1930 we exported 1,473,000 barrels of flour to the Netherlands, but in 1934 only 81,000 barrels. Our flour exports to the United Kingdom in 1930 amounted to 1,536,000 barrels, and only 66,000 barrels in 1934. For many years Brazil was one of the important markets for flour produced in the United States. In 1930 our flour exports to Brazil amounted to 849,000 barrels; in 1934 they were 160,000 barrels. Our flour exports to Denmark in 1930 amounted to 571,000 barrels, but in 1934 we exported only 33,000 barrels. In 1930 we exported 350,000 barrels to Norway, and in 1934, 147,000 barrels. Finland imported 375,000 barrels from the United States in 1930 and only 14,000 barrels in 1934. These examples are merely typical of the fearful decline in our flour exports. This constant decline in the flour production means a corresponding decline in the volume of wheat required for milling purposes.

In 1929 approximately 529,000,000 bushels of wheat were used in the production of flour. By 1934 the amount of wheat consumed in the production of flour declined to 447,000,000 bushels, representing a milling loss of more than 82,000,000 bushels of wheat.

As a representative of one of the great wheat-producing districts of the United States, I want to protest the use of wheat flour milled in bond from Canadian wheat as a United States product in making reciprocal trade agreements. With the passage of this act it is my hope that the State Department will try and secure tariff concessions in order that wheat growers of the United States might receive some benefits from reciprocal trade agreements. [Applause.]

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF: Page 51, line 23, after the word "commodities" and the period, add the following: "None of the lands affected under the provisions of section 31 shall be used for creating any agricultural product within the purview of this act."

Mr. SAUTHOFF. Mr. Chairman, my purpose in offering that amendment is this, that no producer shall receive pay

from the Government for taking his acreage out of production and shall then be permitted to transfer it into pasturage on which he can raise sheep, beef cattle, or milk cows, and go into the dairy business. For that purpose, inasmuch as he is paid to take that acreage out of production, in fairness to the other farmers of the Nation he ought not be allowed to go into competition with them.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. SAUTHOFF] has expired.

Mr. JONES. Mr. Chairman, I do not think that would accomplish the purpose. That is covered by the main features of the Agricultural Act.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. SAUTHOFF].

The amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. PETERSON of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Mr. PETERSON of Georgia moves to amend H. R. 8492 by adding new sections at the end of section 33, as follows:

"SEC. 34. The Secretary of the Interior, through the General Land Office, is hereby authorized—

"(a) To purchase any and/or all obligations secured by liens on farm lands, paying for the same an amount not exceeding the normal value of such lands plus the useful value of buildings and improvements thereon.

"(b) To settle and liquidate all obligations acquired under this act where the mortgagor is still in possession of such lands and where the total normal value of the lands plus the useful value of the buildings and improvements thereon exceeds the total encumbrances thereon, in the following manner: The mortgagor shall be permitted to retain of the mortgaged lands, free of any such obligation, an amount of the land involved which will equal in value to the difference between (1) the total normal value of the total lands encumbered plus the useful value of buildings and improvements thereon and (2) the total amount of the encumbrances. Such settlement shall be made in such manner as will vest in the General Land Office fee-simple title and possession to the remainder of such lands.

"(c) To recognize the right of every mortgagor to carry out the provisions of his obligation, and upon receipt from such mortgagor of complete payment of his obligation and satisfaction of indebtedness according to the terms of his contract, to cancel such obligation and convey it back to the mortgagor.

"SEC. 35. The Secretary of the Interior is hereby authorized to purchase fee-simple title to any and/or all farm lands held by the mortgagee or lienholder under a foreclosure concluded after January 1, 1920, paying for the same an amount not exceeding the normal value of such lands plus the useful value of buildings and improvements thereon and not exceeding the amount of indebtedness under the mortgage or other lien at the time of foreclosure.

"SEC. 36. The Secretary of the Interior is authorized and directed—

"(a) To make all lands coming into possession of the General Land Office under this act a part of the public domain.

"(b) To classify all lands in the public domain according to their fertility, adaptability, and usefulness for farm purposes.

"(c) To withhold and retain from private ownership all the public domain not suited for farm purposes.

"(d) To divide all public lands suitable for farm purposes into tracts, to be known as 'homesteads', of suitable size for the support of a family of average size under normal conditions, taking into consideration the fertility of the soil and general farm conditions and requirements in the section where said lands are located in determining the size of such tracts.

"SEC. 37. The Secretary of the Interior, through the General Land Office, is hereby authorized and directed to grant homesteads provided for in this act to any person who is the head of a family, subject to the following terms and conditions:

"(a) The applicant must have met the general requirements of the homestead acts now in force, not inconsistent with this act, before homestead under this act may be granted.

"(b) Preference must be given to farm families living on farms at the time this act goes into effect—a prior right in mortgagors living on encumbered lands at the time of liquidation of indebtedness to acquire homestead within the bounds of said encumbered lands shall be recognized as a fundamental policy of this act.

"SEC. 38. (a) Homestead grants shall include only the rights of possession and use of the lands included in such homestead tract, but such rights shall be just as full and complete as though the lands were held under fee simple title.

"(b) The Secretary of the Interior shall provide regulations whereby homestead grants provided for in this act may be exchanged.

"(c) No person shall be permitted, at any given time, to have title to more than one homestead tract under this act.

"(d) No person who is the owner of farm land shall be granted a homestead under this act.

"(e) Authority to sell, encumber, or in any manner make such homestead tract subject to any debt shall not be granted and is hereby prohibited as a fundamental policy of this act, and any exercise of or attempt to exercise any such power is hereby declared to be void and of no legal effect.

"(f) Homestead grants, under this act, shall be free except that a nominal registration fee of not exceeding $10 may be charged.

"SEC. 39. (a) The laws, including those relating to taxation, of any State or political subdivision in which any lands coming into the possession of the Secretary of the Interior under the terms of this act are situated shall apply in the case of such lands in the same manner and to the same extent as such laws apply in the case of privately owned lands.

"(b) Upon failure of any owner of homestead grant under this act to meet all such obligations on the lands held under such homestead grant, his rights under said grant shall be forfeited and shall revert to the General Land Office, and said Office shall have power to eject the owner from possession and repossess such lands, making them again eligible for entry by other qualified applicants under this act.

"SEC. 40. There is hereby authorized to be appropriated, from time to time, such sums as may be necessary to carry out the provisions and intent of this act."

Mr. JONES. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard on the point of order?

Mr. PETERSON of Georgia. Mr. Chairman, this amendment provides that the farmers, the actual farmers themselves, shall be permitted to enjoy the greatest possible benefits from the other portions of this act or from other similar acts passed by Congress. In my opinion, the amendment is germane to the legislation now before us, because it is in strict harmony with the purpose of the act.

The CHAIRMAN. The Chair is familiar with the wording of the amendment. While there may be some relationship between the purposes of the amendment and the bill, they are not so close as to make the amendment germane. The pending bill is a production-control measure, whereas the amendment offered by the gentleman from Georgia deals with an entirely different subject matter.

The amendment is clearly subject to the point of order, and the Chair sustains the point of order.

Mr. UTTERBACK. Mr. Chairman, I move to strike out the last word.

Mr. JONES. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. UTTERBACK. Mr. Chairman, this session of Congress has had before it many bills of great importance to the people of the entire Nation, but no bill that has been before this Congress up to the present hour is of greater importance, not only to the people of the agricultural districts of this country but to the people of the entire Nation, than the pending bill amending the Agricultural Adjustment Act.

This bill is important because our agricultural interests want and need the extension of the benefits of the agricultural adjustment program. This bill is important to those representing industrial districts for the simple reason that industry in this Nation cannot prosper, cannot recover, unless the agricultural interests of this country likewise prosper.

Two years and a half ago I saw corn shoveled into the furnaces and stoves of homes and public buildings in the State of Iowa—corn that had been offered for sale or had been sold at 10 cents and less per bushel. Farmers who receive such prices for the things they raise and produce can never purchase the things that are produced by industry and labor. It seems to me self-evident, therefore, that if we are to have industrial recovery, we must have agricultural recovery. On the other hand, if we are to have agricultural recovery in this country we must have industrial recovery. The farmer cannot sell the things he produces and receive therefor a reasonable price unless labor is employed, unless business is receiving a fair and just income upon the amount of money honestly and prudently invested in that business.

So, Mr. Chairman, I hope no Member of any agricultural area and no Member of any industrial area will vote against this bill.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. UTTERBACK. I yield.

Mr. SABATH. It is the opinion of the gentleman, I take it—and I know he has given a great deal of thought and study to this problem and to this legislation—that it will be legislation not only in the interest of the farmer but in the interest of commerce, in the interest of labor, and in the interest of the entire Nation?

Mr. UTTERBACK. That is my judgment and opinion.

Mr. SABATH. After thorough study and consideration of the subject matter?

Mr. UTTERBACK. Yes.

The CHAIRMAN. All time has expired. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Cox, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, pursuant to House Resolution 230, he reported the same back to the House with sundry amendments.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded upon any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 168, noes 52.

So the bill was passed.

A motion to reconsider was laid the table.

EXTENSION OF REMARKS—H. R. 8492

Mr. EICHER. Mr. Speaker, at the outset of my remarks let me state unequivocally that I shall vote for the pending bill. Its provisions fall short, in my judgment, of laying down a program for agriculture that is economically sound, permanently workable, and thoroughly in the national interest. Serious danger also exists that its processing tax framework may not pass the inspection of the Supreme Court when the test of Federal power under the interstate commerce clause and the taxing authority of the Constitution is applied. Because of these doubts, and also because reduced production is progressively reducing our foreign trade and making more acute our unemployment and many other national problems, I have long been urging the adoption of amendments that will substitute cost of production for parity in determining the minimum return to the agricultural producer for those products consumed at home, and such lower price for exports as will move our surplus on the world markets.

However, until these sounder provisions find a place on our statute books I shall support the processing tax because it is the farmer's tariff, hoping always that we may have the foresight to place our economic and constitutional house on a surer foundation before our Court of last resort brings it crashing about our ears.

In the confident hope that my researches will contribute something of value to congressional and public thought on this problem of all national problems, I am setting forth (1) a legal study of the processing tax versus cost of production in the light of recent Supreme Court decisions, and (2) a summarized and also a detailed explanation of the amendments to the Agricultural Adjustment Act that are suggested in my bill, H. R. 5580, and (3) a reprint of my bill in full, amended in several particulars to meet fully and squarely the constitutional discussion contained in the recent N. R. A. decision of the Supreme Court (the Schechter case).

I

Keeping in view the doubts that the Schechter decision has cast upon A. A. A.'s framework, it is my purpose to present herein a synopsis of the vital amendments to A. A. A. that H. R. 5580 proposes, and to demonstrate the unquestionably sound economic and constitutional foundation that, with their adoption, would then underlie the administration's entire farm program:

It will leave unrepealed all of the A. A. A. except its parity provisions and for them substitute the minimum cost of production price for the domestic consumption percentage of all farm commodities.

It will make mandatory, under penalty, the payment to producers of not less than the minimum domestic price for the domestic consumption percentage of each delivery in interstate commerce, and the issuance of receipts to producers for the export percentage of each delivery—the cashing of their receipts to await disposal of such exportable surplus on the world market by a Government export agency.

It is estimated that 90 percent of domestic consumption of staple agricultural products moves in interstate commerce between production and consumption, wherefore the small, uncontrolled intrastate market will inevitably be upheld to the preponderant federally maintained minimum. The State is to the Nation like the Nation is to the world. It is easy to keep our domestic market price up to the world market price, but not so easy to keep the world price up to our own desired level, as we have found to our sorrow.

Congressional authority to decree minimum—cost of production, fair competition—prices for agricultural products moving to their markets through interstate channels is amply sustained by the decisions hereinafter digested. The Schechter case defines the termination of interstate commerce. Also, it throws doubt on the Federal power to control production, either by compulsion or by inducement through taxation-raised benefits; this for the reason that such activities precede the beginning of interstate commerce. Under H. R. 5580 the first and only impingement of Federal power occurs when the producer starts the specific commodity into the "flow", the "current", of interstate commerce.

The Government's control over the allocation of domestic consumption percentages remains flexible, adjustable, even to the point of proclaiming production limitation of a particular crop when deemed necessary, the inducement to comply being not by benefits but by requiring the acceptance of more world-market receipts by noncomplying producers.

Manufacturing exporters, notably of textiles, can recover their lost foreign markets for finished goods by buying their raw materials from the Government export agency at a low enough price to enable them to do so, the deficit, if any, below the world price, resulting to the producers, to be made up by a processing tax on the particular commodity. This tax will be very small as compared with the present rate, and, because levied on the subject of, and for the purpose of furthering interstate and foreign commerce, will be unquestioned as to validity. There can be on it no shadow of suspicion that it is used as a mere subterfuge to make possible the exercise of an otherwise nonexistent Federal power.

It is definitely demonstrable that the A. A. A., with its existing machinery, can accurately ascertain uniformly applicable average production costs on average farms over 5-year periods that will be scientific and equitable and practically workable. For example, using the accepted practices of industry as a yardstick, it is true and can be established that over a 5-year period, reckoning the average farm as a business unit, the difference in cost of raising a bushel of corn on the average 158-acre Iowa farm and on the average 450-acre North Dakota farm will be less than 1 cent per bushel.

"Dumping" will in no sense occur; rather, through the Government surplus export agency the revival of world trade can be accelerated by processes of orderly marketing and bargaining. Price will move our agricultural products again into foreign consumption just as the Webb Act of 1918 legalized sales, below cost, of industrial goods abroad.

Fifteen years ago the net world trade of American agriculture and American industry was substantially equal. Now American agriculture has a heavily unfavorable balance of world trade, whereas American industry holds a heavily favorable balance.

In approaching the study of the decisions, let it be borne in mind that under these amendatory provisions to the A. A. A. the law first speaks when the producer seeks to market his production in the flow of interstate commerce; and then it commands the purchaser, under penalty, to pay to the producer for the domestic consumption percentage of his crop only not less than it cost the producer to raise it. That is the extent of the artificially stabilized market. With reference to the export percentages the producers are under no compulsion, except only that their interstate commerce buyer cannot legally purchase their domestic consumption percentages at the cost of production price unless they surrender to the Government at the same time the export percentages of their production and accept receipts therefor which they can later cash at the world price.

The distinguishing language between inter- and intra-state commerce, contained in the N. R. A. case of Schechter against United States, decided by the Supreme Court on Monday, May 27, 1935, is the following:

> The undisputed facts thus afford no warrant for the argument that the poultry handled by defendants at their slaughterhouse markets was in a "current" or "flow" of interstate commerce and was thus subject to congressional regulation. The mere fact that there may be a constant flow of commodities into a State does not mean that the flow continues after the property has arrived and has become commingled with the mass of property within the State and is there held solely for local disposition and use. So far as the poultry here in question is concerned, the flow in interstate commerce had ceased. The poultry had come to a permanent rest within the State. It was not held, used, or sold by defendants in relation to any further transactions in interstate commerce and was not destined for transportation to other States. Hence, decisions which deal with a stream of interstate commerce, where goods come to rest within a State temporarily and are later to go forward in interstate commerce, and with the regulation of transactions involved in that practical continuity of movement, are not applicable here. See *Swift & Co.* v. *United States* (196 U. S. 375, 387, 388); *Lemke* v. *Farmers Grain Co.* (258 U. S. 50, 55); *Stafford* v. *Wallace* (258 U. S. 495, 519); *Chicago Board of Trade* v. *Olsen* (280 U. S. 420, 439); *Tagg Bros.* v. *United States* (280 U. S. 420, 439).
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> 2 Did the defendants' transactions directly "affect" interstate commerce so as to be subject to Federal regulation? The power of Congress extends not only to the regulation of transactions which are part of interstate commerce but to the protection of that commerce from injury.

Following is a review of the five cases above cited:

Lemke v. *Farmers Grain Co.* (258 U. S., p. 50) was a suit involving the constitutionality of a statute of North Dakota regulating among other things the prices to be paid by dealers for grain purchased from producers. The majority opinion by Mr. Justice Day held that the State statute was an unconstitutional interference with interstate commerce in view of the evidence that practically all the wheat purchased by the complainant in the case was for shipment to and sale in the Minneapolis market, and that this being the course of business, it fixed and determined the interstate character of the transaction. The majority opinion also distinguished the line of cases defining the beginning of interstate commerce as that time when goods begin their interstate journey by delivery to a carrier or otherwise by saying:

> None of them indicates, much less decides, that interstate commerce does not include the buying and selling of products for shipment beyond State lines.

The majority opinion contains this further language:

> It is alleged that such legislation is in the interest of the grain growers and essential to protect them from fraudulent purchases and to secure payment to them of fair prices for the grain actually sold. This may be true, but Congress is amply authorized to pass measures to protect interstate commerce if legislation of that character is needed. The supposed inconveniences and wrongs are not to be redressed by sustaining the constitutionality of laws which clearly encroach upon the field of interstate commerce placed by the Constitution under Federal control.

The minority opinion by Mr. Justice Brandeis, with whom Mr. Justice Holmes and Mr. Justice Clarke concurred, stated that the acts of the local dealers whereby the grain was bought at less than its fair value constituted frauds against which the Federal act did not purport to afford any protection, and further said:

> So far as the transactions were wholly intrastate, Congress was without power to do so. So far as the sales were part of transactions in interstate commerce, the power was ample; but Congress did not see fit to exert it. * * *

The minority opinion further stated:

> The requirement that the buyer shall take only a proper margin for graded grain is, in effect, requiring that he pay a fair price. Laws designed to prevent unfair prices are ordinarily enacted to protect consumers. But there is no constitutional objection to protecting producers against unconscionable bargains if conditions are such that it is they who require protection. Nor can there be any constitutional objection to using as a factor in determining what is fair the price prevailing in terminal markets even if they happen to be located in another State.

Stafford v. *Wallace* (258 U. S., p. 495) involved the right to injunctive relief against orders of the Secretary of Agriculture promulgated pursuant to the Packers and Stockyards Act of 1921. The majority opinion by Mr. Chief Justice Taft held that sales of livestock in the Chicago stockyards were not merely local transactions, saying further:

> They create a local change of title, it is true, but they do not stop the flow; they merely change the private interests in the subject of the current not interfering with, but, on the contrary, being indispensable to its continuity. * * * It is manifest that Congress framed the Packers and Stockyards Act in keeping with the principles announced and applied in the opinion in the Swift case. The recital in 2, paragraph b, of title I of the act, quoted in the margin, leaves no doubt of this. The act deals with the same current of business and the same practical conception of interstate commerce.

The extract from the Packers and Stockyards Act set forth in the margin at page 520 is as follows:

> The first title, 2, paragraph b, provides that "for the purpose of this act * * * a transaction in respect to any article shall be considered to be in commerce if such article is part of that current of commerce usual in the livestock and meat-packing industries, whereby livestock (and its products) are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for slaughter of livestock within the State and shipment outside the State of the products resulting from such slaughter. Articles normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act.

Swift & Co. v. *United States* (196 U. S., p. 375) involved the validity of injunctive relief against violations of the Sherman Act of 1890, and it was distinctly held as follows:

> When cattle are sent for sale from a place in one State with the expectation they will end their transit after purchase in another State, and when in effect they do so with only the interruption necessary to find a purchaser at the stockyards, and when this is a constantly recurring course, it constitutes interstate commerce and purchase of the cattle is an incident of such commerce.

The following is quoted from the majority opinion by Mr. Justice Holmes at page 399:

> It should be added that the cattle in the stockyards are not at rest even to the extent that was held sufficient to warrant taxation in *American Steel & Wire Co.* v. *Speed* (192 U. S. 500). But it may be that the question of taxation does not depend upon whether the article taxed may or may not be said to be in the course of commerce between the States, but depends upon whether the tax so far affects that commerce as to amount to a regulation of it.

Chicago Board of Trade v. *Olsen* (262 U. S., p. 1) was a suit to enjoin enforcement of provisions of the Grain Futures Act of 1922. In the opinion of the Court by Mr. Chief Justice Taft (Justices McReynolds and Sutherland dissenting) it is said:

> In the act we are considering Congress has expressly declared that transactions and prices of grain in dealing in futures are susceptible to speculation, manipulation, and control which are detrimental to the producer and consumer and persons handling grain in interstate commerce and render regulation imperative for the protection of such commerce and the national public interest therein. * * * But it is contended that it is too remote in its effect on interstate commerce, and that it is not like the direct additions to the cost of the producer of marketing cattle by exorbitant charges and discrimination of commission men and dealers, as in *Stafford* v. *Wallace*. It is said there is no relation between

prices on the futures market and in cash sales. This is hardly consistent with the affidavits the plaintiffs present from the leading economists, already referred to, who say that dealing in futures stabilizes such prices. It is true that the curves of prices in the futures and in the cash sales are not parallel and that sometimes one is higher and sometimes the other. This is to be expected, because futures prices are dependent normally on judgment of the parties as to the future, and the cash prices depend on present conditions, but it is very reasonable to suppose that the one influences the other as the time of actual delivery of the futures approaches, when the prospect of heavy actual transactions at a certain fixed price must have a direct effect upon the cash prices in unfettered sales.

Tagg Bros. & Moorhead v. *United States* (280 U. S., p. 420) was also a suit to enjoin the enforcement of an order of the Secretary of Agriculture under the Packers and Stockyards Act prescribing a maximum tariff charge for the services at the Omaha stockyards. Appellants stressed the claim that price fixing being a direct taking of property for a supposed public benefit cannot be resorted to unless just compensation is given in return. The unanimous opinion of the Court written by Mr. Justice Brandeis contains the following language:

The argument is that in "legislative price fixing there are vital distinctions from the constitutional standpoint between property and the use of property on the one hand and personal services on the other; * * * that this rate fixing is in essence wage fixing since the stockyard services performed by the plaintiffs involved only skill and labor and that wage fixing was held to be beyond the power of Congress. * * * There is here no attempt to fix anyone's wages or to limit anyone's net income. Differences in skill, industry, and experience will continue to be factors in the earning power of the several plaintiffs. For the order fixes only the charges to be made in individual transactions."

Finally, it is to be remembered that in the New York State Milk Control case decided last year (*Nebbia* v. *New York*, 291 U. S. 502) the Supreme Court confirmed the right of a State under its police power to fix the prices of milk. In the field of interstate commerce the power of Congress is just as complete. In *Brooks* v. *United States* (267 U. S. 432) the Supreme Court upheld the right of Congress to forbid the transportation of a stolen automobile in interstate commerce on the ground that, within the field of interstate commerce, Congress enjoyed plenary police power.

II

The bill is an ambitious effort so to amend the Agricultural Adjustment Act as to preserve all the gains made by the very efficient administration of its emergency provisions and to lay the foundation for a permanently workable farm policy that will be thoroughly consistent with the Democratic platform pledges of 1932.

In summary:

First. It repeals no part of the A. A. A. except the parity provisions, and substitutes therefor the cost-of-production principle as to the percentage of agricultural production that is domestically consumed.

Second. The exportable surplus—beyond the needs of an "ever normal granary"—is to be handled by a Federal agency on the world markets and net accounting made to producers—receipt holders—without subsidy or other cost to the Government.

Third. It empowers the Federal agency to supply manufacturing exporters with raw materials from the exportable surplus, under bond, at a price that will permit successful competition abroad with foreign manufacturers of similar products, the deficit, if any, from the net world price to be made up by processing taxes, which will obviously be less than one-tenth of the present schedules.

Fourth. It preserves the county and State committees, adding to their duties important advisory functions as fact-finding agencies for the Department of Agriculture in ascertaining costs of production for the various commodities and in compiling from year to year the necessary production and consumption data.

Fifth. It will induce voluntary as opposed to compulsory adjustment of acreage and production through that self-interest whereby losses suffered from the sale of excess production on world markets will impel farmers to transfer acreage to crops whose volume of production is nearer the demands of the domestic market.

Sixth. It will in no sense require "dumping", but, on the contrary, will permit controlled marketing by a Federal agency through orderly bargaining. It will contribute substantially auxiliary strength to the arms of the Department of State and the Department of Commerce in effectuating the important reciprocal trade program and in preventing the increase in subsidized competitive acreage in foreign lands.

Seventh. It empowers the Secretary of Agriculture to build up and maintain an ever normal granary out of the surplus at net world prices to the producer and to arrange for storage on farms under seal.

Eighth. It provides for loans to producers on their exportable percentages pending disposition on the world market.

Ninth. It invokes existing powers of the Government to protect domestic price levels by compensating and flexible tariffs, or by embargoes.

Tenth. It specifically reaffirms the power of the Secretary of Agriculture to limit production of any commodity, and sets up simplified alternative machinery to effectuate any desired production control program.

Eleventh. It will reduce consumer costs by promoting the stabilization which will reduce the speculative spread between prices received by producers and prices paid by consumers.

Twelfth. It will completely disarm those special interests which would destroy the A. A. A. and its tremendous accomplishments for agriculture without providing a substitute.

Thirteenth. The certain increase in agriculture's potential buying power will forthwith reopen factories, and the greater volume of commodities to be handled will substantially reduce unemployment.

Fourteenth. It is constitutional under the power to regulate interstate commerce and the power to regulate the value of money in commodities. If supplementary State legislation should prove desirable, there can be no doubt of its unanimous enactment.

DETAILED EXPLANATION OF H. R. 5580, TO AMEND A. A. A. BY SUBSTITUTING COST OF PRODUCTION FOR PARITY AND PROVIDING SURPLUS CONTROL WITH CONCESSIONS TO MANUFACTURING EXPORTERS

An appropriate text for this discussion is available in the following excerpt from the 1934 report of the Secretary of Agriculture to the President, at page 6:

Necessary as it was to meet the curtailed foreign markets and the surplus crisis of 1933, reduction in the output is only a partial and paradoxical answer in the long run to the crying need which is briefly expressed in the phrase "balanced abundance." The problem is to retain fair and reasonable profits without falling into the pit of scarcity economics.

The serious danger exists at this moment that blind opponents of "equality for agriculture with industry", willfully ignoring the truism that without it no lasting national recovery is possible, may convince our anxious country that we are in fact falling into that "pit" so graphically pictured by Secretary Wallace, and may thus accomplish the undoing of all the splendid progress that has been made toward agricultural revival under his sincere leadership since 1933. The amendments to the A. A. A. proposed in this bill, it is earnestly believed, point the only sure and safe way to the hoped for "balanced abundance", and at the same time will permit successful transition from the stop-gap devices of our emergency period to a permanently workable and economically sound farm policy that will foster the reestablishment of normal domestic and international relationships in the fields both of agriculture and of industry. Every business that endures necessarily receives cost of production. If agriculture is to remain the bulwark of our economic order and is not to sink to peasantry, it must be encouraged to operate on the basis of fair exchange both as to volume and values.

As to foodstuffs in general, it may be said that, given a cost of production return to the producer for the domestically consumed percentage, he could afford, if necessary, to give away the exportable surplus. Wheat normally averages the greatest percentage of surplus, for from 1920 to 1932, inclusive, we exported 20 percent of our wheat, including

flour. In industry generally, the sales commissions and expenses run from 20 percent to perhaps 100 percent. In the great automobile industry they run as high as 35 percent. If the farmers gave the Government 20 percent of their wheat as a commission for fixing the price of the other 80 percent at a cost-of-production level, they would not be out as much as industry generally pays for selling its products. Hog production comes next, and the percentage of surplus is about half as much as the wheat percentage. The 1⅓ percent of corn and less than 1 percent of oats could be given to the Government without feeling the loss. As for beef, we have no surplus. Therefore, the farmers' problem is to get a cost-of-production price for the percentage consumed at home. Every labor organization concedes this right to farmers, and recent meetings of the textile industry have done the same. If the Government took these small surpluses, it would realize something in world markets, pay the expenses of handling them, and return something to the farmers.

Cotton presents a different problem, for the reason that over half of our cotton is exported. We also have underconsumption of cotton at the present time, just as we have of food products. Furthermore, the reduction of cotton acreage, especially in Texas, has taken away the jobs of many thousands of cotton pickers and has added to the unemployment and relief rolls. It has also reduced railroad tonnage and export business, about 90 percent of Texas cotton being exported since they have few mills for manufacturing. The A. A. A. has helped the cotton farmers by means of the 12-cent loans, and has strengthened the price of corn in the same way. Perhaps these loans have also helped the world market by holding back this cotton to some extent. If the Government could render these benefits by means of a loan, it would do much better if it had absolute control of the cotton exportable surplus. This surplus has amounted to about 65 or 70 percent of the world market for cotton, not of the world production, but of the proportion of cotton sold from one country to another. Anybody who has 65 or 70 percent of the world market requirements and has his products paid for, so that the bank cannot call his note or the sheriff sell him out, is in a position to influence and improve that world market. Also, if the Government were in control, it could use this control both ways, and perhaps check the increase of world production that is certainly encouraged by plowing up the cotton fields of the United States.

The proposed amendments provide for the protection of any foreign markets now held by American exporters, and they can buy from this exportable surplus enough raw material to meet all such demands at the world price. The bill also provides a further protection of American manufacturers by permitting the Government agency to furnish them raw materials at such prices as will enable them to compete in foreign markets with their finished product. This price may be less than the world price to be received by the farmers, which may cause a deficit, the only deficit that can occur under the provisions of this bill. In order to meet such deficit a processor's tax is provided.

Cotton is the principal product to which these provisions will apply. The amount of processor's tax to be paid on the cotton that is used for manufacture into exportable goods is not one-tenth as much as is now paid by the textile industry. If the industry itself pays this tax, there is no reason for the farmers to object, and little ground for anybody else, if it results in recovering foreign markets.

This bill seeks to combine the virtues of the A. A. A., the McNary-Haugen plan, the export-debenture plan, and the principle of cost of production for domestic consumption, plus the receipt plan of surplus control first suggested by Senator McADOO. It meets the situation first by retaining or improving the farm organizations which the Secretary of Agriculture has set up under the Adjustment Act. Section 20 gives all farm organizations an equal voice and provides a place for those not in the organization at all.

Their duties, however, will be changed. Instead of meeting to make allotments of the number of acres their neighbors will be permitted to plant, they will meet to discuss and figure out their cost of production, and this is an education needed by every farmer. Under the plan of this bill the reduction policy can perhaps be abandoned entirely upon all production except cotton, and probably even on that. The farmers are to get receipts for the percentages for exports and they get a final settlement at the world price. If they overproduce, they will get more of these receipts and a lower world price, and that is all the check deemed necessary, even on cotton.

Under this plan the Secretary of Agriculture ascertains the average cost of production to farmers of each product during the preceding 5-year period. It is thought fairest to use an average of years rather than the uncertainty of any one particular season. The individual farm is considered as a business unit and the method of computation is the same as in industry. The farmer gets the same pay for management, labor of himself, family, and hired help, as for like services in industry. He is given an adequate allowance for the depreciation of soil, improvements, equipment, stock breeding animals, work animals, buildings, and also for taxes and other overhead charges. He is allowed 4 percent upon his capital investment. Checking through the history of the country we find that 4 percent has been the average annual earnings of all capital at a normal level of values during all the history of the country, and the farmers are willing to accept the actual facts of capital earnings in our American economy. The Secretary of Agriculture estimates the total production of each farm crop as it approaches maturity. He estimates the percentage to be used in domestic consumption and to be moved in interstate commerce and he also estimates the percentage that will be for export, if any. He then makes public announcement of the cost of production price for the percentages consumed at home, and all dealers are required to pay not less than the announced prices to the farmers as they sell their crops. For the export percentages the dealer will issue a receipt countersigned by a Government agency and he will deliver that percentage to such agency with compensation for storage and handling. This Government agency can retain any portion of the exportable surplus to meet shortage in years of drought or other calamity, but it must remove it from the domestic market for all other purposes and dispose of it in world markets to the best advantage. At the end of the marketing season, as prescribed by the Secretary of Agriculture, these receipts will be redeemed at the post offices by this Government agency at the net price realized in the world markets, and without expense to the Treasury of the United States.

All of this can be done as a permanent remedy and solution of the farm problem. It is not an emergency matter. The parity price, as provided in the A. A. A., is repealed and the cost-of-production price substituted therefor. This is the only fundamental change in the Adjustment Act, but it is not believed that reduction of acreage will be necessary after these provisions are put in operation.

The Grain Futures Administration of the Agricultural Department has prepared a chart showing the range of the wheat market from 1897 to 1934. On this chart is a bar for each month's range of price. The amazing fact appears that during the war period the price of wheat varied from about 40 to over 100 cents during a single month. This market was usually so manipulated that wheat was bought from farmers at the low figure and sold by the speculators at the high figure. This chart shows that the farmers sold their wheat in the latter part of 1916 and the early part of 1917 at an average of $1.51 per bushel. A considerable portion of it was held over and later sold before the new crop by the speculators at a price as high as $3.45 per bushel. The price of flour to the public was fixed largely on this higher market. President Wilson was displeased with this situation and arrived at the conclusion that the $1.51 was too low for the farmers in war time, and the $3.45 was too high for the speculators. On August 10, 1917, he signed a bill authorizing the Government to fix a cost-of-production price and buy the surplus at that price. Four days later he

appointed his Farm Commission. Sixteen days later this Commission completed its deliberations and on the 30th of August fixed the price of wheat at $2.20 per bushel, No. 1 Northern, Chicago. The Wheat Corporation bid that price and wheat immediately went to that level. This chart shows a straight line of wheat prices after it was thus fixed by the Government, the only straight line of prices without fluctuation or gambling in the history of wheat. Railroad rates went up 6 cents per bushel and the chart shows an equal rise of the wheat price as fixed by the Wheat Board. The Wheat Corporation bought and held $585,000,000 worth of wheat to maintain this fixed price. The shortage of world production then sent the price above the American price and the Wheat Corporation sold at a profit of $59,000,000. A few farmers were able to hold their wheat from the 1916 crop to the high speculative market in 1917. One of the great farm leaders was able to do this and he was always inclined to criticize the Wheat Corporation for pulling down the price. It did pull down the speculative price but it just as certainly raised the farmers' price.

We are now in a depression far worse than the war. Everything that was done then is more than justified now, and this bill will do the same thing for wheat and all the other products that Woodrow Wilson did in war time, and he gave the farmers the best prices and the greatest prosperity they have ever had in all their history. Their share of the national income during the war was about 20 percent, while at the present time it is only about 9 percent. More than 40 percent of our population is agricultural, and at all times it is entitled to a share of the national income at least as large as Woodrow Wilson actually gave it in war times.

This bill unites the farmers, the laboring people, and the industries. It gives the farmers the cost of production for their products, and this includes an adequate annual wage for labor, and it provides a concession to give industries a chance to make a winning fight for foreign markets.

It is said that if the price of agricultural products be increased to a cost-of-production level it will cause overproduction. Many of us who know the farmers reach an opposite conclusion. With low prices the farmer will plow up every fence corner and will try to produce enough to meet his taxes and expenses. With reasonable prices he will not make such supreme efforts. Furthermore, the analysis by the National Industrial Conference Board in its report entitled "Agricultural Problems in the United States—1926" shows that the agricultural plant has been in full operation since 1900 and that the per capita acreage and production are both constantly declining, and it concludes:

> The average farmer and his family under present conditions are working so hard, and the overhead charges for interest and taxes are so high, that stabilization or even moderate increases in prices would hardly be likely to stimulate any considerable general overexpansion of acreage or production.

This conclusion is fully sustained by the Agriculture Department's record of production and by the observations of Secretary Wallace in his book entitled "Agricultural Prices", at page 61.

What is the general economic effect of paying $500,000,000 in benefits to farmers to reduce acreage? The crops that would be produced upon this acreage at prices outlined in this bill plus the increased price on other acreage would be more than six times the value of the benefit payments, and then, too, the benefits are a taxed income and not a produced income. The conclusion follows that the general income of agriculture is lower by over $3,000,000,000 than it would be if this bill were in effect. This reduction in buying power closes factories and turns labor out of employment and deepens the industrial depression. And yet there are those who persist in maintaining the defeatist position that there can be no further improvement in agriculture except through industrial improvement. They fail to give adequate weight to the most certain factor of all, namely, that throughout our Nation's economic history agricultural production and resulting buying power was the John the Baptist of our industrial development and wealth—including factory pay rolls—and not vice versa. It is also true that much of our burdensome farm-mortgage indebtedness represents the increment prior to 1920 of agricultural capital values which was used as buying power by agriculture to build up our tremendous industrial structure.

As stated by the financial writer of the National City Bank in its bulletin for April, the Secretary deserves general support in his unremitting effort to bring the country to understand that the elementary principle of foreign trade is that exports of goods can be paid for only by imports of goods, services, or gold. But the contention that foreign lack of dollar exchange explains the 41-percent decline since last August in cotton exports is untenable, for the reason that during the period of decline foreign countries have been selling more goods to the United States and thus have had more dollar exchange. They have been buying more of other American goods, and have also bought more cotton from other countries. The writer states that during the first half of this season mills outside the United States used 1,100,000 bales less of American cotton than a year earlier, but nearly 1,000,000 bales more of other growths, their consumption of all cotton thus showing only a nominal decrease. The conclusion is obvious that our loss of cotton exports is not primarily the result of inability to buy, but of a shift in foreign demand from American to other growths, due to the more favorable prices at which the foreign growths have been selling. It appears that during the first 4 months of this season Egyptian, East Indian, and Brazilian cotton sold from half a cent to more than 2 cents a pound lower relative to American cotton than they did on the average in the three previous seasons.

Finally, it is important to note that the bill is in every respect designed to carry out the principles and demands of the Democratic platform. In formulating our permanent farm program we certainly dare do no less. The scientific studies of the Department of Agriculture itself disclose that a liberal diet for the American people would require the production from many millions more of our acres than our average cultivation of the 5 years preceding 1933. And our population increased 17,000,000 from 1920 to 1930. Those facts must be recognized in determining our long-run policy.

No; national self-containment is not the road we must choose. The American people did choose when they ratified the Democratic platform of 1932 and thus made it a binding contract. The order-taking method of salesmanship is outmoded. If we would reattract our former foreign customers we must fill our shelves, show our goods, and quote the right price. Industry sells its excess production abroad at whatever price the "traffic will bear." Revive agriculture by according it the same privilege.

III

[H. R. 5580, 74th Cong., 1st sess.]

A bill to amend title I of an act entitled "Agricultural Adjustment Act" (Public, No. 10, 73d Cong.), and to provide additional relief by increasing agricultural purchasing power, and for other purposes

Be it enacted, etc., That title I of the Agricultural Adjustment Act of the Seventy-third Congress be, and the same hereby is, amended by adding thereto the following sections:

"SEC. 20. For the purpose of assisting him in carrying out the provisions of this act the Secretary of Agriculture shall appoint committees of farmers residing in the respective governmental subdivisions for which they are appointed and shall promulgate regulations governing appeals from their decisions. There shall be a committee for each State, and for each county or parish, and for each township, to be known as 'State, county, or parish, and township adjustment committees', respectively, and the membership of each committee shall be not less than three nor more than five. Each national and representative farm organization having a total membership of over 50,000 shall be entitled to designate one member for each of said committees, and the remaining member or members of each of said committees shall be farmers who are not and have not been members of any farm organization. The Secretary of Agriculture shall, from time to time, obtain reports from said committees on conditions in their respective jurisdictions that are pertinent to the decisions he is required to make under this act and shall arrive at such decisions after he has had the benefit of the statistical and other informative matter contained in such reports and after conference with national officers of the respective farm organizations above described.

"SEC. 21. The Secretary of Agriculture shall annually ascertain the average cost to farmers, considering average yields and production during the preceding 5-year period, of the production of

each agricultural commodity produced in the United States. All items of cost shall be considered and calculated in accordance with the formula and method commonly used in the manufacturing industry. He shall consider the individual farm as a business unit and shall include compensation to farm operators for management, and for labor of themselves and their families and hired help, equal to the compensation paid for like services in industry, together with adequate allowance for depreciation of soil, improvements, equipment, stock-breeding animals, work animals, and buildings, and also for taxes and other overhead charges. He shall also determine the investment value of the property devoted to the production of such commodities, using the official census data so far as pertinent, such determination to be at the normal level of values between inflations and depressions reckoned over such period of time as will make possible the accurate ascertainment of such normal value, and upon the property investment value as so determined there shall be calculated and allowed a capital return of 4 percent. He may also ascertain and allow an equitable differential against varying transportation costs to different markets and may establish such zones or classifications as are appropriate and necessary therefor.

"SEC. 22. The Secretary of Agriculture shall annually determine and designate the beginning and ending of the appropriate marketing period for each agricultural commodity, and shall also annually estimate the volume of production for the current year of each such commodity. Prior to the marketing period for each such commodity he shall also estimate (1) the percentage thereof required for domestic consumption, and (2) the percentage thereof, if any, remaining for export.

"SEC. 23. The Secretary of Agriculture shall thereupon make public proclamation and announcement of the cost of production figures and the domestic consumption and export percentages aforesaid and of the date when and the period for which the same shall be controlling as provided herein upon the sale and purchase of each such commodity, and upon request he shall furnish detailed information to all dealers, manufacturers, millers, elevators, processors, packers, butchers, ginners, compressors, and other agencies dealing in or handling the same. After such effective date all said dealers, manufacturers, millers, elevators, processors, packers, butchers, ginners, compressors, and other agencies shall, except as modified in section 27 of this act, pay to the farmers not less than the cost of production price determined and proclaimed as aforesaid for such percentage of each delivery in interstate commerce of such commodity as is not estimated for export: *Provided*, That to all farmers making delivery within the first 30 days after the duly proclaimed beginning date of the marketing year applicable to the commodity so delivered the allowable minimum shall be 2 percent less than the cost of production price as aforesaid, and to all farmers making delivery during the second 30-day period after such beginning date the allowable minimum shall be 1 percent less than the cost of production price. If in the judgment of the Secretary of Agriculture the objectives of this act, including the furtherance of orderly marketing, require such action, the Secretary shall proclaim such further reasonable upward variations in the allowable minimum as may be necessary to attain such objectives, and also to govern such marketings by producers as may not have been completed during the designated marketing year. For the percentage, if any, of each such delivery thereof as has been estimated for export as aforesaid there shall be issued and delivered to the farmers a receipt, countersigned by such agency as the President of the United States may designate, which receipt shall show the grade of the commodity. Sales from one farmer to another for feeding, breeding, or seeding purposes shall not be subject to the provisions of this act. For the purpose of this act a transaction in respect to any commodity shall be considered to be in interstate commerce if such commodity is part of that current of commerce that is usual in the industry or industries engaged in the handling of such commodity whereby such commodity (and its products) are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacturing, milling, processing, packing, slaughtering, ginning, compressing, or in any manner handling such commodity or any part thereof within the State and the shipment outside the State of the products resulting therefrom. Articles normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act.

"SEC. 24. At such reasonable time as the Secretary of Agriculture may direct, the said dealers, manufacturers, millers, elevators, processors, packers, butchers, ginners, compressors, and other agencies dealing in or handling such farm products shall deliver to such agency as the President may designate all of the percentage of said commodities estimated for export in the kind and grade as receipted or in processed form as hereinafter provided. If and when authorized by the Secretary of Agriculture, bills of sale evidencing storage of such exportable percentages on farms under seal will be accepted by such agency in lieu of the physical delivery of the property. In the case of livestock and poultry, the packers and also the butchers, after processing the same subject to Government inspection, shall make delivery of the percentage estimated for export in the form of livestock and poultry products, provided that the butchers may deliver their percentages through packers, and the said agency shall pay the reasonable cost of processing; and the same provision shall apply to milk and the processors thereof. If unable to make reasonable and satisfactory arrangements for such processing, then such agency shall purchase or acquire by condemnation or construct the proper equipment and facilities. Such agency shall provide by rental, purchase, or construction, or by condemnation in State or Federal courts, the necessary storage and terminal facilities for handling the export percentages, and shall remove same entirely from the domestic market, except for emergency purposes, and shall hold and dispose of the same to the best advantage in any world market, and through the Postal Service shall redeem the receipts in the net amount realized for each product after deducting all costs and expenses of handling and disposing of the same. On the direction of the President, such agency shall hold in storage such portion of the said exportable percentages as it may deem advisable as a reserve against emergencies, droughts, and crop failures, and any portion thereof that is undisposed of on settlement date shall be held for such purpose. Settlement shall be made in full not later than the end of each designated marketing period and each farmer shall have the option to accept in full the net world price, at the time of settlement, for the percentage withheld for emergencies, or he may accept a credit of 90 percent thereof upon his receipt and await the final disposal for any balance that may be realized, or, if he has received a 90-percent loan as hereinafter authorized, he may continue the same without interest until such final disposal. The said agency is directed to estimate the cost and expense of handling each of said commodities and to estimate the probable world price and through the Postal Service to make loans to any farmers upon the security of their receipts up to 90 percent of the net value thus estimated.

"If in any locality the demand for domestic consumption is greater than the national estimated percentage, the said agency is authorized to supply the deficiency out of the exportable surplus from the same or other convenient locality at the cost of production price plus transportation, storage, and handling charges, and it shall maintain a national balance by purchasing, upon the same terms, like amounts from the percentage estimated for domestic consumption in localities where the demand for domestic consumption is less than the national estimated percentage.

"If any farmer at any time is unable to sell his products in the regular markets, the said agency is directed to accept and receipt for the exportable percentage of his production as herein provided for, and to purchase from him the percentage of his production for domestic consumption at the cost of production price and is authorized to resell such domestic consumption percentage in the domestic market at the same or higher price.

"If the percentage estimated for domestic consumption should be insufficient to supply the domestic demand, the said agency is authorized to supply such shortage out of the exportable percentage at the cost of production price, plus storage and expenses.

"SEC. 25 The Secretary of Agriculture is authorized to advance, from time to time, to the Postmaster General such sums as are shown to be required for the handling and redemption of the receipts as provided herein, and for the making of loans thereon, and for the expenses of the Post Office Department in connection therewith. At the request of the Secretary of Agriculture, the Posmaster General under such regulations as he may prescribe shall require the employees of the Post Office to perform, without extra compensation, such fiscal agency services as may be desirable and practicable in connection with the handling, safe-keeping, and redemption of said receipts, and the making of loans thereon.

"SEC. 26. The said agency is authorized to use the resources and facilities of the Export-Import Bank, and upon order of the President, may use any funds collected in processors' taxes, or that are provided in section 12 (a) of the Agricultural Adjustment Act for carrying out the provisions of this act.

"SEC. 27. That part of the Agricultural Adjustment Act relating to price parity with other products is hereby repealed, and the method of determining prices as herein provided is substituted therefor: *Provided, however*, That, if before the beginning of any production year the factors of visible supply, prospective demand, and prospective production volume are such that in the judgment of the Secretary of Agriculture, guided by the reports that have been submitted by the various State, county, or parish, and township committees, a limitation is necessary upon the production of any agricultural commodity or commodities during the ensuing year, he shall determine and proclaim a uniform percentage of reduction for the information of each producer of such commodity: *Provided further*, That the encouragement of small-unit farming as distinguished from large-scale farming is hereby declared to be desirable public policy, and the Secretary of Agriculture is, therefore, directed to determine and proclaim such reasonable differential in acreage and percentage reduction as will discourage uneconomic overproduction and will promote the social objective of more family occupied and operated farm homes. He is also directed to adopt as the production base the normal production capacity of each farm, reckoned in accordance with average farmerlike methods and practices of diversification, fertilization, and rotation, and the average annual yields and production of the same or similar farms during the preceding 5-year period. In the marketing of each such commodity produced during such year the farmer shall be paid, as herein provided, for the full domestic consumption percentage of each delivery of said commodity only in the event he presents to the purchaser at the time of sale the certificate of his county adjustment committee that he has complied with such proclamation of limitation. Any farmer delivering for sale without presentation of such certificate shall be paid not less than the proclaimed cost of production price, as provided herein, only for such portion of the domestic consumption percentage of each delivery thereof as remains after deducting from such domestic consumption percentage the per-

centage of proclaimed production limitation applicable thereto. For the entire remainder of each delivery each such farmer shall receive and shall accept only the receipt that is hereinbefore provided for, and said entire remainder shall be handled accordingly.

"SEC. 28. By the enactment hereof the Congress declares and invokes its constitutional power to regulate interstate and foreign commerce, to promote the general welfare, and to regulate the value, in agricultural commodities, of all authorized money.

"SEC. 29. Any person, dealer, manufacturer, miller, elevator operator, processor, packer, butcher, ginner, compressor, or other agent dealing in or handling such farm products, who violates the provisions of this act by paying less than the cost-of-production prices provided for herein shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both.

"SEC. 30. The said agency is directed to protect all foreign markets for the exportable surplus of agricultural products now being held or hereafter acquired by exporters, and for that purpose is directed to furnish the necessary products, when available, at the net price to farmers as herein provided; and said agency is further directed to furnish to processors and manufacturers, under bond or other adequate guaranty of performance, from the exportable surpluses coming into its possession, any raw materials to be processed or manufactured and exported, and to do so at prices that will permit such processors and manufacturers to meet competition with their products in foreign markets upon fair and reasonable terms. Processing taxes shall be levied with respect to such commodities at such rate as may be necessary to make good any deficit in the net prices payable to farmers for the exportable surpluses thereof.

"SEC. 31. The President of the United States, the Secretary of Agriculture, the Secretary of the Treasury, the Secretary of State, and the Secretary of Commerce are directed to cooperate in exercising their lawful powers, through the medium of foreign trade agreements, and through other appropriate measures for restriction or expansion of imports of competing agricultural commodities, their byproducts, and/or competing substitutes, to maintain the prices to farmers for the domestically consumed percentages of all agricultural commodities as nearly as may be within a range not exceeding 10 percent above the proclaimed cost-of-production price level."

Mr. NELSON. Mr. Speaker, the Agricultural Committee, of which I have long been a member, has devoted many weeks to careful consideration of this bill to amend the Agricultural Adjustment Act. As a result, we now have a measure reported from the committee without a dissenting vote and which I am glad to support.

This bill differs greatly from the original draft. Some controversial features, including the issuing of so-called "imposed licenses" were taken out, while desirable additions, such as the export bounty plan, were put in. If the bill contained nothing more than the latter provision designed to help in marketing abroad more of our surplus farm crops it would be entitled to support.

In fact, as a permanent farm help I regard this as perhaps the most valuable feature of the bill. Back in 1929, when the Hoover farm marketing measure, against which I was one of 35 House Members to vote, was before our committee, I offered an amendment to put this provision in the bill, but without success. So it is with some satisfaction that I now see, in substance at least, the same provision approved, not only by the House, but, if I read the papers correctly, by the Republican "grass roots" meeting recently held in Illinois.

But before discussing further the proposed amendments to the Agricultural Adjustment Act I wish to speak of the original act itself. This measure, while not perfect, is remarkable in at least one respect. For the first time, the farmers of the United States were allowed to have their own plan tried out. Until this bill was approved by Franklin D. Roosevelt no other President had been willing to let producers have what they wanted in the way of farm relief legislation and which the Congress, notably by the passage of the McNary-Haugen bill, had done the utmost to grant. There was no veto of farm legislation by President Roosevelt as there had been by President Coolidge and President Hoover.

As to how long it may be advisable to continue the main provisions of the A. A. A. it is now too early to say. It is certain, though, that up to now, due in part to the terrible drought of 1934 in the Corn Belt, the wheat and corn-and-hog checks, have saved many farmers from complete failure. Right now, when excessive rains and consequent floods are delaying corn planting and holding up other farm work in last year's drought region, the outlook would be darker still but for the Roosevelt farm program, for which all farmers may be truly thankful.

Personally, I have not thought of the present farm program as permanent in the sense of affording a full and satisfactory solution of the agricultural program, a program of as vital interest to the cities as to the country, for until the purchasing power of the farmer has been restored the big, once self-satisfied cities cannot prosper as in the past. Incidentally, we have heard in the discussion on the bill now under consideration complaints to the effect that to provide crop payments to farmers is unfair to city consumers. My answer is that whenever he has money to spend the farmer buys goods and so helps the merchant, manufacturer, and others in the cities. The man who is broke is a poor customer. To help the farmer is to help all.

Getting back to what I was about to say, what I should like would be to see us get rid, within reason, of all subsidies, but so long as there is continued a high protective tariff, greatest of all subsidies, it is advisable to do what we can do, directly or indirectly, to relieve agriculture of the heavy burdens imposed. In other words, as it sometimes is necessary to fight fire with fire, so it may be necessary to fight subsidy with subsidy. This is what some of the A. A. A. provisions mean—mean the tariff in reverse, mean benefits to the farmer.

We cannot afford to be content with present conditions, but must look to getting back our foreign markets. Well can we afford to spend as much money for market expansion as for crop curtailment. Prosperity through plenty, rather than security through scarcity, should represent our ultimate aim. I have no great fear, in the future years, of an overproduction of food in America, taking 1 year with another, provided there is proper distribution. I say this because population is increasing, while acre yield, due to loss of soil fertility, is decreasing.

If at any time there is overproduction of staple crops two avenues are open. Either a proper part of the surplus may be stored—and this "ever normal" granary plan as now advocated by Secretary of Agriculture Wallace and as referred to in the story of Joseph's interpretation of Pharaoh's dream as told in the forty-first chapter of Genesis, holds good—or plans may be perfected to market more of the farm surplus abroad. As to the latter, the present high protective tariff stands most in the way.

Speaking of the tariff, I quote briefly from a great keynote speech, a real agricultural program, as made by Franklin D. Roosevelt at Topeka, Kans., on September 14, 1932:

> The present administration, and the two previous administrations, in all of which the President was an important member, failed utterly to understand the farm problem as a national whole, or to plan for its relief; and second, they destroyed the foreign markets for our exportable farm surplus beginning with the Fordney-McCumber tariff and ending with the Grundy tariff, thus violating the simplest principle of international trade, and forcing the inevitable retaliation of foreign countries.
>
> "One way of attacking this disparity is by restoring international trade through tariff readjustments. You farmers put this well in a single phrase, 'we must make the tariff effective.'"
>
> "When the depression in agriculture began in 1921, Republican leaders first sought to belittle the plight of agriculture. They claimed that the old familiar tariff remedy would suffice, and they offered the Fordney-McCumber Tariff Act, passed (God save the mark) under the ironic label of farm relief. The Republican leaders in positions of national responsibility at that time—and this, of course, includes the then Secretary of Commerce—either did not or would not realize the change in international conditions due to international debts. They closed their eyes to the outstanding economic fact. Prior to the war we had paid our interest on our debts to Europe by means of agricultural exports. After the war, because we had changed to a creditor, and Europe was in debt to us, it was necessary that we demand either goods or gold in return. The Fordney-McCumber tariff barrier shut off the normal trend of trade. Europe could not pay, so she could not buy. Specifically, she began to stop buying our surplus farm products."

So, Mr. Chairman, in supporting the bill now being considered—a bill containing many good features, some temporary yet necessary to help get agriculture out of the hole where it was at the beginning of the Roosevelt administration, and others more permanent in character—I feel, as Mr.

Roosevelt expressed in his address from which I have just quoted, that as a long-time proposition the assistance promised in getting back foreign markets is best of all.

Truly, to again quote from the Roosevelt speech at Topeka:

> Industry can never prosper unless the agricultural market is restored and farm buying power returns.

Happily, as shown by present prices for livestock and grain and practically everything else the farmer has to sell, as compared with "before Roosevelt" prices, farm buying power has even now advanced far on the return road.

Mr. PLUMLEY. Mr. Speaker, I believe that the people of my State know that I do not approve of the governmental theories or the principles incident to and involved in the original so-called "triple A" legislation. I cannot yet believe that these theories or principles are right or that they will be upheld, either by the people themselves or eventually by the Supreme Court, insofar as the delegation of power to regulate and to regiment and to impose taxes among other matters and things to which I object are found in the act.

Moreover, I am fearful that the power which is granted may be used equally as well to the disadvantage as to the advantage of those who favor the act as originally drawn and now sought to be amended. I just cannot bring myself to favor the theories which underlie the original legislation, and I question very seriously that any ultimate benefit to agriculture is effected by these amendments.

I am not a prophet, nor the son of a prophet, but one is not required so to be in order to venture the opinion that the A. A. A. will eventually go the way of the N. R. A. And this I know is the opinion of many of its most interested advocates. It is a situation that confronts us, however, and not a theory, for the dairy farmers and others whose interests are tied up with and in them in my State have been aided and assisted by the original A. A. A. Act, insofar as its provisions applied to the milk licenses, and there is no denying the fact. Their very livelihood was at stake; and under the act, whether it be constitutional or not, their interests were or have been protected, their dairies were saved, and they received more for their milk at their door as producers than they otherwise would have received in the present chaotic condition. In the proposed amendments they see their hope of continued existence, if not prosperity, and there is considerable force in their contention. What helps them helps indirectly and directly all the people of my State. One cannot conscientiously oppose, on grounds real or imaginary, legislation that really benefits the farmer.

As some of you know, I could not bring myself to support some of the other bills which were presented to the Committee on Agriculture for its consideration, my principal objection being against the delegation of authority to the Secretary of Agriculture. But this bill which we are today considering materially changes the former bills and definitely limits and circumscribes the authority of the Secretary of Agriculture. Even this bill does not go as far as I would like to have it, but some of the objections which I have had to the former legislation have been removed. I do not like the provisions of the bill which prepare the way for the maintenance of artificial prices, the restriction of imports, and the dumping of exports abroad. I do not like the confused scramble for temporary gains regardless of the principles which are involved and with little thought for the ultimate welfare of the farmer. Nevertheless, it cannot be overlooked there are temporary gains, and that the dairy farmers in my State are in a desperate situation.

This bill affords temporary relief which he must have if he is to survive the present chaotic condition, so I am constrained to vote for the bill; to be an opportunist if you like, and for once to follow Thomas Jefferson, of whom it was said:

> He was an opportunist to be sure. He never refused the half loaf he could get because of the whole loaf he could not have. He trimmed his sails at times to save his craft, and this was wisdom. He compromised at the call of necessity.

I am going to vote for these amendments, hoping, but very much in doubt as to whether or not I am voting for the best ultimate interests of the farmer.

It is the milk situation in Vermont which is the compelling and determining motivating force which impels me to vote as I do. I am advised, and with reservations I admit that as a temporary measure the provisions in the act involving assistance to the dairy farmers are justified by their interests and exigencies. They themselves admit they are not favorable to the use of compulsion on the part of the Federal Government as a general rule, but they contend that so long as certain handlers of milk and other dairy products refuse to cooperate with the dairy farmers so that the farmers may receive a reasonable return for their toil, just so long do they feel that it is entirely right and proper for the Federal Government to exercise its powers to the end that the farmer will receive his fair share of the consumer's dollar. It may not be right and proper, but I see no other way out in the existing situation.

I am also advised the marketing agreement provision of the A. A. A. is amended by this bill in an effort to define the limits of interstate commerce in a manner which will comply with the rules laid down by the Supreme Court in the N. R. A. case.

They aver that the old license section of the A. A. A. has been entirely rewritten and that the changes insofar as they affect dairy farmers are as follows:

First. The term "license" is abandoned and the word "order" is used in its place. This change is made because of the fact that the penalties for violation have been changed from a revocation of the violators right to do business to a schedule of fines. This change made the use of the word "license" meaningless. The word "order", on the other hand, is used in connection with the Packers and Stockyards Act, the Interstate Commerce Commission Act, the Federal Trade Commission Act, and similar Federal legislation.

Second. The definition of "interstate commerce" in the order section is amended to meet the requirements of the Supreme Court in the N. R. A. case.

Third. To meet the requirement of the Supreme Court that definite limitations must be placed on delegation of authority, to the executive or administrative branches of the Government, the provisions which may be placed in an order are definitely set out. These provisions in the case of milk and its products are:

(a) Provisions for fixing the minimum prices to be paid producers or associations of producers by distributors or processors.

(b) Provisions for the fixing of prices on a use classification basis.

(c) Provisions for differentials to cover grade, quality, location, production, volume, and market.

(d) Provisions for the use of the individual dealer-pool plan, the market-pool plan, and the base-surplus plan. In connection with the individual dealer-pool plan the act requires that such a plan must be approved by three-fourths.

The plans for selling milk above discussed are the ones used in practically every milk market in the United States. They have been developed over a period of the last 20 years by the cooperative associations who, during this period, have been selling milk in the various markets of this country.

(e) Provisions for the operation of an equalization fund in the market so that all dealers will pay the same price for milk in each use classification.

(f) Provisions requiring that new producers receive the manufacturing price for a period of 90 days after they come into the market.

(g) Provisions providing for a check-off from producers for the purpose of verifying weights, sampling and testing, and for the guaranty of dealer payments.

(h) A provision guaranteeing the right of a cooperative association operating in more than one market to blend its sales and pay its producers in accordance with the contract between the cooperative and its producers. This does not,

however, permit any cooperative to sell milk at prices less than those fixed by the Secretary's order.

(i) Provisions prohibiting unfair methods of competition and unfair trade practices.

(j) Provisions for the appointment of market administrators or industry boards to administer the orders.

The provisions above discussed are the only ones which may be included in orders covering milk and its products. It is not necessary, however, that each order contain all of these provisions. Only those provisions which are necessary in the particular market or in connection with the individual product will be used. Certain of the provisions will naturally be used only in orders affecting fluid milk and cream, while others will be used only in connection with manufactured milk products in the event that the producers of manufactured dairy products desire to utilize the marketing agreement and order sections of the bill.

Fourth. Every order issued by the Secretary must be based on a marketing agreement. Orders may be issued by the Secretary—

(a) To make effective a marketing agreement signed by the processors, distributors, or other handlers of at least 50 percent of the volume of the commodity or product covered by the order; or

(b) Where the processors, distributors, or other handlers refuse to sign a marketing agreement the Secretary with the approval of the President may issue an order making such marketing agreement effective if two-thirds of the producers by number or volume of the commodity or product covered by the proposed marketing agreement approve the issuance of such order.

Fifth. The Secretary is required to terminate any order issued by him when such termination is requested by a majority of the producers in number and volume of the commodity or product covered by the order.

Sixth. The Secretary is required to give due consideration to the different conditions existing in the production and marketing of commodities in various parts of the country.

Seventh. Retailers of milk and producer-distributors are required to comply with the provisions of any order affecting them.

Eighth. In determining whether producers approve or disapprove a proposed marketing agreement or in determining whether they desire to terminate any order, the Secretary is given permission to allow bona fide cooperatives to voice the sentiments of their producers. We feel that Congress should make it mandatory on the Secretary to accept the expression of the bona fide cooperative association as evidence of the sentiment of its membership.

Ninth. The act provides for the filing of reports by parties to marketing agreements or persons subject to orders and the examination of their books and records relative to operations affecting the marketing agreement or order. This information must be kept confidential by the Secretary except in cases of hearings or law suits on violations of any agreement or order. The Secretary is, however, permitted to publish the names of violators and to issue composite reports in connection with the operation of marketing agreements or orders which shall not identify information obtained from any particular person.

Tenth. A provision is contained authorizing the Secretary to cooperate with State agencies in connection with programs under the A. A. A. This provision also requires that before any confidential information is furnished to such agencies that they shall agree to keep such information confidential in the same manner as is required of Federal employees under the act.

Eleventh. The bill provides for the collection from all handlers of their pro rata share of the expense of administering a marketing agreement or order. The share of any cooperative under this section is to be measured by the quantity of the commodity distributed, processed, or shipped by such cooperative.

There are those who contend that the decision in the Schechter case spells the eventual finding by the Supreme Court that the A. A. A. and these amendments are unconstitutional, and very able lawyers are convinced there can be no question that this will be the case. On the other hand, there are equally as able lawyers who hold to the contrary.

I was interested in what the gentleman from North Carolina [Mr. COOLEY] had to say in respect to the legal construction which would be given the act, especially with reference to milk-marketing orders or licenses. He said:

In metropolitan milk markets, such as Boston, there is, of course a relatively small volume of milk which is produced in the same State in which it is distributed, and hence does not move in interstate commerce. The application of milk orders to this relatively small amount of milk is amply justified under the doctrine that Congress has the power to regulate interstate commerce when intrastate commerce is so intermingled with the interstate commerce regulated that effective regulation of the latter requires regulation of the former, or when the regulation of interstate commerce alone would give an unfair competitive advantage to intrastate commerce of the same character, or when intrastate commerce directly affects or burdens interstate commerce. Thus, the Interstate Commerce Commission may regulate intrastate railroad rates when such intrastate rates, if unregulated, would hinder effective regulation of interstate railroad rates, or would discriminate against those who ship goods in interstate commerce (the *Shreveport case*, 234 U. S. 342; *United States* v. *Louisiana*, 290 U. S. 70; *New York* v. *United States*, 257 U. S. 591).

It seems obvious that in these interstate milk markets the fixing of minimum producer prices for interstate milk could not be effective without fixing equivalent prices for intrastate milk which is in direct competition with interstate milk, and the fixing of minimum producer prices for interstate milk alone would clearly discriminate against such milk.

Therefore it would appear that there can be no very serious question that the fixing of minimum producer prices for milk is permissible under the due-process clause of the fifth amendment. *Nebbia* v. *New York* (291 U. S. 502) and *Hegeman Farms Corporation* v. *Baldwin* (293 U. S. 163) established that fixing such minimum producer prices for milk does not contravene the due-process clause of the fourteenth amendment, and it is well settled that the restraints of the fifth amendment upon congressional legislation are no greater than those of the fourteenth amendment upon State legislation (*Heiner* v. *Donnan*, 285 U. S. 312, 316).

Some time ago Governor Smith, of Vermont, appointed a special commission composed of E. B. Cornwall, of Middlebury, Vt., chairman; John P. Candon, of Pittsford, and Wallace H. Gilpin, of Barton, to investigate the Boston milk-market situation, which commission made the following report:

In the light of Judge Brewster's decision against the Boston milk license, and in favor of the Seven Oaks and Westwood Farms organization, whose producers are in Vermont, every milk producer in Vermont must realize that the market is in the most precarious situation in several years, and that now is the time for every producer to give his utmost to cooperate with his purchasing unit, and that such unit if need be, must temporarily give and take with other units to preserve the advantage now offered the producer by the A. A. A. Boston milk license. It is more important just now that there be complete cooperation between organizations than at any time in years, to prevent an absolutely ruinous situation in the Boston market.

The Seven Oaks decision is a most unfortunate one from the Vermont producers' standpoint. Producer groups have been altogether too ignorant of the effect they may be having upon the entire market, by what seems at the moment a personal gain in market or in price. Unfortunately, too, we find there is a fostering of sentiment among individual producers against other groups. This is probably unintentional in some cases. In others it appears intentional.

There is still a lack of friendliness between producer groups which tends to unstabilize the market. This is unfortunate and is causing a most unhappy sentiment against Vermont and Vermont milk producers as a whole in Massachusetts. Legislation is threatened in that State, which would harm all Vermont producers, because of the growing feeling in Boston and in Massachusetts that Vermont producers are quarreling among themselves. This is one of the most serious points in the entire situation. Let every individual producer and producer group remember this: If Massachusetts passes laws against Vermont, it will be probably largely the result of Vermonters' actions.

If the different marketing units continue to jockey for position in case of a smash-up, the smash-up is inevitable. It will mean a milk war, the cost to be borne by all the farmers of New England. It will be useless to try to allocate the blame, probably no unit will be blameless. The fact is that the farmer who is now beginning to pay his bills and meet his interest payments at the bank will again be "broke."

If the units will cooperate to a reasonable extent, the present license system can be saved and improved, regardless of lawyers and court decisions. This result will be made easier of attainment if Vermont's congressional delegation and those of other States realize the importance of the passage of the A. A. A. amendments.

Commenting with respect to this report the Hon. Wallace H. Gilpin, a member of the Commission, has this to say:

Problems surrounding milk production, milk prices, and milk marketing are among the most argued questions in New England. This has been true since the New England dairyman became essentially a milk producer instead of a butter and cream manufacturer, and there is no reason to believe the problems can be permanently settled to the satisfaction of all factions.

A few fundamental features of the problems might well be considered and if once established in the minds of those who would discuss milk problems, will assist in making certain phases of the situation clear. One of the first is to realize that the price paid the producer for class 1 milk is an artificial price forced to a higher level than the natural price milk will bring manufactured into any of many dairy products, such as butter, cheese, casein, etc. Such artificial price invites trouble. Witness farmers in one area attempting to get two ratings for a single farm in order to get more milk into the class 1 level; and in the market consider the temptation to sell class 2 milk at the class 1 price.

In order to give every milk producer an equal chance at the artificial class 1 price the Federal Government, through the A. A. A. and a Boston area license plan, has figured carefully from records of production in the past a base rating for each farmer. This rating is founded on the total sales of class 1 milk in the Boston market. Every pound of milk the producer makes above his base rating, he must realize from the start, is being produced in direct competition with the western dairyman, who can produce milk cheaper than here, because that surplus milk must go into products which the western dairyman makes, and all such products can be stored and shipped anywhere.

The producer sometime feels that he is cheated by the Boston distributor who double-crosses him on the surplus or class 2 milk, but every investigation carried on by farmer representatives indicates that this is not true to any great extent. The large dealers are kept well under control by Federal and State boards with expert audits which begin at the country milk station and are carried to the very consumer. In fact, there appears to be no attempt on the part of any of the larger dealers to do this thing and what the small dealer may get away with is negligible. In fact, the Federal Government, in the Boston market, is employing numerous expert accountants from entirely outside concerns to do this type of work, and their figures are hardly open to doubt.

The greatest trouble appears to be cutthroat competition among Boston distributors for the Boston business, and lack of farmer cooperation in the country. Repeatedly those who have studied the problem state that if the milk producers of Vermont could and would get together solidly, there would be no milk problem left except that problem to which every business is open, viz, general conditions in the market. But so long as the producers themselves are split into factions so long will the Boston market have opportunity to play with them.

The A. A. A. Boston license has undoubtedly given the New England milk producer a much better milk check than he would have otherwise had, better than the New York producer gets; and the Massachusetts milk control board is making an honest, if weak, attempt to aid the producer who will not be aided except in sections and by factions. This reflects upon the whole of Vermont and is undoubtedly responsible for the growing dissatisfaction among Massachusetts dairymen and other Massachusetts interests with Vermont's milk position and attempted legislation there which would materially damage the entire milk-production business in Vermont. Temporary patching of trouble may avail for a time in the Boston milk market, but sooner or later the producers of Vermont must all get solidly together or the class 1 milk price will be wiped out by unnecessary and damaging Boston competition which warring and dissenting factions here encourage and unconsciously abet.

As Milo C. Reynolds, commenting editorially on Judge Brewster's decision holding the Boston milk-marketing agreement illegal, void, and unenforceable, pertinently pointed out in the Burlington Clipper of May 23:

There are principles in this decision which, if sustained by a higher court, would completely wipe out of existence all regimentation of production and enforced regulation of business and industry. In the face of this decision, which will seriously affect the Vermont farmer unless some other plan is evolved to take its place, there is more reason than ever for the Vermont dairymen to get together in a solidified organization. If it is illegal for the Federal Government to put in a regulation which fixes the price that the farmer shall be paid for his milk, then the farmer has got to take the situation in his own hands. This can only be done by organization and such organization has got to be thorough and complete.

To cry over this decison is not going to help matters. The producers' interest is in the future and not the past. The thing to determine now is the best procedure to protect the milk price in that Boston market. A good deal has been gained during the past year. There must be some way that measures can be adopted to hold that gain. It may be such a result can be brought about through a complete organization of the producers of Vermont. If that is the best method, then no time should be lost in bringing about such an organization. If milk leaders by any tactics attempt to discourage such an organization, they should be swept aside. The interest of the Vermont producer is paramount in this State to that of any dealer or any distributor. And the interest of these producers is so far-reaching that it affects all the people of the State.

This legislation we are considering is admittedly to be enacted in the alleged interest of the farmer. There can be no question, as was said at Springfield, Ill., recently that—

The farmer of right is entitled to a fair proportionate part of the national income and to receive a parity price for the products of his farm in domestic markets.

It may be that the original act and these last amendments, insofar as they seek to control and regulate production and processing, are unconstitutional; that the price-fixing provisions and those imposing agreements upon minorities and upon majorities are a deprivation of property of private citizens without their consent and without compensation, and are therefore unconstitutional. And the original bill and these amendments may in other respects be held unconstitutional. To be perfectly frank with you, I do not see how it can be otherwise; nevertheless, as a temporary expedient, because of the exigency of the situation which confronts the farmers of my State, and since under the circumstances, political and otherwise, I see no other way, so long as the provisions of the original act are in force and operative, to obtain the desired temporary relief for them, I am forced to take whatever of temporary benefit and relief I can get in the manner and form prescribed by the terms of this act, as amended, whether I like it or not.

Mr. UTTERBACK. Mr. Speaker, I desire to discuss the bill now pending before the House, H. R. 8492, a bill to amend the Agricultural Adjustment Act, which has been recommended for our approval by the Committee on Agriculture after a long and exhaustive study.

It is appropriate that a Democratic administration should lay before this Congress a bill that is the most comprehensive and far-reaching piece of legislation for the benefit of farmers ever enacted in the history of this or any other country.

Twenty-three years ago this month, in June 1912, the Democratic Party in convention at Baltimore, Md., wrote in its platform a plank proposing a study of agricultural credits and endorsing legislation permitting national banks to loan a reasonable proportion of their funds on real-estate security. Woodrow Wilson was the nominee of that convention. His election to the Presidency in November 1912 was the birth of legislation for the real financial benefit of American farmers. Under the direction of President Wilson the first step was taken to set up a system of Federal farm credits to relieve American farmers of high interest rates and overhead charges in connection with farm loans.

PRESIDENT WILSON VETOES FORDNEY TARIFF

The World War interrupted President Wilson's agricultural program. In the last 2 years of his administration a Republican Congress dominated by high-tariff industrialists refused to follow the leadership of President Wilson and passed the Fordney Tariff Act of 1920. One of President Wilson's last official acts was to veto that bill. If his three Republican successors to the White House had followed his example, they would have done much to have prevented the decline of American agriculture in the 12 years that followed March 4, 1921, and that reached a climax in the economic collapse during the Hoover administration.

President Wilson was not deceived about the effect of tariffs on agriculture. His keen mind and his discerning eye surveyed the situation and read the answer clearly and accurately. He vetoed legislation to revive the War Finance Corporation to loan money to European countries. It was clear to him that buyers could not always be buyers or borrowers. He knew that borrowed money must be repaid or the lender must stop lending sooner or later. The war changed us from a debtor to a creditor nation, and every loan we made abroad increased the debt burden upon our former creditors who are now our debtors.

President Wilson realized that these debtors had no money. He knew that they could repay our loans in only one way; that was by selling us enough of our products to

pay the interest on their debts and something on the principal.

The foreign market for the products of 40,000,000 acres of American farm land that were brought into production during the World War ceased to exist after the war ended and the soldiers of Europe returned to their farms. The foreign market for the products of American factories theoretically ceased to exist at the same moment, but American manufacturers in cooperation with American international bankers supported the foreign market for the products of American factories upon a false and unsound foundation for 10 years by loaning $15,000,000,000 of American money abroad.

The Republican Congress in the last 2 years of President Wilson's administration and three successive Republican administrations thereafter either could not or would not see and admit that self-evident fundamental common-sense business situation. More foreign loans and higher tariffs were the only answers they had to the problem. It was like building a 100-story building on sand. Sooner or later a building so constructed is certain to collapse.

MONEY DRAINED FROM FARM BANKS

New York bankers who made most of the foreign loans made them to support the sales of products of factories which they owned. However, it was not their money that they loaned. That money was drained from the banks in the agricultural areas of the country. At the same time, prices of agricultural products were declining almost steadily and as a result of this unsound post-war industrial boom, the disparity between the prices of agricultural products and industrial products increased year after year.

There were no foreign loans to support exports of agricultural products. New York bankers and Republican administrations left the American farmers to shift for themselves. During practically the entire period from 1921 to 1929 farm prices were below the cost of production and farmers were being crushed financially between the millstones of debt and insufficient incomes. Three successive Republican administrations did nothing to help them. At the same time the cash reserves of farmers and Midwest business men in banks of the agricultural area were being siphoned off to New York and thence to Europe.

Twice in this period Democrats in Congress joined Progressive Republicans and gathered sufficient votes to force a bill through Republican Congresses designed to enable the farmer to help himself. That bill was the McNary-Haugen bill. It proposed to finance the export of agricultural surpluses by the export debenture plan. The farmers of the United States asked for that plan. They were able to muster sufficient strength among Democrats and Progressive Republicans to push it through Congress twice, but each time it was vetoed by a Republican President and could not be passed over the vetoes.

A well that is pumped hard enough and long enough finally runs dry if the water supply is not replenished. Financial reserves that are siphoned away finally disappear if incomes do not equal the outgo. That is what happened to the United States during the period from 1921 to 1933. The well ran dry. Financial reserves disappeared.

The American farmer produces the new wealth upon which most of the Nation does business. For many years he supplied the money to support billions of dollars of foreign loans, so that our international bankers and their industrial plants might continue to fatten on rich foreign business. The farmer did not realize what was going on. He knew that the prices of his products were going down and that the prices of the things he bought were going up, but he did not understand the cause. Few persons outside of a select circle did. American agriculture was being strangled gradually. It was being strangled ruthlessly and heartlessly—and those who were doing it were gradually cutting away the principal support of American industry. They were destroying the jobs of millions of American workingmen.

Ultimate collapse was as certain as night follows day. American agriculture finally reached the exhaustion point. Hundreds of banks in the agricultural areas closed under the strain of those trying years 1921 to 1929. Thousands of farm mortgages were foreclosed.

The agricultural depression began in 1921. The industrial depression began in 1929 when a weakened and exhausted agriculture could not carry the load any longer. Then industrial unemployment swept over the land. Then the American farmer and the American laboring man stumbled on hand in hand to the brink of economic chaos and social revolution as the whole house of cards built on the unsound economic practices of three Republican administrations crumbled in the greatest economic collapse in history, the panic of 1932–33.

I would like to review briefly the legislative record on the tariff and farm relief of the three Republican administrations from 1921 to 1933.

REPUBLICAN TARIFF LAWS MAKE FARM SITUATION WORSE

The Fordney Tariff Act of 1921 became a law when President Harding signed it on June 27, 1921. According to our Republican friends, this act was to have solved the agricultural problem. Speeches made in Congress in support of the bill indicated the Republican administration believed it would. A higher tariff was the Harding administration's proposed solution of the farm problem, but the entire country knows now that the Fordney tariff did not solve the problem. It made the condition of agriculture worse.

It was clearly apparent several months later that the farm problem remained unsolved. Then Secretary of Agriculture Henry C. Wallace, father of our distinguished Secretary of Agriculture, Henry A. Wallace, insisted that President Harding call a national agricultural conference to discuss the situation. With farm mortgage foreclosures increasing, as a wave of bank failures swept over the agricultural areas of the country and with land values and farm prices registering further declines, the conference met during the winter of 1922. For the first time in the history of our country, farmers were asked to assist in planning for agriculture. More than 300 farmers and 90 other persons representing various agricultural interests attended the conference. A total of 39 legislative recommendations were made to Congress and the President.

Among other things, the farmers asked Congress and the President to take steps immediately to reestablish a fair exchange value for all farm products. The Republican administration answered that request by enacting another tariff bill raising the rates established in 1921. The Tariff Act of 1923 merely increased the farmer's distress by increasing the prices of the things he bought on the protected and controlled industrial market while the prices of his products, sold at the world price because of uncontrolled surpluses, continued to decline.

The doctrine of the McNary-Haugen bill was in the air in 1923. In 1924 the first McNary-Haugen bill was introduced in Congress. It failed to pass by 40 votes and as if to halt the rising tide of agricultural strength, our rugged Republican individualists handed the farmer another meaningless sop in the shape of a 12-cent increase in the tariff on wheat. But although the tariff on wheat was fixed at 42 cents a bushel, and on corn at 25 cents a bushel, farm prices continued to decline, farm mortgage foreclosures continued to increase and the wave of bank failures continued unabated in the agricultural areas.

Again in 1925 the McNary-Haugen bill was before Congress but friends of the farmers were unable to gather sufficient strength to force a vote. In March 1925, President Coolidge addressed the annual convention of the American Farm Bureau Federation. He condemned the McNary-Haugen plan as price fixing, defended the tariff system as a boon to agriculture and asserted that agriculture was nearly back to normal. However, it took more than words of a Republican President to stop farm foreclosures and farm-bank failures. More than 5,000 small banks closed in this country between 1921 and 1929.

A new McNary-Haugen bill reappeared in 1926, but it was defeated in the Republican Congress. Finally, in that year,

business men of the country began to show some interest in the farmer's plight. The National Industrial Conference Board, representing business interests, took note of the agricultural situation and urged strongly the need for agricultural relief legislation. Farm groups became more insistent but the Republican administration did nothing.

PRESIDENT COOLIDGE VETOES M'NARY-HAUGEN BILL

In 1927 the McNary-Haugen bill was ushered in again. This time, the bipartisan agricultural strength of Democrats and Progressive Republicans was sufficient to push it through Congress, but the bill encountered a veto at the hands of a Republican President, Calvin Coolidge.

The McNary-Haugen bill was passed again in 1928. Again it was vetoed by President Coolidge and from 1928 to 1932 the farmers of America sank deeper and deeper into the mire of depression. In 1930 after the collapse of industry and with unemployment spreading over the land, the Republicans raised the tariff again. Under the leadership of President Hoover, a Republican Congress passed the infamous Smoot-Hawley Tariff Act. In the next 12 months the annual gross income of the American farmer declined from $9,414,000,000 to $6,911,000,000, or more than 25 percent.

In an attempt to save themselves, the farmers raised every possible bushel of grain and pound of fiber and produced every possible pound of meat and animal products. Their efforts to meet fixed charges of taxes, interests, and living costs in this way, were defeated by still further decline of prices and still lower gross income. In 1920 the gross farm income of the American farmer was $13,566,000,000. In 1932, after 12 years of uninterrupted Republican administration, the gross income of the American farmer was $4,328,000,000, a decline of $9,238,000,000, or approximately 70 percent in 12 years.

That was the answer of Republican administrations to American agriculture, which was pleading for assistance. That was the way three successive Republican Presidents solved the farm problem. They were starving the farmer out.

During the period of 1916 to 1920, when food prices were high, the farmer gained and held a slight economic advantage over industry. Farm prices advanced faster than the prices of the things the farmer buys. The farmer lost this advantage in 1921 and his disadvantage increased steadily from then until March 4, 1933, when Franklin D. Roosevelt became President of the United States.

During three successive Republican administrations, the American farmer engaged in a losing fight against the effects and results of a high protective tariff policy that finally caused over 50 foreign nations, not only in Europe but including Canada and the South American republics as well, to pass retaliatory tariff laws, fix import quotas, and establish embargoes which destroyed almost the last bit of foreign market for our agricultural and industrial products.

Canada raised a high tariff wall against all American products, both manufactured and agricultural. It put a tariff of 25 cents per bushel on corn and similar tariffs on other agricultural products, yet they cannot raise corn profitably in Canada for the reason that the season is too short. In the fall of 1932, when Iowa corn was selling for 7 cents to 12 cents a bushel, when it was being used as fuel to heat Iowa farm homes, Canada was paying 35 cents a bushel for inferior corn imported from South Africa and South America. Iowa corn should and would have been purchased for Canada's needs except for the retaliatory tariffs raised by Canada against the excessive and greedy tariff rates fixed in the Smoot-Hawley Act.

MANUFACTURERS OPEN PLANTS ABROAD

The big manufacturers had a way to meet the situation. They simply took some of the millions of dollars they had accumulated under the special privilege high tariff trust policy of Republican administrations, went to Canada and other foreign countries, built branch factories, installed new machinery, used foreign raw materials, employed foreign labor, and manufactured the identical products they had formerly manufactured in the United States, where they had used American raw materials and American labor. In that way they were able to avoid the payments of tariff and to escape the limitations imposed by quotas and embargoes. The result of such an industrial policy was the discharge of thousands of American workers from factories and mines. This condition made it impossible for those formerly employed in industry to purchase the products of the farms and pay a fair price for them. As a result, the farmer lost a large part of his former domestic market in addition to losing all of his foreign market. In addition to all this, the farmer struggled against high transportation costs, high interest rates, and finally against insect pests and drought.

The agricultural record of the Republican Party has been written. It was written during the years 1921 to 1933 in indelible facts that the people of this country, particularly the American farmers, will not forget soon. It is a record of neglect and failure, deceit and double dealing. The harvest of that record was hundreds of thousands of farm foreclosures, collapse of farm values, thousands of bank failures, incalculable financial distress and suffering among millions of farm people, utter discouragement and despair in the agricultural areas of the country, and, in a large measure, the industrial and financial collapse of the country in 1929–32.

Yet in the face of all that, the Republican Party wrote in its platform in 1932 the following statement:

> Under Republican administration the position of agriculture was gradually improved.

In accepting the nomination for a second term, President Hoover said:

> The farmer was never so dependent upon his tariff protection for recovery as he is at the present time. We shall hold to that.

Franklin D. Roosevelt was inaugurated President of the United States on March 4, 1933. At that time farm products were selling at the lowest prices in 60 years. Many Iowa farmers were burning corn in their stoves. Some public buildings in Iowa were being heated with corn that officials had purchased at 10 cents or less a bushel.

For more than 6 months before President Roosevelt took office farmers of the United States were on the verge of open revolt against economic conditions that had been imposed upon them by Republican administrations. Farm strikes, farm holiday movements, and open resistance to foreclosure sales occurred throughout the country. These were not sporadic oubursts, they were common occurrences. These were organized efforts of farmers to keep their homes in the face of steadily increasing distress and hardship. The belief that President Roosevelt and the Democratic Congress, in cooperation with newly elected Democratic Governors and Democratic State legislatures, would do something to help them was the only hope of millions of farm people in those dark days when the powerful forces of depression were tightening around them.

DEMOCRATS DID NOT FAIL

President Roosevelt and his fellow Democrats did not fail the farmers. The President promised action and he kept his promise. He summoned farm leaders of the country to Washington for conferences with him and Secretary of Agriculture Henry A. Wallace. Three Republican Presidents from 1921 to 1933 denied the farmers what they asked. President Roosevelt said to the farmers: "Tell us what you want done and we will do it." The Agricultural Adjustment Act was written to conform with the ideas of farm leaders.

The Agricultural Adjustment Act became a law on May 12, 1933. In that act Congress declared that an economic emergency existed in part because of the breaking down of farm prices and resultant disparity between the prices of agricultural and other commodities. Congress declared its policy to reestablish prices to farmers at a level that would give agricultural commodities a purchasing power, with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the pre-war period of 1909–14.

This readjustment is not complete, but a comparison of prices in the winter of 1932 to 1933 and the present time shows how well the program has succeeded.

In December 1932 the farm price of wheat was 32 cents a bushel. Today it is 90 cents a bushel.

In December 1932 the farm price of corn was 19 cents a bushel. Corn actually sold as low as 12, 10, and even 7 cents a bushel. Today it is selling for 85 cents a bushel.

In December 1932 the farm price of cotton was 5 cents a pound. Today it is 12 cents a pound and prosperity is returning to the Southern cotton districts.

At the close of 1932 the farmer was receiving the lowest price in 54 years for his hogs. The Chicago hog market was $2.73 per hundred pounds. Many farmers in Iowa, where more hogs are raised than in any other State, sold hogs for less than 2 cents a pound. Today the Iowa farmer is getting $9 a hundred pounds for his hogs.

Prices of other farm products have advanced in comparison. In addition to all this, under the provisions of the Agricultural Adjustment Act hundreds of millions of dollars have been paid in benefits to agricultural adjustment contract signers. On March 31, 1935, collections of processing taxes and related funds totaled $777,770,476.76. Payments to contract signers, administration costs, and refunds up to the same time totaled $797,013,505.13.

Processing taxes are an integral and essential part of the agricultural adjustment program.

The theory of this tax as defined in the Agricultural Adjustment Act is based on the belief that farmers should receive parity prices for their products. The rate of processing tax is the difference between the current farm price and parity. Thus in the case of cotton parity was determined at approximately 16 cents a pound. The present farm price is slightly under 12 cents a pound. The processing tax of 4.2 cents a pound makes up the difference. The processing tax on wheat is 30 cents a bushel, and on hogs is $2.25 per hundred pounds.

In their effort to feed the world during the war the farmers of America brought 40,000,000 acres of new land into production, and built up an agricultural industry that could not be effectively reduced by individual action. The processing tax is the means with which the farmers can unite cooperatively in more than 5,000 production-control associations in the country to control production effectively to the end that they may receive parity prices for their products.

BENEFITS PAID TO FARMERS

Benefits paid to Iowa farmers from processing taxes up to April 30, 1935, were as follows:

County	Total	Wheat	Corn-hog
Adair	$809,943.03	$3,182.91	$806,760.12
Adams	555,532.63	1,345.78	554,186.85
Allamakee	384,812.80	1,359.72	383,453.08
Appanoose	263,486.81	1,462.12	262,024.69
Audubon	718,746.02	698.23	718,047.79
Benton	918,564.15	1,884.41	916,679.74
Black Hawk	751,253.20	461.88	750,791.32
Boone	666,845.94	1,388.88	665,457.06
Bremer	437,985.76	415.73	437,570.03
Buchanan	657,837.92	483.54	657,354.38
Buena Vista	848,725.19	130.97	848,594.22
Butler	676,611.99	64.75	676,547.24
Calhoun	749,858.75	964.62	748,894.13
Carroll	904,395.20	1,067.64	903,327.56
Cass	890,766.73	8,091.12	882,675.61
Cedar	837,106.89	2,024.30	835,082.59
Cerro Gordo	647,736.98	186.64	647,550.34
Cherokee	948,480.20	184.98	948,295.22
Chickasaw	456,845.74	11.76	456,833.98
Clarke	368,223.91	482.56	367,741.35
Clay	734,920.83	52.80	734,868.03
Clayton	822,586.66	1,071.70	821,514.96
Clinton	939,575.51	4,371.92	935,203.59
Crawford	1,168,927.14	7,195.87	1,161,731.27
Dallas	875,685.72	21,164.86	852,520.86
Davis	266,681.15	1,227.84	265,453.31
Decatur	411,243.75	2,626.61	408,617.14
Delaware	697,449.53		697,449.53
Des Moines	455,662.53	16,196.09	439,466.44
Dickinson	427,078.28	48.20	427,030.08
Dubuque	648,421.44	675.35	647,746.09
Emmet	471,761.79	1,380.37	470,381.42
Fayette	701,234.99		701,234.99
Floyd	485,769.73	1,108.77	484,660.96
Franklin	845,961.09	593.91	854,367.18
Fremont	780,423.50	38,274.79	742,148.71
Greene	739,060.99	426.63	738,634.36
Grundy	687,822.24	131.30	687,690.94
Guthrie	700,349.32	2,249.91	698,099.41
Hamilton	828,915.22	837.34	828,077.88
Hancock	725,788.46	149.34	725,639.12
Hardin	859,540.94	298.21	859,242.73
Harrison	$938,719.24	$38,586.88	$900,132.36
Henry	530,981.19	3,290.86	527,690.33
Howard	368,212.35	166.73	368,045.62
Humboldt	607,068.19	215.74	606,852.45
Ida	751,291.46	137.00	751,154.46
Iowa	882,621.02	5,540.95	877,080.07
Jackson	564,435.87	1,152.85	563,283.02
Jasper	1,182,570.48	12,133.31	1,170,437.17
Jefferson	429,670.91	1,922.06	427,748.85
Johnson	926,933.01	1,679.47	925,253.54
Jones	664,413.90	469.51	663,944.39
Keokuk	823,105.89	2,343.87	820,762.02
Kossuth	1,273,385.35	146.91	1,273,238.44
Lee	314,286.12	7,114.47	307,171.65
Linn	856,825.18	823.47	856,001.71
Louisa	470,782.17	16,511.05	454,271.12
Lucas	328,507.98	863.50	327,644.48
Lyon	701,633.66	435.59	701,198.07
Madison	780,735.00	23,717.13	757,017.87
Mahaska	926,178.42	7,182.20	918,996.22
Marion	743,776.14	6,967.01	736,809.13
Marshall	815,489.62	2,240.80	813,248.82
Mills	664,586.70	26,053.06	638,533.64
Mitchell	460,411.28	522.88	459,888.40
Monona	1,080,335.51	180,552.62	899,782.89
Monroe	308,887.26	2,781.08	306,106.18
Montgomery	732,398.12	14,044.99	718,353.13
Muscatine	485,611.72	6,227.96	479,383.76
O'Brien	761,508.46	306.29	761,202.17
Osceola	485,291.37		485,291.37
Page	914,383.27	37,450.51	876,932.76
Palo Alto	728,947.26	371.44	728,575.82
Plymouth	1,060,829.69	5,708.03	1,055,121.66
Pocahontas	790,562.37	797.55	789,764.82
Polk	739,359.89	42,278.02	697,081.87
Pottawattamie	1,537,616.29	16,819.91	1,520,796.38
Powesheik	952,467.89	743.97	951,723.92
Ringgold	484,442.86	2,071.99	482,370.87
Sac	919,896.46	330.63	919,565.83
Scott	696,512.79	22,171.26	674,341.53
Shelby	1,008,540.51	1,138.91	1,007,401.60
Sioux	1,034,110.83	927.14	1,033,183.69
Story	847,200.61	1,993.53	845,207.08
Tama	966,578.02	1,547.40	965,030.62
Taylor	527,235.70	5,567.53	521,668.17
Union	441,928.53	1,310.16	440,618.37
Van Buren	272,723.64	2,290.01	270,425.63
Wapello	414,943.94	15,559.72	339,384.22
Warren	784,742.30	30,891.41	753,850.89
Washington	872,905.21	1,466.33	871,438.88
Wayne	407,253.01	858.18	406,394.83
Webster	761,879.02	958.43	760,920.59
Winnebago	434,598.45		434,598.45
Winneshiek	678,141.40	842.04	677,299.36
Woodbury	1,203,858.04	45,683.53	1,158,174.51
Worth	415,533.00	53.62	415,479.38
Wright	843,053.94	199.96	842,853.98
Total	70,376,519.14	730,143.80	69,646,375.34

It will be seen from the above table that agricultural adjustment contract signers in Iowa were paid $70,376,519.14 in processing-tax land rental and crop adjustment benefits up to April 30, 1935. In Iowa and throughout the country every farmer has received two more dollars in price increases for every dollar that has been paid in processing-tax benefits. In other words, the processing tax has been multiplied by three in actual benefits to agriculture. All farmers, whether they have signed crop-adjustment contracts or not, have shared in the price increases that have been brought about by the agricultural adjustment program.

In 1932 the gross farm income of the United States was $4,328,000,000.

In 1933, the first year of the agricultural adjustment program, the gross income of American farmers was $5,051,000,000, an increase of 17 percent over 1932.

In 1934, the second year of the agricultural-adjustment program, the gross income of American farmers was $6,100,000,000, an increase of 41 percent over 1932.

In 1935 the gross income of American farmers will be still higher. It is still below what it should be, but it is increasing and will continue to increase until the parity price is reached if the agricultural adjustment program of President Roosevelt's administration is continued.

FARM AND LABOR INCOME EQUAL

Only those who are unsympathetic to the welfare of the farmer and the country as a whole can logically oppose this program. It has brought order out of chaos. It has enabled millions of farmers to retain their homes and to gradually regain financial independence. The increased buying power of agriculture is already reflected in higher factory pay rolls, increased industrial production, larger sales, and an

improvement in general business conditions. Over a long period of years, from 1920 to 1935, farm income and labor income have been practically equal in this country. They rise and fall together. When farm income is high, labor income is high. When farm income is low, labor income is low. It is to the interest of workers in the cities that farm incomes increase because their income will increase also.

Action to increase the income of farmers was quick and effective, once the Agricultural Adjustment Act was enacted. Under authority granted in the act, the Secretary of Agriculture approved an emergency hog-marketing program and a corn loan program. Under the hog-marketing program the Government purchased 7,000,000 pigs that would have flooded the market later as mature fat hogs. Edible meat that could be salvaged was used for unemployment relief. Farmers benefited by an increase in the price of marketable hogs. Corn that would have been fed at a loss to growing pigs was saved on the farms.

The corn loan program made it unnecessary for farmers to sell their corn in order to get money. There was an abundant supply of corn in most of the Corn Belt during the winter of 1933–34. In connection with the effort the Agricultural Adjustment Administration was making to advance the price of corn it was desirable to keep surplus corn off the market not only to prevent the market price from being depressed but also to keep the grain out of the hands of speculators and on the farms so that farmers might ultimately receive the full increase in price that was to result from the Agricultural Adjustment program.

With corn selling at approximately 35 cents a bushel in November 1933, the Secretary of Agriculture announced a corn loan plan. Corn was sealed on farms and 45 cents a bushel was loaned to the owners.

The amount of corn loans by States was as follows:

Colorado	$70,000
Illinois	31,100,000
Indiana	1,200,000
Iowa	57,150,000
Kansas	1,000,000
Minnesota	5,500,000
Missouri	1,000,000
Nebraska	22,000,000
Ohio	280,000
South Dakota	1,700,000
Total	121,000,000

The corn loan program kept millions of bushels of corn off a depressed market. Farmers who needed money to pay their taxes, interest, and living expenses were loaned 10 cents more a bushel than the market price. Today all those loans have been paid. Not a dime has been lost by the Government. This is in sharp contrast to loans that have been made by the Government for some other purposes since 1929, notably to certain banks and railroad companies. Millions of bushels of corn that were sealed on farms has been sold by farmers at more than 75 cents a bushel. The farmers have paid their loans and have had 30 cents a bushel in addition.

Approximately $121,000,000 was loaned by the Government on 267,000,000 bushels of corn during the winter of 1933–34. A large percent of these loans were made to Iowa farmers. At the time the loan was announced the farm price of corn in Iowa was 35 cents a bushel. At the announced expiration of the loan—July 15, 1934—the price of corn had reached 51 cents a bushel. Millions of bushels were released upon payment of the loans. Millions of bushels were resealed for new loans. The corn loan program for 1934–35 authorized loans of 55 cents a bushel. Corn thus sealed was in the hands of thousands of farmers in the drought area last summer and winter. Their crops burned in the fields, but in many cases they had corn on which the Government had loaned them 45 or 55 cents a bushel. Thus they had feed for their livestock at a reasonable cost, when otherwise they would have had to pay grain speculators upward of $1 a bushel. If the corn was not used for feed, farmers had the opportunity to sell their corn for 70 cents or more a bushel. The profit on sealed corn above the amount the Government loaned to Iowa farmers was actually more than the farmers received for their full crop in 1932.

AMOUNT OF CORN LOANS IN IOWA

The amount of corn loans made in the various counties of Iowa and the number of borrowers in each county were as follows:

County	Amount	Number of borrowers
Adair	$525,000	930
Adams	233,000	620
Allamakee	17,000	75
Appanoose	4,500	17
Audubon	430,000	800
Benton	1,030,000	1,480
Black Hawk	315,000	600
Boone	1,200,000	1,920
Bremer	80,000	250
Buchanan	288,000	870
Buena Vista	1,000,000	1,880
Butler	354,000	1,000
Calhoun	1,700,000	2,990
Carroll	1,018,000	2,045
Cass	435,000	870
Cedar	577,000	620
Cerro Gordo	490,000	1,010
Cherokee	675,000	1,160
Chickasaw	122,000	475
Clarke	30,000	70
Clay	780,000	1,450
Clayton	37,000	113
Clinton	590,000	970
Crawford	335,000	475
Dallas	1,335,000	2,043
Davis	79,000	237
Decatur	42,000	129
Delaware	167,000	442
Des Moines	133,000	224
Dickinson	447,000	795
Dubuque	65,000	200
Emmet	718,000	1,078
Fayette	90,000	286
Floyd	353,000	887
Franklin	703,000	1,370
Fremont	1,365,000	1,377
Greene	1,897,000	2,964
Grundy	716,000	1,680
Guthrie	623,000	1,099
Hamilton	1,400,000	2,060
Hancock	939,000	1,450
Hardin	700,000	1,060
Harrison	876,000	1,270
Henry	316,000	455
Howard	104,000	450
Humboldt	905,000	1,450
Ida	920,000	821
Iowa	275,000	486
Jackson	77,000	169
Jasper	586,000	750
Jefferson	97,000	248
Johnson	305,000	476
Jones	162,000	337
Keokuk	196,000	511
Kossuth	1,676,000	3,408
Lee	46,000	95
Linn	406,000	843
Louisa	161,000	238
Lucas	29,000	63
Lyon	702,000	1,422
Madison	336,000	732
Mahaska	139,000	225
Marion	95,000	135
Marshall	700,000	884
Mills	969,000	1,580
Mitchell	339,000	1,045
Monona	853,000	1,220
Monroe	6,000	26
Montgomery	682,000	941
Muscatine	241,000	388
O'Brien	823,000	1,190
Osceola	443,000	744
Page	652,000	978
Palo Alto	799,000	1,764
Plymouth	729,000	1,210
Pocahontas	2,802,000	2,070
Polk	910,000	1,282
Pottawattamie	1,341,000	2,622
Poweshiek	415,000	654
Ringgold	129,000	465
Sac	1,153,000	1,410
Scott	267,000	595
Shelby	613,000	1,144
Sioux	605,000	1,138
Story	1,837,000	1,680
Tama	856,000	1,254
Taylor	95,000	193
Union	183,000	363
Van Buren	21,000	61
Wapello	147,000	125
Warren	197,000	356
Washington	269,000	630
Wayne	7,500	30
Webster	1,980,000	2,809
Winnebago	386,000	1,189
Winneshiek	30,000	114
Woodbury	1,400,000	2,024
Worth	262,000	809
Wright	1,245,000	1,797
Total	56,858,000	93,440

The following table shows the gain realized by farmers of the various States on sealed corn as a result of the increase in price between December 15, 1933, and July 15, 1934:

State	Farm price Dec. 15, 1933 (per bushel)	Farm price July 15, 1934 (per bushel)	Difference between Dec. 15, 1933, and July 15, 1934	Approximate bushels sealed	Difference in value, Dec. 15, 1933 to July 15, 1934
Ohio	$0.39	$0.56	$0.17	155,555	$26,444.35
Indiana	.37	.55	.18	2,666,666	499,999.88
Illinois	.39	.54	.15	69,111,111	10,366,665.00
Iowa	.35	.51	.16	127,000,000	20,320,000.00
Kansas	.37	.56	.19	2,222,222	422,222.00
Minnesota	.34	.49	.15	12,222,222	1,833,330.00
Missouri	.40	.60	.20	2,222,222	444,444.00
Nebraska	.33	.50	.17	46,888,888	8,311,111.00
South Dakota	.37	.52	.15	3,777,777	566,666.00
Total					42,790,882.23

Those figures do not show the total gain to farmers from the corn-sealing program. Many farmers did not seal all their corn. Some farmers sealed none; but all farmers benefited by the price increase that followed, not only in the price of corn but of livestock and other farm products. The corn-loan program has been justly acclaimed a great success. It never could have been or would have been adopted except for the agricultural adjustment program. Crop loans of such magnitude are only possible in connection with an effective program of crop control.

Briefly that is the record of the agricultural program of the Roosevelt administration from March 4, 1933, to now, with particular reference to benefits that have accrued to corn-hog farmers of the Central West. My colleagues from the cotton, wheat, and tobacco districts have detailed more completely the benefits that have accrued to the farmers of their districts.

A. A. A. IS POPULAR WITH FARMERS

The agricultural-adjustment program has been popular with the farmers. It has been a democratic program from the start. The farmers told President Roosevelt and Congress what they wanted. It was given to them. Then farmers elected their own representatives in 5,000 crop-control associations in the country to direct the program. During the last 8 months almost 3,000,000 farmers have voted in four referendums to continue the adjustment program. More than 86 percent of the votes were in favor of the program.

In administering any great comprehensive and far-reaching piece of legislation experience frequently proves that certain changes would be beneficial. Administration and enforcement of legislation disclose imperfections. This is perfectly natural.

It was not to be expected that the Agricultural Adjustment Act would work out perfectly as first enacted. In the 2 years since May 12, 1933, some imperfections have been discovered. It has been determined that some changes and some additions are desirable. These will make the act more effective and more beneficial for the farmers of the United States. At the same time they will not affect unjustly any person or group of persons in the country.

The amendments to the Agricultural Adjustment Act that are proposed in the bill now before the House of Representatives will make the act more flexible. They will permit the use of different plans for different commodities, thus enabling the plan to be fitted to a particular commodity.

The amendments have two principal purposes. The first is to continue and make the agricultural adjustment program more effective. The second is to make certain that the program of agricultural adjustment will be carried on within the powers given Congress under the Constitution as interpreted by the Supreme Court in the Schechter case.

The bill provides for "the ever normal granary plan." The Government is authorized to purchase agricultural commodities which have been pledged as security for Government loans and to use these commodities as payments in kind to producers who cooperate in the crop adjustment program. Adequate reserves of food and other agricultural products can be maintained in this manner. These reserves will be effective insurance against unfavorable crop conditions and will tend to prevent such great fluctuations in prices as have occurred in the past.

The bill sets up a plan for effective marketing agreements and Executive orders to accomplish the object of the parity price for certain nonbasic agricultural commodities. It continues the production-adjustment program for basic agricultural commodities.

The parity price is redefined in the bill, so as to include current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate. At the present time, taxes per acre and mortgage interest per acre are probably about 160 to 170 percent of the pre-war level. This method of figuring the parity price may be expected to give parity standards approximately 5 percent higher than under the Agricultural Adjustment Act of 1933.

TARIFF RECEIPTS TO AID FARMERS

The bill authorizes restrictions on imports from abroad which might threaten the success of the agricultural-adjustment program. An important addition to the present Agricultural Adjustment Act authorizes an annual appropriation of 30 percent of the gross customs or import duty receipts of the Government for the use of the Agricultural Adjustment Administration. Since the farm population of the United States is roughly 30 percent of the total population, this provision will make available for the benefit of the farmer a sum equivalent to his fair share of tariff receipts. On the basis of tariff receipts during the last 3 years, it is expected that approximately $100,000,000 annually will be available for the benefit of farmers.

This fund can be used to encourage the exportation of major agricultural commodities and products, to remove agricultural commodities and products from the normal channels of trade, to acquire submarginal farming and grazing lands and retire them from agricultural production, and to finance acreage and production adjustment benefit payments of agricultural commodities. The bill is comprehensive and far-reaching. It will provide funds for expanding the domestic markets for the fullest utilization of our agricultural resources and for recapturing foreign markets wherever possible.

These Agricultural Adjustment Act amendments carry the new deal's farm-crop controls much farther than did the emergency act of 1933. They are necessary if we propose to deal with the great basic industry of agriculture with a long-range view and embrace all of our six and a half million farmers.

The Agricultural Adjustment Act has served as a brake on agricultural overproduction. Last year it retired 36,000,000 acres from production of crops, of which large surpluses had been accumulated. Farm income has increased $1,772,000,000. A permanent policy must be able to cope with all possible crop conditions—normal, bumper, and unfavorable. These amendments will forestall danger of crop shortages by permitting the Secretary of Agriculture to use rental and benefit payments to increase as well as to reduce crops. The ever normal granary plan will permit the Government to acquire nonperishable grains and fibers, such as corn and cotton, and seal them in granaries on farms or in warehouses as protection against drought or other crop disasters. Under this plan the Government can maintain reserves without being forced to dump them as it did wheat under the old Farm Board scheme.

These amendments will safeguard the Agricultural Adjustment Act of 1933. They will extend its usefulness and provide programs flexible enough to continue and maintain the rehabilitation of American agriculture. The bill was ready for action by the House of Representatives 2 weeks ago, but was sent back to the Agricultural Committee for further study after the Supreme Court handed down its decision on N. R. A. codes. It is the opinion of attorneys for the Government that the provisions of the bill now conform to requirements laid down by the Supreme Court in the Schechter poultry case.

ADMINISTERED BY TWO IOWANS

The Agricultural Adjustment Act has been administered, and these amendments proposed in this bill will be administered, by two Iowa men of great ability, the distinguished Secretary of Agriculture, Henry A. Wallace, and the Administrator of the Agricultural Adjustment Act, Chester C. Davis. Secretary Wallace and Mr. Davis are native Iowans. The distinguished Secretary is a graduate of Iowa State College, which is located in my congressional district. It is one of the great if not the greatest agricultural college in the world. Mr. Davis is a graduate of Grinnell College, a great institution located only a few miles from my congressional district. Both of these men knew farming and farm problems as young boys. They have given their lives to the service of agriculture.

Before coming to Washington, Secretary Wallace was editor of a great farm journal that has been published by three generations of the Wallace family. For many years he has been known as a scholarly student of agriculture, economics, and other scientific problems. He owns and operates a grain and dairy farm, located near Des Moines. He knows the farm problem from personal contact with farmers and from personal experience. The interest of the common man is close to his heart, because he is a common man himself.

Many of the provisions of the Agricultural Adjustment Act were written as the fruit of ideas that were born in the brain of Henry A. Wallace and that he had given publicity to in the editorial columns of his farm journal. Henry A. Wallace conferred with Franklin D. Roosevelt on agricultural matters during the campaign of 1932. Henry A. Wallace was summoned to Warm Springs, Ga., after the election, to discuss proposed agricultural legislation with the President-elect. Henry A. Wallace has the confidence of farm people. When he was named Secretary of Agriculture, the farmers of America knew that their hopes were to be realized if within the possibility of human endeavor. If there is one man more than any other who should be given the credit for the inception, the development, the administration, and the success of the agricultural adjustment program, it is the distinguished Secretary of Agriculture, Henry A. Wallace.

Chester C. Davis has toiled at the Secretary's side. While the Secretary has been busy with the multitude of official duties of his office, Chester C. Davis has given undivided attention to the agricultural adjustment program. His sympathetic understanding of the farm problems and his great administrative ability have made the Agricultural Adjustment Act a virile, living thing, that has meant financial salvation for millions of American farmers and given them new hope for the future.

Mr. Speaker, this session of Congress has had before it many bills of importance to the people of the entire Nation, but no bill that has been before this Congress up to the present hour is of greater importance, not only to the people of the agricultural districts of this country but to the people of the entire Nation, than the pending bill amending the Agricultural Adjustment Act.

This bill is important because our agricultural interests want and need the extension of the benefits of the Agricultural Adjustment program. This bill is important to those representing industrial districts for the simple reason that industry in this Nation cannot recover, cannot prosper unless the agricultural interests of this country likewise recover and prosper.

Two years and a half ago, I saw corn shoveled into the furnaces and stoves of homes and public buildings in the State of Iowa—corn that had been offered for sale or had been sold at 10 cents or less a bushel. Farmers who received such prices for the things they raise and produce cannot purchase the things that are produced by industry and labor. It seems to me self-evident, therefore, that if we are to have industrial recovery we must have agricultural recovery. On the other hand, if we are to have agricultural recovery in this country, we must have industrial recovery. The farmer cannot sell the things he produces for a fair and reasonable price unless labor is employed at reasonable wages and unless business is receiving a fair and just income upon the amount of money honestly and prudently invested in that business.

So, Mr. Speaker, I hope no Member from any agricultural district and no Member from any industrial district will vote against this bill. It is my opinion that this legislation is not only in the interest of the farmer but in the interest of commerce, in the interest of labor, and in the interest of the entire Nation.

Mr. SABATH. Mr. Speaker, that this is legislation in the immediate interest and for the benefit of the farmers of the country in general nobody can deny.

None the less, I am further convinced that the legislation is designed to favorably affect our entire population.

The repeated assertion that the enactment of this proposed legislation would increase the cost of living may be justified to a small extent; but I have always believed, as now, that if we increase the purchasing power of the farmers it will help all, and this has been proved by the increased demand of farmers for manufactured articles, which in turn benefits the workers.

Agriculture is the oldest occupation of man. Agriculture is the pillar of our permanent prosperity. Unless the farmer receives a fair return for his products, our whole social structure is irremediably out of joint. Give agriculture a fair return for its products, and its increased purchasing power will cause the wheels of industry to hum like music to the ears of workers in industry and industrialists, and no complaint will be heard from any constructive source about a small increase in the cost of living.

We must use in some quantity all the products of agriculture, while agriculturists without money can fairly well, though not comfortably, exist without many products of industry; therefore, it plainly follows that our first desideratum should be, in evolving a scheme to benefit all, to help the farmer. The pending legislation will undoubtedly help agriculture.

Mr. Speaker, I recognize that the pending bill contains provisions that I wish could be avoided; but, after all, we must face the iron fact that all legislation is to a degree a compromise between clashing aspirations and conflicting attitudes. We cannot please all who would like to go further than this bill goes or who would eliminate some of its provisions.

Naturally, there are some Republicans and even some Democrats who are opposed to this proposed measure, but, everything considered, I am confident that most Members of broad and penetrating experience and enlightened vision will ultimately conclude that the pending bill is fair and deserves the support and active encouragement of all well-meaning Members.

When some of our Republican friends who are obstructively opposing this legislation reach home and feel the throbbing pulse of their constituencies they will want to claim credit for aiding in the adoption of this wholesome legislation.

Of those who for partisan advantage criticize almost every effort of the present Democratic majority, I need say little. They identify themselves readily. Their carpings will not avail, regardless of the number of "grass roots" conferences they may hold and the amount of misinformation they may try to feed their constituencies. The enlightened, the thinking people of this Nation will remember the years 1930, 1931, and 1932, and with gratitude the improvement in our national life effected since the election of President Roosevelt and the Democratic Congress.

Mr. Speaker, as a Member from the great State of Illinois, in whose capital the so-called "grass roots" parley was held, I have taken careful notice of the 18 points or grievances that parley set forth. This is a forerunner of what they feel will aid them in their campaign, from now up to the date of election in 1936 in their attempt to regain control that was, happily for our common country, wrested from unfaithful, incompetent, short-sighted hands.

I believe it would have been of real interest to the American people if the leaders of the "grass roots" parley should have familiarized the Nation with their real motive, whom

they actually represented, and where the money to defray the expenses of that conference came from.

That gathering must at once appear as a most ridiculous attempt by "has-beens" and repudiated leaders to regain the saddle. It is interesting, yes, amusing, and farcical. We all recognize that the leaders of the Republican Party will shortly be charged with having pulled a great boner. It will open the eyes of the American people to the desperate chance the "grass rooters" are taking in an effort to block, in the first place, the pending wholesome legislation, and, next, to effect their desire to continue to serve the special interests, as in the past.

Unfortunately for them, when they selected Springfield, the capital of our State, the home of Abraham Lincoln, they committed the most colossal blunder in the selection of a vantage ground from which to assail President Roosevelt in connection with his interview in regard to the decision of the Supreme Court in the National Industrial Recovery Act case. Had they possessed a modicum of intelligence, or recalled simple history, Springfield, the home of Lincoln, would have been the last place for them to meet, because this great man in no uncertain terms in the Dred Scott case made clear that the American people had rights of which even the Supreme Court could not deprive them. I remember that a majority of these gentlemen are the same men who assailed all of those advocating the repeal of the eighteenth amendment as nullifiers, but notwithstanding these ridiculous charges the country by an overwhelming majority did vote to repeal the Prohibition Act. And notwithstanding it had been held constitutional by the Supreme Court and notwithstanding it took away police powers from the respective States. The founding fathers, who gave Congress the legislative power, the President the executive power, and the Supreme Court the judicial power, never intended to vest all of these powers in one arm of government—the judiciary. True, today we have many so-called "judge-made" laws forced upon us by legal technicians and the beneficiaries of special interests never contemplated by the framers of the Constitution.

In view of the contemptible manner in which the "grass rooters" have assailed President Roosevelt and his worthy and successful efforts for the Nation, I feel that the Congress should know the leaders of the "grass roots" movement, especially some of those who are responsible for the ridiculous, unfair, and unwarranted charges against President Roosevelt and the Democratic Congress, and who would admit, if they were honest, that only the strenuous and courageous efforts of the Congress and legislation of his initiation saved us, as many believe, from revolutionary troubles.

I have many times portrayed conditions that existed in 1930, 1931, and 1932, when 80 percent of our plants, factories, banks, and other businesses closed and 16,000,000 willing workers were unemployed; when it became necessary for the Federal Government to advance money to municipalities and States to feed the hungry—yes, starving—unemployed, as contrasted with conditions of today. Therefore I need not restate those unhappy conditions. All those conditions were known to these leaders of the "grass roots" conference, and especially to the keynoter, that feeble old man, ex-Governor Lowden, who permitted himself to be used by such other ex-Republican officeholders as ex-Senator Deneen; ex-Senator Glenn; ex-chairman of the Illinois Commerce Commission, Frank L. Smith; Mr. Doyle; Mr. Brooks; and many others who are today drawing—thanks to Republican Federal judges—large, unwarranted salaries as useless receivers and attorneys for receivers that they themselves helped to create.

In a futile effort to cause thinking and injured persons to forget that misrule, inefficiency, unconscionably sharp business practices, and machinations that effected the greatest catastrophe in the history of this or any other country, they hide behind the Constitution and the doctrine of State rights. Unfortunately they have the same regard for the Constitution and State rights as they have had for the general welfare of our citizenry, which regard is nil. They fatuously hope that they may by this hue and cry "stand by the Constitution" and "respect State rights", again deceive the voters. I am convinced, though, that the vast majority of the American people will not be misled by them.

The "grass rooters" have in stentorian tones quoted the Founding Fathers and that great Southerner, Calhoun, in connection with the Constitution and State rights.

Let me for a moment, please, hark back to the pronouncements of some of the Founding Fathers. And I shall rely chiefly upon Washington, the founder of the Republic, Jefferson, the fountain of its idealism, and Lincoln, the exemplar of its magnanimity and the preserver of its internal unity.

Both Washington and Jefferson anticipated "periodic repairs." It was the wise and immortal Washington, standing, as always, foursquare to all the winds that blow, who said that—

> The warmest friends and the best supporters the Constitution has do not contend that it is free from imperfections; but they found them unavoidable and are sensible; if evil is likely to arise therefrom, the remedy must come hereafter.

Again, it was Jefferson, that stalwart opponent of a centralized government, who said, in a letter dated July 12, 1816, to Samuel Kercheval, on the Constitution:

> Some men look at constitutions with sanctimonious reverence, and deem them like the Ark of the Covenant, too sacred to be touched. They ascribe to the men of the preceding age a wisdom more than human, and suppose what they did to be beyond amendment. I knew that age well; I belonged to it, and labored with it. It deserved well of its country. It was very like the present, but without the experience of the present; and 40 years of experience in government is worth a century of book-reading and this they would say themselves, were they to rise from the dead. I am certainly not an advocate for frequent and untried changes in laws and constitutions. I think moderate imperfections had better be borne with; because, when once known, we accommodate ourselves to them, and find practical means of correcting their ill effects. But I know also, that laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times. We might as well require a man to wear still the coat which fitted him when a boy as civilized society to remain ever under the regimen of their * * * ancestors. * * * Each generation is as independent as the one preceding, as that was of all which had gone before. It has then, like them, a right to choose for itself the form of government it believes most promotive of its own happiness; consequently, to accommodate to the circumstances in which it finds itself, that received from its predecessors; and it is for the peace and good of mankind that a solemn opportunity of doing this * * * should be provided by the Constitution; so that it may be handed on, with periodical repairs, from generation to generation, to the end of time, if anything human can so long endure. * * * This corporeal globe, and everything upon it, belong to its present corporeal inhabitants, during their generation. They alone have a right to direct what is the concern of themselves alone, and to declare the law of that direction. * * * If this avenue be shut to the call of sufferance, it will make itself heard through that of force, and we shall go on, as other nations are going, in the endless circle of oppression, rebellion, reformation; and oppression, rebellion, reformation, again; and so on forever.

In conclusion let me briefly quote an extract from the immortal President and founder of the Republican Party, Lincoln, in his debate with Douglas concerning the Dred Scott decision. He said:

> We believe as much as Judge Douglas (perhaps more) in obedience to and respect for the judicial department of Government. We think its decision on constitutional questions, when fully settled, should control not only the particular cases decided but the general policy of the country, subject to be disturbed only by amendments of the Constitution as provided in that instrument itself. More than this would be revolution. But we think the Dred Scott decision is erroneous. We know the Court that made it has often overruled its own decisions, and we shall do what we can to have it overrule this.

To strengthen his position Lincoln quoted President Jackson in connection with Jackson's veto of an act of Congress, as follows:

> If the opinion of the Supreme Court covered the whole ground of this act it ought not to control the coordinate authorities of this Government. The Congress, the Executive, and the Court must, each for itself, be guided by its own opinion of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it and not as it is understood by others.

I am sure that if Lincoln were alive he would resent and condemn the action of the "grass roots" leaders and wholeheartedly approve the humane policies and practices of President Franklin D. Roosevelt. Against the words of the four great and good Americans, Washington, Jefferson, Jackson, and Lincoln, I have quoted, we have the ex-Republican officeholders trying to create damaging prejudice against President Roosevelt. Whom shall we believe, the "grass rooters" and has-beens, who desire at any cost to regain with all fours the trough of Hoover, or the words of men who will stand for countless centuries as exponents of real and constructive wisdom?

NATIONAL LABOR RELATIONS BOARD

Mr. O'CONNOR, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 263

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1958, a bill to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. SNELL. Is it the intention to bring up that bill tomorrow?

Mr. O'CONNOR. I understand it is the plan to bring up the Wagner-Connery labor-disputes bill tomorrow.

PARTICIPATION OF THE UNITED STATES IN TEXAS CENTENNIAL EXPOSITION

Mr. O'CONNOR, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 264

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution No. 131, a joint resolution providing for the participation of the United States in the Texas Centennial Exposition and Celebrations to be held in the State of Texas during the years 1935 and 1936, etc. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, the rule just presented is in place of a rule presented the other day in which there were some errors. I ask unanimous consent that a similar resolution, House Resolution 257, may be laid on the table.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

NATIONAL MEMORIAL MILITARY PARK IN VICINITY OF KENNESAW MOUNTAIN

Mr. HILL of Alabama. Mr. Speaker, I call up the conference report upon the bill (H. R. 59) to create a national memorial military park at and in the vicinity of Kennesaw Mountain, in the State of Georgia, and for other purposes.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 59) to create a national memorial military park at and in the vicinity of Kenesaw Mountain in the State of Georgia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

JOHN J. MCSWAIN,
LISTER HILL,
HARRY C. RANSLEY,
Managers on the part of the House.

MORRIS SHEPPARD,
DUNCAN U. FLETCHER,
ROBERT D. CAREY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House, having met in full and free conference with like managers on the part of the Senate constituting the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to H. R. 59, beg leave to submit the following statement:

The Senate amendment consisted of striking out certain language authorizing the Secretary of the Interior to purchase additional lands in order to round out and complete the area of the Kennesaw Mountain Battlefield Park, if said lands could be purchased at reasonable prices, and if the prices demanded be unreasonable in the opinion of the Secretary of the Interior, then that the Secretary of the Interior be authorized to exercise the right of eminent domain and to condemn such parcel or parcels of land as he deem necessary in order to complete and round out the area of said battlefield park. As a result of the conference, the Senate agreed to recede from its said amendment, and the language of the bill will remain as it was when the bill passed the House.

JOHN J. MCSWAIN,
LISTER HILL,
HARRY C. RANSLEY,
Managers on the part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

COLUMBIA INSTITUTION FOR THE DEAF

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1180) to amend section 4865 of the Revised Statutes, as amended.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the number of beneficiaries from the several States and Territories authorized by section 4865 of the Revised Statutes, as amended, for admission to the collegiate department of the Columbia Institution for the Deaf, be, and it hereby is, increased from 125 to 145.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DURHAM COUNTY, N. C.

Mr. UMSTEAD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 7374) to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SNELL. Mr. Speaker, reserving the right to object, as I understand from the gentleman from North Carolina, this is a matter of local convenience and is entirely satisfactory to the people in that part of the State?

Mr. UMSTEAD. The gentleman is correct.

Mr. MOTT. May I ask the gentleman on what subject this bill bears?

Mr. UMSTEAD. It is for the purpose of transferring a county from one judicial district to the other. There are three Federal judicial districts in the State of North Carolina. This bill transfers the county of Durham, which is my home country, from the eastern district to the middle district and is by the unanimous consent of the bar of that county.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 98 of the Judicial Code, as amended (U. S. C., Supp. VII, title 28, sec. 179), is amended (1) by striking out "Durham", in the second paragraph thereof,

and (2) by inserting "Durham", immediately after the comma following the word "Davie" in the fourth paragraph of such section.

SEC. 2. The act entitled "An act to provide for the times and places for holding court for the eastern district of North Carolina", approved May 10, 1928, as amended (U. S. C., Supp. VII, title 28, sec. 179a), is amended (1) by striking out "at Durham on the first Mondays in March and September;", and (2) by amending the second proviso to read as follows: *"And provided further,* That at Wilson it shall be made incumbent upon that place to provide suitable facilities for holding the court."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A SHAMELESS DESECRATION

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, I wish to call the attention of the House to something that concerns every American, especially in these days of stress and difficulty. I refer to the causes that are contributing to the break-down of the morale of the American people.

One of them is the shameless abuse of the radio broadcasting. When the eighteenth amendment was repealed we were assured that the bar was gone and that the liquor interests had learned their lesson. Despite these promises the bar is back and thousands of people are being killed on the highways through the operation of cars by drunken drivers. In addition to that there comes over the radio nightly a glorification of booze. This goes into the homes of our people, where children and youths are indoctrinated with the fictitious merits of "John Barleycorn." I have introduced a bill today which will prohibit the sending of this destructive antisocial advertising into the homes of America. I invite the sympathetic support of the Members of the House.

At this time I particularly wish to call the attention of the House to the fact that this group of advertisers, who are trying to make the youth of America "alcohol conscious", have no respect for American tradition, however sacred. A national broadcast on last Tuesday night used Lincoln's Gettysburg Address as a medium for this nefarious practice.

I have filed a protest with our former colleague the Chairman of the Communications Commission, Hon. Anning S. Prall, and am appending it and his answer hereto.

JUNE 6, 1935.

Hon. ANNING S. PRALL,
Chairman Federal Communications Commission,
Washington, D. C.

MY DEAR COMMISSIONER: On Tuesday night of this week I had the misfortune to be listening in on a Nation-wide broadcast which came from Hollywood and was made by one Ben Bernie.

He was indoctrinating the youth of the country on the fictitious merits of alcohol and used as his vehicle a paraphrase of Lincoln's Gettysburg Address. There is no spoken word in the English tongue more beautiful in thought and expression than this same brief but matchless oration. I have seen it stated that it is the first classic of the English tongue. This musical mountebank paraphrased the Gettysburg Address into an appeal to the country to drink a certain brand of beer. He mutilated the address to this end and subjected it to his misplaced and vulgar comedy.

I realize that you have no power of censorship over these stations, but you do have the right to refuse to issue a license. Cannot this power be exercised in some way so that this shameless performance will not be repeated?

With regards, I am very sincerely yours,

FRANCIS D. CULKIN,
Member Congress, Thirty-second District, New York.

FEDERAL COMMUNICATIONS COMMISSION,
June 12, 1935.

Hon. FRANCIS D. CULKIN,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN CULKIN: The receipt is acknowledged of your letter of June 6, 1935, making reference to a broadcast over a Hollywood station by Ben Bernie.

With regard thereto, you are advised that although the Commission may not take any action directly or indirectly to censor programs broadcast by radio stations, the Commission has the power to take into consideration the past activities of stations when acting upon their applications for renewal of license.

This matter is being given appropriate attention by the law department of the Commission. In order to aid it in this work, the Commission will appreciate your advice as to the station or stations which, to your knowledge, have carried the program in question.

Sincerely yours,

ANNING S. PRALL, *Chairman.*

I am confident that under the administration of Chairman Prall every effort will be made to make the radio a constructive, educational force which will preserve and protect our best traditions. A continuation of the present type of advertising will lead the Nation into economic and moral confusion.

THE PRICE WE PAY

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a very short editorial by a young man whom I have known since early childhood. This editorial was printed in a Texas paper, and the editor's name is Dale Miller.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following short editorial by Dale Miller in the Texas Weekly:

THE PRICE WE PAY

By Dale Miller in Texas Weekly

The elaborate bureau set up in Washington to undertake the expenditure of the work-relief fund recently made available by Congress is all set now to "divy up" the $4,800,000,000 among the States. Each State receives an allotment determined by its proportionate number on relief. The total number on relief in the United States is 4,584,657 families, which means that, in the sixth year of the depression, about 1 out of every 6 persons in the United States is dependent on his Government for subsistence.

Big figures such as these are probably so familiar to everybody these days that they evoke only yawns whenever they are phalanxed together to describe another adventure in Government, and perhaps one should not have the temerity at this late hour to view them with alarm. The idea is, of course, that the expenditure of this huge sum will prime the pump, and the wheels of prosperity will begin to turn. So the prevailing mood is one of complacency.

But somehow we cannot forget that this same complacency awaited the 15-cent cotton that the passage of the Bankhead Law was to have made possible before August of last year, nor can we forget that this same complacency awaited the employment of 6,000,000 persons which was to have been made possible by Labor Day through the enactment of the N. R. A. 2 years ago. One after another the bubbles burst, and one after another we blow them brighter still.

This is not to deplore the passage of the work-relief bill. It is to deplore only the persistent shortsightedness of those in authority, which makes inevitable the perpetuation of conditions so grievous that expedients like the work-relief bill must be continually resorted to. Why must the roots of the depression—the stagnation of world commerce—remain persistently ignored?

Look at the South: In the 10 cotton States $868,300,000 will be spent to provide subsistence for 946,800 families on relief. In Texas $203,700,000 will be spent to take care of 240,860 families. Can it be presumed for a moment that priming the pump will give these unfortunate people permanent jobs in a domestic economic system when they never held such jobs even in the Nation's most prosperous years? The jobs held in the cotton fields have for decades been supplied more by the world outside the United States than by the United States itself.

It is a terrific price we are paying for the truth about simple things.

VETO

Mr. FENERTY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech delivered by myself.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FENERTY. Mr. Speaker, under leave to extend my remarks, I include the following poem, composed by me, as part of an address I delivered at the annual dinner of the Clair Post of the American Legion at the Broadwood Hotel in Philadelphia on Memorial Day:

VETO

O, 'twas torture and pain from Marne to Aisne,
And cold in a dugout deep;
And the persiflage of a foe's barrage
Playfully courting sleep;
When the sad-eyed dawn said night was gone,
Then we looked for our—something canned,
There was never a chef in the A. E. F.,
Over on No Man's Land.

And when the machine guns went rat-a-tat-tat,
Nobody tried to put a veto on that!

We couldn't complain of the freezing rain
When we lived and squirmed in mud,
'Tis only a breath from life to death,
When soixante-quinzes thud;
Not a drop half clean in the caked canteen,
With the devil in chief command,
As we slept with a scowl near a rodent foul,
Over on No Man's Land.

And still the guns went rat-a-tat-tat,
Nobody thought to put a veto on that!

It was insect bite and hellish fight,
Smothered in chlorine drear,
Then over the top and a sudden stop,
And your throat felt somewhat queer,
Then a stretcher, too, with a dead poilu,
And a space where he used to stand,
Yes, and stifled cries and tear-dimmed eyes,
Over on No Man's Land.

Then once again went the rat-a-tat-tat,
Nobody ever put a veto on that!

It was over and back with a heavy pack,
And a sniff of mustard gas,
With bayonet, spade, and hand grenade
"Dig in!—they must not pass!"
So we fought and fought, great God! we fought
As long as our legs could stand,
Till the crimson flood of our comrades' blood
Was the price of No Man's Land.

Ten and seven years later no fireside chat
Can make us forget there's no veto on that!

NATURALIZATION OF ALIEN VETERANS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2739) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, strike out "1936" and insert "1937."

Mr. SNELL. Mr. Speaker, I reserve the right to object to ask a question or two of the gentleman from New York.

Some of the gentlemen who are opposed to this resolution are not here at the present time, and I am sorry the gentleman has brought the matter up. I should like to know just how far this bill goes in letting in other people.

Mr. DICKSTEIN. This bill will not let anybody in from abroad; this simply provides a short form of naturalization for men who served in the World War and who were in this country at that time and are here now. It does not affect any Chinese or Japanese. They are all white people, and the bill simply extends the law that expired in 1932 in order to give these veterans of the World War the right to become naturalized, without any redtape, until May 25, 1937.

Mr. SNELL. Why should a man who served under a foreign flag have any special right to become an American citizen?

Mr. DICKSTEIN. Because at the time war was declared there were a number of aliens legally in the United States, like a number of Polish young men and men from other countries, who joined to fight with the Allies in the common cause for which America fought. In other words, when we did not take these men they joined with their own folks, with whom we were allies.

Mr. SNELL. How many men are affected?

Mr. DICKSTEIN. Less than 1,000.

Mr. KENNEY. I may say to the gentleman there are some substantial citizens who have come to this country since the war who lived here before the war. They volunteered to serve with their own armies at the outbreak of the war. They have come back here and now these men, especially the Polish veterans—and there is no higher type of man in this country—have recently formed an organization of their own in which these men are grouped together, and they want to take advantage of this provision. It was not known to some of them that they could have availed themselves of the law as it stood.

Mr. SNELL. Why should they not come in under the regular law?

Mr. DICKSTEIN. They are legally in the country in the regular way.

Mr. SNELL. Why do they not become naturalized in the usual way?

Mr. DICKSTEIN. Because they would have to wait after they file their declarations of intention for 2 years and pay a fee of $12 or $14.

Mr. CARTER. Mr. Speaker, reserving the right to object, are minority members of the committee present and did they know that this matter was going to be brought up today?

Mr. DICKSTEIN. The committee has reported this out favorably.

Mr. CARTER. Where are the minority members of the committee?

Mr. DICKSTEIN. I simply want the gentleman to take my word for the fact that the committee unanimously reported out the bill. The American Legion appeared before the committee and unanimously favored it, and the Veterans of Foreign Wars also favored it. Every group and organization of this kind has favored the legislation. It was passed in the House unanimously the last time it was up, and it passed the Senate unanimously. It only affects about 1,000 veterans who served in the war and who are legally in this country.

Mr. CARTER. The gentleman has stated the committee acted on the original bill. Has the committee acted on the amendment?

Mr. DICKSTEIN. The committee has agreed to the amendment which only extends the date from 1936 to 1937. Originally, the committee fixed the date at 1937 and then we eliminated that and now the Senate has put it back. This will clear up all the veterans of the World War.

Mr. CARTER. Who is the ranking minority member of the gentleman's committee?

Mr. DICKSTEIN. The gentleman from Tennessee [Mr. TAYLOR].

Mr. MOTT. Mr. Speaker, reserving the right to object, I should like to ask the gentleman why these people who now want to become citizens and who were in the Army should have any different privilege in that regard than aliens who served in the Army and who were denied citizenship 10 or 15 years ago and who had to wait the regular period of time and go through the regular formalities required of all aliens.

Mr. DICKSTEIN. I am afraid the gentleman has not read the bill.

Mr. MOTT. Yes; I have read it.

Mr. DICKSTEIN. The bill refers to people who are in this country legally and has nothing whatever to do with immigration.

In 1917, for instance, there were a number of Poles who volunteered for service in the American Army. The American Army refused to take them at the time of the first draft and then they joined their foreign service and went over on the other side to fight with our Allies and now they have been back here legally for years. This bill has nothing to do with immigration.

Mr. MOTT. I understand that, but I may say to the gentleman that for the last 10 years aliens who served in the American Army have been denied the right to become citizens in this way. They have had to go through the same procedure that anybody else followed, and why, after 15 or 16 years, should these few be given a special privilege?

Mr. DICKSTEIN. This applies to all of them.

This bill benefits aliens who served in the American Army, Navy, and other American armed forces, and also benefits aliens who served in the armed forces of countries with whom the United States was an ally in the World War, for a common cause.

Aliens who served in the armed forces under the American flag have been given the benefit of a short form of naturali-

zation without fees ever since they were in the service up to May 25, 1934, on which date the act of May 25, 1932, expired.

Previously, our own veterans have been granted a short form under the acts of May 9, 1918, of July 19, 1919, of May 26, 1926, of March 4, 1929, of March 3, 1931, and May 25, 1932. All of these previous acts gave benefits to alien veterans who were in the United States and they were not immigration measures, just as this present bill is not an immigration measure.

Under the provisions of this bill as amended by the Senate the benefits would accrue only in cases where the formal petition for certificate of citizenship is filed with the court prior to May 25, 1937, and for that period amends and extends the pertinent section of the act approved May 25, 1932.

Mr. O'MALLEY. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

REVISED EDITION, HINDS' PRECEDENTS

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8297) to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That so much of the First Deficiency Appropriation Act, fiscal year 1921 (41 Stat. 1181), approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives, is hereby amended to read as follows:

"That Hinds' Parliamentary Precedents of the House of Representatives of the United States shall be compiled, prepared, corrected, and revised up to and including the Seventy-third Congress, by Clarence Cannon, who shall also prepare a complete index digest of the work and supervise the printing thereof; and there shall be printed and bound 2,500 sets thereof, which shall be delivered to the Superintendent of Documents for distribution as follows:

"To the offices of the Vice President and the Speaker of the House of Representatives, each, five sets;

"To the Washington office of each Senator, Representative, Delegate, and Resident Commissioner in the Seventy-fourth Congress, who makes written application therefor, one set;

"To the compiler of the revised precedents, 100 sets;

"To the Parliamentarian of the House of Representatives, 10 sets;

"To the Parliamentarian of the Senate, five sets;

"To the Secretary and Sergeant at Arms of the Senate, and the Clerk, Sergeant at Arms, and Doorkeeper of the House of Representatives, each, one set;

"To the offices of the superintendents of the Senate and House document rooms, each, one set;

"To the Library of Congress for international exchange and for official use in Washington, D. C., not to exceed 150 sets;

"To The National Archives, two sets;

"To each existing, or hereafter established, depository library that makes written application therefor, one set;

"To the library of each executive department, independent office, and establishment of the Government now in Washington, D. C., or which may be hereafter created, and who make written application therefor, except those designated as depository libraries, and to the libraries of the municipal government of the District of Columbia, the Naval Observatory, and the Smithsonian Institution, each, one set; and

"To the library of each branch of the legislature of every State, Territory, and insular possession of the United States, one set.

"SEC. 2. There shall also be distributed for official use, and upon delivery shall become and remain the property of the United States Government and may not be removed from the offices hereinafter designated, not to exceed 125 sets, which shall have legibly stamped on the front cover and back of each volume the name of the office to which each set is furnished, as follows:

"To the office of each standing committee of the Senate and House of Representatives now in existence, or which may be hereafter created, one set;

"To the library of the Executive Office, two sets;

"To the offices of the Legislative Counsel of the Senate and House of Representatives, respectively, each, one set;

"To the library of the Senate, five sets;

"To the library of the House of Representatives, 25 sets;

"To the library of the Supreme Court of the United States, 2 sets; and

"To the offices of the Official Reporters of Debates of the Senate and House of Representatives, respectively, each, one set.

"SEC. 3. The remaining sets shall be distributed by the Superintendent of Documents, as may be authorized and directed by the Joint Committee on Printing; and, after the Seventy-fourth Congress and during each succeeding Congress until the residue is exhausted, the Superintendent of Documents shall furnish, only upon written application therefor, one set to each Senator, Representative, Delegate, and Resident Commissioner who previously had not received a set of this revised publication. The 'usual number' shall not be printed.

"SEC. 4. That the sum of not exceeding $20,000 is hereby authorized to be appropriated to provide reimbursement for expenses incurred in connection with the revision of the precedents."

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, as I understand it, this is the bill which takes care of the printing and also supplies part compensation at least to the gentleman who did the work, the gentleman from Missouri [Mr. CANNON].

Mr. LAMBETH. It provides reimbursement for expenses in connection with this work which has been going on since 1921.

Mr. SNELL. Mr. Speaker, I have been fairly familiar with that work from the very beginning. I think Mr. CANNON has done a wonderful work, and I doubt seriously that it will ever be rewritten. Of course, Mr. CANNON took on a larger contract than he expected when he originally agreed to do the work, but he has worked faithfully for a great many years. I know no man better qualified to do the work than Mr. CANNON, and I think it is no more than right that he should be compensated at least for the extra expense that he has been put to in preparing this very valuable work.

Mr. LAMBETH. I agree with the gentleman. It is a monumental piece of work.

Mr. O'CONNOR. As the introducer of the bill, we considered thoroughly the invaluable work Mr. CANNON has done. It is probably greater than the original. I think the whole House will appreciate it when they get the new volume, one edition of which goes to each Member as I understand it.

Mr. LAMBETH. That is correct, on request.

Mr. KENNEY. When will we get that?

Mr. LAMBETH. It will be ready for distribution at the opening of the next session of Congress. It is now in the hands of the Printer.

Mr. SNELL. I am glad the Printing Committee brought this matter in, and I hope it will be disposed of at once.

Mr. LAMBETH. It was necessary to amend the original act, because the act of 1921 required that it be distributed to the Members of the Sixty-sixth Congress, and of course it is impossible to comply with that.

Mr. RANKIN. As I understand it, several volumes will be preserved for future Members who come into the Congress in future years.

Mr. LAMBETH. Nine hundred extra sets will be reserved beyond immediate distribution, which at the present rate of turn-over is expected to last for about 15 more Congresses.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

FARM-TO-MARKET ROADS

Mr. LORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I made on the subject of From the Farm to Market Roads.

The SPEAKER. Is there objection?

There was no objection.

Mr. LORD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by me at Gilbert Lake, N. Y., June 8, 1935, before the rural mail carriers:

Ladies and gentlemen, I know that you are all interested, and especially you who are mail carriers, in the improvement of back roads where you have to carry mail. For many years we have had appropriations for our highways and our main thoroughfares are about all completed.

When the first bond issues were brought out in the State of New York to build and improve highways it was for the purpose of constructing a road that the farmer could get his products to market at all seasons of the year. After the bond issue was voted the legislature passed legislation for expedited routes running throughout the length and breadth of the State and farm to market roads were forgotten.

Our main thoroughfares were constructed and worn out and have been reconstructed, some of them two or three times, and they are still reconstructing main thoroughfares but the farmers' back roads are still forgotten.

At this session of Congress the Committee on Roads, of which I am a member, introduced a bill providing for an appropriation of $300,000,000 for grade-crossing elimination, $400,000,000 for main and lateral highways, and $300,000,000 for the rural mail carriers roads. Opposition grew up to this amount of money for the farmers' roads, especially from the State departments of public works, and they succeeded in getting this amount cut out of the bill and maintaining $800,000,000 in it, five hundred million for first-class and secondary roads and three hundred million for grade-crossing elimination.

Many of the States are constructing so-called "farm-to-market" roads but they are only an expensive type of gravel road and a few miles in each county so that when we got through we had made very little advancement.

With this in view and the large public-works fund of nearly a billion dollars that is now available, I proposed to appropriate $600,000,000 for constructing rural delivery and farmers' back roads. This is not entirely a road-building program but is a program to relieve the unemployed, and in relieving the unemployed I plan to do some constructive work by getting the farmers out of the mud and giving the people living in rural communities an opportunity to work and earn a living, create better living conditions, and increase the value of the farms.

If we employ an average of 50 men in every town and give them employment for 4 months building roads it will go a long way toward taking care of the unemployed under the President's plan of $50 a month. The plan is to give to every county an average of $200,000 as their needs may appear to take care of the unemployed and construct good stone and gravel roads. These roads can be constructed in this section at a cost of $1,000 to $3,000 a mile, according to the distance the material has to be drawn, and build a road that will keep the farmer out of the mud for all time, increasing the value of the farms and give work for the men who need the jobs.

We have a little over 3,000 counties in the United States, and with $200,000 to a county it would take about $600,000,000 to do this job. This would employ somewhere in the neighborhood of 3,000,000 men for 4 months or longer. The work could be started in a very short time after the money became available for most all towns and counties have the machinery to work with.

I called a meeting in my office of the following: Edward O'Neill, president American Farm Bureau Federation; Chester Gray, Washington representative American Farm Bureau Federation; Lewis Tabor, master National Grange; Fred Brinckman, Washington representative National Grange; Charles Upham, of the American Road Builders' Association; W. G. Armstrong, national president National Rural Letter Carriers' Association; and E. H. Everson, president Farmers' Union. These men are all very much interested and working for the appropriation.

Various other State organizations are endeavoring to get all of their Senators and Representatives back of the committee. There is a committee of 50 in the House of Representatives organized to help bring this about. I have been personally to see Secretary Wallace, Secretary Ickes, Harry L. Hopkins, Federal Emergency Relief Administrator; and I have been to see President Roosevelt. The President and Mr. Hopkins are very responsive, and they have told me they will render assistance to this appropriation.

Now, what we have to do is to get all these organizations and individuals together, working as one man, and your organization can help by writing these men, urging them to cooperate in bringing this about.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ECKERT, for Wednesday, June 19, 1935, on account of business.

HOUR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection?

There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. 1788. An act authorizing the State of Michigan to construct, maintain, and operate a toll bridge across the St. Clair River at or near Port Huron, Mich., and to acquire other transportation facilities between said State and Canada; to the Committee on Interstate and Foreign Commerce.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1121. An act for the relief of Isidor Greenspan; and

S. 1863. An act for the relief of Trifune Korac.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p. m.) the House, under its order previously made, adjourned until tomorrow, Wednesday, June 19, 1935, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, June 19, 10:30 a. m.)

Subcommittee will hold hearings on bill H. R. 6278, relative to postal rates, first class.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, June 20, 10 a. m.)

A joint hearing will be held of the Senate and House Immigration and Naturalization Committees in room 445, Old House Office Building, before which joint meeting Col. Daniel W. MacCormack will appear and make a statement on immigration and naturalization statistics.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 2074. An act to create a National Park Trust Fund Board, and for other purposes; without amendment (Rept. No. 1254). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. S. 2073. An act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes; without amendment (Rept. No. 1255). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H. R. 8229. A bill to amend the act approved June 12, 1934, relating to the granting of the consent of Congress to certain bridge construction across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala.; without amendment (Rept. No. 1256). Referred to the House Calendar.

Mr. DREWRY: Committee on Naval Affairs. S. 2774. An act for the relief of certain officers on the retired list of the Navy and Marine Corps, who have been commended for their performance of duty in actual combat with the enemy during the World War; without amendment (Rept. No. 1257). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 8368. A bill to enforce the twenty-first amendment; with amendment (Rept. No. 1258). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 263. Resolution for the consideration of S. 1958; without amendment (Rept. No. 1259). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 264. Resolution for the consideration of Senate Joint Resolution 131; without amendment (Rept. 1260). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON: A bill (H. R. 8539) to further protect the revenue derived from distilled spirits, wine, and

malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes; to the Committee on Ways and Means.

By Mr. KENNEY: A bill (H. R. 8540) to create a Federal Lottery Commission, and for other purposes; to the Committee on Ways and Means.

By Mr. CANNON of Missouri: A bill (H. R. 8541) for payment of compensation to persons serving as postmaster at third- and fourth-class post offices; to the Committee on the Post Office and Post Roads.

By Mr. VINSON of Georgia: A bill (H. R. 8542) authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Naval Records and Library, Navy Department; to the Committee on Naval Affairs.

By Mr. McSWAIN (by request): A bill (H. R. 8543) to acquire certain land in Florida for the War Department; to the Committee on Military Affairs.

By Mr. FERGUSON: A bill (H. R. 8544) authorizing an appropriation to enable the Secretary of Agriculture to cooperate with the experiment station of the Panhandle Agricultural and Mechanical College, located at Goodwell, Okla.; to the Committee on Agriculture.

By Mr. McSWAIN: Joint resolution (H. J. Res. 330) to close Military Road temporarily; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing Congress to make amends to those disabled war veterans who have been deprived of their just and lawful compensations; to the Committee on World War Veterans' Legislation.

Also, memorial of the Legislature of the State of California, supporting House bill 6628; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DORSEY: A bill (H. R. 8545) for the relief of Salvatore Roberto; to the Committee on Military Affairs.

By Mr. FERGUSON: A bill (H. R. 8546) for the relief of Herbert C. Robbins; to the Committee on Naval Affairs.

By Mr. KRAMER: A bill (H. R. 8547) for the relief of Earl Vinnage Adler; to the Committee on Naval Affairs.

By Mr. McGROARTY: A bill (H. R. 8548) to permit Willis Adams to make a homestead entry on certain public land in Oregon; to the Committee on the Public Lands.

Also, a bill (H. R. 8549) to authorize the Secretary of the Interior to issue a patent for certain land to Willis Adams; to the Committee on the Public Lands.

By Mr. McSWAIN: A bill (H. R. 8550) for the relief of N. May Jernegan and Warren Norris Jernegan; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 8551) for the relief of J. C. Donnelly; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H. R. 8552) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Leo Solet; to the Committee on the District of Columbia.

By Mr. STUBBS: A bill (H. R. 8553) for the relief of Ernest W. Bailey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8885. By Mr. BOYLAN: Resolutions adopted by the Maritime Association of the Port of New York, opposing the proposed legislation to transfer the supervision of river and harbor work from the Corps of Engineers of the United States Army to another Government department; to the Committee on Rivers and Harbors.

8886. Also, letter from Mailer's Union No. 6, of Greater New York, favoring the Wagner labor-disputes bill; to the Committee on Labor.

8887. Also, resolution adopted by the Women Investors in America, Inc., New York City, N. Y., opposing the Wheeler-Rayburn public-utility bill; to the Committee on Interstate and Foreign Commerce.

8888. Also, letter from the New York Progressive Club, composed of members of Local No. 6 of the International Typographical Union, unanimously favoring the passage of the Wagner labor-disputes bill; to the Committee on Labor.

8889. By Mr. COLDEN: Assembly Joint Resolution No. 59, adopted by the Assembly and Senate of the Legislature of the State of California, and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing the President and the Congress of the United States to enact House bill 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor of the House of Representatives to expedite consideration favorable to said bill; to the Committee on Labor.

8890. By Mr. KENNEY: Resolution of the New Jersey Industrial Traffic League of Orange, N. J., protesting against the acceptance by the Post Office Department of the assertion of superiority for the Floyd Bennett Field over the Newark Airport as the most strategic terminus for air lines serving the metropolitan district; to the Committee on the Post Office and Post Roads.

8891. By Mr. KRAMER: Resolution of the Walnut Growers Institute of Southern California, heartily endorsing the proposed amendments to the Agricultural Adjustment Act; to the Committee on Agriculture.

8892. By Mr. PLUMLEY: Petition of Ludwig Lewisohn and others of Burlington, Vt., urging passage of House bill 8163, to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States to certain classes of aliens, and for other purposes; to the Committee on Immigration and Naturalization.

8893. Also, petition of Max Wax, S. W. Alpert, Max Ahrens, and some 30 other members of Joseph Frank Lodge, No. 1109, B'nai B'rith, Burlington, Vt., and other residents of that city, urging passage of House bill 8163, to authorize the deportation of criminals, to guard against the separation from their families of aliens of the noncriminal classes, to provide for legalizing the residence in the United States to certain classes of aliens, and for other purposes; to the Committee on Immigration and Naturalization.

8894. By Mr. RUDD: Petition of the American Federation of Labor, Washington, D. C., concerning the Wagner labor-disputes bill; to the Committee on Labor.

8895. By Mr. TRUAX: Petition of the Northwestern Cooperative Sales Association and National Condensery Producers Committee, Toledo, Ohio, by their manager and secretary, respectively, E. D. Waid, urging support of House bill 6361 as being important to condensery producers; to the Committee on Agriculture.

8896. Also, petition of Joseph Snyder and numerous other citizens of Mansfield, Ohio, urging support of Wagner labor-disputes bill and Black 30-hour-week bill; to the Committee on Labor.

8897. Also, petition of Elyria Central Labor Union, by their secretary, Alva Kemp, Elyria, Ohio, urging support of the Wagner labor-disputes bill, Black 30-hour-week bill, and the Guffey coal bill; to the Committee on Labor.

8898. Also, petition of Sheffield Lodge, No. 13, Amalgamated Association of Iron, Steel, and Tin Workers, Kansas City, Mo., urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8899. Also, petition of Sheet Metal Workers' International Association, Local No. 231, by their recording secretary, Wesley H. Levien, Marion, Ohio, urging support of the extension of the Emergency Railway Transportation Act; to the Committee on Interstate and Foreign Commerce.

8900. By Mr. PFEIFER: Telegram of the First Poltaver Brotherly Aid Society, Brooklyn, N. Y., endorsing House bill 8163; to the Committee on Immigration and Naturalization.

8901. By the SPEAKER: Petition of the Civic Leaders Club of Los Angeles, Calif.; to the Committee on Interstate and Foreign Commerce.

8902. Also, petition of the Western Traffic Conference; to the Committee on Interstate and Foreign Commerce.

8903. Also, petition of the Mayor's Committee on Conference of Seaport Cities; to the Committee on Ways and Means.

SENATE

WEDNESDAY, JUNE 19, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, June 18, 1935, was dispensed with, and the Journal was approved.

JEAN JULES JUSSERAND—EXPRESSION OF APPRECIATION FROM GOVERNMENT OF FRANCE

Mr. ROBINSON. Mr. President, I understand that the Senator from Kentucky [Mr. BARKLEY] has a matter which he wishes to lay before the Senate.

Mr. BARKLEY. Mr. President, a few days ago a joint resolution was passed authorizing the erection in Washington of a statue to the former French Ambassador to the United States, Mr. Jean Jules Jusserand. Through the Secretary of State there has come a communication from the French Ambassador thanking Congress for that action. I ask that it may be read.

The VICE PRESIDENT. The communication will be read.

The legislative clerk read as follows:

JUNE 13, 1935.

The Honorable JOHN N. GARNER,
Vice President of the United States.

MY DEAR MR. VICE PRESIDENT: I take pleasure in transmitting to you herewith copy of a note (in translation) which the French Ambassador left with the Under Secretary of State this morning expressing appreciation, on behalf of the French Government and the people, for the vote of the Congress authorizing the erection at Washington of a monument in memory of Mr. Jusserand, former Ambassador of France.

Sincerely yours,

CORDELL HULL.

(Enclosure: Copy of note.)

[Translation]

JUNE 12, 1935.

MR. SECRETARY: It was with particular satisfaction that my Government learned that the House of Representatives of the United States had unanimously adopted, on May 6 last, a resolution authorizing the erection in Washington of a monument in memory of Mr. Jusserand, late Ambassador of France in the United States, and that this resolution had been approved the day before yesterday, June 10, by the Senate.

In conformity with instructions which I have just received from the President of the Council, who is also Minister of Foreign Affairs, I have the honor to express to Your Excellency, the gratitude of the Government of the Republic for a recognition which is indeed warmly appreciated by him as well as by the French people.

I should be grateful to Your Excellency to be good enough to transmit to the Senate and to the House of Representatives an expression of the gratitude of the Republic for a vote which gives proof of the feeling of high esteem and sympathy which the American people still retains toward my eminent predecessor.

Accept, Mr. Secretary, the renewed assurances of my highest consideration.

ANDRE DE LABOULAYE.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1180) to amend section 4865 of the Revised Statutes, as amended.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 59) to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 2739) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives; and

H. R. 8492. An act to amend the Agricultural Adjustment Act, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1121. An act for the relief of Isidor Greenspan;

S. 1863. An act for the relief of Trifune Korac;

H. R. 59. An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes; and

H. R. 2739. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes.

CALL OF THE ROLL

Mr. LEWIS. I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Radcliffe
Ashurst	Coolidge	La Follette	Reynolds
Austin	Copeland	Lewis	Robinson
Bachman	Costigan	Logan	Russell
Bailey	Dickinson	Lonergan	Schall
Bankhead	Dieterich	Long	Schwellenbach
Barbour	Donahey	McGill	Sheppard
Barkley	Duffy	McKellar	Shipstead
Bilbo	Fletcher	McNary	Smith
Black	Frazier	Maloney	Steiwer
Bone	George	Metcalf	Thomas, Okla.
Borah	Gerry	Minton	Townsend
Brown	Gibson	Moore	Trammell
Bulkley	Gore	Murphy	Truman
Bulow	Guffey	Murray	Tydings
Burke	Hale	Neely	Vandenberg
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hastings	Nye	Wagner
Capper	Hatch	O'Mahoney	Walsh
Caraway	Hayden	Overton	Wheeler
Chavez	Johnson	Pittman	White
Clark	Keyes	Pope	

Mr. LEWIS. I desire to announce that the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. MCADOO], and the Senator from Nevada [Mr. MCCARRAN] are unavoidably detained from the Senate, and that the Senator from Utah [Mr. THOMAS] is absent on important public business.

Mr. AUSTIN. I announce that the Senator from Wyoming [Mr. CAREY] is necessarily absent from the Senate.

Mr. VANDENBERG. I announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent from the Senate because of illness. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

ELECTRIC RATE SURVEY IN NEW HAMPSHIRE, NEW MEXICO, OREGON, AND UTAH

The VICE PRESIDENT laid before the Senate four letters from the Chairman of the Federal Power Commission, trans-

mitting, pursuant to law, compilations completed through the electric rate survey of the domestic and residential rates in effect in the States of New Hampshire, New Mexico, Oregon, and Utah on January 1, 1935, which, with the accompanying papers, were referred to the Committee on Interstate Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolution of the Assembly of the State of California, which was ordered to lie on the table:

Whereas there is before the Congress of the United States a measure known as "Senate bill no. 1793", which has been passed by the United States Senate, which measure, if enacted into law, will provide relief for the Indians of California by which they may recover lands taken from them by the United States in California and which provides that the courts shall determine the value of personal property, rights, and improvements mentioned in unratified treaties entered into in the years 1851 and 1852; and

Whereas the Assembly of the State of California feels strongly that the Indians of the State of California are entitled to the simple justice which this measure will afford them: Now, therefore, be it

Resolved, That we most earnestly urge and respectfully petition the President of the United States to give this measure his favorable consideration in order that California Indians may have their case come to an early trial and the good name of the United States of America be associated with fair and honest transactions with the Indians; and be it further

Resolved, That the chief clerk of the assembly be, and he is hereby, directed to forward a copy of this resolution to His Excellency, Franklin D. Roosevelt, President of the United States, and to the Speaker of the House of Representatives and the Senators and Members of Congress representing the State of California in Congress.

The VICE PRESIDENT also laid before the Senate the petition of Mayor's Committee on Conference of Seaport Cities, held in New York City, N. Y., praying for the adoption of additional measures to remove trade barriers "and bring, through a revival of foreign commerce, employment and prosperity, not only to the seaport cities but to all sections of the Nation", which was referred to the Committee on Commerce.

He also laid before the Senate a resolution adopted by the annual convention of the Western Traffic Conference of the Pacific Coast, favoring the enactment of legislation to solve existing transportation problems by rail, water, highway, and air, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate resolutions adopted at an emergency meeting held in Cleveland, Ohio, of the National Conference of State Liquor Administrators, favoring the prompt enactment of legislation conferring upon an appropriate tribunal functions of the Federal Alcohol Control Administration concerning advertising, labeling, standards of fill, and movements of liquor in interstate commerce, to the full extent permissible under law and the Constitution, etc., which were referred to the Committee on the Judiciary.

He also laid before the Senate a telegram in the nature of a petition from the Central Labor Union of Logan, W. Va., signed by L. H. White, its president, praying for the seating of Rush D. Holt as a Senator from the State of West Virginia, which was referred to the Committee on Privileges and Elections.

He also laid before the Senate a telegram in the nature of a memorial from Henry Hosbach, of Great Neck, Long Island, N. Y., remonstrating against the enactment of the so-called "Wheeler-Rayburn public-utilities bill", which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Optometry of the District of Columbia, regretting the action of Congress in failing to grant proposed increases in the appropriation for public health in the District of Columbia, which was ordered to lie on the table.

PROPOSED BANKING ACT OF 1935

Mr. KING. Mr. President, I ask to have inserted in the RECORD and appropriately referred a telegram from Mr. H. B. Crandall, secretary of the Utah Bankers Association, relating to the pending banking bill.

There being no objection, the telegram was referred to the Committee on Banking and Currency and was ordered to be printed in the RECORD, as follows:

ZION NATIONAL PARK, UTAH, *June 19, 1935.*

Hon. W. H. KING,
Senator, Washington, D. C.:

Our association in convention assembly unanimously passed a resolution that it was opposed to any change in the Federal Reserve System that would make political machine out of it.

H. B. CRANDALL,
Secretary, Utah Bankers Association.

REPORTS OF COMMITTEES

Mr. McGILL, from the Committee on Pensions, to which was referred the bill (H. R. 6995) granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes, reported it without amendment and submitted a report (No. 901) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 6717) to amend section 1 of the act of July 8, 1932, reported it without amendment.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2513) to provide for a change in the judicial districts of North Carolina with respect to Durham County, reported it without amendment and submitted a report (No. 902) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 3058) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes, reported it with an amendment.

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 2904) to prohibit the interstate transportation of prison-made products in certain cases, reported it without amendment and submitted a report (No. 906) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2510) authorizing the western bands of the Shoshone Tribe of Indians, as defined herein, to sue in the Court of Claims, reported it with amendments and submitted a report (No. 903) thereon.

Mr. HATCH, from the Committee on Indian Affairs, to which was referred the bill (S. 1832) to authorize the Secretary of the Interior to provide by agreement with Middle Rio Grande Conservancy District, a subdivision of the State of New Mexico, for maintenance and operation on newly reclaimed Pueblo Indian lands in the Rio Grande Valley, N. Mex., reclaimed under previous act of Congress, and authorizing an annual appropriation to pay the cost thereof for a period of not to exceed 5 years, reported it with amendments and submitted a report (No. 905) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 5774. A bill to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon with a view to the control of its floods (Rept. No. 907);

H. R. 5775. A bill to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon with a view to the control of its floods (Rept. No. 908);

H. R. 5776. A bill to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon with a view to the control of its floods (Rept. No. 909);

H. R. 5777. A bill to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon with a view to the control of its floods (Rept. No. 910);

H. R. 7083. A bill to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind. (Rept. No. 911);

H. R. 7313. A bill authorizing a preliminary examination of Gafford Creek, Ark. (Rept. No. 912);

H. R. 7314. A bill authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River (Rept. No. 913); and

H. R. 7600. A bill authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska (Rept. No. 914).

NAVAL CONSTRUCTION AND RELATED MATTERS

Mr. VANDENBERG, from the Special Committee on Investigation of the Munitions Industry, reported the following bills, which were each read twice by their titles and referred to the Committee on Naval Affairs:

A bill (S. 3098) to prevent collusion in the making of contracts for the construction of naval vessels in private shipyards, to safeguard military secrets of the United States, to make public the activities of the shipbuilding lobby, and for other purposes; and

A bill (S. 3099) to prevent profiteering in the construction of naval vessels in private shipyards, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 18th instant that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Auston L. Tierney;

S. 148. An act for the relief of the estate of Donnie Wright;

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 391. An act for the relief of Ralph E. Woolley;

S. 546. An act for the relief of Miles Thomas Barrett;

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 694. An act for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others;

S. 799. An act for the relief of Yvonne Hale;

S. 885. An act to correct the naval record of Joseph Horace Albion Normandin;

S. 1051. An act for the relief of the Western Union Telegraph Co.;

S. 1066. An act to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929;

S. 1325. An act for the relief of Dino Carbonell;

S. 1363. An act for the relief of John A. Jumer;

S.1392. An act conferring upon the United States District Court for the Northern District of California, Southern Division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 1410. An act for the relief of Thomas G. Carlin;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 1611. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.;

S. 1656. An act for the relief of Ward J. Lawton;

S. 1809. An act for the relief of Germaine M. Finley;

S. 1831. An act transferring certain national-forest lands to the Zuni Indian Reservation, N. Mex.;

S. 1860. An act for the relief of the Tampa Marine Co.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes";

S. 2218. An act for the relief of Elsie Segar;

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2306. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes;

S. 2333. An act for the relief of John W. Dady;

S. 2371. An act for the relief of Margaret G. Baldwin;

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans;

S. 2597. An act for the relief of Irene de Bruyn Robbins;

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. 2780. An act to repeal the limitation on the sale price of the Federal building at Main and Ervay Streets, Dallas, Tex.; and

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TOWNSEND:

A bill (S. 3097) relating to interest and usury affecting parties under the jurisdiction of courts of the United States functioning in countries where the United States exercises extraterritorial jurisdiction; to the Committee on the Judiciary.

(Mr. VANDENBERG, from the Special Committee on Investigation of the Munitions Industry, reported original Senate bills 3098 and 3099, which were referred to the Committee on Naval Affairs and appear under a separate heading.

By Mr. KING:

A bill (S. 3100) to amend the law providing for exemptions from jury service in the District of Columbia;

A bill (S. 3101) to amend the Code of Law for the District of Columbia in relation to the qualifications of jurors;

A bill (S. 3102) to amend the law with respect to jury trials in the police court of the District of Columbia;

A bill (S. 3103) to amend the law with respect to the time for jury service in the police court of the District of Columbia; and

A bill (S. 3104) to provide for the semiannual inspection of all motor vehicles in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BANKHEAD:

A bill (S. 3105) to amend the act approved June 12, 1934, relating to the granting of the consent of Congress to certain bridge construction across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala.; to the Committee on Commerce.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and ordered to be placed on the calendar or referred, as indicated below:

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes; to the calendar.

H. R. 8297. An act to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives; to the Committee on Printing.

H. R. 8492. An act to amend the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture and Forestry.

RECOMMITTAL OF A BILL

On motion of Mr. Sheppard, the bill (H. R. 298) for the relief of Jack Page was ordered to be recommitted to the Committee on Military Affairs.

CHANGE OF REFERENCE

On motion of Mr. LEWIS, the Committee on Expenditures in the Executive Department was discharged from the further consideration of the bill (S. 2665) to change the name of the Department of the Interior and to coordinate

certain governmental functions, and it was referred to the Committee on Public Lands and Surveys.

THE REVENUE ACT—FIRST-CLASS MAIL MATTER

Mr. COPELAND submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which was referred to the Committee on Finance and ordered to be printed, as follows:

In line 7, after the numerals "1932", to insert a colon and the following proviso: "*Provided*, That local delivery of first-class mail at the 2-cent rate shall be construed to apply to first-class mail matter for delivery within the confines of any incorporated city."

VITO VALENTINO

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 314) for the relief of Vito Valentino, which was, on page 1, line 11, after the numerals "1934", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. METCALF. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

THE WASHINGTON POST CO.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1052) for the relief of the Washington Post Co., which was, on page 2, line 6, after the name "Tennessee", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BAILEY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

ABRAHAM LINCOLN—ADDRESS BY ARTHUR M. HYDE

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. Arthur M. Hyde, former Secretary of Agriculture, at the tomb of Abraham Lincoln, in Springfield, Ill., on June 10, 1935.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

No life in history more ennobles the common man than the life of Abraham Lincoln. The surroundings of his birth were as miserable as the manger. The circumstances of his youth were deadening. He was a failure often. The pictured face upon which we look today testifies to a soul acquainted with defeat, but calmly, serenely, confidently persevering over obstacles.

He rose above sordid circumstance. Almost wholly untutored, he made himself master of logic, language, and law. Almost undisciplined from without, his life was ordered from within by a code of duty and an ideal of service which enabled him to afford to this Nation a leadership so wise and firm, but withal so gentle, as to preserve its integrity in the hour of its supreme need.

Great principles make great men. Such principles are not necessarily new principles. They seldom spring from the Jovian brows of leaders of prestige and assured position. They are usually simplicity itself—truths as elemental as human heart throbs, which, taking hold upon the mental and spiritual consciousness of men, convert them into dynamic exemplars of great movements.

Such principles sway, build, and give direction to the lives of men. Such a principle was embodied in the Declaration of Independence. It is "that all men are created equal, that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

To give effect and implementation to that principle, the American Constitution was written; for the first time in history, it was given legal form in the Bill of Rights. In support of it, Lincoln gave his life. In this he struck hands with Thomas Jefferson, who penned it.

That men are the possessors of God-given rights, that those rights include the right to live their lives in their own way, subject only to the rights of others, the right to freely speak their own minds, to worship God in their own humble fashion, to work at tasks of their own choosing, and to collect, possess, spend, or save the fruits of their own toil as they see fit, to climb as high as their abilities, their integrity, and their industry will permit, to be captains of their own souls and masters of their own fate—and to possess these rights so inalienably that they cannot themselves barter them away, nor can their Government infringe upon them or abrogate them—these are rights so dynamic that in the century and a half since they were embodied in the American Constitution, they have overturned or modified every government then existing on earth, and humankind has made greater progress in intellectual, spiritual, and economic well-being than in all the previous centuries of history rolled together.

The embodiment of this principle of God-given, inalienable, individual rights in its Constitution and institutions is America's great contribution to the world. It is the life principle of American social, economic, and political institutions. It was the inspiration and source of the power of Abraham Lincoln.

Except for it, the life and service of Lincoln would have been impossible. He embodied in every activity that spirit of equality, that love of ordered liberty and that self-reliance under self-discipline which are the essence of the American political and social philosophy. As the passage of time strips from him the pettiness of his beginnings, the sordidness of his surroundings, and the base passions amid which and against which he struggled, his life stands forth as the great epic poem of American equality, opportunity, and liberty.

Standing at the tomb of Lincoln and in an atmosphere charged with his spirit, the mind instinctively travels back through the years in search of the men and the measures responsible for that choicest flower of liberty and opportunity—Abraham Lincoln. Three hundred years roll back, and it seems to me that in my mind's eye I can see standing upon the shores of Europe the burdened, pathetic figure of a man, limned in hopelessness against the background of centuries of regimentation by kings and dictators. He is straining his eyes anxiously across the trackless seas toward a strange new world. He is saying:

"I am one of the Old World's mongrel millions. My fathers have been clods in the realms of kings; my mothers, rags fluttering in the winds of imperial circumstance. From them have sprung the fawning henchmen of royal courts; the servile tillers of the fields of titled landlords; the cannon fodder of regal armies.

"It is ours to do the bidding of our overlords. We may think, but we dare not say our thoughts. We hear the voice of conscience, but conscience is stifled under the shadow of a state church. The divine right of kings binds us down, recruits us for armies, divides our scanty substance with royal tax gatherers.

"As we are, our grandsires were; as they were, so our grandchildren will be.

"Across the sea lies a great new country. It is a wilderness, peopled with strange red-skinned men. Life there is hard, beset with perils and privations. But a man may there hew a home from the wilderness, possess it for himself, and dying, bequeath it to his children. In that new country a man is a man in his own right. There a man is free to live his own life, answerable only to God, limited only by the rights of other men.

"I shall be a clod no longer. I want a chance for myself and my children. I may fail, but I do not fear hardship. I am going to America."

Two centuries pass. In a clearing of the forests of Kentucky stands a crude log cabin. It is cheerless, bare within and forbidding without. It speaks of the deepest poverty. Stretched upon the floor before the fireplace in the cabin lies a ragged, untaught, awkward boy, poring, by the flickering light of the blazing fire, over a borrowed book. He lifts his eyes to gaze upon the burdened form of his pioneer mother, and I hear him say:

"I am poor, unlettered Abe Lincoln. Life is hard today. Poverty and grinding circumstance make my future seem hopeless."

"My fathers came from the Old World. In this country, the clod of the Old World became a man; the fluttering rag, a woman. They fought in the American Revolution. Their souls thrilled to the declaration that all men are endowed by their Creator with the inalienable right to life, liberty, and the pursuit of happiness.

"They left their blood-stained footprints in the bitter snows of Valley Forge. They helped adopt the Constitution of America. Their hearts gave allegiance to a government, not by men with their personal follies, hatreds, and ambitions, but a government by just laws which should be of equal application to all.

"Clad in coon-skin caps and leather breeches, they penetrated the wilderness. With axe in hand, and rifle nearby, they hewed logs for their cabins, cleared lands for their fields, and built homes for their children. Their eyes held a constant vision in which all men should work out their own destiny, should have the right to speak their own minds, to worship their God in their own way,

to labor at tasks of their own choosing, to collect and to possess the fruits of their own toil.

"Poor, humble, Abraham Lincoln, though I am, I can work. Be the reward much or little, it will be mine. I can learn, the knowledge will give me power. I can climb; under my Government no doors are barred because I am poor. I have a chance. Thank God, I am an American."

And so saying, Abraham Lincoln, the ragged boy, rose to become the railsplitter, the country storekeeper, the small-town lawyer, the advocate of a great cause, the single-minded adherent of the American Constitution, the exemplar of individual liberty under the law, the great American President, the emancipator of a race, the defender and preserver of the American Union and of constitutional government, and the founder of a great party.

This is the triumph, in the life of one man, of a human soul given equal opportunity under liberty. Who shall say that this one life is not worth more in spiritual power, in inspiration to its fellows, and in economic well-being than all the results of all the economic planning of all tyrants, all the bureaucracies, and all the communes of history?

And we, as we stand here, members of the party which he founded, beneficiaries of a government which he preserved, can we not remember only a decade ago when we were proudly saying:

"We, too, are Americans.

"Our fathers felled the forests. They broke the sod of the prairies. They patiently laid brick on brick for a myriad of factories. From the mines they dug the metals which have bound a continent with twin ribbons of steel and with billions of wires.

"The vision of our grandfathers has been realized. A new civilization, drawing its power from the liberties and the energies of the people, has been developed; wealth has been created and spread among all the people far beyond the achievement of any nation upon which the sun ever before shone."

"The day of the pioneer, of the log cabin, of the sod house, was hard. It has passed. The children of the pioneer have builded upon his sacrifices, a Nation so fair, so just, so free that the average man in America is not only sovereign of his own soul but is joint-sovereign of the greatest Nation on earth.

"The influence of America girdles the globe—an influence which oppresses none, threatens none, inspires all. Delegations from other nations visit our ports, our cities, our industries to learn, if they can, the secrets of our progress. But not in whirling wheels, in towering cities, or in tricks of industrial organization will they find our secrets. To know them, they must search our constitutions, our laws, the hearts of our people. The secret springs of our prosperity lie in the resistless energies of 100,000,000 freemen, whose minds and souls have been unshackled by those constitutions and laws to seek life, liberty, and happiness for themselves and their posterity in their own way, to find their own place in a society of equals, to earn and to possess the fruits of their own industry.

"Our fathers, too, have kept the faith. We are the inheritors of the fairest civilization the world has yet known."

But while we might only a few years ago have said that, what of today? What of the young man who scans the future? Is his liberty safe? Is the door of equal opportunity being held open for him? Is he not saying, "Yes; I am an American.

"My country has been engulfed in a world-wide depression.

"Distress, doubt, alarm run like tidal waves through the Nation. Strident voices cry out against American institutions, liberties, principles. The history and the achievements of America are held in contempt. The Constitution is sneered at. The sacred altars of liberty are scorned as belonging to a horse-and-buggy age.

"The ancient landmarks of my country are being swept away. Economic advantage is displacing liberty as the ideal of the Nation.

"The sanctity of contract has been denied. The national honor has been repudiated. Class hatreds are being fanned to white heat. Government claims the right to plan, to order, to regiment the lives of 125,000,000 Americans. The liberties of the individual, from which this Nation drew her great strength, are being subordinated to the desires of the mass. Autocratic and dictatorial power has been massed in the hands of one man at Washington. Government is ever reaching out to take over more of the powers which our fathers refused to concede.

"The savings of the people accumulated through generations of patient toil and frugal living are being confiscated. Babies whose eyes have never been opened to the light of day must labor in the sweat of their faces to replace the appalling waste. Their tiny hands must grow into the huge, hairy hands of a disinherited Esau to lift the burdens which are being piled upon the backs of the common man. The door of opportunity is closing in the face of the young man.

"Opportunism, expediency, political temporizing—these are the policies of the day. The appetite of the mob replaces national morality in national policy. Men do not heed the voice of conscience; the sons of the pioneer look not to the rock from which they were hewn; Government does not point the road to recovery through the release of individual enterprise under liberty to rebuild the Nation. Instead, it posts its myriad of spies and inspectors to watch the business and pry into the private affairs of its citizens.

"I am an American but I am terrified, bewildered. In all the welter of distress, amid all the chaos of alien philosophies, and the wreckage of American institutions, my feet have lost the way. I can only hope that the just God who has never heretofore deserted us may somehow save us. I am weak. What can I do?"

In this, another great crisis in the life of America, we have instinctively turned our feet to the last resting place of Lincoln, here to take common counsel, here to gather inspiration and resolution that, in this hour when the very foundations of this Nation "conceived in liberty and dedicated to the proposition that all men are created equal" are being challenged, we shall not fail.

Other nations may take such action as fits their character. We do not envy and we shall not ape them. They may abandon liberty and fly to dictatorship. We do not join Mr. Roosevelt in his admiration of the powers of other nations, including the powers of Mussolini, Hitler, or Stalin. We would first of all preserve liberty. Let our single-minded rule of action be this paraphrase of the Lincoln letter to Greeley: "What I do * * * I do because I believe it helps to save liberty; what I forbear, I forbear because I do not believe it would help save liberty. I shall do less whenever I shall believe that what I am doing hurts the cause, and I shall do more whenever I shall believe doing more will help the cause."

With Lincoln, "let us here highly resolve that these dead shall not have died in vain; that this Nation under God shall have a new birth of freedom; and that government of the people, by the people, for the people shall not perish from the earth."

They tell us that we, as members of Lincoln's party, should write a platform which will outdeal the new deal. Is there a man here who believes Lincoln would have accepted such counsel of crass opportunism? They tell us that we should set up a coalition party to combat the sabotage of free government. Would not Lincoln tell us to declare first of all what is eternally right, and let support gather about the right because it is right? They tell us that the party of Lincoln, in defeat, has been destroyed and can no longer serve America; that it will be weak and powerless before an opposition which is entrenched behind billions of dollars of the people's savings; fortified behind a Nation-wide Tammany Hall, served by hundreds of thousands of paid henchmen.

We do not blink the difficulties. But the issue is the safety of individual liberty under free institutions. Who falters or lags deserves not the title—American.

Through the mists of the past there rises a courageous and patriotic figure. Out of the old church in Richmond there comes a voice. He is speaking to Americans in the first great exigency of American history. He is saying:

"They tell us, sir, that we are weak, unable to cope with so formidable an adversary. But when shall we be stronger? Will it be when a British guard shall be stationed in every house? Shall we acquire the means of effectual resistance by lying supinely on our backs, and hugging the delusive phantom of hope, until our enemies have bound us hand and foot? Sir, we are not weak. Three millions of people, armed in the holy cause of liberty, are invincible. The battle is not to the strong alone; it is to the vigilant, the active, the brave. If we wish to be free we must fight. I repeat it, sir, we must fight."

REGULATION OF PUBLIC-UTILITY HOLDING COMPANIES

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Philadelphia Record of Saturday, June 15, 1935, entitled "Utility Omits Dividend as Defy to Congress."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record of Saturday, June 15, 1935]

UTILITY OMITS DIVIDEND AS DEFY TO CONGRESS—CRACKS WHIP ON INVESTOR IN DRIVE AGAINST WHEELER BILL—MOVE IS UNEXPECTED IN FACE OF RECENT UPWARD TREND IN EARNINGS AND SALES—STOCK DUMPING FOLLOWS ACTION—AMERICAN POWER & LIGHT PASSES PAYMENT ON PREFERRED SHARES

NEW YORK, June 14.—The desperate battle of public-utility companies against the Wheeler-Rayburn bill took a new turn today when the $800,000,000 American Power & Light System passed dividends on its preferred stocks. American Power & Light is headed by C. E. Grosbeck and dominated by the Electric Bond & Share Co.

The step, unwarranted by the company's recent reports of rising trend in earnings and electric power output, resulted in large-scale dumping of the $5 preferred and $6 preferred shares, breaking them 2½ and 3¾ points, respectively.

LAST STAND AGAINST BILL

Through its action, seen as a last stand in the company and its sponsors' fight on the regulation measure, the gigantic organization now has stricken all its stock from the rolls of dividend payers, thus depriving the vast army of individual stockholders and institutional investors interested in its preferred shares from any further remuneration.

Elimination of dividends, moreover, is seen as a strong bid of the utility industry for investor support, bringing its own private battle against regulation, the seeds of which the industry itself had sown years ago, to the doorsteps of stockholders.

Heretofore the company had been paying a small dividend on each class of preferred stocks and maintained these payments since October 1, 1932, despite declining earnings and output, for the reason that payments were within the company's reported net income.

EARNINGS GAINS SHOWN

Within the last few months the company, for the first time in several years, has been showing consistent improvement in net earnings, and electric power output, as follows:

Net earnings for the 12 months ended March 31, 1935, were equal to $2.78 a share on the combined preferred issues, compared with $2.08 in the previous 12 months, and it is estimated that in view of the increasing trend of power output this year compared with last, May and 12 months' net income will show improvement over the March results.

HAS VAST HOLDINGS

Electric Bond & Share, dominant utility holding company against which the Wheeler-Rayburn regulation bill is aimed, among others, and of which Grosbeck is also chairman, controls American Power & Light, only one of a half-dozen or more prominent utilities of the country which come under Bond & Share's wing.

Assets of Electric Bond & Share as of March 31 last totaled approximately $551,000,000, through which the vast holding company is able to exercise its influence over more than $3,000,000,000 worth of public-utility properties.

Of the 3,005,204 shares of common, 793,541 shares of $6 preferred and 978,444 shares of $5 preferred, comprising the entire stock capitalization of the American Power & Light System, Electric Bond & Share owns 51,840 shares of $5 preferred, or 5.3 percent, and 937,208 shares of common, or 31.1 percent.

CITES UNITED STATES THREAT

While this ratio of interest varies in such companies as National Power & Light, American Gas & Electric, American & Foreign Power, and Electric Power & Light, not to mention the country's less prominent utilities, in all cases it is sufficient to give Electric Bond a strong voice in the management, permitting interlocking of directorates and other power and light abuses which the Government is making a strong effort to abolish.

American Power & Light issued this statement to stockholders:

"In view of the increasing Government threat to the continued existence of your company and to the business of its subsidiaries, and notwithstanding favorable cash and earnings position, the directors, at their meeting today, decided to take no action on preferred-stock dividends at this time."

CENTRALIZATION OF POWER IN FEDERAL GOVERNMENT

Mr. BYRD. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial which appeared in the Atlanta Constitution on Tuesday, June 18, 1935, entitled "Where Are Their Tongues?"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Atlanta Constitution of June 18, 1935]

WHERE ARE THEIR TONGUES?

In his recent address before the farm clubs of America, Secretary of Agriculture Wallace made the bold assertion that "we are passing through times when there must be greater emphasis on the Federal Government than on the interests of the several States."

In arguing the necessity for careful study of "the question of State or Federal dominance in the field of government", he takes the further position that "if we are to have a strong Nation we must discover to what extent we must delegate powers to the individual States and to what extent keep them in Federal hands."

Secretary Wallace overlooks the fact that it is not within the province nor the power of the National Government to "delegate" to the States rights and powers that are guaranteed to them under the Constitution.

It is unfortunate that certain of the self-appointed spokesmen of the administration are pressing the subject of further centralization of power in Washington at the expense of the reserved rights of the States.

Professor Tugwell, the no. 1 "brain truster", was the original proponent of this pernicious doctrine, and Secretary Wallace and others of the dreaming theorists who are now assuming to speak for the administration have been quick to seize upon the proposal.

Fortunately, President Roosevelt has never, directly nor indirectly, committed himself to the proposition that the States be forced to surrender the rights that are reserved to them by the Constitution.

Whether or not this agitation will go as far as to bring a direct proposal of a constitutional amendment, it is certain that it would be overwhelmingly voted down by Congress.

If submitted, it would not be ratified by the States.

The President has been wise enough not to become ensnared in this dangerous mesh.

Already the Republicans are seizing upon the repeated utterances of some of the "brain trusters" as the basis of the outstanding issue of the campaign of next year. This is evidenced by the action of the so-called "grass roots" convention, in which it was boldly proclaimed that the "principle of the rights of the States will be involved in the next national campaign." It was sounded as a pean of hope that this is to be the big issue of the Presidential contest.

Nothing that the President has ever said justifies such a conclusion.

Sooner or later, however, he will undoubtedly be put in a position where he will either have to go along with the Tugwells and the Wallaces or he must disown their pernicious activities in behalf of the creation of an empire with all power lodged in Washington and with the State lines practically eliminated.

It is a dangerous step and one that the people of the country will never agree to.

Senator WALTER P. GEORGE echoed the overwhelming sentiment of the country when in his recent commencement address at Georgia Tech he said:

"The ultimate preservation of the Union depends upon the retention, unimpaired, of the dual system of government set up by the Constitution. The liberty of the citizen rests at last upon local self-government; upon local institutions administered by local authority responsive and responsible to local opinion. The decision of the Supreme Court does not call for amending the Constitution or for the surrender of the reserved powers of the States over the intimate personal business and social affairs of the people.

"The decision of the Court calls for the full assumption by Congress of its constitutional responsibility in the consideration of legislative proposals. Nothing but disaster lies ahead if those who know well the political theories of history and are yet lacking in the vital sense of the realities of life are permitted to shatter the American system of government and to attempt to remold it in accordance with their desires. It is yet our hope that these theorists, many of whom have encamped in Washington, will have their day and pass away."

In a recent editorial the Constitution called attention to the warning of Daniel Webster of the dangers of tampering with the Constitution. He said in an address on the hundredth anniversary of Washington's birth:

"Other misfortunes may be borne, or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhausts our Treasury, future industry may replenish it; if it desolates and lay waste our fields, still, under a new cultivation, they will grow green again, and ripen to future harvests.

"But who shall reconstruct the fabric of demolished government; who shall rear again the well-proportioned columns of constitutional liberty; who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again."

Every word of this is as true today as it was when it was uttered by Webster.

Where is the master mind in the United States Senate today who will utter a similar clarion call against the radical utterances of those who, as in Webster's day, would match their untried theories against the proven efficiency of the greatest governmental document ever written?

The Senate is not lacking in men who can sound a warning as powerful as that of Webster.

But where are their tongues?

ADDRESS BY GOVERNOR EARLE BEFORE PENNSYLVANIA DEMOCRATIC STATE COMMITTEE

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the RECORD a timely address delivered by Hon. George H. Earle, Governor of Pennsylvania, before the Democratic State committee, at Harrisburg, Pa., on the 18th instant.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The most vital issue before all of us today is the division of power between the Federal and State Governments.

The invalidation of N. R. A. by the United States Supreme Court, with its consequent effect upon our recovery agencies, has brought us face to face with this problem for the first time since the Civil War.

Republican spokesmen who attended the recent "grass roots" conference at Springfield, Ill., have seized upon the Supreme Court's decision as a last straw.

They have decided to go before the people with "Save the Constitution" and "State sovereignty" as their battle cries.

DANGER SEEMS OBSCURE

From what they intend to save the Constitution is most indefinite. So far as can be determined from the nebulous declarations of Republican leaders, they are opposed to any further amendment of the Constitution.

I, personally, fail to see how we can "save" the Constitution by denying our people their right to amend it. That right is grounded in the fundamental philosophy of our heritage as citizens of the Republic. It has been exercised on numerous occasions before, and there is no doubt it will be exercised again.

Any attempt to deny that right, on the ground that its exercise will destroy the Constitution is fundamentally dishonest and a threat to our civil liberties. It reflects no credit upon either the intelligence or the motives of the Republican leaders who advocate it.

The "grass roots" conference specifically went on record in opposition to any amendment which would guarantee the right of the Federal Government to legislate nationally for social security and economic reform.

RIGHT TO AMEND UNDENIABLE

Whether or not the Democratic Party commits itself to such amendment—and I do not see how it can do otherwise—we must respect and uphold the right of our citizens to amend the Constitution if they so desire.

Thomas Jefferson, the first great leader of the Democratic Party, clearly stated the case in 1816, long before the Republican Party was born. I quote:

"Some men look at constitutions with sanctimonious reverence and deem them like the ark of the covenant, too sacred to be touched. They ascribe to the men of the preceding age a wisdom more than human, and suppose what they did to be beyond amendment.

"We might as well require a man to wear the coat which fitted him when a boy as civilized society ever to remain under the regime of their ancestors.

"EACH GENERATION INDEPENDENT

"Each generation is as independent of the one preceding as that was of all which had gone before. It has, then, like them, a right to choose for itself the form of government it believes most promotive of its own happiness, and it is for the peace and good of mankind that a solemn opportunity of doing this should be provided by the Constitution, so that it may be handed on, with periodical repairs, from generation to generation, to the end of time, if anything human can so long endure."

It is most ironic that the Republican leaders should have gone to the last resting place of Abraham Lincoln to enunciate their doctrine of constitutional immutability.

It was Abraham Lincoln, the first great leader of the Republican Party, who said: "This country, with its institutions, belongs to the people. Whenever they grow weary of the existing Government they can exercise their constitutional right of amending it, or their revolutionary right to dismember or overthrow it."

Since the Republican Party in the past has advocated and obtained several constitutional amendments, the reasons for their sudden reversal of historic principles at this time are worthy of careful study.

INFRINGES RIGHTS OF PEOPLE

We find that they prefer to have the States rather than the Federal Government assume responsibility for national social and economic legislation. All of us know that the States, by their very nature, cannot cope with such problems individually. If economic reform is to be accomplished at all, it must be accomplished by all the States through the National Government. Consequently, it becomes clear that the real purpose of the Republican leaders is to destroy the right of the people to provide for national economic welfare.

Under such circumstances their lofty declaration of principles, embodying pledges to assure equality of opportunity and justice for the workingman, become so many empty words.

Their essential insincerity is seen further in their acceptance of the Agricultural Adjustment Administration. Farmers and workers, after all, have votes—and both have profited by those agencies of the new deal. I do not see how the Republican Party can condemn the underlying principles of the new deal and at the same time accept any agency based upon those principles. If Federal control of industry is wrong, Federal control of agriculture is equally wrong.

PLEAD TOO FERVENTLY

The Republican spokesmen are pleading a little too fervently for the salvation of our Constitution. How about saving the farmer, and the jobless, and the rest of our distressed citizens? The Constitution is safe enough—it will be standing long after the Republican Party is forgotten. It is work for our people, and recovery, that we're worrying about today.

The "grass roots" declaration for State sovereignty also has a hollow ring. Most ironic is this declaration by the party of Abraham Lincoln for State rights. As we know, it was Lincoln's party which preserved the Federal Union. Would the Republican Party now destroy it?

The keynote speaker at the "grass roots" conference, curiously enough, quoted Stephen A. Douglas, one of the greatest Democrats of his time, as saying there are only two parties—"those for the Union and those against it." Where, I ask, do the Republican leaders stand today? Are they for the Union or against it? Or are they just for any catchword that promises to carry them into office?

REPUDIATED GHOST DUG UP

Their sudden about face can be attributed to nothing more or less than sheer optimism. It demonstrates the complete moral and political bankruptcy of the Republican leaders in our Nation. Their willingness to serve a few large business and industrial interests at all costs by sacrificing the security and welfare of millions of our citizens indicates that this once great party has fallen upon evil days.

From beneath the "grass roots" they have unearthed the ghost of the "old deal", the skeleton of a repudiated political philosophy, as their substitute for the great liberal and humanitarian principles of President Roosevelt.

The dark cloud of Hooverism hung ominously over that conference at Springfield, and it hangs over the Republican Party today.

The Republican spokesmen, concealing the essential hollowness of their program by resort to vague and terrifying generalities, have emerged from behind the closed doors of Springfield conference rooms with the Constitution in one hand and the Articles of Confederation in the other.

I do not believe the Democratic Party should permit itself to be forced into an untenable position by accepting the mythical "issues" manufactured by Republican leaders.

CONSTITUTION IS SAFE

All of us, whether Democratic or Republican, believe in constitutional government. If it were threatened, all of us would join in its defense. The Democratic Party has fought and will fight for our constitutional liberties—including the right to amend our Constitution.

We also believe that the rights of the States should and must be preserved. Through the years the Democratic Party has been the exponent of that principle, and it stands unchanged today.

The Democratic Party holds that there is, and rightly should be, a proper division of power possible between State and Federal Governments, and that this division must be determined by existing conditions rather than by arbitrary boundaries.

We stand firmly and unalterably against any attempt to destroy the just and necessary powers of the Federal Government under the cloak of State rights.

EXISTS TO AID THE PEOPLE

The Federal Government in the final analysis exists to promote the well-being of our people. It exists for that alone. Its power and authority come directly from the people of the several States, and it is at all times directly answerable to them.

When we refuse to give our Federal Government sufficient power to provide for the general welfare of our people, we destroy that Government by defeating the only purpose for which it exists.

The States are sovereign in their own sphere. No one disputes that—least of all the Democratic Party. But the individual States have, and can have no rights which endanger the welfare of their neighbors.

They have no right to break down living and working standards at the expense of other States. They have no right to destroy the economic life of the people of another State for their own profit.

PUTS PREMIUM ON HOSTILITY

By contending that such rights exist, the Republican Party places a premium upon hostility, and destructive competition, rather than cooperation between the States. It invites a contest of the States to determine which can offer the most intolerable working and living conditions, the most disgraceful sweatshops, the most shocking disregard of elementary decencies in the relations of labor and industry.

There can be no doubt that this is exactly the intention of those in control of the Republican Party today.

Ostensibly they are for living wages, for equal opportunity and economic freedom, and against child labor.

How are they going to get it, without national action? The answer is that they are not, and they know it. How is any one State going to abolish child labor, if its neighbor does not? How are living wages to be established if Pennsylvania has one standard and New York or New Jersey another?

G. O. P. DEALS IN PLATITUDES

What has the Republican-controlled Senate done in Pennsylvania to carry out the high-sounding platitudes of the "grass rooters"? They have buried deep beneath the grass roots of special privilege the humane labor and social justice program by the enlightened democracy of this State.

What becomes of equality of opportunity, when the States compete with each other to abolish opportunity by driving down working and living standards?

And where, I ask, is economic freedom?

If the States had been able to provide those things, we would have them today. We do not have them because the States, by their very nature, could not give them to us. We had to go to our National Government for solution of those problems.

CENTRALIZED POWER NEEDED

If we are to have constitutional government worthy of the name, and if the sanctity of State rights is to be safeguarded, we must have—as every other great nation in the world has—a national government powerful enough to provide for the welfare and security of our people.

The "grass roots" spokesmen, in proclaiming their "issues" have launched a campaign of vituperation against the President and his policies.

Where their statements are true—and in repeating historic doctrines they assert many truisms—the conclusions they draw are false. All else is propaganda.

I submit that the proof of any political philosophy is the result it produces.

The Republican Party cannot escape responsibility for bringing upon us the worst economic collapse in our history. Nor can it, by any amount of oratory or denunciation, alter in the least the fact that President Roosevelt's policies have brought this Nation back to firmer economic footing, and have placed us on the high-road to recovery.

PEOPLE HAVE NOT FORGOTTEN

Do the Republican leaders suppose our people will soon forget the chaos and despair that gripped this country on the day that President Roosevelt assumed office?

We cannot possibly forget—not so long as there is everywhere in our land the evidence of the havoc and destruction wrought by the Republican rule and Republican policies.

Closed banks, unemployment, farm riots and industrial strikes, hunger marches and universal despair—these were the fruits of Republicanism.

The policies of the reactionary elements which control the Republican Party today have taken such toll from our people that

years of reconstruction will be needed to restore even a semblance of our normal life.

A return to such policies, which the "grass roots" conferees ask is absolutely unthinkable.

The position of the Democratic Party is very simple. It says, in effect—"if you are better off today than you were on March 4, 1933, or if your friends and neighbors are better off, then you must support the Democratic policies which have made that possible."

VIGILANCE NOT RELAXED

I know most of you realize that a Democratic victory in the coming national elections is certain, that if it had not been certain before, the reactionary stand of the "grass roots" conference would have assured it.

Because of that, you may be inclined now to relax your vigilance. Instead I urge all of you to do everything in your power to advance the policies which the President has put into effect.

Next year's election can be made, even more than the last, a tremendous mandate to extend and amplify our great recovery agencies, to establish economic reforms, and to give our country the position of leadership which it justly deserves among the progressive nations of the world.

In this Commonwealth, comprising 10 percent of our country's population and representing 10 percent of its wealth, we must join in the great task that lies ahead. The whole is greater than the part. The national administration is doing its part. Let us do ours.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. BARKLEY. Mr. President, the amendment which has been offered by my friend the Senator from Missouri [Mr. CLARK] is to be voted on at 1 o'clock, and inasmuch as the Senator from Missouri desires to conclude the argument on his own amendment, I promised him not to occupy all the time; and I have no desire to do it independent of that in order that I may extend to him the courtesy to which he is entitled as the author of the amendment.

There are so many things involved in the amendment which is now before us that I could not hope to call attention to all of them in the space of time which I shall occupy. We have heard a good deal of discussion here on the pending bill and in connection with the amendment, in which the fear has been expressed that the bill itself is of doubtful constitutionality, and the intimation is that we ought to vote against it on that account.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Idaho?

Mr. BARKLEY. I yield.

Mr. BORAH. The fear, as I understand, is with reference to title II; but does not the Senator think that title II might be held to be unconstitutional without affecting the other portions of the bill?

Mr. BARKLEY. Yes; I think the various titles of the bill are separable. The point that I have in mind at this particular juncture is that, if it be true that there is any part of this measure concerning the constitutionality of which there is doubt, that doubt ought not to be increased by adding an amendment such as that which is now before the Senate.

We have heard the Federal Government berated and denounced here on the floor as if it were a sort of monster; we have heard it talked about as if it were a sort of glacier, gigantic in proportions, crawling along the surface of the earth and crushing everything with which it comes in contact, and that, because it is a monster, because it is constantly reaching its hands out to crush somebody or to rob somebody of authority, we ought to vote against this measure and all similar measures which are brought forward for our consideration.

I do not entertain that conception of the Federal Government. The same people who pay taxes into the State treasuries pay taxes into the Federal Treasury; the same people who are citizens of the States are citizens of the United States; and I look upon our National Government rather as a benevolent organization than as a ruthless organization seeking all those whom it may devour. Certainly in its effort to relieve economic insecurity by providing some universal and uniform way by which we may eliminate the hazards of old age, of unemployment, and of illness, our National Government takes on the qualities of a benevolent government and not of a despotic or ruthless government.

We have had our attention called to the decision of the Supreme Court in the famous case sometimes referred to as the "sick chicken" case, sometimes as the "chicken coop" case, and other derisive terms which have been applied to it. I think it is unfortunate that the decision as to the legality of N. R. A. had to arise on a case involving the plucking of chickens out of a coop, because it seems to be a trivial situation; but the Supreme Court went into it in detail and therefore I have no disposition to treat it in a trivial way.

I believe there is no question that the Congress has the power to levy the tax which is proposed to be levied under the pending bill. I am not concerned with fear as to the constitutionality of title II, which can only be doubted on the ground that we are invading a field which was reserved to the States or the people; but I do not see any difference in principle between appropriating billions of dollars to be given to unemployed men and women all over the United States in an emergency to keep them from starving and freezing and appropriating money out of the Treasury in an orderly way to provide against the existence of such an emergency in the future.

We need not grow fearful that the foundations of our Government are going to crumble because the Supreme Court on one day rendered three decisions, two of which nullified acts of the Federal Congress, one being the N. R. A. case, the other involving the Frazier-Lemke Act, which was passed by Congress and was not, strictly speaking, a part of the new deal, as it has been assumed that all these decisions were rendered against the new deal, and the third having to do with exercise of the power of dismissal on the part of the President.

It might be interesting for Senators to recall that from 1789 to 1859 the Supreme Court rendered only 2 decisions nullifying acts of Congress. From 1860 to 1869 it rendered 4 decisions nullifying acts of Congress; from 1870 to 1879 it rendered 9 decisions nullifying acts of Congress; from 1880 to 1889 there were 5 such decisions; from 1890 to 1899 there were 5 such decisions; from 1900 to 1909 there were 9 such decisions; from 1910 to 1919 there were 7 such decisions; from 1920 to 1929 there were 19 such decisions; from 1930 to 1932 there were 3 such decisions; and from 1933 to 1935, both inclusive, there were 7 such decisions, which involved only 6 acts of Congress. So that from 1920 to 1929, a period of 10 years, the Supreme Court nullified, in all 19 decisions, acts of Congress, but no one was then fearful that because of that fact Congress had ceased to function or that the Supreme Court had arrogated to itself the powers of government.

No one thought the foundations of our Government were about to crumble; yet because during the last 5 years the Supreme Court has rendered 10 decisions in which it nullified acts of Congress, 7 of which have been rendered within the last 3 years, we are cautioned not to vote for anything that even implies a position near the border line, lest we may do something that is unconstitutional.

Mr. President, my objection to the Clark amendment is that it sets up two competitive systems of old-age relief. I believe one of the wisest things the Nation has done has been to recognize the duty of the Government toward indigents. Whether the indigent condition be brought about by unemployment or old age or ill health, there is no way by which the public can escape the burden. It is always present in one form or another. Those who work must support those who do not work. It has always been so, and it will always be so. With respect to reduction of hours of labor, my theory has been that if we must decide whether all our people should be allowed to work three-fourths of the time or three-fourths

of them should be allowed to work all the time and the other one-fourth never work at all, I prefer the first alternative so as to divide whatever work is available among all the able-bodied men and women of the country who desire to work, so they may share it in proportion to their ability, rather than that we shall have a permanent condition in this country in which three-fourths of the people shall be allowed to work all the time and one-fourth never to work at all, and therefore become burdens upon the three-fourths who shall be allowed to work. That is the reason why I favor reduction in hours of labor, insofar as we can do that, in order to spread the work which is available among all the people capable of working.

I feel the same way with respect to the provisions for old-age pensions and unemployment insurance. That is why I believe in this measure, worked out by a commission appointed a year ago by the President at the time he sent his message to Congress announcing that at this session he would propose a constructive plan of legislation to deal with this complicated and interrelated situation. After months of investigation and months of labor that commission brought out a tentative plan, which was submitted to the Houses of Congress, and both Houses, through their committees, held exhaustive hearings on the subject. The House of Representatives finally passed a bill, I believe, in much modified form. Our Committee on Finance gave weeks and months of study to this problem, and has brought here a bill proposing a uniform and universal plan to apply to our country.

Abraham Lincoln once said this country cannot endure half slave and half free. I do not believe any old-age pension system we may inaugurate can long endure half public and half private, because if we have private insurance or annuity plans set up in opposition to the plan of the Federal Government, it is not difficult to see that the high-pressure salesmanship of annuity companies and of insurance companies will always be on the doorsteps of the employers to convince them that they can insure their employees in a private system more cheaply than they can by the payment of taxes into the Federal Government and a consequent dispensation of the benefits in an orderly and scientific fashion.

Therefore I believe the effect of the Clark amendment—and I am sure, of course, the Senator from Missouri was not actuated by any such design or desire—will be to disorganize and disarrange the reserve fund set up in the Treasury under the Federal plan, and that it will gradually and effectually undermine the Federal system which we are trying to set up. We will then have our Government in competition with every annuity writer and every employer in the country who thinks he may be able to save a little money by insuring his employees or by adopting some private annuity plan which may be suggested to him by some private insurance company or annuity company which desires to obtain the business.

As the Senator from Wisconsin [Mr. LA FOLLETTE] said yesterday, the employers of the United States have not asked for this amendment. Only one employer of labor came before our committee and suggested it. He was a representative of the Eastman Kodak Co., of Rochester, N. Y., which for many years has had a very commendable system of private annuities for its employees. The only other man who came before the committee to suggest the amendment was a man who represents an annuity company which desires to write policies for employers throughout the United States.

The question which we are to settle when we vote on the Clark amendment at 1 o'clock is whether we are to have a Federal system uniform in its application all over the United States or whether we are to have a spotted system, part Federal and part private.

The argument has been advanced here that failure to adopt the amendment would rob the States of some rights to which they are entitled. The argument has even been made that the enactment of this bill into law will rob the States themselves of some right under the theory of State rights. I believe in State rights. I was schooled in the doctrine of State rights. I come from a section of the country and I belong to a political organization one of whose cardinal doctrines has always been the preservation of the rights of the States. But while I am in favor of State rights, I am also opposed to State wrongs.

We take nothing away from any State in this measure. There is nothing here which interferes with the right of any State to pass its own old-age-pension laws and its own old-age annuities or any other form of old-age relief which the State legislature, through the representatives of the people, may desire to enact. We not only take away from the States no right which they enjoy but we take away from no employer any right which he enjoys. He may continue his private plan if he desires; and if he is so generous as not to be satisfied with what the old people who work for him or his concern for the able-bodied years of their lives are to get out of this bill, he may supplement that by adding to it, or inaugurating a private system of his own which will give them more than they will be able to obtain under the bill as we have it here.

My contention is, however, that we cannot safely take away from this uniform, universal system which we are trying to establish here the universality and the uniformity of its application by holding out an invitation or an encouragement to private individuals to impinge upon the system set up by the Federal Government, and utterly to destroy its reserve fund, and thereby break down its application, because the Federal Government will be compelled to bear the burden of it on the seamy side, while private employers may so manipulate their employment as to age as to have a large majority of younger men who would not be an immediate burden upon them, while shifting to the Federal Government all of the older employees whom they do not desire to carry on their rolls because of the greater burden that might be attached to payment of annuities to them over a term of years.

Mr. COSTIGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I yield to the Senator from Colorado.

Mr. COSTIGAN. I am much impressed by the statement of the Senator from Kentucky. In connection with it, I ask his attention to the proviso on page 4 of the Clark amendment, to which, as I view the amendment, not enough attention has been directed.

Under that proviso, with which the Senator from Kentucky doubtless is familiar, if an employee leaves private employment prior to reaching 65 years of age, the duty falls upon the employer to pay to the Treasury of the United States an amount equal to the taxes which otherwise would have been payable by the employer, plus 3 percent per annum, compounded annually. Since we are dealing with insurance principles, is the Senator prepared to tell the Senate why the payment to be made at such a time is not based on actuarial standards, which would result in a larger payment by the employer than the amount provided for in the Clark amendment?

Mr. BARKLEY. Of course, I am not able to answer the question of the Senator, because I do not know why it was not based upon actuarial facts and upon actuarial investigations.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK. I do not desire to take the Senator's time; and I shall be glad to have the Senator make up out of my time the amount of time consumed by this interruption.

The question is very simple to answer. The provision was included in that form to meet the objection which was made in the committee that the employee might be the loser at any time by transferring from a private fund to the Government fund. The provision was put in the amendment in this form to insure that an employee who, either from his own wishes or from any other cause, transfers at any time from a private fund to the Government fund will certainly not be any worse off than if he had been in the Government fund all the time.

Mr. BARKLEY. That leads me to discuss another matter which I think is very serious and will be very difficult to administer.

The amendment of the Senator from Missouri provides, of course, that the board shall approve these plans. It must keep constantly in touch with each of them, not only as to the plan as a whole but as to every single employee of any concern, however large the number may be. In other words, if the employment of any man is terminated under the terms of this amendment, whether by his own voluntarily act or by the act of his employer, the board in Washington must investigate the relationship of that employer to that employee; and it is conceivable that it would take an army of inspectors and investigators running all over the United States to innumerable places to which they would be called every time a man terminated his employment, either on his own account or on account of his employer, to ascertain the relationship between the employer and the employee at the time of the termination, and at the same time investigate the employee's rights under the private plan and under the Federal plan, if he had any rights under the Federal plan.

Talk about bureaucratic government, and about snoopers going around all over the country to investigate everything! There would have to be an investigation, if there was any controversy over it, every time a man quit his work or was discharged, as to his rights under his agreement with his employer, or under the law under which he operated.

That brings me to the discussion of another matter which seems to me to add to the doubtful constitutionality of the bill if this amendment should be adopted.

In the child-labor case the Supreme Court practically held that an effort on the part of Congress to levy a tax on the products of a factory intended for interstate commerce, provided they employed children in the manufacture of the product, was the same as fixing a penalty upon any concern that employed child labor. They held that that was unconstitutional for that reason, as well as for other reasons which they assigned.

In the case of this amendment, if the same controversy should arise, and the Court should take the same view of it—that the tax imposed here would be in the nature of a penalty against every concern that did not have a private plan of annuity for the benefit of its employees—of course, the act might be held unconstitutional on that ground.

To me, however, there is even a more serious objection to the amendment on constitutional grounds. The Constitution provides that all duties, imposts, and excises shall be uniform throughout the United States. Of course, that does not mean that we have to levy a given tax on everybody in the country. We have always recognized the right of Congress to establish classifications for the purposes of taxation. We do it in all of our revenue laws. We set up classes which shall pay a certain amount of taxes, and other classes which according to the law will be taxed in a different way; but I do not recall any act of Congress or any decision of a court where it has been held that after fixing these classifications Congress can lift some persons out of the classifications and exempt them from taxes altogether. That is what this amendment would do. It says to every concern and every factory, it says to all those who are subject to it, "You will pay this tax unless you inaugurate a private annuity system of your own. If you do that, you are not required to pay the tax which everybody else in your class will be required to pay."

I seriously doubt whether Congress has any such power as that under the Constitution. Certainly, in my judgment, that would violate the rule of uniformity which the Constitution requires with respect to taxes levied upon all classes and different classes which Congress proposes by its laws to attempt to tax. Certainly there would be enough doubt about it to add to the doubtfulness of the constitutionality of the act as a whole, if there is any serious doubt as to its constitutionality, which I have not the time now to argue at length, because I have promised the Senator from Missouri to leave him 20 or 25 minutes in order that he may close this argument in behalf of his own amendment.

But, regardless of constitutionality, regardless of any question of technicality, regardless of all the legal technicians who may be brought forward in behalf of this proposal, my earnest belief is that it is unwise as a matter of policy to divide this great scheme which has been devised in our country—a belated scheme, I will say, compared to the legislation of other civilized nations, some of which was inaugurated half a century ago, most of which has been in operation for a quarter of a century. It has taken us a long time to march up the hill toward the consideration of our duty to those who have served society, and in many cases have rendered as valuable service to the world as the man who shoulders a musket or goes to war in support of his flag or his Constitution. It has taken us a long time to conceive of it as our duty as a government to do something to recognize, in an organized and regular and orderly way, the duty of society to its aged and to its unemployed and to its indigent, those who have served their day and have passed on beyond the power of service, beyond any capability so far as they are concerned to make their declining years happy and comfortable. I congratulate the Congress of the United States, I congratulate the American Government, I congratulate men of both political parties in this Chamber and in the other Chamber, that at last we have come to recognize the fact that society as a whole, in its organized form, owes an obligation to these men and women which cannot be discharged by mere lip service, but can be discharged in a practical way only by the enactment of workable, practicable plans to apply to all alike and to all sections of the country with equal force, as we have attempted to provide in the bill now before the Senate.

I think the Senate and the Congress will rue the day on which this amendment shall be agreed to, and thereby the strength of our enactments be weakened, and the power of the National Government be weakened in dealing with unemployment and old-age problems.

For these reasons, I sincerely hope the amendment will be defeated. However much I regret to oppose any amendment put forward by my lifelong friend the Senator from Missouri, however much respect I have for his views and for the sympathetic heart which I know he possesses, nevertheless, I believe he is wrong in principle and in policy in this case, and I believe it would be a serious mistake to adopt the amendment; and I, therefore, trust that it will be rejected.

Mr. CLARK. Mr. President, no careful and intelligent observer in these unhappy times can have failed to note that in the last 10 or 12 years there has been an essential change, if not in the form of our Government, at least in its substance, and can have failed to observe that this has ceased to be a government in which legislation is by congressional consideration and vote, but has become a government by experts.

There was quite a long period following the foundation of the Government down to a recent date when Senators and Representatives considered it their duty under the Constitution to formulate legislation on their own responsibility, under their oaths of office, to consider that legislation in the light of their own views, and to cast their votes on the enactment of the legislation in accordance with those views. That situation existed until a period not so long ago. During that time Senators and Representatives considered it to be their duty to take active part in the formulation of legislation. But under the system which has grown up in the last 10 or 12 years, a man who feels himself qualified to participate in the formulation of legislation, to have any voice in its formulation, should not offer himself for election to the Senate or the House of Representatives, but he should procure for himself a position as a member of some commission, or as an employee of some commission or as an employee or agent of some bureau of the Government.

Until very recently these experts were satisfied to go over legislation proposed to be enacted, in private, with the Senators who were to introduce it and sponsor it, and quietly to let it be known that it was legislation sponsored

by the commission or the bureau, as the case might be. In more recent practice the experts come to the committees, in executive sessions of the committees, and the experts come upon the floor of the United States Senate in droves.

In the consideration of the particular bill now before us, when the bill was finally reported out of the Finance Committee I think it is no exaggeration to say that there were three times as many experts in attendance in that supposed executive session of the committee as there were Senators present to vote on the bill, a measure which puts a larger charge upon the taxpayers of the United States than any bill ever heretofore introduced.

During the consideration of the bill on the floor of the Senate the Senator from Mississippi [Mr. HARRISON] has from the beginning been flanked by two experts, the Senator from Wisconsin [Mr. LA FOLLETTE] has had a private expert of his own, and the seats in the back of the Chamber have been occupied by experts of various kinds. So it is with some trepidation that a mere Senator of the United States rises to appeal to his colleagues in this body, and to differ from the opinions of this galaxy of experts.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BARKLEY. I do not recall when a single general tariff bill has been enacted during my membership in the two Houses of Congress when there were not clerks and various experts sitting by the chairmen of the committees in both Houses to furnish information with respect to the measure as it went along.

Mr. CLARK. I will state to the Senator from Kentucky that of course the rule of the Senate provides for clerks of committees being admitted to the floor, but I have searched in vain—although I am not complaining about this matter—for any authorization for representatives of various commissions and various bureaus to be on the floor of the Senate. I am making no point of that, however.

Mr. BARKLEY. I thought the Senator was.

Mr. CLARK. I am simply laying the foundation for some remarks which I now desire to make.

I do not desire to criticize these experts; they are honest men, for the most part, wedded to their own ideas, but it seems to me that when the time has come that the Senate of the United States cannot consider measures on its own responsibility without any more effective argument being made against a measure than that this corps of experts does not approve it, this country has come to a pretty pass.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. CLARK. I will in just a moment. In other words, it seems to me that there may be very grave suspicion that the real objection of these experts to this amendment and to other suggestions for changes in the proposed act which have been advanced may bear a very close analogy to President Grant's remark about Senator Charles Sumner. It is related that on one occasion someone told President Grant that Sumner did not believe in the Bible, and Grant replied, "Yes, damn him; that is because he didn't write it." That is the attitude of many of these experts regarding many of the measures brought on the floor of the Senate.

I now yield to the Senator from Kentucky.

Mr. BARKLEY. I wish to ask the Senator a question. We are dealing always with a very practical situation. Back in the days when legislation was simple it was easy, of course, for the Senators and the Members of the House of Representatives to deal more at large with the details of legislation. I recall the act creating the Federal Trade Commission which I helped to write as a member of the Committee on Interstate and Foreign Commerce of the House of Representatives, and that was a very short act. But as the problems of the Government have multiplied and our society has become more complex, members of both branches of the National Legislature and of branches of all legislatures everywhere have found it more necessary to acquire accurate information in order to guide them in the matter of legislation.

We will adjourn in a few weeks and go home. We will be at home I hope the remainder of this year. We do not have our minds on legislation when we are at home, we are not writing bills. We are glad to get away from the humdrum and the burden of legislation.

When we come back in January, what harm will come if the President shall appoint some commission to look into a situation which may require legislation when we reassemble, and if such commission shall have gathered a volume of information for our assistance and guidance in the matter of legislation? What harm is there even if some gentlemen have suggested a tentative draft of a bill, which we have the right to change, as in this case we have changed the bill materially from what it was when it came to us?

Mr. CLARK. Evidently I have not been able to make myself clear to my distinguished friend from Kentucky.

Mr. BARKLEY. I am sure that is my fault.

Mr. CLARK. No one complains about the furnishing of information to any committee of the Senate or of the House of Representatives, or to either body itself. What I am complaining about is the assumption of infallibility by this body of experts.

Mark now, how a plain tale shall put my friend down. The first draft of the bill before us was produced after 6 months of work under direction of a stellar array of technical, medical, public-health, hospital, dental, and child-welfare officials.

The bill was prepared, and some 2 or 3 weeks later the experts of the Treasury Department advised a multitude of very radical changes in the bill, which were accepted almost without exception.

Since then experts advisory to the committees in the House and in the Senate have brought about many further modifications, and it is only now, at the last minute, after all this multitude of changes, that the opinion of these experts suddenly becomes infallible, and in the face of this they now maintain that the Federal plan as now contained in the bill has suddenly achieved such perfection as to justify the wiping out of benefits of all private plans in favor of a Government compulsory plan, which will probably again be changed by the experts.

Mr. President, I have only a few minutes remaining, but I desire as briefly as possible to state why I think my amendment should be agreed to.

Mr. LONG. Mr. President, before the Senator leaves the subject he has been discussing, I wish he would not overlook what the Senator from Kentucky has pointed out, that as these experts continue to compile our laws the Government becomes more complex and complicated, and needs more experts.

Mr. CLARK. That is unquestionably true.

Mr. BARKLEY. If the Senator will yield, of course, that is not what I said at all, and the Senator from Louisiana knows it is not what I said. He got the cart before the horse, as he always does.

Mr. CLARK. I do not desire to have the Senator from Kentucky and the Senator from Louisiana engage in a controversy in my time, because I have only 13 minutes left.

Mr. LONG. Mr. President, I beg the Senator's pardon——

Mr. CLARK. I must decline to yield, because I have some serious thoughts I desire to present to the Senate.

The statement was made by the Senator from Mississippi in the course of the debate—and I know in good faith, because it was based on the testimony of one of the experts, to which I myself listened—that there is no private pension plan more generous and more beneficial to the employee than the Government plan.

Mr. President, the expert who made that statement before the Finance Committee, the principal opponent before the committee of the amendment which is soon to be voted on, was M. W. Murray Latimer. He is the inventor, or the chief proponent, at least, of the contention which has been advanced here on the floor that the adoption of the pending amendment would lead to discrimination against the older

type of employees and the laying off of employees at a fixed or earlier age. Yet the same Dr. Latimer, before he became an expert testifying in the executive sessions of the Finance Committee, when he was speaking in public on the stage at Cleveland in January 1930 to the American Management Association, used this language:

> Talk of general retiring age limit in any industry is sheer myth.

There has been quite a change in Dr. Latimer's position between the time he appeared independently on his own responsibility in public and when he appeared in a secret session of the Finance Committee as one of the experts of two of these committees.

Mr. President, it is said that there are no private plans which are more beneficial than the plans set up by the Government under this bill. I read to the Senate yesterday a brief description of the plan of one company which now contributes 4½ percent to a benefit fund as against 3 percent contributed by the employees, and which, in addition to certain other benefits, provides in the plan an insurance policy of the face value of 1 year's salary for each employee.

I now desire to place in the RECORD, Mr. President, some other advantages in other private plans. What I shall state is by no means comprehensive, but it is merely illustrative. Many companies under private plans provide that earlier retirement for women may be had, or that there may be special disability retirement.

Companies which normally retire women at age 60, as against the Government plan of retirement at age 65, are, among others, the American Insurance Co., the American Telephone & Telegraph Co., the Clark Thread Co., the Eastman Kodak Co., the General Foods Corporation, the Rochester Gas & Electric Corporation, and the Standard Oil Co. of Ohio.

Plans which retire disabled men before age 65, which is a feature strictly forbidden under this Government plan, among others, are the Boston Consolidated Gas Co., which permits retirement at any age after 15 years' service; the Electric Storage Battery Co., which permits retirement at any age after 15 years' service; the International Harvester Co.; the Standard Oil Co. of New Jersey; and the United States Steel Corporation.

Plans which retire men, not disabled, before age 65 after a specified length of service, among others, are Armour & Co., Commonwealth Edison Co., Spool Cotton Co., and the Standard Oil Co. of California.

Mr. President, the trouble with these experts is that they take their model from the ancient highwayman of old Attica, Procrustes, whose custom it was, so we are told in fable, to overpower wayfarers passing along a certain route and compel them to lie upon a bed which he had specially constructed. Those wayfarers who happened to be too short to fill up the bed had their legs stretched out to the length of the bed, and those unfortunates whose legs happened to be longer than the bed had their legs hacked off. That is the principle of the experts with reference to this bill in opposing such an amendment as that which I have proposed. Where the legs of any private plan are too short to fit the model which the Government has made, no one has any objection to having those legs stretched out; but it seems more than passing hard and passing unfair to require the legs of those companies which happen to have more generous plans, which happen to be too long for the bed, to be hacked off, more particularly when the length of leg hacked off would be for the benefit of the employees concerned.

Mr. President, it was stated by the Senator from Mississippi [Mr. HARRISON] yesterday and by the Senator from Kentucky [Mr. BARKLEY] a while ago that no employers or employees were concerned about the passage of this amendment. I know that they both made that statement in good faith, but, for their information, I should like to say to them that I have on my desk here letters from more than 75 employers now having plans more beneficial to the employees than the Government plan, who protest against having their plans wiped out.

It was stated that the adoption of this amendment would ruin the structure of the bill. That certainly has not always been the opinion of these experts, because in the March-April 1935 number of the Manager's Magazine, Dr. E. E. Witte, who sits upon the floor of the Senate as the adviser of the Senator from Wisconsin [Mr. LA FOLLETTE], used this language:

> At the present time, there is no exemption offered to the employer who has already embarked on a plan of private annuities, either with a life-insurance company or by some other means. If those insurance companies underwriting such cases were to offer a reasonable amendment to the pending bill urging an exemption for such employers, it might be accepted. There would probably be two points insisted upon, however, by our committee or by the Social Insurance Board set up under the bill, namely, (1) the ability of the insurer to guarantee security of the fund, and (2) the transferability of the amount vested in the employee in case he leaves his present employer.

Mr. President, both of those features are completely covered in the amendment which I have proposed, and I read that statement simply for the purpose of showing that the statement which has been repeated here on the floor by various Senators that the adoption of this amendment would ruin the whole structure of the bill is apparently entirely without foundation; at least it was not recognized by one of the chief experts of the committee, Dr. Witte.

In closing, I simply desire to emphasize the fact that Senator after Senator in opposition to this amendment has made the statement that the adoption of this amendment, providing for the retention of private pension plans, would redound to the disadvantage of the older employees; and yet, although the Senator from New York [Mr. WAGNER], the Senator from Mississippi [Mr. HARRISON], the Senator from Wisconsin [Mr. LA FOLLETTE], and others have been requested to point out wherein that was possible, not one of them has been able to lay his finger on the manner in which that would be possible and to justify the statement.

The fact is that this amendment, in its present form, containing the provision that the contribution to the fund by any employer shall not be less than the amount of the tax, makes it absolutely impossible for any employer to profit to the extent of one penny by having younger employees. The only effect of cheaper insurance by reason of younger employees would be to enable the employer to purchase larger annuities, which would redound to the benefit of the employee and not of the employer.

The provisions of this amendment make it absolutely certain that the employee can leave the private pension system at any time at his option and go into the Government system, taking with him not less than the amount which would have been to his credit in the Government fund if he had been under the Government fund from the very beginning.

Therefore I submit it is not to the interest either of the public or of the employers to penalize employees who now are under the more liberal pension systems than that proposed to be set up by the Government plan. It is not to the interest of the public to prohibit forward-looking employers who are anxious to be more generous to their employees than would be the system provided in this bill. I point out further that under the provision of the amendment the conditions of the private plan must be such as to meet the approval of the board to be set up under this bill for the administration of the whole bill, and that under this amendment the duty is imposed on that board in the future to follow up the operations of the various private pension plans, and to insure their conformance to the conditions set forth in the amendment.

I now suggest the absence of a quorum.

Mr. LA FOLLETTE. Mr. President, will not the Senator be generous enough to withhold his suggestion of the absence of a quorum in order that I may utilize the remaining time before 1 o'clock in order to read a letter into the RECORD?

Mr. CLARK. Mr. President, I shall be glad to yield the remainder of my time to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, yesterday I made the statement that I was authorized to declare that the Amer-

ican Federation of Labor was opposed to this amendment. I shall take the opportunity of using the remaining minutes to read a letter which I received from Mr. William Green, president of the American Federation of Labor, addressed to myself, dated June 19, 1935, as follows:

AMERICAN FEDERATION OF LABOR,
Washington, D. C., June 19, 1935.

Hon. ROBERT M. LA FOLLETTE, Jr.,
United States Senate, Washington, D. C.

DEAR SENATOR: The American Federation of Labor is unalterably opposed to the Clark amendment to H. R. 7260, the social-security bill. The amendment proposes to continue in operation private insurance schemes in effect in various industries. This would exempt these industries that have old-age-pension plans from paying the tax provided in the bill.

It is well known that the management of many industries discharge employees when they approach the retirement age. Information was given the Senate that in the packing industry, for instance, the private insurance plan has been a success. It must not be forgotten that a few years ago when the packing plants of Nelson Morris & Son were sold to Armour & Co. the insurance plan in effect in the former's plants was canceled. Although many employees had contributed for many years to the insurance plan, they never received a penny in return after the sale of the company to Armour & Co.

Another great objection to private pension plans is that it tends to discourage the employment of older men. Men more than 40 years of age are refused employment. There is no hope for them except through the enactment of the national-security bill.

There are many reasons why the Clark amendment should be defeated. It would prevent many thousands of persons over 65 years of age ever receiving old-age pensions. On the other hand, if the security bill is passed as written, those entitled to old-age pensions will receive them.

Private insurance plans were originated in industries which objected to the employees joining trade unions. It was an incentive to the organization of company unions which gave the industries complete control over their employees.

Therefore the American Federation of Labor can see nothing to the advantage of the workers in exempting private insurance plans in the proposed law.

Yours very truly,

WM. GREEN,
President American Federation of Labor.

The PRESIDENT pro tempore. The hour of 1 o'clock having arrived, under the unanimous-consent agreement entered into yesterday, the Senate will now vote on the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	King	Radcliffe
Ashurst	Coolidge	La Follette	Reynolds
Austin	Copeland	Lewis	Robinson
Bachman	Costigan	Logan	Russell
Bailey	Dickinson	Lonergan	Schall
Bankhead	Dieterich	Long	Schwellenbach
Barbour	Donahey	McGill	Sheppard
Barkley	Duffy	McKellar	Shipstead
Bilbo	Fletcher	McNary	Smith
Black	Frazier	Maloney	Steiwer
Bone	George	Metcalf	Thomas, Okla.
Borah	Gerry	Minton	Townsend
Brown	Gibson	Moore	Trammell
Bulkley	Gore	Murphy	Truman
Bulow	Guffey	Murray	Tydings
Burke	Hale	Neely	Vandenberg
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hastings	Nye	Wagner
Capper	Hatch	O'Mahoney	Walsh
Caraway	Hayden	Overton	Wheeler
Chavez	Johnson	Pittman	White
Clark	Keyes	Pope	

The PRESIDENT pro tempore. Eighty-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendments offered by the Senator from Missouri [Mr. CLARK].

The amendments offered by Mr. CLARK are as follows:

On page 15, after line 25, to insert the following:

"(7) Service performed in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee performing such service has elected to come under such plan; except that if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, the service performed while the employee was under such plan as approved shall be construed to be employment as defined in this subsection."

On page 43, line 11, after "Sec. 702.", insert "(a)."

On page 43, lines 17 and 18, add the following new paragraphs:

"(b) The board shall receive applications from employers who desire to operate private annuity plans with a view to providing benefits in lieu of the benefits otherwise provided for in title II of this act, and the board shall approve any such plan and issue a certificate of such approval if it finds that such plan meets the following requirements:

"(1) The plan shall be available, without limitation as to age, to any employee who elects to come under such plan: *Provided*, That no employer shall make election to come or remain under the plan a condition precedent to the securing or retention of employment.

"(2) The benefits payable at retirement and the conditions as to retirement shall not be less favorable, based upon accepted actuarial principles, than those provided for under section 202.

"(3) The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee approved by the board.

"(4) Termination of employment shall constitute withdrawal from the plan.

"(5) Upon the death of an employee, his estate shall receive an amount not less than the amount it would have received if the employee had been entitled to receive benefits under title II of this act.

"(c) The board shall have the right to call for such reports from the employer and to make such inspections of his records as will satisfy it that the requirements of subsection (b) are being met, and to make such regulations as will facilitate the operation of such private annuity plans in conformity with such requirements.

"(d) The board shall withdraw its approval of any such plan upon the request of the employer, or if it finds that the plan or any action taken thereunder fails to meet the requirements of subsection (b)."

On page 52, after line 7, add the following new paragraph:

"(7) Service performed by an employee before he attains the age of 65 in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee has elected to come under such plan, and if the Commissioner of Internal Revenue determines that the aggregate annual contributions of the employee and the employer under such plan as approved are not less than the taxes which would otherwise be payable under sections 801 and 804, and that the employer pays an amount at least equal to 50 percent of such taxes: *Provided*, That if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, there shall be paid by the employer to the Treasurer of the United States, in such manner as the Secretary of the Treasury shall prescribe, an amount equal to the taxes which would otherwise have been payable by the employer and the employee on account of such service, together with interest on such amount at 3 percent per annum compounded annually."

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is necessarily absent from the city. I understand that a special pair has been arranged for him on this vote, which leaves me free to vote. I vote "yea."

Mr. LOGAN (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. DAVIS], who is absent. I am advised that if he were present he would vote "yea", and, as I intend to vote the same way, I feel at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. NYE (after having voted in the negative). On this question I have a pair with the senior Senator from Virginia [Mr. GLASS]. If he were present, he would vote "yea." Under the circumstances I withdraw my vote.

Mr. AUSTIN. The Senator from Wyoming [Mr. CAREY] is necessarily absent. He is paired on this question with the Senator from Utah [Mr. THOMAS]. If present, the Senator from Wyoming would vote "yea", and the Senator from Utah would vote "nay."

Mr. LEWIS. I announce that the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. MCADOO], and the Senator from Nevada [Mr. MCCARRAN] are unavoidably absent, and that the Senator from Utah [Mr. THOMAS] is detained on important public business.

I desire to announce the following pair on this question:

The Senator from California [Mr. MCADOO] with the Senator from Nevada [Mr. MCCARRAN]. I am not advised how either Senator would vote if present.

The result was announced—yeas 51, nays 35, as follows:

YEAS—51

Adams	Clark	Keyes	Pittman
Austin	Coolidge	King	Pope
Bachman	Copeland	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Barbour	Dieterich	Lonergan	Smith
Borah	Duffy	Long	Steiwer
Bulkley	George	McGill	Townsend
Bulow	Gerry	McKellar	Truman
Burke	Gibson	McNary	Tydings
Byrd	Gore	Maloney	Vandenberg
Capper	Hale	Metcalf	Van Nuys
Caraway	Hastings	Moore	White
Chavez	Hatch	O'Mahoney	

NAYS—35

Ashurst	Costigan	Minton	Schwellenbach
Bankhead	Donahey	Murphy	Sheppard
Barkley	Fletcher	Murray	Shipstead
Bilbo	Frazier	Neely	Thomas, Okla.
Black	Guffey	Norris	Trammell
Bone	Harrison	Overton	Wagner
Brown	Hayden	Radcliffe	Walsh
Byrnes	Johnson	Reynolds	Wheeler
Connally	La Follette	Robinson	

NOT VOTING—9

Carey	Glass	McCarran	Nye
Couzens	McAdoo	Norbeck	Thomas, Utah
Davis			

So Mr. CLARK's amendment was agreed to.

Mr. BORAH. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment of the Senator from Idaho will be stated.

The CHIEF CLERK. It is proposed, on page 4, line 21, after the comma, to insert " and (2) an amount, which shall be used exclusively as old-age assistance, sufficient to make the Federal contribution with respect to each such individual for each month in the quarter $30."

On page 4, line 21, strike out "(2)" and insert "(3)."

On page 4, line 22, strike out " amount " and insert " amounts."

On page 5, lines 5 and 6, strike out " clause (1)" and insert " clauses (1) and (2)."

On page 5, line 10, after " clause " insert "(1)."

On page 5, line 24, strike out " clause (1)" and insert " clauses (1) and (2)."

Mr. BORAH. Mr. President, the principle of the amendment was discussed somewhat at length some days ago. The amendment would make it certain that all persons 65 years of age and over shall receive $30 per month. The amendment is, on page 4, line 21, after the comma, to insert the following:

And (2) an amount, which shall be used exclusively as old-age assistance, sufficient to make the Federal contribution with respect to each such individual for each month in the quarter $30.

In other words, if the State shall provide $15, the National Government shall provide $15. If the State shall provide $10, the National Government shall provide $20. The object and purpose of the amendment are to assure that not less than $30 shall be provided for those 65 years of age or over.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senaor from New York?

Mr. BORAH. I yield.

Mr. WAGNER. If the State should appropriate nothing, would the Federal Government then contribute $30 to the individual? Is that the Senator's idea?

Mr. BORAH. No. If the contribution of the State should be absolutely nothing, then the Federal Government would contribute absolutely nothing; but if the State should provide $5 or $10, the National Government would contribute an amount which would make the total $30.

Mr. WAGNER. If the State should contribute only $1, then the Federal Government would contribute $29?

Mr. BORAH. That is quite correct. But I do not accept the theory that the States will not do all they are able to do. The people of the States are just as humane and just as willing to take care of their aged as is the Congress. It is unjust to argue this matter upon the theory that the people of the States are slackers; it is a question of ability.

Mr. STEIWER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. BORAH. I yield.

Mr. STEIWER. May I ask the Senator what determines the relative contributions of the several States and the United States under the proposal of the Senator, whether it shall be $10 or $15 or $20?

Mr. BORAH. The State determines how much it will put up. My amendment provides that whatever additional amount is necessary to make it $30, the National Government shall contribute that much.

Mr. STEIWER. In other words, the State would determine the amount of its contribution in each case, and the Federal Government would merely supplement it with the idea of making the total contribution $30?

Mr. BORAH. Exactly.

Mr. HARRISON. Mr. President, the amendment is not in agreement with what the Senator said he intended to offer, as I read the amendment. It reads:

An amount, which shall be used exclusively as old-age assistance, sufficient to make the Federal contribution with respect to each such individual for each month in the quarter $30.

Mr. BORAH. That is correct.

Mr. HARRISON. It would seem from the printed amendment which I have read that what the Senator is attempting to do is to exact from the Federal Government $30 a month.

Mr. BORAH. Not at all. The wording of the bill remains as it is. In other words, a State plan for old-age assistance must provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them. Second, it provides for financial participation by the State. Third, such a State plan must " either provide for the establishment or designation of a single State agency to administer the plan ", and so forth. All that language remains as it is, and I simply add that the State must put up something, the State must make its contribution, otherwise there is no provision whatever for payment to its old-age people. If the State puts up $15, then the National Government contributes $15.

Mr. HARRISON. Does the Senator have any doubt, if his amendment should be adopted, that the States would contribute the very minimum and the whole burden would then be upon the Federal Government?

Mr. BORAH. The State would have to contribute something before it could get anything.

Mr. ROBINSON. Mr. President, may I ask the Senator from Idaho how much the State would have to contribute?

Mr. BORAH. The State must determine first what it shall contribute. If the State should contribute $1, the Federal Government would contribute $29. I do not recognize the principle that the State would seek to get from under its burden or its obligation. There is just as much reason to assume that the people in a State will be anxious to take care of their people as that the National Government will desire to do so.

Mr. ROBINSON. But the difficulty about the Senator's amendment is that it provides that in case the States do not contribute substantially the Federal Government shall make contribution to the amount of $30. The Senator need not be misled about the matter. The amendment invites the States to make a minimum contribution. In my judgment, if the amendment should be adopted it would mean that the Federal Government would bear practically the entire burden of this title.

Mr. BORAH. That is on the assumption that the States have no sense of responsibility and no idea of discharging their responsibility in regard to this matter. It proceeds upon the theory that the Congress has the power——

Mr. ROBINSON. Mr. President, will the Senator pardon me?

Mr. BORAH. I pardon the Senator.

Mr. ROBINSON. I do not think that conclusion is justified.

Mr. BORAH. And I think it is justified.

Mr. ROBINSON. I think the language of the amendment provides that the States must contribute something, but no matter how little they contribute the Federal Government will contribute the remainder up to the amount of $30 per month. In the case of a State which is in straitened circumstances financially, under the amendment the natural result would be for the State to contribute just as little as is possible in order to secure for its citizens the benefits of the bill.

Mr. BORAH. I assume that the State will contribute whatever it can contribute. I assume that the State will be perfectly willing to discharge its responsibilities toward its old people. The States are just as likely to do it as is the Congress of the United States. If they cannot do so, if a State is unable to make its appropriation, then I say the old people should not be left without help; that they should not be left without sufficient means to take care of themselves; and $30 a month is a very small amount, in my judgment, to take care of these people. To proceed upon the theory that a State will do nothing if it is able to do it is, in my judgment, a wrong theory.

Mr. ROBINSON. But the Senator's amendment does not require the States to do all they are able to do. It leaves it absolutely optional with the State to determine the amount which it shall contribute, and therein lies the vice of the amendment. I, no more than the Senator from Idaho, wish to cast any reflection upon a State, but I know there are some States whose financial condition is such that they would naturally resort to the policy of contributing just as little as would be necessary in order to obtain the Federal contribution.

Mr. BORAH. I have no doubt there are States which are financially in such condition that they would not be able to meet the full $15 contribution. It is for that reason that I do not want the old people in those States to suffer simply because the State is unable to take care of the situation. I do not recognize the principle that the State will not do all it can do. The very fact that the National Government is willing to assist in the matter in case the State undertakes to do something will encourage the people of the State to undertake to do what they can do.

I have no doubt that they would do all they can do; and if they do all they can do, but are unable to put up the necessary amount, shall we leave the old people without any means whatever of being taken care of in this situation?

Mr. President, I ask for the yeas and nays upon this question.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LONG. There are some of us who would like to vote for this amendment, particularly the Senator from Georgia and myself, who represent States which are affected by a constitutional inhibition. I wonder if the Senator would not permit us to add just a couple of words at the end of the amendment to provide that this requirement shall apply for the year 1937. In other words, some States cannot submit constitutional amendments until the fall of 1936, close to 1937, and this amendment, as I understand, requires the State to make some contribution. That will give these States a chance to be prepared. Many States, even though they should adopt a constitutional amendment, would not be able to raise the necessary revenue within this length of time.

Mr. BORAH. Mr. President, I should like to take care of those States which are not in a position to do anything whatever, but I felt that if I undertook to do that it would undoubtedly result in the defeat of the amendment. What is it that the Senator wishes to insert?

Mr. LONG. I do not wish to have the Senator endanger his amendment at all. I desire to insert a provision that the requirement as to contribution from any State shall not be effective before the first, say, of 1937. This is the middle of 1935. The Senator is calling on a State to raise a great deal of revenue.

Mr. BORAH. The Senator would be no better off if that were done. He could not come in under the present bill.

Mr. LONG. We could, perhaps, but Georgia could not.

Mr. BORAH. My desire in this matter is to make certain that the old people shall receive at least $30 a month. I believe that each sovereign State will discharge its duty and responsibility in accordance with its financial ability to do so. There is not any more reason to suppose that a State will refuse to discharge its obligation than there is to suppose that Congress will do so. The authorities of the State feel a deep interest in their people, the same as we do. They have a humanitarian feeling the same as we have. They will take care of the condition if they can, but if they cannot, shall we leave the old people uncared for?

Mr. HARRISON. Mr. President, I do not desire to delay action on this amendment. All Senators wish to do what they can for the needy aged; but if this amendment should be adopted it would change the whole structure of this measure. It would properly raise the question of which should have jurisdiction as between the State authorities and the Federal Government in determining who should be eligible for benefits if the Federal Government were to make twenty-nine thirtieths of the appropriations for these people, which could be done under the Senator's amendment. Certainly, if his amendment should be adopted the States could all point to financial burdens as a justification and appropriate $1 each for their needy individuals, leaving the Federal Government burdened with $29, that it would have to carry under the amendment. If some States were to give more than $1, a hue and cry would go up as to inequality among the States with reference to that matter.

We have exercised our judgment as best we could in trying to inaugurate a policy of the Federal Government cooperating with the States, each giving one-half. Is not every State in the Union in a better position under such a plan than it has been heretofore? The Federal Government heretofore has appropriated nothing for this purpose, and the States have had to take entire care of their needy aged people, except, of course, under the relief measures. We are now proposing to give them $15 per month out of the Federal Treasury. Of course it might be appealing to go back to our respective constituents and say, "I voted to give you gentlemen $30 of Federal funds instead of $15"; but we must look after some other things than merely winning votes from our constituents on this question.

We are doing more than any other Congress has attempted to do in providing $15 out of the Federal Treasury if the States put up $15. If the State puts up $10, the Federal Treasury will put up $10—an equal amount with the State. So let us not get into a controversy here and delay the passage of the bill over the question as to whether the Federal Government ought to put up four-fifths and the States one-fifth, or the Federal Government two-thirds and the States one-third, or the States $1 and the Federal Government $29. If we adopt this amendment, we shall have to undo the whole policy we have already adopted in providing for State determined and administered plans. If the funds are practically all Federal funds, we should naturally provide administration from Washington. The authorities here would direct the administration of this measure, and say who, among the people over 65 years of age, are needy and should receive these payments. In other words, the amendment would necessitate a change so that decisions would be made by a bureau here in Washington and not by the authorities in the local communities of the country. I prefer to leave the jurisdiction in the States and to let the State legislatures and the State authorities determine who is the needy individual who deserves and is entitled to this particular pension. Then if the State puts up $15 or $10, the Federal Government will match the $15 or $10.

So I hope the amendment will be voted down, because it would jeopardize the whole structure of the bill.

Mr. FLETCHER. Mr. President, I should like to ask the Senator a question. Is it necessarily required that the State as a State shall make the contribution, or may the State, through its county commissioners, make it?

Under the laws of Florida, the State as a State would not be permitted to make the contribution, but the county commissioners could arrange to raise the money.

Mr. HARRISON. I may say to the Senator that it is the aggregate of what the counties put up and what the State puts up that the Federal Government will match. It is not confined to the State itself, but is broadened so as to take in communities also.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. STEIWER. Does the Senator from Mississippi accept the construction which the Senator from Idaho places upon the amendment?

Mr. HARRISON. No; I do not accept that construction of it. I know what the Senator intended; but, although I have not had time to read the amendment carefully in connection with this provision, Mr. Beaman and others of the experts tell me they construe it differently; that under the amendment the Federal Government must put up $30; and that is the way I read it. But, be that as it may, the Senator can change the provision if there is any doubt about it.

Mr. BORAH. There is not any doubt about it. There is not any occasion for changing the language. No man with a sane mind would contend that for a moment. Nothing goes to the State unless the State puts up something.

Mr. STEIWER. Mr. President, will the Senator yield further? I desire to make an observation about that matter.

Mr. HARRISON. I yield to the Senator.

Mr. STEIWER. It occurs to me that the pending proposal made by the Senator from Idaho leaves the subdivision, numbered 1, on page 4, just exactly as it is; and that the result of the amendment would be, if enacted in the way now proposed, that the Federal Government, under subdivision numbered 1, would match the money put up by the State to the extent of the aggregate amount of $30 per month. That is to say, if the State put up $15, the Government of the United States would put up $15. If the State put up $10, the United States would put up $10. The pending amendment contains added language which provides that the United States shall provide an additional amount. I now read the amendment—

> And (2) an amount, which shall be used exclusively as old-age assistance, sufficient to make the Federal contribution with respect to each such individual for each month in the quarter $30.

Mr. President, what is it that amounts to $30? Is it the total? Of course not. I agree with the Senator from Idaho that this language is perfectly clear. I think there is no ground for misunderstanding or misconstruction. The language provides that the contribution of the Federal Government for each such month shall be $30.

Mr. HARRISON. How does the Senator get away from the plain language of the amendment, which says—

> Sufficient to make the Federal contribution with respect to each such individual for each month in the quarter $30.

Mr. STEIWER. There is no way to get away from it.

Mr. HARRISON. That is the Federal contribution.

Mr. STEIWER. That is right. If the State put up $15 under subdivision no. 1, the United States would put up $15; and then, under the pending amendment, which is marked "Subdivision No. 2" the United States would put up another $15 in order to make the Federal contribution $30; and in that case the net result would be a payment to each person of $45 per month, two-thirds of which payment would be provided by the United States.

I do not wish to vote for that proposition. I am sympathetically disposed toward the proposal made by the Senator from Idaho as he explained his proposal. It is easy for me to approve a guaranty of a minimum payment of $30 per month. If we are to enact a law on this subject the payment ought to be sufficient in amount to mean something to the recipient of the payment. An aggregate payment substantially less in amount than $30 per month is inadequate. It will not accomplish the purposes of the bill. I am wondering if, in order to have that proposition presented, some Senator would not care to revise the pending amendment in order that it may accomplish the purpose sought by the Senator from Idaho.

Mr. BORAH. What is the proposal which the Senator makes?

Mr. STEIWER. I have not attempted to phrase it. I merely asserted that I am sympathetic toward the idea of a minimum guaranty of $30 a month. It would seem the way to secure such guaranty is to add to the present subdivision no. 1 merely a proviso that the Federal contribution shall in any case be in such amount that the total paid shall be $30 per month.

Mr. BORAH. That is precisely what I thought I was doing, and what I believe I am doing.

Mr. FLETCHER. I suggest that the Senator change the word "Federal", in line 3, so as to make the "total contribution", instead of "Federal contribution", $30 a month.

Mr. BORAH. I am willing to consider that.

Mr. WALSH. Will the Senator from Idaho explain whether or not that change will require the same amount to be contributed by the Federal Government as is contributed by the State government?

Mr. BORAH. As I understand, as the amendment would read with the change, if a State government should put up $5 or $10 or $15, the Federal Government would match the amount the State contributed, and then an additional amount so as to make the total contribution $30. If the State government should put up $30, the Federal Government would not put up anything.

Mr. WALSH. By changing the word "Federal" to "total" it would mean that it would be possible for the Federal Government to have to contribute as much as $29.

Mr. BORAH. If the State put up only $1, that would be true. I am not so deeply interested in the division of sovereignty, as to who puts up the money, but I want the money contributed. If the State cannot do it—and I take it that the State will do it if it can—if the State is unable to do it, then I want the National Government to contribute, to have the old folk taken care of.

Mr. FRAZIER. Mr. President, I am very strongly in sympathy with the amendment of the Senator from Idaho. There are many States which, because of conditions due to drought and other circumstances, are not able to collect taxes from the taxpayers. I am satisfied that there are quite a number of States which could not meet the $15 contribution provided for in the original bill. That would mean that the old people in those States above 65 years of age would have no pensions.

It seems to me the amendment would provide a means of giving practically all the States a chance to make a small appropriation so that the old people would get $30. I have great confidence in the States putting up as much as they can, and when conditions improve, if they can put up contributions equal to those of the Federal Government, they will do so.

Furthermore, during the last few years there have been old-age pension organizations formed all over the Nation, which, as we know, have advocated much larger pensions than are suggested. True, the money is to be raised in a different way from that provided here, but that does not alter the fact that those organizations are out for larger pensions, and are advocating larger pensions, and I know they will not be satisfied with the provisions of this measure.

It seems to me that the amendment of the Senator from Idaho would help greatly in assuring at least $30 for old people in States where the States can put up some money, and even if it is limited to only a few years, it would help very materially, in my opinion. I hope the amendment will be agreed to.

Mr. BORAH. Mr. President, in order to make the matter beyond question, I desire to limit the contribution to $30. I do not want any loophole left. I therefore ask leave to insert, after the word "contribution" in line 3, the words "plus the State's contribution with respect to each such individual for each month, not less than $30." That would not create any obligation on the part of the National Government to put up more than the difference between what the State would contribute and $30.

Mr. HARRISON. If the State contributed a dollar the Federal Government would contribute $29, but the whole contribution could not be more than $30.

Mr. BORAH. That is quite correct.

Mr. WALSH. It simply makes more definite the point the Senator has raised.

Mr. BORAH. That is right. There need be no mistake about it, so far as I am concerned; that is what I desire.

The PRESIDING OFFICER (Mr. MINTON in the chair). The question is on agreeing to the amendment offered by the Senator from Idaho, as modified.

Mr. BORAH. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. DAVIS]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I wish to announce that the Senator from Utah [Mr. THOMAS] is detained on important public business.

I also wish to announce that the Senator from Oregon [Mr. MCNARY] has a pair on this question with the Senator from Georgia [Mr. RUSSELL]. The Senator from Oregon would vote "yea" and the Senator from Georgia would vote "nay" if present.

I desire also to announce that the Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the senior Senator from Georgia [Mr. GEORGE], the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. MCADOO], the Senator from Nevada [Mr. PITTMAN], the junior Senator from Georgia [Mr. RUSSELL], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

Mr. NYE. Announcing my pair with the senior Senator from Virginia [Mr. GLASS] as previously, I beg to announce that were he present he would vote "nay"; and if I were permitted to vote I should vote "yea."

Mr. BULKLEY. I repeat the announcement of my general pair with the senior Senator from Wyoming [Mr. CAREY]. Not knowing how he would vote on this amendment, I transfer my pair to the junior Senator from Utah [Mr. THOMAS] and vote "nay."

The result was announced—yeas 18, nays 60, as follows:

YEAS—18

Bilbo	Frazier	Pope	Thomas, Okla.
Bone	Johnson	Schall	Trammell
Borah	Lewis	Schwellenbach	Wheeler
Capper	Long	Shipstead	
Copeland	McCarran	Steiwer	

NAYS—60

Adams	Clark	Hatch	Norris
Austin	Connally	Hayden	O'Mahoney
Bachman	Coolidge	Keyes	Overton
Bankhead	Costigan	King	Radcliffe
Barbour	Dickinson	La Follette	Reynolds
Barkley	Dieterich	Lonergan	Robinson
Black	Duffy	McGill	Sheppard
Brown	Fletcher	McKellar	Townsend
Bulkley	Gerry	Maloney	Truman
Bulow	Gibson	Metcalf	Tydings
Burke	Gore	Minton	Vandenberg
Byrd	Guffey	Moore	Van Nuys
Byrnes	Hale	Murphy	Wagner
Caraway	Harrison	Murray	Walsh
Chavez	Hastings	Neely	White

NOT VOTING—17

Ashurst	Donahey	McNary	Smith
Bailey	George	Norbeck	Thomas, Utah.
Carey	Glass	Nye	
Couzens	Logan	Pittman	
Davis	McAdoo	Russell	

So Mr. BORAH's amendment was rejected.

Mr. LONERGAN. Mr. President, I send to the desk an amendment which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 72, after line 6, it is proposed to strike out all of title XI, including all sections and paragraphs thereof on pages 72, 73, 74, 75, 76, 77, 78, 79, and to the end of the first paragraph on page 80.

Mr. LONERGAN. Mr. President, title XI relates to annuity bonds.

The proposal was submitted before the House Ways and Means Committee, and was rejected. It was not incorporated in the bill which came to the Finance Committee of the Senate. At a meeting of our committee, when this proposal was considered, 12 members out of 21 were present. Seven voted in favor of the proposal and five voted against it. Three of the four Senators who voted for the proposal, according to their statements in the committee, were under the belief that insurance companies do not sell annuity bonds, especially for small sums. I read from the record of our proceedings:

Senator BARKLEY. Let me ask you this: I have a number of life-insurance policies, not very large, but I have several policies, and these insurance companies with which I have policies write me letters every few months suggesting an annuity policy that they would like for me to take. They are all above my ability to reach them. I cannot comply with their terms and take one unless it be an insignificant amount, because the amount involved in an initial payment and then the annual payment thereafter is so large that the ordinary fellow who has not a considerable income cannot get it at all. What is going to happen about that? This is just an inquiry for information. These companies, it seems to me, do not get out in that little field where many people who might have a desire for an annuity can obtain it. What are we to do about that?

Then comes my answer:

Senator LONERGAN. All of the insurance companies with which I am familiar will write any kind of an annuity policy.

Senator BARKLEY. I do not know any of that sort.

Senator LONERGAN. I do not think there is any doubt about it.

Senator BARKLEY. I have the New York Life, the Union Central, the Penn Mutual, the Equitable, and none of them do.

Senator LONERGAN. We have some of the outstanding insurance companies in Hartford, Conn., where I reside, and I know that they do it.

Senator GEORGE. They write small annuities?

Senator LONERGAN. Yes.

Following the action of the Finance Committee, I contacted officials of life insurance companies to ascertain whether or not the life insurance companies of my city issue annuities in small sums. I now quote from a letter dated May 21, 1935, from the Connecticut Mutual Life Insurance Co., Hartford, Conn.:

As of December 31, 1934, this company had in force 3,855 single premium life annuities, representing a total annual income to the annuitants of $1,652,902.52. The average annual income to each annuitant was $428.77, which would give an average monthly income of $35.73.

This average monthly income of $35.73 indicates the fact that the bulk of our annuity business consists of annuities of moderate size. As our annuity contracts are about the same as those of other companies, we believe these figures are fairly typical.

I now quote from a letter received from the Phoenix Mutual Life Insurance Co., of Hartford, Conn., dated May 29, 1935:

Under another group of contracts on the annuity plan we provide that at a definite time in the future there will be paid an average of $455.93 in annuity income per annum, which is the equivalent of $37.99 per month. These contracts are available in units of $10 per month of annuity income, and the premium, depending upon the duration of the contract, may be as low as $20 per annum.

I quote from a report submitted to me by the Connecticut General Life Insurance Co., of Hartford, Conn.:

Title XI, United States annuity bonds, which was eliminated by the House, has been reintroduced by the Senate. In the Senate Finance Committee report, one of the reasons given for this portion of the bill is that "insurance companies do not now sell any considerable number of commercial annuities to individuals installments. People of small means are practically outside of the commercial-annuity field." This hardly justifies the issuance of annuity bonds to provide as high as $100 per month old-age income. Many insurance companies will issue policies providing old-age income as low as $10 per month, and some even lower. It seems to me that this portion of the bill should be eliminated, because the few who will purchase the annuity bonds will most likely be individuals who can be taken care of by the insurance companies.

Mr. President, not only have the life-insurance companies already written thousands of annuity policies, but they are preparing to take care of an immense potential market for

annuities in a much more comprehensive way than the plan provided by title XI of this bill.

Dr. S. S. Huebner, dean of the American College of Life Underwriters, in an article in the Life Insurance Courant, pointed out, as long ago as September 1932, that America is rapidly becoming annuity-minded. He said:

> During the past decade premiums paid for annuities have increased relatively more than six times as fast as premiums paid for life insurance. Annuities are about the only important branch of the insurance business which has gained during the hectic years of 1930 and 1931. Retirement pensions are also being considered everywhere in industry, by educational institutions, governmental bodies, and the like. Moreover, insurance companies are more and more emphasizing "old-age income insurance", and wisely so, since the plan emphasizes the utilization of life-insurance proceeds for annuity income purposes during old age. Instead of preaching death only, as formerly, emphasis is now placed upon a motive to benefit the policyholder while living. The annuity field will soon be ranged adequately along the insurance field. I believe the growth of the annuity concept among the American people will be the greatest single development in the life-insurance business during the next quarter of a century.

Mr. President, I think these reports point out conclusively that private insurance companies have developed and are developing a much more stable field of annuities than the Senate has perhaps heretofore realized. Here we have a bill including a section which would put the Government into that business in such a way that it would intrude upon private business enterprise, and no doubt discourage the widespread development of annuities which is being undertaken. As has been pointed out, the companies are taking policies with returns as low as $10 per month to the holder. Title XI of this bill would provide for annuities of not less than $60 nor more than $1,200 per annum, which is clearly an intrusion on the private insurance business.

Besides demoralizing the wonderful progress of annuity insurance in private companies, this section would place an unfair burden upon the taxpayers. The Government would pay the overhead, such as rents, lights, and so forth, which private companies must figure into their costs. The taxpayers who would not be interested in the annuities would be required to carry the burdens of those who received the annuities. The benefits would go to a particular few at the expense of the many.

The Government already offers, through the Treasury and the Post Office Departments, numerous opportunities for investments of small savings in the tax-exempt field. An extension of this program to include annuity insurance bonds would definitely compete with an important business, and, moreover, would tend to invite individuals to lean upon the Government instead of private business and the various State and municipal governments which are expected to participate in this social security program.

The PRESIDING OFFICER. The time of the Senator from Connecticut on the amendment has expired. He has 15 minutes on the bill.

Mr. LONERGAN. I will use my time on the bill.

Above all other considerations, I think we should remember, Mr. President, that the insurance companies of this Nation have been our last wall of defense in our depressing times. When our banks crumbled and finance was chaotic our insurance companies stood like the rock of Gibraltar. Everyone knows that had they crashed this Nation would have been placed in a desperate condition. Property values would have vanished and millions more of our people would have been on the charity and relief lists at the expense of the Government. The insurance companies were the last to ask for any governmental assistance. Because of their good management and sound policies, they did not need it so much as did other business enterprises. Their position during the depression, in my opinion, was the strongest single contributing factor to maintenance of financial stability and public confidence. Had they crashed, all confidence would have crashed with them.

Now, Mr. President, is the Senate of the United States going to enact into law a provision in this bill which will injure these companies? Is the Senate going to place the Government into a definitely private business? Is the United States Senate going to discourage sound development of the annuity insurance business along a much broader front than the Government could possibly undertake? Is the United States Senate going to reinsert in this measure a section which was stricken out by the House, and which never should have been there in the first place?

I ask the Senate these questions and believe that Senators will vote for my amendment, which will do no injury to this measure, and which will not harm in any way the theory or the practice of old-age pensions or unemployment insurance, for which I have worked for a great many years.

Mr. HARRISON. Mr. President, I merely desire to make a brief statement. The provision giving an opportunity to people to buy annuity bonds, with the limitation which is in the bill, that in no instance may they receive an annuity of more than $100 a month. It was placed there to take care of a group that did not come within the other provisions of the measure. I think it is one of the minor features of the bill; in other words, I think the annuities provided in title II of the bill, and the old-age pensions and the unemployment features under other titles are much more important than is this; but, for the reasons I have just stated, we placed this provision in the bill on the recommendation of the President's committee which investigated the matter.

Mr. LONERGAN. Mr. President, may I ask the Senator from Mississippi a question?

Mr. HARRISON. I yield.

Mr. LONERGAN. At the time this proposal was before our committee there were 12 Senators present, were there not?

Mr. HARRISON. The Senator states the fact correctly with reference to that.

Mr. LONERGAN. There are 21 members of the committee, and the vote was 7 to 5.

Mr. COSTIGAN. Mr. President, may I ask the Chairman of the Finance Committee a question?

Mr. HARRISON. Certainly.

Mr. COSTIGAN. It is my understanding that the annuity bond feature of the bill is designed to offer many million people an opportunity to purchase cheap annuity insurance, free from premiums to agents, and that the persons who, under the committee amendment, are offered this security are employers or employees who do not come under other provisions of the bill.

Mr. HARRISON. The Senator has stated the facts correctly.

Mr. COSTIGAN. The aggregate number of those who would be enabled, under these provisions, to purchase reasonable annuity insurance would apparently be something like 22,000,000 people. Does the Senator know whether that is a correct estimate?

Mr. HARRISON. That statement was made by Representative LEWIS, I think, in a very able presentation of this matter before the Finance Committee.

Mr. COSTIGAN. Mr. President, may I say that it was on my motion that these provisions were included in the bill in the Finance Committee? The motion was made following what was, as the Chairman of the Finance Committee has just stated, a very able presentation of the reasons for the amendment by Representative DAVID J. LEWIS, of Maryland, who has been a lifelong student of this and allied questions. Representative LEWIS pointed out, as just indicated, that there are about 22,000,000 persons in the United States at this time who do not come under the protective clauses of the pending bill. Among those are the self-employed and the members of professions, who are estimated at this time to be about 11,125,000, and approximately 10,000,000 workers. The purpose of the provisions, of course, is to permit the purchase from the Government, on reasonable terms, of annuity bonds which will guarantee the purchasers incomes running from a minimum of $60 a year to $1,200 a year per person.

When Representative LEWIS presented this matter to the Senate Finance Committee he persuasively enumerated reasons which make these amendments particularly appealing to Members of the Senate, to professional men of all sorts,

and to employers who are unable, for one reason or another, to guard against the likelihood that old age will find them reduced to need. He made a statement which, with the permission of the Senate, I should like to have read at the desk, because it presents the reasons, as concisely as possible, for the adoption of these amendments.

Mr. LONERGAN. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. I yield, with pleasure.

Mr. LONERGAN. Does the Senator know whether or not the United States Government can issue insurance at a cheaper rate than can insurance companies of long experience?

Mr. COSTIGAN. It is my understanding that under these amendments the Government of the United States would sell annuity bonds to investors——

Mr. LONERGAN. That is correct.

Mr. COSTIGAN. And that there would be an absence of the premiums which ordinarily go to insurance representatives.

Mr. LONERGAN. If these bonds were authorized and issued they would be exempt from taxation, would they not?

Mr. COSTIGAN. There is a provision exempting the bonds from taxation, but if the Senator from Connecticut will consult the amendment he will find a provision which does not exempt the income of these bonds from taxation.

Mr. LONERGAN. The Senator from Colorado and the Senator from Connecticut have been working for some time to secure the adoption of a constitutional provision so that in the future such exemption will not be possible.

The next question I should like to ask the Senator from Colorado is——

Mr. COSTIGAN. Before the Senator from Connecticut proceeds, may I call his attention to the provision with respect to tax exemption?

Mr. LONERGAN. The Senator has stated that the proposed law provides that the income from the bonds shall be taxed.

Mr. COSTIGAN. I understand the Senator from Connecticut does not dispute the accuracy of the statement made? The part to which I refer is section 1105 of the amendment, which reads as follows:

SEC. 1105. The provisions of section 7 of the Second Liberty Bond Act, as amended (relating to the exemptions from taxation both as to principal and interest of bonds issued under authority of section 1 of that act, as amended), shall apply as well to United States annuity bonds, except that annuity and redemption payments upon United States annuity bonds shall be subject to taxation by the United States, any State, and any possession of the United States, and by any local taxing authority, but to no greater extent than such payments upon other annuity bonds or agreements are taxed.

Mr. LONERGAN. Is it the purpose of the Senator from Colorado to have incorporated in the RECORD the entire statement made by Representative LEWIS?

Mr. COSTIGAN. It is my understanding that the statement made to the Finance Committee by Representative LEWIS was confidential, because made in executive session.

Mr. LONERGAN. It is a matter of public record now.

Mr. COSTIGAN. Because of that fact, I asked Representative LEWIS to prepare for use of the Senate a statement summarizing his arguments in support of the amendment now being considered. That is the statement before me at this time which I have requested to have read by the clerk at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

I know a married couple who are past 60. They have saved some $15,000 in their life's efforts. If they knew just how long each of them would live they could provide their own annuity by investing the $15,000 in safe Government bonds. They could take enough out of the principal each year, in addition to the interest, to provide themselves a hundred dollars per month. But they do not know how long either of them will live, and so they are afraid to touch the principal.

Now, the Government does know how long they are going to live as members of a class, and paying them the interest as it would on the bonds the Government can take enough out of the principal each year to provide them annuity for which they fully pay.

Take again, a case of a husband who has a $15,000 estate. He wishes to provide for his wife in the event of his death. In his will he can have the estate converted into a life annuity for her benefit instead of having the estate eaten up by the court costs, trustee's fee, and commissions. If he has children he can secure their futures in the same way instead of willing them lump sums to be wasted by inexperienced hands.

Let us see about the great human interest involved. In this bill we undertake to realize certain social security objectives. With regard to wageworkers and employees up to $2,500 a year, we have covered the field approximately. But how about the immense number of people who are not employees? Take the physicians, the lawyers, the clergy; take the small business man. What may be his situation when he reaches 65 or 66? There are more than 20,000,000 involved in that situation who may be reasonably included in the social security principle of this bill.

Apparently, there is no objection to the annuity provision of this bill as far as the public is concerned or any part of the public. In fact, the insurance companies have spoken through one of their principal leaders, Mr. Thomas I. Parkinson, of the Equitable Life Assurance Society of the United States. He said that the social insurance provisions of the bill would, like the $10,000-insurance provision of the war act for the soldiers, operate to increase greatly and intensify the thought of the public on the subject of individual protection through insurance.

I quote, in part, from a letter on the subject written by Mr. Parkinson:

"Just as the business of life insurance received tremendous impetus from the successful efforts of the Government to provide a sizable amount of insurance on the lives of all called to the Armies in the creation and the development of the War Risk Bureau, so do I believe that social insurance agitation will result in renewed appreciation and great stimulating of life-insurance activities, both individual and group.

"Insurance men are ready to lend their experience in the service of this social insurance class by assisting in the formation of social insurance measures along lines of sanity and workability. As an insurance man, I would say without hesitation that the efforts to provide through social insurance measures a more self-respecting form of relief, a better budgeted charity program, will do much to arouse public interest in the whole subject of security. In doing this, that overwhelming number of upstanding men and women who represent the insurance field will be inspired to look more deeply into their insurance needs and to more completely provide security for themselves. Thus, it is likely, in my judgment, that history will repeat itself and the impetus given to the cause of life insurance by the War Risk Bureau in putting a value of $10,000 on the life of every enlisted man will be accentuated with the result that the present agitation for social-insurance measures will swell the volume of individual and group life insurance and annuities.

"In doing this, the insurance companies and their agents will not only be benefited by an enhanced business, but the business itself will the better be able to muster to its support public appreciation of the tremendous national and community service rendered by life insurance supplied through premium-paying Americans, who, wanting no charity, take care of themselves and those dependent on them."

There is a field of potential traffic in the small annuity, as there was in the small parcel, which requires special inducement and conditions in order to develop it.

When we took up the parcel post 24 years ago we found that the express companies were moving three parcels per capita in the United States. In Switzerland they were moving nine per capita. They had a completely developed parcel-post system, with rates and conditions of service adapted to the needs of this small parcel. It could not pay the 24-cent minimum which the express company found it necessary to charge the parcel here. It could pay 7 or 8 or 10 cents.

With our parcel-post system, the 3 parcels per capita have reached about 9 in the United States, all of which shows that two-thirds of that traffic, potential for generations, had been defeated by the absence of rate systems and conditions of service permitting it to move.

In this small annuity field you are finding analogous phenomenon. For the big lump-sum payment you would take in $15,000 at one stroke. An agent assuredly would call for that. The company will get about 4½ percent out of that. But for the small installment monthly payments that may begin as early as 30 or 35 to accumulate an annuity at 60 or 65, no agent can bother with that. The expenses of the work would utterly defeat the motive to do it, unless the great expense were added to the premiums, when the motive to buy the annuity would be defeated.

And so we find here, as with the small parcel, a neglected field the insurance company cannot serve with sufficient economy.

Then there is the very vital element in this whole situation. It is the question of faith. It is the controlling element in our conditions. Now, the Government supplies that element of faith. The private company has to face a wall of distrust and break through it. In the course of generations—and it has taken generations—it has succeeded with respect to the familiar life policies. But the annuity policy is new; that is, it is new to the masses. They need to be educated to its wisdom. The Govern-

ment has no wall of distrust to meet. It can educate the public. The companies will come in for their share in the resulting confidence in the annuity, and will have a monopoly of the business in annuities above $100 a month.

Through the initial faith that the Government supplies, we can hope to provide a means which men and women who are not covered by these pension and employment provisions may, through their own savings and efforts in life, provide for themselves. Some, of course, will be satisfied with $30 a month; others may desire in proportion to their capacity to acquire such annuities for themselves. Why deny them the surest security in doing so?

Estimate of number of individuals not covered under the provisions of title II and eligible for voluntary annuities under title XI

(Based on 1930 census)

Owners, self-employed and professionals	11,825,000
Farm operators	5,882,000
Retail and wholesale dealers	1,796,000
Self-employed trades	352,000
Professionals	2,223,000
Others	1,572,000
Workers excluded because of occupation	10,156,000
Farm laborers	4,376,000
Domestics in private homes	2,060,000
Teachers	1,082,000
Government, N. E. C.[1]	1,403,000
Casuals	490,000
Institutional	680,000
Others	65,000
Total	21,981,000

Source: Committee on economic security. An adjustment has been made for those individuals 65 years of age and over.

The per capita income of employees in agriculture was $648 in 1929 and $352 in 1932.[2]

The per capita income of employees in domestic service was $961 in 1929 and $670 in 1932.[3]

The number of annuities in force under the Canadian voluntary annuity system was 14,400 on March 31, 1933. The maximum annuity is $1,200. The contracts pay 4-percent interest compounded annually, the interest and administrative cost being paid by the Government. The average annuity contract for the immediate annuity type was $418 on March 31, 1933. Nearly 84 percent of all annuity contracts written in 1930 were for less than $600.

In addition to Canada, Ecuador, France, Japan, and the Netherlands have voluntary annuity systems.

Mr. COSTIGAN. Mr. President, using the balance of my time on the bill, I wish first to express regret that the importance of this question is not being given attention by a larger present representation of the Senate. As disclosed in the thoughtful statement of Representative LEWIS, this proposal represents a moderate plan for handling annuity protection for the benefit of approximately 20,000,000 Americans in a field in which the private insurance companies have shown little active concern.

The subject was canvassed fairly and fully before the Finance Committee. It developed, as illustrated in the statement of Mr. Parkinson, read at the desk a moment ago, the interesting conclusion that the standard insurance companies of the country are today not disposed to criticize this type of Government activity; more than that, their officials incline to believe that if the Government will deal with annuity bonds as provided in this amendment, the ultimate effect will be to popularize other forms of life insurance in this country and increase the business and net earnings of life-insurance companies.

We are not without a precedent in thus anticipating the popularization of life insurance. In or about 1907, under the leadership of no less eminent a public official than Mr. Justice Brandeis, the State of Massachusetts authorized its mutual-savings banks to receive payments in small amounts on moderate-priced insurance policies primarily for the benefit of working men and women, and from that day to this the system inaugurated in Massachusetts has been a marked success. Indeed, it is doubtful if there is any single contribution to public affairs by Mr. Justice Brandeis of which he thinks so highly as this. That law worked as the provisions in this bill may be expected to work. Instead of diminishing insurance sales by the standard companies of Massachusetts, it spread the use and advertisement of insurance to such an extent that by common consent today the standard companies are the substantial beneficiaries of the Massachusetts experiment.

I suggest, therefore, that this amendment should be seriously considered by the Senate. It should at least go to conference. In my judgment, there is no serious opposition to it on the part of the leading insurance companies of the country. The only objection comes from those who, like the Senator from Connecticut [Mr. LONERGAN], are reluctant to see any form of Government activity which may be regarded, even theoretically, as competitive with private business.

I trust that the amendment of the Senator from Connecticut will not prevail.

The PRESIDING OFFICER. The Chair will state the parliamentary situation. The motion of the Senator from Connecticut [Mr. LONERGAN] seeks to strike out an amendment of the committee not as yet acted upon.

Mr. ADAMS. Mr. President, I wish to ask the Senator from Connecticut, in my time, to answer a few questions about this amendment.

One question is as to the accuracy of the terminology. It seems to me it is incorrect to describe that which is really an insurance policy as a bond. I am wondering if I am correct in that feeling.

Mr. LONERGAN. Of course, it is a plan to sell bonds; but the bill provides for the sale of bonds. Bonds and policies in this sense are the same thing.

Mr. ADAMS. A bond, as a matter of legal terminology, is an instrument providing for the payment of a fixed sum of money at a fixed time.

Mr. LONERGAN. That is correct.

Mr. ADAMS. Here is an indefinite sum of money, depending upon the length of life of the annuitant.

Mr. LONERGAN. Yes, sir; and the amount paid.

Mr. ADAMS. Why did not the committee describe these instruments by a correct term, and call them annuity policies rather than bonds?

Mr. LONERGAN. The Senator from Connecticut opposed this proposal in the committee. He subsequently asked that the proposal be submitted to the full membership. Therefore, he is not in position to answer the Senator's question.

Mr. ADAMS. One other question, if I may submit it.

The amendment provides that the installments which are to be paid to the annuitant—

> Shall be such as to afford an investment yield * * * not in excess of 3 percent per annum.

An investment yield, if I understand the term, means the income upon a principal, without the consumption of the principal. The essence of an annuity contract is the consumption of both income and principal.

Mr. LONERGAN. That is correct.

Mr. ADAMS. So that under this bill the return to the annuitant is limited to not to exceed 3 percent. He may have a life prospect of 15 years, and yet be limited to a 3-percent income upon the amount he pays for the bond.

Mr. COSTIGAN rose.

Mr. LONERGAN. Will the Senator from Colorado answer the question of his colleague?

Mr. COSTIGAN. Mr. President, I congratulate the junior Senator from Colorado on the ingenuity of his suggestion.

Mr. ADAMS. It is a question, not a suggestion.

Mr. COSTIGAN. It has not been offered by insurance experts. In fact, it should be said to the Senate that this entire amendment has met the approval of experts. It has not encountered from any part of the Federal Goverment such objections as the Senator from Colorado has made.

Mr. ADAMS. May I suggest that I can see why the insurance company would not object, because the annuity policy pays so much less than the policy which the insurance company would offer. I should apprehend that the

[1] Not elsewhere classified.

[2] National income, 1929–32 (73d Cong., 2d sess., Sen. Doc. No. 124, p. 28).

[3] Ibid., p. 142.

insurance company would object if the Government were issuing a better policy than the company.

Mr. COSTIGAN. May I suggest to the able Senator from Colorado that the field with which we are now dealing is one in which the standard life-insurance companies have rarely issued policies or given the sort of assurances the Senator from Colorado is now indicating? May I also say that if there is merit in his argument, there is no reason for apprehension about these provisions, because the insurance companies can enter the field and provide those who desire old-age annuity security, under the theory of the Senator from Colorado, on much more reasonable terms than are provided in the bill. I think the Senator will find, on investigation, that what the Government would do under these provisions is to provide old-age annuity security in a field where today it cannot be purchased by citizens of this country with anything like the same assurances.

Mr. ADAMS. Mr. President, my distinguished colleague has misinterpreted my inquiry as an argument. I am trying to get some information about a provision of a bill which comes from the committee with very inadequate explanation, which puts into a bill designed for certain purposes, insurance features; and I am merely making inquiries.

I have asked why the terminology should be used to call a policy a bond, which tends to mislead those who invest. The title opens with the declaration that the Secretary of the Treasury is authorized to borrow on the credit of the United States to meet public expenditures and to retire outstanding obligations rather than an accurate statement of what is intended, if I read the section correctly; namely, to issue annuity policies to those who wish to buy them. That is, we start out in the bill with what seems to me to be really a misstatement or, rather, a failure accurately to state the purpose of the title.

Then I have inquired why the payments are limited to investment yields rather than to properly annuity yields, which consume principal as well as interest.

I am not arguing. I am merely inquiring in order that my own vote may be cast in accordance with the facts.

Mr. COSTIGAN. Mr. President, I have, of course, no desire to misinterpret any suggestion of the Senator from Colorado. If I am in error in assuming that the Senator has made an argument, I of course withdraw that assumption or suggestion. I may say that it impresses me as of very slight consequence what the particular phraseology of these amendments is so long as the essential end is clear. The purpose is to provide a Government promise in the form of an annuity bond, which may be described as an insurance policy, if the Senator prefers, constituting a guaranty of security for the later years of those who desire safely to invest their earnings or savings for that result.

Mr. McKELLAR. Mr. President, may I ask the senior Senator from Colorado a question?

Mr. COSTIGAN. Certainly.

Mr. McKELLAR. Does not this title put the Government into the insurance business?

Mr. COSTIGAN. It does in a minor way, in a very limited field, in which, according to the testimony we have had, insurance companies have not desired to go. It is a field which has not been cultivated by standard insurance companies. It has been neglected, and indeed, according to our information, many insurance men would be glad to see the Government undertake this responsibility because it would advertise the value of insurance as protection against the financial casualties of life.

Mr. McKELLAR. But it does put the Government into the insurance business. Will the Senator from Colorado permit me to make an observation?

Mr. ADAMS. I am very glad to yield the floor.

Mr. McKELLAR. During the war we went into the insurance business for our soldiers, but since the war we have found it to be very impracticable for the Government to continue that activity, and we are getting out of it as rapidly as possible. With that experience in mind, it seems to me to be most unwise for us now to go into the insurance business even in a limited way, and my purpose is to vote in favor of the amendment.

Mr. ADAMS. Mr. President, will the Senator yield to me?

Mr. McKELLAR. Certainly.

Mr. ADAMS. I wish to ask a question which is very unwelcome these days. In what clause of the Federal Constitution does the Senator find justification for the issuance of a Federal insurance policy?

Mr. McKELLAR. I know of no such clause in the Constitution. I know there has been an opinion by Judge Grubb, in Alabama, which is now on appeal, in which he held that the Government could not go into business. I do not know whether the opinion is correct or not; I have doubts about its correctness. However that may be, there is no clause of the Constitution under which this title can be defended. It is true that under the express war power that is given us in the Constitution we had a right to insure our soldiers, but as I look at it we have not a scintilla of right to put the Government into the insurance business as is proposed, and I stop long enough to ask what clause of the Constitution gives us the right?

Mr. COSTIGAN. May I ask the able Senator from Tennessee on what clause of the Constitution he predicates the ability of the Federal Government to create the Tennessee Valley Authority?

Mr. McKELLAR. It is upon that clause of the Constitution which deals with interstate commerce. It is that provision of the Constitution which gives the Government authority over navigable streams, an entirely different situation from the present one. Even supposing we had no right to create the T. V. A., that would be no reason why we should pass another unconstitutional measure, and I for one am not willing to vote for a bill which I feel is unconstitutional.

Mr. COSTIGAN. The able Senator from Tennessee finds no intrastate activities in the Tennessee Valley Authority?

Mr. McKELLAR. Of course there are intrastate activities, but there are interstate activities also; and it is operating on a navigable stream which runs into several States, a very different situation from the one we are now considering.

Mr. COSTIGAN. It is gratifying to realize that the Senator agrees with those of us who find no constitutional difficulty affecting the Tennessee Valley Authority and other large issues which are to come before the Supreme Court. I wish only to say that what is attempted——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BARKLEY. Mr. President, I desire recognition, and I will yield to the Senator to ask me a question.

Mr. COSTIGAN. I appreciate the courtesy of the able Senator from Kentucky. What I want to say further is this—and to state it as a question, I trust the able Senator from Kentucky will agree with me—that the amendment provides for the issuance of bonds in exchange for money. The Senator from Tennessee undoubtedly does not deny the authority of the United States to sell its bonds for money or to issue agreements in writing.

Mr. McKELLAR. Of course not.

Mr. COSTIGAN. There is sufficient authority for this proposal in that power.

Mr. McKELLAR. I do not think it has anything to do with the beginning and operation of an insurance company in competition with private companies.

Mr. BARKLEY. Mr. President, the Senator from Tennessee a while ago referred to the provisions made by the Government for insuring the soldiers. The Constitution gives the Congress the right to declare war, and that is all it says about that subject. We have used the war power, assuming it covered everything we wanted to do following a declaration of war; but I challenge the Senator from Tennessee or any other Senator to find anything in the Constitution which specifically authorizes the issuance of a life-insurance policy on a soldier. There is no such authority in the Constitution.

Mr. McKELLAR. I do not know whether or not the question of the insurance policies issued on the lives of our soldiers has been before the Supreme Court; I do not believe

it has; but under the broad power of self-defense, in what is generally spoken of by those who quote the Constitution as the "war power", there is some semblance of excuse for the issuance of policies on the lives of soldiers when we are exposing them to the hazards of war. But there is no possible way in which the Constitution could be construed to cover putting the United States Government into the life-insurance business.

Mr. BARKLEY. Of course, it is useless for any Senator to argue with another Senator upon the Constitution, because each Senator knows more about that than all the other 94 Senators.

Mr. McKELLAR. I have no doubt as to the unconstitutionality of the pending proposal, and I expect to vote against it.

Mr. BARKLEY. We talk about war powers which we assume exist, and no doubt they do, but they exist largely because there is another provision in the Constitution giving Congress all power necessary to carry into effect the powers specifically conferred upon it, so that we do act on things which are not mentioned in the Constitution, and we have to do it. But in this particular situation we provide for the issue of a bond by the Secretary of the Treasury. If I have $2,000 which I desire to invest I cannot go to an ordinary life-insurance company and get an annuity; they are not interested in small matters of that sort. They are not concerned about an annuity which involves so small an investment, because it is more trouble than it is worth.

Mr. McKELLAR. Mr. President, I think the Senator is wholly mistaken in making that observation, because on hundreds of occasions I have been urged by representatives of insurance companies to buy an annuity policy.

Mr. BARKLEY. I have, too, but I never had any of them ask me to buy any policy of less than $10,000.

Mr. ADAMS. That was a personal compliment.

Mr. LONERGAN. Mr. President, I read from a communication written by a standard life-insurance company which issues a strictly annuity policy for as low as $10 a month. I quoted from our proceedings in the Senate Committee on Finance, and among other things I remember the query of the Senator along the same line. I think the Senator from Kentucky and a few other Senators joined the majority in voting for this proposal in the belief that the life-insurance companies do not issue small annuity policies. In that respect those who so voted were in error.

Mr. BARKLEY. It may be that I was in error, but so far as the committee had any information on the subject, we were not. However, I am not making any question about it.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ADAMS. I have made inquiry in reference to the Constitution, and I wanted to suggest to the Senator from Connecticut as to the foundation upon which the inquiry was made. I was relying upon a fair inference from the action of my learned colleague, a good lawyer, who offered an amendment to the Constitution, and I assume he would not have asked to have the Constitution amended if he had thought it was adequate to meet these conditions. That was the basis of my inquiry.

Mr. BARKLEY. I do not know what the suggestion of the Senator's colleague is.

Mr. ADAMS. A broad, sweeping amendment to the Constitution which would provide unquestionably the authority for the Government to take the proposed action.

Mr. BARKLEY. It did not have any reference to insurance, did it?

Mr. ADAMS. I think it would include insurance.

Mr. BARKLEY. That would depend on how broad it is. I do not know how broad it is. I do not think it was specifically intended to refer to a situation such as this. It may be that it is a sort of an omnium gatherum, which contemplates an amendment to the Constitution giving us power to do everything we have not power to do now under the Constitution; but that would be a different thing; and I do not understand that to be the amendment offered by the Senator's colleague. Undoubtedly we have the power to issue bonds, and we have the power to use the credit of the United States. If I have $2,000 to invest in such a bond, the terms of which are that I will be paid back in monthly or annual installments the money I put in, there is certainly nothing unconstitutional about that. It is merely a different way by which the United States would repay its debts or the money that it borrowed from the people, just as in the case of Liberty bonds. The Government could pay them back all at once, or, if it desired to do so, it could authorize repayment in installments. That is all this provision undertakes to do. When we come down to brass tacks, that is all it amounts to. I place a certain amount of money in a Government bond, and we provide for paying it back in annual installments, which is simply a method by which the Government repays its debt.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McKELLAR. In answer to the Senator's previous question, I read from the Constitution, as follows:

SEC. 8. The Congress shall have power * * * to * * * provide for the common defense and general welfare of the United States.

And again—

To raise and support armies.

And again—

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers—

And so forth.

Mr. BARKLEY. Yes; all "the foregoing powers."

Mr. McKELLAR. That is ample provision, in my judgment. I now ask the Senator to put his finger on any clause or phrase of the Constitution which allows the United States Government to enter the insurance business generally.

Mr. BARKLEY. I shall quote, not in exact language, but the substance of the constitutional provision, that Congress shall have the power to borrow money on the credit of the United States; and that is what this amounts to. It is borrowing from the people who desire to buy these bonds money which is to be returned to them in annual payments in the form of an annuity. The Senator can call it an "insurance policy" if he wishes to. If I have $10,000 which I invest in a Liberty bond, that is an insurance policy to some extent. If I invest $10,000 in a bond of the United States, that money will be paid back to me according to the terms of the bond, and that is an insurance that I will get my $10,000 whenever the Government pays it. The pending measure provides that if I put in $10,000 or any other amount provided in the bill instead of paying it all back to me at once, the Government shall pay it back in annual installments which we call an annuity. I do not see any difference, so far as the principle is concerned, between one and the other.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. I understood the Chair to say that the question is on the amendment offered by the Senator from Connecticut [Mr. LONERGAN] to strike out the amendment of the Senate committee.

The PRESIDING OFFICER. The situation, as the Chair understands it, is this: The amendment offered by the Senator from Connecticut [Mr. LONERGAN] would strike out an amendment of the committee not as yet acted upon. Therefore, when the Chair puts the question he will put the question upon the committee amendment; and if a Senator wishes to accomplish the purpose of the Senator from Connecticut he will vote "nay." If he wishes to vote for the committee amendment, he will vote "yea."

Mr. BARKLEY. That is what I was coming to. I thought the Presiding Officer was about to put the question on a motion to strike out a committee amendment which had been acted on. The vote is on the committee amendment. Those who favor the committee amendment will vote "yea", and those who are opposed to the committee amendment will vote "nay."

The PRESIDING OFFICER. Those who wish to accomplish the purpose of the Senator from Connecticut will vote "nay."

Mr. LONERGAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Reynolds
Ashurst	Copeland	Lewis	Robinson
Austin	Costigan	Logan	Russell
Bachman	Davis	Lonergan	Schall
Bailey	Dickinson	Long	Schwellenbach
Bankhead	Dieterich	McCarran	Sheppard
Barbour	Donahey	McGill	Shipstead
Barkley	Duffy	McKellar	Smith
Bilbo	Fletcher	McNary	Steiwer
Black	Frazier	Maloney	Thomas, Okla.
Bone	George	Metcalf	Townsend
Borah	Gerry	Minton	Trammell
Brown	Gibson	Moore	Truman
Bulkley	Gore	Murphy	Tydings
Bulow	Guffey	Murray	Vandenberg
Burke	Hale	Neely	Van Nuys
Byrd	Harrison	Norris	Wagner
Byrnes	Hastings	Nye	Walsh
Capper	Hatch	O'Mahoney	Wheeler
Caraway	Hayden	Overton	White
Chavez	Johnson	Pittman	
Clark	Keyes	Pope	
Connally	King	Radcliffe	

The PRESIDING OFFICER (Mr. DUFFY in the chair). Eighty-nine Senators have answered to their names. A quorum is present. The question is on the adoption of the committee amendment.

Mr. LONERGAN. The pending motion is to strike out title XI.

The PRESIDING OFFICER. The Chair will state that the question will be submitted as to the adoption of the committee amendment, beginning on page 72, line 7, being title XI. Those desiring to support the committee amendment will vote "yea." Those favoring the amendment of the Senator from Connecticut will vote "nay."

Mr. HARRISON. Those in favor of the amendment of the Senator from Connecticut will vote "nay."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, on page 72, beginning with line 7, being title XI.

The amendment of the committee was rejected.

Mr. RUSSELL. Mr. President, I offer an amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, line 24, before the period, it is proposed to insert a colon and the following:

Provided, That in order to assist the aged of the several States who have no State system of old-age pensions until an opportunity is afforded the several States to provide for a State plan, including financial participation by the States, and notwithstanding any other provision of this title, the Secretary of the Treasury shall pay to each State for each quarter until not later than July 1, 1937, to be used exclusively as old-age assistance, in lieu of the amount payable under the provisions of clause (1) of this subsection, an amount sufficient to afford old-age assistance to each needy individual within the State who at the time of such expenditure is 65 years of age or older, and who is declared by such agency as may be designated by the Social Security Board, to be entitled to receive the same: *Provided further,* That no person who is an inmate of a public institution shall receive such old-age assistance, nor shall any individual receive an amount in excess of $15 per month.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. HARRISON. I have talked to the Senator from Georgia about the subject matter of this amendment and have had numerous conferences in regard to it. What the Senator seeks to do by his amendment is to enable States which have no pension-system set-up, and which, therefore, would be unable to take advantage the first year, 1936, of the appropriations by Federal Government for assistance to States or States such as the Senator's State, Georgia, where the State constitution prohibits pension plans being created, making necessary an amendment to the State constitution, to avail themselves of the Federal assistance until such States may have time to adopt a State plan.

Mr. RUSSELL. For a period of only 2 years, until an opportunity can be afforded all the States to establish a State system.

Mr. HARRISON. And pending such time some agency is to be appointed by the Social Security Board which may reach the needy individuals who would come under the provisions of the bill.

Mr. RUSSELL. The Senator from Mississippi is correct. This problem in the States that have no old-age-pension system has been greatly accentuated within the past 3 or 4 weeks by the policy of the Relief Administration in inaugurating the work-relief program in turning back to the States and local communities that have no means whatever of providing for them, old people who are not capable of being employed on the work-relief program.

Mr. HARRISON. Mr. President, I may state that, so far as one member of the committee is concerned, I shall not interpose an objection to the amendment going to conference, because I believe that the States should have an opportunity of providing pension systems for themselves.

Mr. BORAH and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. RUSSELL. I yield first to the Senator from Idaho as he rose first. Then I will yield to the Senator from Utah.

Mr. BORAH. May I ask how many States are in the situation which the Senator describes?

Mr. RUSSELL. There are, as I understand, at the present time 15 States which have no old-age-pension systems and 33 that have such systems, the systems varying, of course; they are not uniform throughout the United States.

Mr. BORAH. Do I understand correctly that this amendment provides that for those 15 States the Federal Government will put up $15 for people who have reached the age of 65 and over until such States shall have adopted pension systems?

Mr. RUSSELL. Not necessarily; only for a period of 2 years; the provision suggested will expire by operation of law at the end of a 2-year period.

I may say to the Senator from Idaho that the amendment does not compel the Social Security Board to pay these individuals $15; it may pay them amounts not exceeding $15. I assume that in some States the Social Security Board might not pay the entire amount of $15; but it is limited to $15, that being the maximum which will be paid from the Federal Treasury to individuals in States that today have no old-age-pension system.

Mr. BORAH. Then, I think I understand the amendment correctly. It provides that in such States as have no provision for old-age pensions for the next 2 years the Federal Government is to contribute $15?

Mr. RUSSELL. Or such amount, not exceeding $15, as the Social Security Board may fix in such States.

Mr. BORAH. It is pretty certain that it will be $15.

Mr. RUSSELL. I hope and trust it is. I certainly hope that it will not be any less than that amount.

Mr. President, in view of the statement of the Senator from Mississippi [Mr. HARRISON], I will not make any extended remarks on this amendment. It occurs to me that the proposal is not only just and fair but that it would be unfair to aged and needy individuals in the States which today have no old-age-pension system to say that the Federal Government will not extend its hand to assist them in the slightest degree. Not only that, but they will not be permitted to share in this fund which will be paid by the taxpayers of every State at a time when they are being taken off the relief rolls and being turned back to the counties and municipalities which are already largely involved and are absolutely unable to assist such individuals.

We know the present desperate condition of many of these old people, who have seen their savings swept away either by the depreciation in securities or in other investments. They, perhaps, had farms which were under lien and have seen the lien foreclosed on account of the low price of farm commodities and the depreciation in the value of farms. As I see it,

it would be nothing less than wanton cruelty to an old person in a State that has no old-age-pension system to say, "Commencing with the passage of this bill, $15 a month for such persons will be sent to a State that has an old-age-pension system, but you shall not be permitted a dime, and in addition, you, without any resources whatever, will be taken off the relief rolls."

I would not favor as a permanent policy the Federal Government paying $15, whether the State matched it or not, but States which now have no old-age-pension systems should at least be afforded an opportunity to adopt within the 2-year period a system designed to take care of their aged and those in need. Efforts to establish such systems are now being made all over the Union. In two or three instances constitutional amendments will be submitted to the people of the States within the next several months, or in the general election of 1936, which will enable the adoption of old-age-pension systems. Some States, such as the one I have the honor in part to represent in this body, have constitutional provisions which make it impossible for them to contribute a single dime to an old-age pension system, and under the peculiar provisions of our constitution an amendment cannot be submitted to the people until the next general election, which will be in 1936. So, regardless of how strongly all the people of my State and of other States similarly situated might favor an old-age pension system, they would be powerless to do anything on earth to match the Federal contribution until after the general election in November 1936. I hope the amendment will be adopted.

Mr. KING. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Utah.

Mr. KING. Is there no law in the State of Georgia which permits the counties or other political subdivisions to make provision for the indigent?

Mr. RUSSELL. There is; there is a law that permits counties to have poor farms, but if the Senator from Utah were familiar with the conditions obtaining on some of the poor farms or pauper farms of this Nation, he would never by any act or word of his suggest for one moment that any aged person over 65 years should be sent to such a farm.

Mr. KING. I am not talking about that. What I am trying to ascertain is whether the Senator's State, Georgia, is powerless to give to its indigent an amount which would be equivalent to that which under the bill is to be provided by the Federal Government.

Mr. RUSSELL. The State of Georgia is absolutely powerless. The purposes for which taxes may be levied in the State of Georgia are set forth in detail in the constitution of that State. If the Senator from Utah desires, I will read him that provision of our constitution.

Mr. KING. I do not ask the Senator to do that.

Mr. RUSSELL. It is impossible for one cent in taxes to be levied and collected in the State of Georgia under our constitution as it stands today for the purpose contemplated by this bill. In order to do that an amendment to the State constitution is absolutely necessary.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Georgia.

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 49, line 22, after the word "deposited", it is proposed to insert the following:

Together with a statement of the additional expenditures in the District of Columbia and elsewhere incurred by the Post Office Department in performing the duties herein imposed upon said Department, and the Secretary of the Treasury is hereby authorized and directed to advance from time to time to the credit of the Post Office Department from appropriations made for the collection and payment of taxes provided under section 707 of this title, such sums as may be required for such additional expenditures incurred by the Post Office Department in the performance of the duties and functions required of the Postal Service by this act.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Mississippi?

Mr. O'MAHONEY. I yield.

Mr. HARRISON. This is the amendment, is it not, which was suggested by the Post Office Department with reference to bearing the expenses which may be incurred by the Department under the terms of the pending bill?

Mr. O'MAHONEY. Mr. President, the amendment covers the suggestion made to the committee by the Post Office Department. The bill makes it the duty of the Department to collect the taxes for which provision is made, but does not provide any method of meeting the additional expense to which the Department will necessarily be put. In other words, it adds another nonpostal function to the Post Office Department. Last year such nonpostal functions cost the Department more than $66,000,000.

The amendment provides that the Post Office Department shall report to the Treasury what services are required to perform the duties imposed by the bill and directs the Treasury to advance credit to the Department to meet the additional expenditures. Similar provisions are in the duck stamp law and in the baby bond law.

Mr. HARRISON. I shall not object to the amendment going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wyoming.

The amendment was agreed to.

Mr. BLACK. Mr. President, I desire to offer an amendment proposing an additional section to the bill. In my judgment, this amendment has been made necessary by the adoption of the so-called "Clark amendment." I shall send the amendment to the desk and request that it be read; and after it shall have been read, if there shall be any desire that it be explained or the necessity for the amendment made plain, I will be glad to explain it to the Senate.

The PRESIDING OFFICER. The amendment proposed by the Senator from Alabama will be stated.

The CHIEF CLERK. On page 52, after line 7, it is proposed to insert the following new section:

SEC. 812. (a) It shall be unlawful for any employer to make with any insurance company, annuity organization, or trustee any contract with respect to carrying out a private annuity plan approved by the Board under section 702 if any director, officer, employee, or shareholder of the employer is at the same time a director, officer, employee, or shareholder of the insurance company, annuity organization, or trustee.

(b) It shall be unlawful for any person, whether employer or insurance company, annuity organization, or trustee, to knowingly offer, grant, or give, or solicit, accept, or receive, any rebate against the charges payable under any contract carrying out a private annuity plan approved by the Board under section 702.

(c) Every insurance company, annuity organization, or trustee who makes any contract with any employer for carrying out a private annuity plan of such employer which has been approved by the Board under section 702 shall make, keep, and preserve for such periods such accounts, correspondence, memoranda, papers, books, and other records with respect to such contract and the financial transactions of such company, organization, or trustee as the Board may deem necessary to insure the proper carrying out of such contract and to prevent fraud and collusion. All such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time, and from time to time, to such reasonable periodic, special, and other examinations by the Board as the Board may prescribe.

(d) Any person violating any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than $10,000 or imprisonment for not more than 1 year, or both.

Mr. BLACK. Mr. President, I think I can explain very briefly the object and purpose of this amendment and the necessity for its adoption.

The amendment which was offered by the Senator from Missouri [Mr. CLARK] and adopted by the Senate would authorize the making of contracts of insurance or annuity with private insurance companies, annuity organizations, or trustees. One of the objections a great many of us had to the amendment of the Senator from Missouri was that we believed there would be a constant, continuous, and recurring incentive to companies buying such insurance to have on their list of employees the best risks it was pos-

sible to obtain. In other words, it is easy to see, if one company could obtain insurance on its employees all at the rate that would be accorded to young men from 20 to 30 while other companies retained in their employ employees from 20 to 60, that the company which had the employees from 20 to 60 would be compelled to pay a higher rate, and the result would be that such company would be at a distinct disadvantage in competing with the company which employed men of a lower age.

The Senator from Missouri believed and stated that he had avoided any danger on that score by reason of certain additions which he has made to his amendment since the time it was offered in the Finance Committee. I am perfectly willing to concede that the amendment offered on the floor by the Senator from Missouri was a distinct improvement in that regard over the amendment offered by him before the Finance Committee; but the amendment of the Senator from Missouri does not provide any method, so far as I can see, to protect in the respects in which my amendment provides.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Missouri?

Mr. BLACK. I yield.

Mr. CLARK. I have had an opportunity now to examine the Senator's amendment and will state that, so far as I am concerned, I am heartily in sympathy with it.

Mr. BLACK. I was sure the Senator would be when he understood the amendment.

I can state in very few words what I have in mind. We have had a good deal of information about the way holding companies pipe profits out of operating companies. If an insurance company can be so associated with an industrial company that the insurance company can pipe the profits from the industrial company through the insurance company by this means, it would obtain exactly the same results, or certain individuals would, as though originally the company insuring the men had made the profits.

My amendment would make the books of the insurance company subject to inspection of the Government and would prevent any such unfair methods. One portion of the amendment would prevent rebates being made by an insurance company to an industrial company where the men work, and another provision would prevent interlocking directorates and interlocking stockholders. In that way it appears to me the amendment of the Senator from Missouri is greatly strengthened to accomplish the exact purpose for which he offered it on the floor of the Senate. Since he has no objection, and I have shown my amendment to the Senator from New York [Mr. WAGNER] and it meets with his approval, unless there is some further question I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GEORGE. Mr. President, if there are no further amendments to be offered to title II and title VIII of the bill, I wish to offer at this time a substitute for title II and title VIII; that is, the Federal old-age benefit provisions.

The PRESIDING OFFICER. The Senator from Georgia offers an amendment in the nature of a substitute, which will be read.

The legislative clerk read the amendment in the nature of a substitute, as follows:

TITLE I—INDUSTRIAL PROTECTION

SECTION 1. (a) When used in this title, unless the context otherwise indicates—

(1) The term "person" means individual, association, partnership, or corporation.

(2) The term "employer" means any person in the United States who at any one time during the taxable year employs 50 or more employees, and any group of persons in the United States engaged in the same field of industry which group at any one time during the taxable year employs 50 or more employees and which is formed voluntarily for the purpose of being considered an employer within the meaning of this act, but does not include the United States Government, or any State or political subdivision or municipality thereof, or any person subject to the Railroad Retirement Act.

(3) The term "employee" means any person in the service of an employer the major portion of whose duties are performed within the United States.

(4) The term "United States", when used in a geographical sense, means the several States, the District of Columbia, and the Territories of Alaska and Hawaii.

(5) The term "pay roll" means all wages paid by an employer to employees.

(6) The term "wages" means every form of remuneration for services received by an employee from his employer, whether paid directly or indirectly by the employer, including salaries, commissions, bonuses, and the reasonable money value of board, rent, housing, lodging, payments in kind, and similar advantages.

(b) For the purposes of this title the wages of any employee receiving wages of more than $7,200 per annum shall be considered to be $7,200 per annum.

SEC. 2. There shall be levied, assessed, and collected annually from each employer in the United States for each taxable year an excise tax equal to 5 percent of such employer's pay roll during that part of such taxable year in which he employs 50 or more employees and in which his employees were not covered by an industrial protection plan adopted with the approval of the Social Security Board as hereinafter provided, and announced to his employees.

SEC. 3. (a) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe and publish necessary rules and regulations for the collection of the tax imposed by this title.

(b) Every employer liable for tax under this title shall make a return under oath within 1 month after the close of the year with respect to which such tax is imposed to the collector of internal revenue for the district in which is located his principal place of business. Such return shall contain such information and be made in such manner as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector within 1 month after the close of the year with respect to which the tax is imposed. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, insofar as not inconsistent with this act, be applicable in respect of the tax imposed by this act. The Commissioner may extend the time for filing the return of the tax imposed by this act, under such rules and regulations as he may, with the approval of the Secretary of the Treasury, prescribe, but no such extension shall be for more than 60 days.

(c) Returns required to be filed for the purpose of the tax imposed by this act shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law as returns made under title II of the Revenue Act of 1926.

(d) The taxpayer may elect to pay the tax in four equal installments, in which case the first installment shall be paid on the date prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month after such date. If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

(e) At the request of the taxpayer, the time for payment of any initial installment of the amount determined as the tax by the taxpayer may be extended, under regulations prescribed by the Commissioner, with the approval of the Secretary of the Treasury, for a period not to exceed 6 months from the date prescribed for the payment of such installment. In such case the amount in respect of which the extension is granted shall be paid (with interest at the rate of one-half of 1 percent per month) on or before the date of the expiration of the period of the extension.

SEC. 4. (a) There is hereby established a Social Security Board (hereinafter referred to as the "Board") to be composed of five members, one of whom shall be designated as chairman, to be appointed by the President, by and with the advice and consent of the Senate. Not more than three of such members shall be of the same political party, and in making appointments members of different political parties shall be appointed alternately as nearly as may be practicable. No member of the Board shall engage in any other business, vocation, or employment. The chairman shall receive a salary at the rate of $10,000 per annum and each of the other members of the Board shall receive a salary at the rate of $7,500 per annum. Each member shall hold office for a term of 5 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of the members first taking office shall expire, as designated by the President at the time of nomination, one at the end of 1 year, one at the end of 2 years, one at the end of 3 years, one at the end of 4 years, and one at the end of 5 years from the date of enactment of this act. It shall be the duty of the Board to carry out the provisions of

this act and to make an annual report to the President concerning its activities.

(b) The Board is authorized to appoint, subject to the civil-service laws, such officers and employees as are necessary for the execution of its functions under this act and to fix their salaries in accordance with the Classification Act of 1923, as amended. The Board is further authorized to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, books of reference and periodicals, and for printing and binding) as may be necessary for the execution of its functions.

SEC. 5. At the close of each taxable year for which a tax is imposed by this title, the Board shall certify to the Secretary of the Treasury, for the purpose of exemption from such tax, the name of each employer whose employees have been covered during such year by an industrial protection plan approved by the Board, together with the portion of such year that the employees were so covered.

SEC. 6. Subject to the limitations of this title, the Board shall adopt and make public standards for industrial protection plans and such rules and regulations as are necessary to carry out the provisions and purposes of this title. Any employer may submit to the Board an industrial protection plan, and the Board shall approve such plan if it complies with the standard fixed by the Board. If at any time the Board finds that a plan which it has approved does not in operation comply with the standards fixed for such plans, it may withdraw its approval and shall immediately notify the employer concerned of such action. It shall be the policy of the Board to allow each such employer as much freedom in determining his plan as is consistent with the purposes of this act and the adequate protection of the fund from which benefit payments are to be made.

SEC. 7. The standards adopted by the Board shall provide—

(a) That a plan to be approved shall provide (1) that the employer will pay annually into a reserve fund deposited with some trustee or other depositary acceptable to the Board, to be used for the payment of benefits under such plan, an amount not less than the amount of earnings distributed by such employer as dividends or profits, or otherwise, during the same year until the reserve fund is on an actuarially sound basis, and (2) that thereafter the employer shall make such payments when necessary to maintain the fund on an actuarially sound basis.

(b) That the payment of benefits under an approved plan shall begin not more than a year after the beginning of its operation; that every employee who has been in the service of the employer for 1 year or more shall be eligible for benefit payments; and that the following minimum schedule of benefit payments shall be paid at the expense of the employer under the plan in full operation:

(1) In the event of the death of an employee, there shall be paid to his dependents or estate an amount equal to 6 months' wages at the rate he was receiving at the time of his death.

(2) In the event of the disability of an employee, compensation shall be paid in monthly installments to such employee while his disability lasts, or until he reaches the age of 65, at the rate of one-eighth the wages he was receiving at the time the disability was incurred.

(3) When an employee reaches the age of 65 he shall receive annually for life an annuity equal to 1 percent of his total wages during his period of employment, payable in monthly installments.

(4) In the event that an employee becomes unemployed and cannot find other employment by complying with regulations prescribed by the Board he shall be paid compensation for 1 year at the rate of one-fourth his average annual wage for the preceding 5 years, payable monthly.

(5) If the period necessary for establishing on an actuarially sound basis the fund from which benefits are to be paid has not elapsed, benefit payments may, subject to the approval of the Board, be proportionately reduced or continued for a proportionately shorter period.

(c) That an approved plan shall provide that employees may, at their election, make contributions to the fund from their wages (such contributions to be deducted from the employees' wages and paid into the fund by the employer, if the employee so requests); that the benefit payments will be increased proportionately by such employee contributions; that the employer will conduct an educational program designed to demonstrate to his employees the advantages of such contributions; and that the employees contributing shall have a right to participate in the management of the plan.

(d) That an approved plan shall provide that an employer must pay the schedule of benefits specified in this act as his part of the protection plan irrespective of any contribution which an employee may or may not make toward securing a similar schedule of benefits for himself.

(e) That an approved plan shall provide for the exchange or transfer of credits and funds upon the separation of an employee from the service of any employer, in a manner that will fully protect the interest of the employee.

(f) That employers may operate their own plans and manage their own funds on a trustee basis; that employers may have their plans wholly or partly underwritten by insurance companies; that employers may unite to pool their risks and pool their funds; and that participation in a plan under the laws of a State may be considered the operation of an approved plan, if the State plan complies with the requirements for an approved plan, including payment of the minimum schedule of benefits, specified in this act.

SEC. 8. An employer who is financially unable to provide the reserve necessary to cover the pension liability arising out of the past years of service of active employees, previous to their retirement age, may make application to the Secretary of the Treasury for a loan up to the amount of such liability. The Secretary of the Treasury, under such rules and regulations as he may prescribe, is authorized and directed to make such loans in the form of negotiable bonds to be known as "social security bonds" and which shall bear interest at the rate of 4 percent per annum. Such loans shall bear interest at a rate not in excess of 4½ percent per annum, and shall be amortized over a period not in excess of 30 years from the date of the loan. The money accruing from the difference between the interest paid on such bonds and the interest received on such loans shall be held in the Treasury as a contingency reserve to protect the United States against loss through the failure to repay any such loan. At the end of each 5-year period after the date of enactment of this act, so much of the unused surplus in such contingency reserve as, in the opinion of the Board, can be distributed without endangering the solvency of such reserve shall be distributed to the persons making payment on such loans in the proportion which the payments of each bear to the total amount of such payments during such 5-year period.

SEC. 9. Deposits in the fund from which benefits are to be paid under an industrial protection plan approved by the Board may be deducted from the gross income of an employer for the purpose of computing income taxes to be paid by him to the United States.

SEC. 10. There is hereby authorized to be appropriated annually for the administration of this act the sum of $1,250,000. From such appropriation the Board is authorized and directed to pay to each State maintaining a cooperative State office for the administration of this act, and furnishing an equal sum, the sum of $12,500 to be used in the administration of such plan; and the Secretary of the Treasury is authorized and directed to pay to the Treasurer of such State the money so allotted.

SEC. 11. Sections 2 and 3 of this act shall become effective when the Congress by appropriate resolution shall so provide.

TITLE II—HOMESTEAD VILLAGES

SECTION 201. For the purpose of providing a means of livelihood for citizens who cannot secure employment in industry or agriculture at a living wage, the Social Security Board is authorized and directed to provide for the construction of self-supporting homestead villages in which such citizens may earn a livelihood or supplement their income from other sources.

SEC. 202. (a) The Board shall make loans for the construction of homestead villages by any agency it approves for such purpose, taking as security for such loans first mortgages on the property in respect of which the loans are made. Such loans may be made up to the full amount necessary to acquire and construct the property covered by such mortgages, shall bear interest at a rate not in excess of 5 percent per annum, and shall be amortized over a period not in excess of 30 years from the date of the loan.

(b) The Board may construct homestead villages under its own supervision and sell the homes or farms in such villages, and shall amortize the unpaid portion of the purchase price over a period not in excess of 30 years, charging interest on unpaid portions of the purchase price at a rate not in excess of 5 percent per annum.

SEC. 203 (a) The Division of Subsistence Homesteads in the Department of the Interior and all functions of the Federal Emergency Relief Administration and the Agricultural Adjustment Administration with respect to subsistence homestead projects are hereby transferred to the Social Security Board, together with all powers and duties relating to each.

(b) All official records and papers now on file in and pertaining exclusively to the business of, and all furniture, office equipment, and other property now in use in, said Division of Subsistence Homesteads or any part, division, or section of the Federal Emergency Relief Administration or of the Agricultural Adjustment Administration whose principal duties relate to subsistence homestead projects, are hereby transferred to said Board.

(c) All officers and employees engaged primarily in carrying out functions transferred to the Board under this act are transferred to the Board without change in classification or compensation; except that the Board may provide for the adjustment of such classification or compensation to conform to the duties to which such officers and employees may be assigned.

(d) All appropriations made or allocated for the purpose of carrying out any of the functions transferred under this act shall be available for the use of the Board in constructing or making loans for homestead villages or in the completion of projects transferred under this act.

(e) All property held in the exercise of functions transferred under this act shall be transferred to the Social Security Board.

SEC. 204. There is hereby created a revolving fund of $1,000,000,000, which shall be used by the Board for the acquisition and construction of, or the making of loans on homestead villages under this act. The funds transferred under this act shall constitute a part of such fund; the President is authorized to allocate any unused funds at his disposal to such revolving fund; and there is hereby authorized to be appropriated for such revolving fund such sums as may be necessary to increase it to $1,000,000,000.

SEC. 205. The Board is authorized to prescribe rules and regulations for carrying out the provisions of this title, including rules and regulations concerning the organization and management of homestead villages, not inconsistent with the purposes of this act.

Mr. GEORGE. Mr. President, I wish to make it clear that I am not opposed to the principles or the provisions of title I of the bill providing for grants to the States for old-age assistance or what we know as the general old-age pension provisions of the bill, nor to title III, grants to the States for unemployment compensation administration; nor to title IV, grants to the States for aid to dependent children; nor to title V, grants to States for maternal and child welfare; nor to title VI, public-health work; nor to title VII, Social Security Board, because we recognize there must be a board created to administer the several titles of the bill; nor to titles IX and X, providing grants to the States for aid to the blind. Title XII, which deals with annuity bonds, I believe, has already been rejected. Nor am I opposed to title XII, the general provisions of the bill.

In other words, with the exception of title II and the supporting tax title, title VIII, I am in full sympathy with the bill.

I am also in full sympathy with the purposes of general old-age benefits sought to be covered by the provisions of title II of the bill. I think it would have been much wiser if the bill had provided for grants in aid to the States to enable them to set up old-age benefits and benefits to cover hazards in industry just as was done under title I in making grants in aid to the States for the purpose of providing old-age assistance.

Also, Mr. President, I have believed from the first, and in the committee supported a motion to the effect that we should separate the bill into its legitimate and component parts. It is obviously unfair to ask one to vote for a bill when there is a particular title in the bill to which he does not agree at all, although having full sympathy with the general objective sought to be accomplished by those who drafted and sponsored the bill. On the contrary, it is obviously unfair to join with objectionable and essentially different legislative proposals other highly desirable proposals for which many Senators would certainly desire to vote. Every Senator no doubt would like to vote for the grant in aid to the States for old-age assistance, for aid to dependent children, for public health work, for aid to the States for the purpose of assisting and caring for the blind.

Mr. President, in this connection I desire to say that, as originally drawn, the substitute which I have offered carried certain provisions imposing a tax, but, on mature deliberation and after exhaustive study, I reached the conclusion that the taxing provisions as they now appear in the bill itself could not be sustained against attack, and therefore the substitute which I now offer as now modified provides for the imposition of a tax, but only when authorized by the Congress by an appropriate resolution.

My substitute as now presented is a substitute for title II and title VIII of the bill reported by the committee. My substitute provides against industrial hazards which are not covered in the bill before the Senate. My substitute grants greater and larger benefits. It does not undertake to cover all employees, but it does undertake to cover employees of a common employer numbering 50 or more, and also provides for separate groups in kindred industries when such groups taken together bring the total to 50 or more.

Since my substitute will appear in the RECORD in connection with my remarks, I do not propose to read its provisions or discuss them more in detail at this time.

Mr. McKELLAR. Mr. President——

Mr. GEORGE. I yield to the Senator from Tennessee.

Mr. McKELLAR. Is the Senator's amendment simply a substitute for titles II and VIII, leaving the remainder of the bill as the Senate has agreed to it?

Mr. GEORGE. Entirely as the Senate has agreed to it.

Mr. President, I wish to make a brief statement regarding the substitute.

The basic features of the substitute, which are offered in the hope, at least, that they are improvements to replace corresponding parts of the pending bill, are, in brief, as follows:

It makes possible and necessary one standard schedule of benefits to be provided by industries throughout the Nation, thus insuring the desired result and putting all industries on a fair basis of competition, as is sought, it is claimed by the proponents of the Federal old-age benefits provision, or title II of the pending bill.

It preserves a real and needed degree of freedom to industries and to the States as cooperators in the administration of the act.

It permits individual industries or groups of industries to construct and operate their own plans, requiring only that they are actuarially sound and sufficient to yield the stipulated benefits.

It permits employers and employees to receive the benefit of any saving they can effect by a wise and efficient management of their own plans.

It requires each industry to pay only the exact cost of its protection program, no more and no less, instead of a flat pay-roll tax which does not represent the cost.

It eliminates the need for a large army of Federal office-holders required by the pending act to administer it and thus saves an excessively large and needless expense.

It does not put on industries immediately a large financial burden which in a time of business depression may be a serious obstacle to recovery, but relates the expense to the process of recovery.

It makes possible the payment of retirement annuities immediately instead of postponing them for a number of years and does so without putting an undue burden on industries and without increasing the public debt or the tax rate.

It makes possible the easy amendment of the act to enlarge its provisions for the scope of its application as experience may require.

It enlarges the protection program to include death and disability hazards, as well as old-age and unemployment hazards, as provided in title II of the bill as it now stands, all four of which are vitally related and constitute essential parts of one program of unemployment.

It requires all four programs to be put on a reserve basis actuarially calculated to be sufficient, so that automatically they are financially sound, instead of imposing on pay rolls a flat rate which is only guessed or estimated to be sufficient.

It provides for the transfer of pension credits from one employment to another, so that each employer bears the expense only for the number of years an employee spent in his services, and an employee does not lose his reward for years of faithful service by changing employment. The transfer of pension credits eliminates the temptation to escape the payment of retirement benefits by discharging older workers, and is thus one of the effective means of removing the " dead line " from industry.

It will both stimulate and compel an increase in the wage standard of American industry, because if the wage of a certain class of employees has not had sufficient margin to enable them to pay their share of the cost, the act will have to be amended by a requirement that employers pay the entire cost; but it will be a financial advantage to employers, and a moral advantage in preserving the self-respect of employees, if the way is opened for employees to pay half the cost of raising the wage to a cultural wage level as an earned right, rather than to have their share of the cost presented to them by employers as a charity.

Last, and most important of all, the substitute bill furnishes a self-supporting method by which a permanent livelihood may be secured by the large excess number of employees who have been displaced from industry, and cannot be reabsorbed in industry or agriculture, and whose number is so large that it is physically impossible to create a reserve fund sufficiently large to support them in idleness, even if it were desirable to supply wages without work. For these idle detached workers, who cannot be covered by any industrial protection plan that is sound and that will permit industry to function without undue and unnecessary retarding

influences and impediments, the only possible unemployment insurance is employment.

Mr. President, yesterday I had occasion to discuss the questionable validity of title II and title VIII of this bill. I am morally certain that in the course of time, if title II shall be enacted as it now stands, it will either break down of its own weight or it will come back under the condemnation of a decision of the Court. For that reason primarily, and especially since the adoption of the Clark amendment, I am offering this substitute and making this statement; and I now ask that I may insert in the RECORD a statement prepared by Mr. Henry E. Jackson, an expert in the field of social insurance, who appeared before the Finance Committee as a witness, and gave to the committee testimony when we were considering the bill now before the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The statement is as follows:

THE GEORGE SUBSTITUTE SOCIAL-SECURITY BILL

(A statement by Henry E. Jackson)

1. The large and important part of the Wagner social-security bill is concerned with organized industries, providing protection against the hazards of old age and unemployment. The George bill is proposed as a substitute for this part of the Wagner bill and it also covers two additional hazards not provided for in the Wagner bill.

2. The two bills are constructed on principles which are basically different; the Wagner bill provides that the Federal Government own and operate the protection plans of industry; the George bill provides that the Federal Government's function be limited to setting a standard schedule of benefits to be maintained, but permits industries a large degree of freedom in the management of their plans. The George bill is therefore in exact accord with the American principle of democracy, which aims to secure concerted action in the whole, while preserving freedom in the parts.

The Wagner bill meets the problem by the use of state socialism; the George bill uses the principle of democracy. I have no objection to state socialism applied to this problem, as we have applied it to other problems, if this is the best we can do. But I believe the democratic method is far more efficient in securing the desired results and far more helpful in the development of individual citizens.

3. The George bill provides a much larger schedule of benefits than does the Wagner bill, and yet this larger schedule of benefits is made to be financially feasible, because of the freedom of method granted industries to manage their plans, and because of the large needless operating expense eliminated by the George bill, and because of the financial assistance to industries provided in the George bill without additional expense to the Government.

4. The chief distinguishing characteristic of the George bill, here stressed, is that its method of securing the adoption of protection plans in American industries, is not compulsion, but voluntary cooperation. The specified tax in the bill may be made effective by a separate act of Congress, if, and when, it is found to be advisable.

5. The use of the voluntary method stipulated in the bill implies that the social-security board charged with the administration of the act, would use all available means for enlisting industries in the plan, giving advisory service, exhibiting the nature and advantages of the plan, and explaining how the plan can be operated on the most inexpensive basis.

The board could give a rating, like a Federal Dun & Bradstreet's on a public governmental basis, thus giving public recognition and honor to those industries, which adopted plans measuring up to or approximating the standards stipulated in the bill.

There would thus be exhibited the number of employers who do voluntarily adopt the plan, also the number who are not willing to adopt it, also those who would be willing to adopt it, if it were made universal, so that they could be on a fair basis of competition. This process would render an invaluable service in exhibiting the need there may be for compulsory legislation.

6. The education, involved in the process of volunteer enlistment of employers, would create a volume of enlightened public opinion, which would clear the way for the easy passage of compulsory legislation. The assumption is justified that a large proportion of employers will probably adopt the plan voluntarily, because all employers are facing this problem wholly apart from any proposed legislation and all intelligent employers recognize that protection of worn-out human machinery is not only just but also an economic advantage, and because an employer who does not have such a plan will find it harder to secure and retain the right type of employee than the employer who adopts such a plan, and because under this bill it will happen to employers as it does to soldiers that an element of distinction and honor attaches to a citizen who is a volunteer soldier rather than to one who is drafted and conscripted under compulsion. Whatever the number of employers who may or may not freely adopt the plan, the voluntary method will be an advantageous process as a preliminary to the use of compulsion, which will affect not those who have by that time adopted the plan, but only those who have not.

7. A bill constructed on the principle of the George bill is obviously the only type of bill which can be operated on the basis of voluntary cooperation. Please observe that freedom of action is not only the method used for securing acceptance of the plan, but after industries have adopted the plan, as stated in the bill, they are given freedom in the management and operation of their plans. The principle involved here is one of paramount importance. It is not only the democratic principle of social control but is the only principle suitable to the treatment and development of human nature. Detail rules and regulations are adapted to dogs and horses. They need them because they are dogs and horses. But what distinguishes a man from a dog or horse is his use of moral judgments. Therefore all social legislation ought not only to permit but stimulate the use of moral judgments. This is what the George bill definitely aims to do. But the Wagner bill will do conspicuous moral damage to citizens, because it is undemocratic, because it, like the original National Security Act, contains detail rules and regulations, handed down from Washington to employers permitting them no chance to use moral judgments. Men properly resent such rules or they would not be normal men. The Wagner bill if adopted will no doubt run the same course as the N. R. A. bill. It will break down of its own weight and then will be pronounced unconstitutional. Then the work will be stopped and be more than wasted, because the work of unscrambling the machinery will have to be done.

8. If a bill of the George type were enacted, for the basic reasons above stated, it will be observed that as a consequence the question of its constitutionality is wholly avoided. It is eliminated. It could not be raised. The bill imposes no penalties and does nothing more or less than establish a bureau or board, whose function is clearly specified and which offers advisory service and operates on the basis of voluntary cooperation. Therefore, as it stands the constitutional question is in no way involved. If later the Congress should pass a joint resolution making the bill's penalties effective and the Supreme Court should pronounce it unconstitutional, the only thing the Court's decision would affect would be the penalty clause and the board could continue to do the work it had already begun and there would be no wasted effect. It could continue to put the bill into operation under the sanction of public opinion instead of using two sanctions, public opinion and the tax penalty.

9. If the board should succeed in securing the voluntary enlistment of a large number of industries in a plan, which they found acceptable and beneficial both to employers and employees, it is highly probable that the Supreme Court would pronounce the taxing provision to be constitutional if Congress decided to use it. For many years we have imposed a tariff tax for an avowed purpose other than to raise revenue, namely, to protect manufacturers against the hazard of foreign competition. No question of its constitutionality has ever been raised. If then as a national policy we have imposed a tariff tax for the protection of employers, we have a conspicuous and convincing precedent for imposing a tax now under a social-security act for the purpose of protecting both employers and employees against industrial hazards, which have become a menace to the national welfare.

After a large number of industries had adopted the plan and demonstrated its usefulness, if Congress made the tax effective in order to compel the participation of the remaining industries and if then the Supreme Court should declare the tax provision to be unconstitutional, we would have established a convincing basis and ample justification for a constitutional amendment. This is a natural and customary procedure, and by the framers of the Constitution was designed and expected to be used whenever the public welfare required its use. The Constitution was made for man, not man for the Constitution. Thomas Jefferson stated in two short sentences all that needs to be said on the wisdom and necessity of amending the Constitution. He said: "Laws and institutions must go hand in hand with the progress of the human mind. We might as well require a man to wear the coat that fitted him as a boy as civilized society to remain ever under the regime of their ancestors."

It is probable, however, that no constitutional amendment will be required, because the question as to whether or not the George type of social-security bill is constitutional, does not involve a question of law, but an economic theory of the facts back of the law. The Nation has now become so completely an economic unity that we no longer have interstate commerce or intrastate commerce, we have just commerce. As soon as this economic fact is recognized as it is the constitutionality of the George bill becomes a foregone conclusion even to a layman. The method of voluntary cooperation, which the bill provides for getting itself into operation, is designed to make such a conspicuous exhibit of this economic fact that the bill's constitutionality will never be raised. Nothing is so convincing as a fact, as Chief Justice Hughes indicated in his dissenting opinion in the Railroad Retirement Act. He said, "Where the constitutional validity of a statute depends upon the existence of facts, courts must be cautious about reaching a conclusion respecting them contrary to that reached by the legislature; and if the question of what the facts establish be a fairly debatable one, it is not permissible for the judge to set up his opinion in respect of it against the opinion of the lawmaker."

10. I am informed that no bill of this character has ever been proposed or passed by the Federal Congress without effective penalties attached. This is probably true. That is the chief reason why it should be passed now as a new legislative procedure. It is likewise true that hitherto no social-security bill has been passed by the Federal Congress. It is a new kind of legislation applied to

a complex industrial problem, and therefore requires a new legislative procedure. New wine calls for new bottles.

Even if we knew that the tax penalty would be ultimately necessary, it would be wise and helpful to use the method of voluntary cooperation as a preliminary process on the way to our desired goal. The shortest distance between two points is the line of least resistance. As far as it is feasible, the more excellent way is to reward men if they do, rather than to punish them if they don't.

It is a curious circumstance that we still persist in believing that the only effective legislation possible must have attached to it a penalty like a fine or imprisonment, whereas it has been repeatedly demonstrated that such penalties have been futile in securing observance of a law if it is not supported by public opinion. The prohibition law as a dramatic case in point. The democratic method is the method of freedom and, despite its obvious defects, democracy is the most efficient form of government yet devised. An illuminating definition of freedom, the only real freedom which I think we possess, would be that it is voluntary obedience to self-recognized law.

While the method here proposed applies with special force to legislation dealing with industrial problems, such as the social-security bill does, yet it is a wise working formula for many other types of legislation, because it ought to be obvious that it is not physically possible to put any law into effective operation unless we first secure a large measure of voluntary obedience to it. The George bill is definitely designed to secure as large a measure of voluntary obedience as possible to a law recognized as wise and desirable. We will dispense with penalties if we can; we will use them if we must.

Mr. GEORGE. Mr. President, I have only this to say further upon the substitute: It does not carry immediate compulsion, or attempt to do so, for the reasons I have already stated; but it is the first attempt to offer an inducement through a Federal agency to industry to provide superior benefits to those specified in title II of the pending bill. Not only that, but it makes possible the doubling of those benefits by voluntary contributions by the employees themselves, though it does not relieve the employers from granting greater benefits than title II of the bill provides and covering two additional hazards to which I have already directed attention. It also holds out a strong inducement to employers to adopt this program by providing for loans from the Treasury in the form of security bonds, but to be retained in the Treasury as its protection, so as to enable industry which has not in the past made suitable provision of a reserve fund to support the plan set out in the bill, or its equivalent. That makes possible also the transfer of credits, which, of course, is an essential feature of any security plan, or of any system which undertakes to provide against industrial hazards.

Mr. President, I am not only convinced of the desirability of such a course, but I believe it will be to the real interest of the country to have an opportunity to consider more deliberately, and separated from other admittedly important proposals in a long and involved bill, the problem we are discussing, and with which I have dealt in the amendment. If and when titles II and VIII of the bill shall be again before the Congress we shall be able, I hope, to work out a program which will provide against the industrial hazards which ought to be provided against as a part of the cost of doing business.

Attached to the substitute is also provision for self-supporting villages, either of the subsistence homestead type or of any other type of homestead with which the Congress has dealt, in recognition of the fact that so large a percentage of our working people have been unable to find employment, and will through a relatively long period be unable to find employment until some way of providing employment shall be found. The benefits granted under title II of the bill when they are analyzed will be found to be exceedingly meager, and there are large groups of our population which will not participate at all in the benefits of title II. Indeed, out of some forty-five to fifty million people who ordinarily and normally are gainfully employed in the United States, approximately one-half only will be affected by title II.

Mr. President, I ask to have inserted as a part of my remarks an editorial which appeared in the New York Times of June 17, entitled "The Social Security Bill," as bearing upon what I have tried to emphasize—the necessity for more careful and more exhaustive study of the subject unembarrassed by other legislative proposals.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the New York Times of June 17, 1935]

THE SOCIAL-SECURITY BILL

The Senate seems to be on the verge of debating only perfunctorily and passing quickly the full social-security bill already passed by the House. It seems almost too late to hope that a measure of so sweeping a nature will receive the close and careful study it deserves. The case for splitting it into its constituent parts is a strong one. It would obviously be desirable to break it into at least three separate measures—one providing for immediate old-age assistance and Federal contributions for maternal and child aid, a second providing for unemployment insurance, and the third providing for permanent old-age insurance. Only after such a division would each section be likely to receive sufficient consideration, and to be voted upon as its merits deserve.

The whole contributory old-age-pension scheme in particular ought to be postponed and turned over to an expert commission for study. As it stands, it imposes a gradually rising tax on both employers and employees, which at the end of 10 years, it has been estimated, will amount to $1,700,000,000 a year. This in itself would mean an added tax burden equal to nearly half of the existing total Federal tax burden. Further, it would result, it has been calculated, in the accumulation of an eventual reserve fund of the immense total of $32,000,000,000. The problem of managing such a reserve fund, and its possible social and economic effects, have not yet received anything like adequate study. Alternative types of old-age pensions ought to be considered.

Nothing has yet been done, again, about amending the major defects of the unemployment insurance plan as it stands. It still does not provide that the workers shall contribute toward their own insurance, in spite of the convincing arguments for this practice and the fact that it prevails in virtually every such system abroad. And it still, for no good reason that it would be possible to think of, levies a 3-percent tax on the total pay rolls of employers, instead of merely on that part which is paid to workers actually covered by the insurance benefits.

Mr. McCARRAN. Mr. President, in view of the fact that there may be no roll call on the substitute offered by the Senator from Georgia [Mr. GEORGE], and since there are some of us who are more interested in the subject matter of old-age security than in the letter of the pending bill, which in all probability will be passed by the Senate, and as there may be some of us who seriously doubt whether the bill, if enacted into law, can receive the sanction of the Court of last resort, without taking up the time of the Senate, but entertaining an entirely sympathetic idea toward provision for old-age security and social security through a constitutional measure, which I do not believe will be passed here today, I desire to be recorded in favor of the George amendment.

Mr. BORAH. Mr. President, I may say just a word, although it is not directed to the particular amendment now pending, but rather to the bill.

The question of the constitutionality of title II has been raised and discussed. I presume we all recognize that title II does present a serious question. I do not think it is free from doubt. But my vote on the bill will not be controlled by the constitutionality or unconstitutionality of title II. There are provisions in the bill the constitutionality of which cannot be doubted, and I favor those provisions.

The bill provides that in case of any portion of the measure being held unconstitutional, the holding shall not affect other portions. Even if that provision were not in the bill, I think the courts would apply such a rule. In view of the portions of the bill which seem to me wholly unquestioned and which I favor, I shall vote for the measure.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE] in the nature of a substitute for title II and title VIII.

The amendment was rejected.

Mr. HASTINGS. Mr. President, I send an amendment to the desk and ask to have it read.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to strike out title II, beginning in line 15, on page 7, and ending in line 12, page 16.

Mr. HASTINGS. Mr. President, the purpose of the amendment is to strike out title II of the bill. As everyone knows, this title refers to the plan for annuities. I discussed the matter at length on Monday, and do not care now to take the time of the Senate, but I should like to ask,

if there is to be no further discussion with respect to it, that we have a yea-and-nay vote on the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Delaware, on which he has asked for the yeas and nays.

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, let us have the amendment again stated.

The VICE PRESIDENT. The clerk will again state the amendment.

The CHIEF CLERK. It is proposed to strike out title II, beginning in line 15, page 7, and ending in line 12, page 16.

Mr. KING. Mr. President, it is not my purpose to detain the Senate but for a few moments. Yesterday I submitted some observations concerning the pending bill and directed particular attention to titles II and VIII. I stated in substance that the bill under consideration had a number of admirable features which commanded my support, but that in my opinion titles II and VIII contained provisions which would not be sustained when challenged in the courts. It is believed by many—and I am among that number—that in view of the other provisions of the bill there should be legislation of a supplemental character providing old-age benefits. I regret that steps have not been taken, and legislation proposed of a constitutional character, that will accomplish the desired results and afford suitable and adequate annuities or old-age benefits for the class of individuals comprised within the provisions of titles II and VIII of the pending measure. However, the provisions of these two titles do not reach all the persons above the age referred to, and, indeed, deal with perhaps not exceeding 50 percent of those over the age of 65 years.

The Senator from Georgia [Mr. GEORGE] has referred to this matter and pointed out in a clear and comprehensive manner the defects in the present bill and the necessity, if the objectives sought are to be attained, of adopting a different plan from that found in titles II and VIII. As stated, there are provisions in the bill the constitutionality of which cannot be questioned, and which possess merit and should be enacted into law. The bill before us contains separate provisions and separate titles. They are as disconnected or separated as though they were in separate bills.

The bill contains, as Senators know, various titles which are so complete in themselves that the elimination of one or more would not mar or destroy those remaining. Believing as I did that titles II and VIII were subject to challenge upon the ground of being unconstitutional, I took the position, when the Committee on Finance first began the consideration of the bill, that it should be divided into separate bills and each separate part be considered as an independent measure. I especially urged that the consideration of titles II and VIII be deferred until the other provisions of the bill had been acted upon. Moreover, it was my opinion that sufficient study had not been given to the question of old-age benefits, with the intricate and technical questions involved, and that in view of the fact that if the bill as presented were enacted into law titles II and VIII would not become effective for approximately 2 years, it would be the part of wisdom to defer action upon the question of old-age benefits until the next session of Congress.

There are some Senators and many other persons who have given attention to the provisions of the bill, and particularly to titles II and VIII, who have serious doubts as to the constitutionality of the same. I believe that a definite plan should be provided which would embrace a larger part of our population than is covered in the provisions of the titles referred to. The view is entertained by many that to provide old-age benefits for perhaps less than one-half of our population over 65 years of age does not meet the situation or deal with the problem in a satisfactory manner.

It is obvious that if the bill in its present form is enacted into law, hundreds of thousands, and indeed millions, of those reaching the age of 65 years, not finding any provisions for relief in the old-age benefit features of the bill, will be relegated to title I, thus increasing the contributions to be made by the States as well as the Federal Government. The millions who will not receive old-age benefits under titles II and VIII, assuming that those provisions shall be held constitutional, will, if they obtain any relief, be compelled to avail themselves of old-age assistance or pensions, provisions for which appear in title I.

I wish a sound and satisfactory measure were before us to encompass the entire questions with which the measure before us attempts to deal. In view of the fact that the bill does have provisions of merit which I approve, and in view of the separability of the provisions, I may feel constrained to vote for the passage of the bill, though believing the titles referred to to be unsound from a constitutional standpoint.

Mr. President, as I understand, the American Association for Social Security, with headquarters at 22 East Seventeenth Street, New York City, has been active in attempting to secure pensions and social-security legislation. I am advised that Mr. Epstein is connected with this association and, as Senators know, he has for many years earnestly sought to secure State legislation providing for old-age pensions. I am in receipt of a memorandum distributed by this organization a short time ago, which contains an analysis of H. R. 7260, and which gives some attention to title II and title VIII of the pending bill. It states that the provisions in these titles place the largest burden of the future support of the aged upon the workers and industry. Reference is made to the enormous reserves which will be built up.

> These reserves will be frozen for many years. The committee estimates that under this bill there will be a reserve fund of over 10 billion dollars by 1948 and the reserve will amount to over 32 billion dollars by 1970. Such enormous reserves are unprecedented.

The statement further continues:

> The removal of so much purchasing power in the next few years may hamper recovery and cause great social harm. It is extremely questionable whether our economic system can stand the withdrawal of so much needed purchasing power.

The statement further continues:

> In setting up such high contributions the bill places a back-breaking burden upon the present generation. The younger generation, as taxpayers, will not only have to pay the cost of the non-contributory pension system, as well as the largest part of the benefits under the contributory system for those now middle-aged, but will be forced to provide fully for its own old age.

It is further stated that—

> The plan under this bill is to build up large reserves out of contributions by employers and employees in order to make the plan self-sustaining in as short a period as possible, so as to relieve the Government from much of its expenditures on non-contributory old-age pensions. We believe that self-sustaining annuities cannot be wisely built up in a short period, and that it is especially unwise to accumulate large reserves from contributions levied largely upon wage and salaried workers without any help from the Government out of funds derived from the higher income recipients in the Nation.

Without assenting to all of the statements above quoted, they furnish, it seems to me, sufficient reason for a further study of the important question of old-age annuities. The statement further continues:

> In view of the technical complications of the subject it would probably be advisable to strike out completely titles II and VIII from this bill. A congressional committee should be created to study the subject further and report to the next session of Congress.

I have called attention to this statement because of the study which has been given to pensions, old-age insurance, old-age benefits, and so forth, by the organization from whose statement I have quoted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. HASTINGS] to strike title II from the bill. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KING (when his name was called). Upon this vote I have a pair with the junior Senator from California [Mr. MCADOO], and in his absence I withhold my vote.

Mr. LA FOLLETTE (when Mr. NYE's name was called). I desire to announce that the Senator from North Dakota

[Mr. NYE] is detained by illness. He has a pair with the senior Senator from Virginia [Mr. GLASS]. If the Senator from North Dakota were present, he would vote "nay."

The roll call was concluded.

Mr. ROBINSON. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Montana [Mr. MURRAY], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on official business. I am advised that these Senators would vote "nay" if present.

I wish also to announce that the Senator from California [Mr. MCADOO], the junior Senator from Virginia [Mr. BYRD], the Senator from Missouri [Mr. CLARK], the Senator from Nevada [Mr. MCCARRAN], the Senator from Kentucky [Mr. LOGAN], and the senior Senator from Virginia [Mr. GLASS], are unavoidably detained.

Mr. BULKLEY. I repeat the announcement of my general pair with the senior Senator from Wyoming [Mr. CAREY]. Not knowing how he would vote on this question, I transfer my pair to the junior Senator from Utah [Mr. THOMAS], who is detained on important public business, and vote "nay."

Mr. HAYDEN. My colleague, the senior Senator from Arizona [Mr. ASHURST], is necessarily detained from the Senate. If present, he would vote "nay."

The result was announced—yeas 15, nays 63, as follows:

YEAS—15

Austin	George	Keyes	Townsend
Barbour	Gore	Metcalf	Vandenberg
Capper	Hale	Smith	White
Dickinson	Hastings	Steiwer	

NAYS—63

Adams	Coolidge	La Follette	Radcliffe
Bachman	Copeland	Lonergan	Reynolds
Bailey	Costigan	Long	Robinson
Bankhead	Davis	McGill	Russell
Barkley	Dieterich	McKellar	Schall
Bilbo	Donahey	McNary	Schwellenbach
Black	Duffy	Maloney	Sheppard
Bone	Fletcher	Minton	Shipstead
Brown	Frazier	Moore	Trammell
Bulkley	Gerry	Murphy	Truman
Bulow	Gibson	Neely	Tydings
Burke	Guffey	Norris	Van Nuys
Byrnes	Harrison	O'Mahoney	Wagner
Caraway	Hatch	Overton	Walsh
Chavez	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	

NOT VOTING—17

Ashurst	Couzens	McAdoo	Thomas, Okla.
Borah	Glass	McCarran	Thomas, Utah
Byrd	King	Murray	
Carey	Lewis	Norbeck	
Clark	Logan	Nye	

So Mr. HASTINGS' amendment was rejected.

Mr. HARRISON. Mr. President, I offer a clarifying amendment, which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 3, line 13, after the word "plan", it is proposed to strike out "one-half"; and in line 14, after the word "collected", it is proposed to insert:

A part thereof in proportion to the part of the old-age assistance which represents the payments made by the United States.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Mississippi.

The amendment was agreed to.

Mr. HASTINGS. Mr. President, I offer an amendment which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 46, line 19, after "per centum", it is proposed to insert:

Provided, however, That the tax levied in this act to be paid by the employer shall not in any event exceed 1 percent of the gross receipts of the business of the employer.

And on page 52, line 24, after "per centum", it is proposed to insert:

Provided, however, That the tax levied in this act to be paid by the employer shall not in any event exceed 1 percent of the gross receipts of the business of the employer.

Mr. HASTINGS. Mr. President, I have spoken to the chairman of the committee with respect to this amendment, and he has stated that he has no figures to show whether or not its adoption would greatly reduce the amount contemplated to be raised under the bill. I have asked that he accept the amendment and take it to conference, and find out in the meantime whether or not it would seriously interfere with the amount. He has not definitely promised, but I think he is about to do so.

Mr. HARRISON. Mr. President, of course the Senator from Delaware knows that personally I would do anything in the world for him; but this amendment is rather involved, it is uncertain in its terms and in its effect, and I fear it is really so important that I should rather have the Senate pass upon it.

Mr. HASTINGS. Mr. President, this amendment has been suggested by the service industries. The particular industries interested in the amendment are those which are conducting the beauty parlors. There are 57,000 recognized shops, employing 240,000 people, doing a gross annual business of $400,000,000, with certain fixed obligations in connection with leases and equipment and taxes which cannot be passed on, and which, having the practical effect of a 25-percent reduction of the gross business done, must necessarily be absorbed in the nonfixed factors of the business.

The object of the bill is to assist employees where practically all the expense, or a large part of the expense, is in the pay roll. In this particular industry it is contended that it is not possible to pass on to the consumer the expense in question, as will be done in most cases, and that 1 percent on the gross receipts is a sufficient tax to place upon any industry at this or any other time.

I hope the chairman of the committee will consent to take the amendment to conference, and ascertain just what effect a tax of 1 percent on this industry will have upon the bill itself.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Delaware.

The amendment was rejected.

Mr. GORE. Mr. President, the amendment I intend to offer tracks very closely the amendment offered by the Senator from Delaware [Mr. HASTINGS], except that his amendment would affect some large concerns, such as the large telephone companies and the large telegraph companies, and the like. The Senate has just rejected his amendment.

The pending bill imposes a tax of 3 percent on the pay rolls of all employers included within the terms of the measure as a contribution to the unemployment insurance fund. A tax of 3 percent on the pay rolls of individuals and partnerships engaged in rendering personal services, such as barber shops, cleaning and pressing establishments, beauty parlors, and the like, will in some instances amount to 25 percent of their net earnings. A tax of 25 percent on net earnings is, of course, disproportionate and excessive, and would in some cases be destructive of the business itself.

To meet this situation and remedy this injustice—to protect the little fish against the big ones—I am offering an amendment tracking the amendment just offered by the Senator from Delaware, but limiting the application of this 1-percent tax to firms and partnerships. In other words, my amendment provides that if 3 percent on the pay rolls of these small concerns exceeds 1 percent of their gross earnings, then 1 percent of their gross earnings shall constitute the limit of their payments rather than the 3 percent of their payrolls. This might prove a life preserver in many deserving cases.

Mr. President, what I have primarily in mind is this: The amendment I offer will limit the tax on such concerns as cleaning and pressing outfits, barber shops, beauty parlors, and small concerns which are engaged in rendering personal service. I have here a computation which I shall ask unanimous consent to have printed in the RECORD. In some instances 3 percent of the pay rolls of these small concerns will amount to 25 percent of their net earnings. That is unfair. It will either put these concerns out of business, or seriously cripple them. It will oblige them in many cases either to reduce the pay or reduce the number

of their employees. Either of these results is undesirable. My amendment will limit it to individuals or to partnerships. It does not include corporations or stronger concerns which could pay the 3 percent tax on pay rolls and survive.

I hope the Senate will adopt this amendment and allow it to go to conference, because there is certainly justification or at least there is reason why we ought seriously to consider the matter before we impose upon these little concerns a tax which may put them out of business, and certainly will cripple them most seriously.

At this point I ask unanimous consent to have printed in the RECORD a statement showing how excessive this 3-percent tax is with respect to some of these small concerns.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement referred to is as follows:

To the Finance Committee, Senate of the United States:

Memorandum suggesting the necessity and advisability of making certain exceptions or modifications to the pay-roll tax rates provided for by the economic-security bill so as to alleviate the unequally heavy incidence of the tax in those businesses where the proportion of pay-roll expenditures to total business turnover is unusually high

We have been consulted in recent days by several business concerns engaged in what might be called personal-service activities concerning the contemplated pay-roll taxes in the economic-security bill. As a result of information submitted to us by them, as well as an independent investigation of our own into the statistical and operating aspects of various types of personal-service businesses, we feel that these clients are justified in their conviction that businesses of their class will suffer irreparable damage if the pay-roll taxes are applied categorically without regard to the unusual operating factors involved.

It is obvious that a tax of 3 percent on pay rolls (considering for the moment merely the tax for unemployment-insurance purposes) may have a relatively light incidence upon an industry in which the pay-roll expenditures constitute a small proportion of the gross income, say 5 percent to 15 percent. In some businesses, and this is especially true in organizations of a personal-service character, such as laundries, barber shops, beauty parlors, telephone and telegraph companies, etc., the pay-roll expenditures may, and usually do, constitute 50 percent or more of the total business turn-over. For example this figure is reported to be 60 percent for the telephone industry, and 75 percent for the motion-picture production industry.

Perhaps a concrete illustration will help to demonstrate the effect of the application of the contemplated tax on a business with an unusually high pay-roll factor. In the beauty-shop industry the pay-roll averages about 52 percent of the gross income. The net income in the industry is estimated at about 6 percent of the gross business. The tax of 3 percent on the pay rolls would be equal to 1½ percent of the gross income, or 25 percent of the net income. As consumer habits and standards will make it largely impossible to pass any substantial part of this tax on, it becomes tantamount to a tax of 25 percent on the net income, or a reduction of 25 percent in the gross business done.

This industry has 57,000 recognized shops, employing 240,000 people, and does a gross annual business of $400,000,000. With certain fixed obligations in leases and equipment a tax which cannot be passed on, and which would have the practical effect of a 25-percent reduction of the gross business done, must necessarily be absorbed in the nonfixed factors of the business. It is bound, therefore, to have a depressing and damaging effect upon wages and salaries in the industry.

It would seem that there is a reasonable and practical solution of this difficulty consistent not only with the purposes of the economic security bill but also in harmony with the larger economic and social program of which it is a part. We believe that this could be accomplished by amending the pay-roll tax provisions and rates of the bill so that they would in effect provide that the pay-roll tax at the existing rates should not exceed 1 percent of the gross business of the employer. Such a modification would sufficiently alleviate the unduly heavy and unequal incidence of the pay-roll tax in such industries with a high pay-roll factor to enable the tax to be absorbed without the alternative consequences of either destructive absorption of the tax by the business, including its labor, or a loss of business and consequent unemployment from consumer resistance to increased prices.

Mr. GORE. I hope the chairman of the committee will not object to this amendment going to conference.

Mr. HARRISON. I am afraid that if I should agree to it the Senate would overrule me about it.

The VICE PRESIDENT. The Senator offers an amendment?

Mr. GORE. Yes; I offer the amendment.

The VICE PRESIDENT. The Senator has put it in his pocket, the Chair understands.

Mr. GORE. Yes; that is a sort of a pocket veto. [Laughter.] I send the amendment to the desk and ask to have it read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 46, line 19, after the words "per centum", it is proposed to insert the following:

Provided, however, That the tax levied in this act to be paid by the employer if an individual or partnership shall not in any event exceed one percent of the gross receipts of the business of the employer.

And after the words "per centum", in line 24 on page 52, it is proposed to insert:

Provided, however, That the tax levied in this act to be paid by the employer if an individual or partnership shall not in any event exceed one percent of the gross receipts of the business of the employer.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was rejected.

Mr. GORE. Mr. President, I send to the desk an amendment, which I ask to have read. The amendment speaks for itself. I have offered it before. I offer it once again.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to add to the bill a new section, as follows:

SEC. —. Notwithstanding any other provision of law, the President is empowered in his discretion to allocate funds appropriated by the Emergency Relief Appropriation Act of 1935 for the purpose of making payment or settlement, in whole or in part, in cash or on the installment plan (as may be agreed upon between the President and the beneficiary) of adjusted-service certificates issued to the veterans of the World War, less in any case the amount of any loan or indebtedness secured by such certificate: *Provided,* That the amount of said funds required to carry out the provisions of this section is hereby made available for such purpose.

Mr. GORE. Mr. President, I do not intend to discuss this amendment. I offered the amendment in the committee, and it was voted down. I have discussed it on the floor of the Senate. It simply authorizes the President, in his discretion, to make payment of the soldier's bonus in whole or in part, in cash or on the installment plan, or in such way as may be agreed upon between the President and the holder of the certificate. It is purely in the discretion of the President. There is nothing mandatory about it.

I have offered the amendment before, and in order to keep my record straight I offer it again. I think this is a judicious way in which to pay the bonus in whole or in part at the present time. It is the only way in which it could be done. This is perhaps the last bill to which such an amendment would be appropriate. It is appropriate, it is pertinent, to this social-security bill.

Mr. LONG. Mr. President, at this point I desire to place in the RECORD a statement in a few words as to my vote on this bill. I am going to vote for this amendment also. My vote will be recorded in favor of the bill, though not because I think the bill will do any good. I think the bill in the long run probably will do harm, averaged up one side and down the other, as I expect it to be administered. I do not see much chance of very much good being done by it.

However, the old-age pension and unemployment relief features of the bill I originally sponsored in the Senate in a resolution I submitted and in a bill I introduced, and I would not have the public think this administration has in any respect been obstructed in what it claims to be a gesture of public service.

The bill is apparently intended to do a great deal of good, but it provides for levying more taxes and probably imposing a great deal more of burden than any good it will do; and in its undertaking to make every man who draws a pension establish himself as a public pauper it creates an embarrassment before it allows anyone to receive any benefits, and then leaves it hazardous as to there being any benefits, because at the most only 1 out of 10 can be accommodated under the bill.

However, when there has been any reasonable ground for expecting good to be done I have recorded my vote for these measures of all kinds. There is some reasonable ground here

to expect that good may come from the bill. However, Mr. President, I wish to say that I have not a doubt about the bill being unconstitutional.

I am willing, however, to waive my own opinion on the question of constitutionality in favor of the opinion of those who claim to be better students of the Constitution. I have seen at least nine "brain trusters" on the floor of the Senate since the bill has been under consideration, all of whom evidently claim the bill to be constitutional. Since it is the order of the day to accept the opinion of the "brain trusters" on all constitutional questions which may arise, I am not so sure that before the case would reach the Supreme Court some of the judges of the Supreme Court might die and some of these "brain trusters" might be placed on the Supreme Court bench in time to consider the bill when it shall reach that Court for consideration. That being so, there is that chance of the bill being declared constitutional. I shall give them the benefit of any hazard of a doubt which might accidentally flow into consideration of the bill.

I would have it known by my record that there is no desire on my part to obstruct anything having a pretense of being for the public good, though in this case, as in others similar to it, I shall be very much surprised if a single member of the Court, if it shall remain constituted as it is today, should hesitate for an instant to declare the bill unconstitutional. I should be even more surprised if a single bit of good should come out of the bill, but I give the sponsors of the bill all the benefit of the doubt.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. GORE. Mr. President, I should like to have a yea-and-nay vote. Other Senators may desire it or may not desire it. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. LA FOLLETTE. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRD (when his name was called). On this question I have a pair with the Senator from California [Mr. McADOO], who is unavoidably detained. If he were present, he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. LA FOLLETTE (when Mr. NYE's name was called). I was requested to announce that the junior Senator from North Dakota [Mr. NYE] is paired with the senior Senator from Virginia [Mr. GLASS], who is necessarily detained. The junior Senator from North Dakota [Mr. NYE] is absent on account of illness. If present, he would vote "yea." I am informed that the Senator from Virginia [Mr. GLASS], with whom he is paired, would vote "nay."

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], who is unavoidably detained. I am informed that if present, he would vote as I have voted. Therefore I allow my vote to stand.

Mr. BULKLEY. I repeat my announcement of my general pair with the senior Senator from Wyoming [Mr. CAREY]. I am advised that if he were present, he would vote as I intend to vote. I am therefore free to vote. I vote "yea."

Their names being called, Mr. TYDINGS and Mr. GORE answered "present."

Mr. LEWIS. I wish to announce that the Senator from South Carolina [Mr. SMITH] is necessarily detained in an important committee meeting.

The Senator from UTAH [Mr. THOMAS] is necessarily detained on important public business. If present, he would vote "yea."

The result was announced—yeas 77, nays 6, as follows:

YEAS—77

Adams	Connally	Keyes	Pope
Ashurst	Coolidge	King	Radcliffe
Bachman	Copeland	La Follette	Reynolds
Bailey	Costigan	Lewis	Robinson
Bankhead	Davis	Lonergan	Russell
Barbour	Dickinson	Long	Schall
Barkley	Dieterich	McCarran	Schwellenbach
Bilbo	Donahey	McGill	Sheppard
Black	Duffy	McKellar	Shipstead
Bone	Fletcher	McNary	Steiwer
Borah	Frazier	Maloney	Thomas, Okla.
Brown	George	Minton	Trammell
Bulkley	Gerry	Murphy	Truman
Bulow	Gibson	Murray	Vandenberg
Burke	Guffey	Neely	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hatch	O'Mahoney	Walsh
Caraway	Hayden	Overton	Wheeler
Chavez	Johnson	Pittman	White
Clark			

NAYS—6

Austin	Hastings	Moore	Townsend
Hale	Metcalf		

NOT VOTING—12

Byrd	Glass	McAdoo	Smith
Carey	Gore	Norbeck	Thomas, Utah
Couzens	Logan	Nye	Tydings

So the bill was passed.

The title was amended so as to read: "An act to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes."

Mr. HARRISON. I move that the Senate insist upon its amendments, ask for a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The VICE PRESIDENT. The Chair will appoint the Senate conferees later.

The VICE PRESIDENT subsequently appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. KEYES, and Mr. LA FOLLETTE conferees on the part of the Senate.

FARMERS' HOME CORPORATION

Mr. BANKHEAD. I move that the Senate proceed to the consideration of Senate bill 2367, commonly known as the "farm tenant bill."

The VICE PRESIDENT. The question is on the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes, which had been reported from the Committee on Agriculture and Forestry, with an amendment.

SENATOR FROM WEST VIRGINIA

Mr. NEELY. Mr. President, on the 3d day of last January the credentials of the Senator-elect from West Virginia were laid before the Senate. The Senator-elect [Mr. RUSH D. HOLT] is now present and ready to take the oath of office.

Mr. GEORGE. Mr. President, on April 18, 1935, and subsequently during the month of May, two petitions in the nature of protest and contest were filed with the Senate, and by the Senate referred to the Committee on Privileges and Elections.

The committee has had under consideration the protest of Henry D. Hatfield, former Senator from West Virginia, who likewise claimed the seat in the Senate, and has also considered the memorial of various citizens from the State of West Virginia in the matter of RUSH D. HOLT, Senator-elect from the State of West Virginia. The committee is now ready to report, and begs leave to submit its report—Senate Report 904.

While I have the floor, I desire to state that conforming to the statement made by me yesterday in the Senate, I express the hope that the Senator from West Virginia [Mr. NEELY] will permit Mr. HOLT to stand aside, and the committee's report to be printed in the RECORD and as a document, together with such minority views as may be presented by members of the committee, and that the matter may go over for the day without prejudice.

Mr. McNARY. Mr. President, that was the understanding had yesterday; and I assume that the senior Senator from West Virginia is willing to abide by that agreement.

Mr. ROBINSON. Mr. President, I should like to inquire of the Senator from Georgia whether the minority views to which he has referred have been submitted, or are ready to be submitted.

Mr. GEORGE. I think the minority views are ready.

Mr. JOHNSON. Mr. President, if the Senator will permit me, the observations I have made in regard to this particular case I have committed to writing, submitted them to the committee this morning, and I ask that they may be printed with the majority report and be available to the Senate tomorrow.

The VICE PRESIDENT. Without objection, the majority report will be printed in the RECORD and as a document, and the minority views will follow the majority report.

Mr. NEELY. Mr. President, I have just conferred with my colleague-elect. He informs me that he is quite willing to stand aside in order to carry out the agreement which was made yesterday. I now give notice, however, that this privileged matter will be called up tomorrow, and I shall insist on its being kept before the Senate until it shall be disposed of.

Mr. HASTINGS. Mr. President, there are other minority views in addition to those submitted by the Senator from California. I assume that the Chair's ruling will apply to all.

The VICE PRESIDENT. All minority views which are filed with the clerk tonight.

Mr. McNARY. Mr. President, I am not at all sure that all minority views are as yet ready for submission.

Mr. ROBINSON. In that connection I should like to suggest that it would be well to have all minority views, if they are ready, filed for printing, so that they may be available for use tomorrow.

Mr. McNARY. I am advised that the Senator from Vermont [Mr. AUSTIN] will not have his views ready for submission until tomorrow. He has not quite had time to complete them.

Mr. AUSTIN. Mr. President, if the Senator will yield, I should like to state the situation.

Mr. ROBINSON. Certainly.

Mr. AUSTIN. The majority views were not known in detail until the meeting of the committee today. The meeting lasted until the Senate convened. The only time the minority have had to comment upon the views of the majority is since the session of the Senate began at 12 o'clock today. During that time an effort has been made to write briefly such comment; but there have been many roll calls, and the work has been interrupted.

If this permission could be extended until 12 o'clock tonight, I think the work could be completed by that time. I ask unanimous consent that that may be done.

The VICE PRESIDENT. The Senator from Vermont asks unanimous consent that until 12 o'clock tonight he may be permitted to file minority views to go with the majority report and the minority views offered by the Senator from California [Mr. JOHNSON].

Mr. ROBINSON. I hope that request will be granted.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. ROBINSON. I should like to state that that will facilitate the proceedings in connection with the credentials of the Senator-elect from West Virginia. It is desired to take up the matter tomorrow. I understand there has been a tentative agreement to that effect, and I hope that may be done.

The report of the Committee on Privileges and Elections and the minority views submitted by Mr. JOHNSON and Mr. AUSTIN are as follows:

Mr. GEORGE, from the Committee on Privileges and Elections, submitted the following report relative to the contest of Henry D. Hatfield against RUSH D. HOLT for a seat in the United States Senate from the State of West Virginia:

In the West Virginia primary election of August 8, 1934, RUSH D. HOLT was declared the nominee of the Democratic Party and Henry D. Hatfield the nominee of the Republican Party for the office of United States Senator. In the general election on November 7, 1934, RUSH D. HOLT received 349,882 votes and Henry D. Hatfield, 281,756 votes. The secretary of state duly made return of the election of RUSH D. HOLT to the Governor, who issued a certificate in due form, certifying the election of RUSH D. HOLT to the Secretary of the United States Senate, before the beginning of the Seventy-fourth Congress, which convened January 3, 1935.

On April 18, 1935, Henry D. Hatfield presented his petition in the nature of a protest and contest to the Senate of the United States, alleging the election of RUSH D. HOLT to be void and praying the Senate to declare the seat vacant and the petitioner, who received the next highest number of legal votes cast in the November election, 1934, the duly elected Senator. This petition was referred to the Committee on Privileges and Elections.

Subsequently, a number of citizens of the State of West Virginia presented to the Senator a memorial, alleging that the election of RUSH D. HOLT was void and that the State was without its proper representation in the Senate. The memorialists also prayed the Senate to declare the seat vacant in order that the Governor of West Virginia might fill the vacancy as provided by law. This memorial was referred to the Committee on Privileges and Elections.

The petition of Henry D. Hatfield and the memorial of the several citizens of the State of West Virginia allege that the said RUSH D. HOLT was born July 19, 1905, and will not be 30 years of age until June 19, 1935, and is, therefore, disqualified to become a Member of the Senate by virtue of the provisions of article I, section 3, paragraph 3, of the Constitution of the United States.

It is also alleged that the primary election laws of West Virginia require each candidate to file a certificate as to his eligibility and good faith in seeking office, among other qualifying facts. In the primary election of August 1934 it is averred that such certificate was filed in the office of the Secretary of State of West Virginia by the said RUSH D. HOLT, but that the certificate was not acknowledged before a notary public of the county in which it purported to have been executed. It is insisted that the statement of RUSH D. HOLT contained in his qualifying certificate, "I am eligible to hold the said office", was not a true statement, for the reason that he was not on that date eligible to the office of United States Senator for which he certified himself to be a candidate and also that he could not subscribe to the further statement that he was a candidate for the said office in good faith.

At the hearing held by your committee June 1, 1935, Henry D. Hatfield and the memorialists were represented by counsel; RUSH D. HOLT appeared in person. It was admitted that the said RUSH D. HOLT was born June 19, 1905; that during the political campaigns preceding both the primary and the general elections his correct age was repeatedly stated to the voters of West Virginia. It is not in dispute that the question of his ability to fulfill the constitutional requirement as to age was raised and freely and openly discussed in the newspaper and in public political meetings throughout the State of West Virginia. It was with the full knowledge that the said RUSH D. HOLT was not in fact 30 years of age on November 7, 1934, and would not become 30 years of age until June 19, 1935, that the voters of West Virginia elected him a Senator in the November election of 1934. It appeared without dispute that the said RUSH D. HOLT has not presented himself to the Senate as a Senator-elect and has not been sworn and taken his seat as a Senator from the State of West Virginia. On the contrary, the said RUSH D. HOLT announced his intention to present himself for the purpose of qualifying as a Senator when he had became 30 years of age, to wit, on June 19, 1935.

At the outset your committee is of the opinion that the acknowledgment of the certificate required by the primary election laws of West Virginia before an officer who was not in fact an officer of the county in which the certificate purported to have been executed is of no consequence. It appears that the acknowledgment was taken before an officer of the State and that the certificate was not in fact executed in the county stated in the caption thereof. No objection whatever was made to the certificate prior to the primary election, and the name of the said RUSH D. HOLT appeared upon the Democratic ticket as a candidate for the United States Senate. No exception whatever was taken to the placing of the name of RUSH D. HOLT upon the ballot as the candidate of the Democratic Party in the general election of November 1934.

Also, your committee is of the opinion that the statements made by the said RUSH D. HOLT in such certificate were not intended to mislead and did not in fact mislead voters of West Virginia. At most, the candidate was merely stating his conclusions of law based upon facts correctly stated by him to the voters of West Virginia.

Also, that the said Henry D. Hatfield, by virtue of his having received the next highest number of eligible votes for United

States Senator in the general election held in and for the State of West Virginia in November 1934, is not the duly elected Senator from the State of West Virginia. The rule is well settled that in election cases the ineligibility of a majority candidate for a seat in the Congress gives no title to the minority candidate or to the candidate receiving the next highest number of votes. See *Jones* v. *Mann* (40th Cong.); Rowell's Digest 220, 2 Bartlett 475; *Cannon* v. *Campbell* (47th Cong.), Rowell's Digest 391.

The ultimate question raised by both the petition and the memorial is: As of what date is the age qualification for a Senator provided for in article I, section 3, paragraph 3, of the Constitution to be determined? That is,

(1) Does it apply to the date of election; or

(2) Does it apply to the date of the beginning of the term of office for which the Senator was elected; or

(3) Does it apply to the date the Senator-elect is sworn and takes his seat?

Article I, section 3, paragraph 3, of the Constitution reads as follows:

"No person shall be a Senator who shall not have attained to the age of 30 years, and been 9 years a citizen of the United States and who shall not, when elected, be an inhabitant of that State for which he shall be chosen."

The quoted paragraph is a sentence of two clauses joined by the conjunction "and." The first clause or sentence completely provides for the qualifications of age and citizenship in a Senator, not in a Senator-elect or a candidate for the senatorial office. Had the sentence ended here it would clearly appear that the age qualification could not be made to apply to the date of election. A second clause was added clearly providing for habitancy "when elected." The proper grammatical construction would seem to be that the words "when elected" modify the word "person" in the first clause only as the subject of the second sentence or clause. In other words, they have no relation to the verbs "shall not have" and "been" in the first clause. The proceedings of the Constitutional Convention upon the clause under consideration, attached hereto as "Exhibit A", strongly indicate, as the language of the clause itself implies, that the qualifications of age and citizenship relate solely to actual and not potential senatorship.

In the opinion of your committee, the qualifying words "when elected", appearing as they do in the center of the second separate clause, relate only to habitancy.

It may be suggested that the date of election is nevertheless controlling, because a Senator-elect becomes a Member of Congress on the day of his election and must have fulfilled all of the requirements provided in paragraph 3 before that date. If a Senator-elect became a Member of Congress at the time of his election, it would have been wholly unnecessary to insert the words "when elected" in paragraph 3, since all of the qualifications therein provided for automatically would have attached at the date of election. The language of the clause itself precludes the suggestion that a Senator-elect becomes a Member of the Senate at the time of his election. See *Hammond* v. *Herrick* (Clarke and Hall Contested Elections, H. R. U. S., p. 287).

As a Senator-elect obviously does not automatically become a Member of Congress at the beginning of the term of office for which he was elected, no substantial reason can be found in the Constitution why his qualifications of either age or citizenship should be measured at that time. The thoroughly considered report of the House Committee on Elections in *Hammond* v. *Herrick*, supra, is in point:

"Our rule in this particular is different from that of the House of Commons; it is also better, for it makes our theory conform to what is fact in both countries, that the act of becoming in reality a Member of the House, depends wholly upon the will of a person elected and returned. Election does not, of itself, constitute membership, although the period may have arrived at which the congressional term commences. * * * Neither does a return necessarily confer membership. * * * Neither do election and return create membership."

In cases arising under article I, section 6, of the Constitution, which provides against a Member of Congress holding another office under the United States, the House of Representatives has uniformly held that a Representative-elect does not necessarily become a Member of the Congress on either the date of election or of the beginning of the term of office for which the Representative was elected.

Section 6 provides for a fourth qualification in a Representative. The specific time as of which this qualification must be met is not stated, but since "no person holding any office under the United States shall be a Member of either House during his continuance in office", it necessarily follows that this fourth qualification must be met at the time of the commencement of actual membership in either House. It has never been held, so far as your committee is advised, that the fourth qualification contained in article I, section 6, of the Constitution must be met by a Member-elect of either House of Congress either on the date of his election or on the date of the commencement of the term to which he was elected. Again, the fourth qualification is to be determined as of the date when the Senator-elect becomes in fact a Senator. The date on which a Senator-elect presents himself to the Senate of the United States, is sworn, and takes his seat, should be determinative of the age qualifications of article I, section 3, paragraph 3, of the Constitution.

The first clause of section 3, article I, of the Constitution, changed by the seventeenth amendment, provides:

"The Senate of the United States shall be composed of two Senators from each State, chosen by the people thereof for six years; and each Senator shall have 1 vote."

The second clause of section 3, article I—which follows immediately—directs that after the Senators "shall be assembled in consequence of the first election, they shall be divided as equally as may be into three classes. The seats of the Senators of the first class shall be vacated at the expiration of the second year; of the second class at the expiration of the fourth year; and of the third class at the expiration of the sixth year, so that one-third may be chosen every second year."

The first section of the twentieth amendment to the Constitution reads:

"The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin."

While the Constitution provides for the senatorial term of 6 years, it is obvious, we think, that a Senator-elect is not from the beginning of the term to which he is elected a Senator in the Congress within the meaning of clause 3, section 3, of article I. While the Senate is a continuing body, the Senate, as a body and not as individual Members thereof, "shall be the judge of the elections, returns, and qualifications of its" Members, and a majority of the Senate "shall constitute a quorum to do business" (art. I, sec. 5, clause 1, of the Constitution).

When, as in this case, the qualifications of a person to "be a Senator" shall be called in question, the inquiry logically would seem to be whether such person is then qualified under the Constitution, or specifically, under clause 3, section 3, of article I thereof. Where, as in this case, the Senator-elect at the time when he presents himself to take his seat in the Senate, possesses all of the qualifications required under the Constitution, a negative vote against his seating would not exclude a disqualified person from membership in the Senate.

The practical objective of the framers of the Consitution was to exclude from the membership of the Senate anyone who had not at the time of the assumption of the senatorial office been for 9 years a citizen of the United States. The fear of foreign influence and the wholesome distrust of those who had but recently disclaimed allegiance to a foreign power undoubtedly accounts for the citizenship clause in the Constitution. Likewise the framers of the Constitution sought to exclude immature persons from the deliberations of the Senate. The whole purpose of the Constitution is subserved by the exclusion of the person who is lacking in age and on citizenship qualifications at the time he presents himself as a Member of the Senate and demands the right to participate in the deliberations thereof. The habitancy qualification must, of course, be determined as of the date of election. The Constitution expressly requires it. Again the reason is consistent with the definite purpose of the framers of the Constitution. States, or districts thereof, during the Revolution had been represented by inhabitants of other States. This fact was well known to the members of the convention. To effectively protect the weaker States from the influence of the larger and more powerful States, it was expressly provided that no person shall be a Senator "who shall not, when elected, be an inhabitant of that State for which he shall be chosen."

Looking to the precedents in the House of Representatives, John Young Brown was elected a Representative from Kentucky to the Thirty-sixth Congress. Not being of the age of 25 years, either when elected or at the beginning of the term, Brown waited and was sworn when he attained the required age. (See first session, 36th Cong. Globe, pp. 25 and 31.) In Jefferson's House Manual the following note appears:

"A Member-elect not being of the required age, he was not enrolled by the Clerk and did not take the oath until he had reached the required age."

HENRY ELLENBOGEN was elected as the Representative of the Thirty-third Congressional District of Pennsylvania to the Congress of the United States at the general election on November 8, 1932. Under the naturalization laws, ELLENBOGEN, a native of Austria, became a citizen of the United States June 17, 1926. At the time of his election he had been a citizen of the United States 6 years and 5 months, and 6 years 8½ months on March 4, 1933, the beginning of the term for which he was elected. He had been a citizen of the United States for more than 7½ years on January 3, 1934, when he presented himself to the House and was sworn and took his seat. ELLENBOGEN was permitted to retain his seat, the House being of the opinion that clause 2, section 2, of article I of the Constitution requires a person, to be a Representative, to have been a citizen of the United States 7 years prior to the date on which he presented himself, was sworn and took his seat.

In the Senate Henry Clay was seated and served before he was 30 years of age. Likewise, Armstead Mason, of Virginia, and John Eaton, of Tennessee, each qualified as Senators from their respective States and assumed the duties of the senatorial office before they were 30 years of age. No objection was made to the seating of Henry Clay, and it appears that he himself was probably unaware of the age qualification. His case is not relied upon as a precedent. Likewise, the cases of Mason and Eaton are not cited as precedents because, no question having been raised, each of these cases is at most a mere physical precedent.

Two Senate precedents demand notice:

(1) The Gallatin case. (See 1, Hinds' Precedents of the House of Representatives, sec. 428, and authorities there cited.)

There are few more distinguished names in the history of the United States than that of Albert Gallatin. Many were the public services that he rendered during a long and active life. Subsequent to the events with which we are concerned he served as Secretary of the United States Treasury for a longer period of time than has any other person in the history of the Nation.

Mr. Gallatin was born in Geneva, Switzerland, in 1761 and came to this country in 1780. In October 1785 he took the oath of allegiance to the State of Virginia. Having moved to Pennsylvania in December 1785, and having become a prominent resident of that State, he was elected a Senator from Pennsylvania in February 1793 and took his seat in December of that year. A question having been raised regarding the validity of his election, the Senate considered the matter and passed the following resolution:

"*Resolved*, That the election of Albert Gallatin to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States."

In the debate it was contended that Mr. Gallatin had never become a citizen of the United States, the oath of allegiance to Virginia being insufficient to accomplish that result; but the language of the resolution showed that Congress rejected this contention. That language shows that Mr. Gallatin's qualifications were regarded as defective not because he was not a citizen of the United States at all, but rather because he was not a citizen of 9 years' standing.

(2) The Shields case. (See Hinds' Precedents of the House of Representatives, sec. 429, and authorities there cited.)

Gen. James A. Shields, an alien by birth, was elected to the Senate from the State of Illinois on January 13, 1849, for the term of 6 years from the 3d of March following. The oath of office was administered to General Shields on March 6, 1849, but a question was raised regarding his qualifications as a Senator and protracted debate ensued. It appeared that General Shields had been naturalized on October 21, 1840, so that at the commencement of his term of office he lacked about 7 months of having been a citizen for 9 years.

A resolution was presented in words:

"That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States."

Upon motion of John C. Calhoun, of South Carolina, the resolution was amended by the addition of the words "at the commencement of the term for which he was elected", and was passed, as amended, on March 15, 1849. As passed, the resolution read:

"*Resolved*, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected."

The Revels case (Hinds' Precedents of the House of Representatives, sec. 40) seems not directly in point. The attention of your committee has been called to no other case having a material bearing upon the question presented in the instant case.

Referring to the Gallatin case, it affirmatively appears that at the date of his election, at the beginning of the term for which he was elected, and at the time of his appearance in the Senate, he had not been a citizen of the United States for 9 years. In any event, Mr. Gallatin did not fulfill the constitutional requirements.

In the Shields case, it likewise affirmatively appears that on the date of his election, at the commencement of the term to which he was elected and at the date when he presented himself to take the oath and assume the duties of his office, he had not been a citizen of the United States for 9 years. It is important also to note that neither Mr. Gallatin nor General Shields had been a citizen of the United States for 9 years on the date when final adverse action was taken by the Senate of the United States.

In the opinion of your committee, the foregoing is of importance.

The conclusion which your committee has reached is contrary to the resolution adopted in the Gallatin case; it is likewise in conflict with the resolution of the Senate in the Shields case, but the rule which we believe to be the proper one would have resulted in the exclusion of both Mr. Gallatin and General Shields under the admitted facts in each case. The rule which we have recommended to the Senate meets the reasonable and obvious purpose of the framers of the Constitution, as we have endeavored to point out. The committee presents the following resolution:

"*Resolved*, That RUSH D. HOLT is entitled to his seat in the Senate of the United States as a Senator from the State of West Virginia; it appearing that he was 30 years of age at the time when he presented himself to the Senate to take the oath and to assume the duties of the office."

EXHIBIT A

RECORDS OF THE FEDERAL CONVENTION

1787—May 29: "*Resolved*, That the Members of the second branch of the National Legislature (the Senate) ought to be elected by those of the first, out of a proper number of persons nominated by the individual legislatures to be of the age of —— years at least." (Farrand, vol. 1, p. 20.)

June 12: The above blank filled in with "Thirty" (F. pp. 211, 217, 221).

June 13: "*Resolved*, That the Members of the second branch of the National Legislature ought to be chosen by the individual legislatures, to be of the age of 30 years at least" (F. 228, 235).

June 25: Further approval of the age of 30 years (F. 395, 408, 415).

June 26: Practically same as June 13 (F. 435, and vol. 2, 129).

July 24–26: "The qualification of (a) Senators shall be the age of 25 years at least; citizenship in the United States and property, to the amount of —— (F. vol. 2, 141).

"Every member of the Senate shall be of the age of 30 years at least, shall have been a citizen of the United States for at least 4 years before his election, and shall be at the time of his election a resident of the State for which he shall be chosen" (F. vol. 2, 155, 165, 179).

August 9: Above amended by inserting the word "of" after the word "citizen" and substituting the words "an inhabitant" for the words "a resident", and the word "nine" for the word "four" (F. vol. 2, 229, 239).

August 13: The substitution of the word "nine" confirmed (vol. 2, pp. 266, 272–273, 281).

September 10: Reported as above by Committee of Style (F. vol. a, p. 565).

September 12: Reported as follows by Committee of Style: "No person shall be a Senator who shall not have attained to the age of 30 years and been 9 years a citizen of the United States, and who shall not when elected, be an inhabitant of that State for which he shall be chosen" (F. vol. 2, p. 591).

September 17: Passed in above form (F. vol. 2, 652).

MINORITY VIEWS OF MR. HASTINGS, MR. AUSTIN, AND MR. DICKINSON

The undersigned members of the Committee on Privileges and Elections, recommend the adoption of the following resolution:

"*Resolved*, That the election of RUSH D. HOLT to be a Senator of the United States was void, he not having attained the age of 30 years at the commencement of the term for which he was elected."

The Constitution provides in article I, section 3, that:

"No person shall be a Senator who shall not have attained the age of 30 years, and been 9 years a citizen of the United States, and who shall not, when elected, be an inhabitant of that State for which he shall be chosen."

Mr. HOLT stated before the committee that he was born on the 19th day of June 1905. His term of office as a Senator began on January 3, 1935, 5 months and 13 days before he attained the age of 30 years. The credentials of his election were laid upon the desk of the Vice President on January 3, 1935, but Mr. HOLT did not present himself to take the oath.

It appears that his name was placed upon the pay roll at the beginning of his term and that he appointed secretaries and clerks who were also placed upon the pay roll.

It cannot, therefore, be contended that he has declined the office to which he was elected but, on the contrary, these things show that he definitely accepted the office.

There are two precedents which we think are controlling, particularly in view of the fact that the first one was decided as early as February 28, 1794, and the second one on March 15, 1849.

The first one was the Gallatin case. Mr. Gallatin lacked the required 9 years' citizenship by about 8 months, and the Senate adopted a resolution declaring that his election was void because of such disqualification.

The second case was the Shields case, in which General Shields lacked about 7 months of the 9 years' citizenship requirement. The Senate on March 15, 1849, adopted a resolution declaring his election void because he did not possess the required qualifications "at the commencement of the term for which he was elected."

During the campaign it appears that Mr. HOLT cited the instance of Henry Clay, who apparently was sworn in as Senator 2 or 3 months before he became 30 years of age. The majority of the committee, however, make no point of this for the reason that the question was not raised in the Senate and therefore cannot be considered as a precedent.

We think the plain language of the Constitution means that a United States Senator must be 30 years of age when his term begins. While in the case of Mr. HOLT the age requirement lacked a little less than 6 months in time, the principle involved would be the same if he lacked 5 years and 6 months. To decide that a person elected to the United States Senate could wait until shortly before his term had expired and until he had arrived at the age of 30 years is placing a construction upon the provisions of the Constitution that is wholly unwarranted; would establish a principle which might readily result in greatly diminishing the number of Senators provided for by the Constitution.

This is the first case of this kind that has been brought to the attention of the Senate. It is admitted by the majority of the committee that if Mr. HOLT had presented himself to the Senate on January 3, it would have been the duty of the Senate to decline him his seat, because he had not arrived at the constitutional age. The contention is made, however, that the fact that he did not present himself until he arrived at the age of 30 years, presents an entirely different question, and the Senate ought now to decide that question in favor of seating him. We submit, however, that the question cannot be so easily dis-

posed of without violating precedents, and without putting ourselves and our successors in a very embarrassing position.

It is assumed that the Senate will not be required to meet this question very often, if ever again. It must not be overlooked, however, that it establishes another principle that frequently confronts the Senate. To hold in favor of seating Mr. HOLT is to hold that a person elected to the Senate does not become a Senator until he takes the oath of office. The twentieth amendment to the Constitution provides that the terms of Senators shall end at noon on the 3d day of January and the terms of their successors shall then begin. To hold that a Senator need not be qualified to take the oath of office at the beginning of his term and that he may postpone taking the oath until he has attained the age of qualification, necessarily establishes the principle that a person elected to the Senate does not become a Senator until he has taken the required oath. The practice and the established precedents are that a person elected to the Senate becomes a United States Senator at the beginning of his term and it does not depend upon the time he takes the oath of office.

The senior Senator from Nevada, Mr. PITTMAN, raised this question in a resolution presented to the Senate on December 8, 1931, in relation to the appointment of Senator BARBOUR, of New Jersey, as a Member of the United States Senate. Senator BARBOUR was appointed to fill a vacancy caused by the death of Senator Morrow, who had been elected to the Senate in 1930 for a term of 6 years, beginning March 4, 1931. Congress did not convene until December and, therefore, Senator Morrow did not take the oath of office. Senator Morrow died before the convening of the Senate and Senator BARBOUR was appointed to fill the vacancy.

The question raised by Senator PITTMAN'S resolution was whether a person elected United States Senator became a Senator at the time his term began or whether he must take the oath of office before he became a United States Senator.

Senator BARBOUR was sworn in without objection and the resolution was referred to the Judiciary Committee. So far as we know, no action was taken by the Judiciary Committee upon the resolution.

Senator PITTMAN'S speech upon the subject is found in the CONGRESSIONAL RECORD, Dcember 8, 1931, beginning at page 16. Subsequently, on June 16, 1932, Senator PITTMAN filed a brief upon this subject.

The seating of Mr. HOLT decides that question. It definitely decides that it is necessary to take the required oath before any person can become a Senator of the United States. Senator PITTman raised the question in order to have it definitely decided by the Senate that such oath was not necessary and thus overrule certain court decisions which might appear to be in conflict with the practice and precedents of the Senate.

A very pertinent inquiry to be made relates to the question of the beginning of the salary of a Senator. On March 3, 1883, by an act of Congress the following provision was made:

"That Senators elected, whose term of office begins on the 4th day of March and whose credentials in due form of law shall have been presented in the Senate, but who have had no opportunity to be qualified, may receive their compensation monthly, from the beginning of their term, until there shall be a session of the Senate.

After the twentieth amendment to the Constitution became effective a new law was passed on June 19, 1934, providing that—

"Senators elected, whose term of office begins on the 3d day of January and whose credentials in due form of law shall have been presented in the Senate, may receive their compensation monthly from the beginning of their term."

These statutes clearly mean that a person elected to the Senate becomes a Senator at the beginning of his term, otherwise he would not be entitled to the salary of a Senator. The filing of the credentials is prima facie evidence of his election as well as his qualifications. Both the election and qualification for the office may be a subject of inquiry by the Senate. Until the Senate takes some affirmative action declaring that the person presenting the credentials was not legally elected, or did not meet the constitutional requirements as to age, etc., such person, so far as the records show, is a Member of the United States Senate. He, of course, can take no part in the Senate proceedings until he takes the oath required of a Senator. If he is not qualified at the beginning of his term a vacancy exists from that moment, although the Senate may not determine the fact until some later date.

In the case of Mr. HOLT, the credentials were filed. Such credentials appear on their face to be regular. Therefore, Mr. HOLT was under this law placed upon the pay roll.

The statute of the precedents have thus been followed. The question is brought to the Senate for the first time when Mr. HOLT presents himself and offers to take the oath of office. If the Senate decides, as it must decide, that he was not qualified until June 19, it must also decide that the statute under which he has drawn his salary for a period of more than 5 months is void, and that every Senator who has drawn any pay between the time his term began and the time he was sworn in has received money to which he was not entitled.

These statutes and the universal practice followed constitute precedents against any such contention, and amount to a construction of the Constitution against the seating of Mr. HOLT.

Many illustrations could be given to show how embarrassing it will be in the future if we shall decide that a person elected to the office of United States Senator does not become a United States Senator until he or she takes the oath of office. For instance, does a Senator have to take the oath of office before the immunity from arrest provided for in the Constitution attaches to him? Can a United States Senator successfully urge as a defense in a criminal prosecution that he has not yet taken the oath of office? The Constitution distinctly provides in article I, section 6, that Members of Congress shall "be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same."

There is another question, although not constitutional in character, that is so well settled in the practice of the Senate, that it would undoubtedly be necessary to adopt a resolution to change it, and that is the question of continued service which constitutes seniority.

Assuming that a Senator has been in the Senate for two or three terms, or for a period of 12 or 18 years, is reelected to the Senate and for some good reason cannot be present on the first day of the session. The adoption of the rule that a Senator's term begins when he takes the oath of office would interrupt that Senator's term of service, and the result would be that the man who takes the last oath thereby becomes the junior Senator of the Senate. This, of course, is not sufficient reason for refusing to seat a person as a Senator who ought to be seated, but we call attention to it merely for the purpose of emphasizing the well-established rule that a person becomes a Senator when his term begins. This amounts to a practical construction of the Constitution over a period of many years.

We dissent from the majority opinion that the prohibitory clause 3 of section 3 of article I of the Constitution—

"No person shall be a Senator who shall not have attained to the age of 30 years, * * *"—

applies to a date later than January 3, 1935, in this case, because such application does in this case permit and would set a precedent permitting a Senator-elect to determine a date on which his term begins different from that provided in the twentieth amendment:

"* * * the terms of Senators * * * (end) at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin."

A Senator-elect may not determine the beginning of his term. The only choice left to him is whether he accepts or rejects the office at the beginning of the term for which he was elected.

A Senator-elect may not at will change the composition of the Senate.

The composition of the Senate is indestructible.

"The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof for 6 years * * *."

Article V made this provision not amendable in the usual way.

The composition of the Senate could be changed only by formal acts, viz:

First, the formal consent of the State to be deprived of its equal suffrage (no such indirect and implied consent as claimed in this case);

Second, the deliberate consideration and action by the Congress, ratified by the legislatures or by the conventions of three-fourths of the several States.

It was claimed in the hearings (p. 19):

"Can anyone doubt but that the State of West Virginia did give such consent in the general election held last November by the very powerful and sovereign expression of the State, the will of the people?"

We doubt.

The evidence showed that cases were referred to during the election on the basis of which the candidate claimed that he would be entitled to be and would be admitted to his seat. His election on such claims was not consent that West Virginia should be deprived of its equal suffrage in the Senate for even 1 day.

The consent referred to in article V relates to amendment of the Constitution; it does not relate to a violation of the Constitution or a deviation from the Constitution.

To permit this Senator-elect to postpone, for any time, the taking of the oath and his seat, amounts to a change in the composition of the Senate in conflict with the express requirements of the Constitution.

He could not lawfully postpone it.

The time when we must apply the test is the beginning of his term.

The high privilege and duty is given to the Senate to determine the qualifications of those persons presenting themselves as Members of the Senate. There is no review of our action. The responsibility of passing upon the subject, and the sole responsibility of passing upon it, is ours. If the question we had to pass upon was one of disputed facts, we might disagree upon the facts, and, therefore, set no dangerous precedent, but here the important fact is admitted by the person presenting himself.

We do not overlook the importance of this decision. It is a serious thing to refuse to seat a person who has been duly elected as United States Senator, and who is admittedly qualified to be a Senator when he presents himself to take the oath of office, but this, after all, is nothing like as serious as disregarding the plain words of the Constitution and the precedents of the Senate throughout its existence.

For the reasons above set forth we think this resolution which we offer ought to be agreed to.

DANIEL O. HASTINGS.
WARREN R. AUSTIN.
LESTER J. DICKINSON.

INDIVIDUAL VIEWS OF MR. JOHNSON

The facts in the case, admitted as they are, leave for determination a single legal or constitutional question. Mr. HOLT was a candidate for United States Senator in the primary and the election held in West Virginia in 1934. He was successful. He received from the Governor of the State the requisite certificate of election. He was elected for a term of 6 years, commencing January 3, 1935. Neither at the time of the election nor when his term commenced did he possess the age qualification provided for by the Constitution. On the 19th day of June 1935 he will have become 30 years of age, and at that time he seeks to be sworn in as a United States Senator, and this right by the majority of this committee is sought to be accorded him. Admittedly, Mr. HOLT did not ask to be sworn in as a Senator at the beginning of his term, nor has any effort been made since the commencement of his term to have him sworn in as a United States Senator.

Of course, my predilections, in common with those of my fellows, are all in favor of the duly elected representative of West Virginia. It was my hope that a fair reason might readily be found for the seating of Mr. HOLT and thus affirm the choice of the people of the State. Very reluctantly, I have been compelled to reach a conclusion other than I preferred, and this conclusion is dictated solely by the inexorable logic of the situation and what I construe to be the plain intent of the Constitution.

The limits of time pressing upon all of us now in the Senate, and the multifarious duties which demand our every waking hour, make it quite impossible adequately to discuss such a question as is presented by the present case. What we do, however, here may serve as a precedent in the future, and a decent regard for our colleagues and for those who may follow us requires that in some brief and even imperfect fashion the reasons which actuate us in our conclusions be set forth and preserved.

In two ways the Holt case may be approached: As a case of first impression and in the light of existing precedents.

1. A case of first impression: Section 3 of article I of the Constitution provides as follows:

"No person shall be a Senator who shall not have attained the age of 30 years and been 9 years a citizen of the United States, and who shall not when elected be an inhabitant of that State for which he shall be chosen."

The original first paragraph of section 3 provided:

"The Senate of the United States shall be composed of two Senators from each State, chosen by the legislature thereof for 6 years, and each Senator shall have 1 vote."

Constitutional amendment 17 changed the phraseology of this portion of section 3 by providing for the popular election of senators but retained the first sentence thereof, "that the Senate shall be composed of two Senators from each State, elected for 6 years."

The seventeenth amendment as well provided for the filling of vacancies in the office of United States Senator.

It would serve no useful purpose to detail here the long and interesting contest among the framers of the Constitution over the representation of the States in the Senate. Suffice it to say the inflexible purpose of those who finally prevailed was the protection of the smaller and less populous States against those then of existing power, or that prominence or power which might in the future arise in the States more favorably situated or more likely to increase in wealth or influence. The smaller States prevailed after a prolonged and bitter contest, which at one time threatened to disrupt the deliberations of the convention. It was then conceded and has since been, of course, unquestioned, that each State is entitled to its two Senators, who are selected for a period of 6 years. I cannot quite agree with some of my brethren who assert so vigorously that whether a State has one or two Senators concerns only that State. I feel that with the dual system prevailing there is a dual responsibility as well, and that membership in the United States Senate is a concern not only of the State, but is a concern of the Nation, too.

The Constitution makes certain requirements for membership in the Senate:

"(1) No person shall be a Senator who has not attained the age of 30 years.

"(2) No person shall be a Senator who has not been 9 years a citizen of the United States.

"(3) No person shall be a Senator who, when elected, is not an inhabitant of the State for which he has been chosen."

When the term of office of Mr. HOLT began, recognizing the constitutional limitations, he did not seek to be sworn in as a Senator, and the Senate could not have admitted him then without a plain violation, not only of the oath of Senators but of the terms of the Constitution itself. It is asserted that he can wait 5½ months and then become a Senator, qualifying under the Constitution. It is perfectly obvious, and indeed this is the claim of his sponsors, that if he can wait 5½ months, he can wait 5½ years.

It is equally plain that if he can wait 5 years until his qualification as to age shall have been removed by the lapse of time, he could, if failing in the requirement as to citizenship, wait any period of time within 6 years, and then be qualified under the Constitution.

I am unable to give any such construction to the very plain language, requiring no construction at all, of the section which I have quoted. When the session opened in January last, and Mr. HOLT conceded by what was done, his lack of qualifications, there was a vacancy in the office for which he had been elected and that vacancy, in my opinion, could not be filled merely by the passing of months or years. His election, like that of any other ineligible and disqualified candidate, was void.

If this determination be justified, I grant it is most unfortunate and I readily confess it is one that I reach with the utmost regret. But with a plain constitutional provision before us, with the facts admitted, it seems impossible in the light of our responsibility to evade it.

During the election last year Mr. HOLT was thoroughly familiar with his lack of qualifications under the Constitution and it is quite to his credit he made no attempt to conceal that fact from the people of the State. He labored under the erroneous impression, however, that because Henry Clay had sat unchallenged in the Senate under the age of 30 years, a precedent had been established in that regard. The fact, however, that Henry Clay's age apparently was unknown at the time and the question of his qualifications and eligibility never was raised could hardly afford a precedent either persuasive or controlling. What my brethren seek, who have decided otherwise in this case, is, in my opinion, by a short cut to amend the Constitution.

I have no objection whatsoever to the amendment of the Constitution of the United States, but the mode of that amendment is prescribed, and neither by legislative nor senatorial dictum should the endeavor be made permanently to alter the plain import of the Constitution's provisions. I am unable to escape the conclusion, that reading the Constitution as a whole and discerning the intent of its framers, that the design was at least at the beginning of a Senator's term he should have attained the age of 30 years. I cannot read into the Constitution the purpose of its framers to be that a Senator should have attained the age of 30 years sometime within the 6 years of his term. I cannot conceive that the other provision, which is a part of the same clause relating to citizenship, means that anyone not a citizen for the requisite period may be elected a Senator and may qualify any time after the commencement of his term, 1 year or 5 years and 11 months, may simply wait until he becomes 9 years a citizen of the United States and thus become a member of the body. It is exactly these things which the majority of the Committee on Privileges and Elections say in effect the constitutional requirement implies, and this anomalous situation I cannot concede.

THE SENATE PRECEDENTS

There are two Senate precedents that stand out like beacon lights, one of them established by some of the very men who wrote the Constitution; and the other coming from those whom all revere as among the greatest Americans of the last century.

The first case was that of Albert Gallatin, whose name is written large in the events just succeeding the revolution. In February 1793 Mr. Gallatin was elected a Senator from Pennsylvania and took his seat. The question of his citizenship arose, and it was insisted that he had not been a citizen of the United States for the time required by the Constitution. His citizenship had continued for a period of about 8 years. Mr. Gallatin's election, because he had not been a citizen for the time prescribed by the Constitution, was declared by the Senate void.

In this instance, it would seem that the very men most familiar with the Constitution, some of whom were really a part of it, constructed the provision in question here and reached their very definite conclusion. It might not have been difficult then in determining the eligibility or the qualifications of such a distinguished character as Mr. Gallatin to have suggested the postponement for a year or the fraction of a year which was required to qualify him in the length of time for his citizenship, but apparently no such endeavor was made and the plain language of the Constitution obviously was held to mean exactly what it said and the election consequently was decided void.

The second case which has occurred in the Senate, and which concerned one very well known and of great popularity, was that of General Shields. It is respectfully submitted that this precedent must be overturned and the views expressed by the great Senators of that day set at naught, if the majority report here shall be upheld. General Shields was elected to the Senate for the term of 6 years from March 3, 1849. On March 6 the oath of office was administered to him and his credentials were referred to a special committee of the Senate. It appeared from the committee report that General Shields was naturalized on the 21st day of October 1840, and therefore a full term of citizenship required by the Constitution he lacked by about 7 months.

The committee appointed by the Senate reported a resolution as follows:

"That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States."

The action of the Senate as finally taken was by the following resolution:

"Resolved, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected."

During the discussion of the case the suggestion was made that it be postponed until the following December, when by the lapse of time the disqualification under which Mr. Shields was laboring would be removed. The Senate dissented, and the debate which occurred upon the suggestion made by Senator Foote, of Mississippi, is illuminating so far as this case is concerned.

I insert the excerpts which I have verified of the debate which occurred generally upon the question involved and upon the sug-

gestion of postponement, which seem to me conclusive of the present situation:

It appears that Senator Foote, of Mississippi, out of respect for General Shields, moved a hearing of the question be postponed until the following December, at which time General Shields would have been a citizen for 9 years, and been reelected by the legislature. To this Mr. Butler, of South Carolina, replied:

"I understand the motion to be to postpone the further consideration of this subject until the first Monday in December next. If, by the postponement of the question, the gentleman claiming a seat here as one of the Senators for the State of Illinois could then take his seat as such Senator, I would certainly vote for the motion. But this is a matter that is not without its difficulties * * *."

Mr. Butler firmly dissented from the report of the committee because, as it stood, it seemed to make the date of election determinative of disqualification, and further stated:

"But if it can be shown that in December next, when Congress shall again meet, General Shields can take his seat, I shall vote for the postponement. If he cannot then take his seat, then the postponement would be entirely unavailing; it would be protracting the matter to no purpose to adopt the motion of the Senator from Mississippi, or so it seems to me. I dissent, then so far as I am concerned, from the report of the committee, and I do so by virtue of precedents in my own State and the case of Mr. Gallatin. * * *."

To this Mr. Foote replied:

"Will the Senator allow me to ask whether he believes if the subject should be postponed until the first Monday in December, General Shields will then be entitled to take his seat?"

To which Mr. Butler replied:

"My judgment on the subject is, that if General Shields had not taken his seat at all, perhaps at that time he might have claimed it; * * *.

"I do not say that I have any opinion upon the subject one way or the other as to whether under the circumstances he will then be entitled to take his seat; but I am fully of opinion that there is no absolute necessity for eligibility to exist at the time of the election."

And again:

"I merely wish to support the constitutional view of the question. If I thought he could not constitutionally take his seat, and that it must be considered vacant, I should be bound to vote for the resolution reported by the committee; * * *."

Mr. Berrien, of Georgia:

"* * * Sir, I cannot entertain a doubt myself of the correctness of the report of the committee. I cannot conceive that the Legislature of Illinois exercises the power conferred upon it by the Constitution of the United States when that legislature elects one who is ineligible; and I cannot reconcile to myself the idea that, since by the Constitution the term of office is limited to 6 years, that term of office may be made to commence at a time posterior to the time when the individual is elected. * * * It will be, therefore, impracticable, in my judgment, for the Legislature of Illinois, when they meet again, to proceed to nullify their own act by electing a Senator again to fill the same office. Until the election be declared void, there is nothing upon which they can act * * *."

Mr. Webster:

"* * * He (General Shields) must prove that he has been a citizen of the United States for 9 years, in my judgment, on the 4th day of March. * * *

"Why, it appears to me to be plain as a turnpike road. The State of Illinois has sent a gentleman here as her Senator, upon whose qualifications it has been our duty to pass at large; and when it is stated, as a compliment and mark of respect to the honorable Senator, that no remonstrance has come here from the State of Illinois, I agree to it all; but, sir, if every citizen of Illinois were here today in his own proper person, and desired the confirmation of the Senator's claim, since the matter has been brought to our notice, and since it is before us, we must decide it according to the Constitution and our oaths. * * * Sir, our duty to the State of Illinois is to decide this question in a reasonable time, that she may have her own reasonable time to fill the vacancy. She has the right to expect it at our hands. I hope we shall follow it out at once. We should remember the responsible part we are performing in the discharge of high functions. If we are of opinion that the gentleman sent here is not eligible, we should say so, and signify that to the State that sent him here. I shall, therefore, vote against postponement * * *."

Mr. Hale said:

"* * * But until such an avowal shall be made by General Shields or somebody for him, that he does expect to alter the state of the facts, it is the duty of the Senate to vote upon it. Permit me to say, sir, that I respect that provision (sec. 3, art. I) more than anyone in it, for when I looked at the Constitution and the history of the country for the past few years, I find very few provisions of the Constitution over which the party in power has not trampled rough-shod. This, sir, is a green spot on which the heel of the party has not trod, and I desire to preserve it. I appeal to the Senate, too, to guard and preserve it.

Mr. Calhoun, of South Carolina:

"I hold that nothing is more certain than that if General Shields is not now a Senator of the United States, he never can become such by postponement. The Constitution is explicit in requiring that no person shall be a Senator unless he has been 9 years a citizen of the United States. If, then, he is not a Senator now, there is a vacancy, for Illinois would have put one vote here, and that vacancy must be filled according to law. That he is not a Senator is clear, because he cannot perform one duty belonging to the senatorial office unless he has been naturalized 9 years previous to the commencement of his senatorial term. Thinking thus, I deem it due to the State of Illinois that the question should be now settled, unless General Shields shall allege that he has evidence which will in all probability be satisfactory to the Senate that the term of 9 years had expired before the 4th of March. If such an allegation shall be made by General Shields, it will be the duty of the Senate to postpone it, but not otherwise. * * *

"And now, sir, I come to a point of some little importance, and it is, that the question here involved should be clearly settled, not only for the present, but for all future time. My opinion is, that the resolution is not entirely correct. It would seem to conclude that all kinds of elections are void unless 9 years shall have expired on the day of election. I think that is not according to the Constitution. My opinion is, that if the 9 years are consummated previous to the 4th day of March, the election is good, and is not void. I propose, therefore, to add to the resolution the following words: 'At the commencement of the term for which he was elected.'"

Mr. Webster:

"Is it not obvious, that if the Executive appointment occur in the recess, a question must arise as to whether there was a vacancy, and what sort of a vacancy? If a man has no seat, how can he resign his seat? If the election was void, a vacancy cannot be created by resignation—there is a vacancy already. Then I suggest to Senators—those who say that the question is so clear—that, however it may now be decided by the Senate, the question must hereafter be whether there was a vacaney when the 'resignation', so-called, was made."

Mr. Douglas (colleague of General Shields):

"The proposition is, that the election was void. I maintain that under the Constitution you have no right to declare it void; that is, upon the question which is still pending before you, you have no right to say that the election was void. It may have been voidable * * *."

Mr. Barrien:

"We are simply engaged in performing a duty which as Senators we owe to the Constitution of the United States; and it seems to me that we manifest the most perfect respect for the State of Illinois by vindicating the principles of the Constitution, which she, in common with the other States of the Union, have ordained for the government of this people. Now, it seems to me that the indications are very clear that it is the opinion of a majority of this Senate that this election was absolutely void at the time when it was made, if for no other reason, because the individual elected was not qualified to take his seat on the 4th day of March last—on the day when, by the Constitution, his senatorial term was to commence. Taking this to be the conviction of the Senate, I ask if any action of this body can change the consequences which must result? The Senator from Illinois seeks to discharge a duty which he owes to his State. Sir, we all owe a like duty to the State of Illinois, and to every other State in the Union. But he mistakes, in my opinion, if he supposes that any action of this Senate, either by passing or by refusing to pass the resolution, can affect the right of the State of Illinois or the manner in which that right shall be exercised by the constituted authorities in electing a Senator.

The question proposed by the Senator from Massachusetts is perfectly unanswerable. If this election was void, the office has never been filled since the expiration of the last senatorial term. The vacancy which has preexisted the adjournment of Congress must continue to exist, because it depends upon the interpretation of the Constitution, and is wholly independent of any action of ours. The governor cannot appoint, nor can we, by our action, enable him to appoint. The election is for 6 years, as shown by the credentials of the Senator, and to enable the State of Illinois to be represented in an extra session, which the President may deem it necessary to call, the Senator must be qualified to take his seat at any time after the expiration of his predecessor's time. The term of the predecessor of the Senator from Illinois having expired on the 3d day of March, unless the Constitution contemplated that the State should be unrepresented, the succeeding term must commence on the next day. And it is necessary that he should be qualified to take his seat, according to the express terms of his credentials, as a Senator of the United States for 6 years from the 4th day of March. This is the testimony in the present case. And now, if this gentleman was not qualified to discharge the duty of Senator on the 4th day of March, is it possible that any action of ours can change the existing state of facts? If he is not qualified on that day, the office is rendered vacant by the expiration of the term of his predecessor, and is not affected by any action of ours. No action of ours can change the state of facts arising from the application of the principles of the Constitution. I desire, sir, to say that in the course which I pursue on this occasion, I am merely fulfilling what I conceive to be a constitutional duty, not contending for the privileges of the Senate, certainly not desirous of manifesting any disrespect to the State of Illinois, or to her Senator, but on the contrary, believing that that State has as much interest as any other in the enforcement of the principles of the Constitution.

Mr. Butler:

"I maintained yesterday, and still maintain, that although General Shields was not eligible at the time of his election, yet if he could have taken his seat on the 4th day of March with

his qualifications complete, his previous ineligibility would not vitiate his election. But, inasmuch as it is represented that he could not at the time of taking his seat show that his qualifications were complete, I must be permitted to say that I am clearly of opinion that it cannot be maintained that he ever had valid title to his seat at all. The question resolves itself to this: Did his election confer upon him a valid title to the seat on the 4th of March? If it did not, it is not a title at all. You may qualify it by calling the election voidable, or void, if you please. He had prima facie evidence of title to the seat in the credentials which were presented. But the moment it was ascertained that the title conferred upon him no right at all to take his seat here on the 4th of March, you cannot say that any title had been conferred upon him at all. * * *

"But it is represented here that General Shields, having no title to his seat, must go back for reelection or appointment by the Governor, and that it is the duty of this body to throw no obstacle in the way, but to act in such a manner as to render this practicable. Sir, we cannot construe the Constitution of the United States for the accommodation of individuals. That is out of the question. My own inclinations are in favor of the sitting member. I concur in the opinion that it is due to the State of Illinois that this question should be settled. I know it has been stated that General Shields has offered to resign. But if there is nothing which he can resign, the act would be a nullity. To determine this, we must go back to the distinct inquiry as to whether the election conveyed a valid title at the time when he was called upon to discharge the duties of the office. If the election never has been valid, I presume it will be admitted that the Governor cannot fill the vacancy, and the sooner the facts are ascertained the better, in order to enable the Governor of Illinois to take measures to have the State represented by Senators upon this floor. I shall be much mistaken if, after the matter shall have been fully discussed, these gentlemen who have argued thus with much pertinacity will not be compelled to yield up their judgment. * * *"

Mr. Underwood:

"Now, let us reason about this matter: Let us look at the Constitution. The Constitution says that unless an individual has been 9 years a citizens of the United States he cannot be a Senator of the United States. And that is not the only prohibition * * * (it says that unless he be of the age of 30 years he shall not be a Senator). Suppose, then, you elect a man who is under 30 years of age, is not the election void?"

In the course of the general argument upon the principle involved and the fundamental constitutional question, Mr. Webster said:

* * * "I hold, most unquestionably, that the election was void, because the person upon whom the election fell was not competent to discharge the functions of the office that are intended to be conferred upon him; that is to say, to be a Senator from the 3d of March 1849 for 6 years. Now, if he could not be a Senator from the 3d of March for 6 years, then he was not eligible for the senatorial term, and it might just as well be said that he might be elected when he had been a citizen 6 years, and await the lapse of 3 years before commencing his period of service, as it may be said that he may be elected and await the lapse of 9 months. The proposition is so clear that I think a little reflection will satisfy every gentleman on the subject."

In the course of the general debate as well, Mr. Seward said:

"* * * The qualification of naturalization for a period of 9 years is a qualification which is not required at the time of election, but a qualification which must exist at the commencement of his term of service. * * * I agree with the Senator from Missouri that this case is not to be changed, unless it be by presenting evidence to show to the Senate, at its meeting in December, that the Honorable James Shields had been naturalized 9 years prior to the 4th of March."

I submit that the arguments with the reasons so clearly stated for the Senate's final action in the Shields case cannot in this instance be lightly disregarded. We have the power, of course, to decide otherwise; but at least a contrary decision, overruling that of Senators like those named above, should be upon reasons as cogent and arguments as compelling.

The State reports are replete with cases relating to eligibility and qualifications for office. A large number hold that the time when the lack of eligibility or qualifications would attach is the election; while a larger number hold the crucial date is that of the commencement of the term of office. I see no useful purpose in collating the innumerable cases, which will be found in the digests and textbooks from different jurisdictions, nor argue either the one rule or the other that may prevail.

If precedent is to govern in this case, the Gallatin case, and even more so the Shields case, are conclusive.

If construction of the Constitution shall prevail, the result which was reached in these two precedents seems not only justified but imperative.

As I have stated in the beginning of these observations, very reluctantly I am compelled to hold as I have indicated. With equal reluctance I present this report, which is not as full or complete as I would wish, but which in establishing a precedent for future years, I feel upon my responsibility as a Senator should be put before my brethren.

HIRAM W. JOHNSON.

Mr. GEORGE, from the Committee on Privileges and Elections, reported a resolution (S. Res. 155), which was read and ordered to be placed on the calendar, as follows:

Resolved, That RUSH D. HOLT is entitled to his seat in the Senate of the United States as a Senator from the State of West Virginia; it appearing that he was 30 years of age at the time when he presented himself to the Senate to take the oath and to assume the duties of the office.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

TAX METHODS AND POLICIES (H. DOC. NO. 229)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, as follows:

To the Congress of the United States:

As the fiscal year draws to its close it becomes our duty to consider the broad question of tax methods and policies. I wish to acknowledge the timely efforts of the Congress to lay the basis through its committees for administrative improvements, by careful study of the revenue systems of our own and of other countries. These studies have made it very clear that we need to simplify and clarify our revenue laws.

The Joint Legislative Committee, established by the Revenue Act of 1926, has been particularly helpful to the Treasury Department. The members of that committee have generously consulted with administrative officials, not only on broad questions of policy but on important and difficult tax cases.

On the basis of these studies and of other studies conducted by officials of the Treasury, I am able to make a number of suggestions of important changes in our policy of taxation. These are based on the broad principle that if a government is to be prudent its taxes must produce ample revenues without discouraging enterprise; and if it is to be just it must distribute the burden of taxes equitably. I do not believe that our present system of taxation completely meets this test. Our revenue laws have operated in many ways to the unfair advantage of the few, and they have done little to prevent an unjust concentration of wealth and economic power.

With the enactment of the income-tax law of 1913 the Federal Government began to apply effectively the widely accepted principle that taxes should be levied in proportion to ability to pay and in proportion to the benefits received. Income was wisely chosen as the measure of benefits and of ability to pay. This was and still is a wholesome guide for national policy. It should be retained as the governing principle of Federal taxation. The use of other forms of taxes is often justifiable, particularly for temporary periods; but taxation according to income is the most effective instrument yet devised to obtain just contribution from those best able to bear it and to avoid placing onerous burdens upon the mass of our people.

The movement toward progressive taxation of wealth and of income has accompanied the growing diversification and interrelation of effort which marks our industrial society. Wealth in the modern world does not come merely from individual effort; it results from a combination of individual effort and of the manifold uses to which the community puts that effort. The individual does not create the product of his industry with his own hands; he utilizes the many processes and forces of mass production to meet the demands of a national and international market.

Therefore, in spite of the great importance in our national life of the efforts and ingenuity of unusual individuals, the people in the mass have inevitably helped to make large fortunes possible. Without mass cooperation great accumulations of wealth would be impossible save by unhealthy speculation. As Andrew Carnegie put it, "Where wealth accrues honorably, the people are always silent partners." Whether it be wealth achieved through the cooperation of

the entire community or riches gained by speculation—in either case the ownership of such wealth or riches represents a great public interest and a great ability to pay.

I

My first proposal, in line with this broad policy, has to do with inheritances and gifts. The transmission from generation to generation of vast fortunes by will, inheritance, or gift is not consistent with the ideals and sentiments of the American people.

The desire to provide security for one's self and one's family is natural and wholesome, but it is adequately served by a reasonable inheritance. Great accumulations of wealth cannot be justified on the basis of personal and family security. In the last analysis such accumulations amount to the perpetuation of great and undesirable concentration of control in a relatively few individuals over the employment and welfare of many, many others.

Such inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our Government.

Creative enterprise is not stimulated by vast inheritances. They bless neither those who bequeath nor those who receive. As long ago as 1907, in a message to Congress, President Theodore Roosevelt urged this wise social policy:

> A heavy progressive tax upon a very large fortune is in no way such a tax upon thrift or industry as a like tax would be on a small fortune. No advantage comes either to the country as a whole or to the individuals inheriting the money by permitting the transmission in their entirety of the enormous fortunes which would be affected by such a tax; and as an incident to its function of revenue raising, such a tax would help to preserve a measurable equality of opportunity for the people of the generations growing to manhood.

A tax upon inherited economic power is a tax upon static wealth, not upon that dynamic wealth which makes for the healthy diffusion of economic good.

Those who argue for the benefits secured to society by great fortunes invested in great businesses should note that such a tax does not affect the essential benefits that remain after the death of the creator of such a business. The mechanism of production that he created remains. The benefits of corporate organization remain. The advantage of pooling many investments in one enterprise remains. Governmental privileges such as patents remain. All that is gone is the initiative, energy, and genius of the creator—and death has taken these away.

I recommend, therefore, that in addition to the present estate taxes there should be levied an inheritance, succession, and legacy tax in respect to all very large amounts received by any one legatee or beneficiary; and to prevent, so far as possible, evasions of this tax, I recommend further the imposition of gift taxes suited to this end.

Because of the basis on which this proposed tax is to be levied and also because of the very sound public policy of encouraging a wider distribution of wealth, I strongly urge that the proceeds of this tax should be specifically segregated and applied, as they accrue, to the reduction of the national debt. By so doing, we shall progressively lighten the tax burden of the average taxpayer, and, incidentally, assist in our approach to a balanced Budget.

II

The disturbing effects upon our national life that come from great inheritances of wealth and power can in the future be reduced, not only through the method I have just described, but through a definite increase in the taxes now levied upon very great individual net incomes.

To illustrate: The application of the principle of a graduated tax now stops at $1,000,000 of annual income. In other words, while the rate for a man with a $6,000 income is double the rate for one with a $4,000 income, a man having a $5,000,000 annual income pays at the same rate as one whose income is $1,000,000.

Social unrest and a deepening sense of unfairness are dangers to our national life which we must minimize by rigorous methods. People know that vast personal incomes come not only through the effort or ability or luck of those who receive them, but also because of the opportunities for advantages which government itself contributes. Therefore, the duty rests upon the Government to restrict such incomes by very high taxes.

III

In the modern world scientific invention and mass production have brought many things within the reach of the average man which in an earlier age were available to few. With large-scale enterprise has come the great corporation drawing its resources from widely diversified activities and from a numerous group of investors. The community has profited in those cases in which large-scale production has resulted in substantial economies and lower prices.

The advantages and the protections conferred upon corporations by Government increase in value as the size of the corporation increases. Some of these advantages are granted by the State which conferred a charter upon the corporation, others are granted by other States which, as a matter of grace, allow the corporation to do local business within their borders. But perhaps the most important advantages, such as the carrying on of business between two or more States, are derived through the Federal Government—great corporations are protected in a considerable measure from the taxing power and the regulatory power of the States by virtue of the interstate character of their businesses. As the profit to such a corporation increases, so the value of its advantages and protections increases.

Furthermore, the drain of a depression upon the reserves of business puts a disproportionate strain upon the modestly capitalized small enterprise. Without such small enterprises our competitive economic society would cease. Size begets monopoly. Moreover, in the aggregate these little businesses furnish the indispensable local basis for those Nation-wide markets which alone can insure the success of our mass-production industries. Today our smaller corporations are fighting not only for their own local well-being but for that fairly distributed national prosperity which makes large-scale enterprise possible.

It seems only equitable, therefore, to adjust our tax system in accordance with economic capacity advantage and fact. The smaller corporations should not carry burdens beyond their powers; the vast concentrations of capital should be ready to carry burdens commensurate with their powers and their advantages.

We have established the principle of graduated taxation in respect to personal incomes, gifts, and estates. We should apply the same principle to corporations. Today the smallest corporation pays the same rate on its net profits as the corporation which is a thousand times its size.

I, therefore, recommend the substitution of a corporation income tax graduated according to the size of corporation income in place of the present uniform corporation income tax of 13¾ percent. The rate for smaller corporations might well be reduced to 10¾ percent, and the rates graduated upward to a rate of 16¾ percent on net income in the case of the largest corporations, with such classifications of business enterprises as the public interest may suggest to the Congress.

Provisions should, of course, be made to prevent evasion of such graduated tax on corporate incomes through the device of numerous subsidiaries or affiliates, each of which might technically qualify as a small concern even though all were in fact operated as a single organization. The most effective method of preventing such evasions would be a tax on dividends received by corporations. Bona fide investment trusts that submit to public regulation and perform the function of permitting small investors to obtain the benefit of diversification of risk may well be exempted from this tax.

In addition to these three specific recommendations of changes in our national tax policies, I commend to your study and consideration a number of others. Ultimately we should seek through taxation the simplification of our corporate structures through the elimination of unnecessary holding companies in all lines of business. We should likewise discourage unwieldy and unnecessary corporate

surpluses. These complicated and difficult questions cannot adequately be debated in the time remaining in the present session of this Congress.

I renew, however, at this time the recommendations made by my predecessors for the submission and ratification of a Constitutional Amendment whereby the Federal Government will be permitted to tax the income on subsequently issued State and local securities and likewise for the taxation by State and local governments of future issues of Federal securities.

In my Budget message of January 7 I recommended that the Congress extend the miscellaneous Internal Revenue taxes which are about to expire and also to maintain the current rates of those taxes which, under the present law, would be reduced. I said then that I considered such taxes necessary to the financing of the Budget for 1936. I am gratified that the Congress is taking action on this recommendation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 19, 1935.*

Mr. LONG. Mr. President, before the President's message is referred to the Committee on Finance, I wish to make one comment. I just wish to say "Amen!"

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). The President's message will be printed and referred to the Committee on Finance.

CHANGE OF NAME OF DEPARTMENT OF THE INTERIOR

Mr. LEWIS obtained the floor.

Mr. HATCH. Mr. President, will the Senator from Illinois yield to me?

Mr. LEWIS. I yield.

Mr. HATCH. There is pending before the Senate Committee on Expenditures in the Executive Departments Senate bill 2665, to change the name of the Department of the Interior and to coordinate certain governmental functions. The bill relates to the creation of a new department to be known as the "Department of Conservation and Works." I think the Senator from Illinois is interested in the bill. I wish he would explain the bill at this time.

Mr. LEWIS. Mr. President, the bill referred to by the Senator from New Mexico is the bill which provides for changing the name of the Department of the Interior and likewise merges into one unit certain other lesser governmental agencies. The bill was referred to the Committee on Expenditures in the Executive Departments, of which I have the honor to be chairman. Upon investigation, the members of the Committee on Public Lands and Surveys feel that the subject matter properly belongs to that committee. Members of the committee having to do with mining feel that the subject touches mining.

I answer the Senator from New Mexico [Mr. HATCH] that it is my judgment also that this measure, though it has already received some consideration, should properly go to the Committee on Public Lands and Surveys. I have so expressed myself to the Secretary of the Interior.

Mr. President, I move that the bill be referred to the Committee on Public Lands and Surveys. I wish to state that the Secretary of the Interior likewise consents to the transfer of the bill concerning which I have made mention.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mr. BANKHEAD. Mr. President, I wish to suggest that the bill also involves subjects under the Department of Agriculture; and when the Committee on Public Lands and Surveys gets through with the bill I think it should go to the Committee on Agriculture and Forestry. Therefore I request that it then be referred for consideration to the Committee on Agriculture and Forestry.

The PRESIDING OFFICER. That would not be in order at the present time. There being no objection, the bill will be referred to the Committee on Public Lands and Surveys.

PERSHING HALL, PARIS, FRANCE

Mr. ROBINSON. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 933, being Senate bill 2917. The subject matter of the legislation is affected with some degree of emergency. There exists a recreation fund in the amount of $776,000. Of this fund about $482,000 is composed of what is known as the "Stars and Stripes fund." This fund was created during the World War. A news publication was issued, circulated, and sold on the battle front with the result that the fund referred to was created. It has been held in trust as a part of the recreation fund of the Army for the benefit of veterans of the World War.

There is in Paris a building formerly known as the "American Legion Building", now known as "Pershing Hall." Its construction was authorized in the American Legion Convention of 1927. Due to the depression and other circumstances the organizations which originally fostered the building have been unable to pay the amounts due as they matured. Therefore the legislation has been proposed, the bill being introduced by the Chairman of the Committee on Military Affairs [Mr. SHEPPARD]. It contemplates the use of a portion of the recreation fund for the purpose of paying off the indebtedness on Pershing Hall. An amendment will be offered, I understand, by the Senator from Texas [Mr. SHEPPARD] to make certain that the title to the property shall be vested in the Government. After the Government acquires the property it can then be determined what final disposition or use may be made of it. The provision of the bill is that it shall be used for the benefit of veterans of the World War.

I ask unanimous consent for the present consideration of the bill.

Mr. McNARY. Mr. President, may I ask if the bill is on the Senate Calendar?

Mr. ROBINSON. It is; and it was unanimously reported by the Committee on Military Affairs.

Mr. McNARY. Has the bill been considered by the House?

Mr. ROBINSON. So far as I know, it has not been considered by the House of Representatives. It will be necessary, or at least highly desirable, to secure final action on the measure before the 1st day of July, because at that time, under the provisions of the War Department Appropriation Act of 1933, the recreation fund will pass into the General Treasury, and an appropriation would then become necessary in order to make funds available for this or for any other purpose.

Mr. McNARY. In view of the statement of the Senator from Arkansas, I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

There being no objection, the Senate proceeded to consider the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert the following:

That $482,032.92 of the fund entitled "Recreation fund—Army", created by the War Department Appropriation Act, approved March 4, 1933, is hereby authorized to be appropriated to the American Legion, incorporated by act of Congress September 16, 1919, for use by and at the discretion and under the direction of the American Legion, Inc., for effecting a settlement of any indebtedness connected with and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, men, and auxiliary services of the American Expeditionary forces, to the end that such memorial as so freed from debt and reorganized may be perpetuated. Any balance not required for settling such indebtedness shall be available for expenditure by and under the direction of the American Legion, Inc., for the maintenance and/or to secure the perpetuation of such Pershing Hall.

SEC. 2. An itemized report shall be transmitted to the Senate and House of Representatives on the first day of each regular session of Congress of expenditures made in pursuance herewith.

Mr. SHEPPARD. Mr. President, in order to place the payment of the fund in the hands of the Treasury and to make sure that title to the building shall be vested in the United States Government before the payment shall be made, I offer an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, in section 1, page 2, line 9, after the word "appropriated", it is proposed to strike out the words "to the American Legion, incorporated by act of Congress September 16, 1919, for use by and at the discretion and under the direction of the American Legion, Inc."; in line 12, after the word "settlement", to insert the words "by the Secretary of the Treasury"; and in line 18, after the word "perpetuated", to strike out the period and insert a colon and the following proviso: "*Provided*, That the amount herein provided shall not be used for the purposes indicated herein until the legal title to said property shall have been vested in the Government of the United States for the use and benefit of all American officers and enlisted men of the World War", so as to make the section read:

That $482,032.92 of the fund entitled "Recreation fund—Army", created by the War Department Appropriation Act, approved March 4, 1933, is hereby authorized to be appropriated for effecting a settlement by the Secretary of the Treasury of any indebtedness connected with and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, men, and auxiliary services of the American expeditionary forces, to the end that such memorial as so freed from debt and reorganized may be perpetuated: *Provided*, That the amount herein provided shall not be used for the purposes indicated herein until the legal title to said property shall have been vested in the Government of the United States for the use and benefit of all American officers and enlisted men of the World War. Any balance not required for settling such indebtedness shall be available for expenditure by and under the direction of the American Legion, Inc., for the maintenance and/or to secure the perpetuation of such Pershing Hall.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBINSON. Mr. President, I ask that there be printed in the RECORD, in connection with the proceedings on the bill, the report by the Senator from Washington [Mr. SCHWELLENBACH] relating to the bill.

There being no objection, the report (no. 887) was ordered to be printed in the RECORD, as follows:

The Committee on Military Affairs, to whom was referred the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on and the reorganization of Pershing Hall, and for other purposes, having considered the same, report favorably thereon with the recommendation that it do pass amended as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That $482,032.92 of the fund entitled 'Recreation fund—Army', created by the War Department Appropriation Act, approved March 4, 1933, is hereby authorized to be appropriated to the American Legion, incorporated by act of Congress September 16, 1919, for use by and at the discretion and under the direction of the American Legion, Inc., for effecting a settlement of any indebtedness connected with and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, men, and auxiliary services of the American expeditionary Forces, to the end that such memorial as so freed from debt and reorganized may be perpetuated. Any balance not required for settling such indebtedness shall be available for expenditure by and under the direction of the American Legion, Inc., for the maintenance and/or to secure the perpetuation of such Pershing Hall.

"SEC. 2. An itemized report shall be transmitted to the Senate and House of Representatives on the first day of each regular session of Congress of expenditures made in pursuance herewith."

In the American Legion convention in 1927, there was authorized the erection of a memorial building which in its original conception was known as the "American Legion Building." This building was later and is now named "Pershing Hall." The building was erected at a total cost of approximately $540,000. What seemed at the time to be a sufficient amount of money to pay for the building and provide for its maintenance was at that time and later subscribed by various organizations and by individuals. However, due to the depression of 1929, the change in rates of exchange, and various unforeseen circumstances, the actual amount finally collected toward the building was only between $540,000 and $500,000. Mortgages and liens on the building are now due and in imminent danger of foreclosure. The project is beyond the financial resources of the American Legion and no hope of help from other sources. However, there is now on deposit a trust fund accumulated from profits of the Stars and Stripes, the American newspaper published by and for the members of the American expeditionary forces. This fund amounts to $482,032.92, and under a proviso in the last War Department Act is to revert to the Treasury of the United States on July 1, 1935, with no benefit to the men who were responsible in fact for the accumulation of the fund. This bill (S. 2917) proposes to utilize this fund for the worthy purpose of disposing of the existing indebtedness on Pershing Hall and to assist in its future maintenance.

War Department report on this bill is as follows:

WAR DEPARTMENT,
Washington, June 13, 1936.

Hon. MORRIS SHEPPARD,
Chairman Committee on Military Affairs,
United States Senate.

DEAR SENATOR SHEPPARD: Careful consideration has been given to the bill (S. 2917, 74th Cong., 1st sess.) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, which you transmitted to the War Department under date of May 29, 1935, with a request for information and the views of the Department relative thereto.

The fund now known as the "Recreation fund—Army", was derived from the following:

(a) Other funds: These were funds accumulated by military organizations which were disbanded at the close of the World War. The War Department, as the logical trustee of these funds, made such distribution of the funds as could properly be made to successor organizations. The undistributed balance remained in the custody of an Army disbursing officer, who invested the larger portion in Liberty bonds, and kept the balance in a special deposit account in the United States Treasury.

(b) Stars and Stripes fund: This comprised the proceeds derived from the publication at the front during the World War of the periodical Stars and Stripes. The trusteeship for this fund also devolved upon the War Department, and it was in the custody of an Army disbursing officer and deposited by him in a special deposit account in the Treasury of the United States.

These funds were thus held as available for the general welfare of the enlisted men of the Army.

The above was the status of this money at the date of passage of the War Department Appropriation Act of March 4, 1933, which contained the following provision:

"*Provided*, That the Secretary of War shall deposit in the Treasury of the United States the unobligated balances on January 12, 1933, to the credit of the funds unobligated entitled 'Other funds' and 'Stars and Stripes', the money so deposited to be credited to a fund to be entitled 'Recreation fund—Army', and such fund shall not be subject to withdrawal except in time of war, when it shall be available for expenditure by the Secretary of War for the recreation, amusement, comfort, contentment, and health of the enlisted personnel of the Military Establishment."

The balances available and deposited pursuant to this provision of law were:

Other funds	$325,416.23
Stars and Stripes fund	482,032.92
Total	807,449.15

The "Recreation fund—Army" thus became a trust fund, available for expenditure only in time of war, and then only in the discretion of the Secretary of War "for the recreation, amusement, comfort, contentment, and health of the enlisted personnel of the Military Establishment."

By the Independent Offices Appropriation Act approved June 16, 1933, the following was provided:

"Such amount as may be necessary of the fund entitled 'Recreation fund—Army', created by the War Department Appropriation Act, approved March 4, 1933, is hereby appropriated and made available for reimbursement to the Veterans' Administration for all expenses (including transportation to bona fide residents) incurred in connection with indigent veterans in attendance at the convention of the Rank and File Organization of the World War Veterans held in Washington, D. C., during the month of May 1933, and the decision of the Administrator of Veterans' Affairs in connection with such expenditures shall be final and conclusive."

The records of the Treasury Department indicate that the sum of $30,563.26 was withdrawn by the Veterans' Administration pursuant to the above-quoted authority, leaving a present unexpended balance of $776,885.89 in the fund.

By section 8 of the act approved June 20, 1934, providing for the repeal of certain permanent appropriations, this fund is to be abolished, effective July 1, 1935. This section reads as follows:

"Effective July 1, 1935, the appropriation account on the books of the Government entitled 'Recreation fund—Army' (8T078), is abolished and the balance thereof shall be covered into the surplus fund of the Treasury: *Provided*, That an amount equal to the amount so covered into the surplus fund of the Treasury is hereby authorized to be appropriated from the general fund of the Treasury in the event of war, for the recreation, amusement, comfort, contentment, and health of the enlisted personnel of the Military Establishment."

Accordingly, in the absence of further legislation prior to the first proximo, the trust fund "Recreation fund—Army", will cease to exist. The War Department will offer no objection to the change

in this policy which would be effected by the enactment of the bill herein reported on.

This proposed report has been submitted to the Acting Director of the Bureau of the Budget, who advises that it is not in conflict with the financial program of the President.

Sincerely yours,

GEO. H. DERN, *Secretary of War.*

In its report on S. 2917, the State Department points out that Pershing Hall is the Paris home of the American Legion, and bearing as it does the name of the General of the Armies is viewed by a large section of the French people as something in the nature of a national monument. The Department further states that in the event Pershing Hall should not be reorganized and freed from debt, it would be a serious blow to American prestige and to the financial credit in France of private American institutions.

Letter from the State Department follows:

June 13, 1935.

Hon. MORRIS SHEPPARD,
United States Senate.

MY DEAR SENATOR SHEPPARD: I have received your letter of June 5, 1935, on behalf of the Senate Military Affairs Committee, asking for comment on S. 2917, introduced on May 13, 1935, by you, authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on and the reorganization of Pershing Hall.

The Department of State perceives no objection to the bill as drafted. It will be recalled that Pershing Hall is the Paris home of the American Legion, and bearing as it does the name of the General of the Armies is viewed by a large section of the French people as something in the nature of a national monument.

Without entering into the question of the financing or the organization of the hall, the Department of State can safely assert that if Pershing Hall should not be reorganized and freed from debt, it would be a serious blow to American prestige and to the financial credit in France of private American institutions.

Sincerely yours,

CORDELL HULL.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MCKELLAR in the chair) laid before the Senate messages from the President of the United States submitting an international agreement and the nomination of Edward D. Bolger, of Michigan, to be United States marshal, western district of Michigan, to succeed Martin Brown, resigned, which were referred to the appropriate committees.

EXECUTIVE REPORTS OF COMMITTEES

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. TRAMMELL, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters in the State of Florida.

He also, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy and the Marine Corps.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably Executive N, Seventy-fourth Congress, first session, being a treaty on the protection of artistic and scientific institutions and historic monuments, signed at Washington on April 15, 1935, and submitted a report (Ex. Rept. No. 11) thereon.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

ELWOOD HAMILTON—NOTIFICATION TO PRESIDENT

Mr. BARKLEY. Mr. President, I ask unanimous consent that the President be notified of the confirmation on yesterday of Mr. Elwood Hamilton as judge of the United States Court for the Western District of Kentucky. The reason I make the request is that the President is leaving the city tomorrow. A vacancy exists in the judgeship, and it is important, in view of the condition of the docket, that the commission be issued as soon as possible.

Mr. ROBINSON. Mr. President, I understand the vacancy has existed for some time?

Mr. BARKLEY. Yes; that is true.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

The calendar is in order.

FEDERAL HOME LOAN BANK BOARD—JOHN H. FAHEY

The legislative clerk read the nomination, passed over, of John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board.

Mr. RUSSELL. Mr. President, inasmuch as I asked that the nomination go over I should like to make a statement outlining some of the reasons on which I predicate my objection to the confirmation of Mr. Fahey as a member of the Federal Home Loan Bank Board.

I have no reason to question Mr. Fahey's character or integrity. Senators who have known him for a number of years have assured me that he is a gentleman of the highest character. I do not attack the administration of the enormous funds which have been voted by the Congress from time to time for the purpose of relieving the distressed home owners of the country, which funds have been administered by the Board of which Mr. Fahey is the head. It is too early, of course, to apprize fully the work of the Board, and anyone who has had the command of the credit of the United States to the extent this Board has, of course, could have accomplished a great deal.

I do believe, however, from my dealings with the Board and my attempts to reach its chairman to present matters of vital concern to constituents of mine, that Mr. Fahey is wholly unsuited by temperament and disposition to hold a position of this nature in a democracy governed by principles and rules which I have always conceived to be democratic and for the welfare of the whole people.

Late in the year 1933 there was certain information which I sought from this Board relating to its operations, the number of loans it had made, the amounts loaned in the various States, the set-up, and the organization of the agencies in the various States of the Union, and so forth. I was unable to get any information whatever from the Board. After some months of time the Congress reconvened and I introduced a resolution calling for the information, and after the adoption of the resolution the information was finally furnished.

At a subsequent date I sought other information from the chairman of the Board as to the status of its business in my State. It has always been my policy, which I think is proper for any public servant, to attempt to advise with the people of my State as to the progress of various agencies of the Government in my State. It required 1 month and 6 days to secure an answer to a letter which I addressed to the chairman of the Board merely asking the simple question as to how many loans had been made in my State and the amount of money involved.

There is nothing whatever smacking of any resentment arising out of patronage matters that prompts my opposition to confirmation of the nomination. When the distinguished Senator from Nebraska [Mr. NORRIS] offered his amendment, which would have placed on purely a merit system all appointments that were to be made by the Board in carrying on its business, I was one of the few Members on this side of the aisle who supported the amendment. I think, however, I was in error in following that distinguished Senator, for shortly thereafter incidents occurred in the Atlanta agency and in the Georgia agency of the Home Owners' Loan Corporation which led me to believe that petty politics were being played by those in charge of that office in making appointments and in discharging those who were employed there at that time.

I had not recommended the person who had a job with this agency who was discharged. He was told by the director of the State agency that he was being discharged because, in his capacity as an attorney at law, before he was appointed as one of the lawyers to prepare abstracts, he had written my office a letter and asked me to get in touch with the Home Owners' Loan Board to attempt to expedite an application for a loan which had been pending for something like 60 days.

I did not regard that as being any great crime—the mere fact that a man who formerly had represented a home owner who was seeking a loan, being then connected in the position of an abstract attorney with the State agency, should have previously written to the Senator from the State in an effort to have the matter pushed to a conclusion and to avoid the sale of the home.

When this man was discharged I took up the matter with other persons connected with the Home Owners' Loan Corporation. The report came back to me that that was the truth of the matter; that the man was discharged because he had written a Senator of the United States in behalf of a client of his to secure his aid in expediting an application for a loan which was about to be foreclosed by a mortgage company or some other lien holder. The lawyer involved was not an outstanding politician, but he is an honorable, upright, conscientious attorney.

Finally, as a last resort, I endeavored, in my capacity as a Senator of the United States, to get in contact with Mr. Fahey to submit what I conceived to be a legitimate grievance, to present to him a case which, to my mind, represented a great injustice—not against any great, outstanding politician but against one of my constituents.

I personally telephoned to this gentleman's office for 3 days, and on each occasion was told that he was in the White House in conference with the President. On each occasion I asked that when he returned from his conference with the President he kindly call me, as I should like to arrange to come down to his offices and present a matter involving one of my constituents. On the fourth day my secretary was told rather abruptly that Mr. Fahey could not see me and would not see me, but that he would be very glad indeed to send or to have me come to see either his second or third assistant and for me to present the matter to him.

Mr. President, I have no illusions of greatness. I try not ever to take myself too seriously; but I believe that as one of the representatives of a great, sovereign State of the Union I should be permitted to present a matter involving one of my constituents to any department or bureau head in Washington.

The great President of the United States himself would not have denied that right to any Senator on this side of the aisle or on the other side of the aisle; and I do not think any appointee, merely because he has been permitted to bask in the smile of a great President of the United States, should wax so arrogant and so tyrannical that a Member of the Senate of the United States cannot go to him upon official business to present a matter which he regards as being possessed of merit.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Illinois?

Mr. RUSSELL. Certainly.

Mr. LEWIS. May I ask the able Senator from Georgia whether he has verified, in any way satisfactory to himself, the fact that this head of a department did send a message to him as Senator, that the Senator could not confer with him, but that the Senator could confer, if he desired, with some first, second, or third of this nominee's assistants or secretaries?

Mr. RUSSELL. I will state to the Senator from Illinois that I could not reach the gentleman whose name is now pending in the Senate to have him give me any message whatever of any kind, shape, form, or character, though I personally endeavored for 3 days over the telephone to do so. Finally, on the fourth day, after having called again, I was told later in the day by my secretary that Mr. Fahey's office had called back and said that I could see either the second or third assistant; I am not sure which it was.

Mr. President, in my judgment a man occupying a position of this kind should be willing to hear the appeals of any citizen of the United States who feels that he has been dealt with unjustly. The right of petition is just as sacred a right under our form of government as freedom of conscience and freedom of speech. While I know nothing whatever about this man personally, all my efforts to meet him in person having failed, unless I had posted myself outside his place of abode and chased him down the streets supplicating an audience, I do not feel that he is showing the proper conception of his duties in this office in a democratic form of government. He undoubtedly would make a most excellent assistant to Hitler or Mussolini in any land where a dictatorship would thrive; but in a democracy, where men have a right to petition their government, I do not think a man who has shown such an utter disregard not only for the right of the representative of a sovereign State to present a grievance, but if even for the humblest citizen of that State to do so, should occupy a position of this kind.

I do not care to take up the time of the Senate. There is absolutely nothing personal in my opposition; but having passed through these experiences, and others which I might relate, I cannot in good conscience vote to confirm this appointment.

Mr. WALSH. Mr. President, of course I know nothing of the personal official relationship between the Senator from Georgia [Mr. RUSSELL] and Mr. Fahey. I regret that the matter was not presented to the Committee on Banking and Currency in order that Mr. Fahey might have been heard with regard to the matters to which the Senator from Georgia has referred. I am certain, if opportunity were presented, Mr. Fahey could explain to the satisfaction of the Senator from Georgia that there was no intention upon his part to deny the Senator every attention and courtesy that should be extended to him. Without giving Mr. Fahey an opportunity to explain is unfair to him. It is unfortunate that he has not been given an opportunity to answer or explain the events related by the Senator from Georgia.

I have known Mr. Fahey for a good many years, at least 25 years. I know that he did not seek this office, and that he was not a candidate for this or any other office. I know that he accepted the office at a great personal sacrifice, and upon the urgent request of the President of the United States. Mr. Fahey has never been an officeseeker. That is foreign to his very nature.

Mr. Fahey is a successful business man. He is now the publisher of a Democratic newspaper in the second largest city of Massachusetts. He has been president of the United States Chamber of Commerce—in my opinion the most progressive and liberal president that organization ever had.

In politics, Mr. Fahey is a decided Progressive. He has not always been in sympathy or in harmony with the views of the party organization in Massachusetts as such. He has repeatedly favored, by public appearance before the legislature and through his press, liberal and progressive legislation. He has been one of the most outstanding leaders in Massachusetts in urging and demanding the lowering of the gas and electric-light rates, which attitude has not been particularly helpful to him in some quarters. He is without question the most industrious public servant I have ever met; and that, perhaps, is one of the reasons for the misunderstanding which has prompted the Senator from Georgia to entertain the views he has expressed. Mr. Fahey works from morning to night, steadily, constantly. He went to this office at a time when the management of the Board was not satisfactory to the President. The Board was not functioning satisfactorily—it was not efficiently organized. The policy of the Board was unsettled and subject to much unfavorable comment. He entered upon a very difficult job. All of us who have had anything to do with the Home Owners' Loan Corporation realize that it has been almost impossible to satisfy large elements of the public who wanted a construction placed upon the law which would make more liberal opportunities for borrowing money through the Corporation than we made possible in the act which we drew.

Mr. Fahey has not asked me to speak here, has not mentioned the subject to me. He desires his own record of service to make answer to that kind of criticism that all officials experience. Mr. Fahey is holding his office, I repeat, because of the request of the President. I know that if his personal wishes could have been carried out he would have left the office months ago. He would cheerfully surrender

the job tomorrow if he consulted his personal wishes. He is at his post of duty from a high sense of duty and in the spirit of self-sacrifice.

I have reason to know that the President considers Mr. Fahey one of the most efficient officials in his administration. He is a man of the highest personal integrity, and possesses a degree of independence, as illustrated by the course he has taken in Massachusetts, which caused him to be marked as an enemy of the electric-light interests and other privileged groups. He is courageous, independent, able, broadly informed, and I might add a man of limitless industry.

I have never asked Mr. Fahey for a political favor since he has been in his present office. Appointments have been made in my own State by Mr. Fahey and under his direction which would not have always met with my approval had I been consulted. But I do know this about him, that he really and sincerely tries to obtain efficient and able public servants. If I had a criticism to make of him, it would be that he leans backward in his high conception of what is required of a public servant which results in minimizing political influence.

Mr. President, I think it would be a catastrophe if the Senate should fail to confirm Mr. Fahey, should fail to put its stamp of approval upon the fine record he has made as a citizen and, as I believe, a public official.

I observed smiles on the faces of some Senators when I referred to the fact that Mr. Fahey had been president of the United States Chamber of Commerce. The very fact that he was chosen for that office was a very high tribute to him, because everybody in the Chamber of Commerce of the United States knew the kind of a man he was, knew that he was associated with the extremely liberal, progressive business groups of this country, and knew that he was the opponent of vested interests; yet because of his ability, his industry, his devotion to his duties when he held a minor office, he was selected by that large organization to hold the important office of president of the United States Chamber of Commerce. I have reason to believe that he is not in entire sympathy with many of the policies of that organization, but he did try to do a good job in attempting to bring the organization in touch with popular views and liberal thoughts.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. CONNALLY. I have listened with a great deal of interest to the Senator's account of Mr. Fahey's fine qualities; but does not the Senator recognize, from the complaint of the Senator from Georgia, that probably Mr. Fahey has exhibited an attitude such as is assumed by a great many people in charge of bureaus and departments of the Government, that they have such sublimated ideas of high public service and know no politics that they rather scorn Congress and Senators and others except when they want something, want some legislation or some appropriation.

Mr. WALSH. I have discovered that type of man in public office, but frankly I do not think Mr. Fahey fits that description.

Mr. CONNALLY. I am not saying that he does.

Mr. WALSH. He is not seeking public office. I have never known him to be a candidate for public office. He has never aspired to public office, and I know that, because the President called me on the telephone and asked me about him when he thought of nominating him originally, and I know that Mr. Fahey did not seek the office and made a personal sacrifice in accepting the office. I also know that he was under consideration for a position in the Cabinet.

I do think it is true that he may be so overzealous in his work and so tremendously industrious that he does not like to be confronted with what Senators are met with every day and have to respond to, namely, those things which he thinks are the smaller and lesser things of administration.

Mr. CONNALLY. Exactly.

Mr. WALSH. I know that for months after he took this office—and I have not talked with him lately about it, but I did in the beginning—he spent a tremendous amount of time and energy in trying to frame and lay out the activities of this organization, and that he did everything that could be expected of a public official in trying to place the Corporation on a sound basis. His efforts were those of a tireless worker and a most conscientious official.

I know the Senator from South Carolina [Mr. BYRNES] will confirm my statement that the President of the United States believes that Mr. Fahey has done one of the very best jobs performed by any public official in his whole administration.

I do not wish to have it understood that I am not in sympathy with the complaints the Senator from Georgia has made as a result of his experience. I regret deeply what occurred. I wish we had had an explanation from Mr. Fahey in regard to the matter, and I am not in any way making a defense of that treatment. I am submitting to the Senate my impressions as a result of my personal observation of this man, what I know his ability to be, what I know of his concepts of public life, and what I know his political philosophy to be, and if every man on this floor knew of these things as I do, he would admire Mr. Fahey, because it has meant something in Massachusetts to publish a newspaper in the big city of Worcester——

Mr. CONNALLY. We are not asked to confirm him as the head of a newspaper, but as the head of the Home Owners' Loan Corporation.

Mr. WALSH. But we have a right to consider a man's outlook and general philosophy.

Mr. WHEELER. Mr. President, I am delighted to hear the statement of the Senator from Massachusetts with reference to Mr. Fahey. I have known of him for many years, but never knew him personally until I came to Washington. I have known of his reputation because I originally came from Massachusetts.

I desire to say that there is not a higher type of citizen in the State of Massachusetts than is Mr. Fahey.

Mr. WALSH. I agree.

Mr. WHEELER. He is the soul of honor, an industrious, hard-working man, and while I of course believe what the Senator from Georgia has said, it is inconceivable to me that Mr. Fahey should have acted in that manner unless there was some misunderstanding on the part of someone in his office, because he just is not that kind of a man. Anybody who met him would know that he was not that type of individual. He is not an autocrat. He is a retiring gentleman. He has not any of the qualities that go with one who is autocratic or dictatorial.

Mr. BYRNES. Mr. President, only because the Senator from Massachusetts referred to me, I should like to say that I heartily endorse everything the Senator from Massachusetts has said of Mr. Fahey. I know of no finer public servant, and I know of no man who is more devoted to the public service than he is.

I did not hear the statement of the Senator from Georgia, but I am satisfied the Senator from Montana must be right. I cannot conceive of Mr. Fahey being intentionally discourteous to any Member of the Senate, and I hope that the Senate will show by its vote its approval of a splendid public servant.

Mr. CONNALLY. Mr. President, I desire to say that I have no grievance against Mr. Fahey at all; I know nothing personal about him; but a Senator rises on the floor of the Senate and says he tried for 4 days to see Mr. Fahey but could never get to see him. Mr. Fahey did not even send a message that he could see him at a later date. I am not saying that Mr. Fahey is not all Senators say he is. We are not trying him for not being a gentleman. The Senator from Georgia has brought no charge against his character, but he has said that a United States Senator could not see the chief of the Home Owners' Loan Corporation after 4 days' effort, and there is no explanation except that he could see his assistant or second assistant.

Mr. WALSH. Mr. President, does the Senator not think that Mr. Fahey should be brought before the committee

and that charge made against him, and he be given a chance to answer?

Mr. CONNALLY. I desire to make clear on the floor of the Senate in this debate that my vote to confirm Mr. Fahey is not an approval of the conduct which he exhibited toward the Senator from Georgia.

Mr. WALSH. My vote is not an approval of such conduct if the facts are as stated by the Senator from Georgia and, with the knowledge of Mr. Fahey, which I cannot concede.

Mr. CONNALLY. We have nothing to dispute them. We have the word of the Senator from Georgia.

Mr. RUSSELL. I have stated the facts exactly as they occurred, Mr. President. I wish the Senator from Massachusetts [Mr. WALSH] to know that fact. I am not making the statement with any idea that it will result in Mr. Fahey not being confirmed. I expect Mr. Fahey to be confirmed, because I know how the Senate operates. However, I am getting tired of some of these miserable bureaucrats who, when a man who is elected by a State of 3,000,000 population, wishes to see him about a matter of business concerning his State, takes the position that the representative of that State is a leper of some kind, and will not let him in to see him. I take no personal affront about it, but as a representative of my State I do feel concerned about it. I have no question but that the Senate will confirm the nomination, but I wish to serve notice that I will not be placed in the position of approving of such actions on the part of any executive officer.

Mr. CONNALLY. Mr. President, I am not going to vote against the confirmation of Mr. Fahey. However, I think this is a good opportunity for the Senate to show its impatience with some bureaucrats. Just as soon as they are confirmed and take office they have a perfect contempt for Congress. They cannot have any contact with this sordid world of politicians! We are all politicians, and they are all statesmen! I think that is what the Senator from Georgia had in mind more than this particular individual instance.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. LA FOLLETTE. I should like to say that I first became acquainted with Mr. Fahey when the Committee on Manufactures, of which at that time I happened to be chairman, was holding hearings on a bill which I introduced to establish a National Economic Council. In his testimony before that committee Mr. Fahey showed a grasp of the economic problems confronting the country which was exceptional in the highest degree.

Since that time I have known of his work in connection with the Home Owners' Loan Corporation. I think it should be said there is no one of whom I know in the Government service who has given of his time, his energy, and his ability with greater generosity than has Mr. Fahey. I cannot but believe, insofar as the incident which the Senator from Georgia [Mr. RUSSELL] has brought to the attention of the Senate is concerned, that there must be some explanation for it, because it is entirely out of keeping with the man that I know—Mr. Fahey. He is not of the bureaucratic type. I think an examination of his administration and the manner in which he has discharged the heavy responsibilities of the high position which he holds will indicate that he is not the type of person who would assume an attitude to which any Senator or any individual interested in the public service could take exception.

I do not question the statement of the Senator from Georgia that he made attempts to see Mr. Fahey, and that he was unable to do so; I accept it at its face value; but I do say, from my acquaintance with Mr. Fahey that such action is entirely out of keeping with his attitude and his demonstrated endeavor to serve the public in the capacity to which he was appointed by the President.

Mr. WALSH. I am pleased to have the Senator's confirmation.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. O'MAHONEY. If my experience counts for anything, I think it might be well to observe that there are frequently occasions when persons who wish to see the heads of departments are excluded from them by the secretaries of the heads of those departments without their knowledge. I have known that to happen. There have been occasions when I myself have sought to get into communication with the heads of departments and found myself held off by their secretaries, but by a little persistence I eventually found no difficulty in reaching the official to whom I desired to talk.

So far as Mr. Fahey is concerned, I have known him only since the beginning of the present administration, but I can say that he is the personification of courtesy. I know that he is a man of broad and liberal sympathies, and it is inconceivable to me that he could have known personally of the incident to which the Senator from Georgia has referred.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. VANDENBERG. I wish to supplement what the Senator from Wyoming has just said. I think I owe that much to Mr. Fahey. I am forced to believe that there must be some explanation of the circumstances to which the Senator from Georgia has referred.

Within the past week I submitted a rather complicated questionnaire to Mr. Fahey, and asked for certain information. I not only had a response within 24 hours, but I had a personal response, when a letter would have amply sufficed. It seems to me that that evidences Mr. Fahey's attitude when a matter is within his control and jurisdiction. There must be some answer, it seems to me, to the situation other than that which we thus far know.

Mr. WALSH. Mr. President, I think I am in a position to know Mr. Fahey's character from my personal relations with him. I would not think of conferring with Mr. Fahey about jobs. I know he is so absorbed and so concerned about the general principles and policies of his administration that he would say to me, "Senator WALSH, will you see the personnel officer?" or "Will you see the secretary?" Senators can well understand that, coming from Massachusetts, I have had numerous requests to intervene with Mr. Fahey, yet I have not done it.

I have not objected because I knew Mr. Fahey was actuated by the very highest motives, and that he was trying in his own way to get men of efficiency and men of character, and women also, to carry on the public service.

Mr. Fahey is a man who is so absorbed in the large policies of his office and in the principles of administration, that I can appreciate it is difficult for him to get down and discuss and settle the smaller things that relate to position and place, and I can conceive of his delegating that power to others when other Senators and I have to assume such burdens, and perhaps it might be better if we did not do so much of it.

It seems to me all the finer things about Mr. Fahey outweigh the lesser and smaller things that all public officials are subjected to, to such a degree that there ought not to be any question about his confirmation.

Let me repeat, there is some satisfactory explanation to these incidents, for Mr. Fahey is too honorable to intentionally disregard the courtesies and rights every Senator is entitled to receive from administrative officials.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination of Mr. Fahey. [Putting the question.] The "ayes" have it.

Mr. LA FOLLETTE. Mr. President, I ask for the yeas and nays.

Mr. RUSSELL. I think we are entitled to a division on the question.

The VICE PRESIDENT. The Chair has already declared the nomination confirmed. The Senator from Wisconsin demands the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. Mr. President, have the yeas and nays been ordered?

The VICE PRESIDENT. The yeas and nays have been ordered.

Mr. NORRIS. Mr. President, I had not expected to say anything on this question——

Mr. RUSSELL. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. Yes; I yield.

Mr. RUSSELL. I ask unanimous consent to withdraw my request for a division if the Senator from Wisconsin will also withdraw his request for the yeas and nays.

Mr. LA FOLLETTE. Very well.

The VICE PRESIDENT. The Senator from Georgia asks unanimous consent to withdraw his request for a division and the Senator from Wisconsin asks unanimous consent to withdraw the order for the yeas and nays. Is there objection? The Chair hears none; the decision of the Chair stands, and the nomination of Mr. Fahey is confirmed.

Mr. NORRIS. Of course, that very effectively takes me off the floor [laughter], but I am going to have something to say anyway.

Mr. President, I should like to ask the Senator from Georgia whether this objection made on the floor of the Senate was made before the committee?

Mr. RUSSELL. Mr. President, unfortunately I did not know that the nomination of Mr. Fahey was here until I happened to see it on the Executive Calendar. I did not know it was pending before the committee. I was rather under the impression, until I saw the nomination on the Calendar, that he had been appointed for a 6-year term, and was in the midst of serving that term.

Mr. NORRIS. That brings out a fact which, it seems to me, ought to have been brought out in the beginning, and which is important in passing on this question. I should not have said anything if it had not been apparent, from the vive voce vote just taken, although Mr. Fahey was confirmed, that there were a good many Senators who voted in opposition to confirmation.

If the statement made by the Senator from Georgia had been made before the committee where Mr. Fahey could have had an opportunity to be heard, I should have felt entirely different about it; but every Senator who opposes the confirmation must realize that the only objection made to it is one to which Mr. Fahey has not had an opportunity to reply or explain. That is not fair between man and man. There is nothing just about that. I do not know Mr. Fahey.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. I agree very largely with what the Senator has said, but, under the circumstances as they have been disclosed here this afternoon, does not the Senator think Mr. Fahey owes the Senator from Georgia an explanation and an apology?

Mr. NORRIS. He probably does not know about it.

Mr. McKELLAR. He will know it tomorrow.

Mr. NORRIS. Very well, and then I have no doubt he will make an explanation. But why ask Mr. Fahey to explain something about which he has probably never heard? It may be that if Mr. Fahey testified in answer to what has been said about him here on the floor of the Senate this afternoon, I might be convinced that his nomination ought to be rejected, but if he were the worst criminal in the world it would seem to me he ought to have a hearing. He has had no opportunity to be heard. When I am now asked the question, "Do you not think Mr. Fahey ought to explain?" and I ask why he has not explained, and I am told he has had no opportunity. The statement is made in his absence in a Chamber where he has no right to enter, where his voice cannot be heard, and we are condemning him now because he does not answer a charge that he probably never heard of in his life. If that is justice, if that is the way justice is going to be dealt out in the Senate, then I would prefer to take my chances before some justice of the peace.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. NORRIS. Certainly.

Mr. SMITH. Does not the Senator think, in justice to a Member of this body, who comes here and makes a statement to the effect that for 4 days he tried to get information and failed, that there ought to be some explanation?

Mr. NORRIS. Exactly, and I will meet that suggestion too. What ought to have been done, it seems to me, was to recommit the nomination to the committee and allow Mr. Fahey to come before the committee and hear what has been said about him. That would have been fair. I do not want to do any injustice to anyone, but I protest against a man being condemned here for not answering a charge which has never before been made where he could hear it or know of it.

Mr. SMITH. If the Senator will allow me, if Mr. Fahey had been notified, if we had taken the proper action and asked him to come and explain why he refused the information to the Senator from Georgia, the whole matter might have been cleared up in justice to both parties.

Mr. NORRIS. I think it would.

Mr. McKELLAR. Mr. President, if that be the case, I ask unanimous consent that the vote by which the nomination of Mr. Fahey was confirmed may be reconsidered and that the nomination may be recommitted to the committee for the purpose of hearing Mr. Fahey.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I object.

The VICE PRESIDENT. Objection is heard. The nomination of Mr. Fahey has been confirmed.

Mr. LA FOLLETTE. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I was about to remark that I have not yet finished my remarks. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I should like to ask the Senator from Nebraska, considering the terrific pressure to which all Senators have been subjected during the present session, whether he thinks the seat occupied in this Chamber by any Senator should be declared vacant because some visitor who had not been able to see him for 4 days should cite that as a reason for his expulsion?

Mr. NORRIS. That might be considered a parallel. However, I do not want to be understood, even indirectly, as censoring the Senator from Georgia. I am asking only for fair play. If Mr. Fahey had known that the Senator from Georgia was trying to see him for 4 days and absolutely refused to see him without cause, I think that would be unpardonable conduct on his part. I venture the opinion that Mr. Fahey did not know. If he did know, it was under circumstances which made it impossible for him to see the Senator at some particular moment or time. We all know how such things happen in busy offices. I know people get angry about it when they want to see a Senator or want to see somebody else and cannot see him right away. Sometimes it is impossible to do so.

I know Mr. Fahey took this position, one of the most difficult positions in the Government, at a time when, according to my idea, it was rapidly growing into a rotten political machine where human suffering had to be increased in order even to satisfy greedy job hunters. It was a difficult situation. I do not know whether or not Mr. Fahey is diplomatic. Sometimes under such circumstances the honest man, the just man, the able man, is not diplomatic, and makes mistakes which a diplomatic man would not make. But I know Mr. Fahey took this position when it was an exceedingly difficult one and when it seemed to me that failure was staring the whole corporation in the face.

My understanding is that he has done a wonderful work under very difficult circumstances. He has all my sympathy. I tried in my weak way, when the bill was up for amendment, to insert a provision which I believe would have helped Mr. Fahey in bringing order out of chaos. I did not succeed. In the very difficult situation that existed, it was

one of the most discouraging things that ever happened to me during my public life. When it seemed that there was danger of one of the most important things the Government was trying to do being a failure—it looked like a failure; it looked as though the business principles which ought to govern a corporation of this kind were going to be entirely disregarded, and we were going to make a political machine of this agency, which would have meant millions of dollars of financial loss to the taxpayers of the United States—when we were trying to get homes for individuals and fathers and mothers who were about to lose their homes, it was Mr. Fahey who came to the rescue, and made a business concern out of something which had to be made into a business concern or fail.

Before I should condemn Mr. Fahey, I should wish to give him an opportunity to be heard. I do not desire to take any chance of the Government's losing that kind of a valuable public official; and before I should think of such a thing as refusing to confirm his nomination, even if the objection came from me, I should still wish to give him an opportunity to be heard. We were about to condemn him, it seemed to me, without such a hearing. I think it would have been a terrible mistake, and would not only have been a serious impediment to the success of one of the greatest undertakings of the Government, but it seems to me it would have been a slam directly at the logic and the fair play of the Senate itself to have taken such action.

The VICE PRESIDENT. Mr. Fahey's nomination has been confirmed. The clerk will state the next nomination on the calendar.

ALICE L. WOOLMAN

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. At the request of the Senator from Oklahoma, I ask that that nomination go over.

The VICE PRESIDENT. The nomination will go over.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of John Monroe Johnson, of South Carolina, to be Assistant Secretary of Commerce.

Mr. VANDENBERG. I ask that that nomination go over for the day, without prejudice.

The VICE PRESIDENT. Without objection, the nomination will go over without prejudice.

THE JUDICIARY

The legislative clerk read the nomination of John B. Tansil to be United States attorney, district of Montana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. WHEELER. Mr. President, I ask unanimous consent that the President be notified of this confirmation tonight or tomorrow morning, because at the present time a term of court is being held in the city of Butte, and there is no United States attorney for that district, the former United States attorney having been promoted to the office of judge.

Mr. McNARY. Mr. President, in view of that statement, I shall not object.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

The clerk will state the next nomination on the calendar.

The legislative clerk read the nomination of John E. Sloan to be United States marshal, western district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 32 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Thursday, June 20, 1935, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 19 (legislative day of May 13), 1935

UNITED STATES MARSHAL

Edward D. Bolger, of Michigan, to be United States marshal, western district of Michigan, to succeed Martin Brown, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 19 (legislative day of May 13), 1935

FEDERAL HOME LOAN BANK BOARD

John H. Fahey to be a member of the Federal Home Loan Bank Board.

UNITED STATES ATTORNEY

John B. Tansil to be United States attorney, District of Montana.

UNITED STATES MARSHAL

John E. Sloan to be United States marshal, western district of Pennsylvania.

POSTMASTERS

GEORGIA

Joe F. White, Canon.

ILLINOIS

Marsel F. Snook, Cutler.
Rose E. Gorman, Farmersville.
Jessie M. Hickman, Good Hope.
Wayman R. Presley, Makanda.
Grace Hiller, Ogden.
Mansford W. Blackard, Omaha.
Otto F. Young, Stonington.
George H. Widmayer, Virginia.
Earl A. Hill, Woodlawn.

OREGON

Blanche M. Brown, Hubbard.
A. Phenton Groblebe, Mill City.

SOUTH DAKOTA

Otto V. Bruner, Geddes.
Iris I. Engler, Ipswich.

WISCONSIN

Roman W. Stoffel, Allenton.
Julia L. Quigley, Arena.
John L. Cunningham, Beaver Dam.
Elmer G. Zellmer, Fair Water.
Carl E. Seiler, Fish Creek.
August B. Zabolio, Genoa.
Casimir Jaron, Lublin.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 19, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite God and Father of mankind, we praise Thee as we recall Thy matchless words which poured like heavenly music from the guileless lips of the Teacher of Nazareth. Let His immortal truth remain with us. His strange majesty and dignity; His gentleness with the weary, the old, the suffering and sad; His tenderness toward little children; His patience with the dull and ignorant—blessed Lord fill our lives with these exquisite graces. Our Jehovah Father, may

the influence of His earthly sojourn and His undying ideals move unsympathetic and self-willed men everywhere. Do Thou touch their thoughts and themes, stirring them and putting to silence other voices. "Whosoever shall lose his life for my sake shall find it." In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

ANALYSIS OF GUFFEY-SNYDER BITUMINOUS COAL CONSERVATION BILL—H. R. 8479

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include my statement on the Guffey-Snyder bituminous-coal bill which is now being considered before the Ways and Means Committee.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SNYDER. Mr. Speaker, the bill is drawn under two titles, the first dealing with the regulation of the industry, and the second with the creation of a national coal reserve.

TITLE I

Under title I there is a congressional declaration that the production and distribution of bituminous coal are affected with a national public interest, that such production and distribution bear upon and directly affect interstate commerce, and, for reasons set out, require that the industry be regulated in the manner provided.

Section 2 establishes in the Department of the Interior a national bituminous-coal commission of 9 members, to be appointed by the President, 5 of whom shall be disinterested, and of the other 4, 2 shall be representatives of the producers and 2 representatives of the employees. The general powers of the commission are set out, and it is provided that on any court review its findings of fact, if supported by substantial evidence, shall be conclusive.

Section 3 proposes an excise tax of 25 percent on the selling price or in the case of "captive coal", on the market value of such coal f. o. b. at the mine, with a drawback of 99 percent of this tax to producers who accept and comply with the code set out in section 4. The tax would become effective upon proclamation by the President that the code has been formulated by the commission, as provided in section 4.

SECTION 4.—THE CODE

Section 4 outlines in detail the conditions and obligations of the code under which the producers shall operate to enjoy the benefits of the drawback on taxes. It is provided that the antitrust laws shall not apply to such code members complying with the act. The code is set out in the act to avoid any question of delegated legislative power and is divided into three parts.

PART I OF CODE—ORGANIZATION AND PRODUCTION

The first part deals with production. It provides for 22 district boards and the manner of their election, and the organization of marketing agencies. The schedule of districts is appended to the bill, and their territorial arrangement is subject to change by the commission. The schedule of districts appended to the bill follows closely the code authority divisions which have been operating under the bituminous-coal code of the N. R. A. The expense of administering the code is to be borne by the code members, subject to the jurisdiction of the respective district boards. Code members may establish cooperative marketing agencies.

PART II OF THE CODE—MARKETING

Minimum prices f. o. b. mine are to be established for all the mines in each of the respective districts. Subject to the approval of the commission, the minimum prices are to be established so that in the aggregate they shall equal as closely as possible the average total cost of all the coal produced in the respective price areas as set out at pages 11 and 12 of the bill. Coal may not be sold at less than minimum prices so established.

In order to promote the fair movement of coal in the competitive markets, it is provided that district boards, with the approval of the commission, or in the absence of action by the district boards, that the commission itself, may coordinate prices in the consuming markets served by competitive districts. This coordination of prices is to take into account the kinds, qualities, and sizes of coal and transportation charges upon coal. Such coordinated prices are to be made with due regard for the minimum and maximum f. o. b. mine prices.

Maximum prices are to be established by the commission whenever it deems such action necessary in the public interest. The maximum prices would be fixed at a uniform increase above the minimum prices in effect at the time, so that in the aggregate the maximum prices would yield a reasonable return above the weighted average of the total cost. The commission may require reports from producers, which shall be kept confidential.

The price provisions of the act shall not be evaded through the use of docks or storage facilities or the use of subsidiaries or affiliates.

All sales and contracts for sale, except for export as defined, are made subject of the operation of the code prices provided for. Provision is made for the recognition of contracts made prior to the effective date of the proposed statute under conditions set out in subsection (h), page 19, of the bill.

The commission is authorized to prescribe the wholesale discount allowable to persons who resell coal in bulk, and to require the maintenance by such persons of the minimum prices prescribed under the code.

STANDARDS OF FAIR COMPETITION

A schedule of practices to be regarded as unfair methods of competition and violations of the code appears at pages 20, 21, and 22 of the bill. These provisions follow substantially the similar provisions in the bituminous-coal code of fair competition under the N. I. R. A.

PART III OF THE CODE—LABOR RELATIONS

The rights of employees follow the general outline of section 7 (a) of the Recovery Act. A bituminous-coal labor board is created of 3 members to be appointed by the President, 1 to be impartial, and of the other 2, 1 is to be a representative of the employers and 1 to be a representative of the employees. The duties of the Labor Board are designated in detail. It is also provided that where producers of more than two-thirds of the annual tonnage of the Nation and representatives of more than one-half of all employees have agreed upon maximum hours of labor, these maximum hours shall be observed by all code members. Also, that when any collective wage agreement is made between the producers of more than two-thirds of the tonnage production in any district or group of districts, and more than one-half of the mine workers therein belonging to a recognized national association of mine workers, the wages agreed upon shall be accepted as the minimum wages for the various classifications of labor by the code members operating in such district or group of districts.

This concludes the outline of the code, all of which is contained in section 4 of the bill.

Section 5 provides for the revocation by the commission of the membership of any coal producer in the code and the termination of his right to the drawback, and provides further the conditions under which he can be restored to membership. The commission is also authorized to issue cease-and-desist orders against further violation of the code. Section 5 also provides for the right of civil suit by any code member who has been injured in his business by the act of any other code member in violation of the code. This provision is in form similar to that in the Sherman Antitrust Act.

Section 6 provides that the determinations of the district boards shall be reviewed by the commission upon the appeal of any producer. The commission is authorized to establish rules for the voluntary submission to arbitration of controversies arising under the act. Provision is made for appeal to the United States circuit court of appeals from an order of the commission or of the Labor Board. There is also a provision for application by the commission to

the Circuit Court of Appeals for the enforcement of its order.

Section 7 provides that all provisions of law with respect to the collection of internal-revenue taxes shall apply to taxes under the proposed act.

Section 8 authorizes the members of the commission and of the Labor Board to administer oaths to witnesses and to enforce their attendance by subpena.

Section 9 provides that if any producer decides to operate outside the provisions of the code he shall not only pay the full tax with no drawback thereon, but shall be subject to other provisions of the Federal laws regulating industries and the labor rights of employees.

Section 10 provides that the commission may require reports from producers, based upon a uniform system of accounting. Such reports shall be kept confidential and a violation of such requirement by any officer or employee of the commission or district board is made a Federal misdemeanor. Provision is also made for a fine of $50 per day for failure to file reports within 30 days after notice of default.

Section 11 provides that State laws regulating the mining of coal not inconsistent with the act shall not be affected by it.

Section 12 provides that the Interstate Commerce Commission shall issue no certificates of convenience or necessity authorizing extension of railroad facilities for the service of mines producing bituminous coal for commercial marketing except upon approval of the coal commission.

Section 13 provides that every corporation mining coal and shipping it in interstate commerce shall as a prerequisite to its right as a corporation so to do, file with the commission its acceptance of the provisions of title I.

Section 14 provides that bituminous coal shall not be purchased by the United States or any agency or contractor thereof, which has not been produced in compliance with the provisions of the code.

Section 15 contains a separability clause in the usual form.

At section 16, the bill provides that the commission shall study and report to Congress, prior to January 6, 1936, with respect to the necessity for the control of production of bituminous coal and methods of such control.

The bill further provides that the commission shall study and report upon other matters affecting the industry, including the conservation of coal, safe operation of mines, the rehabilitation of mine workers displaced from employment, and the problem of lowering distribution cost in the interest of consumers. This title I of the bill is to be in effect for a period of 4 years from the date of its enactment.

Under section 18, the coal commission is authorized to initiate and to intervene in proceedings in the Interstate Commerce Commission relating to transportation charges upon coal.

It is to be noted that acceptance and compliance with the code by the producers rests upon the application of the tax, but it is believed that this tax is sufficient to secure compliance of practically all producers. The drawback which code members will receive will leave a balance of about one-half cent per ton, which will go into the Treasury of the United States. As this will amount to about $1,750,000 per year, it will furnish more revenue than should be needed by the Government to administer the act.

TITLE II.—THE BITUMINOUS-COAL RESERVE

Section 1 contains the congressional declaration respecting the provisions of the title.

Section 2 provides that upon approval of the national bituminous-coal commission the Secretary of the Treasury is authorized to purchase coal mines and lands containing bituminous-coal deposits suitable for mining. Just compensation according to law is provided for the owners of lands acquired by condemnation.

Section 3 provides that owners may make voluntary offers subject to acceptance under conditions set out in the section.

Section 4 provides for rights of condemnation as incident to the establishment of this coal reserve.

Section 5 provides that no coal lands of this reserve shall be used for mining except upon the order of the national coal commission and except in time of war.

Section 6 places all public lands containing coal deposits in this coal reserve.

Section 7 provides for rights-of-way and easements across lands.

Section 8 appropriates $300,000,000 to be provided by an issue of $300,000,000 2½-percent 50-year tax-exempt Government bonds, to be expended as follows: Where lands are purchased the bonds are to be accepted at par and where lands are condemned the bonds are to be sold at the best market price obtainable to provide funds for such condemnation.

Section 9 levies a graduated tax per ton on the annual bituminous-coal output, beginning with 1936. Of the taxes collected in the years 1936 to 1939, inclusive, an amount equal to 25 percent of the bonds issued by the Government shall be paid into a fund for the rehabilitation of the mine workers displaced from employment by the operation of title II, and the balance shall be applied to the administration cost of title II of the act, the payment of interest upon such bonds, and the creation of a sinking fund to retire the principal thereof. The tax would be imposed until such time as the full amount of the necessary sinking fund had been provided.

Section 10 provides that all revenues derived from these coal lands shall be paid into the sinking fund for the service and redemption of the bonds.

Section 11 provides that upon the termination of the national bituminous-coal commission under title I, its functions under title II shall be exercised by a national bituminous-coal reserve board, to be appointed by the President.

LABOR-DISPUTES BILL

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 263.

The Clerk read the resolution, as follows:

House Resolution 263

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1958, a bill to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that there is not a quorum present

The SPEAKER. Evidently there is no quorum present.

Mr. O'CONNOR. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 97]

Andrews, N. Y.	Dirksen	Jenckes, Ind.	O'Neal
Bankhead	Doutrich	Keller	Palmisano
Bolton	Duffey, Ohio	Kennedy, Md.	Patman
Buckley, N. Y.	Duffy, N. Y.	Kerr	Peyser
Bulwinkle	Eckert	Kocialkowski	Ramsay
Cannon, Mo.	Evans	Kopplemann	Reece
Cannon, Wis.	Farley	Lamneck	Reilly
Casey	Fish	Larrabee	Rayburn
Celler	Frey	Lemke	Robsion, Ky.
Chapman	Gasque	Lesinski	Russell
Claiborne	Gassaway	Lloyd	Ryan
Clark, Idaho	Goodwin	Lord	Sadowski
Clark, N. C.	Gregory	McClellan	Sanders, La.
Cochran	Hart	McLean	Sandlin
Cox	Higgins, Mass.	Marshall	Schuetz
Crowe	Hildebrandt	Montet	Schulte
Dear	Hobbs	Norton	Scrugham
DeRouen	Hoffman	O'Day	Shannon
Dickstein	Hook	Oliver	Short

Sisson	Sweeney	Underwood	Wilson, La.
Steagall	Taylor, Tenn.	Werner	Wood
Sumners, Tex.	Tolan		

The SPEAKER. Three hundred and forty-three Members have answered to their names. A quorum is present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

SECOND DEFICIENCY APPROPRIATION BILL

Mr. BUCHANAN, from the Committee on Appropriations, reported the bill (H. R. 8554, Rept. 1261) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, which was read a first and second time and, with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that all points of order on the bill be considered as waived.

The SPEAKER pro tempore (Mr. MARTIN of Colorado). The gentleman from Texas asks unanimous consent that all points of order against the bill be considered as waived. Is there objection?

Mr. TABER. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. TABER. Mr. Speaker, I reserve all points of order on the bill.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point to show the allocation of the $20,000,000 contained in the deficiency appropriation bill for veterans' hospital extensions, and to include in it a letter from General Hines, of the Veterans' Administration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, sometime ago I called a meeting of the Committee on World War Veterans' Legislation for the purpose of holding hearings on the question of hospitalization, and I invited Gen. Frank T. Hines, of the Veterans' Administration, to appear and testify.

We found that many extensions, improvements, and replacements were necessary in order to take care of the present load—especially the N. P. load.

It was agreed that the Federal Board of Hospitalization should take the proposition up and report back to the committee. That has been done, so far as extensions and replacements are concerned. It was found that it would take about $20,000,000 to complete that program.

The Chairman of the Committee on Appropriations conferred with me and agreed to include this amount in the bill which he has just reported.

This does not include any new hospitals; that question is still being considered by the Federal Board of Hospitalization.

At this point I desire to insert a letter which I received from General Hines on June 12, 1935, to which is attached a list of the proposed constructions and replacements of hospital and domiciliary beds.

VETERANS' ADMINISTRATION,
Washington, June 12, 1935.

Hon. JOHN E. RANKIN,
Chairman World War Veterans Committee,
House of Representatives, Washington, D. C.

MY DEAR MR. RANKIN: Confirming our conversation of this morning, on Monday, June 10, I presented to the Appropriations Committee of the House a construction program covering the anticipated needs of the Veterans' Administration for the next 5 years. For your information, I am enclosing a list showing the number, type, and cost of beds which it is proposed to provide at each of our facilities which will be affected. This program does not contemplate the establishment of new facilities, which matter the Federal Board of Hospitalization has now under consideration. In case of favorable consideration of any of the pending questions in this connection by the Federal Board of Hospitalization and the President, the appropriation of additional funds from the $4,000,000 unexpended balance under act approved March 4, 1931, will be requested.

While this program previously has been submitted to the National Emergency Council, I am requesting that organization to delete from our applications the items covered by the attached list. This is being done for the reason that in accordance with established procedure I believe that all matters involving additional beds should be passed upon individually by the Federal Board of Hospitalization and the President, which procedure will, of course, be followed in case funds for the program under discussion are appropriated. Applications covering various items of repair, remodeling, and improvement, and the rounding out of existing facilities are still pending before the National Emergency Council, and additional applications of the same nature made up largely of work which appropriately may be accomplished by the direct employment of labor and purchase of materials are in process of being submitted.

It will be noted that the greater part of the additional beds covered on the attached list are for the treatment of beneficiaries suffering from neuropsychiatric disability. As indicated by the summary, 6,835 neuropsychiatric beds, including the replacement of 134 now housed in unsatisfactory facilities, are recommended. Recommendations also cover 455 tuberculosis beds, which include the replacement of 300 beds now in unsatisfactory facilities. Of the 2,276 general medical and surgical beds recommended, 800 are replacements; and of the 2,250 domiciliary beds recommended, 1,400 are replacements.

The number of neuropsychiatric beds recommended is based on a recent survey by each regional office in the country of the number of such beneficiaries at home awaiting admission to Government psychotic hospitals, and the number of veterans with mental diseases in State, civil, municipal, or private hospitals. The additional beds recommended are being distributed at existing facilities to correspond very closely with the indicated needs of the areas served. Five hundred and fourteen N. R. beds recommended are for colored patients; 330 additional G. M. beds for colored are also recommended.

The replacement of 300 tuberculosis beds at Whipple Barracks, Ariz., is necessary for the reason that this facility is housed in part in buildings of permanent construction which form a part of the old Army post and in part in temporary buildings of war-time construction. Clinical and surgical facilities are very poorly arranged and scattered throughout several buildings, and in certain cases are located in buildings which are not of substantial construction. The ear, eye, nose, and throat clinic, the dental clinic, dispensary, and pathological laboratory are in one building of war-time construction. The X-ray and physiotherapy equipment are housed in the old Army post exchange and gymnasium, and the surgery in another building nearly a quarter of a mile away. The surgery is obsolete and entirely inadequate to serve the needs of the facility.

The replacement of domiciliary beds at Los Angeles is necessary in order to remove beneficiaries from old frame barracks buildings which are of light construction, unsafe structurally, and which constitute an exceedingly serious fire hazard. These buildings have been badly damaged by termites and their replacement with fireproof modern construction is exceedingly necessary. The domiciliary beds recommended for female beneficiaries are in order to take care of the existing load in the area which is not now provided for.

The additional beds recommended at Livermore, Calif., are to provide a reasonable number of single rooms for acutely ill and terminal cases, this hospital being deficient in this respect.

The administration building recommended at Newington, Conn., is in order to permit of the removal of regional office facilities from inadequate and very badly ventilated space in the basement of the main building, and to provide a small number of additional beds.

The additional domiciliary beds recommended for the Bay Pines, Fla., facility are to provide for the requirements at this station. It will be noted that there are included domiciliary facilities for female beneficiaries who at present are not provided for in this area. The additional general beds recommended are to maintain a proper relationship and to supplement other general medical and surgical facilities in the area which at present are inadequate. The additional beds recommended for Lake City, Fla., are in order to provide very necessary improvements in connection with the existing clinical reception and post-surgical services. The present facilities in this respect are unsatisfactory and inadequate.

There is in process of establishment at Atlanta, Ga., special facilities for the treatment of malignant conditions which are occurring with greater frequency throughout the service. In order to provide for the completion of this special clinic, additional construction to house the number of beds indicated will be required.

The 100 additional general medical beds for colored which have been recommended for Alexandria, La., are badly needed to take care of existing needs in the area served.

The replacement of 350 domiciliary beds at Togus, Maine, is recommended in order that beneficiaries may be taken out of existing frame barracks which are about 40 years old, beyond the stage of reasonable maintenance costs, and so arranged as to constitute an exceedingly serious fire hazard.

The added domiciliary beds at Biloxi, Miss., are recommended to provide for the needs of the area. This enlargement will provide for more economical operation as compared with the present small capacity of this facility.

The administration building recommended at Batavia, N. Y., is in order to permit of the removal of regional office facilities from inadequate and very badly ventilated space in the basement of the main building, and to provide a small number of additional beds.

The construction recommended at Jefferson Barracks, Mo., will provide for the removal of the main kitchen and dining room and the recreation hall from the main building where they are located at present. The existing situation in this respect is decidedly undesirable, and the establishment of the activities mentioned in separate buildings will provide for much more satisfactory operation than is possible at present, and will also provide for approximately 50 additional beds at this station, which is at present filled to beyond its rated capacity.

The domiciliary beds recommended for the Dayton facility are to replace several existing barracks which are in a very bad state of preservation. One of them has been condemned as being structurally unsafe, and the others are so deteriorated as to result in unreasonable maintenance and operation costs. They are not of fire-resistant construction, and their condition is such that they may not economically be remodeled. Domiciliary beds recommended for female beneficiaries are to provide for the needs in the area, and in line with the policy of establishing such facilities at several focal points throughout the country. The general medical and surgical beds recommended are to provide for the subdivision of the large wards in the present hospital building so as to provide for more satisfactory operation and a reasonable degree of privacy to the patients.

The additional beds both for white and colored beneficiaries which have been recommended for Columbia, S. C., are to take care of the needs of the area served.

The 100 general medical and surgical beds recommended for Hot Springs, S. Dak., are needed in order to provide for the establishment of a satisfactory surgical service at this facility. At present the surgical service is located on the main floor of the administration building where it is at a distance from the bulk of hospital beds, and due to its age it is not feasible to replace it in its present location.

A new hospital building of fireproof construction is urgently needed at Hampton, Va., to replace the present nonfireproof structure which was built more than 30 years ago, and which on account of its condition and arrangement cannot be successfully rehabilitated and modernized.

At Milwaukee, Wis., a new fireproof hospital building is needed for the replacement of a building which was constructed in 1879, and which is in such poor physical condition and so poorly arranged that it cannot be successfully modernized nor rendered reasonably fire resistant.

The additional beds recommended for Cheyenne, Wyo., will permit of the development of that facility to economical operating capacity. These beds are needed in order that beneficiaries who are now cared for in nonfireproof contract facilities may be housed in modern fireproof structures.

Very truly yours,

FRANK T. HINES, *Administrator.*

Proposed construction and replacement of hospital and domiciliary beds

	Neuropsychiatric	Tubercular	General medical	Domiciliary	Amount
Tuskegee	[1] 350				$300,000
Whipple		[2] 300			676,000
Los Angeles	150			[2] 400	835,000
Livermore		30			75,000
Fort Lyon	296				345,000
Newington (administration building)			35		80,000
Bay Pines (including administration building)			290	[4] 400	1,185,000
Lake City (improvements)			80		150,000
Atlanta			80		150,000
Marion	[2] 134				400,000
Knoxville	[3] 300				725,000
Lexington	306				600,000
Alexandria			[1] 100		100,000
Togus				[2] 350	350,000
Perry Point	164				300,000
Bedford	328				600,000
Northampton	200				250,000
Camp Custer	164				300,000
St. Cloud	328				600,000
Biloxi				350	400,000
Gulfport	164				300,000
Lyons	628				1,200,000
Batavia (administration building)			35		80,000
Canandaigua	639				1,200,000
Northport	800				1,500,000
Jefferson Barracks (kitchen, mess hall, and receiving building)			50		195,000
Chillicothe	328				600,000
Dayton (including kitchen and mess)			176	[6] 750	1,210,000
Roseburg	350				100,000
Coatesville	314				600,000
Columbia			[7] 405		430,000
Hot Springs			100		170,000
Waco	164				300,000
Hampton			[2] 500		750,000
Roanoke	[3] 492				$900,000
Milwaukee			[2] 300		350,000
Wisconsin	236				944,000
Cheyenne		125	125		750,000
Total	6,835	455	2,276	2,250	20,000,000

[1] Colored.
[2] Replacement.
[3] 350 replacements, 50 females.
[4] 350 males, 50 females.
[5] Including new boiler plant.
[6] 700 replacements, 50 females.
[7] 230 colored, 175 white.
[8] 328 white, 164 colored.

[See footnotes at end of table]

Proposed construction and replacement of hospital and domiciliary beds—Continued

Neuropsychiatric beds, including 134 replacements	6,835
Tubercular beds, including 300 replacements	455
General medical beds, including 800 replacements	2,276
Domiciliary beds, including 1,400 replacements	2,250
Total	11,816
Deduct 350 domiciliary at Roseburg converted to neuropsychiatric	350
Total	11,466

$\frac{\$20,000,000}{11,466}$ = $1,744 average cost per bed.

EDWARD T. TAYLOR

Mr. SNELL. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. Mr. Speaker, today marks the seventy-seventh anniversary of the birth of the honorable and distinguished acting majority leader of the House, EDWARD THOMAS TAYLOR, of the State of Colorado. [Applause.] Our eminent colleague and friend entered upon his service here at the mature age of 51, and today, while serving with distinction his fourteenth consecutive term, his eye is not dim nor his natural force abated. He has achieved a distinction, never the lot of any other man in the history of the Congress of the United States. His service here is unique. Other men who have served in the House—not many—have had a greater span of life than the gentleman from Colorado has now reached; still other men—exactly 14—among 10,000, were elected successively for 14 or more terms without a break in the continuity of their service, but no man other than EDWARD THOMAS TAYLOR was ever elected for 14 consecutive terms after he had passed the half century mark of his natural life. When his service began on March 4, 1909, he lacked only 3 months and 15 days before reaching his fifty-first milestone. This is a record, nobly achieved and richly deserved; and I predict it will remain unsurpassed in the annals of Congress. Those other 14 Representatives accredited with 14 or more unbroken terms constitute a roll of honor, 4 of whom, including the present able and distinguished occupant of the chair, were Speakers of the House, and some of them in their day and generation were reverently accorded the title of "Father of the House."

I deem it pertinent and a matter of interest to the House and to the country on this, the anniversary of the natal day of our friend from Colorado, briefly to record the names of the men on this roll of honor, their service longevity, and respective ages upon their entrance into Congress, namely:

Henry Harrison Bingham, of Pennsylvania, 17 successive terms; entered Congress at the age of 38 years;

Thomas Stalker Butler, of Pennsylvania, 16 successive terms; entered Congress at the age of 42 years;

Joseph Wellington Byrns, of Tennessee—our present Speaker—14 successive terms; entered Congress at the age of 40 years;

John Nance Garner, of Texas—a former Speaker and now Vice President—15 successive terms; entered Congress at the age of 35 years;

Frederick Huntington Gillett, of Massachusetts—a former Speaker—16 successive terms; entered Congress at the age of 42 years;

Gilbert N. Haugen, of Iowa, 17 successive terms; entered Congress at the age of 40 years;

William Atkinson Jones, of Virginia, 14 successive terms; entered Congress at the age of 42 years;

William Darrah Kelley, of Pennsylvania, 15 successive terms; entered Congress at the age of 47 years;

James Robert Mann, of Illinois, 14 successive terms; entered Congress at the age of 41 years;

Thomas Newton, Jr., of Virginia, 14 successive terms; entered Congress at the age of 33 years;

Edward William Pou, of North Carolina, 17 successive terms; entered Congress at the age of 48 years;

Samuel Jackson Randall, of Pennsylvania—a former Speaker—14 successive terms; entered Congress at the age of 35 years;

Adolph Joseph Sabath, of Illinois, 15 successive years—still with us and vigorous—entered Congress at the age of 41 years;

Lewis Williams, of North Carolina, 14 successive terms—upon whom the title of "Father of the House" was first bestowed—entered Congress at the age of 29 years; and

Edward Thomas Taylor, of Colorado, our distinguished acting majority leader, 77 years young today, 14 successive terms; entered Congress at the age of 51 years, and still going strong.

On this roll of honor are those only who were elected for 14 or more continuous terms. I should like to include the name of the late Honorable Joseph Gurney Cannon, affectionately known as "Uncle Joe", but unfortunately his service was not continuous, having been twice interrupted, once after 9 successive terms and again after 10 successive terms. However, his aggregate service covered a period of 46 years, longer than any other man's, living or dead, and for four terms he was Speaker of the House.

Mr. Speaker, our young friend from the top of the world also holds several other enviable records. He represents the most altitudinous congressional district in the United States. There are as many mountain peaks in his district as there were years of his life when he first came here. Is it any wonder then that he has climbed to heights of eminence as a Member of Congress?

Moreover, to EDWARD THOMAS TAYLOR belongs the distinction of holding the record in the House of Representatives for length of continuous service among Democratic Members from the section west of the Missouri River comprising 15 States. No other Democrat equals this record, and only one, the late Senator Francis P. Newlands, of Nevada, exceeds it for service in both the House and Senate.

The record of the gentleman from Colorado is distinguished for another thing: Fourteen times he has been elected in a district traditionally Republican in its politics. I only hope that his people have not formed an incurable habit, and if his constituents are determined to elect a Democrat to Congress, I sincerely hope they will continue to elect EDWARD TAYLOR or one of his type if another can be found in the Rocky Mountains, which I very much doubt.

Mr. Speaker, I felicitate our friend the illustrious gentleman from Colorado on this important day in his life, and I think I voice the warm admiration and affection all Members of the House, without respect to party, have for him as a man of splendid character; for his ability which he has signally demonstrated in the discharge of the arduous and delicate duties of acting majority leader, for his fairness, and for his unfailing courtesy, and to wish for him greater length of days, happiness, peace, and contentment.

Someone has said that life begins at 40. Taking our distinguished friend as a criterion, I would say life begins at 50. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may address the House for 5 minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I join in what I know is the unanimous feeling and sentiment of each and every Member of this House in congratulating and felicitating our colleague the distinguished Representative from the State of Colorado, Hon. EDWARD T. TAYLOR, on this momentous occasion. As has been stated by our loved and distinguished minority leader [Mr. SNELL], Mr. TAYLOR today passes his seventy-seventh milestone in his earthly pilgrimage. I am sure that he possesses to the fullest degree the warm and unshaken friendship, as well as the complete confidence of every Member of this House.

When I was elected a Member of the Sixty-second Congress and took my seat in this great body in April 1911 Mr. Taft was President of the United States. We were called together in extraordinary session on account of the negotiation of the reciprocity treaty with the Canadian Government. I early formed an acquaintance, which grew into an abiding and continuous friendship with the gentleman from Colorado, and as the years have come and gone that friendship has grown to one of affection and I might say of love. There are in this House today but four men who have had consecutive service since that time, beginning with the Sixty-second Congress; our honored and beloved Speaker, the gentleman from Tennessee [Mr. BYRNS], the gentleman from Illinois [Mr. SABATH], the gentleman from Colorado [Mr. TAYLOR], and myself.

The gentleman from Indiana [Mr. GRAY], the gentleman from Maryland [Mr. LEWIS], the gentleman from Ohio [Mr. ASHBROOK], and the gentleman from Colorado [Mr. MARTIN] also were Members of that Congress, but their service has not been consecutive.

Mr. TAYLOR has served faithfully and well not only his constituents who honored him by keeping him here continuously so long, but he has served the Nation equally well. He has established and maintained the highest standard of human excellence of service in this body. No one has been more courageous, no one has been more assiduous in his duties, no man has attained a higher standard of fidelity than the gentleman from Colorado. He has served his constituents in a district, as has been mentioned by the gentleman from New York, which is normally Republican. That he has had their confidence and their support during all these years demonstrates that service in this body to be of a high and patriotic order, where a man first gives adherence to his country rather than his party, does not go without reward.

I feel today, Mr. Speaker, that those of us who have been here so long are most fortunate in having had the opportunity of serving with ED TAYLOR. I have never known a more kindly man, a more considerate man, a man more diligent and more faithful in the discharge of every duty incident to his public service; and my sincere hope is that our good friend and colleague, ED TAYLOR, may celebrate his one hundredth anniversary as a Member of this House [applause]; that on that occasion our distinguished and loved Speaker may still be Speaker [applause]; and that on that same occasion our likeable and distinguished minority leader, than whom there is no finer gentleman, may still be minority leader. [Applause.]

Mr. BLOOM. With continuous service.

Mr. DOUGHTON. Yes; and that his service may have been continuous and unbroken.

Mr. Speaker, I thank the Membership of this House for affording me this opportunity to join in the sentiment I know is felt by every Member of this House in extending congratulations and felicitations to our beloved colleague, ED TAYLOR. [Applause.]

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes. [Applause.]

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, I wish to heartily join in the tributes which have been paid by the distinguished minority leader and the Chairman of the Committee on Ways and Means to the services of our friend and colleague, ED TAYLOR, from the State of Colorado. I do so, Mr. Speaker, with a peculiar and particular pleasure. I came into the Congress on March 4, 1909, and amongst the new Members who were

sworn in on that day were our friend, ED TAYLOR, and our friend, JOHN MARTIN, from the State of Colorado, who is now presiding over the House. [Applause.] I have, therefore, known Mr. TAYLOR longer than I have known any other Member of the House, with two or three exceptions.

I need not say that our relations have always been of the most friendly, kindly, and intimate nature. I have learned to love him during all these years as you who have served with him likewise have learned to love him, not only for his kindly nature, his generous soul, and his sympathetic heart, but also because we recognize in him a Member who has given the best that is in him to his district, to his State, and to his Nation. As a matter of fact, the only real, genuine, and satisfying compensation that comes to a Member from his service here is the knowledge that he has endeavored to render service to his country. I speak of this as compensation because it is the only real satisfaction that Members of Congress who have been honored by their constituents as their representatives to serve them in legislation and in other matters in Washington realize in their service here. Measured by this standard, measured by the standard of service to his district, service to his State, and service to his country, ED TAYLOR has been as richly compensated during the years he has been here as any Member who has ever served. [Applause.]

I join with those who have preceded me and with those who may follow me in paying tribute to him not only by way of expression of our affection and esteem, but also as a recognition of that service he has given so freely, so earnestly, and so ably to his Nation. I hope that he may live long to continue to represent the people of his district whom he has served so intelligently and with such great fidelity. [Applause.]

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois, the distinguished dean of the House [Mr. SABATH]. [Applause.]

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, I unreservedly subscribe to everything that has been said of the distinguished gentleman from Colorado, who celebrates today his seventy-seventh birthday. I regret that I cannot add a great deal to what has been so appropriately and justifiably said, not, however, because there is not much more to add in recognition of the important public service of this splendid gentleman but because time does not permit.

I had the honor, the pleasure, and the distinction of being a Member of this House when the two youngsters, the gentleman from Colorado, whom we are honoring today, and our beloved Speaker, the gentleman from Tennessee, became Members. I have the distinction of having served with at least 1,500 different men and women in this House, and I say honestly and sincerely that I have never known any Member whom I believed more deserving of the spontaneous and heartfelt tributes that have been paid here today than the gentleman from Colorado, my friend, Mr. TAYLOR.

I have known him long and well. We lived in the same little modest hotel for many years. May I say that he is not entitled to all the credit he is receiving today for his length of service in this body, his achievements, and his popularity in Colorado. I have the pleasure of knowing his charming spouse also [applause]; and there is no sweeter, more lovable, or more accomplished character than she; therefore, I feel that it is due to the splendid care which she has taken of this gentleman during his days of illness that we have the pleasure of having him still with us. I recollect that about 12 years ago, due to strenuous work, the sincerity of and devotion to his duties here, Mr. TAYLOR suffered a nervous break-down, which many of us feared he would not overcome; but, thanks to that splendid lady, he is still with us, with undiminished fervor and mental and physical vigor. I hope he will continue to be with us for many, many years to come.

Though Mr. TAYLOR is a partisan Democrat, he is a man who feels that his duties are first to the Nation and his State. Many times some of us on our side have thought we should vote for a certain bill that we thought was a party measure; but Mr. TAYLOR followed the dictates of his just heart and ripe mind, if he thought the interests of the people of his State and the Nation were better served by voting against the measure. He is a man who must be recognized as an outstanding statesman, a man who has the interests of the Nation and the people at heart at all times, regardless of whether his party and his associates agree or disagree with him. He has been honest, he has been sincere, he has been devoted to his duty, and I congratulate the people of his State for reelecting him for 14 consecutive terms and the Nation for its opportunity in these hectic times to draw upon his singular qualities of first-rate conservative, scholarly broad-minded statesmanship, whose first consideration is welfare of country. I hope the great State which he so ably represents in part will continue to reelect him to this body, unless he changes his mind and desires to foresake this side of the Congress to become a Member of the other body.

May I say that he has had several opportunities to accept what many consider a promotion, but he has refused because of the affection and unselfish zeal he has for his engrossing and important work in the House of Representatives.

EDWARD TAYLOR, I hope you will convey to Mrs. Taylor our best wishes, because I know that if all the other Members knew her as well as I, they would join me in felicitating not only you but also your estimable life companion on this happy occasion. [Applause.]

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, the honor of presiding on this occasion would be entirely sufficient for me, but since the Speaker has kindly mentioned me as one of the three men who came into the Sixty-first Congress with himself and my beloved colleague, ED TAYLOR, perhaps I can add a fitting and not uninteresting word to these services.

I suppose that I might hold myself up as a horrible example to the young, ambitious men of this body. JOE BYRNS, ED TAYLOR, and I stood up in this Well on the 4th day of March 1909 and raised our right hands and became Members of the Sixty-first Congress. As stated by the Speaker, we are the only three men left who became Members of that Congress. One of us is the Speaker of the House, the other is the acting majority leader, while I am a junior member of the Committee on Interstate and Foreign Commerce, on which committee I served 25 years ago, and only this morning I acted as chairman of a subcommittee of that committee, which is the highest distinction I have achieved in connection with my present congressional services. May I say to the younger Members that I stayed two terms and quit, and that if you want to sit up there where JOE BYRNS is sitting or back there where ED TAYLOR is sitting, you cannot drop out of Congress for 20 years.

But, Mr. Speaker, I receive great consolation from the philosophy of Emerson, who said: "There is no gain without a loss and no loss without a gain." The distinguished minority leader has recounted the achievements of men with a longevity record in the House, but there is a question in my mind whether it is a greater achievement to come here and stay 20 years or go out for 20 years and come back. [Applause.] I think if the honored minority leader will look up the record he will probably find that there are less men who stayed out 20 years and came back than stayed here 20 years in the first place. [Laughter.]

Just a word about my colleague, ED TAYLOR. He is without question the most valuable man for the West, not only in either House of Congress, but in Washington. He came here 25 years ago with a background of 12 years in the Senate of the State of Colorado. I say without fear of contradiction that he is better informed about western conditions, western resources, and western needs than any man in Washington. I do not have to tell the Members of the House that he is always on the job. [Applause.] I think Colorado would be wise if it kept ED TAYLOR in Washington as long as he is able to sit in a chair and may that be a long, long time. [Applause.]

Mr. CUMMINGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an article which appeared in the United States News of June 17 regarding the Honorable EDWARD T. TAYLOR. I think this is of enough importance to be included in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. CUMMINGS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include an article appearing in the issue of the United States News, pertaining to my colleague, the Hon. EDWARD T. TAYLOR, of Colorado, which I know is eminently well deserved and is appreciated by the people of Colorado, and I feel that it is worthy of being preserved in the RECORD of this date, his seventy-seventh birthday.

[From the United States News]

WHO'S WHO IN THE GOVERNMENT—EDWARD T. TAYLOR, ACTING MAJORITY LEADER OF THE HOUSE—COLORADO LAWYER, WHO HAS WRITTEN A HUNDRED FEDERAL LAWS

There are a number of things about Representative EDWARD T. TAYLOR, de facto majority leader of the House of Representatives, that make him an outstanding figure.

In the first place, his tall body, straight as an arrow, carries 76 years as if they were but 60 and his record likewise carries a list of achievements in lawmaking that would be hard to beat. Forty measures of his enacting are now on the books of his native State, Colorado, and he has written more than a hundred Federal laws.

And then, of course, his district is "the top of the world." It comprises some 40 of the tallest peaks of the Rockies, rich in ore and filled with names that are a part of the glamorous history of America's gold-mining days.

And another thing that makes Representative TAYLOR unique is his period of service. He is the only man in history entering Congress at the age of 50 who has served as many as 14 consecutive terms.

PUBLIC WORK HE HAS DONE

Recently when some nimble-penned artist attempted to portray in picture the achievements of this "top of the world Congressman" he had a hard time getting his sketches into the space allotted him. He drew a gushing pipe to symbolize a quarter-century fight for water rights, a sack of money representing the allotment for the "biggest reclamation project" in western Colorado, and a span of State roads through forest and over mountain running from Denver to Grand Junction, over the Tennessee River Pass and through the Colorado River Canyon. Sheep, cattle, and silver filled the rest of the picture, representing the two industries, stock raising and mining, which have been assisted by Mr. TAYLOR.

Of the long list of bills which Representative TAYLOR has written, two are most frequently mentioned in connection with his name. One was the act that changed the name of the Grand River to the Colorado and the other is the Taylor Grazing Act. Both represented long hard battles and both were inspired by the intense State loyalty which Mr. TAYLOR bears. Of course, the grazing act was national in scope and the Colorado River is vital to the seven States which it touches and to the great Boulder Dam which stores its waters.

BEGAN LIFE ON A FARM

Mr. TAYLOR'S father was born in England but was brought to this country by his parents when he was a year old and was reared on a farm near Jacksonville, Ill. EDWARD TAYLOR began his life on an Illinois farm, too, but later moved to a stock ranch in western Kansas. He was graduated from the high school in Leavenworth, Kans., in 1881. After graduation he started West looking for a job and ended up as principal of the high school in Leadville, Colo.

The next fall he left Leadville to attend the University of Michigan law school. When he had won his sheepskin at Ann Arbor he returned to Leadville and began practice in the office of his uncle. His public life began at once for in the year of his graduation he was elected county superintendent of schools. The next year he was made deputy district attorney. In 1887 he moved to Glenwood Springs where he went into law partnership with his brother and the same year was elected district attorney of the northwestern Colorado district.

LONG IN COLORADO SENATE

In 1896 he was elected State senator and served for 12 years. It was then that Mr. TAYLOR'S versatility as an author of legislation became evident and besides his 40 statutes he is credited with five State constitutional amendments. He held other public offices and was active in national Democratic politics, organizing a bureau of naturalized citizens at Chicago in 1916 and afterward campaigning extensively in the West among the foreign born.

Twenty-six years ago he was elected to Congress. There is now only one other man who with him entered that (the 61st) Congress. That is Speaker BYRNS.

INTEREST IN PUBLIC LANDS

Mr. TAYLOR'S interest centers on the Appropriations Committee of which he is vice chairman and also chairman of the subcommittee which is in charge of the Interior Department bill.

And when it comes to the Interior Department Mr. TAYLOR is right at home. His interest in the public domain goes back to his district and some of his earliest activities as a lawyer were when he adjudicated an important drainage case. He has battled for reclamation and for the Forestry Service; twice he saved the Hoover Dam Act from defeat and he watches that project like a hawk. Only recently he filed a brief with Secretary of the Interior Ickes, looking to assurance that no governmental activity would be permitted to nullify any of the rights under the compact of the States for the development of the Colorado River.

FILLS DIFFICULT POST WELL

For the most part Mr. TAYLOR has kept out of the inner political disputes of the House; he is never self-assertive and his present difficult job of leader, where he has to exercise control over men who elected someone else for the office, has been marked by a suavity and urbanity which few could muster under the circumstances.

When Representative BANKHEAD fell ill on the eve of taking over the office of floor leader to which he had just been elected it was at first thought another election would be held. But Representative BANKHEAD chose to make Representative TAYLOR his delegate and this course was insisted upon. Since Mr. BANKHEAD is still very ill, Mr. TAYLOR has been leader in everything but name since January 3.

Irrigation, mining, administration of public lands are all familiar topics to this sturdy champion of the open spaces and he is known throughout the West as one of the great human factors in its development in the last quarter century and more.

He has served on various committees dealing with these subjects and he is credited with effective work on the special committee that drafted the present Budget law.

Quiet and courteous, he devotes most of his time to his committee work, supplemented now by his duties as floor leader. He takes very little part in the social life of Washington. He is married and has three children, two sons and a daughter.

Mr. BUCHANAN. Mr. Speaker, it does me good to witness this deserved tribute being paid to my colleague in the House and to my colleague on the Appropriations Committee. Should anything happen to me, he would become chairman of that great committee. I unhesitatingly say to the Members of this House that if that should happen the fiscal affairs of this Government would be in safe-keeping in the hands of ED TAYLOR, of Colorado. [Applause.]

Mr. TAYLOR'S services to his State and to the Nation are of great value, but however valuable his services may be, his life is more valuable to the youth of this country. It demonstrates this great truth in life that if you will inform yourself, preserve yourself, moderate yourself, and live for your fellow men that they may live for you, you will gain steadfast footing at every step, mounting at length to eminence and distinction and becoming an ornament to your family and a blessing to your country. This has been the history of the service and character of ED TAYLOR. [Applause.]

Mr. LEWIS of Colorado. Mr. Speaker, other old-time friends in the House have referred to the long and distinguished service in the Congress of our beloved colleague, ED TAYLOR. But I believe I have known ED TAYLOR longer than anyone within the reach of my voice or in the city of Washington. I was quite a young boy when I first met ED TAYLOR. Even then he was and had been for many years a prominent public man in the State of Colorado. County superintendent of schools in Lake County, of which the celebrated mining town of Leadville is the county seat; city attorney of Glenwood Springs and county attorney of Garfield County; deputy district attorney and later district attorney for the judicial district comprising all of northwestern Colorado; for 12 years one of the leaders in the Colorado State Senate and for 2 years president pro tempore thereof, and acting lieutenant governor. A distinguished lawyer specializing in irrigation and water rights. He had deservedly won the high

respect of the people of our State for his public services in our State. His name even then was a household word. All the citizens of Colorado, regardless of party, have rejoiced in his splendid services for the Nation in his wider field here in Congress, but long before he came to Washington he had distinguished himself at home.

I am delighted to add a further tribute of regard and affection to his charming and able wife.

Whatever the vicissitudes of politics may be in the future, whatever the mutations of party, the people of Colorado will continue to send ED TAYLOR down here to represent our State, the West, and the Nation. [Applause.]

Mr. ASHBROOK. Mr. Speaker, I desire to subscribe to and endorse all of the fine things that have been said here this morning about our good friend and colleague, ED TAYLOR. He is worthy of every tribute here spoken. I never knew a finer gentleman.

I have risen this morning simply to make this statement. There are only three Members of this body today who saw and heard the distinguished Speaker, JOE BYRNS, our friend the gentleman from Colorado, Mr. TAYLOR, and the gentleman from Colorado, Mr. MARTIN, take the oath of office on March 4, 1909. I refer to the dean of the House, Judge SABATH, the gentleman from Pennsylvania, Mr. FOCHT, and myself. We are the only three who are Members of Congress today who were Members of Congress when these three distinguished gentlemen became Members of this body more than 26 years ago.

I lived at the same hotel, old Congress Hall, with our good friend, his good wife, and three fine kiddies for 14 years. I have known him intimately and well all these years. I know that he is always gentle, gracious, courteous, and kind, a true gentleman and an able statesman. He has made a very distinguished record in this House and enjoys the respect, confidence, and good will of all, regardless of the dividing aisle. None know him but to love him.

May I also say that while the gentleman from Colorado, Mr. MARTIN, has a record that is unique, I am also rather proud of my own record, which is also unique, if you will pardon me for injecting it into the RECORD at this time. I was in Congress 14 years, I was out 14 years, and then came back, and not only came back, my friends, but came back bringing with me five fine prospective candidates for a seat in this House. [Applause.]

Mr. Speaker, my fervent hope and wish is that our distinguished colleague and friend the gentleman from Colorado, Hon. EDWARD T. TAYLOR, may be permitted to serve at least a dozen more years and establish a longevity legislative record unknown in the annals of this body.

Mr. TAYLOR of Colorado. Mr. Speaker and fellow Members of the House, I cannot adequately express my sincere appreciation and gratitude for your most generous expressions of friendship and good will. I especially thank the minority leader of the House, Mr. SNELL, of New York, and the Speaker of the House, Mr. BYRNS, of Tennessee, and the father of the House, not in years but in service, Mr. SABATH, of Illinois, and all the other gentlemen who have so kindly joined in these felicitations.

I thank the gentleman from Illinois for his courteous reference to my wife, and I am proud to acknowledge that I would have disappeared from this floor many years ago if it had not been for the fact that for over 40 years my wife has been a constant guardian angel. [Applause.]

I can scarcely realize that this is in one respect the most rare and unique birthday greeting that has ever been accorded to any Member of this House. I am as proud as anyone can be of my membership in this great deliberative body, and supremely appreciative of the friendships of so many hundreds of splendid Members. It has been a great honor and privilege and a marvelous opportunity for service to our country and to the West and my home centennial State in particular. Two generations of the people of western Colorado have honored and trusted me during my public life extending over half a century. I am profoundly grateful to them. No Member of this House has ever had a more loyal backing from home than I have, and I am proud of them and I hope they will always be proud of me.

Life is a marvelous moving-picture show these days, and we ought all to be grateful of being members of the board of directors of our great Government and of the opportunities as well as the obligations that that trust involves.

But I will not make any speech. I just want to again thank you all from the bottom of my heart for this most wonderful official birthday party that has ever been given to any Member of Congress during the history of our country. It will always be one of my dearest recollections as long as I live; and I will conclude by fervently saying to you boys and girls: May the Lord take you all, but not for a long time after your seventy-seventh birthday. [Applause.]

CONFERENCE REPORT—NAVAL APPROPRIATION BILL, 1936

Mr. GARY submitted a conference report (Rept. No. 1262) on the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes.

BUNK AND NONSENSE FROM MR. WILLIAMS

Mr. HILDEBRANDT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HILDEBRANDT. Mr. Speaker, in the course of a moderate amount of experience, I have seldom read more bunk and nonsense veiled in highbrow language than the article of James T. Williams, Jr., which appeared in the Hearst papers recently under the heading, "'Dictatorship' Championed by Supreme Court Critic." In this article, Mr. Williams, with zeal worthy of a better cause, goes to great length to misrepresent my proposal regarding two amendments to the Constitution.

In order to put an end to the oft-repeated thwarting of the will of the people by the Supreme Court by declaring humane laws "unconstitutional", I urged amendments to the basic law:

First. So that the Government can take any steps it finds necessary to assure every able-bodied, full-grown citizen engaged in useful labor of the comforts of life, as well as to assure the same to the disabled, sick, aged, and minors.

Second. So that henceforth the Supreme Court will never again have the power to block humanitarian enactments by branding them unconstitutional.

Mr. Williams starts off with a misrepresentation in his first paragraph. He says:

> Toward the overthrow by popular referendum of the Government of the Constitution comes now Congressman HILDEBRANDT (Democrat), of South Dakota, with a specific program.

Mr. Williams is sufficiently intelligent to know that I proposed nothing of the sort. Amending the Constitution is not "overthrow of the Government of the Constitution." Does Mr. Williams believe the average citizen in his right mind will think that it is?

If I am not mistaken, the American Constitution was the first constitution in the history of the world to make specific provision for its own amendment. Constitutions under monarchies and other forms of despotism were supposed to be fixed, static, unchangeable documents that never could be altered. The American Constitution was adopted as a document that was subject to amendment when the people desired. It was intended to be responsive to popular will under certain conditions. Therefore, a way was provided for changing it.

I have proposed that we utilize the provisions of this very same Constitution for which Mr. Williams professes such noisy enthusiasm and adopt two amendments.

Did it ever occur to Mr. Williams that the Constitution has been amended a score of times already and that in the infancy of the Nation, the first 10 amendments—the Bill of Rights—were added in a single group?

Now we come to another of Mr. Williams' numerous misrepresentations of my position. He states that—

> The former passenger-train conductor who represents the First South Dakota District in the present Congress appears to think dictatorship offers the only relief from what he is pleased to term the "tyranny" of the American system of government, which he took an oath on the floor of the House to support when he began his present congressional term.

For one thing, I did not advocate dictatorship but industrial and political democracy.

For another thing, I have never said one syllable about "the tyranny of the American system of government." On the contrary, I urged using the existing provisions of this system of government to amend the Constitution so that its terms cannot possibly conflict with passing laws to end poverty and suffering, and so that the Supreme Court may no longer exercise authority that it was not originally intended to have. The tyranny is not in the system of government we have but in certain abuses that can be corrected.

Mentioning the oath that a Congressman takes to support the Constitution, Mr. Williams seeks to spread the impression that in some strange and incomprehensible way I have violated my oath. More bunk and nonsense!

I took an oath to support the Constitution. I did not take an oath to refrain from ever advocating an amendment to it.

Were the abolitionists in Congress, whose pioneer work paved the way for the constitutional amendment ending slavery, violators of the Constitution because they wanted it amended?

Was the wet Congressman who swore to uphold the Constitution while it contained the eighteenth amendment a violator of the fundamental law of the land because he disapproved the eighteenth amendment—which has now been repealed?

Because you take oath to obey a constitution does not forever obligate you to believe that it is perfect in every detail and to insist upon its retention for the next 1,000 years.

Mr. Williams knows this. He is not fooling himself. He is trying to fool others—and he will not even do that.

The reference to myself as "the former passenger-train conductor" is meant for sarcasm, I suppose. May I suggest to Mr. Williams that if the advice of train conductors, present and former, and of other railroad men, as well as of workers generally, had been heeded to a greater degree, the masses of our country would not have been bled white by the parasites of finance—capital.

When he adds that I do "not represent the rank and file of the railway brotherhoods", he is attempting to deceive his readers into thinking that the brotherhoods are satisfied with exploitation by Wall Street and with the improper use of the Constitution and the Supreme Court to perpetuate that exploitation. Perhaps I am as familiar with their attitude as he, and I have no hesitation in asserting that they are not satisfied with these conditions. They want legislation that will assure workers of the product of their labor and they have no more false reverence than I for clauses in a 150-year old document that ought to be modernized or for "nine old men in black", as Labor, organ of the Associated Recognized Standard Railroad Labor Organizations, called them.

Mr. Williams cites two commendable decisions of the Supreme Court and refers to "case after case in which the great tribunal has fearlessly upheld the rights of the laboring man." Oh, yes; the Supreme Court has sometimes been on the laboring man's side, but none too often. And the number of its decisions in which property rights have been ranked above human rights is appalling. The Roger Taney decision regarding the fugitive slave act, the income-tax decision, the decision against the Federal anti-child-labor act, the decision in the Newberry case forbidding Congress to legislate to regulate primary elections—these are some of them. Even if the decisions of the Supreme Court had always been on the side of the toilers, this would not affect the fact that the Court did not originally have the power to declare a law unconstitutional. This power was seized years after the Nation was founded.

The difference between the reactionary and plutocratic attitude of Mr. Hearst's writer, Mr. Williams, and the viewpoint of Thomas Jefferson, who said no society should have a perpetual constitution or a perpetual law, and favored a new constitution every 35 years, is as great as the difference between noon and midnight.

For Mr. Williams' benefit, as well as the benefit of all who are unfamiliar with the opinions entertained by Jefferson regarding courts and constitutions, I quote two statements by America's great Democrat.

The first was made in 1810. It reads:

It has long, however, been my opinion, and I have never shrunk from its expression, that the germ of dissolution of our Federal Government is in the constitution of the Federal judiciary; an irresponsible body, working like gravity by night and day, gaining a little today and a little tomorrow, and advancing its noiseless step like a thief over the field of jurisdiction.

The second was made in 1816, when Jefferson was living in Monticello:

Some men look at constitutions with sanctimonious reverence and deem them like the Ark of the Covenant, too sacred to be touched. They ascribe to the men of the preceding age a wisdom more than human and suppose what they did to be beyond amendment. I knew that age well; it was very like the present, but without the experience of the present; and 40 years of experience in government is worth a century of book-reading; and this they would say for themselves were they to arise from the dead. * * * But I know also that laws and institutions must go hand in hand with the progress of the human mind as that becomes more developed, more enlightened, as new discoveries were made, new truths disclosed, and manners and opinions changed with the change of circumstances, institutions must advance also and keep pace with the times. We might as well require a man to wear still the coat which fitted him when a boy as civilized society to remain ever under the regiment of their barbarous ancestors.

Between the philosophy of Mr. Williams and the philosophy of Mr. Jefferson, I must confess, Mr. Speaker, that I choose that of Mr. Jefferson.

THE RECLAMATION FOLLY

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech delivered by the gentleman from New York [Mr. CULKIN] over the radio on Saturday, June 15, 1935.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARLSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. FRANCIS D. CULKIN, Thirty-second District, New York, over the N. B. C. national hook-up Farm Home Hour, 12:30, Saturday, June 15, 1935:

Fellow citizens, I greatly appreciate the courtesy accorded me today to speak over the National Broadcasting Co.'s national hook-up to the farmers of the Nation. I am indebted to the National Broadcasting Co. for this opportunity and to Mr. Fred Brenckman, the able representative of the National Grange at Washington, who was the bearer of the invitation.

The problem of the farmer today, yesterday, and since the close of the great war has been the problem of surpluses. Congress has legislated to the end that this surplus might be controlled so that the farmer might find a living price for his product. Under the present A. A. A. the policy of control of the surplus was adopted through the medium of legislation that permitted acreage retirement and benefit payment. The purpose of this legislation was to balance production with consumption and to place agriculture on the same plane as industry.

During my service in Congress I have supported all legislation which had this objective for its purpose. Every economist of note assents the proposition that the return to normal times is dependent very largely upon reestablishing the buying power of the farmer. Upon this restoration of buying power to the farmers of the Nation depends the well-being, and indeed the future life, of the industrial States.

During my service in Congress I have given some study to reclamation as a factor in creating surplus crops from which agriculture suffers. As a result of this I have been and am a definite and vigorous foe of the policy of reclamation as at present carried out by the Department of the Interior. I do not wish to be misunderstood on this question, for when opportunity occurred I have invariably supported by my voice and vote legislation which tended to alleviate the conditions of the farmers who are already on these reclaimed areas. I have supported the moratorium on water rentals. I will support any and all measures for the relief of the reclamation farmer. When I oppose further reclamation I am in their corner fighting their battle. I am for and will always support reclamation projects upon which the community life and the normal development of the West and Southwest depends. May I state that I am for the man on the land, both East and West, and for the improvement of his condition? I think I have a national viewpoint on these matters. I hold no brief, however, for the land sharks, boomers, railroad officials, pseudo empire builders, and similar groups who care nothing for the farmer and who are the main driving force in this reclamation folly.

Primarily, let me state that in these United States there are arable acres to the number of 973,000,000. Normally there are in cultivation in continental America approximately 300,000,000 acres. By virtue of the reduction policy of the Agricultural Administration there are now in production approximately 250,000,000 acres, hardly more than one-quarter of the arable lands of the country.

In a laudable attempt to bring agricultural prices up to a parity with industrial prices and to control the surplus the Department of Agriculture last year spent $635,000,000 to take 35,000,000 acres out of production.

The A. A. A. is in charge of crop production under the leadership of Mr. Chester Davis, a sincere and able public official. While he is harnessing the whole power of the Government to the proposition of controlling surplus, the Bureau of Reclamation in the Department of the Interior, at loggerheads and at war with the policies of the Department of Agriculture, has pursued this fatal policy of bringing new lands into production. In this year of our Lord, against the wishes of the farmers who are being destroyed by this uneconomic policy, the pseudo empire builders of the Bureau of Reclamation are starting to bring into production approximately 4,000,000 additional acres of land.

These additional acres will increase the existing surplus, depress prices, and add to the present distress of the farmers. My colleagues from the reclamation States claim that crops raised on reclaimed land amounts to 1 percent of the crop production in America. This, my friends, is a definite fiction. In some fields the increased croppage rises as high as 50 percent. The tables show that 11 percent of the total crops in America are raised on reclaimed lands, every acre of which has been either reclaimed by the Government or on projects fostered and engineered by the Bureau of Reclamation in the Department of the Interior. The commitments last year to reclamation were over $100,000,000. To complete the projects started will take a billion dollars. Much of this money comes from farm States, including Minnesota, Wisconsin, Iowa, and Ohio. In other words, the Bureau of Reclamation is using the money of the farmers for the purpose of destroying them by added competition. Thus far the farmers have been complacent and passive about this procedure.

Some of the pending projects when put into work will destroy the farmers who are already on the land. Let me illustrate this:

If the 2,000,000 acres of the Grand Coulee, in Washington, is put in work it will unhorse the fruit farmers of the West coast. Already there is a surplus of this type of orchard crop in the West, and we are told that the land of the Grand Coulee is particularly suited to raise fruits. I have opposed the Grand Coulee development for this reason. This project was condemned by the United States Engineers in 1932 as uneconomical either as a reclamation or power project. It has never had the approval of Congress. The Grand Coulee is a vast area of gloomy table lands interspersed with deep gulleys located in northern Washington. The project has been condemned by the National Grange and other agricultural groups in America.

I am in receipt of letters which tell me that the farmers of the State of Washington are becoming alive to the dangers that confront them. I hold in my hand a letter sent to Mr. Fred Breackman, representative of the National Grange at Washington, D. C., from a resident of the State of Washington. This letter recites that the orchard property in Wenatchee-Okanogan district showed an average fixed indebtedness, not including current indebtedness, for growing costs per acre of $599.74. The writer goes on to say:

"This information should be of value to you in your efforts to prevent further irrigation development in the State of Washington. The placing of more lands under irrigation at this time is nothing short of confiscation of the homes and ranches of those people who have already invested their life savings in this State."

I now call as a witness to the dangers of this development a resident of Kennewick, Wash. This writer is well-informed and I read from his letter:

"If we gain a bunch of suckers you lose them and they move out here, and the subsequent disillusionment puts them on the bum for good. You had a plain case of that in the ill-starred Brooklyn caravan when they trekked to Idaho. In our whole national set-up there is no one scandal as rotten as the reclamation delusion. The pitiful feature of this whole mess is that the western irrigation farmer is never allowed to 'catch up.' If the poor fool imagines that he sees daylight a long way ahead, his hopes are dashed by a new political ditch (appropriation grab) starting up somewhere. Our 'Reclamation Service' should be in the Agriculture Department, not the Interior Department."

I have in my files many similar letters from farmers in the State of Washington. It will interest my hearers to know that the United States Engineers estimate that the completed Grand Coulee project will cost $714,000,000, amortized at 4 percent. The farmers of the Nation who are the real creators of its wealth will, therefore, be contributing to their own destruction.

Boulder Dam will bring 1,200,000 acres into production. Some of the reclamation phases of Boulder Dam are sound, as are its provisions for flood control and power. More than half of the acreage, however, will simply add to the existing agricultural surplus, and the man who farms this area will find no market for his crops. Fifty years from now the picture may change, but with immigration stopped and the birth rate falling it is unlikely that this additional land will ever be needed.

I want to emphasize anew that reclamation projects of this type are destructive alike to the farmer who is already on the land and those who settle on these reclaimed areas. When either group brings his crop to the market he is confronted with falling prices that do not give him and his a decent living. Putting these areas into production will further handicap the already grievous situation of the dairymen, for our friends in the Reclamation Bureau are stressing dairying in all their literature. It will destroy the California growers of soft fruit, including pears, peaches, and apricots. It will destroy the Oregon and Idaho farmers by new plantings of apples and potatoes. It will furnish additional and destructive competition to the fruit growers of Virginia, Pennsylvania, New Jersey, New York, the New England States, Ohio, Michigan, and Southern Illinois. These lands will seriously affect the present difficult situation of the wheat farmers in Kansas, Iowa, and Minnesota. It is time that the farmers of the Nation were aroused to their danger. Their leaders in the Grange and other organizations have advised them of this peril and have fought vigorously against the placing of new lands into production. It is time that the people themselves became vocal.

The Bureau of Reclamation should be placed in the Department of Agriculture. Make this the subject of discussion in your Granges and other gatherings. If you do this the future of all farming groups will be more secure. If you do not get into action and stop this mad folly, the present effort of the Department of Agriculture to control the existing surplus will be in vain, and you will pass on to your children and your children's children a continuing heritage of economic distress.

NATIONAL LABOR RELATIONS BOARD

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, before I proceed to attempt to discuss House Resolution 263, providing for the consideration of the labor-disputes bill, I want to heartily join in the felicitations which have been expressed to the distinguished gentleman from Colorado, our beloved acting majority leader [Mr. TAYLOR] upon the occasion of his seventy-seventh birthday. [Applause.]

He is in much better voice today than I am. I only hope that some of us who may be a generation or more younger than he, when we reach that ripe old age of 77, we shall have had such a distinguished career as he and that we shall be as alert, physically and mentally, as he is today. I congratulate him. [Applause.]

Mr. Speaker, House Resolution 263 provides for the consideration of the labor-disputes bill, commonly and sometimes profanely referred to as the "Wagner-Connery bill", named after the distinguished junior Senator from my State and that beloved champion of labor, the distinguished gentleman from Massachusetts.

I assure you that this rule is not a gag rule. I have been amused at the constant misguided references to gag rules. Only yesterday I read in a Washington newspaper that the A. A. A. amendments bill was being "jammed through the House under a gag rule."

Of course, nothing could be more ridiculous. The A. A. A. and the Wagner-Connery bill would never be considered in this House without a special rule. Rather than the rule for the consideration of the A. A. A. amendments being a gag rule, it was six times more liberal than the usual and ordinary procedure of this House. This rule for the consideration of the Connery bill is three times as liberal as the ordinary procedure of the House. If that is gagging it is at least a pleasant dose. Because if either of these bills were brought up under the ordinary rules of the House there would be only 1 hour's debate, whereas in the triple A bill we provided for 6 hours' debate, and for this bill 3 hours' debate, with every opportunity for amendment and no attempt to restrict the prerogatives of any Member.

For months I have been overwhelmed by countless thousands of letters from all over the country in reference to this bill, most of them from employers apparently alarmed at the prospects of its passage. I think the gentleman from Massachusetts and other supporters of the measure, who know the situation as to this bill, can state to the country, if it really concerns what I had to do with the making of the rule for the consideration of this bill possible.

Mr. COX. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. COX. I know that the gentleman has been anxious to get a rule for the consideration of this bill, and any assertion that he has been blocking it is untrue.

Mr. O'CONNOR. I have been striving for weeks to get this rule reported from the committee so that the House

might consider it. From the beginning, despite any statements of irresponsible labor leaders to the contrary, I have been wholeheartedly for the bill.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CONNERY. I know the situation and I am entirely familiar with it. I am glad to tell the country that the gentleman from New York [Mr. O'CONNOR] has done everything in his power to bring out a rule on this bill.

Mr. O'CONNOR. Oh, I am not concerned about scandalous misstatements from irresponsible sources. I have gone through many years of it and I can still take it a little longer.

Mr. HOEPPEL. And, Mr. Speaker, the gentleman may be unjustly accused in reference to the Spanish-American veterans' bill. I know the gentleman was heartily in favor of that bill, and I should like that to be shown in the RECORD.

Mr. O'CONNOR. Oh, I do not care about that either. Everyone who knows what goes on here knows what I did to make the passage of that bill possible.

As I understand it, this labor-disputes bill becomes necessary chiefly because of the Supreme Court decision which disposed of the main part of the N. R. A., including section 7 (a), which provided for the settlement of labor disputes. As I read the bill and study it, what it does principally is to provide for collective bargaining among employees. Employers, through their chambers of commerce and their trade associations, have always had the privilege of collective bargaining; and if N. R. A., if the new deal, has any one outstanding feature, it is the encouragement of collective bargaining among business men, manufacturers, and producers. If collective bargaining under the new deal should fail, the whole new deal would fail. If that right of collective bargaining is accorded to employers, why should it not be granted to employees? That is the spirit of this bill—to give to employees the same right to act in concert that has been granted to employers. Everyone knows that the individual, by himself, is at the mercy of the heartless employers.

What does the bill do? Employees have had the right of collective bargaining, by decisions of the court, since 1842, and this bill merely assures them that they may do that without interference from the employer in their self-organization. Is there anything wrong in that? Does anybody object to that? Of course, some employers do.

All the bill says to the employer is, in effect, "If your employees want to organize, as they have had a right to do for over 90 years, you keep your hands off and let them organize. You bargain collectively. Let them bargain collectively by representatives of their own choosing. They do not choose your representatives. Why should you choose theirs?" Is there anything wrong with that? The employer bargains collectively with representatives of his own choice. He sits in his trade association. He sat in the code meetings. Did he have outside representatives selected by employees or anyone else? No; he had representatives of his own choosing; and all that labor asks is that when they bargain with their employers, they have representatives of their own choosing. Who can complain of that?

This bill is nothing new. The National Industrial Recovery Act contained substantially the spirit of the bill. The N. R. A. provided:

> Employees shall have the right to organize and bargain collectively—

Is there anything wrong with that?—

> through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers.

Is there anything wrong about that? We merely enunciate an equality of bargaining power.

This bill in its spirit is substantially a reenactment of the provisions of the National Industrial Recovery Act, which this Congress deliberately put into that bill. In the last Congress we gave the railroad employees that exact right—to be free from interference from the employers. We gave them the right to bargain collectively without any interference from the railroad executives. Is there any reason why labor generally should not have the same right as the railroad workers?

Of course, many of the employers would like to keep their self-controlled company unions. Why, the very name "union" is a misnomer. It is a stopgap against any union.

I have heard there have been some objections to the provision that labor, through its representatives, should be entitled to go into the courts although the labor union and although the representatives of the workers are not parties to the suit. What is wrong with that? Why should not labor have the chance to go in and argue collectively the rights of labor in any court action where there is a labor dispute? Why should they not have their own attorneys in the suit?

Mr. Speaker, it is my conviction that there is a lot of undue alarm about this bill among employers and as to what its results will be. It has been my experience in the Legislature of New York, and in this body, that employers, falsely importuned by their lobbyists, by their paid representatives who want to keep their jobs, are deliberately frightened at any suggestion of bettering the conditions of labor. I have a letter here from a man in New York, the same man who fought the workmen's compensation law, the same man who fought improving the hours of labor for women and children in industry, the same man who fought the factory laws, and he is still fighting every labor measure. He holds a job. He is paid to do it and to frighten employees.

It has invariably happened that after those labor laws were put into effect, the employer and business would not be without them. I predict that result as to this bill after it has had time to operate. The employers are unduly alarmed. If there is any injustice in the bill it will be corrected. I have never seen an injustice last very long. Listen to what this paid shouter for the Associated Industries of New York says as to the attitude of the employers of his association toward their Government:

> All employers and all independent self-respecting employees will refuse to submit to the governmental domination which this bill seeks to thrust upon them.

Is this a defiance of law? Of course the employers of my State did not authorize nor do they subscribe to any such defiant attitude toward our Government.

This paid lobbyist would have us believe that the employers whom he falsely represents are serving notice that if we pass the bill they will not submit to it. Of course, they will attack it in the courts. That is their right. Of course, they will put every obstacle in the way of it as they always have done when there has been an attempt to better the condition of wages and of employment. As to that they must answer to themselves and their employees.

There is a lot of talk nowadays about the distribution or the redistribution of wealth. Why, Mr. Speaker, the way to distribute wealth in this country, if it should be better distributed, is to increase wages and individual income. [Applause.]

So I am hopeful that when this bill has been thoroughly considered under the 3 hours' general debate and under the 5-minute rule, many of the alarms, many of these fears which have been set up as straw men by paid representatives of employers will be dissipated, and that this House will come to the conclusion that the enactment of this bill is for the benefit not only of labor, but for the benefit of the employer and every man, woman, and child in this great country of ours. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I have not opposed the bringing in and adoption of any rule to make in order a major proposition of legislation desired by the administration and put on the legislative program of the leadership of the House. I think they are entitled to have their program of legislation, which the administration desires and which the majority of this House desire to further. I think they are entitled to have that legislation considered. Here-

tofore I have only opposed rules when they contained limitations on the offering of amendments, or otherwise deprived the membership of the House of free and unfettered deliberation under the general rules of the subject matter of the bills proposed. But I cannot vote for, and I must needs oppose, the reporting of this rule and its adoption.

Insofar as the subject matter of this legislation is concerned and its fundamental principles, I am in sympathy with it. I recognize the right of labor to collectively bargain. I am in hearty sympathy with everything that is economically possible to raise wages and better the living conditions of those who work in this country. I believe it is the destiny of this country that its standards of living for the masses of the people and for everybody be continually raised, and I am for anything that will bring that about. So it is not the bill as such that I am opposing; but recently the Constitution of the United States was interpreted by the Supreme Court in a decision that was unanimous, and which opinion I have before me.

I wish to remind the Membership of this House of some of the things that the Constitution contains. I quote from the opinion subscribed to by the entire membership of the Supreme Court. The Supreme Court laid down the proposition that the general police powers to be exercised in this country belong to the States, and that insofar as the exercise by the Federal Government of police powers is concerned it is limited to regulation of interstate and foreign commerce. If the exercise of power by the Federal Government is not needed for the regulation of commerce, then the exercise of that power has been prohibited by the Constitution to the Federal Government.

The Supreme Court has said, with respect to activities that affect interstate commerce, this:

> In determining how far the Federal Government may go in controlling intrastate transactions upon the ground that they "affect" interstate commerce, there is a necessary and well-established distinction between direct and indirect effects.

It cited the Coronado and the Bedford Coal Co. against Stonecutters of America cases and said that where the Supreme Court, under the Sherman Act, determined that under the Constitution the Federal Government had the right to interfere with intrastate activities, it was because the Court found as a fact that there existed a conspiracy not to do something that might affect interstate commerce, but a conspiracy to stop interstate commerce directly. It is upon the finding of that fact that the Court found that the cases came within Federal jurisdiction. It must be a direct and not an indirect effect, says the Supreme Court.

Mr. CONNERY. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. CONNERY. Chief Justice Taft in the Coronado case said:

> If Congress deems certain practices, though really not a part of interstate commerce, likely to obstruct, restrain, or burden it, it has the power to subject them to national supervision or restraint.

That is the purpose of this bill.

Mr. LEHLBACH. The Supreme Court in its decision said that these intrastate activities which interfered with interstate commerce must not only substantially interfere with commerce, but must have interference as a specific purpose. That is what the Supreme Court in the recent decision said.

It goes on:

> But where the effect of intrastate transactions upon interstate commerce is merely indirect, such transactions remain within the domain of State power. If the commerce clause were construed to reach all enterprises and transactions which could be said to have an indirect effect upon interstate commerce, the Federal authority would embrace practically all the activities of the people and the authority of the State over its domestic concerns would exist only by sufferance of the Federal Government.

Furthermore, this is what they said in answer to the question raised by the gentleman from Massachusetts:

> The distinction between direct and indirect effects has been clearly recognized in the application of the Antitrust Act. Where a combination or conspiracy is formed with the intent to restrain interstate commerce or to monopolize any part of it the violation of the statute is clear,—

Citing the Coronado case—

> but where that intent is absent and the objectives are limited to intrastate activities, the fact that there may be an indirect effect upon interstate commerce does not subject the parties to the Federal statute, notwithstanding its broad provisions.

Furthermore, in speaking of the Industrial Association against United States case, it quotes from that opinion as follows:

> The alleged conspiracy and acts here complained of spent their intended and direct force upon a local situation—for building is as essentially local as mining, manufacturing, or growing crops—and if, by resulting diminution of the commercial demand, interstate trade was curtailed, either generally or in specific instances, that was a fortuitous consequence so remote and indirect as plainly to cause it to fall outside the reach of the Sherman Act.

And the Supreme Court goes on further and says that while these decisions were upon the point whether the Antitrust Act was applicable to the cases brought before it, it goes on to say as follows:

> While these decisions related to the application of the Federal statute and not to its constitutional validity, the distinction between direct and indirect effects of intrastate State transactions upon interstate commerce must be recognized as a fundamental one essential to the existence of our constitutional system.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 additional minutes to the gentleman from New Jersey.

Mr. LEHLBACH. These same rules that were applied in the antitrust cases are applicable in determining the constitutionality of a statute.

The Supreme Court sums up its opinion on this subject in the following language:

> We are of opinion that the attempt, through the provisions of the code, to fix the hours and wages of employees of defendants in their intrastate business was not a valid exercise of the Federal power.

And, as before mentioned, the Court specified as such intrastate business, building, mining, manufacturing, or growing crops.

What does the bill before us propose to do? This bill proposes to set up certain prohibitions against employers. Section 8 states that it shall be an unfair labor practice for an employer, any employer, to do one of five things heretofore not illegal. An employer is defined as anyone who pays money for the services of another, and excludes simply the Government of the United States, a State, or political subdivision thereof, any person subject to the Railway Labor Act, any labor organization or any officer or agent of a labor organization. Outside of these groups the pending bill includes everybody employing labor for any purpose throughout the United States, and is manifestly unconstitutional.

The bill provides procedure for the enforcement and restraint of indulgence in these prohibited labor practices. So we have here a situation where a proposed law is not doubtful with respect to its constitutionality, where there can be no reasonable difference of opinion, where it is not a matter of judgment as to whether it is in violation of the Constitution, because the interpreter of the Constitution, set up by that instrument, has spoken in unequivocal language. We have, therefore, the remarkable situation of the legislative and executive branches deliberately and willfully engaged in enacting legislation to vest powers in the administrative branch which powers they know the Constitution says are not within the jurisdiction of the Federal Government. It is clear usurpation. It is a determination by the Federal Government to govern in matters which the Constitution states are not within the jurisdiction of the Federal Government, matters which the Constitution recites are reserved to the States and the peoples thereof. It is a direct exercise of governmental functions by the Federal Government by main strength and in defiance of the Constitution.

I cannot vote for any such rule, I cannot vote for any such bill. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Speaker, I had not intended, until a few minutes ago, to have anything whatever to say about the Wagner-Connery bill consideration of which the pending rule is intended to make in order. I recognize, of course, that the bill raises an issue that must at some time be fought out, and I think it may as well be now as any other time. I have not, therefore, opposed the reporting of the rule by the Rules Committee, and do not and will not oppose the adoption of the rule in the House.

I have not had time to digest the bill as fully as I should like, but it must be apparent to everyone who has read it that it carries upon its face the most terrible threat—and I speak deliberately and advisedly—to our dual form of government that has thus far arisen. In this respect it is far more terrible than was the National Recovery Act. It is not what appears upon the face of the bill that disturbs me, it is the intent and purpose carried by the measure which the language used is intended to conceal.

The purpose of the measure, as all honest minds must confess, is to circumvent the effect of the recent ruling of the Supreme Court in the Schechter case. It is intended by this measure through the use of the commerce clause of the Constitution to sap and undermine that great document to the extent of ultimately striking down and destroying completely all State sovereignty. Here the attempt is made through the use of the commerce clause to extend Federal control to the point of production and distribution, which the courts for more than a hundred years have uniformly held to be domestic questions.

If it be not the purpose of the bill to circumvent and to nullify the pronouncements of the Court in the case to which I have referred, then there should be no objection to amending the measure to make it clear that there is no purpose to push Federal control through legislative definitions or otherwise beyond the point fixed by the Court in the Schechter case which defines the limit of congressional power. There is the test of what is here sought to be done; for, of course, no one objects to collective bargaining. I am for insuring to and protecting labor in the free and unrestricted exercise of all their constitutional rights. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Speaker, I was profoundly impressed by the very able argument to which we have just listened, offered by the gentleman from Georgia [Mr. Cox].

I am not a lawyer; in fact, the number of phases of human existence about which I do not know is very large, but I approach this and every other problem from the point of view of the well-being of the man himself, and I find myself deeply disturbed by and strongly opposed both to this rule and to the legislation which it introduces to the House.

Eleven years ago last March I had the honor of addressing this House on the subject of our American economic revolution, and at that time I laid down certain principles by which I interpreted history. To those principles, in which I believe more strongly than ever, I appeal at this time for your consideration.

The end of the social process, as I see it unfolding down through the long weary centuries, is that men may be free. For a thousand years men have fought to be free to think, to be free to worship, to be free to govern themselves. They have won in theory at least those areas of freedom which have to do with intellectual, moral, and political rights.

Today throughout the civilized world the attention of every class in every community is turned to one new objective, namely, that the masses of men shall achieve the same freedom economically that in days gone by they had achieved in the realm of the mind, the spirit, and the political structure. In accomplishing this great objective, which I believe in with all my heart and to which I have devoted the best years of my life, we have a choice between two great instrumentalities. One is the American instrument of private enterprise developed by free American citizens under the Constitution and Government of the United States. The other is the instrumentality adopted in various countries of Europe, in which the Government is everything. It is the monster of control, and under that control the individual lives his life, whether he be employer or employee, shackled and bound by authority forced upon him from above and not created by his own choice. As between these two principles of life I take my stand on and for the American principle, and I am willing to go down with that principle even if I did not get one vote back home. I will stand for that American concept of life to the last ditch at any cost to myself or to my party. [Applause.]

Mr. Speaker, I believe in organized labor. I have voted and fought for almost every principle and every policy introduced in this House in 10 years that had as its purpose the advancement of the workingmen, not because I wanted their votes, although sometimes I needed them. I will be honest with myself and my people even if I am in politics. I would rather go down fighting for the principles that have made this Nation great than to be guaranteed a safe election for the rest of my natural life. I believe those American principles are at stake in this legislation today.

The American instrument for the distribution of wealth is not this body and it is not the White House. It is organized industry, composed of the employer and the employee working together as partners in the greatest material social service the world contains.

Mr. WHITE. I think sometimes industry may be overorganized.

Mr. EATON. I think that is a valuable suggestion. In the old days the individual was the chief instrument of industry. You did not need organized labor. But when we created by law a great, impersonal giant, known as a corporation, it became the duty of Government to follow that legislative creation by proper legal regulation. The day that you introduced that powerful impersonal instrument on the side of the employer, it became necessary for the employees to organize in a mass form, otherwise the individual worker would have had about as much weight as a fly on the wheel of a locomotive. So I have been for organized labor, and I want to see it continue, but I want to see organized labor and organized industry work together as a team in social service, not under the whip of bureaucratic control, but under personal responsibility and in accordance with the fundamental ideals of our country. [Applause.]

Can that be done? I may be an old fogy in my views about that matter, but I have been in the industry of this country, and in the closest intimacy with these problems for the past 20 years, and I do not believe that full and free and friendly cooperation between employer and employee is an idle dream. May I give you two illustrations, and I am sorry that they have to do with the dead. When you go to Cleveland, go out to the Lake View Cemetery, and I hope you will not go there as a patron, but rather as a visitor. You will see a monument at the entrance crowned by the magnificent figure of a man, Henry Chisholm. Many years ago a young Scotchman, who was a carpenter, and his wife were put off a sailing vessel on the wharf in Cleveland. They had all their worldly goods in a box and she sat on the box while he went up town to get a room. He came back and both of them took hold of the box and carried it up to their room. When that man died at the end of a wonderful career in Cleveland he was followed to his grave in the cemetery by 6,000 of his employees and they erected this monument. On it they put this statement:

Erected by 6,000 employees and friends in memory of Henry Chisholm, Christian, philanthropist, and everybody's friend. Born in Lochgelly, Scotland, April 27, 1822. Died in Cleveland, Ohio, May 9, 1881.

That is the essence of the relationship that I believe should exist between employer and employee in every organized industry. I believe it is possible to achieve that normal human relationship if we may have some kind of moral sense and intellectual understanding of our problems, which problems we can never solve by legislation such as is being proposed here today.

Here is the other instance. The employees of Richman Bros., manufacturers of clothing, have hung in the lobby of their East Fifty-fifth Street factory, Cleveland, Ohio, a life-size portrait of their friend and employer, Henry C. Richman, and a bronze tablet, which reads as follows and which does not read very much like the legislation which we are considering here today.

The Richman institution is a successful firm of Jewish people who have been for many years in the clothing business. They are not chiselers, they are not doing a sweatshop business. They are fine American citizens who stand for the very best in all their relations with their employees. This is what the employees put on the tablet:

The memory of the righteous shall be a blessing. This memorial tablet has been erected by the employees of Richman Bros. Co. in loving tribute to Henry C. Richman. June 26, 1876–February 16, 1934. Coworker, friend, benefactor. His interest in the personal welfare of the men and women of "the Richman family" was constant, devoted, and inspiring. He was a gentleman of spirit, generous of heart, strong in integrity, and a friend of us all. His memory will live forever in the grateful hearts of all who knew him, and, knowing him, loved and respected him.

Mr. GRAY of Pennsylvania. Will the gentleman yield?

Mr. EATON. I yield to the gentleman from Pennsylvania.

Mr. GRAY of Pennsylvania. May I ask the gentleman if he thinks there should be any laws against homicide because there are decent people in the country?

Mr. EATON. I would not expect a question of that magnitude to be asked except on that side of the aisle.

This resolution describes the legislation under consideration as—

A bill to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes.

As I read the bill, the exact opposite of this description would be more in accord with the truth. It destroys equality of bargaining power between employer and employee. And it will increase enormously the causes of labor disputes. It will not cure the disease. It will aggravate and perpetuate the disease.

This legislation strikes a fatal blow at organized labor as we have known it in America. For it plucks the labor union out of the plane of free, self-governing American institutions and places it under the supreme control and domination of a political bureaucracy in Washington.

Under this bill the labor union ceases to function as an economic instrumentality and becomes a mere cog in the vast political bureaucracy now being built up in Washington for the purpose of bringing all American life under Government control and management.

It takes from employers and employees alike their constitutional right to develop their mutual relationships under local conditions and free from bureaucratic political dictation. And it denies the great majority of American workers the right to work under conditions and leaderships of their own choosing.

This and all similar legislation rests upon the absurd proposition that all business men are dishonest and unfair and all employees are incapable of self-determination or self-government. It places the relation of employer and employee upon a permanent and unalterable war basis. It rests upon the false assumption that the interests of employer and employee are by their intrinsic nature absolutely irreconcilable. And it puts the employer in the criminal class, subject to fine and imprisonment for a list of new crimes fastened upon him under legal processes as unjust and unfair as they will certainly turn out to be unconstitutional.

Believing as I do that organized industry is now the chief instrument of civilization, I see small hope for our social future unless employer and employee quit fighting each other and join forces to meet the challenge that confronts them. Under our American system there is only one way to justly distribute wealth, and that is by high wages made possible by high production at low unit cost. Wages and profits must be paid out of production. There is no other source from which they can be derived. And high wages cannot come out of an industry conducted as an armed camp with the vultures of bureaucracy darkening the sky.

The problem of human relationships in industry can never be solved by law, and especially by class legislation which seeks to enthrone one class while it enslaves another. The need of the hour is not more law and more bureaucratic dictators. Our need is an awakened sense of moral obligation among employers and employees and the people generally, which will make fair industrial cooperation possible and leave us all free to act as self-governing, self-respecting American citizens, with faith in ourselves and in each other.

Mr. O'CONNOR. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, if a majority of employers would be as fair to their employees as those who have been mentioned by the gentleman from New Jersey [Mr. EATON], there would be no need for this pending legislation; but, unfortunately, such is not the case. In many instances many honest employers are being misled by propaganda on the part of industry.

I am satisfied that the employers described by the gentleman will not be found among those objecting to this legislation, but they will give it their whole-hearted support and cooperation.

I have in my hand more than 400 letters and telegrams from men protesting against the passage of the bill, and a majority of these men, Mr. Speaker, draw from $50,000 to $100,000 a year in salary as president or as other officers of these corporations. Moreover, many of them draw from $50,000 to $250,000 a year in bonuses. These are the men who are fearful that something will be done that will be helpful and beneficial to the deserving workers of this country.

Mr. Speaker, I feel that if the men who have either wired or written to me had been well informed on this proposed legislation they would not have sent these telegrams and letters; but, unfortunately, the officers of these various manufactories and large corporations, with the organizations and lobbies which they employ, as the gentleman from New York [Mr. O'CONNOR] has stated, to keep their fat jobs, instigate this propaganda. This should be condemned and, for one, I shall continue to resent such activities of these men who are responsible for the thousands of telegrams and letters with which they are endeavoring to influence and browbeat us while we are in the performance of our duties.

As to the constitutionality of this measure, during the 29 years I have been here, every time we have had a bill in the interest of the deserving labor, I have heard the learned lawyers of the Nation raise the question of constitutionality. When I introduced my first bill on workmen's compensation 29 years ago, what a hue and cry was raised against it. The question of its constitutionality was raised then, and, as I have stated, the same question has been raised in every instance with respect to legislation considered on the floor of this House in the interest of the masses and the laboring people of the country.

All this legislation contemplates is the setting up of a labor-relations board that would be helpful in effecting adjustments in disputes among employers and employees. It has been stated, and I know it will be used again on the floor, that the leaders of the American Federation of Labor are dictating this legislation. Some gentlemen resent and give as a reason for opposing this bill the statements of Mr. Green, the president of the American Federation of Labor. Anyway, if this legislation is enacted, it would benefit only about 3,000,000 of the 30,000,000 workers of our country.

Let me say very earnestly to the opponents who are using that as a pretext for opposing this legislation that were it not for the work of the American Federation of Labor, we would still have in this country our workers enslaved 10, 12, and even 14 hours a day at the starvation wage of a dollar a day. The present high status of the workers of America is due to the age-long struggle and accomplishments of, first, the Knights of Labor, and, later, the conservative American Federation of Labor.

The American Federation of Labor has for many years been a benefactor not only of the deserving workers of America but to America herself. That splendid organization, more than any other, has been instrumental in the improvement of living conditions and wages of the labor of this Nation.

If employers and industries have unrestrained right to organize, why should not the same privilege be accorded to the real producers of wealth? Attacks against that splendid organization, the American Federation of Labor, are unfair, unjust, and in many case contemptible.

Anybody who is fair and familiar with the existing condition of labor these distressful times will, if he follows the dictates of his heart and conscience not vote against this generally helpful proposed legislation.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Speaker, I am opposed to this bill because it purports to do what it cannot do, and we are therefore grossly deceiving many people who are looking to it for help and protection. This bill purports to assure to workers generally freedom from any interference, restraint, or coercion in the forming or joining of labor organizations and in collective bargaining. If the bill actually goes this far it is manifestly unconstitutional, while if it is limited in its operation to those few isolated cases where Congress may perhaps still legislate with respect to such matters without violating the Constitution, it does not give what it purports to give, or what its sponsors claim for it.

There is some question whether even on the narrowest construction the whole bill is not unconstitutional in the light of the decision of the majority of the Supreme Court a few months ago on the Railway Retirement Act. In that case the court said:

> The purpose of the law is not safety, but to give social security to a limited class. Hence, it is not a necessary or appropriate rule or regulation affecting the due fulfillment of the railways' duty to serve the country in interstate transportation.

The present bill makes a great deal out of the alleged advantage to interstate commerce in the setting up of machinery for collective bargaining. The court might hold that such machinery does not increase the efficiency of interstate commerce and therefore Congress may not legislate with respect to it, irrespective of the nature of the company involved in the labor dispute, i. e., whether it is actually engaged in interstate commerce or not.

It is true that the Supreme Court in the case of *Texas & New Orleans Railroad Co.* v. *Brotherhood* (281 U. S. 548) upheld the Railway Labor Act of 1926, in a suit by a labor union to restrain the railroad from interfering with the right of its employees to organize and the designation of representatives for bargaining. The Court in that case, however, distinguished the principle involved from the rules laid down in *Adair* v. *United States* (208 U. S. 161) and *Coppage* v. *Kansas* (236 U. S. 1), which held unconstitutional statutes directed toward regulating the rights of railroads to employ and discharge employees at will. The Texas case is, therefore, of narrow application and is not necessarily authority for the principle that Congress may legislate on all matters covered in the present bill, if the company involved is engaged in interstate commerce or in transactions so affecting interstate commerce as to be as to some matters under the control of Congress.

Another aspect of the case which should be given at least passing consideration is the question of discrimination. If relations between employers and employees are to be regulated, a serious constitutional question is raised if employers are forbidden to do certain things and employees are not so forbidden. It is possible that the Supreme Court might consider this an arbitrary, unreasonable, or capricious use of power by Congress and therefore violative of the due-process clause of the Constitution.

But even if neither of these two possible constitutional objections to the bill are involved, the effect of its operation is so narrow that only in isolated cases of labor disputes could it be invoked. The great mass of labor disputes in the country are, of course, in manufacturing, in the production of raw materials, or in the supplying of services. None of these, outside of the communications industry or the transportation industry, could possibly come under the terms of the act. The Supreme Court has repeatedly held that the business of manufacturing, the business of mining, and the business of supplying intrastate services cannot be held to be in interstate commerce unless the effect on interstate commerce is direct and substantial. The Schechter case, decided on May 27, is, of course, the most recent enunciation of this doctrine. The Supreme Court could have decided that case solely on the question of delegation of authority, but went out of its way to discuss the interstate commerce question, realizing, undoubtedly, that it was well to warn Congress of the limits beyond which it could not go.

The Court asked in its opinion: "Did the defendant's transactions directly 'affect' interstate commerce so as to be subject to Federal regulation?" and then answered its own question as follows:

> In determining how far the Federal Government may go in controlling intrastate transactions upon the ground that they "affect" interstate commerce, there is a necessary and well-established distinction between direct and indirect effects. * * * But where the effect of intrastate transactions upon interstate commerce is merely indirect, such transactions remain within the domain of State power. If the commerce clause were construed to reach all enterprises and transactions which could be said to have an indirect effect upon interstate commerce, the Federal authority would embrace practically all the activities of the people, and the authority of the State over its domestic concerns would exist only by sufferance of the Federal Government.

When proponents of the bill before us are asked for any evidence that Congress has the power to control labor relations in ordinary business, they customarily point to the language of Chief Justice Taft in the *First Coronado case* (259 U. S. 344), as follows:

> If Congress deems certain recurring practices, although not really part of interstate commerce, likely to obstruct, restrain, or burden it, it has power to subject them to national supervision or restraint.

But in the Schechter case the Supreme Court specifically referred to the Coronado cases and pointed out that in those cases there was a combination or conspiracy with the intent of restraining interstate commerce, and that therefore the Antitrust Act was violated. The Court continued:

> But where that intent is absent and the objectives are limited to intrastate activities, the fact that there may be an indirect effect upon interstate commerce does not subject the parties to the Federal statute notwithstanding its broad provisions.

The use of Chief Justice Taft's words in the Coronado case as authority for legislation like the present bill is an example of what Justice Sutherland warned against in the Humphreys case, decided on May 27, last (*Rathbun, Executor,* v. *The United States*), when he quoted Chief Justice Marshall in *Cohens* v. *Virginia* (6 Wheat. 264), as follows:

> It is a maxim not to be disregarded that general expressions, in every opinion, are to be taken in connection with the case in which those expressions are used. If they go beyond the case they may be respected but ought not to control the judgment in a subsequent suit when the very point is presented for decision. The reason of this maxim is obvious. The question actually before the Court is investigated with care, and considered in its full extent. Other principles may serve to illustrate it, are considered in their relation to the case decided, but their possible bearing on all other cases is seldom completely investigated.

Proponents of this legislation also cite *Chicago Board of Trade* v. *Olsen* (262 U. S. 1), and similar cases, as authority for the right of Congress to pass such legislation. But the peculiar authority of that line of cases is also distinguished in the Schechter case, where the court says:

> Hence decisions which deal with a stream of interstate commerce—where goods come to rest within a State temporarily, and are later to go forward in interstate commerce—and with the regulations or transactions involved in that practical continuity of movement, are not applicable here.

As a matter of fact this legislation shows a callous disregard of the repeated warnings which the Supreme Court

has given. It is an outrage to labor to promise what the sponsors of this bill have promised only to find within a year or two, when labor disputes where this act will be invoked finally reach the court of last resort, that Congress went beyond its powers in attempting to include such disputes in this legislation. It is inconceivable that the sponsors of this bill have had proper legal advice, for I am sure that they would not knowingly so mislead their followers.

Is it not wiser to draft legislation on sound legal principles, legislation which can be upheld, rather than arbitrarily pass a bill which has no chance of ultimate validity? The whole tendency of this legislation will be to foment labor trouble, and the heartburnings and disappointments which will ensue when it is found unworkable cannot help but react severely on the whole industrial situation. If we pass this act we are selling labor a gold brick.

What is most desired is friendly relations between capital and labor. Proper wages, hours, and working conditions on the one side, and an ability to earn a reasonable return on the investment on the other. Legislation of this kind, far from accomplishing that desired result, will result only in estranging still further the relations between labor and the employer. The utter futility of the effort to improve conditions by such unsound measures as this should be manifest.

Mr. CONNERY. Mr. Speaker, will the gentleman yield?

Mr. HOLLISTER. I yield.

Mr. CONNERY. The Supreme Court has said time and again, in the Coronado case and in the Stonecutters case, that anything that affects interstate commerce, as far as a labor dispute is concerned, which burdens or obstructs interstate commerce, can be regulated under the commerce clause of the Constitution.

Mr. HOLLISTER. The gentleman is entirely incorrect. The gentleman has quoted the Coronado case and that case is generally quoted by those who sponsor legislation of this sort. The gentleman is thinking of the words of Mr. Chief Justice Taft in that case where he used some general language in discussing solely the question of a conspiracy to stop the flow of interstate commerce, and which has been repeatedly held had nothing whatever to do with anything but the particular case of conspiracy. Both the Coronado cases and the so-called "Stonecutters case", to which the gentleman has referred, dealt with conspiracies and combinations in restraint of trade. If the gentleman will look at the decision of Mr. Justice Sutherland in the Humphreys case, he will see that the Justice pointed out how unwise it is to pick out a part of a decision which is obiter dicta, and has specific reference only to the particular case, and then apply such general remarks to other matters of legislation. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Speaker, it seems that we are being confused over the real object of the bill. We are taking a lot of trouble to find where the act might be unconstitutional. The whole object of the bill, the only object, and the object we should not lose sight of is that in this concentrated business of collective bargaining on the part of business we should also have collective bargaining on the part of the employee.

It is the old war of labor over again.

My correspondence files are full of letters saying that by this bill you will turn over industry to the employees, that by this bill the American Federation of Labor or some labor organization will control industry. Under this bill it is impossible for any labor organization to control anything except the selection of its representatives.

There is not a thing in this bill to provide control, nothing in this act provides for it. Under this bill labor has the right to go to the door of the employer and say, "We are ready to sit around the table and argue this matter out and reason it out with you. If we can reach an adjustment, all well and good; if we cannot, we go back to the old system of dog eat dog, which we have had before."

This bill does not adjust labor disputes; it puts both sides in a position where they can adjust them.

There is much talk about the agitators; and some of you gentlemen who are interested in industry, if you think, you would find that the best way you have of eliminating the agitator and the fighter of your labor organization is through this bill.

The agitator and the fighter was brought into the labor organizations because of one thing—and that is that your industrial leaders would not recognize the right of collective bargaining. Your industrial leaders said, "We will not recognize that right." Then came the labor agitator and the strikes. In the last 6 months of 1934, according to the records of the Labor Relations Board, 74 percent of all strikes owed their origin to a demand for collective bargaining.

Thirty-five years ago that was the type of leader you had. Today you have the reasoning type, because many have recognized the right of collective bargaining. The standard labor organizations have eliminated the agitator, and today they are sitting around the table.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. GRISWOLD. I yield.

Mr. TAYLOR of Tennessee. Is there anything in this bill to prevent an operator from closing his plant?

Mr. GRISWOLD. There is nothing in the bill to keep an operator from closing his plant. There is nothing in the bill that says you shall reach an agreement—nothing of that sort. It simply provides that labor may bargain collectively. The bill does not fix hours, wages, or working conditions, nor does it allow any Government agency to do so. The bill does not require any employee to join any labor organization. Nothing in the bill compels any employer to make any agreement about anything pertaining to wages, hours, or working conditions in any plant any place.

The bill does provide the manner and method by which employees may select their representatives for the purpose of collective bargaining. Beyond this the bill does not go.

Gentlemen here say they favor the principle of collective bargaining, but they oppose the only means by which collective bargaining can be established. It is like saying, "We believe you should be free, but try and get free."

Mr. FOCHT. Mr. Speaker, will the gentleman yield?

Mr. GRISWOLD. Yes.

Mr. FOCHT. We will agree with that. We all have been for labor for all these years, but we find in this bill an inhibition on the employer to have any such operation as a lock-out, while we find in the winding up of the bill there is nothing to interfere with strikes. Why cannot we get them together and have no lock-outs and no strikes? Otherwise you will have nothing but strikes.

Mr. GRISWOLD. I would be pleased if the gentleman could in some way fix this bill so that we could reach the millennium, a system of brotherhood, so that we would have neither lock-outs nor strikes.

Mr. FOCHT. Why, they have been claiming the millennium on the gentleman's side all of these weeks and months, and by this time you ought to have it worked out.

Mr. GRISWOLD. I suggest to the gentleman that if we have 12 years to work it out, as the gentleman's side did, we will certainly make a better success of it than his side has. [Laughter and applause.]

To get back to the bill. The only inhibition against the employer is that he shall not dominate an organization of his employees. He cannot rent a hall or make a contribution to a union. And this applies whether the union be an American Federation union, a company union, a fraternal brotherhood of employees, or a mugwump union. He cannot buy candy for company-union members nor at his own expense throw a dance for the daughters, and in return expect to get a lengthening of hours or reduction of pay.

And last, but important, domestic and farm labor is specifically exempt.

Mr. CONNERY. Mr. Speaker, I yield the remainder of my time to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I trust this rule will be adopted and that this bill will become legislation. It is one of the principal measures of the administration program. It recognizes the right of labor to form unions and have collective bargaining by representatives of their own choosing. It recognizes equality around the conference table, not only of the corporation which is a creature of the law to be represented, but also for labor to be likewise represented by organization and by their representatives. It recognizes not only the theory of collective bargaining, but it goes further and provides that where collective bargaining exists there should also be collective responsibility. In dealing with a group of laboring men you deal with representatives of their own choosing, and, when an agreement is reached, you have then an agency set up whereby you can go to that organization through their representatives and insist on the agreement being kept. This is being done with the railroads. It has been done in the coal-mining operations through the United Mine Workers, who have entered into agreements for periods as long as 3 years. I have known instances where local unions would attempt to interpret the contracts themselves, but the leaders and officers of that union would go to that local union and show wherein they were in error, that they had no right to offer an interpretation over their organization, and they were made to go back to work because they were in error. If we are going to deal with labor on the basis of equality, then it must be through a responsible organization with the leaders of their own choosing. Then, when an agreement is reached, you have an agency set up whereby it can be enforced.

There is nothing, in my opinion, in this bill which will destroy State sovereignty. There are certain problems which we all recognize are Nation-wide and which must be dealt with, not according to State lines but according to national lines. If the States could solve these problems of strikes and lock-outs and controversies in industry, which are more than State-wide, they would have done it. They have had an opportunity for all these many years to set up such an agency, but we all know that these controversies are national in character. The agency set up in this bill will preserve rights of both labor and capital. It will assist without compulsion the amicable adjustment of labor disputes. These controversies are Nation-wide in effect, and society has rights of commerce to be protected and preserved. The general results of this measure will promote economic peace and security. As the railroad labor disputes bill has preserved peace and mutual understanding in rail transportation, this measure will extend better understanding to other industries that affect commerce generally. The bill is a step in the right direction. It possesses a procedure for equity and better labor relations.

The SPEAKER. The time of the gentleman from Indiana has expired. All time has expired. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. CONNERY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1958, to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1958, with Mr. ARNOLD in the chair.

The Clerk reported the title of the bill.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent, while in Committee of the Whole House on the state of the Union, that all members who speak in Committee have 5 legislative days in which to revise and extend their remarks, and I give notice that I shall make a similar request for all Members when we get back in the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Chairman, I yield 10 minutes to myself. First of all, I want to make it clear to the House that under the rule whereby we have 3 hours' general debate, which would give Mr. WELCH, of California, the ranking Republican member of the Labor Committee, an hour and a half on his side and an hour and a half on our side, to be controlled by myself, we have reached an agreement to divide up the time equally between the proponents and opponents of the bill.

The whole story in this bill from our viewpoint, from the point of view of the Committee on Labor, and the point of view of the Senate when it passed the bill, is to bring about industrial peace, peace between capital and labor.

All the propaganda that has been aroused against this bill, which you have been receiving in your mail, in your telegrams, attempts to set up a smoke screen that the passage of this bill will mean strikes; that it will mean unrest; that it will turn over business to the American Federation of Labor; that it will turn the country over to the labor unions of the United States.

Nothing could be further from the truth. What this bill means to do, and what the members of the Committee on Labor believe it will do, will be to stop strikes; it will stop unrest; it will stop labor disputes in the United States.

Two years ago, when we passed the National Industrial Recover Act, we passed section 7 (a) as a part of that bill. There was not any fight on section 7 (a) either in the House or in the Senate.

It passed by a great majority. Section 7 (a) set out the rights of labor to bargain collectively, through representatives of their own choosing. All the Wagner-Connery bill, which is before you today, does is to see that this Board which had the enforcing of section 7 (a) is given the power to enforce what we wrote into that section when we passed the N. I. R. A. bill in this House.

Mr. TARVER. Will the gentleman yield?

Mr. CONNERY. Yes; I yield.

Mr. TARVER. The National Industrial Recovery Act has been extended except with regard to the provision for the enforcement of codes. If all this provides is an extension of 7 (a), why is it not taken care of in the extension?

Mr. CONNERY. I did not say that that is all it was. I said this gives the Board the power to enforce what we wrote into section 7 (a) when we wrote the National Industrial Recovery Act.

Under section 7 (a) of the National Industrial Recovery Act and Resolution No. 44 that was passed in the closing days of the last session of Congress, presumably this Board had the power to do something about these labor disputes. They would come in, make a decision, what we think was a fair and just decision—for instance, in the automobile case, in the shoe case, in the textile case, and different cases which came to their attention—but that is all they could do. They could just come in and make an investigation, but they had no power of enforcement, because Resolution No. 44 was innocuous; it had no teeth; it did not give them any power. So much so that all they could do was to turn over the results of their investigation to the Department of Justice or to the N. R. A. Compliance Board. The Department of Justice would have to start in all over again, get new evidence, start the case all over again, and then proceed.

In 3 years we have only had four cases of noncompliance with this resolution brought up before the courts of the United States, and no decision on any of them as yet. All that the N. R. A. Board could do was to take away the Blue Eagle, and that meant practically nothing to offenders. So that all we are asking by this bill is to guarantee to labor the same rights that we gave them in section 7 (a) of the National Industrial Recovery Act, namely, the power to bargain collectively through representatives of their own

choosing. That power to bargain collectively through representatives of their own choosing has been upheld time and time again by the Supreme Court in its constitutional aspects. As far as the constitutional aspect of this bill is concerned, there is the Coronado case and there is the Bedford Stonecutters' case. We have heard a lot of talk about intrastate commerce and interstate commerce.

First of all in the Coronado case, the coal was not even mined, it had not started to be mined, it had not gotten to the surface, it was still in the mine, and had not begun its interstate-commerce journey, and they had a strike in the mine, and the Federal court issued an injunction against the district leaders of that union who struck in that mine, and under the antitrust laws they said, "You have no right to strike in that mine. We are issuing an injunction against your striking, because by this strike you are burdening interstate commerce, you are interfering with the free flow of interstate commerce."

In the Bedford Stonecutters' case there was a stone quarry in Indiana. The stone was shipped to New York. It was dumped on the ground. Interstate commerce had ended apparently. The workers who were to put up the building with that stone in New York said, "We will not work on it because it came from a nonunion quarry in Indiana." The court issued an injunction against the leaders of that strike and said, "You cannot strike. Your strike is illegal. It is unlawful, because by striking you are interfering with the free flow of interstate commerce. You are obstructing interstate commerce."

The Wagner-Connery bill is built upon those decisions of the Supreme Court which say that a labor dispute, a strike which interferes with the free flow of interstate commerce, is subject to regulation by the Congress of the United States under its interstate-commerce powers. So we do not have any worries or any fears about the constitutionality of this bill.

There are certain unfair labor practices set out in this bill, saying that it shall be unlawful for the employer to finance any union. That does not mean just a company union. It means any union. It means the American Federation of Labor union or any other union that we can think of. It stops him from interfering with his workers in their rights to bargain collectively. I will just read those provisions. They are short:

SEC. 8. It shall be an unfair labor practice for an employer—

(1) to interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.

(2) To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it: *Provided*, That subject to rules and regulations made and published by the Board pursuant to section 6 (a), an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization: *Provided*, That nothing in this act, or in the National Industrial Recovery Act (U. S. C., Supp. VII, title 15, secs. 701–712), as amended from time to time, or in any code or agreement approved or prescribed thereunder, or in any other statute of the United States, shall preclude an employer from making an agreement with a labor organization (not established, maintained, or assisted by any action defined in this act as an unfair labor practice) to require as a condition of employment membership therein, if such labor organization is the representative of the employees as provided in section 9 (a), in the appropriate collective-bargaining unit covered by such agreement when made.

(4) To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this act.

(5) To refuse to bargain collectively with the representatives of his employees, subject to the provisions of section 9 (a).

Those are the unfair labor practices. As my colleague, the gentleman from New York [Mr. O'CONNOR], said in his brilliant speech today, what about the national trade associations? The employers' associations—they can bargain collectively among themselves. Nobody steps in and says that they cannot organize. Nobody stepped in when they came down to write the codes of the National Industrial Recovery Act, and said to them that they had no right to organize and bring all their tradesmen down, their representatives of their organizations, to fix prices and take care of their own interests, and in those codes exploit the workers. No indeed! Antitrust acts did not apply to them. The antitrust laws were only invoked to enjoin workers from striking on the grounds that they were interfering with the free flow of interstate commerce. Well, what is sauce for the goose is sauce for the gander, and it is about time that we begin to realize that labor disputes do not originate with the workers but 99 times out of 100 begin by the employer exploiting his workers by starvation wages and long, inhuman hours of work.

Nobody raised a finger against that, but when labor comes in and says that all we want is the right to go into a booth in a factory and, with no interference by an employer, with no interference by our foreman, write down on a piece of paper whether we want a union of our own choosing, whether we want a company union, whether we want no union at all, that is a different matter. A great cry goes up that we are oppressing the employees.

Mr. FLETCHER. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I promised to yield first to the gentleman from Georgia [Mr. TARVER]. Then I shall be pleased to yield to my friend from Ohio.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield myself 5 additional minutes.

Mr. TARVER. I am sincerely desirous of ascertaining the gentleman's position. As I understand it, the gentleman takes the position that strikes interfere with interstate commerce; therefore, anything which has a tendency to bring about a strike is proper subject for congressional legislation. That would include disputes about hours of labor, wages, and working conditions, things which the Supreme Court has just expressly said in the Schechter case we cannot regulate in an intrastate industry such as manufacturing. The gentleman's position, therefore, is necessarily directly opposed to the decision of the Supreme Court in the Schechter case.

Mr. CONNERY. No; I do not agree with the gentleman. The Supreme Court has said time and time again, not in 5-to-4 decisions, not in any other close decision, but by unanimous decisions that labor disputes which interfere with interstate commerce are subject to regulation by the Congress of the United States.

Mr. TARVER. And in the Schechter case the Supreme Court cited the Coronado Mining case which the gentleman from Massachusetts has made his leading case, and pointed out that the reasoning of the Coronado decision could not be used to justify an attempt by Congress to regulate conditions of employment in manufacture, mining, or any other intrastate business.

Mr. CONNERY. But I would call the gentleman's attention to the fact that the Schechter case dealt entirely with intrastate commerce. We are dealing in the bill before us with interstate commerce.

Mr. FLETCHER. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. FLETCHER. It has been the practice of employers to bring in thugs, gunmen, and strikebreakers to stop strikes.

Mr. CONNERY. Yes.

Mr. FLETCHER. Is there anything in this legislation which will prevent them from bringing in strikebreakers?

Mr. CONNERY. I do not think there is. The employers' rights under the law will be just as strong and secure after the passage of this act as they were before. There are State laws as well as another Federal law which we passed last year to punish thugs and others who come in to break strikes unlawfully.

The gentleman and I may be entirely opposed to calling out the National Guard, but there is nothing in the bill that will stop calling out the National Guard, there is nothing in the bill that will stop employers from bringing in thugs, as I interpret the measure; but the employer may not finance a union, he may not interfere with the formation of a union, may not fire a man because he organizes a union or joins a union; and the employer cannot do as the

New England Telephone & Telegraph Co. did when it brought 30 or 40 girls to testify at a code hearing in the old House Office Building here in Washington, paying their expenses in hotels here, and bringing them before the code hearing to break up a lawful union of girls who had given their time and their best honest efforts to the formation of a union seeking decent hours and decent wages.

The New England Telephone & Telegraph Co. brought these company-union girls before the code hearing to say how much they loved the New England Telephone Co., how nice the company was to them, that it took them on picnics and gave them a nice trip to Washington, but they did not say anything about how low their wages were and how long their hours at the switchboard were.

We are trying to give to the men and women of the United States the right to be free American citizens, to go about and say, "I am master of my soul, I am not an industrial slave. I do not have to stand for any employer hiring a stool pigeon to work alongside of me to break up my union, and I am free to organize to get decent living wages to take care of my wife and my children." That is what this bill is for.

Mr. FLETCHER. Mr. Chairman, if the gentleman will yield, there have been cases where employers have brought outsiders, strikebreakers, and thugs in to foment strikes in competitors' plants.

Mr. CONNERY. Yes; provocateurs, as the French call them.

Mr. FLETCHER. Likewise, they bring in men from the outside and allow them to destroy their own property and stir up their own men to strike.

Mr. CONNERY. Yes.

Mr. FLETCHER. Is there anything in this bill that will stop such practices?

Mr. CONNERY. I do not think there is, directly or indirectly, but there is on the Federal statute books an act for the protection of commerce from that sort of interference, which was enacted on June 18, 1934. Among other things, that act states:

That the term "trade or commerce", as used herein, is defined to mean trade or commerce between any State, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia, and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

SEC. 2. Any person who, in connection with or in relation to any act in any way or in any degree affecting trade or commerce or any article or commodity moving or about to move in trade or commerce—

(a) Obtains or attempts to obtain, by the use of or attempt to use or threat to use force, violence, or coercion, the payment of money or other valuable considerations, or the purchase or rental of property or protective services, not including, however, the payment of wages by a bona fide employer to a bona fide employee; or

(b) Obtains the property of another, with his consent, induced by wrongful use of force or fear, or under color of official right; or

(c) Commits or threatens to commit an act of physical violence or physical injury to a person or property in furtherance of a plan or purpose to violate sections (a) or (b); or

(d) Conspires or acts concertedly with any other person or persons to commit any of the foregoing acts;

shall, upon conviction thereof, be guilty of a felony and shall be punished by imprisonment from 1 to 10 years or by a fine of $10,000, or both.

SEC. 3. (a) As used in this act the term "wrongful" means in violation of the criminal laws of the United States or of any State or Territory.

(b) The terms "property", "money", or "valuable considerations", used herein shall not be deemed to include wages paid by a bona fide employer to a bona fide employee.

SEC. 4. Prosecutions under this act shall be commenced only upon the express direction of the Attorney General of the United States.

SEC. 5. If any provisions of this act or the application thereof to any person or circumstance is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 6. Any person charged with violating this act may be prosecuted in any district in which any part of the offense has been committed by him or by his actual associates participating with him in the offense or by his fellow conspirators: *Provided*, That no court of the United States shall construe or apply any of the provisions of this act in such manner as to impair, diminish, or in any manner affect the rights of bona fide labor organizations in lawfully carrying out the legitimate objects thereof, as such rights are expressed in existing statutes of the United States.

That statute takes care of such situations.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WOOD. The gentleman just said that he did not think in the case of employers adopting the practice of bringing in thugs and gunmen to foment strikes this law would act as a deterrent, but I would remind the gentleman that such acts under this law would be construed as unfair labor practices.

Mr. CONNERY. Yes; that is what I meant by an indirect remedy. I think that would be considered an unfair labor practice.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield myself 2 additional minutes.

Mr. MITCHELL of Tennessee. I know the gentleman is thoroughly familiar with this bill. I would like to ask the gentleman if he will give me the actual mechanics of the bill in connection with its operation. Assume that down in my State, Tennessee, we have a disagreement with organized labor. We will take the case of a little man operating a factory, say, with 50 workmen and they have a disagreement. Perhaps I should grasp this, but I have not been able to get it. Will the gentleman tell me just what the steps would be, assuming that they disagreed?

Mr. CONNERY. First of all, let us assume that my friend from Tennessee is the boss and I am the employee. I want to form a union of the men working in your factory. I start on this and get all the boys together and we form a union. We ask you to let us have an election day to form this union. You say: "No, I will not let you do that." Right away I have a remedy. I go to the National Labor Relations Board. They call you in and say: "Will you not allow these men to have an election free from interference?" You say, "No." They say, "Very well. We order you to have an election." That is the first thing. Then you say: "I am not going to pay any attention to that." Then the board petitions the Federal circuit court of appeals and tells them: "This employer will not agree to have an election." The court then orders you to hold an election, and if you do not comply with their order the court cites you for contempt.

Mr. MITCHELL of Tennessee. The gentleman does not get what is in my mind. We will assume that the men are organized and that this is a going concern. Let us assume the union is already perfected and organized and that they fail to agree on a wage scale among themselves.

Mr. CONNERY. Fifty-one percent of the membership are sufficient to carry a plan. The representatives of those men will deal with the employer collectively. They sit down with you and deal with you collectively across the table.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MITCHELL of Tennessee. I should like the gentleman to understand the situation.

Mr. CONNERY. The gentleman may say: "I will not give you the 10 cents an hour increase you ask." There is nothing they can do then. Nobody asks that you be made to give them the 10 cents an hour. This bill just compels you to deal with the men collectively. You must sit across the table and talk things over with them.

Mr. MITCHELL of Tennessee. Could they shut down the mill during the time the negotiations were going on?

Mr. CONNERY. No; unless they went on strike. Or they could keep working.

Mr. MITCHELL of Tennessee. Is it necessary to come next to Washington before this Labor Board or is there some jurisdiction down there?

Mr. CONNERY. They will have separate subsidiary boards situated in the gentleman's State and all over the country.

Mr. MITCHELL of Tennessee. Is it contemplated in this bill that these things may be adjudicated in our respective States with a last appeal filed here before the Labor Board in Washington?

Mr. CONNERY. You can do that anyway. There is a conciliation department in the Department of Labor and their job is to go down there and fix things up without going to the National Labor Relations Board at all. This bill only applies where some employer says: "I will not deal with the employees" or, "I am going to fire this man because he tried to organize my plant", or for the violation of any one of these unfair labor practices. The conciliation department of the Department of Labor is an entirely separate organization. In the case of disagreement they would go in and try to fix up the trouble with your employees.

Mr. MITCHELL of Tennessee. This would be done locally?

Mr. CONNERY. Yes.

Mr. HAMLIN. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Maine.

Mr. HAMLIN. I do not want to be understood by my question as opposing this bill, because I am in favor of it, and I am in favor of laboring people. I have received a great many letters from employers in western Maine who beg me not to support this bill. Can the gentleman give me a reason or two why they should logically ask me to oppose this bill?

Mr. CONNERY. I can give my friend from Maine plenty of reasons. One of the reasons is the natural desire of a man who is an employer and who makes a lot of money allowing the power to go to his head. He will say, "I will do this if I feel like doing it, but nobody is going to tell me how to run my business. They are not going to interfere with my business"; yet he will go down to his trade association and insist that the majority must rule in anything which is for his interest. If there is only a difference of 1 vote, the majority must rule in reference to his interest. I could tell my friend many other reasons why employers selfishly oppose this bill but my time for debate is short.

Mr. Chairman, I have dealt with employers and employees. I have been an employer myself. I ran my own theater at one time and I hired men. I hired actors, actresses, orchestras, and stage hands. I had them work for me. I have been employed in the factory of one of America's best-known corporations, the General Electric Co., as well, so I think I can see both sides of the question. When labor is spoken of in this bill, we are not talking about the American Federation of Labor or any other particular union. We are talking about all the working people of the country. We say that we want all workers to have the right to bargain collectively. We want them to have the right to go to the employer and ask: "Do you not think we ought to get this wage?" We do not want the employer to be able to fire a man because he stands up and says: "Let us get together for our own protection and for the protection of our families, to get short hours and decent wages. Let us form a union." That is all there is in this bill.

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from South Carolina.

Mr. TAYLOR of South Carolina. I know of no one who objects to the principle of collective bargaining as the gentleman has announced, but there is something in here I should like to ask the gentleman about because he knows more about this matter than anyone else. I am reading now from subsection 3 of section 2 on page 3:

> The term employee shall include any employee and shall not be limited to the employees of any particular employer.

Mr. CONNERY. I know what the gentleman means.

Mr. TAYLOR of South Carolina. Does that mean that every man on a pay roll has it within his own right or privilege to join whatever labor union he wants to at that plant?

Mr. CONNERY. Yes. Let us take the case of a machinists' union. One employer on this side of the street has a machinists' union and the man across the street has a machinists' union and the man in your factory and the man across the street belong to one union.

Mr. TAYLOR of South Carolina. Let us go a step further. Suppose in Lynn, Mass., they had 10 cotton mills, 1 being an Anderson mill, another Equinox mill, and so on down the line. Suppose that the employees of one drove a pretty good bargain with their employer and the employees of the other establishments did not drive such a good bargain with their employers. When it got around to the final analysis all of them had driven a bargain and there would appear to be a differential in the wages of about 40 percent.

Does the Board have the right to adjust that difference among those men by making all the employers one group and all the employees of the several mills another group?

Mr. CONNERY. No; the employees can go into any organization they want. If you are an employer and the men in your plant want to form a union and call it the "National Union" and deal with you, they can do so and have nothing to do with any organization outside. If on the other hand they want to join a machinists' union in your plant and affiliate with another union connected with the American Federation of Labor, they can do that.

Mr. TAYLOR of South Carolina. If that unit wishes to bargain with the employer, they would be tied up with the American Federation of Labor who would name the man to go in there and also that same department in another plant would be tied up with the American Federation of Labor and so on with respect to all 10 plants in Lynn, Mass.

Mr. CONNERY. They would all belong to one big union; but, of course, your wages would be the same in each plant, because the federation, through its representatives by collective bargaining, would insist on that equality for all the plants doing the same kind of work.

Mr. TAYLOR of South Carolina. This bill provides that the employer can have nothing to do with the union. Beginning at the top scale of the pay roll, at what point would you segregate them and say to one that he belongs to the employer class and to another that he belongs to the employee class?

Mr. CONNERY. They have not had any difficulty about that in any of the boards. The Federal Trade Commission or any other Federal board never had any trouble finding out who was an employer or an employee.

Mr. TAYLOR of South Carolina. Does the man in the boiler room or on the yard, however insignificant his job may be, have the right, in his own right, to join a union so that the boys on the inside cannot ballot against him and keep him out?

Mr. CONNERY. Of course, he will have his chance to go in and vote with all the rest of the people in the plant. The Board can declare what unit is the unit in that plant.

Mr. TAYLOR of South Carolina. That is not the point I have in mind right now. Can every individual on that pay roll, it makes no difference who he is, demand the right to go in and join a particular union in that plant?

Mr. CONNERY. Yes.

Mr. TAYLOR of South Carolina. And none of his fellow workmen can keep him out?

Mr. CONNERY. They cannot interfere with him at all. We have had a practical sample of that in the case of the General Electric Co. in Lynn. They had an election of that sort, and they do not belong to the American Federation of Labor, and they have their own union.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. WOOD. They have the right to join the union; but if the rest of the employees in that plant form an organization, they do not have to take that man in if they do not want to.

Mr. TAYLOR of South Carolina. That is what I was trying to get at.

Mr. WOOD. No more than they would have to do so in the present situation. This bill does not compel any group to take in somebody they do not want to take in.

Mr. TAYLOR of South Carolina. What would become of that man? If the majority group should establish a closed-shop agreement with the employer, what would become of this man who knocked at the door and could not get in?

Mr. CONNERY. He can get in.

Mr. TAYLOR of South Carolina. The gentleman from Missouri says he cannot.

Mr. CONNERY. There is nothing to keep him out. For instance, in the case I have referred to, they had three or four different questions on the ballot: Do you want an independent union, do you want a company union, do you want this or that, and they voted without any interference from the employers or anybody else. They voted in this case for an independent union of their own. They had, I think, 80 or 90 percent of the plant who voted to come into the union and the representatives which this 90 percent elected do the collective bargaining with the company.

Mr. TAYLOR of South Carolina. I understand that.

Mr. CONNERY. I do not think you need worry about that situation. The man to whom you refer would join the union and even if he did not he would get union wages, because the men bargaining collectively would bargain for everyone in the plant.

Mr. TAYLOR of South Carolina. I want to know what becomes of the individual who goes up to the union and knocks and says, "I want to become a member", and they ballot among themselves and say he cannot become a member. This being the majority group, they go out to the office and bargain with the employer and effect a closed-shop agreement and then this man who is denied membership, in effect, is legislated out of employment by this bill.

Mr. CONNERY. Oh, no; I do not agree with the gentleman about that. In the first place, the man would join the union, and, second, no employer can be forced to make a closed-shop agreement.

Mr. TAYLOR of South Carolina. Will you indulge me a little further?

Mr. CONNERY. I should like to, but I have all these other colleagues to whom I should like to yield and I am afraid I am taking up too much time.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. The object of collective bargaining, of course, is to reach an agreement. Is there anything in this bill which would make it possible to enforce an agreement as to either party to a controversy?

Mr. CONNERY. The gentleman means in the bargaining itself? In other words, can you make the employer give an increase in wages?

Mr. CHRISTIANSON. Yes; or can you bind the employee?

Mr. CONNERY. No.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield myself 1 additional minute, and may I make this statement to my colleague to clarify the situation? I have 45 minutes for those who are in favor of this bill and 45 minutes for those who are against the bill. I have consumed 28 minutes. It is not fair to my colleagues who want to talk on this bill for me to use further time. I should love to talk with you for an hour, but it would not be fair to my colleagues. Under the 5-minute rule I shall try to yield further.

Mr. EKWALL. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. EKWALL. Under this bill is it not a fact that they can still have company unions not affiliated with any other union?

Mr. CONNERY. If the employees want to have a company union in any plant and they vote for a company union, they can have it.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield myself 1 more minute.

Mr. EKWALL. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. EKWALL. Suppose 51 percent of the employees go into the American Federation of Labor and 51 percent vote to go on a strike, does that affect the other 49 percent?

Mr. CONNERY. You are not dealing with strikes in this bill you are dealing with adjustments to prevent strikes.

Mr. EKWALL. Most of the letters that I receive from employers claim that it will make more strikes, and I would like to have your view as to this because this is a most important consideration.

Mr. CONNERY. Well, they are crying before they are hurt, and I believe in a few years they will feel that the best thing that ever happened to them was the passage of this bill to do away with strikes and labor disputes.

Mr. HARTLEY. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. HARTLEY. I am in favor of section 7 of this act, but I want to ask the gentleman a question. Section 8 says that it shall be unfair labor practice to interfere with, restrain, or coerce employees in the exercise of the right guaranteed in section 7.

Mr. CONNERY. I know what my friend is going to say. If you accept the Tydings amendment you might as well throw this bill out of the window. Some courts have interpreted the word "coerce" in labor disputes so that you cannot ask a man to join a union, you cannot say that he shall join a union, you cannot threaten to strike, you cannot picket, you cannot circularize banners, you can hardly breathe. That is the weapon of the strike breaker, the weapon of the selfish employer that Congress outlawed in the Norris-LaGuardia Act.

Mr. HALLECK. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman.

Mr. HALLECK. The gentleman from Tennessee referred to a factory employing 50 people, manufacturing a product sold entirely within the confines of Tennessee. Is it the idea of the gentleman that this act would assume jurisdiction in such a case?

Mr. CONNERY. I doubt whether the Board could go in there unless it affected interstate commerce.

Mr. HALLECK. Why does not the bill provide for that?

Mr. MOTT. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman.

Mr. MOTT. Why do you not state in the bill that this shall only apply to interstate commerce?

Mr. CONNERY. Because the court is to decide as to where commerce begins and ends and just what affects commerce, and decide each case on the facts of that case.

Mr. MOTT. If you take out the preamble of the bill there is no limitation of jurisdiction, nothing about interstate commerce, and nothing about industry that affects interstate commerce.

Mr. CONNERY. I think the gentleman will find two or three places in the bill where commerce is directly mentioned. On page 7, subsection 7, the term "affecting commerce" is particularly defined.

Mr. MOTT. Not in a way that will limit it to interstate commerce.

Mr. MARCANTONIO. Section 9 of the bill provides that—

Whenever a question affecting commerce arises concerning the representation of employees—

And so forth.

Mr. MOTT. What has that to do with unfair practices? If you do not intend to make it universal, why not limit it in language?

Mr. ELLENBOGEN. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. ELLENBOGEN. I call the gentleman's attention to the fact that in section 6, page 6, commerce is defined as "commerce between the States", and on page 7 we find the language:

Labor dispute burdening or obstructing commerce—

And so forth.

Mr. MOTT. Oh, that is true. That is a definition of commerce, but then turn to section 8, where the bill pre-

scribes what shall be an unfair practice, and show me in section 8 any limitation whatever. Show me why under section 8 this would not apply to the printing business in a small town in the center of a State.

Mr. ELLENBOGEN. If the gentleman will turn to page 14, line 23——

Mr. CONNERY. If the gentleman will permit me to conclude, I have taken up too much time already.

Mr. ELLENBOGEN. Give me half a minute.

Mr. CONNERY. The gentleman will have time under the 5-minute rule. I want to be fair to both sides. So I say in conclusion I wish I had much longer time so that I could yield to all my colleagues who desire to question me. I shall be glad to answer any question in my power. I hope when we get to the 5-minute rule, you will vote down all amendments. I hope you will vote this bill as it is, as reported to you today by the Committee on Labor, with two amendments which I shall offer, one to protect free speech, and the other in regard to making provision for the continuance of the Board between last Sunday, when, except for an Executive order, the Board would go out of existence under Resolution 44, and the time until the bill is passed and signed by the President. Except for those two amendments, I hope the House will vote down every other amendment except the committee amendments, because this is the bill in the form that the President of the United States wants it now, and may I say that with the passage of this bill and its signature by the President labor will owe an everlasting debt of gratitude to President Franklin Delano Roosevelt for his insistence in demanding that Congress do justice to the toiling masses of America by passing now this great humanitarian piece of legislation, which, to my mind, will mean peace between capital and labor, better living conditions, better wages, and a place in the sun for America's workers. All honor to the President of the United States! [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WELCH. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I might preface my remarks first by stating that before I came to Congress I had been a manufacturer all of my business life, and I have employed labor and do now employ labor. During the time of my sojourn in business I never suffered a labor strike. Probably I am not the best employer of labor, and for that reason I do not believe that I am the worst. My only object in considering this bill is to try to do more for labor. I am just as much interested in seeing that labor has its just due as any man in the House. I feel no business concern can succeed today—nor could it succeed formerly, within the last 25 years or more—if labor and capital did not work hand in hand. We can say, as laborers or as manufacturers, we ought to believe in the Golden Rule, and all the laws that we might pass will never take the place of that law of Him who rules supreme above.

I cannot conform to all of the things suggested in this bill because of the fact that I believe as the bill is drawn today it will cause us to see more strikes in the next 2 or 3 years than we have ever seen in the history of this country, and Members of Congress know that in the past 2 years we have had more strikes than we have ever had in the history of the country.

Mr. GRISWOLD. Mr. Chairman, will the gentleman yield?

Mr. RICH. I do not intend to yield to anyone until I have finished my statement, and then, if I have time, I shall yield principally to those who are labor-union men or who represent the labor unions in the House.

If an employee must be left free to join a union, so should he be left free not to join a union. There are rights of the employees and there are rights of the employers, and all of those rights must be considered if we are going to pass legislation that will eliminate strikes and make conditions in the country better for the employer and for the employee; because, as I said before, labor and capital are inseparable. They must work together. The majority of business men are honest and are striving to do the thing that is best for labor and for their business, and if the politicians make such laws that radicals and intimidators are permitted under laws, to close industry, foment strikes, then greater harm than good will be done, men will be put out of jobs instead of employed, industry will be closed rather than operated.

I am not a lawyer. I cannot, therefore, speak of the quality of this act with legal authority, but I have read and listened to authoritative argument to which the committee of this House has paid little attention. They convince me that the measure before us is in deadly conflict with the decision of the Supreme Court in the Poultry case and the long line of cases that led up to that declaration. If I am not a student of common law, I, at least, have some common sense. I understand the difference between the power of Congress to regulate intercourse between the States, which we call the commerce power, and the prohibition against any attempt by Congress to regulate production within the States. I know that the power to regulate commerce extends to the persons engaged in that commerce and the instrumentalities of that commerce, like interstate railroads, telephones, and ships. I know the difference between regulating the relations between employer and employee in carrying on interstate communication on a railroad or a telephone company, or a ship, and undertaking to regulate the employment relations of the parties who are engaged in building engines or making telephones or putting a ship together. I can see that one is a regulation of commerce and the other is a regulation of production.

I know the Supreme Court, in the Poultry case, said in very clear language that—

> Persons employed in slaughtering and selling in local trade are not employed in interstate commerce. Their hours and wages have no direct relation to interstate commerce.

I know that means that Congress cannot regulate the hours or wages or working conditions of a man engaged in plucking poultry or making shoes or manufacturing furniture, even though, after the job is finished, in each case the goods might be shipped in interstate commerce. For the same reason, it is just as clear to me that a dispute between employer and employee about plucking poultry or making the shoes, or the furniture, is a dispute not in commerce but in production, and you cannot make it a part of commerce by saying it is or declaring that it affects commerce by using a lot of words to that effect, when, as a matter of fact, as the Supreme Court has so plainly said, as of other acts, the relations of employer and employee engaged in manufacture or local service may remotely and indirectly affect it.

I know that it is equally true that for years, whenever there was a local strike that shut down a plant, in whole or part, that any attempt to bring an injunction against the strikers, because they were restraining production and therefore restraining commerce, was denied by the Federal courts, and it was the unions who raised this issue. And I know that the Supreme Court sustained their view and, in the poultry case, the Court recites these very cases and says that—

> This principle frequently has been applied in litigation growing out of labor disputes.

Of course, if all the miners in the United States quit work together in order to deprive the Nation of fuel, their purpose being to stop all its commerce, we would have a very different situation. We would have just such a one as confronted Woodrow Wilson, in 1919, when the same President of the United Mine Workers threatened the country with a general strike, just as they do today, unless we enact the Guffey bill. Then President Wilson, addressing this Congress, October 27, 1919, said:

> This strike is not only unjustified; it is unlawful.

And to protect the people of the United States he proceeded to stop it. There was a different conception of the public interest in the White House then.

I speak of this to call the attention of the House to the difference between any kind of a combination whose purpose is to tie up or obstruct the commerce of the United

States and the attempt to make every petty dispute between an employer and an employee in local production the ground for a complaint to a Federal board. Surely no Member of this House who has regard for the oath which he took to support the Constitution can fail to have a doubt as to the validity of this legislation. If he does have such a doubt, then he ought to resolve it before he acts, for I distinctly repudiate such statements as are made by Mr. William Green that Congress ought to act and then let the Supreme Court determine the constitutionality of our acts. We are agents with limited powers, and the Court gives every reasonable presumption to the constitutionality of what we do, because it believes that we have settled our own doubts and not passed them up to the Court.

I read the other day the statement of our congressional obligation by one of the greatest American judges in his work on constitutional law, and I venture to call it to the attention of this House, because too many of us have forgotten its nature.

Legislators have their authority measured by the Constitution; they are chosen to do what it permits, and nothing more, and they take solemn oath to obey and support it. When they disregard its provisions, they usurp authority, abuse their trust, and violate the promise they have confirmed by an oath. To pass an act when they are in doubt whether it does not violate the Constitution is to treat as of no force the most imperative obligations any person can assume. A business agent who would deal in that manner with his principal's business would be treated as untrustworthy; a witness in court who would treat his oath thus lightly, and affirm things concerning which he was in doubt, would be held a criminal. Indeed, it is because the legislature has applied the judgment of its members to the question of its authority to pass the proposed law, and has only passed it after being satisfied of the authority, that the judiciary waive their own doubts and give it their support. (Thomas M. Cooley, Principles of Constitutional Law.)

Let me give you a test for this bill. Suppose there was a labor dispute in the Schechter Poultry Corporation, the company which appealed the case in which the Supreme Court just decided. Suppose a complaint is made to the labor board you propose to establish charging that this man Schechter committed an unfair labor practice by attempting to interfere with the self-organization of his employees or refused to bargain with their representatives. Would that be a case for this board? Here, of course, Mr. Green—or Mr. CONNERY—would say "yes." Why? Because it would be a "labor dispute", under paragraph 9 of section 2 of this bill, and under paragraph 7 of the same section, it would affect commerce, because it might be "tending to lead to a labor dispute pertaining to or obstructing commerce or the free flow of commerce." Would the proposed labor board take jurisdiction? Of course it would; but if it did, it would plainly be dealing with an employment relation which the Supreme Court says is local. But, although it is local in every circumstance, this bill is drawn so as to drag it by definition into commerce. Are the gentlemen of this House fooled into believing that by calling a thing "commerce" they can make it so? I do not have to be a lawyer to know better than that.

Referring to the remarks of the gentleman from Massachusetts [Mr. CONNERY] that this legislation has been sent down here by the administration—and when anything is sent here by the administration we are supposed to be gullible enough to accept it as it is forwarded to us without amendment—I think it is an imposition upon the Membership of Congress, and I want to read at this juncture where Mr. Green, of the American Federation of Labor, threatened a general strike. This is in New York, under date of May 23:

NEW YORK, May 23.—Labor stands ready to tie up the Nation's industry by throwing down its tools in a general strike if Congress fails to grant its basic demands, William Green, president of the American Federation of Labor, warned today.

CROWD ROARS APPROVAL

The crowd roared its approval as the labor leader threatened:

"If Congress fails us, labor has its economic strength. If it comes to the point, we can mobilize our complete strength and refuse to work until we get our rights."

And when the applause had thundered away, he added grimly: "That is no idle threat! I mean just what I say."

In addition, he told the audience, labor must be ready to mobilize its political strength to defeat unfriendly Congressmen when they run for reelection.

I want to say to Mr. Green and I want to say to anybody in this land of ours, whenever I cannot use that God-given right of mine to think, I do not want to be in the House of Representatives. I would not be here, and if Mr. Green or anybody else thinks he is going to domineer me when it comes to using my best judgment in trying to legislate, then God forbid that I be a Member of Congress. This is intimidation of the worst sort, and that is what radical labor men resort to, to coercion and force to meet their own selfish ends, whether it is the best thing to do for the greatest number or not. I personally must try to make laws for all and for their best interest, not for any particular minority when it does injury to a greater number.

Now, when you examine this bill you can see that is precisely what is proposed to be done, for we propose to create a permanent labor board to entertain complaint with respect to what are called "unfair labor practices." These are five in number, and they can be committed only by an employer. The same things may be done by an employee, but they are not unlawful. Now, what are these things? They are to restrain or coerce employees in self-organization or forming, joining, or assisting labor organizations, or bargaining collectively through representatives of their own choosing. A little later we will see that this is precisely what the bill will not permit, but for the moment let us see what the labor practices are. I have said that they are interference, restraint, or coercion with the above rights by an employer, or domination or interference by him or the contribution of financial support to any labor organization. Of course, under the rules established by the Board an employer may be permitted to allow employees to confer with him during working hours without loss of pay, but it is very interesting to observe that he is not to be permitted to allow the employees to confer among themselves without loss of pay. Yet how can they prepare to confer with him if they may not confer among themselves? Of course, the purpose of that is to permit only one kind of a labor organization to function.

The remaining unfair labor practices are to discriminate in employment so as to discourage or encourage membership in any labor organization or to discriminate against an employee because he files charges under this bill or to refuse to bargain with the representatives of employees. The employer may make an agreement with a majority of his employees to make it a condition of employment that the employee shall join the majority organization. That, of course, means the establishment of the closed shop.

Now, what do these terms mean? What is interference? Is it discussing with employees the merits or demerits of any particular organization? Is it refusal to deal with a Communist organization? Because Communist organizations, under the definition of this bill by paragraph 5, section 2, have exactly the same standing as any reputable labor organization. So long as part of its purpose is to deal with an employer respecting working conditions, he is just as much obliged to deal with its representatives as any other kind of organization and thus encourage the very type of organization that is constantly denounced on the floor of this House. Moreover, it does not make any difference what the reputation of any organization that seeks to deal with the employer is. It may not keep its contracts, it may have bad leadership, but it will be an unfair practice not to recognize its representatives and deal with them. If the employer discusses these things with his employees, is he interfering with them? Is he discriminating in employment when he refuses to hire men of bad reputation, or is he dominating and interfering with the formation of a labor organization if he undertakes to discuss the number of apprentices that ought to be permitted, or any one of the numerous questions that arise in the normal relations of employer and employee by means of which they live in peace and amity?

Walter Lippmann severely criticized this measure, because he said that in a field where clear definition was most important this sloppy measure presented vague and indefinite definitions of unlawful conduct that would constantly multiply disputes and litigation. In other words, it encourages by its bad draftmanship exactly what it claims to minimize.

That is what they call a "penal statute." The courts have again and again said that if such statutes are ambiguous and do not clearly tell us in advance what we can do and what we cannot do, they are bad laws. In this field they make worse policy because they breed discord and bitterness and afford to the man who is looking for it the chance to make unfounded complaints. What this bill will do is to create a gigantic police court, for employers may be summoned from every part of the United States on any kind of a petty dispute, and if the board constituted is no more impartial than the one which we have witnessed in action or the one over which the sponsor of this bill presided, it will breed strikes as fast as a fish lays eggs.

Perhaps the worst feature of this bill which carries the intrinsic evidence of this unfairness is the declaration that only the employer shall be prohibited from intimidation, coercion, and restraint. The President of the United States, when he settled the automobile dispute, March 25, 1934, made a notable declaration. He said:

> The Government makes clear that it favors no particular union or particular form of employee organization or representation. The Government's only duty is to secure absolute and uninfluenced freedom of choice, without coercion, restraint, or intimidation from any source.

The President was not talking about his opinion. He was talking about what was the Government's duty. Now, by giving his approval to the measure before us he has abandoned his conception of public duty and substituted for it his endorsement of tolerated coercion by one class of citizens, while condemning the same kind of coercion by another class of citizens. I know of no greater injustice than to say that it shall be unlawful for one group of our people to do that which other groups are permitted to do. It is a distinct encouragement to lawlessness. In this case it is not secret, occasional, or sporadic lawlessness.

It is notorious, customary coercion which accompanies every kind of a labor dispute of any proportions with which we are familiar. Every Member of this House knows it as well as I do. I have no use for boycotts or blacklists or intimidation by employer or by employees, corporations or by labor unions. The corporation and labor union which hires thugs or tolerates or condones violence ought to keep the lock step of fellow convicts. I know it will be said that labor unions condemn lawless acts, but I have yet to hear of any labor organization that has ever suspended or expelled any member for engaging in such conduct of which it was the beneficiary. Yet this House, in the face of the declaration made by the President of the United States as to what the duty of government is, is asked to write into this bill a prohibition of coercion against employers on the ground that they alone interfere with self-organization or the selection of representatives. Every one within the sound of my voice knows that closed-shop unionism is determined to have no representatives except those of its own selection. It has not accepted the outcome of any election that went against it under elections supervised by the Labor Board, no matter how great the majority. Mr. Green has said, in an interview with the American Magazine for May, that he never will accept the results of such an election, save temporarily and under compulsion.

I have always thought that the most elementary right of an American is that of selecting and pursuing the employment of his choice. In that right he is to be free from molestation or intimidation by anyone. This House is asked to write in the law the proposition that he shall be free only from employers and that the equally notorious coercion of labor organizations shall be ignored. How long do you think that kind of arbitrary classification will stand in a court? You also propose to give to this labor board, with only the guidance of your vague definitions, the power to determine what constitutes these unfair labor practices. You give that board a jurisdiction and an authority greater than is possessed by any of our courts. Without rules of evidence it is to make findings of facts and they are to bind the court which reviews them. It is to have the power to have its orders enforced by the courts, and how? By injunctions. The American Federation of Labor has fought in Congress for years to destroy what it called "government by injunction." Now it is asking for it and asking you to govern the employment relations of the United States by injunction. But this time it is the conduct of employers, not their own, that is to be subjected to injunction.

All that I have said about the unconstitutionality of this bill is emphasized by what the Committee on Labor has done with it. Since it passed the Senate they have rewritten their report and brought in 21 amendments for the purpose of trying to save it from the condemnation of the courts, but no trick of theirs can save it from its fundamental defect, and that is the attempt by the Federal Government to take control of and regulate the relation of employer and employee entirely within the States, and while engaged in acts of manufacture, construction, mining, and service. They still think that a dispute in a factory, a restaurant, a barber shop, or a pants-pressing establishment might lead to a dispute that might lead to a strike that might threaten our commerce. The more I have read this bill the more I am inclined to think that the gentlemen would pass a bad bill and have it overthrown in order that they may find a new reason for criticizing the Court which will be compelled to condemn this flagrant violation of constitutional authority.

But are the gentlemen gaining new rights for labor? On the contrary, I think they are inflicting new wrongs upon the worker, for, if this bill is enacted, his right of self-organization and association will not be enlarged—it will be contracted. First of all, the labor board, not himself, will determine the unit of employment which is to select representatives. Unless he is a part of the majority in that unit he will not be represented by an agent of his own selection. As an individual, whether he is in a big or little unit of employment, he cannot make his own contract and sell his own labor if a majority of his fellow employees want to sell it collectively. This is not enlarging the right of self-organization or association. This bill gives fellow employees the right to coerce and intimidate their fellows in the exercise of every one of these rights. It destroys individual bargaining, takes away the right to determine their own unit of employment, and, unless you are part of a majority, the worker will have to let someone whom he did not select sell his labor for him. I predict with confidence that, if this measure is enacted, it will have a short life but an unhappy one, for it will breed strife and bitterness, as it is neither practical nor effective to protect the rights it pretends to safeguard. On the contrary, it is defective, biased class legislation and deserves from this House the condemnation it will receive from the courts.

I cannot conclude my comments on this measure more appropriately than by quoting the characterization which it received from the distinguished Senator from Maryland [Mr. TYDINGS] who, pointing to the lopsided, arbitrary, and unjust provision approving coercion by one group and tolerating it when committed by another, said:

> As I see this particular section, it looks to me like an effort to force every man in America to join a certain kind of union, whether or not he wishes to join that union; and the coercion and intimidation features are not to be inserted in this section because a certain union desires a free hand to take the workers from the groups in which they now belong into groups into which they may not wish to go.
>
> That is the naked fact back of the opposition to this amendment. It is an amendment to force all working people into a particular union, and every Senator on this floor knows that to be the truth. (CONGRESSIONAL RECORD, May 16, 1935, p. 7672.)

The Wagner Act will work in the interest of only a small minority of workers represented by professional labor leaders, will promote industrial strife, will bring about an epidemic of labor disputes, will drive employers and employees apart, and will substantially impede recovery.

It will in practice tend to make a closed shop of every plant and to make every employee carry a union card if he is to earn a living.

It penalizes employers for so-called "unfair practices" but will leave the agents and organizers of labor unions or the labor unions themselves completely free to use violence, intimidation, and other coercive methods which they may seek to employ.

Every employer is compelled to report in detail every dollar of money received and how every dollar is expended, so why not compel labor unions to give a strict accounting of the money that they receive, and above all, how same is spent? [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. RICH] has expired.

Mr. CONNERY. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN of Pennsylvania. Mr. Chairman, the legislation before us is, in my opinion, one of the most progressive and humanitarian measures that was ever brought before any Congress. If this bill is enacted into law, the laboring man of the United States will, for the first time, get a square deal. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, the measure we are considering today is, in my opinion, one of the most misunderstood and misrepresented pieces of legislation that has been considered by this House. I have received numerous letters of protest stating that if this measure were passed it would wreck industry. Most of the individuals writing these letters do not understand the measure. They do not realize that this board of three appointed by the President and confirmed by the Senate has no jurisdiction over the determination of the hours of labor; have nothing to do with wage disputes; that their only duty is to determine who shall represent employees so that collective bargaining may be an actuality.

This measure, first, writes into the law the right of workers to bargain collectively with employers through representatives of their own choosing.

Second, it creates a board of three, appointed by the President and confirmed by the Senate, to serve as a "supreme court of labor" over industrial disputes.

Third, it outlaws company-dominated union.

Fourth, it specifies that employers must bargain with representatives of the majority of their workers.

Fifth, in cases where there is doubt about the representatives of the majority, the board is authorized to order and supervise plant elections to make this determination.

The deluge of protests I have received reminds me of what happened in the State of Wisconsin prior to the enactment of the unemployment-insurance act. The industrialists of Wisconsin at that time said that the passage of the unemployment-insurance act would wreck industry. Notwithstanding these protests, the measure was enacted into law and has been in force for almost 1 year. Now that industry in Wisconsin realizes the benefits that will be derived from unemployment insurance, they are heartily in favor of it. As a matter of fact, I have a number of letters from industrialists who now are convinced that in the future it will be a lifesaver, although they protested vehemently prior to its passage.

I predict at this time that if this measure is enacted into law—and it will be—that within a short period after it is working the majority of these same individuals who are now protesting against its passage will favor its retention.

As has been said by the gentleman from Pennsylvania [Mr. RICH], strikes have been prevalent in this country during the past 2 years.

The passage of this legislation is the only cure for the labor difficulties which have been characteristic for the past few years.

Mr. RICH. Will the gentleman yield?

Mr. WITHROW. I yield.

Mr. RICH. If we find there are less strikes in the next 2 years, I will be the first one to congratulate the gentleman on his recommendation. If, on the other hand, we find we are going to have more strikes, then I should like to have the gentleman call it to my attention.

Mr. WITHROW. Very well. That is fair enough.

Eight hundred and twelve thousand one hundred and thirty-seven workers were involved in strikes during 1933. In 1934 the number rose to 1,277,344. Within a span of 24 months over 32,000,000 man-days were lost because of labor controversies.

Nine-tenths of these disputes arose because the workers were demanding the right to organize and bargain collectively with their employers. There was no question of higher wages or shorter hours involved.

Our workers will never be content and satisfied until they have a representation and an organization which is really and truly of their own choosing. On the whole, they will never submit to a company-dominated organization.

The company-dominated union is frequently supported in part or in whole by the employer. I cannot conceive how anyone can rise to the defense of a practice so contrary to American principles as one which permits the advocates of one party to be paid by the other. Collective bargaining becomes a sham when the employer sits on both sides of the conference table or pulls the strings behind the spokesman of those with whom he is dealing.

The right of self-government through fairly chosen representatives is a right which is inherent to the American people and to our American form of government. This bill does no more than guarantee that right to American labor.

No sincere objection can be made to this bill except by those who seek to exploit the American working man and woman. [Applause.]

Mr. WELCH. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, I have asked for this time in order that I might in a few minutes discuss the question of the constitutionality of this act.

My position is a little different from some of the other Members. I came into this Congress late. I came down here and stood by myself in the well of this House and about all that I remember was that the Speaker asked me whether or not I would swear to support the Constitution of the United States. The President of the United States took that same oath of office.

In considering this bill I think this is true, and it cannot be denied, that as Congressmen we should first determine in our own minds whether or not it is constitutional. If we determine that it is constitutional, then we should determine whether or not on its merits we are for or against it. But, if we determine honestly and conscientiously in our own minds that it is unconstitutional, I do not see how any of us can vote for it. It may be said that that is a question for the courts. I say to you that the first line of defense against attack on the Constitution is the Congress of the United States. We have no moral and no legal right to enact any law in contravention of the Constitution. I say that is a duty that is incumbent upon every one of us. In considering this measure and every other measure, we ought to have that thing in mind.

I think some of those who contend against the Constitution have forgotten that those people who drafted the Constitution did not create a lot of new truths or new facts. They did not discover anything. They simply set forth in black and white a lot of self-evident truths. They set forth in black and white for the protection of our liberties and our form of government those things that the experiences of all civilization had proved were essential in the make-up and government of any free people.

Now, in considering this bill the Chairman of the Committee on Rules said that it seeks to do what was declared could not be done in section 7 (a) of the National Industrial Recovery Act. I say that if this is an attempt to do that, it is clearly unconstitutional; and if the ingenuity of the Government attorneys could not sustain section 7 (a) of the

National Industrial Recovery Act, then, in like measure, they cannot sustain this provision and this bill.

You are all familiar with the Schechter decision, which said that the Federal Government can only regulate interstate commerce or those things having a direct effect and bearing upon interstate commerce. Now, let us consider this bill. What might be called the "preamble", the thing that is the argument for the constitutionality of the bill, starts out by saying that the denial to employees of the right to organize and bargain collectively leads to strikes. Then what do the strikes do? Strikes lead to burdens on interstate commerce. Now, let us consider the indirect and the direct causation, if you please, in the light of the Schechter case. The indirect cause is the failure to recognize the right of collective bargaining. That induces strikes. Strikes are the direct effect and burden on interstate commerce. Who can contend for a minute that the matter of collective bargaining in a purely intrastate business, in the case of a company, for instance, about which I inquired of the Chairman of the Labor Committee, has a direct effect upon interstate commerce? I want to make this clear: I stand for the principle of collective bargaining. Labor has a right to bargain collectively in order that their bargaining power may equal that of the employer. They have a right to bargain by representatives of their own choosing; but that is not the first issue. The first issue is, Is this bill constitutional? I do not believe that it is.

There is no effort to limit the application of this bill or the power of the board that is to be set up to the control of interstate transactions or transactions directly affecting interstate commerce. This is exactly the thing criticized in the Schechter case. The Supreme Court there said it was not attempted to limit the application of N. R. A. to interstate trade and commerce alone. The board set up under this bill will look to the provisions of this bill believing that the Congress in its alleged wisdom has enacted a bill in harmony with the Constitution, but the minute they begin to enforce the act with respect to a purely intrastate business, the same decision will be handed down that was handed down in the Schechter case.

You may ask, what is the difference? The difference is that in the 2 years it takes to get a ruling on the constitutionality of a measure the rights of people under the Constitution as they conceive them, have been taken from them under an act of Congress. That is why I say it is imperative first of all for Congress to determine whether or not an act is constitutional. We cannot justify the passage of an unconstitutional act by saying that it is a question for the courts, because in the meantime people may be imprisoned or have their property taken from them.

The Coronado case and other cases were cited. The Coronado Coal case involved the mining of coal in one State for delivery in another in interstate commerce. The Danbury Hatters case involved the manufacture of hats in Connecticut and their sale in San Francisco, in interstate commerce. The Bedford Stonecutting case arose out of stone produced in my State and sold in the East in interstate commerce. The Printing Press case involved printing presses made in Battle Creek, Mich., and sold in interstate commerce in New York. Certain people combined and conspired to restrict the free flow of interstate commerce in violation of the Sherman Antitrust Act, to restrict and prevent those manufacturers from transporting their property and selling it in other States. I would not contend for a minute that that was not interstate commerce; clearly it is. If this bill by its terms undertook to limit this board and its jurisdiction to matters of that sort, I would say then that it was within the realm of interstate commerce and subject to control by the Federal Government.

If you do not believe in the Constitution, if you do not believe in States' rights or the exercise by the States of the sovereign power of the States to control intrastate commerce in their own way, the residuum of power in these United States as a free country is vested in the people and the people can change the Constitution. I say that it is not only our privilege but our duty to respect and uphold the Constitution of the United States so long as it is written as it is. Here and now let me say that I am as friendly to labor as any person who sits in this House, but I believe the laboring man has as big a stake in the Constitution, has as big a stake in the future of this country under that Constitution, as any person whoever he may be or however much he may have.

In this House we frequently hear the statement made by men who claim to be lawyers—and I do not claim to be a constitutional lawyer—"I have not looked into the constitutionality of the bill, I do not know whether it is constitutional or not."

I got to thinking about this, and I spent over half the night reading the decisions the proponents of the bill rely upon to support their contention of constitutionality. It is my honest, conscientious, and sincere opinion that power is vested in this purported authority set up under this act to exercise control of commerce, which power is not limited to interstate commerce or those things directly affecting interstate commerce. For this reason I claim the act is unconstitutional. Without regard to what we may think of the merits of the bill, or whether it produces a good situation or a bad situation, I do not see how any of us can support the bill as it is now drafted, in the light of the Constitution and the Supreme Court decisions thereunder, and under our oaths to support and uphold the Constitution. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. FERGUSON].

Mr. FERGUSON. Mr. Chairman, as a Representative from an agricultural district, I think that when we shall have passed this bill we will have brought about an equality that has been a long time coming. Under the A. A. A. and the amendments thereto passed yesterday, the farmer has an equality in the tariff that he has never had before. Under this bill we shall give labor an equal position with the employer, a position labor has never had before. We have manufacturers' organizations, chambers of commerce, and many different types of organizations that give employers a chance to have agreements, and it is high time that we had a permanent piece of legislation giving to labor the power to bargain collectively and in the open. We hear much talk about the power it will put into the hands of the American Federation of Labor and the power it will put into the hands of agitators. It is my opinion that to give labor clearly and legally the right to organize and do it openly will bring about a situation where the suspicion and hatred that existed when union activities had to be carried on by subterfuge will no longer exist. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. CONNERY. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I am opposed to this bill because it is obviously unconstitutional; because it forbids the courts of the land to consider the controversies arising under it under the usual rules of evidence and procedure pertaining to other litigations; because it abrogates the right to contract; and because I believe it holds out false hopes that cannot be realized under the present Constitution, and which will lead to strife rather than peace.

It seems hardly necessary to remind anyone that we have recently and forcefully had called to our attention the limitations upon the power of the Congress under the interstate commerce clause.

We have no earthly power under the Constitution to legislate with respect to labor disputes except those labor disputes which directly affect interstate commerce as so often defined by the Supreme Court.

We have every reason to believe and to know that if we pass a law dealing with labor disputes or any other matter that stands outside of the power of Congress under the interstate commerce clause it will be promptly nullified by the Supreme Court.

The particular clause to which I wish to draw attention is subsection 7 of section 2, on page 7 of the bill.

This section, as reported from the Labor Committee before the Schechter decision, read as follows:

(7) The term "affecting commerce" means in commerce, or burdening or affecting commerce or obstructing the free flow of commerce, of having lead or tending to lead to a labor dispute that might burden or affect commerce or obstruct the free flow of commerce.

The bill was recommitted to the committee in order that it might be made to conform to that decision. The committee labored and brought forth the following provision as it now appears in the bill:

(7) The term "affecting commerce" means in commerce or burdening or obstructing commerce or the free flow of commerce, and having lead or tending to lead to a labor dispute, burdening or obstructing commerce or the free flow of commerce.

The mere transposition of some of the words in the original bill has brought about nothing more than the difference between tweedledee and tweedledum. The thinly veiled effort to impose upon the Supreme Court a definition of interstate commerce to meet the exigencies of this occasion will not avail.

Nothing new was said in the Schechter case. The Court by a series of decisions running over a period of 150 years has clearly and definitely defined the limitations upon Congress under the interstate-commerce clause. There is a clear line of demarcation running through all of these decisions, and in order to pass a valid law we must remain within the channels so defined, however irksome it may be.

At this point I ask unanimous consent to extend my remarks and append thereto quotations of the Supreme Court on this subject in a number of decisions.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Chairman, to my mind it is entirely clear how far we may go and where we must stop. If we do not stop when we reach the stopping place, the act will be declared unconstitutional by the Court and the earnest and untiring efforts of the advocators of this bill will be wasted through their overzealousness.

We cannot change the Constitution by undertaking to define interstate commerce. We are merely fooling ourselves and holding out false hopes to others. Whatever the need may be, however great the urgency may be to find some method to regulate labor disputes by the Congress, it cannot be done except in controversies directly affecting interstate commerce. All Members of the House know that only an infinitesimal percentage of potential labor disputes can be legitimately reached under the interstate-commerce clause.

Why seek to camouflage the situation with unconstitutional legislation when we all know that the only solution of the problem would be a constitutional amendment? There is ample provision for this method and while many of us will differ as to the propriety of an amendment for this purpose, nevertheless, it is a fair issue that can be fought out in the method prescribed by the Constitution. To each State in the Union would be given the opportunity to say whether she desired to adhere to the rights reserved to her under the Constitution, or whether she is willing to surrender more of these rights to the National Government.

Too many of the reserve powers of the States have been taken away by judicial interpretation and other means. I appeal to you not to further strip the States of their police powers in purely local matters by means of legislation of this character forced through under whip and spur of real or fancied emergency.

And to those gentlemen who complain of the limitations imposed upon the Congress by the Supreme Court decisions, may I remind them that those decisions have consistently from the beginning of our Government broadened and enlarged the powers of Congress beyond any measure conceived by the framers of the Constitution. May I remind you that President Madison, who was known as "the father of the Constitution", vetoed the first public-works program for the improvement of rivers and harbors on the grounds that the Constitution did not permit it. And may I remind you that Chief Justice Marshall, in the case of Gibbons against Ogden, revolutionized the whole conception of the interstate-commerce clause by construing it to include not only commerce itself, but the means of transportation by which commerce was carried on. From that time on the Court has continually liberalized the definition of "interstate commerce" to include everything that could honestly be construed as affecting it.

Throughout those interpretations, however, has run a clear line of consistency, namely, that the legislation must deal with subject directly affecting commerce between the States.

First. It includes transportation, communication, and trafficking between citizens of different States.

Second. It includes control over activities in the nature of conspiracies that directly impede or hinder the shipment of goods in interstate commerce.

Third. And it includes control over the shipment of goods and the transportation of persons when the thing itself or the object of the shipment is injurious or against public morals.

I believe that every case that has been decided is brought within these limitations and when it has been sought to go further as is done in this bill, the Supreme Court has uniformly refused to take jurisdiction under the commerce clause.

To illustrate, the cases when the Court has taken jurisdiction under the interstate-commerce clause and when it has refused to take jurisdiction:

First. The Court has refused the use of the channels of interstate commerce in the shipment of liquor, in lottery cases, and white-slavery cases. Why? Because in each of those cases the harmful nature of the transaction itself was regarded as having a direct and deleterious effect upon interstate commerce.

Second. The Court has taken jurisdiction to prevent boycott and conspiracies formulated for the purpose of preventing the use of certain goods or the products of certain factories. Why? Because in each of these instances the direct object was to prevent the articles from being shipped in interstate commerce, thereby obstructing the free flow.

And in every case the Court has carefully preserved the distinction between manufacture and commerce, taking jurisdiction in the latter and refusing it in the former. It has repeatedly, over and over, said that interstate commerce does not include the manufacture of goods for shipment in interstate commerce, the mining of coal or other minerals for shipment in interstate commerce, or the gathering or preparation of any articles for shipment in interstate commerce, where the article has not begun its journey in interstate commerce or where the transportation has finally terminated and the goods have come to rest for local distribution.

A striking illustration is found in the child-labor cases. There the law prohibited the shipment in interstate commerce of goods manufactured in factories where child labor was employed. The law was intended to remedy a recognized evil. There was no question of its lofty motives or the desirability of correcting the evil, and yet the Supreme Court held that Congress was powerless to deal with the subject under the interstate-commerce clause. Why? Because, although the goods might ultimately be intended for interstate commerce, the articles themselves were harmless and had no direct deleterious effect upon the commerce, and, therefore the manufacture and preparing for shipment of the articles for interstate commerce merely indirectly and remotely affected that commerce.

Now, under this bill, if labor disputes are to be confined as they will be confined, to those questions where interstate commerce is directly involved, there will be practically no labor disputes on which the bill can legitimately operate. Therefore, it must be intended that the bill shall operate on labor disputes over which Congress has no power. I for one, am of the firm conviction that we should not pass bills that are obviously unconstitutional and obviously intended

as instrumentalities to obviate and evade the limitations of the Constitution.

For example: We are told that if this bill does not pass promptly, there will be great coal strikes in the country. That strike will not operate directly upon interstate commerce, but upon the mining and production of coal partly in and partly out of interstate commerce.

Repeatedly the Supreme Court has said that we have no power under the interstate-commerce clause to interfere in any way with the mining of coal except to prevent or punish a conspiracy to restrain interstate commerce, although the indirect effect might keep out of the flow of commerce coal that otherwise would be shipped. As this bill does not operate as against employees, any conspiracy or combination to bring about the strike that would prevent the shipment of coal would not be reached by the terms of the bill, and certainly the employers, against whom the bill does operate, could not be reached on a charge of a conspiracy to bring about the strike by not acceding to employees' demands.

I merely cite the coal situation as an example of practically every other mining and manufacturing industry, because the same situation with respect to interstate commerce appears in practically all of them.

The result, therefore, is that the bill cannot legitimately operate in enough instances to justify the machinery that has to be set up. And, on the other hand, if it is the intention of the proponents of the bill to make it operate in all industry indirectly affecting interstate commerce, then the Supreme Court will unquestionably declare it unconstitutional at the first opportunity.

In the few minutes at my disposal I wish to call attention to those phases of the bill which obliterate the right of individuals to contract and take away from the courts the power to decide these controversies under the usual rules of evidence and procedure.

I refer first to section 10 A, page 14, line 24. In referring to the power of the board "this power shall be exclusive and shall not be affected by any other means of adjustment that has been or may be established by agreement, code, law, or otherwise."

Is it conceivable we intend to pass a law which we solemnly proclaim cannot be affected by any future law, and which we further say cannot be affected by the agreement of the contracting parties themselves?

I again call attention in the same section to the language used on page 15, line 21, "in any such procedure the rules of evidence prevailing in courts of law or equity shall not be controlling." I hope that in the discussion of this bill that some of its advocates will inform the Members of the House just what is meant by this language.

Again, on page 18, line 2, the language of the bill once more does violence to the usual rules of evidence and procedure in the courts when it provides that "the findings of the board as to facts, if supported by evidence, shall be conclusive." This language, which does away with the usual rules of evidence, is repeatedly found in the bill.

And again, on page 19, line 24, in dealing with the power of the Federal courts to review the decisions of the board the power of the court is effectively fettered by this language:

> And the findings of the Board as to the fact, if supported by evidence, shall in like manner be conclusive.

Let me express the hope that if the bill is to be passed that the House will by amendment, so far as is possible, eliminate the most glaring of its defects.

Ladies and gentlemen of the Committee, my congressional district lies just across the Potomac in Virginia. Ten minutes' drive from the Capitol will bring you among the former homes and environments of many of the outstanding figures who aided in the foundation of our Government and influenced to a wide extent its conception and development.

I hope that each and every one of you, if you have not already done so, will sometime make a trip through the beautiful country of northern Virginia and visit its historic shrines.

As you cross the Potomac, you will be in full view of Arlington Mansion, the home of the immortal Robert E. Lee, who sacrificed wealth and official position to struggle for what he believed to be the reserved powers of the States to secede from the Union. Only a few miles away is Mount Vernon, the home of Washington, whose whole life and energies were directed toward the creation and establishment of a stable form of government for this Republic. Only a few miles from there is situated Gunston Hall, the home of George Mason, who gave to America the Bill of Rights. In Loudoun County you will find the home of James Monroe, who laid down the Monroe Doctrine, which has been recognized as a rule of international law for over a century. In the adjoining county of Fauquier you will find Oak Hill, the home of Chief Justice Marshall, who, by his interpretation of the Constitution, gave it life and breath and vigor. Still farther on, in Orange County, you will find the home of James Madison, "the father of the Constitution", and then, in the next county of Albemarle, still in my congressional district, you will find Monticello, the home of Jefferson, author of the Declaration of Independence and the founder of our party.

Those men in their time differed violently, and often personally, as to the construction of the Constitution, the limitations of the powers given to the Federal Government, and the extent of the powers reserved to the States. They differed then just as we differ here today, and were they with us today, they would probably differ as violently as Members of this House differ as to what powers should be exercised by the Federal Government and what powers reserved to the States. They would differ as to whether the Constitution should be amended to meet the changed conditions of the present just as the Members of this House would do. But I believe that every one of you will agree with me, that upon any proposal to evade or circumvent the Constitution to meet exigencies or emergencies, that they would stand as one man in opposition to any effort to obviate the limitations or restrictions of that document except through the orderly process provided for that purpose.

May I say a word now about the Coronado case, a brief extract from which has been read to the Members of the House today? It reminds me somewhat of the old argument that is put up sometimes that the Bible said there is no God. You may take a few words out of the opinion and perhaps draw a conclusion from it. In the first place, there were two Coronado coal cases, one in Two Hundred and Fifty-nine United States Reports and one in Two Hundred and Sixty-eight United States Reports. The gentleman this morning quoted from the last case. The first case is where the principle is laid down and extracts from that case will be found in the extension of my remarks.

In the first decision the Supreme Court laid down the broad principle that it has never varied from one iota in the 150 years of the existence of the Court. That is to say, unless the subject directly affected interstate commerce, unless it is a direct burden upon it or there is a conspiracy to restrain it, this Congress has no power to legislate.

The second case went back again to the Supreme Court on an entirely different set of facts, which were adduced at the second trial, and the Court held in the second Coronado case under the evidence produced that the evidence was strong enough to bring it within the rule laid down by the Court in the former Coronado case.

Mr. GRISWOLD. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. GRISWOLD. In the second Coronado case it was held that it did not turn on the conspiracy issue.

Mr. SMITH of Virginia. In the second Coronado case it was held that the facts as proven in the second case were sufficient to bring it within the rule laid down by the Court in the first Coronado case. Nothing will be found in the decision of the second Coronado case where the Court, by word or by intimation, stated it intended to vary from the principle which it had previously laid down in the other case.

Mr. GRISWOLD. May I call the gentleman's attention to the fact that the second case, as has been contended all

along by gentlemen familiar with the cases, seemingly did not turn on the conspiracy issue.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. MARCANTONIO. Then the constitutionality of this statute depends entirely on its application. In other words, you cannot say that as this statute stands today it is unconstitutional.

Mr. SMITH of Virginia. I think it may be stated of the proposed measure that it is unconstitutional.

Mr. MARCANTONIO. It depends on the application.

Mr. SMITH of Virginia. When the attempt is made to define interstate commerce as is undertaken in this bill, and define it outside the provisions of the Supreme Court decisions, then an unconstitutional law is being enacted.

The quotations of Supreme Court are as follows:

UNITED MINE WORKERS *v.* CORONADO COAL CO. (259 U. S. 344, 408)

(P. 346, syllabus)

8. Evidence that a union of coal miners belonged to a general association which, as an incident of its object to promote wages, etc., had a general policy to unionize coal mines by strikes, etc., and thus discourage competition of open-shop against union mines in interstate commerce, held not sufficient to prove that a conspiracy of the lesser organization and its members, accompanied by a local strike, to prevent the employment of nonunion miners and the mining of coal at particular mines, was a conspiracy to restrain interstate commerce in violation of the Sherman Act, where the strike and its lawless activities were the affair of the conspirators, explained by local motives, and the normal output of the mines was not enough to have a substantial effect on prices and competition in interstate commerce from which a motive to assist the general policy might be inferred (Pp. 408, 412).

At page 408 the Court said:

What really is shown by the evidence in the case at bar, drawn from discussions and resolutions of conventions and conference, is the stimulation of union leaders to press their unionizing of nonunion mines not only as a direct means of bettering the conditions and wages of their workers, but also as a means of lessening interstate competition for union operators which in turn would lessen the pressure of those operators for reduction of the union scale or their resistance to an increase. The latter is a secondary or ancillary motive whose actuating force in a given case necessarily is dependent on the particular circumstances to which it is sought to make it applicable. If unlawful means had here been used by the national body to unionize mines whose product was important, actually or potentially, in affecting prices in interstate commerce, the evidence in question would clearly tend to show that that body was guilty of an actionable conspiracy under the Antitrust Act. This principle is involved in the decision of the case of *Hitchman Coal & Coke Co.* v. *Mitchell* (245 U. S. 229) and is restated in *American Steel Foundries* v. *Tri-City Central Trades Council* (257 U. S. 184). But it is not a permissible interpretation of the evidence in question that it tends to show that the motive indicated thereby actuates every lawless strike of a local and sporadic character, not initiated by the national body but by one of its subordinate subdivisions. The very fact that local strikes are provided for in the union's constitution, and so may not engage the energies or funds of the national body, confirm this view. Such a local case of a lawless strike must stand on its own facts and while these conventions and discussions may reveal a general policy, the circumstances or direct evidence should supply the link between them and the local situation to make an unlawful local strike, not initiated or financed by the main organization, a step in an actionable conspiracy to restrain the freedom of interstate commerce which the Antitrust Act was intended to protect.

This case is very different from *Loewe* v. *Lawlor* (208 U. S. 274). There the gist of the charge held to be a violation of the Antitrust Act was the effort of the defendants, members of a trades union, by a boycott against a manufacturer of hats to destroy his interstate sales in hats. The direct object of attack was interstate commerce.

So, too, it differs from *Eastern States Retail Lumber Dealers' Association* v. *United States* (234 U. S. 600), where the interstate retail trade of wholesale lumbermen with consumers was restrained by a combination of retail dealers by an agreement among the latter to blacklist or boycott any wholesaler engaged in such retail trade. It was the commerce itself which was the object of the conspiracy. In *United States* v. *Patten* (226 U. S. 525), running a corner in cotton in New York City by which the defendants were conspiring to obtain control of the available supply and to enhance the price to all buyers in every market of the country was held to be a conspiracy to restrain interstate trade because cotton was the subject of interstate trade and such control would directly and materially impede and burden the due course of trade among the States and inflict upon the public the injuries which the Antitrust Act was designed to prevent. Although running the corner was not interstate commerce, the necessary effect of the control of the available supply would be to obstruct and restrain interstate commerce, and so the conspirators were charged with the intent to restrain. The difference between the Patten case and that of *Ware & Leland* v. *Mobile County* (209 U. S. 405) illustrates a distinction to be drawn in cases which do not involve interstate commerce intrinsically but which may or may not be regarded as affecting interstate commerce so directly as to be within the Federal regulatory power. In the Ware & Leland case, the question was whether a State could tax the business of a broker dealing in contracts for the future delivery of cotton where there was no obligation to ship from one State to another. The tax was sustained and dealing in cotton futures was held not to be of interstate commerce, and yet thereafter such dealings in cotton futures, as were alleged in the Patten case, where they were part of a conspiracy to bring the entire cotton trade within its influence, were held to be in restraint of interstate commerce. And so in the case at bar, coal mining is not interstate commerce and obstruction of coal mining, though it may prevent coal from going into interstate commerce, is not a restraint of that commerce unless the obstruction to mining is intended to restrain commerce in it or has necessarily such a direct, material, and substantial effect to restrain it that the intent reasonably must be inferred. (See also *Coronado Coal Co.* v. *United Mine Workers* (268 U. S. 295).)

KIDD *v.* PEARSON (128 U. S. 1, 20)

No distinction is more popular to the common mind, or more clearly expressed in economic and political literature, than that between manufactures and commerce. Manufacture is transformation—the fashioning of raw materials into a change of form for use. The functions of commerce are different. The buying and selling and the transportation incidental thereto constitute commerce, and the regulation of commerce in the constitutional sense embraces the regulation at least of such transportation. The legal definition of the term, as given by this court in *County of Mobile* v. *Kimball* (102 U. S. 691, 702), is as follows: "Commerce with foreign countries, and among the States, strictly considered, consists in intercourse and traffic, including in these terms navigation, and the transportation and transit of persons and property, as well as the purchase, sale, and exchange of commodities." If it be held that the term includes the regulation of all such manufactures as are intended to be the subject of commercial transactions in the future, it is impossible to deny that it would also include all productive industries that contemplate the same thing. The result would be that Congress would be invested, to the exclusion of the States, with the power to regulate, not only manufactures but also agriculture, horticulture, stock raising, domestic fisheries, mining—in short, every branch of human industry. For is there one of them that does not contemplate, more or less clearly, an interstate or foreign market? Does not the wheat grower of the Northwest and the cotton planter of the South plant, cultivate, and harvest his crop with an eye on the prices at Liverpool, New York, and Chicago? The power being vested in Congress and denied to the States, it would follow as an inevitable result that the duty would devolve on Congress to regulate all of these delicate, multiform, and vital interests—interests which in their nature are and must be local in all the details of their successful management.

It is not necessary to enlarge on, but only to suggest the impracticability of such a scheme, when we regard the multitudinous affairs involved and the almost infinite variety of their minute details.

It was said by Chief Justice Marshall that it is a matter of public history that the object of vesting in Congress the power to regulate commerce with foreign nations and among the several States was to insure uniformity of regulation against conflicting and discriminating State legislation. (See also *County of Mobile* v. *Kimball*, supra, at page 697.)

This being true, how can it further that object so to interpret the constitutional provision as to place upon Congress the obligation to exercise the supervisory powers just indicted? The demands of such a supervision would require not uniform legislation generally applicable throughout the United States but a swarm of statutes only locally applicable and utterly inconsistent. Any movement toward the establishment of rules of production in this vast country, with its many different climates and opportunities, could only be at the sacrifice of the peculiar advantages of a large part of the localities in it, if not of every one of them. On the other hand, any movement toward the local, detailed, and incongruous legislation required by such interpretation would be about the widest possible departure from the declared object of the clause in question. Nor this alone. Even in the exercise of the power contended for Congress would be confined to the regulation, not of certain branches of industry, however numerous, but to those instances in each and every branch were the producer contemplated an interstate market. These instances would be almost infinite, as we have seen; but still there would always remain the possibility, and often it would be the case that the producer contemplated a domestic market. In that case the supervisory power must be executed by the State; and the interminable trouble would be presented, that whether the one power or the other should exercise the authority in question would be determined, not by any general or intelligible rule, but by the secret and changeable intention of the producer in each and every act of production. A situation more paralyzing to the State governments and more provocative of conflicts between the general Government and the States and less likely to have been what the framers of the Constitution intended, it would be difficult to imagine.

HAMMER V. DAGENHART, 247 U. S. 251, 269, 274 (OPINION BY JUSTICE DAY)

(P. 251)

The act of September 1, 1916 (c. 432, 39 Stat. 675), prohibits transportation in interstate commerce of goods made at a factory in which, within 30 days prior to their removal therefrom, children under the age of 14 years have been employed or permitted to work, or children between the ages of 14 and 16 years have been employed or permitted to work more than 8 hours in any day, or more than 6 days in any week, or after the hour of 7 p. m. or before the hour of 6 a. m. Held, unconstitutional as exceeding the commerce power of Congress and invading the powers reserved to the States.

The power to regulate interstate commerce is the power to prescribe the rule by which the commerce is to be governed; in other words, to control the means by which it is carried on.

The court has never sustained a right to exclude save in cases where the character of the particular things excluded was such as to bring them peculiarly within the governmental authority of the State or Nation and render their exclusion, in effect, but a regulation of interstate transportation, necessary to prevent the accomplishment through that means of the evils inherent in them.

The manufacture of goods is not commerce, nor do the facts that they are intended for, and are afterwards shipped in, interstate commerce make their production a part of that commerce subject to the control of Congress.

The power to regulate interstate commerce was not intended as a means of enabling Congress to equalize the economic conditions in the States for the prevention of unfair competition among them by forbidding the interstate transportation of goods made under conditions which Congress deems productive of unfairness.

It was not intended as an authority to Congress to control the States in the exercise of their police power over local trade and manufacture, always existing and expressly reserved to them by the tenth amendment.

At page 269 the Court said:

The controlling question for decision is, Is it within the authority of the Congress, in regulating commerce among the States, to prohibit the transportation in interstate commerce of manufactured goods, the product of a factory in which, within 30 days prior to their removal therefrom, children under the age of 14 have been employed or permitted to work, or children between the ages of 14 or 16 years have been employed or permitted to work more than 8 hours in any day or more than 6 days in any week, or after the hour of 7 p. m. or before the hour of 6 a. m.?

In *Gibbons* v. *Ogden* (9 Wheat. 1), Justice Marshall, speaking for this Court and defining the extent and nature of the commerce power, said: "It is the power to regulate; that is, to prescribe the rule by which commerce is to be governed." In other words, the power is one to control the means by which commerce is carried on, which is directly the contrary of the assumed right to forbid commerce from moving and thus destroy it as to particular commodities.

* * * * * * *

"The power conferred is to regulate, and the very terms of the grant would seem to repel the contention that only prohibition of movement in interstate commerce was embraced. And the cogency of this is manifest, since if the doctrine were applied to those manifold and important subjects of interstate commerce as to which Congress from the beginning has regulated, not prohibited, the existence of government under the Constitution would be no longer possible."

In each of these instances the use of interstate transportation was necessary to the accomplishment of harmful results. In other words, although the power over interstate transportation was to regulate, that could only be accomplished by prohibiting the use of the facilities of interstate commerce to effect the evil intended.

This element is wanting in the present case. The thing intended to be accomplished by this statute is the denial of the facilities of interstate commerce to those manufacturers in the States who employ children within the prohibited ages. The act in its effect does not regulate transportation among the States, but aims to standardize the ages at which children may be employed in mining and manufacturing within the States. The goods shipped are of themselves harmless. The act permits them to be freely shipped after 30 days from the time of their removal from the factory. When offered for shipment and before transportation begins, the labor of their production is over, and the mere fact that they were intended for interstate commerce transportation does not make their production subject to Federal control under the commerce power.

Commerce "consists of intercourse and traffic * * * and includes the transportation of persons and property, as well as the purchase, sale, and exchange of commodities." The making of goods and the mining of coal are not commerce, nor does the fact that these things are to be afterward shipped or used in interstate commerce, make their production a part thereof (*Delaware, Lackawanna & Western R. R. Co.* v. *Yurkonis*, 238 U. S. 439).

Over interstate transportation, or its incidents, the regulatory power of Congress is ample, but the production of articles, intended for interstate commerce, is a matter of local regulation.

"When the commerce begins is determined not by the character of the commodity nor by the intention of the owner to transfer it to another State for sale, nor by his preparation of it for transportation but by its actual delivery to a common carrier for transportation, or the actual commencement of its transfer to another State" (Mr. Justice Jackson, in re Green, 52 Fed. Rept. 113). This principle has been recognized often in this court (*Coe* v. *Errol*, 115 U. S. 517; *Bacon* v. *Illinois*, 227 U. S. 504, and cases cited). If it were otherwise, all manufacture intended for interstate shipment would be brought under Federal control to the practical exclusion of the authority of the States, a result certainly not contemplated by the framers of the Constitution when they vested in Congress the authority to regulate commerce among the States (*Kidd* v. *Pearson*, 128 U. S. 1, 21).

It is further contended that the authority of Congress may be exerted to control interstate commerce in the shipment of child-made goods because of the effect of the circulation of such goods in other States where the evil of this class of labor has been recognized by local legislation and the right to thus employ child labor has been more rigorously restrained than in the State of production. In other words, that the unfair competition, thus engendered, may be controlled by closing the channels of interstate commerce to manufacturers in those States where the local laws do not meet what Congress deems to be the more just standard of other States.

There is no power vested in Congress to require the State to exercise their police power so as to prevent possible unfair competition. Many causes may cooperate to give one State, by reason of local laws or conditions, an economic advantage over others. The commerce clause was not intended to give to Congress a general authority to equalize such conditions. In some of the States laws have been passed fixing minimum wages for women, in others the local law regulates the hours of labor of women in various employments. Business done in such States may be at an economic disadvantage when compared with States which have no such regulations. Surely this fact does not give Congress the power to deny transportation in interstate commerce to those who carry on business where the hours of labor and the rate of compensation for women have not been fixed by a standard in use in other States and approved by Congress.

The grant of power to Congress over the subject of interstate commerce was to enable it to regulate such commerce, and not to give it authority to control the States in their exercise of the police power over local trade and manufacture.

CRESCENT COTTON OIL CO. V. MISSISSIPPI (257 U. S. 129)

Plaintiff in error, a Tennessee corporation, engaged in the manufacture of cottonseed oil in that State, finding it impracticable to carry on the business successfully when purchasing its supply of cottonseed from ginners or from brokers, acquired and operated cotton gins in Mississippi and other States, where it ginned cotton from cotton growers, purchased from them the seed thus separated from the fiber, and then shipped it on to its Tennessee factory. Mississippi passed a law forbidding corporations interested in the manufacture of cottonseed oil from owning or operating cotton gins, except of a prescribed capacity and in the city or town where their oil plants were located.

Held: (1) That since the ginning was merely manufacture, and the seeds were not in interstate commerce until purchased and committed to a carrier, the gins were not instrumentalities of interstate commerce and the prohibition of their operation did not infringe the company's rights under the commerce clause (p. 135).

The Court, on page 136, said:

The separation of the seed from the fiber of the cotton, which is accomplished by the use of the cotton gin, is a short but important step in the manufacture of both the seed and the fiber into useful articles of commerce, but that manufacture is not commerce was held in *Kidd* v. *Pearson* (128 U. S. 1, 20, 21); *United States* v. *E. C. Knight Co.* (156 U. S. 1, 12, 13); *Capital City Dairy Co.* v. *Ohio* (183 U. S. 238, 245); *McCluskey* v. *Marysville & Northern Ry. Co.* (243 U. S. 36, 38); *Hammer* v. *Dagenhart* (247 U. S. 251, 252); and in *Arkadelphia Milling Co.* v. *St. Louis Southwestern Ry. Co.* (249 U. S. 134, 151, 152). And the fact of itself that an article when in the process of manufacture is intended for export to another State does not render it an article of interstate commerce (*Coe* v. *Errol* (116 U. S. 517) and *New York Central R. R. Co.* v. *Mohoey* (252 U. S. 152, 155)). When the ginning is completed the operator of the gin is free to purchase the seed or not, and if it is purchased to store it in Mississippi indefinitely or to sell or use it in that State or to ship it out of the State for use in another; and, under the cases cited, it is only in this last case and after the seed has been committed to a carrier for interstate transport that it passes from the regulatory power of the State into interstate commerce and under the national power.

PUBLIC UTILITIES COMMISSION V. LANDON (249 U. S. 236)

While the piping of natural gas from State to State, and its sale and delivery to independent local gas companies, is interstate commerce, the retailing of the gas by the local companies to their consumers is intrastate commerce and is not a continuation of such interstate commerce, even though their mains are connected permanently with those of their vendor and their vendors agreed compensation is a definite proportion of their gross receipts. Id.

The Court, on page 244, said:

The court below held the business carried on by the receivers—transportation of natural gas and its disposition and sale to consumers through the distributing companies—was interstate commerce of a national character; that the commissions' actions interfered with establishment and maintenance of reasonable sale rates and thereby burdened interstate commerce and took the receivers' property without due process of law; that the original supply con-

tracts were not binding upon the receivers. And it accordingly enjoined the commissions, their members, the attorneys general of both States, the various municipalities and the distributing companies from interfering with establishment of such reasonable and compensatory rates as the court might approve. We think the trial court properly overruled the objections offered to its jurisdiction and nothing need be added to the reasons which it gave (234 Fed. Rep. 152, 155). But we cannot agree with its conclusions that local companies in distributing and selling gas to their customers acted as mere agents, immediate representatives or instrumentalities of the receivers and as such carried on without interruption interstate commerce set in motion by them.

That the transportation of gas through pipe lines from one State to another is interstate commerce may not be doubted. Also, it is clear that as part of such commerce the receivers might sell and deliver gas so transported to local distributing companies free from unreasonable interference by the State (*American Express Co.* v. *Iowa* (196 U. S. 133, 143), *Oklahoma* v. *Kansas Natural Gas Co.* (221 U. S. 229), *Haskell* v. *Kansas Natural Gas Co.* (224 U. S. 217)).

But in no proper sense can it be said, under the facts here disclosed, that sale and delivery of gas to their customers at burner tips by the local companies operating under special franchises constituted any part of interstate commerce. The companies received supplies which had moved in such commerce and then disposed thereof at retail in due course of their own local business. Payment to the receivers of sums amounting to two-thirds of the product of these sales did not make them integral parts of their interstate business. In fact, they lacked authority to engage by agent or otherwise the retail transactions carried on by the local companies. Interstate commerce is a practical conception and what falls within it must be determined upon consideration of established facts and known commercial methods (*Rearick* v. *Pennsylvania*, 203 U. S. 507, 512; *The Pipe Line cases*, 234 U. S. 548, 560). The thing which the receivers actually did was to deliver supplies to local companies. Exercising franchise rights, the latter distributed and sold the commodity so obtained upon their own account and paid the receivers what amounted to two-thirds of their receipts from customers. Interstate movement ended when the gas passed into local mains. The court below erroneously adopted the contrary view and upon it rested the conclusion that the public commissions were interfering with establishment of compensatory rates by the receivers in violation of their rights under the fourteenth amendment.

INDUSTRIAL ASSOCIATION *v.* UNITED STATES (264 U. S. 64, 78, 83)

(P. 64)

For the purpose of freeing the local building industry from domination by trade unions, numerous building contractors and dealers in building material in San Francisco combined to establish, in effect, the "open-shop" plan of employment by requiring builders who desired building materials of certain specified kinds to obtain permits therefor from a builders' exchange, and by refusing such permits to those who did not support the plan. Held that the combination did not violate the Sherman Antitrust Act, because (1) its object was confined to a purely local matter and interference with interstate commerce was neither intended nor desired.

(P. 77)

(2) The materials for which permits were required were all produced in California, except one kind as to which permits were required only after they had entered the State and had become commingled with the common mass of local property, so that their interstate movement and commercial status had ended.

At page 78, the Court said:

It is true, however, that plaster, in large measure produced in other States and shipped into California, was on the list; but the evidence is that the permit requirement was confined to such plaster as previously had been brought into the State and commingled with the common mass of local property, and in respect of which, therefore, the interstate movement and the interstate commercial status had ended. This situation is utterly unlike that presented in the Swift case, supra, where the only interruption of the interstate transit of livestock being that necessary to find a purchaser at the stockyards, and this the usual and constantly recurring course, it has held (pp. 398–399) that there was thus constituted "a current of commerce among the States", of which the purchase was but a part and incident. The same is true of *Stafford* v. *Wallace* (258 U. S. 495, 516), which likewise dealt with the interstate shipment and sale of livestock. The stockyards to which such livestock was consigned and delivered are there described, not as a place of rest or final destination, but as "a throat through which the current flows", and the sale as only an incident which does not stop the flow but merely changes the private interest in the subject of the current without interfering with its continuity. In *Binderup* v. *Pathe Exchange* (263 U. S. 291, 309), a commodity produced in one State was consigned to a local agency of the producer in another, not as a consummation of the transit, but for delivery to the customer. This Court held that the intermediate delivery did not end, and was not intended to end, the movement of the commodity, but merely halted it "as a convenient step in the process of getting it to its final destination."

But here the delivery of the plaster to the local representative or dealer was the closing incident of the interstate movement and ended the authority of the Federal Government under the commerce clause of the Constitution. What next was done with it was the result of new and independent arrangements.

The Government relies with much confidence upon *Loewe* v. *Lawlor* (208 U. S. 274) and *Duplex Co.* v. *Deering* (254 U. S. 443); but the facts there and the facts here were entirely different. Both cases, like the Coronado and the United Leather Workers cases and the present case, arose out of labor disputes; but in the former cases, unlike the latter ones, the object of the labor organizations was sought to be attained by a country-wide boycott of the employer's goods for the direct purpose of preventing their sale and transportation in interstate commerce in order to force a compliance with their demands. The four cases and the one here, considered together, clearly illustrate the vital difference, under the Sherman Act, between a direct, substantial. and intentional interference with interstate commerce and an interference which is incidental, indirect, remote, and outside the purposes of those causing it.

HUGHES BROTHERS *v.* MINNESOTA (272 U. S. 469–470)

1. A State cannot tax personal property which is in actual transit in interstate commerce (p. 471).

2. Pursuant to a contract of sale, logs cut in Minnesota by the vendors were floated by river to Lake Superior, there loaded on the vendee's vessels and transported to their destination in Michigan. Part of the price was paid when provisional inspection and estimates of quantity, etc., were made by the vendee at river landings, another part when the logs reached booms at or near the place of their transference to the vessels, and the remainder at destination. The wood was scaled by representatives of both parties when stowed in the vessels and at destinatiоn Liability insurance was carried by the vendor, and cargo insurance by the vendee. The vendor warranted title.

Held, that the logs had begun their continuous interstate journey with the beginning of their drive down the river, not with their subsequent transfer to the vessels (pp. 473, 475).

The Court, through Chief Justice Taft, on page 475, said:

The conclusion in cases like this must be determined from the various circumstances. Mere intention by the owner ultimately to send the logs out of the State does not put them in interstate commerce, nor does preparatory gathering, for that purpose, at a depot. It must appear that the movement for another State has actually begun and is going on. Solution is easy when the shipment has been delivered to a carrier for a destination in another State. It is much more difficult when the owner retains complete control of the transportation and can change his mind and divert the delivery from the intended interstate destination, as in the Champlain Co. case. The character of the shipment in such a case depends upon all the evidential circumstances looking to what the owner has done in the preparation for the journey and in carrying it out.

BINDERUP *v.* PATHE EXCHANGE (263 U. S. 241)

New York manufacturers and distributors of motion-picture films, in the regular course of their business, shipped films from that State to Nebraska and delivered them there to a Nebraska resident, as lessee under agreements, which by their terms were to be deemed and construed as New York contracts, and which licensed and obliged the lessee to exhibit the pictures, for specified periods, in moving-picture theaters, reserved rentals to the lessors and provided for ultimate reshipment by the lessee on advices to be given by them. Held, that the business of the lessors, and their transactions with the lessee, were interstate commerce, notwithstanding that, in accordance with the contracts, the films were delivered to him through agencies of the lessors in Nebraska to which they were first consigned and transported.

The Court, through Chief Justice Sutherland, on page 309 said:

1. The film contracts were between residents of different States and contemplated the leasing by one to the other of a commodity manufactured in one State and transported to and used in another. The business of the distributors of which the arrangement with the exhibitor here was an instance, was clearly interstate. It consisted of manufacturing the commodity in one State, finding customers for it in other States, making contracts of lease with them, and transporting the commodity leased from the State of manufacture into the State of the lessees. If the commodity were consigned directly to the lessees, the interstate character of the commerce throughout would not be disputed. Does the circumstance that in the course of the process the commodity is consigned to a local agency of the distributors, to be by that agency held until delivery to the lessee in the same State, put an end to the interstate character of the transaction and transform it into one purely intrastate? We think not. The intermediate delivery to the agency did not end and was not intended to end the movement of the commodity. It was merely halted as a convenient step in the process of getting it to its final destination. The general rule is that where transportation has acquired an interstate character "it continues at least until the load reaches the point where the parties originally intended that the movement should finally end" (*Illinois Central R. R. Co.* v. *Louisiana R. R. Comm.* (236 U. S. 157, 163). And see *Western Union Tel. Co.* v. *Foster* (247 U. S. 105, 113); *Western Oil Refining Co.* v. *Lipscomb* (244 U. S. 346, 349)).

In *Swift & Co.* v. *United States* (196 U. S. 375, 398) it was held that where cattle were sent for sale from a place in one State, with the expectation that the transit would end after purchase in another State, the only interruption being that necessary to find a purchaser at the stockyards, and this was a typical, constantly

recurring course, the whole transaction was one in interstate commerce and the purchase a part and incident of it. It further appeared in that case that Swift & Co. were also engaged in shipping fresh meats to their respective agents at the principal markets in other cities for sale by such agents in those markets to dealers and consumers; and these sales were held to be part of the interstate transaction upon the ground "that the same things which are sent to agents are sold by them, and * * * some, at least, of the sales are of the original packages. Moreover, the sales are by persons in one State to persons in another." In the same case in the courts below, 122 Fed. 529, 533, upon this branch of the case, it is said:

"I think the same is true of meat sent to agents, and sold from their stores. The transaction in such case, in reality, is between the purchaser and the agents' principal. The agents represent the principal at the place where the exchange takes place; but the transaction, as a commercial entity, includes the principal, and includes him as dealing from his place of business."

The most recent expression of this Court is in *Stafford* v. *Wallace* (258 U. S. 495, 516), where, after describing the process by which livestock are transported to the stockyards and thence to the purchasers, it is said:

"Such transactions cannot be separated from the movement to which they contribute and necessarily take on its character. The commission men are essential in making the sales, without which the flow of the current would be obstructed, and this whether they are made to packers or dealers. The dealers are essential to the sales to the stock farmers and feeders. The sales are not in this aspect merely local transactions. They create a local change of title, it is true, but they do not stop the flow; they merely change the private interests in the subject of the current, not interfering with but, on the contrary, being indispensable to its continuity."

The transactions here are essentially the same as those involved in the foregoing cases, substituting the word "film" for the word "livestock" or "cattle" or "meat." Whatever difference exists is of degree and not in character.

UNITED STATES *v.* E. C. KNIGHT CO. (156 U. S. P. 1)

The American Sugar Refining Co., a corporation existing under the laws of the State of New Jersey, being in control of a large majority of the manufactories of refined sugar in the United States, acquired, through the purchase of stock in four Philadelphia refineries, such disposition over those manufactories throughout the United States as gave it a practical monopoly of the business. Held, that the result of the transaction was the creation of a monopoly in the manufacture of a necessary of life, which could not be suppressed under the provisions of the act of July 2, 1890 (ch. 647, 26 Stat. 209), "to protect trade and commerce against unlawful restraints and monopolies" in the mode attempted in this suit, and that the acquisition of Philadelphia refineries by a New Jersey corporation, and the business of sugar refining in Pennsylvania, bear no direct relation to commerce between the States or with foreign nations.

The Court, through Chief Justice Fuller, on page 12 said:

The argument is that the power to control the manufacture of refined sugar is a monopoly over a necessary of life, to the enjoyment of which by a large part of the population of the United States interstate commerce is indispensable, and that, therefore, the general government in the exercise of the power to regulate commerce may repress such monopoly directly and set aside the instruments which have created it. But this argument cannot be confined to necessaries of life merely, and must include all articles of general consumption. Doubtless the power to control the manufacture of a given thing involves in a certain sense the control of its disposition, but this is a secondary and not the primary sense, and although the exercise of that power may result in bringing the operation of commerce into play, it does not control it, and affects it only incidentally and indirectly. Commerce succeeds to manufacture, and it is not a part of it. The power to regulate commerce is the power to prescribe the rule by which commerce shall be governed, and is a power independent of the power to suppress monopoly. But it may operate in repression of monopoly whenever that comes within the rules by which commerce is governed or whenever the transaction is itself a monopoly of commerce.

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, I am going to endeavor in my time to explain this bill to the best of my limited ability and then attempt to deal with some of the controversial features which have been raised here this afternoon.

The first section of the bill defines the policies and the findings of the bill. That in and of itself, while of great importance from the standpoint of economic theory and philosophy, is not very important from the standpoint of legislation.

The second section deals with definitions and the important definitions which have been challenged here are found in subsection 6 of section 2, which reads as follows:

(6) The term "commerce" means trade, traffic, or commerce, or any transportation or communication relating thereto, among the several States, or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia or any Territory, or between points in the same State but through any other State or any Territory or the District of Columbia or any foreign country.

I respectfully submit that this language does not in any manner conflict with the definition of "interstate" as defined in the decision in the Schechter case. There is not a single word in this language which conflicts with the definition of "interstate" as we find it in the Constitution or in any of the statutes.

Subsection 7 reads as follows:

(7) The term "affecting commerce" means in commerce, or burdening or affecting commerce, or obstructing the free flow of commerce, or having led or tending to lead to a labor dispute that might burden or affect commerce or obstruct the free flow of commerce.

If this particular definition is to be interpreted by a board to be created under this bill so as to violate the interstate definition as handed down in the decision in the Schechter case, the Supreme Court will declare it unconstitutional; but what we are seeking to do is to have each and every case as it is presented stand on its own merits. That has been the practice with every labor case that we have had thus far. Every case as it comes up will stand on its own merits. The question will be asked: "Does the application of the law in this case violate the interstate-commerce definition as handed down in the Schechter case?" I doubt whether any constitutional lawyer can say that the term "affecting commerce" as defined in subsection 7 of section 2 is in and of itself unconstitutional. What we are trying to do here is to attempt to guarantee certain rights to labor under language which is constitutional, and if tomorrow the application of this statute in certain cases may be unconstitutional, at the same time we would preserve those rights in cases where the application of the statute would be deemed to be constitutional; but to say that such terminology as the term "affecting commerce" or as the term "commerce" as used in this bill is in and of itself in direct conflict with the definition of interstate commerce handed down in the Schechter case I think is very far-fetched, and, as a matter of fact, I believe the motive behind such argument is to defeat the great principles in the bill rather than to argue the strict constitutionality, purposes, and scope of this bill.

Section 3 creates a National Labor Relations Board, which is to be composed of three members, who shall be appointed by the President. Their salaries shall be $10,000 a year and any member of the board may be removed by the President upon notice and hearing for neglect of duty or malfeasance in office, but for no other cause.

Then, also, a committee amendment changes the Senate bill and attempts to place this board under the Department of Labor. I have filed a minority report on this subject insisting that the board be independent, and I shall discuss that question at the proper time when the committee amendment is offered.

The important sections of this bill are sections 7, 8, 9, and 10.

Section 7 does what? Up to the present time there is not a Member in this House who can deny that labor has a perfect right by going on the economic battle front, by going out on strike, to guarantee for itself the right of collective bargaining. This right which labor has, no one has dared to take away from it during the past 10 years and no one challenges it. Now, since labor has this right and labor can obtain this right only on the economic battle front by strife and by strike, by labor disputes and labor struggles which disrupt the economic stability of an industry or of a community, what can the objection be to having this right which labor can acquire on the economic battlefield placed in the law, and thus legislate for labor a bill of rights so that labor can exercise these rights by going

into a court of equity through the medium of a labor board and having these rights preserved, respected, and vindicated?

What is the objection to section 7 that is being raised here? Section 7 states:

Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

Everyone who has argued against this bill this morning has stated, "I believe in the right of collective bargaining." If he believes in the right of collective bargaining, why does he challenge section 7, which asserts that labor has the right of collective bargaining?

The next section is section 8 and the purpose of section 8 is to enforce and to clarify the right of collective bargaining and to prevent any practices which would nullify that right which we are all willing to give labor under section 7, and what are these things? The provision states:

It shall be an unfair labor practice for an employer—
(1) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.

If you have no quarrel with section 7, certainly you cannot have any quarrel with subdivision (1) of section 8.

Then under subdivision (2) the employer is prevented from doing what? He is prevented from dominating or interfering with the formation or administration of any labor organization or contributing financial or other support to it.

Provided, That subject to rules and regulations made and published by the Board pursuant to section 6 (a), an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the distinguished gentleman from New York.

Mr. TABER. I should like to have the gentleman tell the Committee whether his understanding of paragraph (2) of section 8 is that the employer would not be allowed to consult with his employees directly without this exception.

Mr. MARCANTONIO. Oh, no; this exception guarantees the employer the right to consult with his employees.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. CONNERY. May I say to my friend from New York that the purpose of that provision is that under the provisions of the bill without such an amendment an employer would be guilty of an unfair labor practice on the ground he was financing his employees if he paid them on company time and then allowed them to come in on company time and discuss matters relative to wages or anything else. So this is to take care of his interests and protect him from an unfair labor practice.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. BEAM. A great many of these so-called "industries" have what they call their company unions or company associations or employees' associations and I would be very much interested in having the gentleman state just how these so-called "company unions" will be affected by this proposed legislation, if it is enacted.

Mr. MARCANTONIO. There is nothing in this bill which will affect the existence of a company union. All this bill provides is that it shall be an unfair labor practice to have such company union dominated by the employer, and if we believe in collective bargaining, as we all say we do, then I submit that we have a proper right to prevent an employer from taking a union over or forming one and dominating such union so that when they sit on opposite sides of the table, there is no collective bargaining, but there is only one-sided bargaining—the employer bargaining with himself. This is what we are trying to prevent. A company union, unless these unfair labor practices are engaged in, would have the right to exist under this bill and if in a particular unit, as defined by the labor board, the company union has the majority, they will elect their representatives who will deal with the employer, so that the company union will have just as much right as any other union would have that had a majority under such conditions. However, such union must not be an employer-dominated union.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. CONNERY. The gentleman has stated the matter very succinctly, but the actual result of the passage of this bill will mean the elimination of company unions, not by force, but because the workers when they have the opportunity to pick their own union without coercion will not pick a company union.

Mr. MARCANTONIO. Exactly; but what we are doing here is we are trying to eliminate the unfair labor practice of having the employer dominate the union and finance such union and control such union; and once we eliminate the unfair labor practices, you cannot have an employer-dominated company union. A company union incidentally is synonymous with an employer-dominated union. Once you remove employer control your company union becomes an honest union or ceases to exist.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Georgia.

Mr. COX. In the consideration of this measure would the gentleman be satisfied with the adoption of the principle of collective bargaining?

Mr. MARCANTONIO. That is the purpose of this measure, but at the same time may I say to the gentleman that the mere enunciation of the principle of collective bargaining is meaningless unless we eliminate the unfair labor practices which destroy the principle of collective bargaining. Merely stating that the employees shall have the right of collective bargaining and then not eliminating the unfair practices, collective bargaining becomes a mere name and a sham. This bill seeks to eliminate unfair labor practices and hence insure collective bargaining.

Mr. COX. Would the gentleman be satisfied with the elimination of unfair practices and the adoption of that principle of collective bargaining.

Mr. MARCANTONIO. No; may I say in answer to the gentleman, that besides the elimination of unfair labor practices we ought to have the principle of majority representation, and for the simple reason that there cannot be any collective bargaining unless it is based on majority representation. This bill provides for majority representation.

Mr. COX. Would the gentleman be satisfied with that included?

Mr. MARCANTONIO. Certainly.

Mr. COX. The gentleman recognizes and accepts as correct the controlling decision of the Court in the Schechter case, and there is no purpose in the bill in any way to circumvent the effect of that decision?

Mr. MARCANTONIO. That is correct. There is no attempt here to circumvent the Supreme Court decision.

Mr. COX. Is there not an effort here through legislative definition, to push further Federal control beyond the point fixed by the Supreme Court as marking the limit of congressional power? Let me put the question in another way. Is not the main purpose of this bill to extend Federal control through the use of the commerce power of the Constitution by legislative definition and otherwise, to the point of taking out of State control that which has heretofore been regarded as a purely domestic activity?

Mr. MARCANTONIO. Not necessarily; that is not the situation at all. We are trying to use whatever power Congress has under the commerce clause. The language of the bill is constitutional. Only when its application would be contrary to the definition of "interstate" in the Schechter case would it be declared unconstitutional. Each case would stand on its own state of facts.

I am sorry I have not the time to further elaborate on this point. It is a very interesting one. A great deal is being said today about liberty. The opponents of this bill talk about liberty of the employers to do this, and the liberty of the employers to do that. How about the liberty of the

worker? Unless Congress protects the workers what liberty have they? Liberty to be enslaved, liberty to be crucified under the spread-out system, liberty to be worked to death under the speed-up system, the liberty to work at charity wages, the liberty to work long hours. So far as I am concerned, the present laissez faire policy which we have followed in reference to labor has produced a situation which can be described in the words of Anatole France, when he said: "The law in its majestic equality forbids the rich as well as the poor to sleep under bridges, beg on the streets, and steal their bread from the shop windows."

This bill should pass. It will not settle the capital-and-labor problem, but it is a great step toward a Magna Carta for American labor. [Applause.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to insert therein certain excerpts from the bill and other data to which I wish to refer.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BLANTON. Mr. Chairman, the gentleman from Virginia [Mr. SMITH] has made my speech. He has made the kind of a speech that I imagine one of the greatest constitutional lawyers who ever served here from Virginia during our time would have made if he were here at this time. I refer to our former distinguished colleague, Hon. Henry St. George Tucker, who at one time was chairman of the American Bar Association. The gentleman from Virginia [Mr. SMITH] made the same kind of a speech that Mr. Tucker would have made upon this subject.

I am one of the close personal friends of the distinguished gentlemen from Massachusetts [Mr. CONNERY], the able chairman of this committee, who is the author of this bill. He is honest, sincere, energetic, efficient, and thoroughly conscientious. During our long years of association here I have learned to have for him great respect, high regard, and deep affection. There is nothing that I have that he could not get personally. If he needed it and I could help him by doing so, I would wade through snow from here as far as I could go to help him. That is how much I think of him, but I differ with him in respect to this bill.

Mr. CONNERY. And I want to say that I have the same affection for the gentleman from Texas, and whether he differs with me or not, that is his own private affair.

Mr. BLANTON. When I was a young lawyer my best client was Mr. Charles M. Cauble, of Albany, Shackelford County, Tex. He was a big cattleman. After trying a number of cases for him he began to employ me by the year.

Mr. EKWALL. At how much?

Mr. BLANTON. Before I stopped, it was about what I earn in Congress, counting the fees for each case plus the retainer he was paying me by the year. He had business not only all over Texas but also in Mexico, New Mexico, Colorado, Kansas, Wyoming, Montana, and the Dakotas, with cattle being fed all over the country, and leased ranches everywhere. He was constantly shipping whole train loads of cattle. At one time I represented him in about 50 different cases pending in courts.

I remember the first big contract that I ever drew for him and it is a wonder that it did not cause me to get fired. He had bought a big ranch and a large number of cattle, horses, and other livestock, and some grazing leases in different places, and he employed me to draw the contract covering his purchase. The owner, who was selling, to my surprise did not have a lawyer. I was so enthused in looking after the interest of my client and in seeing that every feature of that long contract involving property of great value protected my client in every particular that I drew him up what I thought was an ideal contract to protect him. I knew my client was safe but I neglected to think about the rights of the seller. Everything went along nicely until the time came for delivery, and for the contract to be executed.

Then the man from whom my client bought did not comply with the terms of the contract and it was necessary to go into court to enforce its provisions. To my surprise then the other man appeared with his lawyer and his defense was that the contract was a unilateral contract, that it was one-sided, and was so drawn that his client did not have any rights at all, and therefore was not enforceable in court. To my surprise the court set my ideal contract aside, and annulled it, and left me and my client up in the air. Then I learned what a unilateral contract was, a one-sided affair, worthless and unenforceable in the courts of the land. And I have never forgotten that valuable lesson.

Mr. Chairman, the bill we have before us here, controlling the rights of all employers and employees, is a unilateral bill, with the rights of all employers left out of it. Only the rights of employees are protected. It is one-sided.

Mr. BEITER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry I cannot yield, as my time is limited.

Mr. BEITER. Only to ask the gentleman whether he gave his client back his money.

Mr. BLANTON. I should have given it back, but that is the only case of his I ever lost in court, and I represented him for a number of years. Charley Cauble was the most generous and best client I ever had throughout all of the years of my law practice. That unilateral contract taught me something, and I found out then that when you want to draw a contract between individuals you must see to it that just treatment is accorded to both of the contracting parties. When you pass a law in Congress that affects the rights of two different classes of people, you must see to it that the right of both sides are considered and that they are given equal rights under the law.

Is there any provision in this bill that gives any employer of labor any rights? If there is, please point it out. I have read these 25 pages from cover to cover and I cannot find a single sentence in the bill that gives any right whatever to an employer of labor. It takes from employers all of their inherent rights.

To have employees in the country, you must have employers. Whenever you pass a law that puts employers out of business you are putting employees out of jobs, and you are acting against the best interest of the employees of the country. You must give the employers their inherent rights guaranteed by our Constitution.

The bill you have before you here this evening is a bill that will put more small businesses out of business than anything else that Congress has ever done in the last 50 years. You are going to continue and enhance the depression that has been afflicting our country for so many years. You have provisions in this bill that will be most expensive. The members of the board draw $10,000 a year each, plus traveling expenses and subsistence allowances. There is a blanket provision here that they can appoint as many employees as they want to without limitation. They can pay them the salaries they want to, except that they must conform to the Reclassification Act, and under the Reclassification Act you can pay some lawyers as high as $15,000 a year. I want to discuss now in detail some of the specific details of this bill.

EXPENSES PAID BY ALL THE PEOPLE

I quote from section 4 the following provisions:

Each member of the Board shall receive a salary of $10,000 a year. * * *

The Board shall appoint, without regard for the provisions of the civil-service laws but subject to the Classification Act of 1923, as amended, an executive secretary, and such attorneys, examiners, and regional directors, and shall appoint such other employees with regard to existing laws applicable to the employment and compensation of officers and employees of the United States, as it may from time to time find necessary for the proper performance of its duties. * * *

Under the above provisions a whole army of additional employees will be placed on the Government pay roll, and we will never be able to get them off. Under the Classification Act they can be paid tremendous salaries. You colleagues will remember that I gave you the names of 876 lawyers employed by the Veterans' Administration drawing salaries ranging from $9,000 per year down, and most of them were merely inexperienced lawyerettes who had never tried an

important case in a courthouse prior to their appointment. And the whole people of the United States will be called upon to pay all of the enormous expenses of this board and its army of employees, when only the 3,000,000 members of the American Federation of Labor will be interested in this legislation, and it is for their especial benefit that it is passed.

NO LIMITATION WHATSOEVER ON EXPENSES

I quote the following from page 10 of the bill:

All of the expenses of the Board, including all necessary traveling and subsistence expenses outside the District of Columbia incurred by the members or employees of the Board under its orders shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Board or by any individual it designates for that purpose.

You will note from the above that not only are traveling expenses allowed to the board, but they are also allowed to its army of employees, and that in addition to their $10,000 annual salaries these board members are allowed subsistence expenses, in addition to their traveling expenses, and likewise their army of employees are allowed their subsistence expenses in addition to their salaries and traveling expenses, when they are away from Washington, and they can be traveling and sojourning all over the United States, under the following provision which I quote from page 11 of the bill, to wit:

SEC. 5. The principal office of the Board shall be in the District of Columbia, but it may meet and exercise any or all of its powers at any other place. The Board may, by one or more of its members or by such agents or agencies as it may designate, prosecute any inquiry necessary to its functions in any part of the United States.

There are 48 States in this Union. It is a long way from Seattle to Florida. It is a long way from Maine to California. The expenses of the agents and agencies of said board meeting at any place in the United States, and exercising its powers and prosecuting its inquiries "in any part of the United States" with traveling expenses and per diem subsistence allowances in addition to salaries, are going to cost the people a tremendous sum of money annually. We have not forgotten the scores of useless and pleasure trips that were taken by scores of employees of Director John B. Densmore in the United States Employment Service during the war.

PENALTIES INTIMIDATING ALL EMPLOYEES

I quote from the bill the following penalty prescribed for any employer who impedes or interferes with any agent of this board, to wit:

Any person who shall willfully resist, prevent, impede, or interfere with any member of the Board or any of its agents or agencies in the performance of duties pursuant to this act shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 1 year, or both.

Under the above provision, and the other provisions of the bill, where an employer had 50 well-satisfied employees, and they were receiving good wages, but were not unionized, and did not want to unionize, and all liked their jobs and their wages and their employer, and were all thoroughly well satisfied, if some agent interfered, and demanded that they all be unionized, if their employer were by them invited to advise with them, and were to advise against such unionization, he would be guilty of a felony, and be fined $5,000 and imprisoned for 1 year.

RIGHTS FOR EMPLOYEES, BUT NONE FOR EMPLOYERS

I quote the following from section 7 of the bill:

SEC. 7. Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection.

You will note that under the special heading in the bill, "Rights of employees", it is provided that they may "engage in concerted activities for mutual aid", and this is not restricted to an employer's own employees, but labor agitators from anywhere may thrust themselves into a man's business and interfere with his employees and try to get them dissatisfied and demand that they unionize against their will, because the bill, in defining "employee", uses this language on page 5, to wit:

The term "employee" shall include any employee, and shall not be limited to the employees of a particular employer.

So we may expect a constant strife and turmoil and interference by union agitators among satisfied nonunion employees in every business everywhere in the United States, and no employer will dare to say one word to his own employees, because it will mean a fine of $5,000 and a year in the penitentiary.

MORE WORK FOR OUR SUPREME COURT

Is there a good lawyer in this House who for one moment believes that such a law would be upheld by the Supreme Court? Certainly it will not stand. Passing this bill is a futile thing. It is a mere gesture.

EMPLOYERS CONDEMNED UNFAIR

Under section 8 of this bill an employer is condemned to be unfair if he should "interfere with, restrain, or coerce his employees in the exercise of their rights guaranteed in section 7", or if he should "interfere with the formation or administration of any labor organization", or if he should "discriminate in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization", or if he should "discharge or otherwise discriminate against an employee who filed charges against him or gave testimony against him."

BOARD MADE JUDGE, JURY, BAILIFF, PROSECUTOR, AND EXECUTIONER

I quote the following from section 10 of the bill:

PREVENTION OF UNFAIR LABOR PRACTICES

SEC. 10.(a) The Board is empowered, as hereinafter provided, to prevent any person from engaging in any unfair labor practice (listed in sec. 8) affecting commerce. * * *

(b) Whenever it is charged that any person has engaged in or is engaging in any such unfair labor practice, the Board, or any agent or agency designated by the Board for such purposes, shall have power to issue and cause to be served upon such person a complaint stating the charges in that respect, and containing a notice of hearing before the Board or a member thereof, or before a designated agent or agency, at a place therein fixed, not less than 5 days after the serving of said complaint.

Under the above provision, any one of our constituents engaged in business could be summoned to appear before some agent anywhere in the United States, and to answer any kind of ridiculous charges, and would be forced to the great expense of employing high-salaried attorneys, and paying the expenses of his attorney, his witness, and his own far distant from his home for a period that could extend into weeks. This bill is going to cause more men to go out of business and more long-established businesses to close up, and more employees to lose good-paying jobs in which they are now well satisfied, than anything that has been done by Congress before in half a century.

WHOLLY WITHOUT BENEFIT OF LAW

The last straw that breaks the camel's back is the provision in this bill on page 15, that provides that in such hearings before said Board, or any of its agents, the employer is to be tried upon the particular whim of the particular agent who has summoned such employer before him, the following being such provision:

In any such proceeding the rules of evidence prevailing in courts of law or equity shall not be controlling.

ANY EMPLOYEE COULD CONTINUE LITIGATION

If an employer had 500 employees, and the Board summoned such employer before it upon a charge of unfair practice toward them all alike, and after spending weeks in an exhaustive hearing, such Board should determine that the charge was unfounded, and not sustained, and should discharge such employer, and such decision should meet with the approval of 499 of said employees, the remaining employee nevertheless could appeal such decision to the courts, and force such employer to continue in such expensive litigation, under the following provision on page 19, to wit:

(f) Any person aggrieved by a final order of the Board granting or denying in whole or in part the relief sought may obtain

a review of such order in any circuit court of appeals of the United States in the circuit wherein the unfair labor practice in question was alleged to have been engaged in or wherein such person resides or transacts business, or in the Court of Appeals of the District of Columbia, by filing in such court a written petition praying that the order of the Board be modified or set aside.

As I said in the beginning, this bill is a unilateral contract for employers and employees, which means that it is a one-sided contract, with every right and privilege given to employees, and not a right given to employers; but every burden and penalty possible is placed upon all employers.

MEDDLING SNOOPERS

I quote the following from page 21 of the bill:

(1) The Board, or its duly authorized agents or agencies, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any evidence of any person being investigated or proceeded against that relates to any matter under investigation or in question. Any member of the Board shall have power to issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under investigation or in question, before the Board, its member, agent, or agency conducting the hearing or investigation. Any member of the Board, or any agent or agency designated by the Board for such purposes, may administer oaths and affirmations, examine witnesses, and receive evidence. Such attendance of witnesses and the production of such evidence may be required from any place in the United States or any Territory or possession thereof, at any designated place of hearing.

And if such employer should refuse to be thus examined, or to allow snoopers to go through the books of his establishment at will, or should refuse to jump across the United States at the command of such agent, and take all of his books and records of his business with him to place before such agent, he is to be punished for contempt under this bill.

PERSONAL SERVICE NOT NECESSARY

When an agent wants to serve a far-distant employer with a complaint, or order, or other process, all he has to do is to mail him a copy by registered mail, or else telegraph him, even though he might be away in Siberia, and 10 days later the hearing can be had, regardless of the distance such employer may live from the hearings. I quote this provision from page 22, to wit:

(4) Complaints, orders, and other process and papers of the Board, its member, agent, or agency, may be served either personally or by registered mail or by telegraph or by leaving a copy thereof at the principal office or place of business of the person required to be served.

EVEN OUR GOVERNMENT MUST RESPOND

I quote the following from page 23 of the bill:

(6) The several departments and agencies of the Government, when directed by the President, shall furnish the Board, upon its request, all records, papers, and information in their possession relating to any matter before the Board.

COUNTLESS STRIKES TO ENSUE

During the period of the World War there were 6,000 strikes against the Government of the United States. Following the passage of this bill, it will take a high-powered adding machine to count the strikes that will occur annually. The following is section 13 of the bill:

SEC. 13. Nothing in this act shall be construed so as to interfere with or impede or diminish in any way the right to strike.

I cannot believe that the President of the United States wants such a bill as this passed. He surely has not weighed and carefully passed on all of its provisions. There is not a possible chance for the Supreme Court of the United States to uphold it; it will be set aside as soon as it reaches our high tribunal. So why should we put our Government to a lot of useless and wasteful expense in passing a futile gesture?

A FEW WELL-KNOWN ILLUSTRATIONS IN WASHINGTON

Let me remind you of a few instances here in Washington where union troublemakers interfered with employers and employees. Some of the older colleagues here will remember the Raleigh Hotel strike. There was perfect peace and harmony between the Raleigh Hotel and its employees. Good wages were paid, satisfactory in every way to the employees. Walking delegates first demanded of the hotel that it unionize its employees and sign a union contract. The hotel refused upon the ground that its employees were all well satisfied and did not want to unionize. Then the walking delegates demanded of the employees that they must unionize, and again were told that they did not want to do so, and were perfectly satisfied in every respect. Then force was applied, and the employees were forced to strike, and to demand a union contract, and when the Raleigh Hotel refused to be bulldozed and controlled, and hired other employees, the hotel was picketed for weeks, with three 8-hour shifts of pickets, paid by unions to march around this hotel day and night, with banners calling the Raleigh Hotel unfair, and such banners reading "This is a scab hotel", "No decent people will patronize it", and the matter had to be thrashed out in courts at great expense, before such hotel was protected and given its rights by law. If this bill had been in effect, the Raleigh Hotel would have been helpless, and would have been sandbagged into having its inherent constitutional rights taken from it here in the Nation's Capital.

PICKETING GUDE

Mr. Gude is a well-known florist in Washington. He has spent a lifetime building up his magnificent business here, well known over the United States. He started here many years ago with only a few employees. Now he owns one of the largest florist businesses in the United States, and hires a large number of employees. Union agitators some years ago demanded of him that he unionize his employees. He told them that he would do it if the employees wanted it done. Some of his employees had worked for him for 30 years. All of his employees were well paid, were all well satisfied, and were all loyal to Gude, and stated that they did not want to unionize. Then the union agitators demanded of them that they must unionize, and although threatened with violence, they refused. Then Mr. Gude was embarrassed and interfered with, by having pickets placed around all of his business establishments, and his customers insulted, and he had to resort to the courts before he got justice. If this bill had then been law, he would have been forced to unionize, when neither he nor his employees wanted it done, and when both he and his employees were all well satisfied.

PICKETING REEVES

I remember well the unwarranted interference with Mr. Reeves some years ago. He runs a first-class bakery and delicatessen at 1209 F Street NW. Some of his employees have worked for him for 40 years. All of his employees were paid wages higher than others were receiving for comparable service anywhere in Washington. Demand was made on him by union agitators that he must unionize his employees. His employees refused to do it. They all said they were well paid and were well satisfied. Then he was picketed. Day and night men and women were paid to march in front of his place of business carrying banners calling his store a scab joint, and insulting his many customers by telling them that no decent person would patronize Reeves, and he had to resort to the courts to get his constitutional rights. If this bill had then been law, he would have been deprived of his rights, and his satisfied and well-paid employees would have been forced to unionize and pay monthly dues to unions to pay big salaries to union agitators.

RECENT TAXICAB STRIKE HERE

Our colleagues will remember the recent outrageous taxicab strike here in Washington during the Shriners' convention when the Diamond Taxicab Co. and the Union Taxicab Co., tried by force and violence to force all of the taxicabs in Washington to practically double their rates. Our colleague from Kentucky [Mr. MAY], and his secretary, were forced to get out of their cab, and their driver was attacked, was thrown out of his cab, had his keys taken away, and forced to abandon his car, and such outrages were pulled off all over this city. They did not respect the Constitution of the United States, which forbids anyone to stop a Member of Congress on his way to the Capitol,

and when Congressman MAY told these strikers he was a Congressman on his way to attend a committee meeting, they scornfully told him they did not care a d—— about Congress, or a congressional committee or a Congressman, that if he wanted to go to the Capitol, he would have to take a street car, but he could not ride in a taxicab. If this bill had then been law, they would have compelled every driver of every taxicab in Washington to obey their commands, forced upon them by threats, intimidation, and violence.

SALTZ BROS. PICKETED SINCE NOVEMBER

There is a high-class firm of clothiers doing business at 1341 F Street NW., known as Saltz Bros. They have been in business for years. They are paying out thousands of dollars each year for rents and taxes. They have a pay roll which amounts to about $50,000. Last November union agitators demanded that they unionize their employees. All of their employees are well paid, were all well satisfied, and did not want to join any union. Saltz Bros. refused to make them join against their will. And then their business was picketed, and for months has been picketed day and night, with men and women paid by unions to march back and forth, and forth and back, in front of their store and insult and interfere with their customers.

FORCED TO FILE SUIT

Saltz Bros. were forced to hire lawyers, and to file a bill in equity in the Supreme Court of the District of Columbia, being Equity No. 58083, from which I quote the following from their allegations:

6. Plaintiff further avers that in the early part of November of this year a person purporting to be a representative of the said Retail Clerks' Local Union No. 262, called on one of the officers of plaintiff company for the purpose of inducing said plaintiff to enter into a contract with the said union, which provides, among other things, for the limitation of the hours of labor during which its employees shall be engaged, and also fixes a certain minimum wage scale. The said labor representative was informed that by reason of this being a busy season that time for the consideration of the same be postponed until after the holiday business shall have been disposed of, and thereafter and during the latter part of November the said representative again called for the purpose, and a few days thereafter a telephone call was received importuning plaintiff to enter into the contract referred to. In each case the said representative threatened and intimidated the plaintiff to comply with the demands referred to, otherwise the establishment would be picketed. In the conferences referred to, plaintiff emphasized the fact that the matter in hand required some thought and consideration and asked that further time be allowed for a determination of the question. Plaintiff further imparted to the said union representative the fact that it had bound itself to the terms required by the National Industrial Recovery Act, evidenced by the fact that several N. R. A. insignia are displayed in and on the premises; that the said N. R. A. requirements made provision for a minimum wage scale to the employees and also regulated the hours of employment, all of which were being definitely enforced in the management and conduct of plaintiff's business.

7. Plaintiff further avers that much to the surprise of plaintiff's officers, stockholders, employees and patrons, on, to wit, the 5th day of December 1934, there appeared in front of the premises a man purported to represent the said union organization with two conspicuous signs on his person, which signs are commonly known as "sandwich signs", bearing the following inscription, to wit: "The firm of Saltz Bros., 1341 F Street NW., is unfair to organized labor. They refuse to recognize the Retail Clerks' International Protective Association, Local No. 262, affiliated with American Federation of Labor, approved by Washington Central Labor Union." Since which time there have been three different men so engaged, the names of whom are unknown to plaintiff, though efforts have been made to ascertain the same.

8. The individuals described in the paragraph next preceding, usually known as "pickets", with the display signs referred to, have been patrolling and picketing the premises aforesaid in close proximity to the entrance and the show windows of the said premises, thereby obstructing the entrance and preventing the public and patrons from viewing the display windows and preventing ingress and egress to the store, much to the annoyance and inconvenience of the said public and patrons; and in some instances, upon information and belief, plaintiff avers that its business has been substantially embarrassed, resulting in a diminution of patronage, as well as immediate irreparable injury, loss, and damage, unless a temporary restraining order be issued.

8. Plaintiff further avers that it has never before had any disputes or other difficulty with any labor or other organization having for its interest the benefit of wage earners; that a large part of the merchandise handled by plaintiff consists of union-made articles, and has never had any difficulty with employees with reference to either wages or hours; that all of its employees are satisfied with the treatment they receive as the said hours and wages are regulated by the provisions of the National Industrial Recovery Act, in support of which there is attached hereto and prayed to be made part hereof affidavit of employees made by 25 employees, and also the individual affidavits of certain patrons of plaintiff, being David L. Kreeger, Earle Chesney, Nathan Raffler, Isador Nahmanson, James S. Robb, and E. R. Grant.

9. Plaintiff further avers that the act and conduct of the picketers referred to constitutes a threat and menace against its patrons and accordingly, as plaintiff is advised, the same should be prevented by injunctive relief against a continuance thereof. In spite of the facts hereinbefore averred there remains before the premises of plaintiff the picket hereinabove described, and plaintiff respectfully shows that the presence of such picket constitutes a threat, menace, and nuisance to the peaceful conduct of its affairs.

Wherefore plaintiff, having no plain, adequate, and complete remedy at law, seeks the aid of this honorable court and prays as follows:

1. That writs of subpena be issued directed to the defendants and commanding them and each of them to appear and answer the exigencies of this bill of complaint, but not under oath, oath being expressly waived.

2. That a temporary restraining order be granted forthwith without notice to said defendants, prohibiting them and each of them, their and each of their agents and servants directly or indirectly from interfering with plaintiff's business, and that the picketing referred to be promptly enjoined, etc.

AFFIDAVIT OF SATISFIED EMPLOYEES

The following is the affidavit of the satisfied employees of Saltz Bros., which was attached to said bill in equity:

DISTRICT OF COLUMBIA, to wit:

The undersigned, each for himself, respectively, being first duly sworn on oath according to law depose and say that they are employed by Saltz Bros., Inc., doing business at 1341 F Street, in the city of Washington, D. C.; that in the course of the employment as aforesaid the hours during which they are employed and the salaries received are regulated entirely by the National Industrial Recovery Act, and in the said premises several N. R. A. insignia are exhibited; that the said salaries and hours are fair and reasonable, and that they are satisfied with the same and have no desire to become affiliated with any labor organization having for its prime purpose the regulation of hours and wages.

Affiants further say that for several days past and during the usual business hours there has been a man walking in front of the premises and across the entrance leading thereto wearing a sign bearing the inscription "The firm of Saltz Bros., 1341 F Street NW., is unfair to organized labor. They refuse to recognize the Retail Clerks' International Protective Association, Local No. 262, affiliated with American Federation of Labor, approved by Washington Central Labor Union", in his perambulations as aforesaid interferes with persons from freely inspecting the display windows and as his presence also tends to obstruct the entrance to the building he thereby interferes with patrons and others in their effort to enter the same.

Name and address: Walter Brown, Logan Circle; Peter Keval, 1705 East Capitol Street; Anna Rightus, 1151 New Jersey Avenue NW.; Louis E. Feinberg, 2300 Eighteenth Street NW.; Caroline M. Morgan, Dupont Circle Apartments; John Wallace, 640 Rickford Street NE.; Robert Worth, 2022 Sixteenth Street NW.; G. Nagelberg, 916 Seventeenth Street NW.; Arthur L. Cooney, 921 Nineteenth Street NW.; J. S. LaCoste, 1723 Eye Street NW.; Lee Sprinkel, 1209 N Street NW.; H. R. Welch, 61 Preston Avenue, Cherrydale, Va.; B. W. Costolow, 2528 Pennsylvania Avenue SE.; A. Norman, 3804 Jenifer Street NW.; O. C. Welk, 2121 Branch Avenue SE.; J. E. McGeary, 2007 Perry Street NE.; Harry Baulser, 4109 Illinois Avenue NW.; Morris A. Zetlin, 1627 Lamont Street NW.; Paul Goetz, 1605 North Appleton Street, Baltimore, Md.; George Gingrich, 1621 Eye Street NW.; W. Saulsbury, 618 Franklin Street NE.; Annes Scrugg, 2120 P Street NW.; Florence Hardman, 1243 E Street SE.; Lee Schaefer, 1423 Chapin Street; John Speigel, 1616 Q Street NW.

Subscribed and sworn to before me this — day of December 1934.

[SEAL] WM. G. WINSTEAD,
Notary Public, District of Columbia.

NO RELIEF YET

And union labor is so well entrenched in Washington, D. C., that Saltz Bros. have not yet been able to get any relief, and are still being picketed, with their constitutional rights denied them, notwithstanding the fact that all of their employees are well paid, are well satisfied, and do not want to unionize. But if this bill should become law, they will be forced against their wishes to unionize, and if Saltz Bros. should then say one word against it, they would be fined $10,000, and imprisoned for 1 year.

ANOTHER CASE OF PICKETING

Just across the street from Saltz Bros. is another similar case, where an American employer is being picketed, because neither he nor his employees, who are all well paid, and well satisfied, do not want to unionize.

DELICATESSEN JUST AROUND THE CORNER

Just around the corner from Saltz Bros., on Fourteenth Street, this side of the Hamilton National Bank, is a first-class delicatessen, full of customers all the time, which is being picketed and has been picketed for months, because both the employer and the employees refuse to unionize. The employees are all well paid and are well satisfied, and do not want to join the union. If this bill is passed they will be forced to join.

AM AN OLD-FASHIONED AMERICAN

I am the kind of an American who believes that employees who are well paid and are well satisfied do not have to join a union unless it is their wish and will. I am against forcing them to do anything that interferes with their inherent, constitutional rights. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. EKWALL].

Mr. EKWALL. Mr. Chairman, I was rather amused at the story of our genial friend from Texas [Mr. BLANTON], the Sage of Abilene, when he told us about the Supreme Court having to teach him his law rather than to get it out of the law books. Of course, that was not the fault of the Supreme Court. That was his fault.

Now, so far as this bill is concerned, as I see it, if passed, it is going to be administered by the National Labor Relations Board. I am sure the gentleman does not mean that he thinks the President of the United States is going to appoint members on such a board who will work unnecessary hardships upon employers or employees.

So far as the constitutionality of this bill is concerned, you know there are lawyers and lawyers. Real lawyers are those who are learned in the law. Then there is another class of lawyers who merely practice law. I presume I am in the second category, but I do not think we need worry about the constitutionality of this bill, because it will be merely up to the board to apply the terms of this bill to a state of facts that it will fit. If they meet such a situation as only applies to intrastate business, of course, if these constitutional lawyers are correct as to the limitations of the bill, the board members will probably keep their fingers out of it. If not, the Court will tell them to do so, or indicate the bounds beyond which their authority does not extend.

As I understand, this bill merely gives the employees the right to have majority rule. That is the right that we have in this body. Our laws are passed by a majority. The entire structure of our Government is based upon majority rule. I take it that labor is merely asking to be heard, and not to have to go to the employer as supplicants. If a majority of the employees of a particular firm cannot say to their employer what they want, how will we ever have any industrial peace? How will we ever stop industrial strife? There may be four or five different groups all in the same organization, each asking for something different. So it seems to me it is at least a wise provision to try something of this kind.

There is nothing in this bill which gives the American Federation of Labor the exclusive right to organize employees. There is not anything in the bill which will eliminate company unions, as I see it. It seems to me it simply gives the men the right to organize and bargain collectively without the domination and interference of the employer, and when the employer does interfere and influence, then, of course, it is not real organization, or bargaining.

This is not a strike law. It does not seem to me to be designed to foment strikes. I take it that its purpose is to obviate strikes. I have had many letters and telegrams from my district for and against the bill. My district and the entire Northwest is paralyzed with strikes today. The lumber industry is entirely at an impasse. Plants are closed down. It is claimed by those who have worked with this bill that it will, if passed, obviate such conditions. I say that we have numerous strikes now. Let us give this a fair opportunity to be tried out. If it does not do the things that the gentleman from Massachusetts and his colleagues say it will, we will not have locked the door for all time. We can repeal the law if it does not do the things we had hoped it would at the time of its passage, and if it proves to be a source of more strikes and trouble than now obtains in industry. It seems to me that this bill is at least entitled to a fair hearing and I believe it is entitled to a trial. I am not certain whether it will do these things, but I hope it will. So let us give it a fair trial.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. EKWALL] has expired.

Mr. CONNERY. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, two days ago in this House we passed legislation which we hope will save the farmers. Today in this House we will pass legislation which seeks to save the American laborer.

It was not my pleasure or my privilege to vote for the passage of the original National Industrial Recovery Act. Had I been a Member of Congress at that time, I am sure that I would have voted for its passage, even though we realize now that it was far from a perfect piece of legislation. Although it was not perfect, I am sure that it breathed the true spirit of freedom; freedom from starvation wages, child labor, and unbearable working hours and conditions.

As to the National Recovery Act, our Supreme Court has spoken and no one has a right to challenge the authority of its power nor question the correctness or wisdom of its decision.

The Blue Eagle lived for but a day, but while it lived it held in its claws and clutches the industrial buzzard which had sunken its bill into even the vitals of childhood in the sweat shops of this Nation.

The Supreme Court has spoken, but the spirit of the Blue Eagle lives on and will continue to live until the American laborer is freed from the bondage of economic slavery.

The National Industrial Recovery Act, upon its passage, was hailed by our then newly chosen Chieftain as "a new charter of rights long sought and hitherto denied." I am for this bill because it is animated by the same spirit of freedom. I am for it because it seeks to eliminate the cause of unrest and strife; and fosters, protects, and promotes the free right of collective bargaining, and seeks to give to the American workingman the right to live and be happy.

This bill may not be perfect, but it is at least an honest effort to redeem a campaign pledge of the Democratic Party to give to labor the right of collective bargaining and to protect them in that right. We are tired of platitudes—the law must become sensitive to life and harmonize with the technique of modern industry.

I hope, therefore, that this bill will pass and that the worker of America will no longer be a plaything of fate and forced to resort to industrial warfare to gain the rights which should be his by law.

Mr. CONNERY. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman, I thank the chairman for so graciously giving me this opportunity to take my stand and place myself on record for organized labor.

Mr. Chairman, it seems to me we are living now in a period of transition under the leadership of a great President who is looking after the rights of the underdog. Every time, however, he tries to protect them and give them something they ought to have, the United States Constitution comes in the way. In past years special privilege has always had its way. I remember an instance in Pennsylvania where a judge granted an injunction against some miners because in a church they sang some songs the employers did not like. Today we have a President who is trying to give these same rights to the underdog. Let us stick with him. We are in a transition period. What we should concentrate on right now is an easier and less cumbersome way of amending the Constitution. The United

States Constitution was not framed with the view of dealing with the complexities of life as we find it in this advanced age of machinery and economics with its multiplication of powerful agencies which could not then be foreseen. So it is up to us to find an easier way to amend our Constitution that the people may be given a fair deal. [Applause.]

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, this bill is clearly unconstitutional, but I am not going to discuss that feature of it. I shall discuss the details of the bill, for I believe it is a bad bill and a serious menace to the 76 percent of labor that does not belong to unions. There is absolutely no protection in this bill for those men who do not belong to unions. Their rights and their jobs can be destroyed by those who have no respect for the fellow who works but who does not want to support or promote labor disturbances.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield for a brief question?

Mr. TABER. I yield.

Mr. MARCANTONIO. Will not the gentleman point out the sections to which he refers?

Mr. TABER. That is just what I am going to do if I have the time. I can, however, hit only the high spots. I shall try to do better when the bill is read.

Paragraph 3 of section 8 is a provision which will permit the closed shop to be enforced by decree, which will prevent the fellow who does not want to join the union from having a job at all.

Paragraph (a) of section 9 ought to be called the sell-out section, for where the man does not belong to a union he can have his job rated at almost nothing by the union promoters. There is not any question about that, and no one can deny it. This is the worst section of the whole bill. I read paragraph (b) of section 9:

(b) The Board shall decide in each case whether, in order to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or other unit.

Consider what this provision does—it permits the board to say that the unit shall be a group in a certain territory. Perhaps in that territory will be plants in which the employees are perfectly satisfied with the conditions of employment, plants where there is not the slightest excuse for trouble, but this power to bring that plant in with other plants can create a situation where these men will be forced entirely out of their rights. I do not like to see any board given such power as that.

Now, turn to paragraph (d). The right of appeal is limited to facts that are certified in a transcript by this board; and this board is given the right to conduct whatever hearings it needs in such manner as it pleases.

On page 15, in line 22, you will find this language:

In any such proceeding the rules of evidence prevailing in courts of law or equity shall not be controlling.

This provision permits this board to rig up the proposition without permitting the party who is cited to be heard at all. We should strike out the word "not" and give these people who will be brought before this board, perhaps from long distances, a fair opportunity to be heard.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CONNERY. They have every opportunity to come before the board. This provision with regard to the rules of evidence, to which the gentleman referred, holds true in the case of every board the United States has set up.

Mr. TABER. That condition should not be tolerated, because it permits the board to discriminate and prevent the facts being brought out.

When an appeal comes up and the party abused says to the court that certain things were not permitted to be developed, the only way he can get relief is by having the court send the thing back to the same board for further operations. There are no rules at all to protect individuals on a further hearing.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. SWEENEY].

Mr. SWEENEY. Mr. Chairman, in the Seventy-second Congress I voted for the LaGuardia-Norris bill to outlaw the "yellow dog" contract. I voted for the National Industrial Recovery Act because I believed that section 7 (a) was the cornerstone of the act. I believed that it held out a hope to hundreds of thousands of men and women in this country who heretofore were unorganized. They took advantage of that law and joined organized labor in order to bargain collectively through representatives of their own choosing and to secure a just and living wage.

That act has now been declared unconstitutional by the Supreme Court. The declaration of policy remains, however, and the gains made by labor as a result of the National Industrial Recovery Act are not going to be lost. The laboring groups are going to resort to the only weapon they have and that is to strike when necessary. Read in the report of the American Steel Foundries Co. against Tri-City Central Trades Council case and the opinion rendered by Chief Justice Taft. They have this right which has been ordained to them by the Supreme Court. Unless this Wagner-Connery dispute bill is passed we are going to have an epidemic of strikes that has never before been witnessed in this country. In greater Cleveland alone over 70,000 men and women have joined with organized labor since the passage of the N. R. A. They are not going to stand by and have their wages cut and their hours of labor increased.

Mr. Chairman, who is opposing this bill? The same groups that opposed the Workmen's Compensation Act in every State, the same ones that opposed the mothers' pension acts, the old-age pension acts; the same ones that opposed safety regulations for the railroads and steamships, the same ones that opposed sanitary regulations for the sweatshops and the factories, the same group that upheld child labor. I say if this bill is passed, 5 years from now they will be glad this Congress had the foresight to pass the same because both sides to labor controversies will benefit.

Already the selfish employers of labor have begun to lengthen the hours of labor and reduce the wages of employees. In some States child labor will be as popular as it was before the inauguration of the N. R. A. Price cutting and price fixing, with its vicious cutthroat competition, is the slogan of the hour.

Mr. Chairman, none are so blind as those who will not see. The manufacturer, the industrialist, and the employer of labor who seeks to make profit from the sweat and toil of his employees is just a plain damn fool. The day that labor can be crushed and exploited is over, at least in this country. In my opinion, the gains secured under the provision of section 7 (a) of the N. R. A. will not and should not be abandoned or destroyed.

We have under consideration today a measure passed by the Senate, known as the "Wagner-Connery Labor Disputes Act." This act is designed to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes by the creation of a national labor relations board, to which matters of issue between employers and employees can be referred for settlement. This measure reestablished the principle of collective bargaining, the principle adopted by this administration and manifestly set forth in section 7 (a) of the N. R. A., to which I have referred.

When elections are held on the question of collective bargaining, or on any other issue joined between capital and labor, it will no longer be possible, if this measure passes, for the employer to intimidate, threaten, or influence his employees in voting against their own welfare. If such action does occur, the national labor relations board, under the terms of this act, has the power to step in and conduct

an impartial election, free from the domination or influence of either side to the controversy.

Mr. Chairman, strikes are a costly weapon to employers and employees alike. The working class of our country only resort to strikes as a last resort. They have the constitutional right to strike, as I have indicated in my reference to the American Steel Foundries against Tri-City Central Trades Council, cited by the Supreme Court. The workers resort to strikes only to retain their self-respect and the welfare of themselves and their dependents.

Let me read to you the opinion of a late President of the United States, and a former Supreme Court Justice of the United States in the case of *American Steel Foundries* v. *Tri-City Central Trades Council* (257 U. S. 184, at 209):

> They (labor unions) were organized out of the necessities of the situation. A single employee was helpless in dealing with an employer. He was dependent ordinarily on his daily wage for the maintenance of himself and his family. If the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and to resist arbitrary and unfair treatment. Union was essential to give laborers opportunity to deal on equality with their employer. They united to exert influence upon him and leave him in a body in order by this inconvenience to induce him to make better terms with them. They were withholding their labor of economic value to make him pay what they thought it was worth. The right to combine for such a lawful purpose has in many years not been denied by any court. The strike becomes a lawful instrument in a lawful economic struggle or competition between employer and employees as to the share or division between them of the joint product of labor and capital. To render this combination at all effective, employees must make their combination extend beyond one shop. It is helpful to have as many as may be in the same trade in the community united, because in the competition between employers they are bound to be affected by the standard of wages of their trade in the neighborhood. Therefore, they may use all lawful propaganda to enlarge their membership and especially among those whose labor at lower wages will injure their whole guild.

> The strike becomes a lawful instrument in a lawful economic struggle for competition between employer and employees as to the share or division between them of the just product of capital and labor.

I have repeated the words of the Chief Justice because they are significant. It is a pronouncement from the highest Court in our land.

Hundreds of letters and telegrams come to my desk urging me to vote against this measure. I am firmly convinced in the statement I made a moment ago, that a few years hence many of these misguided employers of labor who are vociferous in their protest against this legislation will be grateful to the Members of the Seventy-fourth Congress for enacting this bill.

We are about to create a law that will promote harmonious relations between employers and employees and prevent untold financial loss to both classes by the elimination of unnecessary industrial strikes. This bill is confined to the elimination of practices which burden or obstruct interstate commerce and is set forth in the committee report. "These words have received repeated recognition in court decisions as in the basis for Federal jurisdiction." Let me say to the employer of labor, no doubt many of you have been victims of unscrupulous, racketeering labor leaders who have tapped you financially under the threat of calling a strike or inciting rebellion among your employees, when no real or legitimate reason necessitated calling a strike. This type of labor leader is few in number and brings odium among the entire labor movement. It is my opinion that this bill is broad enough in its language and construction to eliminate this obnoxious practice, because any attempt on the part of any person to willfully restrain, prevent, impede, or interfere with any member of the national labor relations board, or any of its agents, or agencies, in the performance of their duties, will hold the individual subject to criminal prosecution.

This act cannot and will not interfere with the harmonious relations of those employers, and there are many of them, who treat their employees as human beings, consider them as partners in a joint enterprise and share with them their profits. If the employer class as a group would adhere to this standard there would probably be no need of organized labor today, but unfortunately the greed and selfishness of individuals have asserted themselves since we became the great industrial Nation dealing in terms of mass production.

In many parts of this country men are scrapped at 45 and denied the opportunity to earn a living. In sections not far distant from the Nation's Capital little children have to stand for hours in factories for a mere pittance a day attending the textile and other industries. The amendment to the Constitution seeking to bring about the abolishment of child labor has not yet been adopted, and in many States political influence of those individuals who enjoy profit at the expense of the destruction of the bodies of little children is still strong enough to declare for the right to do as they please under the theory of State sovereignty.

These industrial chain gangs of States, well known to many of us who have studied the question, must be destroyed. They are only comparable to the uncivilized method of prison reformation that displays itself in chain gangs where human beings are locked together while in the performance of labor along the highway of the jurisdiction that has supervision over them. In proportion to the gains secured by organized labor, the unorganized group of the country benefit accordingly. There is always a stiff and bitter fight for organized labor to bring about remedial and humane legislation beneficial to mankind in general.

Practically all of the industrial States now have workmen's compensation acts which insure to the industrial worker medical care and financial aid when they are incapacitated through injury from accident in the course of their employment, and to their beneficiary in case of death there is paid compensation for the loss of life. The workmen's compensation laws, when properly administered, are beneficial to labor and capital. No employer of labor would dare go back to the old days that existed prior to the adoption of the workmen's compensation. The same element who opposed, as I stated, all progressive legislation beneficial to the workers are again knocking at the door of the Capitol urging the defeat of this measure. The distinguished former standard bearer of the Democratic Party and former Governor of the State of New York, the Honorable Alfred E. Smith, in his recent book on Government makes special reference to the opposition of groups I referred to you today to the many progressive measures that have been adopted in the Empire State and other States in the past quarter of a century; were predicating their opposition and stubbornness on the ground that "They just did not know what it was all about." In a charitable vein I am inclined to agree with the author's analysis and conclusion.

The employer of labor is entitled to a fair return on his investment, but never to abnormal profits at the expense of those who create the products he produces. History is in the making today for this Congress, and I am glad to register my voice and vote in behalf of this measure, which I sincerely believe to be for the best interests of capital and labor. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Chairman, I am concerned about this bill because of its benefits to labor. I am concerned about it because I believe it will be beneficial to the employers of labor. I am more concerned about it because of the good I believe it will do for the general public of the United States. I believe this is a piece of legislation that will do away with the disastrous labor disputes that the public of the United States has been exposed to for so many years, and, after all, it is the general public of the United States that eventually pays the bill for these disastrous labor disputes. That is one of the primary reasons I am for the bill. I believe it will remove the uncertainty of labor conditions from the general public of the United States, and that it will place business on a more stable basis. I am not here to legislate for labor. I am not here to legislate for capital. I am here to legislate for what I believe to be the interests of the people of this Nation as a whole. In the final analysis, we all belong to that great body, the American public. We have heard a great deal here today about the constitutional features of

this bill, employers' rights, State rights, and other rights, but we in the United States should be fundamentally concerned about human rights. Whether they come from States, nations, constitutions, or from whence is immaterial, so they come, but come they must. This is a bill that will give to the laboring men of the United States the right of collective bargaining, and it will set up a tribunal which will force the two contending parties concerned in labor disputes to get together around a table peaceably and arrive at a solution of their difficulties.

We have in this Nation a great body of well-intentioned men and women who are constantly striving to promote international peace. Theirs is a very worthy cause, indeed. Let us first rid our own Nation of the curse of industrial warfare. Let us guarantee to our industrial soldiers the rights to which they are entitled under our Constitution in its preamble. This preamble, among other things, states that the purpose of the Constitution is to promote the general welfare. In my mind that is the prime purpose of the Constitution, and if it cannot do that it certainly fails in its purpose.

We cannot have peace and tranquillity and a more perfect Union unless we insure the welfare of the masses of our people. The right to organize, the right to voice their grievances and to be represented by representatives of their own choosing is essential to the welfare of labor. Every measure ever passed to improve the conditions of labor has been passed over the strenuous objections of capital. After these measures have been in force a short time capital has come to realize their value and has endorsed them. I make the prediction that this bill will be no exception.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, in connection with the general permission which has been granted by the Committee to revise and extend remarks, I ask unanimous consent to include in the extension of my remarks a short editorial from the Atlanta Constitution.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Mr. Chairman, I wish it were possible for me to adopt the view which seems to be entertained by the gentleman from Oregon [Mr. EKWALL], as to the duties of a Member of this House in determining for himself as best he can the question of the constitutionality of legislation which he undertakes by his vote to write upon the statute books of this country. As I understood the gentleman in his address he professed no very great concern over the question of whether or not this proposed legislation may be in accordance with the Constitution, but said if there were any portions which in their execution by administrative authority should be in violation of the Constitution the courts would promptly hold them unconstitutional and thereby afford relief. In other words, if this philosophy is to be carried out, the Members of this House may vote for any sort of legislation which is proposed, although in their own judgment it may be clearly in violation of the Constitution of our country and take the position that the courts are not going to enforce it anyway on account of its being unconstitutional, therefore their having voted for it and written it upon the statute books will do no harm. I am unable to feel that I can properly discharge the responsibilities which devolve upon me as a Member of this House and adopt that course.

I hope that the concerted effort about which we read in the press to avoid a roll call on this bill will not materialize, although I have reason to believe it will. It is hard to conceive of 435 men passing a bill of this importance and not as many as one-fifth of them, the necessary proportion to call the roll, being willing for their constituents to know how they voted. Surely no man on an issue of this sort would expect to play both ends against the middle and try to convince those constituents favoring the legislation that he voted for it, and those opposing it that he voted against it. It is a time when good conscience requires that every Member of Congress let his people know at least how he votes on legislation of this kind.

If I were to vote for this bill, I would feel that I was false to the interests of the American laboring man, false to the welfare of industry without which the laboring man himself cannot survive, and I am very sure that I would be false to my oath to uphold and support the Constitution of the United States, as I understand it.

I yield to no man in my devotion to the cause of labor. I have never believed and I do not now believe that our real producers of wealth, in the factory, the mine, and on the farm, have received an adequate share of the products of their toil. I have never failed, and I shall never fail, so long as I am a Member of this body, to vote for legislation which has a tendency to bring to them a greater measure of justice. But I shall not vote to hand to the American workingman a legislative lemon, incapable of enforcement because it is in violation of the Constitution, and therefore calculated only to stir up trouble in industry from which the working classes will suffer more than anybody else, and from which they cannot possibly derive any benefit.

I know this bill is going to pass overwhelmingly. I know that my vote for or against it will make no difference as to its ultimate fate. I am aware that my vote against it will be heralded far and wide in my district as a vote against labor, and that many union men will feel that I have not supported their interests. I realize that the safest political course to take would be to say as perhaps other men are saying today, "I cannot affect the result here by my individual vote, therefore there is no reason why I should consider anything other than my political future, and I shall go along with the tide."

I do not feel that I can take that course and discharge my duty to the men and women who toil in the factories in my district. I do not feel that I can do that, and lie down at night with the feeling that I have been honest with my country and my God. Without regard to when my services here may end, I will go out with the knowledge that during my term of service I have never cast a vote for the sake of political expediency, or knowingly betrayed the real interests of those whom I represent.

I said that this bill is a legislative lemon, and that it will result in no benefit to the workingman. If I am correct in that statement, every workingman ought to approve my vote against it.

I say the courts will not enforce it, because the Supreme Court of the United States has just finished saying once again that Congress is without power under the Constitution to regulate conditions of labor, hours, and wages in intrastate employment. It has been said that an effort has been made to bring this bill within the language of the recent N. R. A. decision in the Schechter case. The only effort that I can see is the stump speech made in section I of the amended bill, which amounts merely to somebody's arguments as to why the Supreme Court was wrong. The author of this argument undertakes to say, among other things, that matters affecting the prices of raw materials, or manufactured goods, which enter commerce between the States, or affecting wages and employment, directly relate to interstate commerce; and yet the Supreme Court has said in the N. R. A. decision:

> The apparent implication is that the Federal authority under the commerce clause should be deemed to extend to the establishment of rules to govern wages and hours in intrastate trade and industry generally throughout the country, thus overriding the authority of the States to deal with domestic problems arising from labor conditions in their internal commerce.
>
> It is not the province of the Court to consider the economic advantages or disadvantages of such a centralized system. It is sufficient to say that the Federal Constitution does not provide for it.

This bill undertakes to distinguish, in a half-hearted way, between Federal regulation of labor disputes and Federal regulation of hours, wages, and working conditions, but these are inseparably interwoven. Strikes arise over labor conditions, hours, and wages. If the Federal Government admittedly cannot regulate the conditions, hours, and wages, by what rule of logic can it regulate disputes concerning

them? It is said that the only attempted regulation is to guarantee the right of collective bargaining. I do not agree with that contention, but even if it were true, the bill must be based upon the claim of a right to regulate, and if regulation may be had in one way, it inevitably follows that it may be had in any way that Congress may decide upon. There can be no piecemeal jurisdiction. If the Federal Government can regulate strikes in any way upon the ground that they directly interfere with interstate commerce, then it can necessarily regulate anything tending to cause strikes, such as wages and hours of employment, for the same reason. It either cannot enter the field at all or it has complete jurisdiction. The Supreme Court has expressly said that manufacturing is essentially local, and that Congress has no right to regulate it. Also, in the language I have quoted, it has held as reserved to the States the authority to "deal with domestic problems arising from labor conditions in their internal commerce." What is this bill but an attempt to override the Constitution as construed by the Supreme Court?

The legal arguments in favor of the constitutionality of the bill are based largely upon a line of decisions discussed by the Supreme Court in the N. R. A. case, and by it differentiated from the rulings it there announced. Dealing with conspiracies to prevent goods entering interstate commerce, or to monopolize interstate commerce in goods, is a very different thing from undertaking to deal with the purely local conditions surrounding manufacture. I shall not discuss these decisions in detail. It is, I think, sufficient to say that there are few lawyers in this body who regard this bill as constitutional under the N. R. A. decision, and most of the legal support for it comes from members who have received their legal training in other lines of endeavor than in the legal profession.

I believe in the right of employees to organize, to join unions of their own choice, and to bargain collectively. I will vote for such legislation if it relates only to interstate commerce or activities directly affecting interstate commerce. But I cannot vote for a bill which enters a field where the Supreme Court has expressly and definitely said we cannot go—that it is reserved to the jurisdiction of the States. This bill by its broad terms covers the attempted regulation of strikes, and of collective bargaining, and of formation of labor unions, in every activity, interstate or local, even in those small businesses that never ship a dollar's worth of goods in interstate commerce. The first Federal court into which a complaint is brought on account of an unfair trade practice will, if the employer raises the point, probably declare it unconstitutional. When the question reaches the Supreme Court, there can be no reasonable doubt but that that body will hold the law invalid. In the meantime, thousands of labor disturbances will have arisen, and the workingmen, seeking relief under this bill, will not have gotten it. They will then realize that Congress for political purposes has "handed them a lemon."

How much fairer and more honest it would be to say, frankly, to the working people of this Nation, "This is the sort of law that only your State legislatures can pass. Anything we do along this line will be held invalid. If we attempt to do it, we are merely piling up trouble for you, with no prospect of benefit, and at the same time we are delaying you in your efforts to secure necessary laws of this character from the only source that can enact them under our Constitution—the legislatures of the various States." If we lawyers in this House were advising these working men and women as clients, that is what most of us would tell them; and I cannot conceive of any reason why a Member of Congress should be less honest with a constituent to whom he certainly owes the benefit of the best judgment he has than he would be with a client in a law office.

I made a speech against the passage of the National Recovery Act through this body and the reasons I then advanced for believing that law unconstitutional were in full accord with what was afterwards decided by the Supreme Court. I believe from the bottom of my heart that this bill you are passing today is just as much in violation of the Constitution as the National Recovery Act, and, believing that, I would be unworthy of the respect of every constituent I have if I did not stand up here and frankly say so. I will be found fighting for the laboring man when many of those who court his favor by advocating something they know can never be effective will be slipping a dagger under his fifth rib in the quiet places where legislation that is effective is oftentimes concocted and wheels oiled to secure its passage. Those who work for legislation in the quiet places do not work for the laboring man. When they want him to think they have done something for him, they go about it with the fanfare of trumpets. He will be wise if he tries out the goods they bring him before he makes up his mind whether they have helped him or not. The proof of the pudding is in the eating.

Under permission granted me, I am inserting at this point the editorial from the Atlanta Constitution, which relates, generally, to the dangers now faced in this country from the threatened usurpation of State rights by the Federal Government:

WHERE ARE THEIR TONGUES?

In his recent address before the Farm Clubs of America, Secretary of Agriculture Wallace made the bold assertion that "we are passing through times when there must be greater emphasis on the Federal Government than on the interests of the several States."

In arguing the necessity for careful study of "the question of State or Federal dominance in the field of government", he takes the further position that "if we are to have a strong nation, we must discover to what extent we must delegate powers to the individual States and to what extent keep them in Federal hands."

Secretary Wallace overlooks the fact that it is not within the province nor the power of the National Government to "delegate" to the States rights and powers that are guaranteed to them under the Constitution.

It is unfortunate that certain of the self-appointed spokesmen of the administration are pressing the subject of further centralization of power in Washington at the expense of the reserved rights of the States.

Professor Tugwell, the no. 1 "brain truster", was the original proponent of this pernicious doctrine, and Secretary Wallace and others of the dreaming theorists who are now assuming to speak for the administration, have been quick to seize upon the proposal.

Fortunately, President Roosevelt has never, directly or indirectly, committed himself to the proposition that the States be forced to surrender the rights that are reserved to them by the Constitution.

Whether or not this agitation will go so far as to bring a direct proposal of a constitutional amendment, it is certain that it would be overwhelmingly voted down by Congress.

If submitted it would not be ratified by the States.

The President has been wise enough not to become ensnared in this dangerous mesh.

Already the Republicans are seizing upon the repeated utterances of some of the "brain trusters" as the basis of the outstanding issue of the campaign of next year. This is evidenced by the action of the so-called "grass roots" convention in which it was boldly proclaimed that the "principle of the rights of the States will be involved in the next national campaign." It was sounded as a pean of hope that this is to be the big issue of the Presidential contest.

Nothing that the President has ever said justifies such a conclusion.

Sooner or later, however, he will undoubtedly be put in a position where he will either have to go along with the Tugwells and the Wallaces or he must disown their pernicious activities in behalf of the creation of an empire with all power lodged in Washington and with the State lines practically eliminated.

It is a dangerous step and one that the people of the country will never agree to.

Senator WALTER F. GEORGE echoed the overwhelming sentiment of the country when in his recent commencement address at Georgia Tech he said:

"The ultimate preservation of the Union depends upon the retention unimpaired of the dual system of government set up by the Constitution. The liberty of the citizens rests at last upon local self-government; upon local institutions administered by local authority, responsive and responsible to local opinion. The decision of the Supreme Court does not call for amending the Constitution or for the surrender of the reserved powers of the States over the intimate personal, business, and social affairs of the people.

"The decision of the Court calls for the full assumption by Congress of its constitutional responsibility in the consideration of legislative proposals. Nothing but disaster lies ahead if those who know well the political theories of history and are yet lacking in the vital sense of the realities of life are permitted to shatter the American system of government and to attempt to remold it in accordance with their desires. It is yet our hope that these theorists, many of whom have encamped in Washington, will have their day and pass away."

In a recent editorial The Constitution called attention to the warning by Daniel Webster of the dangers of tampering with the

Constitution. He said in an address on the one hundredth anniversary of Washington's birth:

"Other misfortunes may be borne, or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhausts our Treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests.

"But who shall reconstruct the fabric of demolished government; who shall rear again the well-proportioned columns of constitutional liberty; who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again."

Every word of this is as true today as it was when it was uttered by Webster.

Where is the master mind in the United States Senate today who will utter a similar clarion call against the radical utterances of those who, as in Webster's day, would match their untried theories against the proven efficiency of the greatest governmental document ever written?

The Senate is not lacking in men who can sound a warning as powerful as that of Webster.

But where are their tongues?

Mr. WELCH. Mr Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. WOOD].

Mr. WOOD. Mr. Chairman, I think this is one of the most important pieces of legislation that the Seventy-fourth Congress has considered. It involves an age-old principle—the desire for freedom. Ever since human history began, in the days of absolutism, in the days of feudalism and serfdom, and finally, under our democratic and capitalistic system, the struggle of the ages has revolved around a desire for freedom, and all this bill is designed to do is to make men free.

There is nothing complicated about this measure that I can see. Everything that was in section 7 (a) that was designed to give men and women the right to organize is in this bill. The only difference between section 7 (a) of the National Recovery Act and this measure is that there was not sufficient enforcement machinery set up in the National Recovery Act to enforce section 7 (a), and I may say that even with all its imperfections, as I have stated before, the National Recovery Act was of the greatest value for recovery of any measure that has been enacted by the Seventy-third or Seventy-fourth Congress.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. WOOD. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I thank the gentleman for that statement and I may bring it close to home in my State, when I remember that under the National Recovery Act, we put 30,000 unemployed miners to work.

Mr. WOOD. I am pleased to have the gentleman make that contribution.

Now, what does this proposed law do? It sets up a tribunal which is for the express purpose of enforcing the principles of this bill and of section 7 (a) of the National Recovery Act, which is to give the men the free and untrammeled right to organize and to bargain collectively, without coercion or intimidation on the part of the employer.

There is not anything new about this. We have listened to a great array of constitutional authority this afternoon. It is unfortunate we did not have the advantage of this great knowledge in the Seventy-third Congress. Probably, we would have enacted a law that would have been more nearly constitutional.

Now, some question has been raised about the Bedford Stone case. This stone was shipped throughout this country by the Bedford Co. Contractors made the contract to buy the stone, the stone was delivered, the operation was complete and the stone had been paid for and was sitting upon the ground ready to be set, and was to go into buildings in intrastate commerce, public buildings or State buildings of all types and kinds, as well as private structures; but because of the fact that the stone had been shipped from Bedford to some other point in the United States, the decision of the Supreme Court held that even though the transaction had been completed between the Bedford Stone Co. and the purchaser of the stone, and the stone had been delivered and was on the ground ready to be set, the stonecutters who refused to set the stone were hampering interstate commerce.

[Here the gavel fell.]

Mr. WELCH. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. WOOD. Now, in the Wright case, in 1885, the employees of a coal concern in Pennsylvania, which did not own any part or portion of any railroad, and where the mine was owned and operated wholly within the State of Pennsylvania, the employees had a controversy with their employer and the miners went on strike. A restraining order was applied for by the operator and the court then held that because of the fact this coal was destined for interstate commerce they were in violation of the interstate commerce laws in obstructing interstate commerce.

No one can tell whether this law is going to be constitutional or unconstitutional. No one can say what the Supreme Court is going to hold as to the constitutionality of the law. I say it is a very poor way to get around this legislation. I hope that those who are considering to vote one way or the other on this legislation will forget about the constitutionality of it and vote on the principle established in this measure.

This bill authorizes the National Labor Board to go to the employer; if the employer is against dealing in collective bargaining they are brought to the conference table. The employer is compelled to deal with them, and if they do not agree on wages and working conditions the employees can strike as they do today. [Applause.]

Mr. WELCH. I yield 2 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I take this opportunity to ask a question of the chairman of the committee. With a concern in my State operating 3 plants, shipping from 1 plant goods manufactured in interstate commerce for sale in other States, and retaining for distribution within the State goods that are manufactured in the other 2 plants. How would this bill affect that?

Mr. CONNERY. There would be a great question whether you are in interstate commerce or intrastate commerce. I cannot answer that off-hand.

Mr. CRAWFORD. This is a practical question. If the employees in the plant from which goods are shipped into other States organize and have a right to bargain collectively, and everything is harmonious between the owner and that group, and in the other two plants they did not desire to organize, and as a matter of fact refused to organize, would not that be another complication?

Mr. CONNERY. I do not think so. In the plant that shipped goods in interstate commerce the Board would have jurisdiction. As to the other two that refused to organize, I doubt whether the Board would go in.

Mr. Chairman, I yield 3 minutes to the lady from New Jersey [Mrs. NORTON].

Mrs. NORTON. Mr. Chairman and ladies and gentlemen of the Committee, we have heard from many eminent lawyers here regarding the constitutionality of the bill. I am not a lawyer; therefore, my opinion concerning that part of the bill means little. What I am concerned with is the human aspect of the bill. As I interpret the bill, it is a step in the right direction—to equalize conditions between employers and employees. It will give both employers and employees the right to settle their differences at a council table, instead of the deplorable resort to strikes that have kept the country in a turmoil.

We are living in a changing period. Conditions are not what they were when the Constitution was written. I have the greatest respect for the Constitution, but am enough of a realist to believe that we are living in an age that demands human legislation if we are to continue as a happy Nation—the type of legislation that this bill provides for, and as a member of the committee I sincerely hope that this bill will pass. [Applause.]

Mr. CONNERY. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. GILDEA].

Mr. GILDEA. Mr. Chairman, eternal vigilance is the price that the American workingman must pay for his

economic freedom. The Constitution was written as a result of direct action, a strike against the Stamp Act of Great Britain. In order to protect the rights of the American workingman under the Constitution and restore to him the right to collective bargaining which was taken away from him when section 7 (a) was nullified we have this bill today. I hope the Members of the House will pass the bill unanimously.

Mr. CONNERY. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. STACK].

Mr. STACK. Mr. Chairman, as a Representative of the great State of Pennsylvania, whose industries have been controlled by the moneyed interests of Mellon, Atterbury, and Grundy, I feel satisfied that the passage of this bill will be a step in the right direction; that the forgotten man of the happy warrior fame will be benefited immensely by its passage.

The working man and woman in my district need such legislation as this bill proposes and as their Representative, their servant, I shall be glad to support this bill and any other reasonable legislation that will help the working class.

Mr. WELCH. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, I have in my district a great many labor unions and railroad men. I have the second largest shoe factories in the world. We have the International Business Machines Co., that employs thousands of men and women. The Business Machines Co. is a nonunion shop and the shoe factories are nonunion shops. I want what is best for both union and nonunion, and let them decide for themselves. About 20,000 men and women are employed in the shoe factories. If this bill is passed, I want to know whether the shoe factories' union workers in the Eastern States can bring our shoe factories into the union without their consent? I ask that of the chairman of the committee.

Mr. CONNERY. I did not quite get the gentleman's question.

Mr. LORD. I have large shoe factories in my district. They are nonunion, and they want to remain nonunion. Is there any way through the operation of this bill that they could be brought into the union?

Mr. CONNERY. Why, no. If they want to stay nonunion, there is nothing in the bill to interfere with that.

Mr. LORD. I understand that you can create a district of the shoe manufacturers of Massachusetts and New York States, for instance, and that by that district they can be brought in without their consent.

Mr. CONNERY. Oh, no. Nobody can force the workers in any plant to join a union who do not want to join it.

Mr. LORD. Cannot they make this a union district?

Mr. CONNERY. No.

Mr. LORD. I think this bill says they can.

Mr. CONNERY. No; the gentleman is mistaken. There is nothing in the bill here that says that.

Mr. TABER. If the gentleman will yield, paragraph (b) of section 9 does just that.

Mr. LORD. That is the way I read it, and that is the reason I asked the question.

Mr. MARCANTONIO. Under that paragraph the Board is given authority to define what a unit is and where the election of representatives is to take place, but that does not in any way compel an employee to join any particular unit. The gentleman is confusing the term "unit" with "union."

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. LORD. Yes.

Mr. TABER. Here is the situation: If they fix the unit of bargaining so that it covers the gentleman's factories as well as the others, the result of the bargaining will be binding on them.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. LORD. Yes.

Mr. CONNERY. The gentleman is misinformed in that matter. The purpose of that amendment is when they have an election in a plant and there are three or four different sorts of unions, or nonunions, the Board may settle which one will be the collective-bargaining unit.

Mr. LORD. This is just what I contend. As the gentleman from New York [Mr. TABER] has pointed out, paragraph (b) of section 9 allows the Board to form a unit or area and decide the policy of the shops without the consent of the workers. They can include in that area or unit the factories of Massachusetts and the other Eastern States and compel our factories in Binghamton, Endicott, and Johnson City to become union shops against their own wishes.

Few, if any, shoe manufacturers have as high weekly wage as our workers have. They are happy and contented and want to remain so.

I have no objection to any workers joining a union if they so desire, but I do not want this law passed, as this section is without amendment.

The workers in our factories want to decide for themselves and not have some board do it for them.

I hope this section may be eliminated from the bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WELCH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, the bill which we are considering this afternoon, known as the "Wagner-Connery labor-disputes bill" is more necessary now perhaps than when it was originally introduced. That condition has been brought about by the recent action of the Supreme Court in invalidating the National Recovery Act. This measure restores collective bargaining. It creates a democracy within industry which gives to our industrial workers the same general idea of freedom which the founding fathers conferred upon citizens of the United States. It prohibits force and intimidation and leaves men to organize or remain unorganized as they shall desire. It will in no way force the small manufacturer in any section of the United States to organize either a bona fide union or a company union within his plant. It merely gives to the workers in both the large and the small plants, in the unorganized plant and in plants where there are company unions, an opportunity to decide for themselves and among themselves without interference the question as to whether or not they want a union and just what nature or character of a union they will have.

This is a practical question and one of the most important and serious questions that we have been called upon to decide at this session of Congress. Human rights, as well as the contentment and happiness and prosperity of our people are involved in this question. I assume that every Member believes in the right of collective bargaining so far as it applies to and concerns the efforts of labor. There are some, however, who may be reluctant to vote for this bill because of its apparent invasion of the rights of our States. There are others who may find fault with it on constitutional grounds. To the former I will say that this measure is intended to apply to those workers whose employment either directly or indirectly comes under the commerce clause of the Constitution. So far as I am concerned I find ample authority for its constitutionality in the action taken by the Senate when this measure came before that body for final action. After listening to a brilliant and scholarly address by the junior Senator from my State, whose record as a jurist and a constitutional authority measures up with the best in the land, the other body overwhelmingly approved this measure, in fact opposition collapsed and there were but few speeches made against the bill and but a handful of votes recorded in the opposition. Those of you who may be doubtful as to its constitutionality, I suggest that you read the speech of the author of the Senate bill and also look over the vote recorded for the bill, which will be found on page 7681 of the CONGRESSIONAL RECORD of May 16.

The question of State rights is one frequently injected into the discussion of reform measures and in some instances with the same degree of consistency as are these constitutional arguments. There are some who have always held to the theory of State rights, others who have long been de-

fenders of the philosophy of the Federalists, but there are those also to be found who are champions of State rights where State rights means little or no control. There are those who plead the cause of the Federalists when State rights is the only effective instrumentality to meet existing conditions.

I am for State rights when State rights meet the needs of our time, but I believe in the Federal authority when that is the only authority that can bring justice to the masses of our people. In the beginning of our country's history, when factories were small and interstate commerce was almost unheard of, when the carrier pigeon was the fleetest means of communication, when law and authority was promulgated by the free men meeting in the town hall, State rights could protect the workers of our country. The Federal authority was remote and removed and its interference was very properly resented because of the conditions that existed at that time. But today the situation is entirely different.

The rapid growth and development of industry, the concentration of wealth in the hands of a few, the uneven distribution of the wealth produced in the country, the modern methods of communication and transportation, the compounding of intrastate factory units into the national and international industrial organizations, all this has brought about a compelling change in matters such as we are considering in this proposed legislation.

In the old days it was the poor master and the poorhouse for those without funds who were unable to work. Today, by demand of the States, by no action on the part of the federalists or advocates of State rights, the Government was compelled to take over the relief load of the Nation and to provide not only food and clothing but work for the stricken millions of those who were in need throughout every State in the Union. If it is the duty of the Federal Government to assume the tremendous burden associated with the care of our unemployed, then it is likewise the right of the Federal Government to see to it that work opportunities are provided for the citizens of our country. Reform in the economic life of the country is necessary, reform is taking place in every nation in the world, legislation similar to this has been or is being considered in the democratic nations of the world, and by reform we mean and they mean more protection for the masses and more protection is needed because of the changed world in which we are living.

Twenty-five years ago there was one small factory in this country for every 250 people. In 1930 there was only one such factory for every 1,000 people. Thirty years ago 50 percent of the manufacturers in the United States were small enterprises and each produced less than $20,000 worth of goods every year. In 1929, 200 huge corporations owned one-half of the total corporate wealth of America and in 1931, 100 industrial corporations controlled one-third of the total industrial wealth of this country. During all this time the productivity of the individual worker increased enormously and at the same time his real wages diminished out of all proportion, and yet the profits produced by this system increased in an unwarranted degree. This division of wealth can only be solved by the direct intervention of Government exercising its control over commerce and industry or by strengthening the bargaining power of the worker, which is the intent and purpose of this measure.

We cannot continue to permit industry to grow more powerful and at the same time thwart the efforts of the workers to secure a fair share of the fruits of their labors. Every authority worth mentioning in this debate has not only advocated the right of collective bargaining for labor but they have likewise informed us that our economic troubles are caused by an uneven and an unfair distribution of the wealth which labor produces. In the past too much has been utilized for capital expansion, too little has been given to the workers to buy the goods which they produced.

We will not solve our problems by advocating State rights or Federal control. Both have there proper sphere of authority. We must get down to the fundamentals.

Mr. WELCH. Mr. Chairman, this bill, which is evidently very much misunderstood, does two things·

First. It seeks to make effective the right of employees to organize and engage in collective bargaining.

Second. It defines what is improper or unfair for the employer to do in trying to prevent the accomplishment of that objective.

It does not require an employer to sign any contract, to make any agreement, to reach any understanding with any employee or group of employees. The board created in the bill is not empowered to settle labor disputes; nothing in the bill allows the Federal Government or any agency to fix wages, regulate rates of pay, limit hours of work, or to effect or govern any working condition in any establishment or place of employment.

Nothing in the bill requires any employee to join any form of labor organizations nor does it require any group of employees to organize; it does not require an employer to compel his employees to organize.

These are facts which seem to be misunderstood. This bill is designed to put into force and effect the principle of collective bargaining. It goes no further than has been advocated by many great organizations.

May I say to my Republican colleagues that this measure carries into effect a plank in the Republican National Convention platform which reads as follows:

> Collective bargaining by responsible representatives of employers and employees of their own choice, without the interference of anyone is recognized and approved.

That is the language of the last Republican National Convention.

The right of collective bargaining has been subscribed to by many of the greatest minds this world has ever produced. Abraham Lincoln; Pope Leo XIII; William E. Gladstone; Bismarck, the great Iron Chancellor; Theodore Roosevelt; Woodrow Wilson; Daniel E. Willard, president of the Baltimore & Ohio Railroad; Sir Henry Thornton, head of the Canadian National Railways—all of those great men have subscribed to the policy of collective bargaining.

I confidently say to my colleagues that if this bill is written into the statute books of the United States and after it is placed in operation and thoroughly understood, there would not be 20 votes in this House to repeal it.

The bill should have no opposition. [Applause.]

Mr. Chairman, I yield the balance of my time to the gentleman from Massachusetts, the chairman of the committee, Mr. CONNERY.

Mr. CONNERY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 1958 and had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT—TAXATION (H. DOC. NO. 229)

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

The SPEAKER laid before the House the following message from the President of the United States, which was referred to the Committee on Ways and Means and ordered to be printed.

To the Congress of the United States:

As the fiscal year draws to its close it becomes our duty to consider the broad question of tax methods and policies. I wish to acknowledge the timely efforts of the Congress to lay the basis through its committees for administrative improvements, by careful study of the revenue systems of our own and of other countries. These studies have made it very clear that we need to simplify and clarify our revenue laws.

The Joint Legislative Committee, established by the Revenue Act of 1926, has been particularly helpful to the Treasury Department. The members of that committee have generously consulted with administrative officials, not only

on broad questions of policy but on important and difficult tax cases.

On the basis of these studies and of other studies conducted by officials of the Treasury, I am able to make a number of suggestions of important changes in our policy of taxation. These are based on the broad principle that if a government is to be prudent its taxes must produce ample revenues without discouraging enterprise; and if it is to be just it must distribute the burden of taxes equitably. I do not believe that our present system of taxation completely meets this test. Our revenue laws have operated in many ways to the unfair advantage of the few, and they have done little to prevent an unjust concentration of wealth and economic power.

With the enactment of the income-tax law of 1913 the Federal Government began to apply effectively the widely accepted principle that taxes should be levied in proportion to ability to pay and in proportion to the benefits received. Income was wisely chosen as the measure of benefits and of ability to pay. This was and still is a wholesome guide for national policy. It should be retained as the governing principle of Federal taxation. The use of other forms of taxes is often justifiable, particularly for temporary periods; but taxation according to income is the most effective instrument yet devised to obtain just contribution from those best able to bear it and to avoid placing onerous burdens upon the mass of our people.

The movement toward progressive taxation of wealth and of income has accompanied the growing diversification and interrelation of effort which marks our industrial society. Wealth in the modern world does not come merely from individual effort; it results from a combination of individual effort and of the manifold uses to which the community puts that effort. The individual does not create the product of his industry with his own hands; he utilizes the many processes and forces of mass production to meet the demands of a national and international market.

Therefore, in spite of the great importance in our national life of the efforts and ingenuity of unusual individuals, the people in the mass have inevitably helped to make large fortunes possible. Without mass cooperation great accumulations of wealth would be impossible save by unhealthy speculation. As Andrew Carnegie put it:

> Where wealth accrues honorably, the people are always silent partners.

Where it be wealth achieved through the cooperation of the entire community or riches gained by speculation—in either case the ownership of such wealth or riches represents a great public interest and a great ability to pay.

I

My first proposal, in line with this broad policy, has to do with inheritances and gifts. The transmission from generation to generation of vast fortunes by will, inheritance, or gift is not consistent with the ideas and sentiments of the American people. [Applause.]

The desire to provide security for one's self and one's family is natural and wholesome, but it is adequately served by a reasonable inheritance. Great accumulations of wealth cannot be justified on the basis of personal and family security. In the last analysis such accumulations amount to the perpetuation of great and undesirable concentration of control in a relatively few individuals over the employment and welfare of many, many others.

Such inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our Government.

Creative enterprise is not stimulated by vast inheritances. They bless neither those who bequeath nor those who receive. As long ago as 1907, in a message to Congress, President Theodore Roosevelt urged this wise social policy:

> A heavy progressive tax upon a very large fortune is in no way such a tax upon thrift or industry as a like tax would be on a small fortune. No advantage comes either to the country as a whole or to the individuals inheriting the money by permitting the transmission in their entirety of the enormous fortunes which would be affected by such a tax; and as an incident to its function of revenue raising, such a tax would help to preserve a measurable equality of opportunity for the people of the generations growing to manhood.

A tax upon inherited economic power is a tax upon static wealth, not upon that dynamic wealth which makes for the healthy diffusion of economic good.

Those who argue for the benefits secured to society by great fortunes invested in great businesses should note that such a tax does not affect the essential benefits that remain after the death of the creator of such a business. The mechanism of production that he created remains. The benefits of corporate organization remain. The advantage of pooling many investments in one enterprise remains. Governmental privileges such as patents remain. All that is gone is the initiative, energy, and genius of the creator—and death has taken these away.

I recommend, therefore, that in addition to the present estate taxes there should be levied an inheritance, succession, and legacy tax in respect to all very large amounts received by any one legatee or beneficiary; and to prevent, so far as possible, evasions of this tax, I recommend further the imposition of gift taxes suited to this end.

Because of the basis on which this proposed tax is to be levied and also because of the very sound public policy of encouraging a wider distribution of wealth, I strongly urge that the proceeds of this tax should be specifically segregated and applied, as they accrue, to the reduction of the national debt. By so doing we shall progressively lighten the tax burden of the average taxpayer, and, incidentally, assist in our approach to a balanced budget.

II

The disturbing effects upon our national life that come from great inheritances of wealth and power can in the future be reduced, not only through the method I have just described but through a definite increase in the taxes now levied upon very great individual net incomes.

To illustrate: The application of the principle of a graduated tax now stops at $1,000,000 of annual income. In other words, while the rate for a man with a $6,000 income is double the rate for one with a $4,000 income, a man having a $5,000,000 annual income pays at the same rate as one whose income is $1,000,000.

Social unrest and a deepening sense of unfairness are dangers to our national life which we must minimize by rigorous methods. People know that vast personal incomes come not only through the effort or ability or luck of those who receive them, but also because of the opportunities for advantage which government itself contributes. Therefore, the duty rests upon the Government to restrict such incomes by very high taxes.

III

In the modern world scientific invention and mass production have brought many things within the reach of the average man which in an earlier age were available to few. With large-scale enterprise has come the great corporation, drawing its resources from widely diversified activities and from a numerous group of investors. The community has profited in those cases in which large-scale production has resulted in substantial economies and lower prices.

The advantages and the protections conferred upon corporations by Government increase in value as the size of the corporation increases. Some of these advantages are granted by the State which conferred a charter upon the corporation, others are granted by other States which, as a matter of grace, allow the corporation to do local business within their borders. But perhaps the most important advantages, such as the carrying on of business between two or more States are derived through the Federal Government—great corporations are protected in a considerable measure from the taxing power and the regulatory power of the States by virtue of the interstate character of their businesses. As the profit to such a corporation increases, so the value of its advantages and protections increases.

Furthermore, the drain of a depression upon the reserves of business puts a disproportionate strain upon the modestly capitalized small enterprise. Without such small enterprises our competitive economic society would cease. Size begets monopoly. Moreover, in the aggregate these little businesses furnish the indispensable local basis for those Nation-wide markets which alone can insure the success of our mass-production industries. Today our smaller corporations are fighting not only for their own local well-being but for that fairly distributed national prosperity which makes large-scale enterprise possible.

It seems only equitable, therefore, to adjust our tax system in accordance with economic capacity, advantage, and fact. The smaller corporations should not carry burdens beyond their powers; the fast concentrations of capital should be ready to carry burdens commensurate with their powers and their advantages.

We have established the principle of graduated taxation in respect to personal incomes, gifts, and estates. We should apply the same principle to corporations. Today the smallest corporation pays the same rate on its net profits as the corporation which is a thousand times its size.

I therefore recommend the substitution of a corporation income tax graduated according to the size of corporation income in place of the present uniform corporation-income tax of 13¾ percent. The rate for smaller corporations might well be reduced to 10¾ percent and the rates graduated upward to a rate of 16¾ percent on net income in the case of the largest corporations, with such classifications of business enterprises as the public interest may suggest to the Congress.

Provisions should, of course, be made to prevent evasion of such graduated tax on corporate incomes through the device of numerous subsidiaries or affiliates, each of which might technically qualify as a small concern, even though all were in fact operated as a single organization. The most effective method of preventing such evasions would be a tax on dividends received by corporations. Bona fide investment trusts that submit to public regulation and perform the function of permitting small investors to obtain the benefit of diversification of risk may well be exempted from this tax.

In addition to these three specific recommendations of changes in our national tax policies, I commend to your study and consideration a number of others. Ultimately we should seek through taxation the simplification of our corporate structures through the elimination of unnecessary holding companies in all lines of business. We should likewise discourage unwieldy and unnecessary corporate surpluses. These complicated and difficult questions cannot adequately be debated in the time remaining in the present session of this Congress.

I renew, however, at this time the recommendations made by my predecessors for the submission and ratification of a constitutional amendment whereby the Federal Government will be permitted to tax the income on subsequently issued State and local securities, and likewise for the taxation by State and local governments of future issues of Federal securities. [Applause.]

In my Budget message of January 7 I recommended that the Congress extend the miscellaneous internal-revenue taxes which are about to expire, and also to maintain the current rates of those taxes which, under the present law, would be reduced. I said then that I considered such taxes necessary to the financing of the Budget for 1936. I am gratified that the Congress is taking action on this recommendation. [Applause.]

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 19, 1935.*

LABOR-DISPUTES LEGISLATION

Mr. CONNERY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 1958, with Mr. ARNOLD in the chair.

The Clerk read the title of the bill.

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. EAGLE].

Mr. EAGLE. Mr. Chairman, I am for this bill unreservedly; I am for this bill with all my heart.

When the Supreme Court struck down N. R. A. it struck down the highest hope of the laboring people of America. It struck it down, however, because in the National Industrial Recovery Act the Supreme Court said the Congress had overstepped its constitutional power by delegating legislative authority to a board, a bureau, or a commission. Reactionaries upon this floor today in arguing against the constitutionality of this measure have pretended that it falls within the category of the Schechter case. They are not familiar with this bill, else they could not and doubtless would not say any such thing.

In this bill we are merely providing five things that we declare as a matter of law constitute labor abuses, unfair labor practices. We ourselves are declaring specific things that are unfair labor practices. Then we set up a board to ascertain states of facts to apply to such legally declared unfair labor practices; and if they find such unfair labor practices as a matter of fact, they then apply the machinery we set up in this bill.

Mr. Chairman, every man here on the Democratic side and every man here on the Republican side, whether he knows it or not, is unconsciously, or else knowingly, in one of two categories. He is either for giving bigger and bigger unreasonable dividends to capital at the expense of those who toil or he is in favor of taking care of the proper rights of those who toil before the larger dividend is passed on to capital. [Applause.]

Before our committee it developed that four cigarette companies—Camel, Lucky Strike, and two others—in the 10-year period from 1924 to 1934, paid their officers exorbitant salaries like $50,000, $100,000, and $150,000, and even more, per year; paid tobacco growers in seven States less and less and less until they were pauperized; let out between one-third and one-half of their employees on account of improved machinery; and, after paying all costs of labor and all shipping charges and all taxes, local, State, and Federal, declared and paid in dividends upon their watered stock the aggregate of $779,000,000; and did that during a time when their chiseling, contemptible, lying, stealing, thieving company unions chiseled in and denied the honest right of collective bargaining to a single independent union in their plants.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. EAGLE. I yield.

Mr. CONNERY. They made $779,000,000 of profit in 10 years, and their labor costs were 2 percent. These facts were testified to before our committee.

Mr. EAGLE. They decreased the wage per hour successively year after year and increased the hours of labor year after year. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, we have heard a lot today from constitutional lawyers. I direct attention to the fact that the Constitution of the United States of America was drawn and drafted while Thomas Jefferson, the author of the Declaration of Independence, was away in France serving as Minister to that country. Upon his return, Thomas Jefferson, whom we all honor, love, and revere, said that the Constitution was not broad enough; and he offered 12 amendments, 10 of which were adopted by the First Congress assembled. These are now known as the "Bill of Rights."

Thomas Jefferson said: "If the Constitution is not right let us amend it." I say that again that day has arrived. Today we listened to a document penned by the President of the United States which is a new bill of rights, a new declaration of independence, if you please. [Applause.] You Republicans will be booing more than that in 1936, and there will be less of you to do it. This is a new declaration of rights, because it undertakes to redistribute the ill-gotten wealth of the millionaire crowd of this country who today are opposing another bill of rights, the Wagner-Connery bill, which is an emancipation for American labor. As Lincoln freed the blacks in the South, so the Wagner-Connery bill frees the industrial slaves of this country from the further tyranny and oppression of their overlords of wealth.

They talk about the Constitution. If I felt the way some of the constitutional lawyers feel about the Constitution and about the decisions of the Supreme Court, I would be in favor of abolishing the Congress and letting the Supreme Court do the legislating for the people of this country.

Mr. Chairman, do you not know if you gave the people of this country a vote on some of these decisions of the Supreme Court, the people would swamp the Supreme Court into oblivion by a vote of 100 to 1? So long as the Supreme Court is abreast of the times and so long as they think in terms of humanity, then I say uphold the Court; but when they change those functions and think in terms of property rights, then it is time for another and more drastic amendment to this great Constitution of ours.

The old fight is embroiled. We see the same old faces that oppose all progressive humanitarian legislation. I say to my friend the gentleman from Texas [Mr. BLANTON] that the message of the President of the United States which has just been read is an answer to the argument that the gentleman made against the passage of this bill. It is an answer to every one of the constitutional lawyers, and may I say to them: What are you going to do with this sacred old Constitution? You cannot eat it, you cannot wear it, and you cannot sleep in it. [Applause.]

S. 1958, the bill being considered today, commonly referred to as the "Wagner-Connery bill", is designed to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a national labor relations board, and for other purposes. The reasons and justifications for the act are found in these two elemental premises. The two greatest producing classes of this country are the farmers and wage workers, who create all wealth and ultimately pay all the taxes. For the past 30 years both of these wealth-producing and taxpaying classes have been exploited by millionaire overlords and racketeering bankers. The money lenders and Shylocks like scavengers of these human derelicts brought wholesale and instant foreclosure of farms and homes. In many cases they have plucked the feathers and picked the bones clean. As an effective answer to the majority of these human vultures, the Roosevelt administration sponsored and the Seventy-third and Seventy-fourth Congresses created the Agricultural Adjustment Act, needed amendments to which were adopted Monday; the Farm Credit Administration for the relief and benefit of farmers; the National Industrial Recovery Act for the benefit of industrialists; banking legislation for the benefit of bankers and capitalists; the Home Owners Loan Corporation for the relief and salvation of stricken home owners.

To complete this circle of relief and protection, establishment of a national labor relations board which is a quasi-judicial body for labor with full power and authority to enforce the findings and the rulings is necessary. This bill is the first one to provide for a peaceful forum for both industry and labor and to benefit not only employees but employers and the people at large. It was designed originally to put teeth in section 7 (a) of the N. R. A.

Since the N. R. A. has been declared officially dead by that American dictatorship appointed and sitting for life, the nine men in black—the Supreme Court—the Wagner-Connery bill must now be enacted not to strengthen that section of N. I. R. A. but to present it in a newer, stronger, and more effective form. This legislation is necessary to guarantee to labor the right of collective bargaining. It is necessary to keep the various State militias and national guards at home attending to their own business, professions, and vocations instead of donning the uniform and soldiers' guns to quell and suppress labor strikes and riots that will ultimately result should this proposed legislation be not enacted into law.

The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining leads to strikes and other forms of industrial strife or unrest which have the intent or effect of burdening or obstructing interstate and foreign commerce by impairing the efficiency, safety, or operation of the instrumentalities of commerce, materially affecting, restraining, or controlling the flow of raw materials, manufactured or processed goods from or into the channels of commerce, or the prices of such materials or goods in commerce; or causing diminution of employment and wages in such volume as substantially to impair or disrupt the market for goods flowing from or into the channels of commerce, and thereby bringing said impairments and restraints within the purview of the Congress of the United States and giving that august legislative body sufficient justification for enacting legislation that will in the future guarantee to employees by employers the right to assemble and meet and carry on by collective bargaining their inherent rights and privileges as American wageworkers and citizens.

Whenever the normal flow of the river is obstructed and impeded by water-logged trees and stumps or refuse, the only effective remedy is to either shove, pry out, or blast out these impediments and so put the same logic and process of reasoning when the natural flow of manufactured goods or raw materials which are the products of wageworkers, of men who earn their bread by the sweat of their brows, is impeded, restrained, and obstructed by reactionary, selfish, greedy water-logged employers, then it is high time that Congress should enact legislation to remove once and for all time the causes of the impediments to human progress and welfare.

This bill is designed to promote equality of bargaining powers between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, and was carefully considered by the Committee on Labor and was reported favorably by a unanimous vote of that committee to this body for action. The bill has received the hearty approval and endorsement of Mr. William Green, President of the American Federation of Labor. It has been approved and endorsed by Hon. Francis Biddle, chairman of the National Labor Relations Board in the National Industrial Recovery Act. It has received the approval and endorsement of Hon. Frances Perkins, Secretary of Labor, and finally it has received the unqualified endorsement and approval of that great humanitarian President, Franklin D. Roosevelt.

The bill has already passed the Senate by a vote of 63 to 12. Amendments will be offered today by the committee and your support for which is urged. The amendments are merely clarifying amendments or amendments designed to successfully surmount any obstacles or hurdles that might be thrown into its way because of a reversal by the United States Supreme Court.

Naturally there are many opponents of this bill. There are many opponents who have the fortunate advantage and position of wealth, power, and money. But if you will carefully analyze this opposition, if you will study the reason, if you will look into the source of that opposition, you will find it is an opposition thrown up by the vested interests and the overprivileged wealthy few.

It is thrown up by men who in many cases call themselves employers of labor, but in reality and in truth are assassins of labor, exploiters of labor's toil and despoilers of the meager benefits that might accrue to labor and reward their toil in a fitting manner earned by the right of years of back-breaking and heart-rending toil. Look again

at this opposition and you will find the same old faces that opposed the old-age-pension bill, unemployment insurance, and the entire social security program of President Roosevelt. Look again and you will see the same old faces that opposed the A. A. A. amendments passed Monday by this House and designed to place the farmers on an economic basis and parity with their industrialist competitors. You will see those same faces opposing the Wheeler-Rayburn bill which seeks to weed out forever those human octopi and leeches that bleed white the bodies of small investors and consumers of electrical energy, gas, oil, and telephones. Look again and you will see those same faces and individuals bitterly opposing the payment of the soldiers' bonus. They were for the Economy Act that wanted to take away the meager pension granted by a grateful Government to these boys who fought for their country in its hour of need. So there is nothing new in this opposition to the Wagner-Connery bill. There is nothing strange about it. There is nothing to be alarmed about it. This opposition are merely barnacles on the ship of progress. They oppose all humanitarian measures that have for their goals the betterment of human welfare. The tirades of misrepresentation, calumny, and exaggeration are so preposterous and absurd as to be amusing.

Various associations of employers have expressed unwonted solicitude for the rights of employees which they profess to believe are jeopardized by this bill. When did their hearts expand so suddenly? When did their interests in those whom they have exploited for 40 years become so magnanimous? When we enacted into law the National Industrial Recovery Act these same employers welcomed it with open arms. They knew it was designed to pull their chestnuts out of the fire and none of them had the courage nor the hardihood to avow open opposition to the premises of section 7 (a).

They have nightmares now, however, when we propose to enforce the mandate of the law as laid down in section 7 (a). Since when have these assassins and exploiters of labor donned the saintly robes of the Good Samaritan and showered their mellifluent beneficence upon those anointed?

President Roosevelt hailed the N. R. A., insofar as labor was concerned, "a new charter of rights long sought and hitherto denied." That section provided that employees shall have the right to organize and bargain collectively through representatives of their own choice, and shall be free from the interference or coercion of employers of labor or their agents, and so forth; second, that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and third, that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President. So it was indeed a new charter of rights if the employer had lived up to it. Unfortunately they did not live up to it. Donald Richberg, the Benedict Arnold of Labor, sold them out for a mess of potage; now the Blue Eagle has been transformed, by the Supreme Court decision, into a blue buzzard, and as General Johnson has so aptly said, "is as dead as the dodo" which is extinct. If section 7 (a) was good and worthy of your support, as it was, and was supported by the great majority of this Congress of the United States, then the Wagner-Connery Labor Relations Act is just as worthy of your support, and needed much more vitally at the present moment.

In the first flush of national fervor and enthusiasm that greeted the inauguration of the National Industrial Recovery Act, the National Labor Board, headed by Francis Biddle, was able by moral rather than the legal authority, to accomplish a good deal in the interpretation and application of the section. Now, that is only an Arabian Nights dream. We are faced with a condition and not a theory. We are faced with the diminution of labor, strikes, and unrest, and unemployment is constantly on the increase. Of course, it is realized that Congress would, however, make a gesture when they passed Public Resolution 44 in the Seventy-third Congress giving the President express, statutory authority to establish a board or boards to investigate the uses, power, practices, and activities of employers and employees in reference to rights under the now defunct section 7 (a). Now, with the adverse Supreme Court decision, such boards established under Public Resolution 44 are without power or authority. The larger employers of labor and exploiters of human toil not only laughed at these boards, they flaunted them, and openly showed disrespect and a woeful lack of cooperation with employees.

Under the old procedure when a complaint was made to the Board, the evidence was heard but the Board had no power to subpena witnesses or administer oaths. If the employer choose to ignore the hearing, he could do so. If the employer failed to comply with section 7 (a) the case was referred to the National Labor Relations Board, but the Board could take no action other than recommending appropriate restitution. There was no legal compulsion upon the employer to comply with the Board's decision. The case had to be referred to the Department of Justice. The recommendations of the Board went for naught and weeks and more after the alleged violation would exist while the Department of Justice prepared its case. When the case was prepared the employer could then go to the courts and obtain an injunction, as was done in the Weirton case. The plain fact is that after 2 years of section 7 (a) the Government succeeded in getting into court only 4 cases for enforcement, 2 being proceedings in equity, and 2 criminal proceedings, and only 1 of those cases—the Weirton case—has come to trial. So we had a law without teeth. A law for the benefit of labor minus the enforcement machinery. In cases where employees were ready to meet and hold elections to select their representatives, employers could hold up for months the election by an application to the circuit court of appeals.

This was done in the case of Firestone and Goodrich, rubber companies of Akron, Ohio, and the National Labor Relations Board was powerless to force action. Unwonted ursurpation of power by employers taking away from employees their rights of collective bargaining and selection of their own representatives could only promote unrest, disorder, strikes, and riots.

In the Firestone and Goodrich cases, strikes were immediately threatened and were only averted at the last minute by appeals to the men to await the decision of the Court on the election orders. The result of all this nonenforcement of section 7 (a) was to plant a wide-spread and growing bitterness on the part of workers who felt, with considerable justification, that they were not given fair treatment, but betrayed by their Government, in the execution of its promises. Then came the Supreme Court decision which knocked down what little structure which the fond hope of labor had built up, and if this intolerable situation is allowed to continue uncorrected it will become a real menace to industrial peace that cannot be exaggerated.

The time for corrective action by Congress is at hand. It should no longer be delayed.

To those unfamiliar with the strife that has been engendered by these unfair labor practices to those who are unable to envision the hatred smoldering in the hearts and minds of those workers whose crust is becoming ever scantier, it might be well to recall that the dire need for this bill, ever-growing industrial unrest, is caused first by the denial of the right of employees to organize and by the refusal of employers to accept the procedure of collective bargaining, and, secondly, by their own stubbornness and greed and failure to raise wages, hours, and working conditions satisfactory to the wageworkers. Men can be exploited, they can be penalized, they can be punished, but this constant grinding-down process, this wearing-out process, this brutal tramping on industrial treadmills, engenders such unrest and fosters such disorder that ultimately will lead to riotous revolution. I want to ward off that baneful day. I want to see the emancipation of American labor, not by riotous revolution, but by peaceful evolution.

The ends sought, the goals to be achieved in this bill are not new. The eternal clash between employer and employee shows no improvement, no new development because of the stubborn refusal of employers to bargain collectively. This bill seeks to borrow a phrase of the United States Supreme Court—

To make the appropriate collective action of employees an instrument of peace rather than of strife.

Employers object to employees having personnel managers, paid workers, yet never denying their own right to use such methods. Whenever employers will grant the same rights to employees that they demand for themselves and then agree to sit down and talk the matter over, then we will be getting somewhere.

A former President of the United States, a former Chief Justice of the United States Supreme Court, and a distinguished Ohioan, William Howard Taft, summed up the issue expertly and concisely when he said—

Labor unions were organized out of the necessity of the situation. A single employee was helpless in dealing with an employer. He was dependent ordinarily on his daily wage for the maintenance of himself and family. If the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and to resist arbitrary and unfair treatment.

Those who loudly proclaim "liberty" and who live on the fat of the land are always in the front ranks of those who prate about "rugged individualism." After they have accumulated their own fortune by fair means or foul, they prattle about their own rugged individualism, and if wage-workers attempt to achieve better conditions and better pay and better hours for themselves by the very methods of collective action that has resulted in riches for the industrialists, they, the industrialists, call this procedure on labor's part un-American, undemocratic, unjustified, and unwarranted.

Employers contend that the bill is discriminatory since it is limited to unfair labor practices by employers. It is contended that the bill should prohibit anyone, including, of course, employees or labor organizations, from interfering with, restraining, or coercing employees in the exercise of these rights and that without such provisions the bill is "unfair, and one-sided", and would lead to the domination of industry by organized labor.

The Railway Labor Act contains a reciprocal provision that neither employers nor employees shall interfere or coerce the other in the choice of representatives, but does not cover or attempt to regulate relations of employer to employee. If it were attempted here to define and regulate those relations more far-reaching and drastic provisions would need to be inserted.

Moreover, if provisions were adopted restraining employees from interfering with the rights of employers in selecting their representatives, the opponents would in no sense be satisfied. What these exploiters of labor and opponents of collective bargaining desire is a large ball and chain forged about the ankles of labor organizations and their official representatives.

Based on the erroneous and fallacious theory that labor organizations should be prohibited from soliciting membership among employees, is this doctrine. The provisions of the bill diametrically oppose that employer doctrine. We want each and every employee to be privileged, without interference or coercion, to join the organization that he wishes to join and when he wants to join. Then we want the designated representatives selected in an election supervised by the Government and representing the majority of those employees to bargain collectively with the employer, in respect to rate of pay, wages, hours of employment, and other conditions of employment. Nothing more is asked, nothing less will be satisfactory.

To those opponents of labor organizations and collective bargaining, to those who prattle about the bill being lopsided or one-sided, I would say that this bill is labor's bill. It is a new Magna Carta for employees to protect those employees from further exploitation by selfish, greedy employers. Eleven million workmen are unemployed now, not only because of the depression but because of the unretarded advance of science, invention, and the labor-saving devices of the mechanistic age. Steam shovels, huge trucks and tractors, conveyor systems, fingers, hands, and sinews cast and turned from steel replace by the thousands, human beings. Man power is supplanted by machine power, yet profits go on and in many cases enormous profits. With the displacement of men by machines, these enormous profits accrue to the profit of the over-privileged few. Therefore, we take that labor by giving a bigger share of the loaf through its inherent right and power of collective bargaining by the chosen representatives.

These strongest arguments that can be used against a provision outlawing coercion of employees by employees or labor organizations may be found in the attitude of the courts themselves who have held that a threat to strike, a refusal to work on material of nonunion manufacture, circulation of banners and publications, picketing, even peaceful persuasion constitutes "coercion." In some courts, closed-shop agreements or strikes for such agreements are condemned as "coercive." In this bill we declare that the domination or interference with the formation of any labor organization or contributing finances or other support to it are unfair labor practices. Precedents for this in law are found in the Railway Labor Act, section 2 of the Bankruptcy Act, amendments of 1933 and 1934, and the Emergency Transportation Act, section 7 (e).

Another misrepresentation is that this bill outlaws and prohibits company unions. That is not true, although nearly 70 percent of company unions now in existence were established subsequent to the passage of the National Industrial Recovery Act. In other words, after the employer was amply protected through the N. R. A. then those who were greedy, not all of them by any means, organized their own company unions so as to comply with the spirit of Section 7 (a) but not with the letter of the law. Naturally the company union, sponsored, promoted, and financed by the employer, is found to a great extent in the large, powerful, and rich industries. It is here that the bargaining power of the individual workers is most weak, and in most instances in these huge plants workers have not enjoyed the privilege of organizing. There is nothing in the bill that prevents the formation of a company union. This bill merely gives them an opportunity to choose for themselves. If the company union is the free choice of the majority of the workers all well and good. If the American Federation of Labor or some other union happens to be the free choice all well and good. Let there be no interference by the employer in respect to that free choice.

A common form of interference by employers is their participation in the management of the company union and espionage. Another is the provision in the company union's constitution that changes or alterations cannot be made without the consent of the employer. With these nefarious practices industrial life for the worker becomes a vicious application of the old arm game "heads I win, tails you lose." Another pernicious practice is the payment of additional compensation to workers representing the company union or permitting such representatives to "sell" the company union to the employees during working hours without any deduction of pay.

The various and sundry forms of interference within referred to by employers, promote unrest, dissatisfaction, strife, and resentment, and revolt against the existing order of things. These common forms of interference by employers have long been recognized by the courts. Chief Justice Hughes writing for unanimous Court states in a decision under the Railway Labor Act of 1926:

The circumstances of the soliciting of authorizations and memberships on behalf of the association, the fact that employees of the railroad company who were active in promoting the development of the association were permitted to devote their time to that enterprise without deduction from their pay, the charge to the railroad company of expenses incurred in recruiting members of the association, the reports made to the railroad company of the progress of these efforts, and the discharge from the service of the railroad company of leading representatives of the brotherhood and the cancelation of their passes, gave support, despite the at-

tempted justification of these proceedings, to the conclusion of the courts below that the railroad company and its officers were actually engaged in promoting the organization of the association in the interest of the company and in opposition to the brotherhood, and that these activities constituted an actual interference with the liberty of the clerical employees in the selection of their representatives.

In those most flagrant cases of interference wherein several of these forms of interference exist, we must conclude that that employer dominates the will of the company union thus affected.

An obnoxious form of interference is the discrimination displayed in hiring employees and the tenure of employment based upon the employees' affiliation with labor organizations that are distasteful to the employer. This form, commonly known as "yellow dog" contracts, was outlawed by section 7 (a) of the N. R. A., which was the section that was the recipient of the notorious Richberg double-crossing interpretation.

Nothing will be found in this bill that prevents employers from exercising their natural rights of selecting employees or discharging them. What is intended is that unfair employers shall not put discriminations or penalties on those workers who will not willingly join the company union dominated by the company. Hence we say to the employer, hands off the employee elections. Let those workers exercise their own free will and judgment and select the labor organization which appeals to them most. Wide-spread misinterpretation as to the closed-shop status under this bill exists. Closed shops are by no means imposed upon all industry nor is new legal sanction given to closed shops.

Nothing in this bill or in any other statute illegalizes closed-shop agreement by the employer and labor organization provided such organization has not been created or supported by any practice defined in the bill as an unfair labor practice, and provided further that a certain organization is the free choice of the majority of employees as the appropriate collective-bargaining unit covered by agreements made.

Neither are the closed-shop agreements legalized in any State where it may be illegal. To those who entertain fears in this direction, I would say that no closed shop may be affected by this or any other legislation unless that agreement is approved and assented to by the employer. The fourth unfair labor practice is in respect to discharges of employees by employers because that employee has filed charges or given testimony as provided for in this bill.

The fifth unfair labor practice obviously is manifest to all. That is, the refusal of employers to enter into collective bargaining with employees. If industrial peace is ever to be permanently established, it must be on those broad principles of give and take which can be done only through collective bargaining and the making of agreements mutually satisfactory. I will vote for the bill and do everything in my power to secure its early enactment into law. [Applause.]

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I yield 3 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, there are many Members of this House who do not agree on a great many questions affecting labor with the Chairman of the House Labor Committee, but as a member of that committee I want to take these few minutes to pay tribute to the gentleman from Massachusetts, Mr. CONNERY, chairman of this committee, who is always championing the cause of labor in this House when we need him.

We have come a long way in eliminating the distress and hardships of those who toil. The Members of this House realize that too long in this Republic we have seen the crucifixion of labor upon the cross of longer hours, less pay, and unsanitary working conditions. Today the situation is not perfect, but we find that marked progress has been made, especially in the last 2 years. Ill-gotten wealth and special privileges given to certain employers helped lead this Nation on its march into the valley of the shadow of death. Under the leadership of President Roosevelt and his administration, we have realized that the prosperity of this country depends, first of all, upon the men and women who produce the wealth of the 48 States. [Applause.] An immediate and progressive program for helping the laboring men of this country was inaugurated when this administration came into power. We gave them not only their old jobs, but we tried to create new tasks for them as well.

May I read a short editorial from Collier's Weekly just recently published:

The most important fact in the history of labor during the last 12 months has been the great gain in employment. Business improvement has created more jobs. Unemployment still exists, but the principal relief work of the Government is now being carried on in the drought area rather than in the industrial centers.

Many people have been excited and alarmed at the increased number of strikes during the year. There is no real occasion for concern. Strikes are a familiar experience during periods of recovery. At the bottom of a depression organized labor calls few strikes. Later, when there is more to be had, controversy naturally arises.

The useful course is for labor and all other groups concerned now to work out a program and a policy to eliminate future need of emergency action.

Under this legislation, as we consider it here today, the employer is not compelled to give to the employee a different scale of pay or a different work week, or he does not have to enter into any agreement with the employees. It simply brings to labor the right to deal with the employer in a legal way that we should desire earnestly to see exercised. Favorable action on this bill will help to lift from labor its burden of despair and throw a light upon the dark pathway that the worker too long has traveled. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the bill.

The Clerk read as follows:

FINDINGS AND DECLARATION OF POLICY

With the following committee amendment:

On page 1, line 3, strike out the words "declaration of."

The committee amendment was agreed to.

The Clerk read as follows:

SECTION 1. The inequality of bargaining power between employer and individual employees which arises out of the organization of employers in corporate forms of ownership and out of numerous other modern industrial conditions, impairs and affects commerce by creating variations and instability in wage rates and working conditions within and between industries and by depressing the purchasing power of wage earners in industry, thus increasing the disparity between production and consumption, reducing the amount of commerce, and tending to produce and aggravate recurrent business depressions. The protection of the right of employees to organize and bargain collectively tends to restore equality of bargaining power and thereby fosters, protects, and promotes commerce among the several States.

The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining leads to strikes and other forms of industrial unrest which burden and affect commerce. Protection by law of the right to organize and bargain collectively removes this source of industrial unrest and encourages practices fundamental to the friendly adjustment of industrial strife.

It is hereby declared to be the policy of the United States to remove obstructions to the free flow of commerce and to provide for the general welfare by encouraging the practice of collective bargaining, and by protecting the exercise by the worker of full freedom of association, self-organization, and designation of representatives of his own choosing, for the purpose of negotiating the terms and conditions of his employment or other mutual aid or protection.

With the following committee amendment:

On page 1, strike out beginning with line 4 down to and including line 3 on page 3 and insert in lieu thereof the following:

"SECTION 1. The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing interstate and foreign commerce by (a) impairing the efficiency, safety, or operation of the instrumentalities of commerce; (b) occurring in the current of commerce; (c) materially affecting, restraining, or controlling the flow of raw materials or manufactured or processed goods from or into

the channels of commerce, or the prices of such materials or goods in commerce; or (d) causing diminution of employment and wages in such volume as substantially to impair or disrupt the market for goods flowing from or into the channels of commerce.

"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of interstate and foreign commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries.

"Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of interstate and foreign commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.

"It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of interstate and foreign commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by the worker of full freedom of association, self-organization, and designation of representatives of his own choosing, for the purpose of negotiating the terms and conditions of his employment or other mutual aid or protection.

Mr. HOEPPEL. Mr. Chairman, I rise in support of the committee amendment.

Mr. Chairman, I wish to compliment the Chairman of the Labor Committee and the members of the committee for bringing in a bill which appears to be written in the interest of the American working man. I hope that it will be administered in strict equity, in recognition of the interest of the employer as well as the employee. I am only sorry that this disputes bill does not settle the disputes which take place in governmental circles.

I call attention to a dispute or controversy which is taking place today and in which Mr. Mitchell, recently removed Assistant Secretary of Commerce, makes certain specific charges. I also call attention to an item taken from today's newspaper, in which it would appear that Mr. Ickes is not working harmoniously or in agreement with Mr. Hopkins, the Federal Relief Administrator. I have written an article for my periodical this month wherein I devoted almost a page in criticism of Mr. Ickes' action here in Washington in the discharge from employment of retired enlisted men of the Army, Navy, and Marine Corps. After reading this newspaper item, I feel inclined to commend Mr. Ickes, here on the floor, for his attitude in reference to the expenditure of the work-relief funds. In my opinion, Mr. Ickes is the smartest man in the "brain trust." He has shown decisively that he is in favor of doing something constructive for the American people and spending this huge work-relief appropriation on projects which will be an asset to the American people rather than wasting and squandering the money on projects of questionable merit under the Hopkins' plan of limiting the expenditures to $1,100 or $1,200 per man, including the cost of materials and overhead. [Applause.]

I have heard a disquieting rumor recently. It may be only the kind of a rumor the soldiers call a "guardhouse" rumor. Nevetheless, I have been told that Mr. Ickes is to lose control of the C. C. C. and that it is to be turned over to Mr. Hopkins.

In my opinion, Mr. Fechner, Mr. Friant, and the other gentlemen who have handled the C. C. C. personnel and administration have been very efficient and conscientious in their efforts. Of all the new-deal agencies, I am convinced that the C. C. C. is the most efficient and is making more substantial returns on the investment, notwithstanding its huge cost, than any other of the various alphabetical agencies established in the new deal.

If this rumor is authenticated, I wish to protest at this time the contemplated transfer of the C. C. C. organization to the jurisdiction of Mr. Hopkins, whose life experience as a welfare worker does not, in my opinion, qualify him for the responsibility of handling an organization such as the C. C. C. Mr. Ickes and Mr. Fechner are practical business men, and are to be commended, along with Mr. Friant, on the successful administration and development of the C. C. C. organization.

We have just heard a very excellent message from our President on the question of taxation. I am proud of the words he has uttered. I only hope that they will not prove to be mere empty words, but that they will be backed up by decisive action to accomplish the enactment of the program he has so ably outlined. On June 8 of last year we heard a message on this floor promising the people old-age pensions, but after the expiration of a year what, actually, have we? Nothing but a pauperized old-age-pension bill.

In my opinion, the President's message on taxation is a perfect document; but, unfortunately, it appears to be, for a time at least, only a promise. Action on his tax program is to be deferred until next year. If this legislation is of importance, as the President indicates, and as I firmly believe, why can we not enact it now? The interests of all the people are involved. We should tax entrenched wealth and inordinate profits. We should not adjourn and go home until we complete the job. Personally, I am fed up on the promises and bait we are handing out to the American people while they are starving. Common sense, sincerity, and honest dealing with the American public demand action now. [Applause.]

[Here the gavel fell.]

The committee amendment was agreed to.

Mr. RICH. Mr. Chairman, I offer an amendment which I have sent to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 4, line 16, insert, after the word "states" the following:

"To make effective the policy declared by the President of the United States 'the Government makes clear that it favors no particular union or particular form of employee organization or representation. The Government's only duty is to secure absolute and uninfluenced freedom of choice without coercion, restraint, or intimidation from any source.'"

Mr. RICH. Mr. Chairman, I simply wish to state to the Membership of the House that if this amendment is adopted it will only make effective the President's declared policy which he has advocated and I hope the Membership of the House will see fit to adopt this proposal of the President. If you adopt it, you are then advocating the principles which he has enunciated with respect to justice to labor and to capital and the free will to join any organization. If you do not adopt it, then you turn down his expressed request insofar as handling the affairs of capital and labor, in my judgment, is concerned.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment.

I will simply say in answer to the statement of my distinguished friend from Pennsylvania, this bill, as it is now drawn up and as it has been reported to the House by the Committee on Labor, is the bill which the President approves.

Mr. RICH. Mr. Chairman, may I interrupt the gentleman?

Mr. CONNERY. Yes; certainly.

Mr. RICH. Is it going to be the practice that any amendments that are presented here are not going to be permitted to be considered by the Membership of the House because of the fact that this is a cut-and-dried or dyed-in-the-wool bill and we must accept it as is?

Mr. CONNERY. I may say to my friend from Pennsylvania that we have no idea whatsoever of saying that an amendment offered by any Member here should not have consideration, but the gentleman in his address mentioned the President and I want to call the attention of the gentleman to the fact that this bill, as reported by the Committee on Labor to the House, is in the form in which the President would like to see it passed. This is all I said. The gentleman is entitled to his view of the matter, but I hope the gentleman's amendment will be voted down.

Mr. O'MALLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have not spoken on this particular bill today because of the fact I think no one is in any doubt as to where I stand upon this measure, but the amendment just proposed by the gentleman from Pennsylvania is nothing but an amendment which has for its purpose the beclouding of the issue which this bill is designed to meet.

We have heard a lot of talk about constitutionality and I am getting so sick of listening to constitutional lawyers get all excited whenever we bring up a bill for the workers or the farmers or any one of the groups of America's common citizens that I think it is the opinion of the people of this country, as well as my own opinion, that these so-called "constitutional lawyers" are getting to be a pain in the neck. [Laughter and applause.] Sometimes they almost sound as if they were trying to prove to you, if they are special-privilege lawyers, that the Constitution itself is unconstitutional, especially if they have been retained to defend the unfair advantages of special privilege gained under a vicious system of labor exploitation of the past.

I wish to make this statement with respect to the Wagner-Connery labor bill. The principle of the bill is exactly the same principle that is contained in the Railroad Labor Relations Act that this Congress passed years ago. There is nothing in the bill that has any harm for industry, but it does make industry meet the worker on the common American ground of dealing over a conference table instead of dealing with him with State troopers and with hired thugs whenever there is a labor dispute.

I have received a number of letters from certain persons in my district in which they say that if this bill were passed the workers would be coerced into some labor organization of one kind or another. To make my position entirely clear, I wish at this point to insert a copy of my reply to those who have an unjustified fear of the effects of this bill.

MY DEAR SIR: I have your communication in connection with the enactment into law of the legislation known as the "Wagner Labor Disputes Act."

In frankness, I must state at the outset that I am thoroughly in accord with the principles embodied in the legislation. It provides, briefly and simply, to make the right to bargain collectively and provide a recognized formulæ for investigation and adjudication of disputes between employees and employers a statutory regulation.

I see no menace to American industry in the above proposal, and while not agreeing in detail with some of its provisions, believe it is a forward step. The Railroad Labor Act, applicable to a particular industry, is an excellent example that such legislation can be and has been of unusual benefit to industry. I need only point to the many years of excellent relationship between the railroad employees and their employers under this act; the peaceful adjudication of the many disputes brought before their board; the fine working conditions and high standard of wages in the railroad industry, to show that a national policy toward labor disputes is the reasonable way to approach the national problem of industrial peace.

I find nothing in the present legislation which would give sanction to any closed-shop proposition as charged. The right of collective bargaining for the sale of the only commodity which labor has to offer is a fundamental right and should be recognized by law. The freedom of the individual worker to select those who shall represent him in that bargaining should also be guaranteed by law just as the freedom of individuals to select their representatives in bargaining for trade, in legal actions, etc., are indisputably upheld.

While here and there unscrupulous labor leaders or unscrupulous employers use various methods of coercion to obtain unjust or unfair ends, the only person who can decide what is coercion is he upon whom it is practiced. I am sure if you would compare the Wagner-Connery bill with the provisions of Public Law 152 and the subsequent amendments to this law, that you will find they embody the same principles. I know that in view of the successful history of the Railroad Labor Act that no one would be inclined to ask repeal of that law. The Railroad Labor Relations Act being the model upon which the Wagner-Connery bill is based, I am confident that this new legislation for all American labor will have the same successful history as has the pioneer law in the field of labor relations.

Now, this bugaboo of "coercion" is a lot of "baloney"! Who can decide whether coercion has been practiced upon a worker to join a labor union except the worker himself, and if you ask any member of any union whether he has been forced to join he will give you the answer to this propaganda. Who ever heard of a company union that was really organized solely for the benefit of the workers? The organization of a company union presents the same ridiculous spectacle as would be presented if an employer were to organize a lodge or society for his workers to belong to. Imagine, if you can, an employer saying to his employee, "John, I hear you are going to join the Moose, or the Elks, or some other fraternal organization, but I think I can fix up a better society for you to belong to." This would be no more ridiculous than is the proposition of the employer saying to his employees, "Since you have decided to join a craft guild or union, I have decided to fix one up that will be better for you than any organization you can join which has been created and organized by the members of your own craft." The intelligent American worker knows well enough that any union organized by employers is not for the benefit of the employees, but is bound to be just the opposite sort of an organization.

I think this bill ought to pass. I think the amendment of the gentleman from Pennsylvania ought to be voted down. The amendment is practically the same as was discussed at the other end of the Capitol by those gentlemen who are always worrying about the rights and interests of the overprivileged classes rather than the woes, problems, and injustices perpetrated on the underprivileged of America's citizens. I hope the amendment will be voted down, and I hope that any other amendments which are nothing but a repetition of amendments discussed and defeated in the other body will likewise be defeated here and that we can send the bill back to the Senate as it was originally written and give labor the justice and the right to which it is entitled under a government where majority rule is the underlying and founding principle. [Applause.]

Mr. WOOD. Mr. Chairman, I rise in opposition to the amendment.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WOOD. Mr. Chairman, I hope the amendment of the gentleman from Pennsylvania will not be adopted, because the amendment deals with relations between employee and employee, whereas this bill deals with relations between employer and employee.

As to the term "coercion", the courts on numerous occasions in labor controversies have construed the word "coercion" to mean almost anything, insofar as employees are concerned.

The courts on many occasions have construed mere peaceful persuasion as coercion. If this amendment is adopted, it will kill the effects of the bill. It will not only do that, but if this amendment is adopted and the bill is passed it will put labor in a worse condition than it was before.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The question was taken, and the amendment was rejected.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that on page 4, line 22, the Clerk be permitted to correct the spelling of the word "representatives."

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

DEFINITIONS

SEC. 2. When used in this act—

(1) The term "person" includes one or more individuals, partnerships, associations, corporations, legal representatives, trustees, trustees in bankruptcy, or receivers.

(2) The term "employer" includes any person acting in the interest of an employer, directly or indirectly, but shall not include the United States, or any State or political subdivision thereof, or any person subject to the Railway Labor Act, as amended from time to time, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization.

(3) The term "employee" shall include any employee, and shall not be limited to the employees of a particular employer, unless the act explicitly states otherwise, and shall include any individual whose work has ceased as a consequence of, or in connection with, any current labor dispute or because of any unfair labor practice, and who has not obtained any other regular and

substantially equivalent employment, but shall not include any individual employed as an agricultural laborer, or in the domestic service of any family or person at his home, or any individual employed by his parent or spouse.

(4) The term "representatives" includes any individual or labor organization.

(5) The term "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

(6) The term "commerce" means trade, traffic, or commerce, or any transportation or communication relating thereto, among the several States, or between the District of Columbia or any Territory of the United States and any State or other Territory, or between any foreign country and any State, Territory, or the District of Columbia, or within the District of Columbia or any Territory, or between points in the same State but through any other State or any Territory or the District of Columbia or any foreign country.

(7) The term "affecting commerce" means in commerce, or burdening or affecting commerce, or obstructing the free flow of commerce, or having led or tending to lead to a labor dispute that might burden or affect commerce or obstruct the free flow of commerce.

(8) The term "unfair labor practice" means any unfair labor practice listed in section 8.

(9) The term "labor dispute" includes any controversy concerning terms, tenure or conditions of employment, or concerning the association or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of employment, regardless of whether the disputants stand in the proximate relation of employer and employee.

(10) The term "National Labor Relations Board" means the National Labor Relations Board created by section 3 of this act.

(11) The term "old Board" means the National Labor Relations Board established by Executive Order No. 6763 of the President on June 29, 1934, pursuant to Public Resolution No. 44, approved June 19, 1934 (48 Stat. 1183).

With the following committee amendments:

On page 6, line 10, beginning with the word "traffic", strike out "or commerce, or any transportation or communication relating thereto", and insert "commerce, transportation, or communication."

Page 6, beginning in line 20, strike out all of subsection 7 and insert in lieu thereof:

"(7) The term 'affecting commerce' means in commerce, or burdening or obstructing commerce or the free flow of commerce, or having led or tending to lead to a labor dispute burdening or obstructing commerce or the free flow of commerce."

The committee amendments were agreed to.

Mr. CONNERY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 7, at the end of line 22, substitute a comma for the period and add the following: "and reestablished and continued by Executive Order No. 7074 of the President of June 15, 1935, pursuant to title I of the National Industrial Recovery Act (48 Stat. 195), as amended and continued by Senate Joint Resolution 133, approved June 14, 1935."

Mr. CONNERY. Mr. Chairman, this is not a committee amendment. We have not had a chance to call the committee together between Sunday and today, due to early morning meetings of the House. This is taking care of the transfer of the funds of the old Board to the new Board. The President by Executive order kept the old Board in a sort of status quo until this bill is passed by Congress and signed by the President.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

Mr. RICH. Mr. Chairman, I move to strike out the last word. The gentleman from Massachusetts made the statement that this is not a committee amendment. I question whether the Membership of the House is prepared on the spur of the moment to adopt the amendment to this legislation presented by the gentleman from Massachusetts. I think until the committee has had an opportunity to discuss and thoroughly digest the amendment, it should not be considered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was agreed to.

Mr. MARCANTONIO. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MARCANTONIO: Page 5, line 22, after the word "as" strike out the words "an agricultural laborer."

Mr. MARCANTONIO. Mr. Chairman, at the outset I desire to state that I have made my position clear throughout the committee hearings as well as in executive sessions of the committee and on the floor of the House, that irrespective of whether or not my amendment is adopted, I am whole-heartedly for the bill and naturally shall vote for it.

My amendment, if adopted, would permit the benefits of this act to extend to the agricultural workers. It is a matter of plain fact that the worst conditions in the United States are the conditions among the agricultural workers. They have been brought to the public attention many times; for example, by the investigations of the National Child Labor Committee into the horrible conditions, especially as affecting children, in the beet-sugar fields. The complete denial of civil liberty and the reign of terror in the Imperial Valley, where the basic demand of the workers was clean drinking water, have been the subject of investigation by Government agents. Last summer saw a protracted and heroic strike by the terribly exploited union workers in the fertile fields of Hardin County, Ohio, against their employers. These workers were organized in a local of the A. F. of L. They were victims of the usual type of oppression which was called to public attention in the press.

However, the most conclusive proof that there must be Federal action to protect the right of agricultural workers to organize is to be found in the situation in Arkansas. In that State, within the last year, there has come into being an admirable union of agricultural workers, the Southern Tenant Farmers Union. It has been incorporated under the laws of the State. Its immediate demands are entirely reasonable and its methods have been extraordinarily peaceful. Yet that union is at present holding no meetings on advice of its counsel who says that it cannot be protected from terroristic attacks. Armed planters have patrolled the roads looking for the principal organizers of the union. The president of the union, a former rural school teacher, was driven out of the county by threats of lynching. Members of the union have been beaten up. Some of them have been cast in jail from which they were ultimately delivered but only in one or two cases after they had been confined on trumped charges for 45 days. Meetings have been forcibly broken up. The lawyer for the union is C. T. Carpenter, one of the outstanding lawyers of the State of Arkansas. He was waited on by an armed mob one night in his own home. He met them at the door with a pistol in his hand. The mob left but not without firing shots at the house.

What these people in Arkansas are organizing against is the most outrageous exploitation in America. The plantation system of itself is damnable. It combines the worst evils of feudalism and capitalism. The overseers on the plantations go armed.

A continuance of these conditions is preparing the way for a desperate revolt of virtual serfs. Unless the right to organize peacefully can be guaranteed we shall have a continuance of virtual slavery until the day of revolt. The union and the exploited victims of this system have shown an amazing willingness, or rather a deep-seated anxiety, to avoid bloodshed.

I, therefore, respectfully submit that there is not a single solitary reason why agricultural workers should not be included under the provisions of this bill. The same reasons urged for the adoption of this bill in behalf of the industrial workers are equally applicable in the case of the agricultural workers, in fact more so as their plight calls for immediate and prompt action.

I am not making any appeal to gentlemen who are opposed to this bill. Naturally if they have no sympathy for giving industrial workers the rights and guarantees under this bill, they are opposed to giving agricultural workers any rights, but I appeal to the membership of this committee and

to those who are in favor of the bill. I advance the argument to you, that if the industrial workers are entitled to protection, then by the same token the agricultural workers are entitled to the same protection under provisions of this bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CONNERY. Mr. Chairman, the committee discussed this matter carefully in executive session and decided not to include agricultural workers. We hope that the agricultural workers eventually will be taken care of. I might say to my friend from New York at this point, certainly I am in favor of giving the agricultural workers every protection, but just now I believe in biting off one mouthful at a time. If we can get this bill through and get it working properly, there will be opportunity later, and I hope soon, to take care of the agricultural workers.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word. I oppose this amendment most emphatically, because if this language is taken out of the bill as proposed by the amendment offered by the gentleman from New York, it would mean that all agricultural laborers would come under the provisions of the bill. I grant there may be some sections of the country where it would be desirable to permit the organization of share-croppers or tenant farmers or other types of agricultural labor, but in the vast sections of the Middle West, especially in those States where the farms are smaller and more or less of a family affair, where only the family is employed on the farm except with occasional employment of others, it would be very unfortunate to permit the organization of casual farm employees. In some States of the Union, especially in the Middle West, the farmers seldom employ more than one or two employees, and then for only seasonal employment. I do not believe that it is advisable to bring them within the scope of the bill.

Mr. MARCANTONIO. We passed the triple A bill here, and you have not done a single thing for the agricultural worker.

Mr. BOILEAU. The agricultural worker is not a problem in some of the States. In some of the States they have practically no employees in the generally accepted sense of the term.

Mr. KNUTSON. Mr. Chairman, I rise in opposition to the amendment to ask the gentleman from Massachusetts a question. The gentleman stated a moment ago that he believed in taking one bite at a time, carrying the inference that ultimately under this legislation it is proposed to organize agricultural laborers.

Mr. CONNERY. I did not say just exactly that. If the gentleman asks me personally how I feel about the organization of agricultural workers, I certainly hope they will organize just the same as industrial workers.

After thorough consideration, our committee decided, at this time, not to include agricultural workers.

Mr. KNUTSON. For the time being? That is all I wanted to know.

Mr. ELLENBOGEN. Mr. Chairman, I move to strike out the last three words.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. ELLENBOGEN. Mr. Chairman, I take this time to ask the gentleman from New York [Mr. MARCANTONIO] a question. Does the gentleman from New York believe that agricultural workers would come within the definition of the Supreme Court of "interstate commerce", so that they could come within the purview of this act?

Mr. MARCANTONIO. I think that the agricultural workers should be included to the same extent that the industrial workers are included.

Mr. ELLENBOGEN. I think so, too, but, under the N. R. A. decision of the Supreme Court, they could not be included in this bill, unless they came within the term "interstate commerce." The gentleman knows that.

Mr. LORD. Will the gentleman yield?

Mr. ELLENBOGEN. I yield.

Mr. LORD. Does not the gentleman think that the agricultural worker is entitled to a 30-hour week just the same as the man who works in the shoe factory?

Mr. ELLENBOGEN. I personally believe that the agricultural workers should have all the protection we can give them, but the point which bothers me is the question whether the Congress has jurisdiction over them unless they come within the meaning of the term "interstate commerce." If we have the power to do it, we should include the agricultural workers.

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MARCANTONIO].

The amendment was rejected.

Mr. RICH. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RICH: On page 6, line 9, at the end of the last paragraph, insert the following:

"The term 'labor organization' shall not include any organization defined in the preceding paragraph unless said organization files with the National Labor Relations Board its acceptance of the following conditions of operation:

"(a) That all elections and votes on strikes shall be by secret ballot.

"(b) That a reliable accounting system will be maintained, and will be audited at least annually, with reports promptly and duly made to a meeting of the members, and a copy filed with the National Labor Relations Board.

"(c) That its membership books, or rolls, will not be closed to new members, and all applicants will be admitted to membership, except for good cause shown relating to the individual applicant.

"(d) That all of its objects and purposes are lawful.

"(e) That it will not instigate, maintain, or support any strike for an illegal purpose.

"(f) That it will not instigate, maintain, or support any strike in violation of any collective-bargaining agreement, or in opposition to any arbitration award rendered pursuant to an agreement to submit to arbitration.

"(g) That it will not instigate, maintain, or support any strike to further any issue which the employer offers to submit to arbitration pursuant to section 12 hereof.

"(h) That it will not instigate, maintain, or support any strike, except as a last resort after making all reasonable efforts to settle the issues by direct negotiation and governmental mediation.

"(i) That it will agree to submit all jurisdictional disputes to arbitration pursuant to section 12 hereof, and will not engage in any jurisdictional strike, in cases where other organizations, parties to such dispute, likewise agree to submit to arbitration.

"(j) That it will not instigate, maintain, or support any strike designed or calculated to coerce government or any agency thereof either directly or by inflicting hardship upon the community, against any action on the part of the State, or Federal Government, or any of the agencies, or political subdivisions thereof.

"(k) That it will not instigate, maintain, or support any strike except in furtherance of a trade dispute within the trade or industry in which the strikers are engaged.

"(l) That it will not coerce, or attempt to coerce, any worker to join any particular labor organization.

Mr. BURDICK. Mr. Chairman, a point of order. I make the point of order that the amendment is not germane to this section of the bill. It introduces the subject of strikes, and the bill is dealing with the subject of what are labor organizations.

Mr. LESINSKI. It looks like a bankers' bill.

Mr. RICH. Mr. Chairman, I wish to state that the amendment itself does its own speaking and it is not necessary for any Member of Congress to make any comment on it at this time.

The CHAIRMAN (Mr. ARNOLD). The Chair is inclined to think that the amendment is not subject to the point of order. The Chair therefore overrules the point of order.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The amendment was rejected.

Mr. KENNEY. I offer an amendment, Mr. Chairman, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: Page 7, line 9, after the word "commerce," insert "or having led or tending to lead to a labor dispute, burdening or obstructing the national defense which affects commerce."

The amendment was rejected.

The Clerk read as follows:

NATIONAL LABOR RELATIONS BOARD

SEC. 3. (a) There is hereby created as an independent agency in the executive branch of the Government a board, to be known as the "National Labor Relations Board" (hereinafter referred to as the "Board"), which shall be composed of three members, who shall be appointed by the President, by and with the advice and consent of the Senate. One of the original members shall be appointed for a term of 1 year, 1 for a term of 3 years, and 1 for a term of 5 years, but their successors shall be appointed for terms of 5 years each, except that any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate one member to serve as chairman of the Board.

(b) A vacancy in the Board shall not impair the right of the remaining members to exercise all the powers of the Board, and two members of the Board shall, at all time, constitute a quorum. The Board shall have an official seal which shall be judicially noticed.

(c) The Board shall at the close of each fiscal year make a report in writing to Congress and to the President stating in detail the cases it has heard, the decisions it has rendered, the names, salaries, and duties of all employees and officers in the employ or under the supervision of the Board, and an account of all moneys it has disbursed.

With the following committee amendment:

Page 7, line 24, after the word "created", strike out: "as an independent agency in the executive branch of the Government" and insert in lieu thereof: "in the Department of Labor."

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the question involved in this amendment is the most important one involved in the bill. The question of whether or not the agency set up to administer this law shall be an independent agency of the Government or under one of the executive departments is, in my opinion, the most important provision in the bill.

I regret that I cannot agree about this particular question with the chairman of my committee, for whom I have the highest regard, or with the Secretary of Labor, for whom also I have a very high regard.

In addition to the matter of policy I call the attention of the members of the committee to the fact that making this an independent agency will strengthen the reception given this law when it reaches the Supreme Court. The decision of the Court in the Schechter case indicates that one of the troubles with that case was the delegation of power to the executive department. The decision of the same Court rendered on the same day holding that the President had no authority to remove Commissioner Humphreys from the Federal Trade Commission gives even more evidence of the fact that if we make this an independent agency it will have more strength when it reaches a test in the Supreme Court. In 5 minutes' time I shall not be able to read references from the decision, but I do want to read one paragraph from that decision. In referring to the Federal Trade Commission the Supreme Court said:

To make this possible Congress set up a special procedure, a Commission, a quasi-judicial body was created, provision was made for formal complaint, for notice and hearing, for appropriate findings of fact supported by adequate evidence, and for judicial review to give assurance that the action of the Commission is done within its statutory authority.

Further on in the decision the Court referred to the fact that the Members of this body, the Federal Trade Commission, are free from any influence in the executive department and free from all political influence except in the matter of appointment.

If this committee amendment is voted down I expect to offer an amendment to strike out, on page 3, in line 24, after the word "created", the words "as an independent agency in the executive branch of the Government", so that we simply create a board that is not in any other agency of the Government, not a part of the executive branch of the Government at all. I submit, as a friend of the bill, that if this law is to succeed it must succeed through the support of public opinion.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, this question was fully debated in the committee. Mr. Biddle, the Chairman of the National Labor Relations Board, and Senator WAGNER are in favor of making it an independent Board, appeared before our committee and so testified. The Secretary of Labor appeared before the committee and wanted the Board established under the Department of Labor. President Green, of the American Federation of Labor, appeared before the committee and wanted the Board placed under the Department of Labor. Their reasons were that it had taken many years to create a Department of Labor, to create a Cabinet position for Labor, and that any independent board set up away from the Department of Labor would be a weakening of the Department.

I consulted with the President at the White House in reference to this. After that conference I returned to my committee and reported its result, and the committee decided to put the Board under the Department of Labor.

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as the gentleman from Georgia has pointed out, this is the most important question over which the committee disagreed.

I find myself unable to agree with the decision of the committee to affiliate the National Labor Relations Board with the Department of Labor. It is clearly immaterial whether this affiliation is accomplished merely by providing generally that the Board shall be located in the Department of Labor, or by providing in detail that the Secretary of Labor shall control the personnel, the regional agencies, and the budget of the Board. Regardless of variations in language, if the Board is placed within the Department, the Secretary of Labor will control the purse strings, and that control will be the decisive factor in determining the extent and the character of the personnel, the nature of the work done, and the administrative set-up of the Board, both in Washington and throughout the country. This in turn will be determinative of the major policies of the Board, as I shall presently discuss. On this issue there can be no compromise—either the Board must be completely independent or it must be reduced to the level of a departmental bureau.

I should have thought that even without regard for the past history of the National Labor Relations Board and the testimony before this committee, both of which seem to me compelling upon this point, precedent alone would have induced the establishment of the Board as an independent agency. The Board is to be solely a quasi-judicial body with clearly defined and limited powers. Its policies are marked out precisely by the law. That such an agency should be free from any other executive branch of the Government has been the recognized policy of Congress. Ready examples are the Interstate Commerce Commission, the Federal Trade Commission, the Communications Commission, the Securities and Exchange Commission, the National Mediation Board, and agencies that are even less judicial in character, such as the Federal Housing Administration and the Reconstruction Finance Corporation. It seems strange that this committee, which has built up so fine a record in the interests of labor, should be grudgingly unwilling to establish for the protection of labor's most basic rights an agency as dignified and independent, and as likely to attain the prestige that flows from such independence, as those which have been established to protect the interests of other groups.

The vital need for the complete independence of a quasi-judicial board that must enforce the law has been best illustrated by the collapse of section 7 (a) of the Recovery Act. That famous section broke down, not so much because the Recovery Act into which it was written did not contain adequate enforcement provisions, but because the actual enforcement of 7 (a) was tied up with the wrong agencies. The Labor Board, it is true, could make decisions, but actual enforcement rested with the National Recovery Administration and the Department of Justice. Since the N. R. A. had other functions, such as code making, and so forth, which required constant cultivation of friendly and conciliatory feelings between the N. R. A. and those with whom it had to deal, the N. R. A. has been forced repeatedly to compromise and bargain away the specific rights guaranteed

by section 7 (a). And the Department of Justice likewise has been reluctant to act upon this touchy subject, because of entirely extrinsic consideration of government policy that should have had nothing to do with section 7 (a). The complete frustration of the present National Labor Relations Board has resulted from this very simple failure to maintain the traditional and tested division between quasi-judicial bodies on the one hand and the general work of executive departments tied up with the governmental policy of a particular administration, on the other.

This anomalous situation would be perpetuated by placing the National Labor Relations Board in the Department of Labor. The Department is an executive arm of the Government. The Secretary of Labor is an officer of a particular administration, and I say this from the long-range point of view, and with due regard for the abilities of the present Secretary. The Department is thus quickly susceptible to political repercussions, and it is charged with many administrative duties involving constant compromise between industry and government. Thus the Board would quickly be swallowed up in the general policies of the Department of Labor.

These difficulties are not answered at all by insisting that the judicial decisions of the National Labor Relations Board would not be subject to review by the Secretary of Labor or by any officer in the executive branch of the Government. If in fact the Board were to be independent in its actions, there would be no reason for anyone wanting to set it up in the Department of Labor. But that is not the case; the final judicial decisions are only a small part of the work of such a Board, and by control over other stages in the enforcement process the Department of Labor would be the final arbiter of the policies of the Board.

For example, to be effective in enforcement, the Board must control complaints of unfair labor practices from their very inception. Yet this would not be the case were the Board in the Department. It is quite true that the proponents of placing the Board in the Department insist that there should be no mediation or conciliation done by the Board. But that does not preclude the possibility of mediation of an unfair labor practice by the Conciliation Service of the Department before the Board would act. And in the long run, that would inevitably result from locating the Board in the Department, while its advent would be hastened by an administration unsympathetic toward labor. This is the very worst kind of confusion of conciliation and quasi-judicial work, not in that the Board will do both but that both will be used at successive stages in attempting to enforce the law.

What will result from such a procedure? Conciliation at the source will not build up the kind of records that the Board might later refer to the courts for enforcement. Compromise of the law at the outset will constantly plague the Government when the time comes to vindicate the law. A wide variety of interpretations without any centralizing force will create uncertainty and distrust. The National Labor Relations Board will be called into operation only where there has been a record of failure rather than success; only when the prestige of the Government has already been impaired by the failure of its agencies. Moreover, the duplication of effort and the long delay before complaints of unfair practices finally reach the Board will wreak havoc upon workers' rights. The worker who is wronged must get help quickly if at all. The injury of the long delay can never be redressed. The occasion to protest by his own collective action, once let past, can never be recalled. These are not fancied evils; they are present now because of the very policies which I do not wish to see continued.

To prevent unfair labor practices, the National Labor Relations Board must have control of enforcement not at the end of the trail but from the very beginning. It must follow the procedure that is followed by the Federal Trade Commission in preventing unfair trade practices. No one would suggest, when there is a claim of an unfair trade practice, that there should first be mediation by the Department of Commerce and then action by the Commission in the event of failure.

In addition, if the Department of Labor is to control the first steps in regard to the prevention of unfair practices, it will have the discretion to cut enforcement off its sources. "Judicial independence" will do the Board no good as to cases that never reach it.

Thus the issue raised is a very narrow one. If the purpose of placing the National Labor Relations Board in the Department of Labor is that the Department and the Board shall function jointly to protect the rights guaranteed by section 7 (a), then the whole enforcement mechanism will collapse because of dispersion of responsibility and because of an overlapping of conciliation and judicial work. And if the Board should operate independently of the Department, it is unfair to make it subject to departmental control over budget and personnel.

In view of these major considerations, which have proved controlling in every other case where the Government has set up a quasi-judicial body, the point that there might be some overlapping of statistical work by the Board and the Department of Labor is trivial and unrealistic. In fact, it is entirely appropriate to amend the bill, as has been done, to provide that the Board should not do any statistical work, mediation, or conciliation, when such services are available in the Department of Labor.

It should be repeated that the National Labor Relations Board is to be purely a quasi-judicial commission. Its prestige and efficacy must be grounded fundamentally in public approval and in equal confidence in its impartiality by labor and industry. If the Board is placed in the Department it will suffer ab initio from the suspicion that it is not a court, but an organ devoted solely to the interests of laboring groups. Far from helping labor, this will impair the work of the Board and render more difficult the sustaining of its supposedly impartial decisions by the Federal court.

Finally, let me emphasize the paramount consideration that the inclusion of the Board in the Department of Labor will injure not only the Board, but the Department itself, and through it the interests of labor. The Department was not established to handle all the industrial relation problems of the Government. It was not established to covet impartial or quasi-judicial functions, or to interpret laws of Congress. It was founded, as is too often forgotten now, as a department for labor, and to "foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment." There is more work of this type to be done than ever before and the Department is in no danger of lapsing into disuse if it is aware of its duties. I believe that labor would have fared better under the codes if the Department had remained true to its function as a militant organ for working people, rather than attempted to appear as a labor relations bureau of the Federal Government, representing all interests alike, and overzealous to guard itself against supposed encroachments. The efforts to secure control over an impartial quasi-judicial board is a definite step by the Department away from those activities which can make it most useful to the working people of America.

The Senate bill very wisely has made the Board an independent agency. The House should follow the Senate on this very vital matter.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. CONNERY. The gentleman knows, and I think the House should know, that in this amendment all we did was to put the Board under the Department of Labor.

Mr. MARCANTONIO. The answer is that while it is claimed that only nominally do we place the Board under the Department of Labor, nevertheless once it is placed there the Department of Labor and the Secretary of Labor are given budgetary control over the Board.

Once you have budgetary control over that Board, the Board must naturally become susceptible to the policies of the Department of Labor.

Mr. CONNERY. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Massachusetts.

Mr. CONNERY. The Supreme Court of the United States is under the Attorney General. They cannot hire a janitor without that item appearing in the budget of the Attorney General. Now, no one would say that the Supreme Court is not an independent body.

Mr. MARCANTONIO. We are not dealing with the Supreme Court here. Those gentlemen are appointed for life.

Mr. RAMSPECK. Will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Georgia.

Mr. RAMSPECK. The members of the Supreme Court hold office for life and, of course, are not susceptible to influence.

Mr. MARCANTONIO. In a letter to the House Committee on Labor, set forth in the committee's report on the Wagner-Connery bill, Chairman Biddle, of the National Labor Relations Board, set forth the various reasons why the proposed board should be an independent agency rather than in the Department of Labor. These reasons are powerfully reinforced by the decision of the Supreme Court in the Schechter case and in Rathbun against United States.

One of the main points in the Schechter decision was that section 3 of the National Industrial Recovery Act, authorizing the President to promulgate codes of fair competition, constituted an invalid delegation of legislative power in that it permitted the President, without the guidance of adequate standards fixed by Congress, "to exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade or industry." The Court contrasted the delegation of legislative power and the executive procedure provided in the National Industrial Recovery Act with the laying down by Congress of a specific policy to be administered by boards, with procedure of a quasi-judicial nature. Thus the Court referred to the Federal Trade Commission Act, which declared unlawful "unfair methods of competition", a phrase which the Court said "does not admit of precise definition, its scope being left to judicial determination as controversies arise." The following is quoted from the decision in the Schechter case:

> What are "unfair methods of competition" are thus to be determined in particular instances, upon evidence, in the light of particular competitve conditions and of what is found to be a specific and substantial public interest. * * *
>
> To make this possible, Congress set up a special procedure. A commission, a quasi-judicial body, was created. Provision was made for formal complaint, for notice and hearing, for appropriate findings of fact supported by adequate evidence, and for judicial review to give assurance that the action of the Commission is taken within its statutory authority. * * *
>
> In providing for codes, the National Industrial Recovery Act dispenses with this administrative procedure and with any administrative procedure of an analogous character.

To enforce the prohibition of the unfair labor practices described in section 8, the Wagner-Connery bill contemplates the creation of a tribunal whose procedure and functions are modeled closely after the Federal Trade Commission. To assure that the proposed National Labor Relations Board will be accorded a similar standing by the courts, it is important that nothing appear in the act indicating that Congress regards the Board merely as a bureau or agency of one of the executive departments.

The nature of boards like the Federal Trade Commission, the Interstate Commerce Commission, and the proposed National Labor Relations Board is again clearly set forth by the Supreme Court in the case of Rathbun against United States, decided May 27. In that case the Court decided that the President could not remove a Federal Trade Commissioner during his statutory term of office except for the causes enumerated in the statute. The Court distinguished its earlier decision in *Myers* v. *United States* (272 U. S. 52), where it was held that the President had the constitutional power to remove a first-class postmaster, despite a provision in the statute that such officer could be removed only on the advice and consent of the Senate. The distinction taken was that the first-class postmaster was engaged in an executive function and hence should necessarily be responsible to the President, whereas the Federal Trade Commissioner was not an executive officer at all, but was acting in a quasi-judicial and quasi-legislative capacity.

The Court referred to the report of the Senate Committee on Interstate Commerce recommending the passage of the Federal Trade Commission Act:

> The report declares that one advantage which the Commission possessed over the Bureau of Corporations (an executive subdivision in the Department of Commerce which was abolished by the act) lay in the fact of its independence, and that it was essential that the Commission should not be open to the suspicion of partisan direction. The report quotes (p. 22) a statement to the committee by Senator Newlands, who reported the bill, that the tribunal should be of high character and "independent of any department of the Government * * * a board or commission of dignity, permanence, and ability, independent of Executive authority, except in its selection, and independent in character."

Continuing, the Court said:

> Thus, the language of the act, the legislative reports, and the general purposes of the legislation as reflected by the debates, all combine to demonstrate the congressional intent to create a body of experts who shall gain experience by length of service—a body which shall be independent of Executive authority, except in its selection, and free to exercise its judgment without the leave or hindrance of any other official or any department of the Government. To the accomplishment of these purposes it is clear that Congress was of opinion that length and certainty of tenure would vitally contribute. And to hold that, nevertheless, the members of the Commission continue in office at the mere will of the President might be to thwart, in large measure, the very ends which Congress sought to realize by definitely fixing the term of office. * * *
>
> The actual decision in the Myers case finds support in the theory that such an officer is merely one of the units in the executive department and, hence, inherently subject to the exclusive and illimitable power of removal by the Chief Executive, whose subordinate and aide he is. Putting aside dicta, which may be followed if sufficiently persuasive but which are not controlling, the necessary reach of the decision goes far enough to include all purely executive officers. It goes no farther—much less does it include an officer who occupies no place in the executive department and who exercises no part of the executive power vested by the Constitution in the President.
>
> The Federal Trade Commission is an administrative body created by Congress to carry into effect legislative policies embodied in the statute in accordance with the legislative standard wherein prescribed, and to perform other specified duties as a legislative or as a judicial aid. Such a body cannot in any proper sense be characterized as an arm or an eye of the executive. Its duties are performed without executive leave and, in the contemplation of the statute, must be free from executive control. In administering the provisions of the statute in respect of "unfair methods of competition"—that is to say, in filling in and administering the details embodied by that general standard—the Commission acts in part quasi-legislatively and in part quasi-judicially * * *
>
> We think it plain under the Constitution that illimitable power of removal is not possessed by the President in respect of officers of the character of those just named. The authority of Congress, in creating quasi-legislative or quasi-judicial agencies, to require them to act in discharge of their duties independently of executive control cannot well be doubted; and that authority includes, as an appropriate incident, power to fix the period during which they shall continue, and to forbid their removal except for cause in the meantime. For it is quite evident that one who holds his office only during the pleasure of another cannot be depended upon to maintain an attitude of independence against the latter's will.

It is to be noted that though the House Committee on Labor voted to establish a National Labor Relations Board "in the Department of Labor", the committee report states:

> The committee does not intend by this change to subject the Board to the jurisdiction of the Secretary of Labor in respect of its decisions, policies, budget, or personnel. An amendment offered by the Secretary of Labor requiring that the Board's appointments of employees shall be subject to the approval of the Secretary was not accepted by the committee. We recognize the necessity of establishing a board with independence and dignity, in order that men of high caliber may be persuaded to serve upon it, and in order to give it a national prestige adequate to the important functions conferred upon it. While it is convenient to locate the Board in the Department which deals with labor problems, this nominal connection will not impair the independence of the Board, which will be free to administer the statute without accountability except to Congress and the courts.

This being the purpose of the committee, is it not the part of prudence to put the matter beyond doubt and establish the Board as a wholly independent agency? The phrase in the bill "in the Department of Labor" standing alone might carry an implication that the Board is a bureau of the Department of Labor and hence automatically subject to the control of the Secretary in the matter of budget and personnel, and invites the risk that under the Myers case the President might have the unrestrained power of removal of the members of the Board during their statutory terms of office, contrary to the intent of Congress.

Therefore the committee amendment should be defeated and the Board should be left independent.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

Mr. ELLENBOGEN. Mr. Chairman, I object.

Mr. CONNERY. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. O'MALLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I dislike very much to disagree with my good friend the gentleman from Massachusetts [Mr. CONNERY], Chairman of the Labor Committee, because I know that in this entire House there is no greater friend of labor and no better fighter for their interest than is the gentleman from Massachusetts. I do think, however, at this point where we are considering the creation of a labor mediation board we ought to be guided by experience.

The gentleman from Massachusetts [Mr. CONNERY] says this Board ought to be under the Department of Labor. If that is true, then the Railroad Labor Board, created years ago, should be under the Department of Labor, and it is not. That is an independent Board, and the actions of that Board have been commendable, so that we know an impartial board can do the best job for labor, industry, and the public alike. I know the gentleman from Massachusetts [Mr. CONNERY] would not tell you that we ought to put the Labor Relations Board under the Department of Labor. If he will not tell you that, then he has contradicted by his silence the very reasoning which he has given you for putting this Board under the jurisdiction of the Department of Labor. This is designed to be a judicial, impartial mediation board, and we should not subject it to the influence, control, or domination of any executive department of the Cabinet.

Mr. CONNERY. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Massachusetts.

Mr. CONNERY. I know the gentleman from Wisconsin would not say that the United States Supreme Court is subject to the orders of the Attorney General?

Mr. O'MALLEY. That has nothing to do with this question.

Mr. CONNERY. Under the amendment that has been offered we do not give the Secretary of Labor the power to appoint employees.

Mr. O'MALLEY. Will the gentleman answer this question: Does he think the Railroad Labor Board, after 10 years of success as an impartial body, should be put under the Department of Labor?

Mr. CONNERY. Well, in view of the fact they have done very well, I would leave it as it is. If we were creating a new board, that might be a different proposition.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from New York.

Mr. MARCANTONIO. Every board that was created during the last session of Congress, including the Reconstruction Finance Corporation, the T. V. A., the Federal Farm Mortgage, the Home Owners' Loan Corporation, and others, were created as independent branches of the executive departments.

Mr. O'MALLEY. Absolutely. If the public is to have confidence in the impartiality of this Board, it should not be under the Department of Labor because then its decisions will always be clouded in the public mind with the fact the Labor Department is prolabor and the Board is tinged with a handicap in getting wide public acceptance for its findings. Therefore, this should be an independent board.

Mr. CONNERY. It has not been in the Department of Labor up to date and it did not seem to make any difference to the employers.

Mr. O'MALLEY. It will make some difference. Now, I do not say the Department of Labor should not be prolabor. Its business is to foster, protect, and promote the interests of labor, which it should do. But this Mediation Board is supposed to treat all parties affected by its authority fairly, impartially, and without prejudice one way or the other. Those of us who are friends of labor know that labor asks nothing more from government or society than a square deal and wants to give industry and the public a square deal in return. An independent Mediation Board, like the Railway Labor Board guarantees the best method for an all around square deal in labor disputes. I hope the committee amendment is defeated. We should establish an independent Labor Mediation Board.

If this committee proposal to make the Labor Mediation Board a stepchild of the Department of Labor prevails, I shall be forced to offer an amendment to provide that each of the 3 members of the proposed board be appointed by the President, 1 to represent labor, 1 industry, and 1 the public, as on the Rail Labor Board, to insure fairness to all concerned in labor disputes. This I do not want to do, because I believe the President, in his wisdom, will so constitute the new board, if it is an independent agency, when he makes his appointments. Make this Board a real mediation board, not only for labor but for industry and the general public, by voting to defeat this committee amendment, and you will be doing the best job for labor and the country that we could do here today.

Mr. RAMSPECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RAMSPECK. A vote of "aye" is a vote in favor of the committee amendment, which places this Board in the Department of Labor, and a vote of "no" is for the establishment of an independent board?

The CHAIRMAN. The gentleman is correct. A vote of "aye" is a vote in favor of the committee amendment.

The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. CONNERY) there were—ayes 48, noes 130.

So the committee amendment was rejected.

The Clerk read the following committee amendment:

On page 8, line 12, after the word "Board" insert "any member of the Board may be removed by the President, upon notice and hearing, for neglect of duty or malfeasance in office, but for no other cause."

The committee amendment was agreed to.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 7, line 24, after the word "created", strike out "as an independent agency in the executive branch of the Government."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. RAMSPECK].

The amendment was agreed to.

Mr. EKWALL. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. EKWALL: On page 8, line 4, after the word "members", insert "no more than two of whom shall be members of the same political party."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon.

The question was taken; and on a division (demanded by Mr. EKWALL) there were—ayes 79, noes 97.

So the amendment was rejected.

The Clerk read as follows:

SEC. 4. (a) Each member of the Board shall receive a salary of $10,000 a year, shall be eligible for reappointment, and shall not engage in any other business, vocation, or employment. The Board shall appoint, without regard for the provisions of the civil-service laws but subject to the Classification Act of 1923, as amended, an executive secretary, and such attorneys, examiners, and regional directors, and shall appoint such other employees with regard to existing laws applicable to the employment and compensation of officers and employees of the United States, as it may from time to time find necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress. The Board may establish or utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may, at the direction of the Board, appear for and represent the Board in any case in court. Nothing in this act shall be construed to authorize the Board to appoint individuals for the purpose of conciliation or mediation (or for statistical work), where such service may be obtained from the Department of Labor.

(b) Upon the appointment of the three original members of the Board and the designation of its chairman, the old Board shall cease to exist; and all pending investigations and proceedings of the old Board, and all proceedings in the courts pursuant to Public Resolution No. 44, approved June 19, 1934 (48 Stat. 1183), to which the old Board is a party, shall be continued by the Board in its discretion. All orders made by the old Board pursuant to said Public Resolution No. 44 shall continue in effect unless modified, superseded, or revoked by the Board after due notice and hearing. All employees of the old Board shall be transferred to and become employees of the Board with salaries under the Classification Act of 1923, as amended, without acquiring by such transfer a permanent or civil-service status. All records, papers, and property of the old Board shall become records, papers, and property of the Board, and all unexpended funds and appropriations for the use and maintenance of the old Board shall become funds and appropriations available to be expended by the Board in the exercise of the powers, authority, and duties conferred on it by this act.

(c) All of the expenses of the Board, including all necessary traveling and subsistence expenses outside the District of Columbia incurred by the members or employees of the Board under its orders, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Board or by any individual it designates for that purpose.

With the following committee amendment:

Page 10, beginning in line 1, after the word "exist", strike out the remainder of the line and all of lines 2, 3, 4, 5, 6, 7, 8, and down to and including the word "hearing" in line 9.

The committee amendment was agreed to.

With the following further committee amendment:

Page 10, line 12, after the word "amended", strike out the remainder of line 12 and down to and including the word "status" in line 13.

The committee amendment was agreed to.

Mr. EKWALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EKWALL: Page 9, line 6, after the word "appoint", strike out the words "without regard for the provisions of the civil-service laws but subject" and insert in lieu thereof the following: "subject to the provisions of the civil-service laws and."

The amendment was rejected.

Mr. TREADWAY. Mr. Chairman, I move that the further reading of the bill be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. The Chair cannot recognize the gentleman for that purpose.

Mr. TREADWAY. Then, Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. RAMSPECK. I object, Mr. Chairman.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Do I understand that the motion of the gentleman from Massachusetts [Mr. TREADWAY] was to dispense with the reading of the bill and print it in the RECORD as amended by the committee?

The CHAIRMAN. That request was objected to.

The Clerk read as follows:

SEC. 7. Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

Mr. RICH. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 11, line 20, after the word "protection", insert "free from coercion and intimidation from any source."

The amendment was rejected.

The Clerk read as follows:

SEC. 8. It shall be an unfair labor practice for an employer—

(1) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.

(2) To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it: *Provided*, That subject to rules and regulations made and published by the Board pursuant to section 6 (a), an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization: *Provided*, That nothing in this act, or in the National Industrial Recovery Act (U. S. C., title 15, secs. 701–712), as amended from time to time, or in any code or agreement approved or prescribed thereunder, or in any other statute of the United States, shall preclude an employer from making an agreement with a labor organization (not established, maintained, or assisted by any action defined in this act as an unfair labor practice) to require as a condition of employment membership therein, if such labor organization is the representative of the employees as provided in section 9 (a), in the appropriate collective bargaining unit covered by such agreement when made.

(4) To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this act.

(5) To refuse to bargain collectively with the representatives of his employees, subject to the provisions of section 9 (a).

With the following committee amendment:

Page 12, line 12, after "U. S. C.", insert "Supp. VII."

The committee amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 12, line 11, after the word "organization", strike out the colon and all down to and including the word "made" in line 22.

Mr. TABER. This provision, Mr. Chairman, provides that 51 percent of the employees of any organization can get together and make an agreement for the discharge of the other 49 percent. I do not believe the Congress wants to go on record in favor of that sort of domination of business. It is absolutely against the interests of the employees of this country, and I hope the amendment will be adopted.

Mr. CONNERY. Mr. Chairman, I merely rise to say this in opposition: The closed-shop proposition in this bill does not refer to any State which has any law forbidding the closed shop. It does not interfere with that in any way.

The amendment was rejected.

Mr. BIERMANN. Mr. Chairman, the amendment that I have sent to the desk is an identical amendment with one that has been voted down.

Mr. DEEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 12, line 25, insert at the end of line 25, the following: "It shall be an unfair labor practice for any person (a) to interfere with, restrain, or coerce employees in the exercise of their rights guaranteed in section 7; (b) to interfere with, restrain, or coerce employees in their rights to work or join, or not to join, any labor organization."

Mr. DEEN. Mr. Chairman, I shall not use the 5 minutes accorded me, but I would like to call the attention of the House to this amendment. I offer it for two reasons. First, in many important industries there are Communists and Socialists whose sole purpose is to stir up trouble between employers and employees. The amendment will help the employers to protect their employees.

This amendment will not harm the laborers, and it will not harm the employers. On the contrary, it will benefit the employer and the employee. It would prevent any Communist or Socialist from coming into your community or mine and stirring up trouble by antagonizing employees against employers in a given industry. I hope the chairman

of the committee will accept the amendment, and I hope that Members will vote for it.

Mr. CONNERY. Mr. Chairman, this is only another form of the Tydings amendment, and will cut the hide off of this bill. I hope that it will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken and the amendment was rejected.

Mr. LLOYD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 12, lines 2 and 3, after the word "organization", strike out "or contribute financial or other support to it."

Mr. LLOYD. Mr. Chairman, I would be derelict in my duty to the great body of the people in my district if I did not do something to protect the integrity of the great lumber organization known as the Loyal Legion Association of Lumbermen.

That organization was formed in 1917 at a time when no organization had even attempted to organize the lumber industry. That organization brought better working conditions for the men engaged in the lumber industry. The very structure and fabric of the 4-L organization is based on cooperation between the employer and the employee. For over 17 years that organization has had harmony in the lumber industry, and there has not been a strike for 17 years in that industry in the Northwest. I am interested only in permitting every man engaged in the lumber industry to join a union of his own choosing, but if this language, which is not necessary for the purposes of the act or for the purposes of carrying the act into effect, remains in the bill, you will have outlawed the only organization that has brought peace and better conditions to the workmen in the lumber industry in the Northwest.

Mr. KELLER. Is this to protect a company union?

Mr. LLOYD. It is not a company union. This is a union formed by the United States Government during the war, to bring peace in the lumber industry at a time when the I. W. W. had dominated the lumber industry.

Mr. KELLER. And the lumber companies have charge of it now?

Mr. LLOYD. No; it is a cooperative organization, dominated by the men themselves, with a United States district judge as the final arbiter.

Mr. GRISWOLD. Who contributes to it financially?

Mr. LLOYD. Both the company and the men.

Mr. GRISWOLD. They contribute jointly?

Mr. LLOYD. Yes.

Mr. SCHULTE. A report has been circulated throughout the Northwest, and in the gentleman's district also, that the lumberjacks today out there are the poorest paid of any in the United States.

Mr. LLOYD. They are poorly paid, but their conditions are far better than they were before the 4-L organization came into being.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. MOTT. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by Mr. LLOYD.

There was no objection, and the Clerk again reported the Lloyd amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The amendment was rejected.

The Clerk read as follows:

REPRESENTATIVES AND ELECTIONS

SEC. 9. (a) Representatives designated or selected for the purposes of collective bargaining by the majority of the employees in a unit appropriate for such purposes, shall be the exclusive representatives of all the employees in such unit for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment: *Provided*, That any individual employee or a group of employees shall have the right at any time to present grievances to their employer.

(b) The Board shall decide in each case whether, in order to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or other unit.

(c) Whenever a question affecting commerce arises concerning the representation of employees, the Board may investigate such controversy and certify to the parties in writing the name or names of the representatives that have been designated or selected. In any such investigation, the Board shall provide for an appropriate hearing upon due notice, either in conjunction with a proceeding under section 10 or otherwise, and may take a secret ballot of employees, or utilize any other suitable method to ascertain such representatives.

(d) Whenever an order of the Board made pursuant to section 10 (c) is based in whole or in part upon facts certified following an investigation pursuant to subsection (c) of this section, and there is a petition for the enforcement or review of such order, such certification and the record of such investigation shall be included in the transcript of the entire record required to be filed under subsections 10 (e) or 10 (f), and thereupon the decree of the court enforcing, modifying, or setting aside in whole or in part the order of the Board shall be made and entered upon the pleadings, testimony, and proceedings set forth in such transcript.

With the following committee amendment:

Page 13, after line 13, strike out all of subsection (b) including lines 14, 15, 16, and 17, and insert in lieu thereof the following:

"(b) The Board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or other unit."

The CHAIRMAN. The question is on the committee amendment.

Mr. TABER. Mr. Chairman, I offer the following substitute, which I send to the desk and ask to have read.

The Clerk read as follows:

Substitute offered by Mr. TABER: Page 13, line 14, strike out lines 14 to 17, inclusive.

Mr. TABER. Mr. Chairman, the result of this substitute amendment would be to do away with the power of the Board to decide what the unit of representation of employees should be. Under the bill, the way it is presented here by the committee and with the committee amendment as it stands, the Board could create units or districts or territory over which a single operation or decision or bargaining could take place, which would include plants where the employees did not belong to the union at all and were perfectly satisfied with their situation, and would throw them right out of employment. I do not think we ought to pass the bill with any such provision in it. I hope the committee will adopt this amendment and prevent such an outrage happening.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York in the nature of a substitute for the committee amendment.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 43, noes 78.

So the substitute amendment was rejected.

The CHAIRMAN. The question now is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the other committee amendment.

The Clerk read as follows:

Page 14, line 4, after the word "hearing", insert "upon due notice."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. RAMSPECK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: Page 13, line 23, after the word "unit", strike out the period, insert a colon and the following: "*Provided*, That no unit shall include the employees of more than one employer."

Mr. RAMSPECK. Mr. Chairman, the whole purpose of this bill, the whole theory of it is that you are giving the employees of this country the right to make their own free decision as to what union they shall belong to, or whether they shall belong to any union at all. Under the committee amendment just adopted, if I construe it correctly, the employees of a given plant might be included in a unit des-

ignated by the Board, including several other plants, and forced into an agreement or under an agreement in which they had not participated, made by a union to which they did not belong and to which they did not want to belong.

I favor the right of labor to organize, and I am supporting this bill. I am speaking as a friend of labor and as a friend of the bill. As one gentleman said today, you cannot have a one-sided bill and have a fair bill. I think this amendment is a fair amendment. I think it is in the interest of organized labor and that they should not force, if any such intention exists in the committee amendment, the employees of any given plant into a union that they do not want to belong to. This amendment simply provides that there shall be no unit set up by the Board to include the employees of more than one employer. If the same employer has five or six different plants, they can put them all into one unit, but they cannot take the employees of one isolated plant and include them in a craft unit or any other sort of unit which the Board may set up without their consent and against their wishes.

I hope the Committee will adopt the amendment, because I think it will help the bill to be a success. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia [Mr. RAMSPECK] has expired.

Mr. WOOD. Mr. Chairman, I am sorry I have to disagree with the gentleman from Georgia [Mr. RAMSPECK]. I know he is honest in his belief that this amendment will improve the bill, but if the amendment is adopted it will be impossible for the national board to designate a larger unit than those employed by one employer. The coal operators and mine workers of this Nation are now engaged in working out an agreement that will affect some five or six hundred thousand coal miners of the United States. If this amendment is adopted it will preclude the power and authority of the National Labor Relations Board to have anything to do with designating a larger unit than one employer's unit, and they are represented by a number of employers.

Mr. CONNERY. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. CONNERY. According to the amendment offered by the gentleman from Georgia, the United Mine Workers would have to deal with each separate one, and they could not unite for collective bargaining as a unit in the coal industry.

Mr. WOOD. That is very true. That is also true with the building-trades industry. They reach their agreement in the cities between the general contractors' association and the various organizations. When that agreement is signed, of course, it covers any and all contractors who come under the agreement that are union.

Mr. RAMSPECK. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. RAMSPECK. The amendment I offered does not prevent other unions joining in and making a collective agreement. The unit which the Board designates is for the purpose of selecting representatives for collective bargaining. After they are selected they can get together and make an agreement covering the whole industry, but the purpose of this committee amendment is to provide a unit in which the representatives of the employees are to be selected, and for that purpose only. It would not prevent an agreement in the mine workers because they are already organized and have already selected their representatives.

Mr. WOOD. But if the gentleman's amendment is adopted the employees can only select their representatives from that one unit. The employees could not designate a national officer to represent them.

Mr. RAMSPECK. Yes; they could. By action of their union they could do that.

Mr. WOOD. They could not represent more than one unit.

Mr. RAMSPECK. Oh, yes. This limits the Board in setting up a unit for the purpose of selecting representatives. That is all.

Mr. WOOD. I hope the amendment will not be adopted, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. RAMSPECK].

The question was taken; and on a division (demanded by Mr. RAMSPECK) there were ayes 129 and noes 75.

Mr. CONNERY. I ask for tellers, Mr. Chairman.

Tellers were ordered, and the Chair appointed Mr. CONNERY and Mr. RAMSPECK to act as tellers.

The committee again divided; and the tellers reported there were ayes 127 and noes 87.

So the amendment was agreed to.

Mr. ELLENBOGEN. Mr. Chairman, I rise to change my vote from "no" to "aye," and for the purpose of making a motion to reconsider the vote.

The CHAIRMAN. The Chair will state to the gentleman from Pennsylvania that such a motion is not in order in Committee of the Whole.

The Clerk will read.

The Clerk read as follows:

PREVENTION OF UNFAIR LABOR PRACTICES

SEC. 10. (a) The Board is empowered, as hereinafter provided, to prevent any person from engaging in any unfair labor practice (listed in sec. 8) affecting commerce. This power shall be exclusive, and shall not be affected by any other means of adjustment or prevention that has been or may be established by agreement, code, law, or otherwise.

(b) Whenever it is charged that any person has engaged in or is engaging in any such unfair labor practice, the Board, or any agent or agency designated by the Board for such purposes, shall have power to issue and cause to be served upon such person a complaint stating the charges in that respect, and containing a notice of hearing before the Board or a member thereof, or before a designated agent or agency, at a place therein fixed, not less than 5 days after the serving of said complaint. Any such complaint may be amended by the member, agent, or agency conducting the hearing or the Board in its discretion at any time prior to the issuance of an order based thereon. The person so complained of shall have the right to file an answer to the original or amended complaint and to appear in person or otherwise and give testimony at the place and time fixed in the complaint. In the discretion of the member, agent, or agency conducting the hearing or the Board, any other person may be allowed to appear in the said proceeding to present testimony. In any such proceeding the rules of evidence prevailing in courts of law or equity shall not be controlling.

(c) The testimony taken by such member, agent or agency, or the Board shall be reduced to writing and filed with the Board. Thereafter, in its discretion, the Board upon notice may take further testimony or hear argument. If upon all the testimony taken the Board shall be of the opinion that any person named in the complaint has engaged in or is engaging in any such unfair labor practice, then the Board shall state its findings of fact and shall issue and cause to be served on such person an order requiring such person to cease and desist from such unfair labor practice, and to take such affirmative action, including reinstatement of employees with or without back pay, as will effectuate the policies of this act. Such order may further require such person to make reports from time to time showing the extent to which it has complied with the order. If upon all the testimony taken the Board shall be of the opinion that no person named in the complaint has engaged in or is engaging in any such unfair labor practice, then the Board shall state its findings of fact and shall issue an order dismissing the said complaint.

(d) Until a transcript of the record in a case shall have been filed in a court, as hereinafter provided, the Board may at any time, upon reasonable notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any finding or order made or issued by it.

(e) If such person fails or neglects to obey such order of the Board while the same is in effect, the Board may petition any circuit court of appeals of the United States (including the Court of Appeals of the District of Columbia), or if all the circuit courts of appeals to which application may be made are in vacation, any district court of the United States (including the Supreme Court of the District of Columbia), within any circuit or district, respectively, wherein the unfair labor practice in question occurred or wherein such person resides or transacts business, for the enforcement of such order and for appropriate temporary relief or restraining order, and shall certify and file in the court a transcript of the entire record in the proceeding, including the pleadings and testimony upon which such order was entered and the findings and order of the Board. Upon such filing, the court shall cause notice thereof to be served upon such person, and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to grant such temporary relief or restraining order as it deems just and proper, and shall make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree enforcing, modifying, or setting aside in whole or in part the order of the Board. No objection that has not been urged before the Board, its member, agent or agency, shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. The findings of the Board as to the facts, if supported by evidence, shall be conclusive. If either

party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Board, its member, agent, or agency, the court may order such additional evidence to be taken before the Board, its member, agent, or agency, and to be made a part of the transcript. The Board may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and it shall file such modified or new findings, which, if supported by evidence, shall be conclusive, and shall file its recommendations, if any, for the modification or setting aside of its original order. The jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the appropriate circuit court of appeals if application was made to the district court as hereinabove provided, and by the Supreme Court of the United States upon writ of certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

(f) Any person aggrieved by a final order of the Board granting or denying in whole or in part the relief sought may obtain a review of such order in any circuit court of appeals of the United States in the circuit wherein the unfair labor practice in question was alleged to have been engaged in or wherein such person resides or transacts business, or in the Court of Appeals of the District of Columbia, by filing in such court a written petition praying that the order of the Board be modified or set aside. A copy of such petition shall be forthwith served upon the Board, and thereupon the aggrieved party shall file in the court a transcript of the entire record in the proceeding, certified by the Board, including the pleading and testimony upon which the order complained of was entered and the findings and order of the Board. Upon such filing, the court shall proceed in the same manner as in the case of an application by the Board under subsection (e), and shall have the same exclusive jurisdiction to grant to the Board such temporary relief or restraining order as it deems just and proper, and shall in like manner to make and enter a decree enforcing, modifying, or setting aside, in whole or in part, the order of the Board; and the findings of the Board as to the facts, if supported by evidence, shall in like manner be conclusive.

(g) The commencement of proceedings under subsection (e) or (f) of this section shall not, unless specifically ordered by the court, operate as a stay of the Board's order.

(h) When granting appropriate temporary relief or a restraining order, or making and entering a decree enforcing, modifying, or setting aside in whole or in part an order of the Board, as provided in this section, the jurisdiction of courts sitting in equity shall not be limited by the act entitled "An act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes" (U. S. C., title 29, secs. 101–115).

(i) Petitions filed under this act shall be heard expeditiously, and if possible within 10 days after they have been docketed.

With the following committee amendments:

On page 15, line 20, strike out the word "appear" and insert the word "intervene."

In line 21, after the word "proceeding", insert the word "and."

Page 16, line 24, strike out "If such person fails or neglects to obey such order of the Board while the same is in effect, the Board may," and insert "The Board shall have power to."

Page 17, line 19, strike out the word "shall" and insert the word "to."

Page 17, line 21, after the word "modifying", insert "and enforcing as so modified."

Page 19, line 20, strike out all of lines 20 and 21 and insert "and in like manner to make and enter a decree enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order."

Page 20, line 9, after the word "modifying", insert "and enforcing as so modified."

Page 20, line 14, strike out "(U. S. C.," and insert "approved March 23, 1932 (U. S. C., Supp. VII."

The committee amendments were agreed to.

Mr. HALLECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALLECK: Page 15, line 23, after the word "shall", strike out the word "not."

Mr. HALLECK. Mr. Chairman, I want briefly to call attention to what this amendment would do. If the bill becomes law a national labor relations board is set up which, as I understand it, will be a quasi-judicial body charged with hearing and determining certain questions of fact which may be presented to it. It is provided in subsection (b) of section 10:

(b) Whenever it is charged that any person has engaged in or is engaging in any such unfair labor practice, the Board, or any agent or agency designated by the Board for such purposes, shall have power to issue and cause to be served upon such person a complaint stating the charges in that respect.

It is further provided that the board shall thereupon hear witnesses and take testimony with a view of determining whether or not there have been unfair labor practices.

The particular provision to which I object reads as follows:

In any such proceeding the rules of evidence prevailing in courts of law or equity shall not be controlling.

I propose to strike out of that sentence the word "not" and to provide thereby that the general rules of evidence applying in courts of law and equity shall prevail. My idea is simply this, that the board is charged with the duty of determining questions of fact. In my view these facts should be established as any fact is established in any court, by competent evidence. I do not mean evidence circumscribed by technical rules, but I do mean that it should be evidence of fact as distinguished from hearsay, rumors, or reports; that the persons who are there present and testifying shall testify to such facts as shall establish the charge.

Further in this connection, a considerable point is made in the report of the committee to the effect that when an appeal is taken or the order is taken to the United States Court it is not tried de novo but is tried upon a transcript of the proceedings and the testimony and the evidence before the board.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I rise in opposition to the gentleman's amendment merely to state that it has been clearly set out during many years why it was necessary to do away with the ordinary rules of evidence when it came to administrative boards of the United States Government. In hearings before these boards one is not dealing with a jury. Evidence presented before these boards, therefore, should not be circumscribed with all the technical rules of admissibility which have been found necessary in presenting evidence to juries.

I call the attention of Members to the fact that in the case of the Interstate Commerce Commission, the Federal Trade Commission, and the Workmen's Compensation Board the usual rules of the admissibility of evidence do not apply.

I hope the amendment is defeated.

The CHAIRMAN. The question is on the amendment of the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. HALLECK) there were—ayes, 84, noes 117.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 15, line 2, after the word "code", strike out the word "law."

Mr. TABER. Mr. Chairman, I want to ask the chairman of the committee if he will not accept this amendment. It seems as though, were he really anxious to improve the bill, he would accept this amendment.

Mr. CONNERY. I will say to my friend that ordinarily I would be glad to accept an amendment of this sort, but the word "code" can mean something else besides an N. R. A. code.

Mr. TABER. I am just trying to strike out the word "law."

Mr. CONNERY. No; I think we better leave the language of the section as it is written. We have had a number of constitutional lawyers studying this bill for weeks, and I think it is a pretty good bill.

Mr. TABER. Mr. Chairman, that indicates the attitude of the committee with reference to this bill. They want it just as bad as it can be. If a law is passed, of course, changing any rule with reference to this bill, that law would supersede this. The fact this word is in there indicates they are trying to do something that is impossible. I hope this amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The Clerk read as follows:

INVESTIGATORY POWERS

SEC. 11. For the purpose of all hearings and investigations, which, in the opinion of the Board, are necessary and proper for the exercise of the powers vested in it by section 9 and section 10—

(1) The Board, or its duly authorized agents or agencies, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any evidence of any person being investigated or proceeded against that relates to any matter under investigation or in question. Any member of the Board shall have power to issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under investigation or in question, before the Board, its member, agent, or agency conducting the hearing or investigation. Any member of the Board, or any agent or agency designated by the Board for such purposes, may administer oaths and affirmations, examine witnesses, and receive evidence. Such attendance of witnesses and the production of such evidence may be required from any place in the United States or any Territory or possession thereof, at any designated place of hearing.

(2) In case of contumacy or refusal to obey a subpena issued to any person, any District Court of the United States or the United States courts of any Territory or possession, or the Supreme Court of the District of Columbia, within the jurisdiction of which the inquiry is carried on or within the jurisdiction of which said person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the Board shall have jurisdiction to issue to such person an order requiring such person to appear before the Board, its member, agent, or agency, there to produce evidence if so ordered, or there to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(3) No person shall be excused from attending and testifying or from producing books, records, correspondence, documents, or other evidence in obedience to the subpena of the Board, on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(4) Complaints, orders, and other process and papers of the Board, its member, agent, or agency, may be served either personally or by registered mail or by telegraph or by leaving a copy thereof at the principal office or place of business of the person required to be served. The verified return by the individual so serving the same setting forth the manner of such service shall be proof of the same, and the return post-office receipt or telegraph receipt therefor when registered and mailed or telegraphed as aforesaid shall be proof of service of the same. Witnesses summoned before the Board, its member, agent, or agency, shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

(5) All process of any court to which application may be made under this Act may be served in the judicial district wherein the defendant or other person required to be served resides or may be found.

(6) The several departments and agencies of the Government, when directed by the President, shall furnish the Board, upon its request, all records, papers, and information in their possession relating to any matter before the Board.

SEC. 12. Any person who shall willfully resist, prevent, impede, or interfere with any member of the Board or any of its agents or agencies in the performance of duties pursuant to this act shall be punished by a fine of not more than $5,000 or by imprisonment for not more than 1 year, or both.

LIMITATIONS

SEC. 13. Nothing in this act shall be construed so as to interfere with or impede or diminish in any way the right to strike.

SEC. 14. Wherever the application of the provisions of section 7 (a) of the National Industrial Recovery Act (U. S. C., title 15, sec. 707 (a)), as amended from time to time, or of section 77 (b), paragraphs (l) and (m) of the act approved June 7, 1934, entitled "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto" (48 Stat. 922, pars. (l) and (m)), as amended from time to time, or of Public Resolution No. 44, approved June 19, 1934 (48 Stat. 1183), conflicts with the application of the provisions of this act, this act shall prevail: *Provided*, That in any situation where the provisions of this act cannot be validly enforced, the provisions of such other acts shall remain in full force and effect.

With the following committee amendment:

Page 24, line 7, insert the words "Supp. VII", and on page 24, line 8, strike out "(b)" and insert "B."

The committee amendments were agreed to.

Mr. BIERMANN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BIERMANN: On page 24, strike out section 13 and substitute the following language: "Nothing in this act shall be construed so as to diminish the right to strike before an agreement has been made between the employer and the duly authorized representatives of the employees. After that agreement has been made, and so long as it shall be observed by the employer, a strike shall be considered as a violation of the spirit of this act."

Mr. BIERMANN. Mr. Chairman, I merely want to read the section as it is now and the amendment which I offer in its place. The section as it reads now is:

Nothing in this act shall be construed so as to interfere with or impede or diminish in any way the right to strike.

I offer as a substitute these words:

Nothing in this act shall be construed so as to diminish the right to strike before an agreement has been made between the employer and the duly authorized representatives of the employees. After that agreement has been made, and so long as it shall be observed by the employer, a strike shall be considered as a violation of the spirit of this act.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is another amendment like the Tydings amendment that would hamstring this bill. It would take the heart right out of it and kill the bill. It is another way of interfering with labor's right to strike, which is not a right that comes from Congress, but is a divine right which comes from the Almighty God.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. BIERMANN].

The question was taken; and on a division (demanded by Mr. BIERMANN) there were—ayes 115, noes 109.

Mr. CONNERY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. CONNERY and Mr. BIERMANN to act as tellers.

The Committee again divided; and the tellers reported there were ayes 107 and noes 140.

So the amendment was rejected.

Mr. CONNERY. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CONNERY: On page 24, at the end of line 20, insert a new section, as follows: "Nothing in this act shall abridge the freedom of speech or the press as guaranteed in the first amendment of the Constitution."

The amendment was agreed to.

The Clerk read as follows:

SEC. 15. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 16. This act may be cited as the "National Labor Relations Act."

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the Clerk may be given permission to renumber the sections.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, under the resolution (H. Res. 263), he reported the same back to the House with sundry amendments agreed to in committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be read a third time, and was read the third time.

Mr. HARTLEY. Mr. Speaker, I offer a motion to recommit.

The Clerk read as follows:

Mr. HARTLEY moves to recommit the bill to the Committee on Labor with instructions to that committee to refer the bill back to the House forthwith with the following amendment: On page 11, line 20, after the word "protection", insert the following: "free from coercion or intimidation from any source."

Mr. CONNERY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. TABER. Mr. Speaker, on that I ask for the yeas and nays.

The SPEAKER. The Chair will count. [After counting.] Twenty Members have risen. Not a sufficient number.

The yeas and nays were refused.

The question was taken, and the bill was passed.

A motion to reconsider was laid on the table.

The title was amended to read as follows: "An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes."

EXTENSION OF REMARKS—WAGNER-CONNERY LABOR-DISPUTES BILL

Mr. SCHNEIDER. Mr. Speaker, since the beginning of this session of Congress I have favored the passage of an adequate bill guaranteeing the right of labor to organize and bargain collectively, and wiping out the inequalities in bargaining power between the employer and employee. I believe that the Wagner-Connery labor-disputes bill, which has been favorably reported by the House Labor Committee, upon which I have had the privilege of serving, will do much to accomplish these purposes and to prevent industrial unrest. I am heartily in favor of its passage now by the House and am opposed to amendments which will hamstring its enforcement.

This bill strengthens the guaranties to labor of the right to organize and bargain collectively, as originally provided in the National Industrial Recovery Act. By this legislation we state clearly that—

Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection.

The bill further defines these rights by prohibiting the following unfair labor practices on the part of the employers:

First. Restraint or coercion of employees in the exercise of their rights to organize and bargain under the section quoted above.

Second. Domination or interferences with the formation or administration or contribution of financial or other support to labor organizations.

Third. Discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in labor organization. "A reservation is made of the right of the employers and employees to make voluntary contracts to operate under a union-shop agreement."

Fourth. Discharge or other discrimination against an employee because he has filed charges or given testimony under this law.

Fifth. Refusal to bargain collectively with the representatives of the employees, who are selected by a majority vote, in respect to rates of pay, wages, hours of employment, and other conditions of employment. Employees other than the designated representatives, individually or otherwise, may present grievances.

The principal objection to the bill has been to this section defining unfair trade practices. The chief misrepresentations relative to these provisions alleged that they compel closed-shop conditions.

A careful analysis of this bill will show, however, that there is no requirement by governmental regulation that shops be unionized, but merely a guarantee of the right of the workers, however organized, to determine by a majority vote who shall represent them in negotiations on rates of pay, wages, hours of employment, and other conditions. The closed shop may be established only in those cases where the employer and employee voluntarily operate on this basis.

The bill provides further for creation of a National Labor Relations Board, a quasi-judicial group with three members, which is given authority to investigate industrial disputes, discrimination, and other violations of the law. If, after proper notice and hearings, the Board finds that any concern has been engaging in any of the unfair labor practices listed, it has authority to issue orders prohibiting such violation of the law and may take affirmative action to enforce its orders. It may order reinstatement of employees unfairly treated in violation of the law, with or without back pay.

Penalties are provided for failure to observe the law, and provision is made for enforcement through the courts. Many of the legal technicalities are waived in connection with the procedure of the Board, and representatives of the Board are authorized to hear disputes in various parts of the country, so it is unnecessary for a worker to journey to Washington to present his case.

As indicated in the preamble of the bill, this legislation is necessary to equalize the rights and privileges of workingmen and their employers by removing the inequalities in bargaining power. It also aims to give the worker full freedom of association with a view and for the purpose of securing an agreement on any matter in dispute in the relationships of the employer and the employee.

Since the great expansion of our industrial system, the laborer has become only a small cog in the vast industrial machinery, and an attempt is made here to preserve his right to stand on an equal footing with the employer in making a contract for the sale of his services and regulating the conditions under which he works. I urge the enactment of this bill by the House.

While those of us who favor the bill are very hopeful that it will accomplish all the purposes intended, its success will depend upon the character of the members of the Board appointed by the President and the thoroughness and firmness with which they administer the act.

Mr. GILDEA. Mr. Speaker, eternal vigilance is the price American workingmen must pay for economic freedom. The strong right hand of labor must always be on the alert to stave off the armed forces of aggrandizement, and unfortunately, labor must be equally as vigilant to safeguard its interest from the mistakes of those who pose as well-meaning friends.

The Wagner-Connery labor-disputes bill was hailed as a new Magna Carta for organized labor. It was looked upon as a measure restoring lost teeth to section 7 (a) of the National Recovery Act, but the teeth have been for the time being pulled out and the intention of the labor-disputes bill has been as completely turned aside by amendments as section 7 (a) was nullified by the Richberg interpretation, and if the amendments tacked onto the bill are permitted to remain therein the bill itself will be as powerless as N. R. A. after the Supreme Court decision had replaced the Blue Eagle with a stuffed chicken.

The same forces are at work today and within the circle of labor's friends originate the harmful amendment, just the same as the interpretation on section 7 (a) in the Motor Code case was made by a recognized friend of labor.

The amendments tacked onto the labor-disputes bill were no bright little ideas that came spontaneously to their authors as they sat in their seats on the floor of the House.

The major amendment would prevent the new National Labor Relations Board from recognizing as a collective-bargaining unit any group consisting of employees of more than one employer.

Coal miners in my home district would be compelled to deal with each individual employing company and the principle of collective bargaining, established through 35 years of untiring effort, would be wiped out by congressional action in a bill supposedly drawn up in the interest of the working class.

The amendment strikes a damaging blow against national unions which labor through its own effort has created and degenerates into an extension of the Government-union idea, one union for each plant.

The open shop would be restored, chaos in industries such as mining would ensue, and protection would be given the chiseler instead of support and protection being given the organized workers of each separate craft.

Business, as well as labor, is better off when wage conditions are uniform in an industry.

The Senate and the House conferees must strip the amendments from the Wagner-Connery bill.

Labor must insist on a roll-call vote as its one and only safeguard against under-cover effort on the part of the opposition to defeat its program.

Real friends of labor, such as Senator WAGNER and the Chairman of our own House Labor Committee, BILL CONNERY, can be counted upon to strike out the damaging amendments in conference and then it behooves all of us to stand up and be counted in defense of the conference report and in support of the principle of collective bargaining recognized and established as a national policy through the Labor Relations Board.

Labor looks for the support and backing of every Roosevelt Democrat on this side of the aisle. Labor appreciated the aid given this bill by true-hearted liberals on the other side of the aisle, who were among the staunchest supporters of the bill.

The combined strength of both forces is needed to smoke out the opponents, and there is just one way to make this bill a power for good—strip the bill of its nullifying amendments and give the newly created Labor Board a complete set of sound teeth with which to enforce regulations, and then through Government recognition of the rights of labor weld the man power of the Nation into a united force working for the general welfare of our people and the permanent recovery of our Nation.

EXTENSION OF REMARKS

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to include in the revision of my remarks a letter I wrote to employers on the Wagner-Connery labor bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EQUALITY OF RIGHTS AND OPPORTUNITIES AMONG WAGE EARNERS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a statement issued by the junior Senator from New York [Mr. WAGNER] on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, today the feeling against trade unionism has narrowed down to the issue against the closed shop. That term, if not positively unfair, is unfortunate. It is an appeal to sentiment, not to right reason. The closed shop is the union shop, or contract shop, for it is founded on a contract between the employer and the union authorized to speak for his employees.

Freed from all complications, what is the closed-shop issue? It has two sides, one legal the other economic and practical. A well-organized union offers to supply all the labor that an employer needs in a certain line. It proposes a contract covering wages, hours, and so forth. It is based on the principle of collective bargaining and, as a necessary corollary, collective responsibility. The union guarantees efficient and good work on the part of the employees. It cannot assume responsibility for outsiders, having no control over them.

It asserts that a shop cannot be half union and half nonunion and, therefore, it asks the employer who is willing to recognize the union at all, and with it the principle of collective bargaining, to agree to employ none but union labor. The union shop, in other words, is to be closed to nonunion workmen, not only in the interest of the contracting employees, but also in the interest of the employer.

It is clear that in America industrial peace must be based upon reason rather than force. We have always cherished the ideal of employers and workers working together with friendly and open minds in order that they may exchange views and arrive at solutions grounded not in compulsion but in mutual concessions and mutual benefits. This may be termed the method of conference, of give and take, of free cooperation.

The railway industry is the best example of the conference or voluntary method of ironing out industrial disputes between employers and employees. In this industry, the Government long ago sponsored the device of "secret elections of representatives" for collective bargaining in which the principle of majority rule applied.

In practice it was discovered that majority rule was best for employers as well as employees. Workers found it impossible to approach their employer in a friendly spirit if they remained divided among themselves. Employers likewise found it more satisfactory to confer voluntarily with a united and contented group of workers than with a group torn by internal dissension. Singleness of purpose and responsibility on each side gave to business transactions that stability which every employer desires.

Another necessary condition of peace was that the representatives of the workers should gain their confidence by representing them alone, just as an advocate in court speaks only for one side. Hence the railroad industry completely outlawed the sham union which was financed and controlled by the employer.

The right of every man to sell his labor as he sees fit is exactly the right on which the closed shop is based. The right to work and to contract for work includes the right to refuse to work except under certain conditions, and the nonemployment of certain classes of labor may very well be one of these conditions.

The right of the nonunion man is not infringed upon when the unionist merely refuses to work beside him or when he asks the employer to choose between them. As to the employer, he has a right to hire anyone he pleases, and he may discriminate at will against union and nonunion labor. Indeed, he lays great stress upon this right; and should he desire to make a contract with a union, what is to prevent such preference?

The reasons that appeal to a union man for not working with a nonunion man are manifest and obvious. Men instinctively love the society of their kind, whether in work or play, and the man who desires the society of his companions must arrange his life so that his associates are content to live with him.

Trade unionists have for centuries believed that they were upholding the rights of men, protecting the welfare of their class, and promoting the interests of their homes; that without the union shop, their liberty and their independence would be gone. This is not a fact of trade unionism alone, but a deep abiding fact in human life. In the last analysis, it is the law of self-defense; and employers have exactly the same feeling toward one of their members who gives his influence to the other side. Both feel that the offending man is disloyal to his class, and just so long as industry is carried on by two classes in hostile camps, this feeling must and will continue.

A nation goes to war to protect one of its subjects; so the union makes it its duty and concern to preserve the rights of its humblest member. This can be done only by masses of men and women who are willing to stand or fall together.

Already this responsibility for man to man has been laid upon workmen by the law. Though the employer insists

that he alone has the absolute right to employ or discharge at will, yet the courts have always insisted that it is the workman who is responsible for the negligence and lack of skill of his fellow workman, and it is he who must assume this burden or give up his employment.

The land is full of cripples, widows, and orphans whose injuries are caused by the negligence of some fellow servant whom the employer forced upon the workman; and these cripples, widows, and orphans are turned out without redress, without protection, upon the legal theory that each workman is responsible for his fellows.

The battle for trades unions has been long and bitter, and most of their rules and conditions are really founded on necessity, and are right and just in the light of experience. A close study would show that few rules established by the unions are severe or arbitrary. They have arisen in the heat of conflicting interests, and from the necessity of dealing with watchful and unscrupulous enemies.

The history of trades unionism is the history of the progress of the common people toward the comparative independence which they enjoy today; it is one long tale of struggles, defeats, and victories, and every step in their progress has been fought against stubborn and powerful oposition.

The closed shop in the only sure protection for trade agreements and for the defense of the individual. The open shop destroys organization, and in reality is the open door through which the union man goes out and the nonunion man takes his place. The open shop means uncertainties, anxiety, and a shifting basis for the principles of industry. Under the open shop, the easy job goes to the nonunion man, to the friend of the employer; the hard and dangerous task to the man whose devotion to his fellows incurs the enmity of the boss.

I am convinced that the old dog-eat-dog competition between business and business and between employer and employee is the way of destruction. That system has produced many depressions in the past, and progressively worse and longer depressions. If human experience is any guide, that old system, if allowed to continue, will produce even worse havoc in the future. It will destroy itself, as it almost destroyed itself last time.

War and strife are not ideal states, but so long as the struggles of classes continue, the weak and helpless must look to trades unionism as their most powerful defender.

This bill is intended to give to labor the effective use of its right to organization. The provisions of this bill are intended to restate labor's bill of rights and to make them effective as applied under modern conditions of industry. It is not designed to meet the present national emergency only. It is intended for all time.

Because of the vital importance to national recovery of equality of rights and of opportunities among wage earners as well as employers and other citizens, I trust you will support this measure, for if it fails of passage it will be evident that labor was misled by Congress when section 7 (a) was originally enacted and that labor's right to trade-union organization does not and is not intended to compare with the employer's right to collective action through organization.

Mr. Speaker, I tender a statement of the junior Senator from New York, the Honorable ROBERT F. WAGNER, published in the Washington Daily News this afternoon. It discusses the important features of the bill now before us for consideration, and is very informative.

The majority of criticisms against the national labor relations bill spring from misinformation about its provisions and purposes.

First, there is the charge that the measure would regiment men in national unions. On the contrary, the bill gives added protection to workers who wish to exercise their free choice to remain completely unorganized. It provides specifically that no worker can be discharged or paid lower wages or discriminated against in any way because he refused to join any labor union of any kind.

DOES NOT FORCE UNIONISM

Second, there is nothing in the bill which favors the closed shop. It provides merely that closed-shop agreements may be made, but only in those States where they are now legal, by voluntary agreements between employers and employees. In fact, the bill somewhat narrows the now existing law sanctioning such agreements by stipulating that they shall be valid only when desired by the employer and the majority of the workers to be covered by them.

Finally, it has been argued that the bill, in order to be fair, should protect employees from "coercion" not only by employers, but by other employees as well. This argument neglects the simple objectives of the bill.

All the bill intends is to provide that employers shall not interfere with the self-organization of workers. Certainly employers already possess the right of self-organization without interference by employees; thus the bill aims at equality, not inequality.

SUPERVISION NOT SOUGHT

To supervise the activities of employees among themselves would be as foreign to the purposes of the legislation as to supervise the activities of employers among themselves. The bill does neither.

To saddle upon the National Labor Relations Board the duty to prevent "coercion" by labor unions or employees would create a superfluous remedy for wrongs simply dealt with today by police courts and by injunctive relief in Federal and State courts, and in addition it would destroy the usefulness of the Board by overwhelming it with petty complaints.

Moreover, in view of court decisions, the prohibition of "coercion" by employees would give new congressional sanction to those many old decisions which have banned peaceful picketing, the mere threat to strike, and even the circularization of banners, on the ground that they were "coercive." This in effect would repeal the Norris-LaGuardia Anti-Injunction Act, and instead of promoting the freedom of the worker would drive him back into the bondage that existed before that humane piece of legislation was enacted.

OLD-AGE SUPPORT AND THE PROBLEM OF SWOLLEN FORTUNES

Mr. GRAY of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the support of old age and great fortunes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GRAY of Indiana. Mr. Speaker, there was a time in this country when the common laboring man could provide a living for his family while saving sufficient for old age. And there was a time when it was possible for laboring men to help their aged parents while providing for their own family. But under new and changed conditions this time is past and gone; and the work-worn laboring man is left at the close of life's weary day helpless, dependent, and without means to live.

In the days of his young manhood and prime he had expended his strength and energies, he had exhausted his body, he had sped up in production, he had produced to the limit of endurance. But he had toiled and labored only to find the ownership and credit for the wealth he had created had passed from him to others. And he had only taken from his toil and labor sufficient to sustain him from day to day and that only while he remained employed.

Even the common middle classes, always holding and using some property of their own with their labor for income, and saving up a sufficient sum for use during their declining years, now find themselves bankrupt and insolvent, without means and support in their old age. Finally, the earnings of the middle classes have been reduced until the amount received is barely sufficient for their needs from day to day. And following came the panic or depression to sweep away the savings of former years, leaving them destitute and in want in the winter of their lives.

Prof. Irving Fisher, of Yale University, shows in a statement of earnings and income that out of 120,000,000 people 96,000,000 are making incomes barely sufficient to meet the present needs to live, leaving nothing to serve for old age, and millions becoming dependent each year.

Even up to this time, every two men who are earning their living are paying taxes in some form for the present support of another man, with earnings and income still diminishing and taxes and the cost of living still increasing. This great economic, industrial change, this failure of earnings and income of the many, the masses, the multitude, has come to be the pressing problem, pressing for immediate action and solution. And to meet and solve the problem and to remedy the cause we must know why this change came, we must know how it came, we must know the men or forces bringing it on, we must know the system under which it came.

All wealth is dug out of the ground or created by toil and labor. But the many who produce the most of it have come to possess and enjoy the least of it, and the few who produce the least of it have come to hold the most of it. The few have come to hold wealth which they could not dig out of the ground nor create by their toil and labor, working every day for a thousand years and for which they have never worked for a single day to produce or acquire.

It has been stated and shown by authority that less than fifteen one-hundredths part of the people have come to own and possess eighty-five one-hundredths of all the wealth and property of the country. And that less than fifteen one-hundredths part of the wealth is left to be divided up among more than eighty-five one-hundredths of the people. There has been a certain amount of wealth created and is in existence in this country, and where a few men hold such great wealth and part of the property and earnings it follows as a conclusive result that only a small part is left, and very little can be left for each, when divided up among the many.

But if the national debt does not exceed or equal all wealth today, and these powers of money or wealth to double and multiply itself shall be allowed to continue on, it is only a question of time when a few men will own all the wealth and the many will own little or nothing. But the rich are growing richer, and the poor are growing poorer. The few are taking more and more of the incomes, and the many are taking less and less of the incomes. Last year 26 more men took a million dollars or more each and 81 less men were taking $5,000 each, and still more were left with little or no income.

But there is much evidence and authority to show that, in fact, all wealth has already passed from the many—the masses—to the certain special few. While a part has been left remaining and shown held in the name of the people, the people have given their notes and mortgages and are charged on bonds and obligations until the public and private debt now stands in excess of all wealth. Mr. J. H. Rand, of the Remington Typewriter Co., is authority for the statement in 1932 that the total debt was $141,924,300,000, while the total value of all wealth was $138,000,000,000—or total wealth two billions less than the total debt, and on the application of all the property to the debt there would still be a deficit and no equity remaining.

And what is true today of the distribution of wealth is true or more than true of the earnings and income of industry. Less than fifteen one-hundredths part of the people are taking over eight-five one-hundredths part of the earnings and the income, or seven times as much income as eighty-five one-hundredths of the people are taking to be divided up among them. The incomes and earnings of all the people working and producing together is variously estimated and stated from 60 to 70 billions of dollars annually under normal industrial conditions. This is a huge, monstrous sum of money—too large for realization or comprehension, too large for any few men, but not so large if divided out among the 120,000,000 people accordingly as they labor to produce.

During the last few years of normal conditions, from this national income, some men have reached in and taken out $5,000,000 each. Some men have taken four, three, or two millions each, one family has taken over $55,000,000 a year; 16,000, or less than thirteen one-hundredths part of the people, have taken four and one-half billions annually, leaving the remaining part to be divided up among the balance of 120,000,000 people. Then another certain few men, taking only less than $1,000,000 each, have taken a large part of what remains, leaving a still smaller portion to be divided up among the remainder of 120,000,000 people.

This condition is all because of the system under which money makes money, and makes more money and faster than men by labor can make money. And the money of the few men makes more money than the labor of the many. Wealth and capital increases and multiplies, and the capital and wealth of a few men increases and multiplies and brings more income than all the toil and labor of the many, the multitudes.

Under new and changed conditions, with the automatic machine in industry which has taken the place of manpower, and is supplanting the craft of the human hand, the certain special few are taking both the earnings of capital investments and the greater part of the income which in other times was going to labor. And certain few gambling financiers are acquiring billions from the people under and by stock-jugglery operations and holding-company manipulations, and the system of reorganizing corporations with watered- and excess-stock issues.

These few men are making money not only by collecting interest on their own money, but by collecting interest on all the people's money, by collecting interest on every dollar which the Government puts into circulation, and collecting this interest as long as it remains in circulation. But, even more than collecting interest on their own and people's money, by certain gambling devices and fictions, they are loaning 10 times their capital and deposits, and are collecting interest on billions of dollars loaned which, in fact, have no existence.

Labor and the consuming masses must pay the final and total interest charge on all the interest collected in whatever form, and from whatever source. They must pay the interest charge upon the corporation debt of 76 billions. They must pay the interest charge upon the urban mortgage debt of 37 billions. They must pay the interest charge upon the bank loans of 35 billions. They must pay the interest charge upon the State, county, and municipal debts which now amount to more than 25 billions of dollars. They must pay the interest charge upon the increased national debt, now amounting to 32 billions of dollars.

They must pay the interest charge upon the farm mortgages of $9,000,000,000. They must pay the interest charge upon life-insurance loans of $3,000,000,000. They must pay the interest charge upon the retail installment loans, now amounting to more than $3,000,000,000. They must pay the interest charge upon the unlawful pawnbrokers' loans, which now amounts to over $1,000,000,000. They must pay the interest charge upon the total staggering debt, which now amounts to more than the value of all wealth, and which it is absolutely impossible for men to pay.

These are some of the ways a few are making more money than the many—the masses, the multitude—are making by their own toil and labor, working long hours day in and day out, working through all the years of a lifetime.

But even more pressing than the problem of the cause, than the problem of the remedy, is the problem of the relief. And first the relief of the aged and those who have labored without recompense and who have toiled a lifetime in vain. It is a problem which must be met, met promptly and without delay. We cannot wait to change our industrial system. We cannot wait to remedy the evils of our monetary or currency system to provide for relief of toilers in old age. Their working days are over. They cannot go back to begin again. The earnings and income from their labor have passed into vested property rights of great wealth and swollen fortunes and are claimed and held by the certain special few.

The pressing emergency can only be met promptly as required by taxation. The problem is what property shall be taxed to reach relief and make up from the earnings and income taken from the producers in their working days for their support in their old age.

The common middle classes have always borne and are now bearing the great burden of all taxes and they are now assessed to the limit. They can pay no more taxes.

Taxes are of two kinds—direct and indirect taxes. Direct taxes are paid at the courthouse, and which the people know how much they are paying, how much of their wages, income, and money is being taken from them. Indirect taxes are mixed and mingled with the price and levied upon the necessaries of life, which the people must pay to live and in such a way they cannot tell how much is price and how much is tax. They only know the high cost of living, they

only realize the labor required to live. The people are paying these indirect taxes every time they make a deed or conveyance of real estate, every time they make a check to pay a bill or debt, every time they buy a cigar or tobacco, every time they buy a bottle of perfume or toilet article, every time they buy a ticket to a show or amusement, and every time they purchase an article upon which a tax is in some way levied.

Every article of necessity or convenience is burdened with indirect taxes in some form—hidden, covered, and concealed in the price—and the people are paying these indirect taxes not only once or twice a year but continuously and constantly every day and every week and every month of the year. The common middle classes are now paying direct taxes at the courthouse. They are paying indirect taxes. They are paying income taxes. They are paying sales taxes. They are paying gross-sales taxes. They are paying process taxes, and they are paying taxes in many other indirect forms.

Under these present-day tax conditions the common middle classes of the people, to meet the tax demands upon them, are being drained of their incomes. They are being exhausted of their earnings. They are surrendering up the whole of the surplus of the fruits of their toil and labor. And after exhausting their present income and earnings, they are giving up their savings of former years to pay and satisfy the tax demands upon them. They are borrowing money to pay taxes. They are mortgaging their property to pay taxes. They are selling their property at sacrifice sales to meet and pay the taxes assessed upon them.

With these amounts the people are sacrificed to pay, the taxes are not sufficient to meet the demands. New forms of taxes are being devised. New sources of taxes are being planned to reach further tax resources, to take and exact even more taxes, even still greater taxes, from the people.

A sales tax is not a tax levied upon the principle of ability to pay; it is a tax levied upon the necessities of life, and it cannot be borne by the middle classes while burdened by the payment of other taxes. Another and additional tax levied now upon the middle classes of the people, another property direct or indirect tax, another sales transaction or income tax, would be the straw to break the camel's back and would be killing the goose that laid the golden egg.

The tax charge upon the people has grown until today it is $14,000,000,000, or an average per capita tax of over $114. The debt charge upon the people has been computed at present from one hundred and forty-one to two hundred and three billions of dollars. The average interest per capita charge is $115. The total tax and interest charge is over $36,000,000,000. The average per capita tax and interest charge is over $200. This amount every man, woman, and child must pay before they can provide themselves with the necessaries and comforts of life. Out of every $1 of earnings and income, 20 cents is taken as direct or indirect taxes, 33 cents is taken as interest, leaving less than half for use in fact, to provide the necessaries and comforts of life, and leaving every man to labor and toil 113 days to pay interest and taxes, out of each year.

The poor are unable and cannot pay taxes. The common middle classes are now taxed beyond the limits of their ability to pay and can pay no more taxes. And wealth is often held concealed in the form of intangible property and even if reached is shifted back upon the people in the price of necessaries.

Sometimes the common people, staggering under the burdens of taxation, demand a tax law requiring equal payment from money, capital, and wealth and enact a demand into another property direct or indirect tax, another sales-trans-law. Then, if the statute runs the galling gantlet of shrewd and crafty constitutional lawyers and the tax is assessed and levied upon wealth as required by law, the certain special few men, upon whom the tax was levied—in control of industrial production and the means to fix and control the price and the supply and distribution of the necessaries—with the power of a king, and the flourish of a despot, shift the tax back upon the people levied and assessed upon the necessaries of life and collect the whole from the helpless individual man and continue to make the people pay their taxes.

The problem is how to make wealth help pay taxes. Great wealth and swollen fortunes have not been paying taxes, according to the principle of ability to pay. The United States Senate committee in investigating taxes in 1933, found that the great bankers and financiers had not been paying their income taxes. This committee found that they had paid no taxes in 1930, that they had paid no taxes in 1931, that they had paid no taxes in 1932, and they had evaded all income taxes for 3 years.

To better show this, I quote from the late Calvin Coolidge, former President of the United States, in speaking upon another phase of taxation, but incidentally appearing as follows:

> Taxing the rich to help the poor, the poor are not helped but hurt. Taxes have to be collected by the rich before they are paid.
>
> They are collected from all the people. A higher tax means real wages or lower, the cost of living is higher, a chance to work is less, every home is burdened, its value is decreased, the quality of the food and clothing and shelter of the children is reduced.

This statement of the great ex-President is true, and strongly and explicitly stated. But instead of exempting the rich, because the rich shift the tax back upon the people, some way must be found and devised to tax the rich as well as the poor by exerting greater control over industry to protect the poor from the imposition of indirect taxes and to make the rich pay their own taxes.

But there is a way to tax great fortunes, by a tax upon high excess incomes, whether declared or left in the form of corporation stock and regardless of being juggled through holding companies. By enforcing the antitrust laws and dissolving combinations in restraint of trade to prevent shifting taxes back upon the people levied and assessed upon the necessaries of life, taxes can be collected upon incomes growing from great fortunes.

The poor cannot pay these taxes. The common middle classes are now already over tax-burdened. They are now taxed to the limit. They can pay no more taxes, whether as a direct or indirect tax or a covered, concealed, sales, or transfer tax, until men can recover back and take their just and equitable share of the earnings and income from industry, until they can claim and take income as buying and consuming power to provide for the present and to save up for the future.

A tax should be provided for the support of those who are dependent in old age and are beyond their working and earning days and still without other means of support, of from $30 to $50 per month, accordingly as their needs require to live in comfort and without want.

If this is not a conservative policy today it will be conservative tomorrow. It will be an orderly exercise of the taxing power to prevent a disorderly revolution. It will accomplish in a peaceful way what delay will bring in a violent way.

Former President Theodore Roosevelt, during his official term of office, foreseeing the conditions of today, in a public address said:

> I feel that we shall ultimately have to consider the adoption of some such scheme as that of a progressive tax on all fortunes beyond a certain amount, either given in life or devised or bequeathed upon death to any individual; a tax so framed as to put out of the power of the owner of one of these enormous fortunes to hand down more than a certain amount to any one individual.

The time has come, it is here as foretold by Theodore Roosevelt, when we shall ultimately have to consider the adoption of a progressive tax. This has come as an emergency to provide for the old-age workers.

This is not only humanity and justice, but it is a necessary policy to safeguard the security of wealth, to assure the peace and order of society, to preserve our free competitive system of industry, and to hold our institutions and form of government safe from overthrow, revolt, and revolution. The owners of wealth and great fortunes should recognize the seriousness of the problem resulting from the inequitable

distribution of wealth and income and share their income with labor, and should willingly pay for the support as well as to provide for the aged and infirm. It is only by providing such means of support and by sharing such income that the owners can be secured in reasonable wealth, while maintaining peace and the security of society, and the existing order of civil life.

WAGNER-CONNERY LABOR-DISPUTES BILL

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Wagner-Connery bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LESINSKI. Mr. Speaker, when section 7 (a) was written into the National Recovery Act for collective bargaining, the manufacturers immediately got busy to discredit all of the standard unions and independent unions and attempted to organize their own company unions, which, of course, would be dominated by themselves.

They had spent large sums of money and have placed in charge of organizing all such company unions in the hands of their own selected men, which of course is contrary to the law. The manufacturers were permitted to draw up their own codes and yet they were not satisfied with such arrangement but made a great effort to break down the morale by giving out misstatements to the press, and especially when the labor attempted to have an investigation made of the automotive industry. A report was drawn up known as the Henderson-Lubin report and which report I personally thought would be a whitewash for the manufacturers, but on the contrary, to my surprise the report was in favor of the employees for the whole automotive industry.

Immediately thereafter, the mouthpiece of the automotive industry, Mr. William S. Knudsen, of the General Motors Corporation, made a statement in behalf of all the automobile makers citing figures from the automotive record and attempted to disprove the Henderson-Lubin report which attacked the practices of the industry. He followed with a statement, stating "that the men who made the report had no previous experience in the industry and some who did the major work had never been in an automobile plant."

When testimony was being taken before the Labor Committee, to the effect that men over 40 years of age were being discarded as fast as possible, Mr. Knudsen stated that their company employed more than 90,000 men over 40 years of age and that their seniority rights were protected.

I happen to know personally, having lived in Detroit the greater part of my life, which is the center of the automotive industry, that men over 40 years of age are being discharged and younger men employed in their place for the reason that the younger man can get more work out and can keep up more easily with the established speed-up system. However, this same young man who has taken the place of the man 40 years of age, when he attains the age of 40, he is worn out, old, and positively no seniority rights are allowed him.

Recently when an election was held in the city of Detroit in the automotive industry, where the employees had the right to designate who would represent them, the employer saw to it that the men voted for company unions, dominated by the manufacturers, or the men did not vote at all, and when the election was over the manufacturers released to the press a statement that "the American Federation of Labor had no hold on the employees of the automotive industry." However, they did not state the true facts and that they had employed many new men in the industry and did not hire any men who either were members of an independent union or the American Federation of Labor. To prove that this practice was absolutely true, during the time of the election, when notices were posted in the plant of the Dodge Bros. at Detroit, that representatives were to be elected to represent the workers and that a mass meeting was to be held on the following Sunday, the notices were torn down and a bulletin substituted in its place, which reads as follows:

To all employees:

Attention is directed to the fact that it is a direct violation of the company's rules for employees to pass out hand bills, papers or cards of any sort for political or other purposes, or to make solicitations in the plants.

It is also against the rules of the company to post notices on bulletin boards without first securing the consent and approval of the management's special representative.

(Signed) DODGE BROTHERS CORPORATION,
Division of Chrysler Corporation.

The records will show which disprove the statement made by Mr. Knudsen, that in 1904, 1,291 man-hours were required to build an automobile. That in 1919, 313 man-hours were required; in 1929, 92 man-hours were required to build an automobile. But the most striking feature of the automobile industry is, that when it worked under the N. R. A. they cut the hours to 40 hours to build an automobile; in other words, they speeded up the machinery to such an extent that they actually made slaves out of the workers, and naturally a man was unable to stand the strain and was discharged immediately and replaced with a younger man.

The reason I am citing the automobile industry is that I am well acquainted with the situation; however, this applies to all industry that employs man power. This same procedure has been carried out in the oil industry; while working under the code, which called for 40 hours per week, they paid men for 40 hours but made them work as high as 72 hours and forced the employees to sign weekly slips to the effect that they only worked 40 hours.

Since the decision of the Supreme Court, which I personally think has been only arbitrary, all of the good which had been accomplished for the actual worker and employee under section 7 (a) has not only been wrecked by the decision, but the chain stores immediately cut wages of their employees and extended the hours. In chain drug stores, where the minimum wage was $25 per week, men were immediately cut to $15 per week and their hours lengthened and one or two employees were discharged.

This is the same in chain grocery stores, where a minimum wage of $15 per week was paid. In each individual case where a store belonged to a chain store then hours were extended and the wages cut as low as $8 per week and several clerks were released on account of extension of hours for the employees that were retained in that particular store.

To strengthen the hands of the administration, the Wagner-Connery bill, when it becomes a law, will force the manufacturers and employers to abide by the law for the benefit of all employees. Time has come that the large interests and special privileged interests must be disseminated and the control of the country placed in the hands of the people, and small business must again be revived; however, all of this can only be accomplished by legislation and the passage of the Wagner-Connery bill, which, I believe, is the first step toward giving the employee the right he has fought for for the past hundred years.

There is no doubt that the greedy manufacturers will attempt at all times to break down the morale of this law, but the teeth they have put into this bill will force them to keep their hands off the employee and let him belong to any organization he wants to and will not allow the employer to coerce the employee into voting to keep their own racket going, as the bill has been written in such a way that the majority of the employees will have the right to belong to such labor organizations as they see best, and the minority groups will have to abide by the decision of the majority.

THE IMPORTATION OF NATIONAL DEFENSE IN THE AIR

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech of Gen. William Mitchell on a unified air force.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. LUNDEEN. Mr. Speaker, reserving the right to object, may I say that I have recently been in conference with

General Mitchell, and I have the greatest respect for his ability. I hope to see his speech printed in full in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, under permission to extend my remarks, I include á copy of the address of Gen. William Mitchell before the Massachusetts Camp of the Fifth Division, May 25, 1935, Boston, Mass, as follows:

Mr. President and Massachusetts Camp of the Society of the Fifth Division: When people who have not participated in war begin to talk about anything being a greater trial of men's souls than war, they just don't know what they are talking about. It is only from veterans such as you that a nation can draw any conclusions as to what the elements of our national defense must contain in order to have a successful nation. Without an adequate national defense, we can have no state. The fully armed man is the only one who can hold his head high and look his peers eye to eye. So it is with a nation.

There is no difference in the aims and national policies of the great countries of Europe from what they have been in the past. Russia is striving more than ever for empire and for an ice-free port in the Mediterranean, through the Dardanelles, and on the Pacific, combined with the consolidation of her dominions east of the Pripet swamps. The English are trying to hold their line of military depots around the earth, into which the raw materals of the nations may be gathered, shipped to England in British ships, manufactured, and then distributed to the world through their far-flung fortified marine bases. It is the old Phoenician system revamped. The French, the true descendants of the Roman Empire, whose population is rapidly decreasing, wish to hold their marvelous country and as a reserve to draw on their African empire for maintenance, both in men and materials. They arm to the teeth and want to be let alone. The Germans, a virile people, intelligent, strong, brave, and ambitious, wish to possess themselves of the rich lands, resources, ports, and commerce of the nations that surround them. They believe that their culture, their genius and enterprise is superior to anybody's. Italy, inhabiting a country devoid of major resources, with unfertile soil except in places, and with an overpopulation, is attempting strenuously under an able chief to maintain its position among the great nations.

As far as we are concerned, in the United States, the European problems, while being extremely interesting to us, should not be allowed to lead us to any act of participation, as far as we can avoid it. The policy enunciated by the Father of our Country, General Washington, to abstain from any entangling alliances, is as sound today as it ever was.

It is not with Europe that our greatest future concern lies. It is with the Far East. We may consider that white civilization passed through several periods. There was the Mediterranean period, from which the Romans emerged victorious, followed by the Atlantic period, which the last war probably ended. The United States emerged from it as the most powerful country. Now, we are entering on a Pacific period. Straight across on the other side of this great ocean is the empire of Japan, reaching out for world dominion. Any idea that the Japanese are not doing so is absolutely without foundation. They are not only organizing to dominate the whole of Asia, but to extend this domination to the whole world. The only thing that will deter them is armed force. Whenever the Japanese see a decadent military power near them, they pounce on it if they have anything to gain. The Japanese consider us a decadent military power. They consider that on account of the riches we possess, the easy existence we have led and the false theories that have grown up among us as to national defense, that in a little while we will be as easy to attack as a large jellyfish. But our people say, "How can they get at us? All this Japanese scare is foolishness. They can't do anything. They are 7,000 miles away." This was so in the old days of sea power, which have now passed. These are the days of air power. The air is now the decisive element.

As I flew over the army lines in Europe and looked at them, I thought to myself as I saw the men being hurled time after time into that charnel house how very ineffective the ground system of war is. The object of war has been in the past to defeat the hostile main army so as to get at the centers of population and resources of the opposing state and to destroy their will to fight. But armies cannot do this against modern weapons, and in attempting it they wreck themselves almost as much as their enemy. At the time of the armistice nobody knew who had won the European war. There was not a hostile foot on German soil. Their country and territory was intact, and the Allies did not dare carry the war into Germany.

Our conclusion from observing all these things was that the decisive element in war is the direct attack of the population and resources of a hostile state. This can be done only through the air. Armies can be stopped by other armies. Navies, acting in an indecisive theater, the water, can be easily destroyed by air power. Of course, we must have armies in order to hold the ground. We must have submarines and a properly organized navy; but the decisive element of the future unquestionably is the air bomber which goes straight to the opposing vital center and makes it untenable for the people. It takes very little effort to do this. We hear all this silly talk from Army and Navy officers of the enormous number of tons of projectiles needed to destroy a city. That has nothing to do with it. What the air force will do is to so intimidate the population that they will leave their cities. I have seen cities and towns evacuated as the result of raids of only two or three bombers and stay evacuated during the rest of the war. Cities such as New York or Boston would be evacuated instantly in case a few tons of explosives, incendiary bombs, and gas were dropped on them. The effect of gas on cities is unbelievable. Water systems, power centers, and means of communication can be neutralized in a similar manner, particularly by heavy concentrations of gas. This is no idle thought; it can be easily demonstrated by actual test.

Since the war the great nations have organized not only into armies and navies but they have air forces entirely separate and distinct. This air force is not designed to protect either the army or navy, but to protect the country by attacking the hostile nation in its heart. Each great nation in the world except the United States now has on hand aircraft that can go to the vital centers of their most dangerous enemy. Japan has planes in existence that can go to Alaska, and that probably have a sufficient radius of action to go from Alaska to New York and back. These things cannot be proved definitely, because we cannot see their ships; but with engines that are in existence today we can make airplanes that can go from 6,000 to 8,000 miles, carrying from 2 to 4 tons of explosives, and we can get a ceiling around 35,000 feet. We know it is perfectly impossible to stop an air attack.

The development now is not to have a few small aircraft maneuvering around over a navy, such as our Naval Air Service, or a few short-distance airplanes, such as our Army has, maneuvering in infantry formations over them, but a force of long-distance aerial cruisers that go not only hundreds but thousands of miles. The amount of money, number of men, and quantity of resources necessary for an organization of this kind is trivial compared to the enormous expenditures and effort we have to put into a navy. And when you have built up a navy, what is it going to do? It is only chained to its bases and can only act in the water, and can be easily destroyed.

I believe that the future security of this country depends primarily on an efficient air force. I have come to this conclusion, not by hasty opinions formed on the spur of the moment, but after years of study, experience, and trial, both in war and peace. One would think that in a country such as ours, with its vaunted initiative, progressive ability, and pioneering spirit, that long ago we would have had the best air force in the world, but, unfortunately, we have the worst. During the European war the construction of our aircraft fell into the hands of profiteers. No attention was paid to the recommendations of those of us on the front as to what was necessary. Over $1,500,000,000 was spent and no aircraft suitable for war were sent to us on the front. For about 5 years after the war these profiteers were run to cover and during that time we led the world. We held every record. We flew all over this country, Alaska, and around the world. We demonstrated the power of the air against navies, armies, and civil establishments. We installed the air mail. Remember, this was developed by the Government. We laid out plans for air lines all over the world. We laid out an experimental program which, if followed, would have made us the unquestioned leaders of the world today. But we gained so rapidly that the jealousy and pig-headedness of the older services were aroused and brought into play to stop our development. The profiteers again saw a chance to get control of the appropriations for aviation. The Army did not want aviation because it disturbed the old system. The Navy did not want it because it would destroy all their ships. Neither of them wanted a new thing like the Air Force, as it would be the most popular branch in the country, so they set out to limit it and destroy it as far as possible, and, if they couldn't do that, to control it.

Every time any matter came up which required development and progress and conflicted with the old system, they had boards. Each one was longer, narrower, and woodener than its predecessor. To one who knows, the reading of these reports is nauseating. They form a disgraceful chapter in the development of our military history. This includes the two most recent boards appointed, the Baker and Howell Boards. Neither has recommended anything constructive. None of them had members who really represented air thought. All of them were controlled more or less by the profiteers and the older services, and the result has been that in a world-competitive market for air power we have attempted to suppress competition, while the others have met it and forged ahead.

Two companies monopolize the furnishing of service-aircraft engines to our Army and Navy. These engines are of similar type and are only of 750 to 800 horsepower. Other nations have gas engines up to 3,000 horsepower and Diesels of about half that power. They have personnel instructed in air duties instead of being trained first as ground officers or sea officers, which ruins them. They have well-thought-out air policies which look years ahead and develop methods, personnel, and equipment to meet future needs. We have joint boards of the Army and Navy which are merely debating societies of old gentlemen who either have never been in an airplane or have been flown around by some young pilot and then have had some wings pasted on them, and call themselves observers, who have never seen anything of war in the air.

During the last year we have had the terrible fiasco of the air mail as handled by the Army. This was because the Army has tried to keep its aviation immediately over the infantry where they could see them and prescribe what they should do, what equipment they should have, and how they should handle it.

The airmen were told by their ground superiors, "You can fly around a little in good weather where we can see you, where you will do no harm, and not get out of hand." The gasoline and flying time was cut down below the danger point. Their aircraft are merely little training planes, and even their art of flying was greatly impaired. Our war-time aviators, even with the old equipment, could have gone through with it.

Flying along the airways is simple compared to what we will have to do in future wars. There are aids to navigation everywhere, lights every few miles, radio direction indicators and beams, enormous landing fields, and things of that sort. If a military airman cannot fly under these conditions, what is he going to do when he has to find his way from here to Europe or Asia and back again without any such help? As a matter of fact, navigation, as it is now called, is the most accurate means of finding ones way from place to place that exists today. On the surface of the earth, either on land or sea, the visibility is limited because the atmosphere is loaded with moisture, which causes snow, fog, rain, and storms. With the modern airplane we can rise up into the stratosphere, where absolute clarity of vision is always present, where conditions never change, where we can always get sights on celestial bodies. With sights on two celestial bodies or a couple on the sun 2 hours apart we can locate ourselves with absolute precision, that is, with enough accuracy to bomb a city without seeing it. If we wish to send an aircraft from here to Herat, Afghanistan, all we have to tell the pilot is the latitude and longitude of the place, and he can go straight there and return. This of course does not mean that in war every ship we send out is going exactly there and coming back, but 80 to 90 percent of them will, if they have adequately trained crews and the equipment we can make nowadays.

If there ever was an inexcusable falling down on the part of the Army it was in handling the air mail last year. They had the usual whitewash board on the subject, known as the Baker Board, which distributed false information to the American people and recommended no changes except some for the worse. The so-called "General Headquarters Air Force" puts the Air Service under the Army more than ever. It was tried out by everybody in 1916 and 1917 and abandoned.

Within the same period, we have lost two splendid airships in this country, the *Akron* and the *Macon*, due to gross stupidity and lack of knowledge of air matters. The *Akron* was taken out in the face of a terrific storm, flown straight into the middle of it and destroyed. This ship had had four or five commanders during the 6 months preceding. An airship is one of the most difficult means of transportation to handle that has ever been devised. It requires a personnel of long and consistent training. With such a personnel, it is the greatest means of transportation ever created. Airships can be built now that can go clear around the world at the latitude of the equator on one charge of fuel. They are extremely competent instruments of war. I can recount to you many actual experiences in war as to their value and about their prospective value in the future.

The *Macon* was then taken out to sea in the Pacific with its structure badly injured and flown on through heavy winds so as to keep it over the boats on the water and, of course, it went to pieces. This was gross stupidity. Airships have to be navigated according to the weather. They have to be kept out of dangerous places. Nobody would think of navigating our old sailing ships into the middle of a hurricane, or even pushing our modern ocean liners full speed ahead into a tropical storm.

What is needed is a permanent personnel to handle our ships. Look at the way the Germans handle theirs. I have visited the Germans frequently in times past, and keep track of them. They don't lose their ships. The reason they don't is because of their knowledge of their possibilities and their limitations.

Here the aircraft profiteers attempt to minimize the value of airships so as to shift appropriations of airplanes and then into their own pockets. What has been done about improving our airship situation? Absolutely nothing. Just a lot of talk about whether they are good for anything or not, on the part of Army and Navy officials, principally the Navy, who don't want airships anyway. All they use them for is as adjuncts to a surface fleet. One airship properly equipped and handled could probably destroy a whole surface fleet, with the airplanes it can carry and release, and with its means of concealment, speed, and radius of action. The airship question has been referred to another board, and, as usual, little or nothing will be done. We are able to build perfectly good airships, equip them, man them and handle them if given a chance, but so far we have killed practically all our airship personnel and have got to train a new force. It has been proved that it cannot be done by the Army or Navy. A good thing for us to do would be to go in with the Germans on a round-the-world air service until our men are sufficiently instructed, then branch out for ourselves. We need commercial airship lines across the Pacific, and a development of military airships. Airships are cheap as compared with sea ships and we should not abandon them.

Within the last year we have had one airplane crash after another on our commercial air lines. These have nearly all been caused by fog, ice, storms, or something of that sort. The recent death of Senator Cutting, where the airplane flew right into the ground, is a good example. There is no reason for these things. Development of our equipment has been hindered by the profiteers because they wish to get the greatest production with the minimum change, consequently any innovation is looked on with disapproval.

Aircraft can now be made, and have been capable of being made for years, which will be as safe as any other means of travel. They should be equipped with engines using noninflammable fuel, such as hydrogenated gas or heavy oil. They should contain the automatic pilot, a gyroscopic instrument which maintains an airplane in level flight no matter what the conditions of weather or visibility may be. They should have means of landing in fogs which have been entirely perfected and by which an airplane can come into an airport and land without anything being visible to the pilot. Thousands of landings have been made under such conditions. They should have resonance altimeters which indicate how far the ground is under them, instead of the ordinary aneroid instrument which tells approximately how much air is over them. They should have landing sticks that project below the ship 30 or 40 feet, so that if the pilot cannot see the ground as it is approached, the stick on touching the earth will set the controls back, cut off the throttle, and land the ship. But above all they should have cabin parachutes, which take the whole cabin out, passengers and all, landing them as safely as the individual parachute does.

The handling of our aeronautics is a sorry page in the history of our national defense. In my opinion it is worse than the Teapot Dome scandals or any of those concerning war contracts of the Civil War. We spent a billion and a half dollars during the war and never sent a suitable airplane to Europe. We have spent an equal sum since and now have no suitable planes, systems, or organization for defending ourselves against a first-class power. The only way we can rectify this condition is by pressure of intelligent public opinion.

The profiteers control to a great extent the kind of information about aircraft given out through the press. Their propaganda extends to the radio stations, and to the stockholders who have been induced to buy stock in these Government-supported factories throughout the country. With an uninstructed and uncritical public they get away with it. Anyone who opposes them is immediately attacked. Evidence before congressional committees shows that there are about 37 financial manipulators who control our aeronautics.

It means utter defeat for us in a future contest unless it is stopped. What we must do with our aeronautics is to create a single department of aviation entirely separate from everything else, with an air force to do the fighting and a commercial aviation which we should push to the ends of the earth. It is not sea power that the nations are now developing. It is not land power. It is air power. There is as great international competition now for gaining world air lines as there was for gaining sea lines in the middle of the last century. We should get these before it is too late. That we have any divine inspired right to anything of this kind is a silly idea. If we do not look out, the other people will have them before we wake up. Merely resting on our valor of ignorance will get us nowhere.

You veterans know what international contests mean, especially against a highly trained and technically proficient people such as the Europeans and certain Asiatics. Excellence has to be attained by actual deeds, not by boodling and camouflage. What we should have, of course, is a single department of national defense, with subdivisions for air, land, and water, all of them working together and for the United States, instead of some special interest such as the Army, Navy, or aircraft manufacturers.

There is considerable hope in the Congress, but I see very little in the executive departments. They are about as moss-backed as any outfit we have ever had. Don't infer from my remarks that I am not a great believer in our country. I know that we have the greatest country in the world, and that our people are superior to any. I am a Democrat, and believe in Democratic principles, but the bureaucracy which is being foisted upon us more and more, which is exemplified in our national defense as much as anything else, the living way beyond our income, the attempt to pull ourselves up by our own bootstraps—all this is an extremely serious condition of affairs. We must face things as they are and organize accordingly.

You of the Fifth Division who attacked across the Meuse River may remember that before your offensive considerable air activity occurred in your part of the sector. I sent one single formation of 322 planes, loaded with 39 tons of bombs, to attack ammunition dumps and troop concentrations in the vicinity of Longuyon. Of the American and Allied ships under my command there were 1,496 at the battle of St. Mihiel and about 1,200 in the Argonne.

When you crossed the Meuse, the fighting on the front of our army in the Argonne had separated almost into three distinct sections; yours on the right, one on the center out from Montfaucon, and another on the left around Apremont and the Argonne Forest. I was always fearful of German counter-attacks between these almost detached forces, consequently kept a vigilant eye away behind their lines with my airplanes, attacking both their air and ground formations whenever practicable. This resulted in terrific air battles in which our men greatly distinguished themselves. We shot down 456 enemy airplanes and 62 balloons. Our losses were 199 airplanes and 22 balloons. The excellence to which our American air service, using French equipment, had come is not generally known but at the time of the armistice we were unquestionably the best organized and instructed air service on the Western front.

The Great War is a thing of the past. Other wars will come and our Republic will undoubtedly have to bear the brunt of the battle for the upholding of our European culture and conditions,

both economic and military, against the military, economic, and political systems of the Asiatics. If we wish to exist as a nation we must prepare to meet them. The world is now only one-sixth as large as it was when we went into the Spanish War, one-third as large as it was in the World War, due to the speed of aircraft.

A nation, ambitious, strong and virile, with air power, radio telegraphy, highly organized industry, and chemical development, can today aspire with hope of success to world dominion. Only by maintaining adequate national defense can we Americans hold our heads up in the family of nations and insure peace and prosperity for our people in the future.

JUDGE WILLIAM F. CONNOLLY

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SADOWSKI. Mr. Speaker, any effort that could possibly be made by me to pay tribute to the memory of the late Judge William F. Connolly, who passed away at Detroit, in the State of Michigan, on May 23, could not be commensurate with the services which he performed for his fellow man, for the party of his political faith, or for the community in which he was born and where he spent virtually all of his life. Words are inadequate to pay the tribute which his ever useful life deserved.

For a great many years Judge Connolly served as Democratic national committeeman from Michigan, and his services during the war years of 1917 and 1918 were of tremendous value. His great legal mind was of tremendous service to the late President Wilson, who called him to Washington in the early days of the world conflict; and he was frequently called into conference for the purpose of lending his vast knowledge to the solution of problems which the war developed.

Few men developed minds of the character which won for Judge Connolly wide renown in Michigan and in other States of the Union. He was born of Irish parents in that section of Detroit which is affectionately remembered as "Old Corktown." His was a humble beginning, and his attainments were solely the result of his indefatigability. Throughout his school days he struggled for an education; and when it is realized that at the tender age of 16 he was teaching Latin and Greek at the University of Detroit, it is possible to grasp in some small way the enormity of his mental attainments.

Long before he reached the voting age, Judge Connolly was a dominant factor in the councils of the Democratic Party of his State. He was a born organizer, and one of liberal leanings. It was but natural that the party of Jefferson should have attracted him, as he learned his first lessons in politics in a district that is overwhelmingly Republican. The success of the Democratic organization in Michigan a quarter of a century ago, and again in 1932, was largely due to his ability to win friends to the cause he chose to support.

In the legal field, Judge Connolly will long be remembered. He graduated from the University of Detroit with an A. B. degree before he was old enough to enter practice, and was, a few years later, to become the youngest man ever elected to the bench in his State. Decisions rendered by this able jurist have long been recognized for their clear interpretations of the law. His fairness was at all times apparent to those who appeared before him, and his consideration for the underprivileged and the unfortunate is legendary in his home State.

Loyalty was another attribute in this great leader—loyalty to friends and to political associates. There was nothing of the smallness of petty politics in the character of William F. Connolly. He stood for principles throughout his long career, and there was no sacrifice which he was unwilling to make to maintain those principles. Well schooled in the philosophy of Thomas Jefferson, the founder of our party, Judge Connolly upon every occasion, whether it be a national convention or a district caucus, fought to keep the Democratic Party faithful to the teachings of its illustrious founder.

The charity of Judge Connolly, in early life and later when he reached the position of affluence and wealth, will long be remembered. In his quiet way he went about doing good, extending the helping hand to those in need, and always ready with a word of encouragement to the depressed. In his church he was a leader, and his contributions to the upbuilding of the diocese of Detroit to its position as one of the greatest dioceses of the country, stand as a monument to unselfish service.

These few remarks of mine do not begin to tell the story of a life devoted to assisting others. It is but a humble effort to express appreciation of the services performed by a truly great man. It is my prayer that they be spread in the pages of the CONGRESSIONAL RECORD, and that copies may be forwarded to the bereaved family of Judge William F. Connolly.

EXTENSION OF REMARKS

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their own remarks on the Wagner-Connery bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEFICIENCY APPROPRIATION BILL

Mr. CLARK of North Carolina, from the Committee on Rules, submitted the following privileged resolution for printing in the RECORD under the rule:

House Resolution 266

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8554, a bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the Committee on Immigration and Naturalization may sit tomorrow during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. SNELL. Mr. Speaker, reserving the right to object, I am just as anxious to have the Congress come to an early adjournment as anyone, but, on the other hand, unless you have some real important business and a constructive program for the balance of the week, I do not see the reason for all this haste just at present. If the gentleman will explain to us what he proposes to consider for the balance of the week I shall be pleased to listen.

Mr. TAYLOR of Colorado. We intend to take up a large deficiency bill tomorrow.

Mr. SNELL. With a special rule providing for 2 hours of debate, you can finish that in 4 hours.

Mr. TAYLOR of Colorado. I do not believe we can, but, anyhow, if we can, so much the better. I hope we may adjourn over Saturday.

Mr. SNELL. If we can get a definite agreement that we will adjourn over Saturday I shall not object to meeting at 11 o'clock tomorrow.

Mr. TAYLOR of Colorado. I do not know what the committees may bring in, I am sure, and I really have no right to hypothecate the rights of the committees, but I am hopeful we many adjourn over Saturday.

Mr. SNELL. What is on the program for Friday?

Mr. O'CONNOR. Unless some major legislation comes in which is not now in sight, we have a number of rules which can be taken up on Friday and also some conference reports.

Mr. SNELL. Meeting at 11 interferes with important committee meetings.

Mr. O'CONNOR. I think we can dispose of the deficiency bill tomorrow, even if we meet at 12 o'clock.

Mr. SNELL. The Chairman of the Rules Committee agrees with me, so I must be right.

I object, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MITCHELL of Illinois, for 3 days, on account of important business.

To Mr. STEAGALL (at the request of Mr. HILL of Alabama), on account of death in family.

To Mr. OLIVER (at the request of Mr. HILL of Alabama), on account of illness.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 59. An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the the State of Georgia, and for other purposes; and

H. R. 2739. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1180. An act to amend section 4865 of the Revised Statutes, as amended.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 13 minutes p. m.) the House adjourned until tomorrow, Thursday, June 20, 1935, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BUCHANAN: Committee on Appropriations. H. R. 8554. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes; without amendment (Rept. No. 1261). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. H. R. 8519. A bill requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work; without amendment (Rept. No. 1263). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROWE: Committee on the Territories. H. R. 8247. A bill to empower the Legislature of the Territory of Hawaii to authorize the issuance of revenue bonds, to authorize the city and county of Honolulu to issue flood-control bonds, and for other purposes; without amendment (Rept. No. 1265). Referred to the House Calendar.

Mr. BURDICK: Committee on the Territories. H. R. 7974. A bill to withdraw and restore to their previous status under the control of the Territory of Hawaii certain Hawaiian homes lands now in use as an airplane landing field; without amendment (Rept. No. 1266). Referred to the Committee of the Whole House on the state of the Union.

Mr. NICHOLS: Committee on the Territories. H. R. 8270. A bill to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes; without amendment (Rept. No. 1267). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTE HILL: Committee on Indian Affairs. H. R. 7837. A bill to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes; with amendment (Rept. No. 1268). Referred to the Committee of the Whole House on the state of the Union.

Mr. CLARK of North Carolina: Committee on Rules. House Resolution 266. Resolution for the consideration of H. R. 8554; without amendment (Rept. No. 1269). Referred to the House Calendar.

Mr. ECKERT: Committee on the Territories. H. R. 8246. A bill to amend the Hawaiian Homes Commission Act of 1920; without amendment (Rept. No. 1270). Referred to the Committee of the Whole House on the state of the Union.

Mr. DEMPSEY: Committee on the Territories. H. R. 8284. A bill to amend an act entitled "An act to provide a government for the Territory of Hawaii", approved April 30, 1900, as amended, and known as the "Hawaiian Organic Act", by amending section 73 thereof, relating to public lands; without amendment (Rept. No. 1271). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII.

Mr. ANDREWS of New York: Committee on Military Affairs. H. R. 5475. A bill for the relief of Henry Irving Riley; without amendment (Rept. No. 1264). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCHANAN: A bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes; to the Committee on Appropriations.

By Mr. BLAND: A bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DISNEY: A bill (H. R. 8556) to provide for the prevention of soil erosion, for flood control, irrigation, and for the purpose of furthering navigation, the promotion of agriculture, and for the national defense, and for the purpose of constructing hydroelectric plants in the areas drained by the Arkansas, White, and Red Rivers, for the purpose of marketing any surplus electric power so generated to States, counties, municipalities, corporations, and individuals and to provide for the reforestation of lands suitable therefor in the watersheds of said streams and for the purpose of protecting, preserving, promoting, and putting into use the natural resources along said streams and in the areas drained thereby and to provide for the economic and social well-being of people living in the watersheds of said streams, and for other purposes; to the Committee on Flood Control.

By Mr. BLOOM: A bill (H. R. 8557) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes; to the Committee on Patents.

By Mr. HEALEY: A bill (H. R. 8558) prescribing a condition precedent to the awarding of certain Federal contracts; to the Committee on the Judiciary.

By Mr. KOPPLEMANN: A bill (H. R. 8559) to convey certain land to the city of Enfield, Conn.; to the Committee on Public Buildings and Grounds.

By Mr. McSWAIN: A bill (H. R. 8560) to authorize the Secretary of the Treasury to prepare a medal with appropriate emblems and inscriptions commemorative of Jefferson Davis; to the Committee on Coinage, Weights, and Measures.

Also, a bill (H. R. 8561) to authorize the Secretary of the Treasury to prepare a medal with appropriate emblems and inscriptions commemorative of Gen. Robert Edward Lee; to the Committee on Coinage, Weights, and Measures.

By Mr. MEAD: A bill (H. R. 8562) to amend the Tariff Act of 1930, as amended; to the Committee on Ways and Means.

By Mr. SNELL: A bill (H. R. 8563) granting the consent of Congress to the States of New York and Vermont to construct, maintain, and operate a bridge across Lake Champlain between Rouses Point, N. Y., and Alburg, Vt.; to the Committee on Interstate and Foreign Commerce.

By Mr. PERKINS: A bill (H. R. 8564) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

Also, a bill (H. R. 8565) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

Also, a bill (H. R. 8566) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mrs. NORTON (by request): A bill (H. R. 8577) to amend the Teachers' Salary Act of the District of Columbia, approved June 4, 1924, as amended, in relation to raising the trade or vocational schools to the level of junior high schools, and for other purposes; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 8578) to amend the Teachers' Salary Act of the District of Columbia, approved June 4, 1924, as amended, in relation to establishing the Wilson and Miner Teachers' Colleges on a basis comparable with recognized standards for accredited institutions of like kind, and for other purposes; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 8579) to amend the law with respect to jury trials in the police court of the District of Columbia; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 8580) to amend the law with respect to the time for jury service in the police court of the District of Columbia; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 8581) to amend the law providing for exemptions from jury service in the District of Columbia; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 8582) to provide for the semiannual inspection of all motor vehicles in the District of Columbia; to the Committee on the District of Columbia.

Also (by request), a bill (H. R. 8583) to amend the Code of Law for the District of Columbia in relation to the qualifications of jurors; to the Committee on the District of Columbia.

By Mr. WOLCOTT: A bill (H. R. 8584) to amend an act entitled "Tariff Act of 1930", approved June 17, 1930; to the Committee on Ways and Means.

By Mr. SIROVICH: Resolution (H. Res. 265) authorizing an appropriation for special expenses of the Committee on Patents; to the Committee on Accounts.

By Mr. CULLEN: Resolution (H. Res. 267) providing for additional compensation to certain employees of the House of Representatives; to the Committee on Accounts.

By Mr. KENNEY: Joint resolution (H. J. Res. 331) to authorize the Secretary of Labor to appoint a board of inquiry to ascertain the facts relating to the labor practices of employers of labor in the shipbuilding industry; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BREWSTER: A bill (H. R. 8567) to authorize a preliminary examination and survey of Stonington Harbor, Maine; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 8568) to authorize a preliminary examination and survey of Bagaduce River, Maine; to the Committee on Rivers and Harbors.

By Mr. CITRON: A bill (H. R. 8569) to authorize the appointment of Harold I. June to the rank of lieutenant commander, United States Navy; to the Committee on Naval Affairs.

By Mr. DONDERO: A bill (H. R. 8570) authorizing an adjustment in the pay and rank of First Lt. Fred B. Hanchett, Jr., to captain as of November 2, 1921, in accordance with the act of 1890; to the Committee on Military Affairs.

By Mr. DRISCOLL: A bill (H. R. 8571) granting an increase of pension to Mary E. Fultz; to the Committee on Invalid Pensions.

By Mr. ELLENBOGEN: A bill (H. R. 8572) to correct the Army record of John Barbour; to the Committee on Military Affairs.

Also, a bill (H. R. 8573) for the relief of Julius Zanone; to the Committee on War Claims.

By Mr. LESINSKI: A bill (H. R. 8574) for the relief of James Aird; to the Committee on Claims.

By Mr. LUCKEY: A bill (H. R. 8575) granting a pension to Bert Milburn; to the Committee on Invalid Pensions.

By Mr. TONRY: A bill (H. R. 8576) for the relief of Sanford N. Schwartz; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8904. By Mr. CARTER: Assembly Joint Resolution No. 58 of the State of California, relative to memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; to the Committee on Pensions.

8905. Also, Assembly Joint Resolution No. 59 of the State of California, relative to memorializing the President and the Congress of the United States to enact House bill 6628, which provides remunerative employment for the blind citizens of the United States, and urging the Committee on Labor to expedite consideration favorable to the bill; to the Committee on Labor.

8906. Also, Assembly Joint Resolution No. 64 of the State of California, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on Pensions.

8907. Also, petition of the Brotherhood of Railway and Steamship Clerks from the State of California, favoring restriction of the assumed powers of the United States Supreme Court to set aside laws duly enacted by the sovereign body and approved by the President, or that immediate steps be taken to amend the present Constitution of the United States to this end; to the Committee on the Judiciary.

8908. By Mr. FENERTY: Petition of the Weccacoe Tribe, No. 135, Improved Order of Red Men of Pennsylvania, located in the city of Philadelphia, endorsing House Joint Resolution No. 69, creating in the Department of Justice a Bureau of Alien Deportation; to the Committee on Immigration and Naturalization.

8909. Also, petition of the Massasoit Tribe, No. 144, Improved Order of Red Men of Pennsylvania, located in the city of Philadelphia, endorsing House Joint Resolution No. 69, creating in the Department of Justice a Bureau of Alien Deportation; to the Committee on Immigration and Naturalization.

8910. Also, petition of the Tetoseka Tribe, No. 321, Improved Order of Red Men of Pennsylvania, located in the city of Philadelphia, endorsing House Joint Resolution No. 69, creating in the Department of Justice a Bureau of Alien

Deportation; to the Committee on Immigration and Naturalization.

8911. Also, petition of the Ponca Tribe, No. 241, Improved Order of Red Men of Pennsylvania, located in the city of Philadelphia, endorsing House Joint Resolution No. 69, creating in the Department of Justice a Bureau of Alien Deportation; to the Committee on Immigration and Naturalization.

8912. By Mr. HEALEY: Resolution of the Board of Aldermen of the City Council of Everett, Mass., protesting against the action of the administration at Washington for the proposed 40-hour schedule on a $12-a-week basis, as living conditions in the metropolitan district are such as to make it prohibitive to support a family or even to provide a mere subsistence on $12 per week, and urging our United States Senators and our Congressman to use their best efforts to bring about a condition whereby the minimum wage for laborers may be placed at 50 cents per hour; to the Committee on Labor.

8913. Also, resolution of the New England Livestock Sanitary Officials, soliciting the United States Government to continue its present plan and to make additional appropriation to further the control work in connection with Bang abortion disease after January 1, 1936; to the Committee on Agriculture.

8914. By Mr. KRAMER: Resolution of the Merchant Plumbers' Association, Inc., of Los Angeles, adopted in regular session on June 10, 1935, relative to the extension of the National Recovery Act; to the Committee on Ways and Means.

8915. Also, resolution of the Assembly of the California Legislature, adopted on June 10, 1935, relative to House bill 1793, which has been passed by the Senate, and urging the House to pass same; to the Committee on Indian Affairs.

8916. Also, resolution of the Board of Supervisors of San Francisco, Calif., relative to House bill 6984 and endorsing same; to the Committee on Pensions.

8917. By Mr. LESINSKI: Assembly Joint Resolution No. 59 of the State of California, memorializing the President and the Congress of the United States to enact House bill 6628, providing remunerative employment for blind citizens; to the Committee on Labor:

8918. Also, resolution adopted by the Michigan State Association of Letter Carriers, urging the enactment of House bill 8002, introduced by the Honorable JOHN P. HIGGINS, providing for the relief of village letter carriers; to the Committee on the Post Office and Post Roads.

8919. By Mr. LUNDEEN: Petition of Clarkfield Boosters Club, Clarkfield, Minn., urging the enactment of the Agricultural Adjustment Administration amendments; to the Committee on Agriculture.

8920. Also, petition of the Minnesota Farm Bureau Federation, urging the enactment of the proposed Agricultural Adjustment Administration amendments; to the Committee on Agriculture.

8921. By Mr. PFEIFER: Petition of the American Federation of Labor, Washington, D. C., concerning the Wagner labor-disputes bill; to the Committee on Labor.

8922. By the SPEAKER: Petition of the National Conference of State Liquor Administrators; to the Committee on Ways and Means.

SENATE

THURSDAY, JUNE 20, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 19, 1935, was dispensed with, and the Journal was approved.

SENATOR CARTER GLASS, OF VIRGINIA

Mr. TOWNSEND. Mr. President, I wish to take this opportunity of expressing the satisfaction I have felt in the recognition this year by leading American universities of the character and service of my dear friend and colleague the senior Senator from Virginia [Mr. GLASS].

Honorary degrees have been conferred on Senator GLASS by the College of William and Mary, the National Institute of Social Science, Princeton University, Tufts College, Wesleyan University, and Yale University.

The citation that was made yesterday at Yale was so deserved that I wish to incorporate it in the RECORD at this point. Professor Nettleton, as orator, said:

Recognized officially as the senior Senator from Virginia, recognized throughout the Nation as a dauntless leader of the independent force of intelligent public opinion; a representative of the people, "who never sold the truth to serve the hour", or the party, or the populace. Representative at Washington in nine successive Congresses, Secretary of the Treasury under President Wilson, Senator of the United States, thrice confirmed by popular vote and public demand, he recalls the Roman courage and constancy, and the integrity of the ancient phrase, "Senatus, populusque Romanus." This year the National Institute of Social Science conferred upon him its gold medal "in recognition of distinguished services rendered to humanity as one of the leaders in the planning and creation of the Federal Reserve Banking System * * * and as one who has through a long life consistently and unsparingly devoted his abilities and energies to public service."

'Tis, finally, the man, who, lifted high,
Conspicuous object in a nation's eye—
Who, with a toward or untoward lot,
Prosperous or adverse, to his wish or not—
Plays, in the many games of life, that one
Where what he most doth value must be won,
Whom neither shape of danger can dismay,
Nor thought of tender happiness betray;
Who, not content that former worth stand fast,
Looks forward, persevering to the last,
From well to better, daily self-surpast
Vir amplissimus.

President Angell, in conferring the degree, said:

Statesman and patriot, instant in the defense of your country's welfare and honor, implacable foe of sham, dishonesty, and cowardice in public life, able and fearless leader whose sage counsel has for more than a quarter of a century contributed wisdom to our national policies. Yale University, in grateful recognition of your eminent service to the Nation, confers upon you the degree of doctor of laws and admits you to all its right and privileges.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1180) to amend section 4865 of the Revised Statutes, as amended, and it was signed by the Vice President.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate petitions of sundry citizens of the United States praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which were referred to the Committee on Privileges and Elections.

Mr. TYDINGS presented resolutions adopted by the annual meeting of the Archdiocesan Union of the Holy Name Society, Baltimore, Md., protesting against the alleged use of the franking privilege by Mexican officials in sending through the United States mails matter in the nature of propaganda denying that religious persecution exists in the Republic of Mexico, which were referred to the Committee on Foreign Relations.

He also presented a letter in the nature of a petition signed by officers and the executive board of Baltimore & Ohio Local Federation, No. 7, American Federation of Labor, Cumberland, Md., praying for the enactment of Senate bill 2862, providing a retirement system for aged railway employees, which was ordered to lie on the table.

Mr. WALSH presented a letter in the nature of a petition from the Franklin County (Mass.) Poultry Association,

praying for inclusion of a provision for the protection of poultry and its products in pending legislation pertaining to amendment of the Agricultural Adjustment Act, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the City Council of Everett, Mass., protesting against the fixing of a 40-hour work schedule on a $12 per week pay basis in connection with the operation of the work-relief program, and favoring making the minimum wage for laborers on such work 50 cents per hour, which was referred to the Committee on Appropriations.

He also presented a letter from the Roxbury (Mass.) Board of Trade, enclosing copy of a letter by Samuel Hermanson, chairman of the improvement committee of the board, recently published in Boston newspapers, endorsing the adoption of a work-relief program to "wipe out the city slums", which, with the accompanying paper, was referred to the Committee on Appropriations.

He also presented resolutions adopted by St. Patrick's Holy Name Society, Lowell, Mass., favoring a congressional investigation of alleged religious persecution in the Republic of Mexico, and also favoring the withdrawal of the American Ambassador to that country, which were referred to the Committee on Foreign Relations.

He also presented a letter in the nature of a petition from Mrs. I. K. E. Prager, president League of Jewish Women's Organizations, Allston, Mass., praying for the enactment of the revised so-called "Kerr bill", pertaining to the deportation of aliens, which was referred to the Committee on Immigration.

He also presented a resolution adopted by United Council, No. 6, Sons and Daughters of Liberty, of Orleans, Mass., protesting against the enactment of the so-called "Kerr bill", pertaining to the deportation of aliens, which was referred to the Committee on Immigration.

REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, reported it with amendments and submitted a report (No. 920) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (S. 2998) to control the trade in arms, ammunition, and implements of war, reported it with amendments and submitted a report (No. 915) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2879. A bill for the relief of Catherine Grace (Rept. No. 916);

H. R. 3574. A bill for the relief of Nellie T. Francis (Rept. No. 917); and

H. R. 7254. A bill for the relief of Lily M. Miller (Rept. No. 918).

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 491) for the relief of Fred Herrick, reported it without amendment and submitted a report (No. 919) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (H. R. 4368) for the relief of E. C. West, reported it without amendment and submitted a report (No. 921) thereon.

SPECIAL COMMITTEE ON CONSERVATION OF WILDLIFE RESOURCES—EXPENSES

Mr. PITTMAN (for himself, Mr. McNARY, Mr. NORBECK, Mr. CLARK, Mr. BAILEY, Mr. BYRD, and Mr. WHITE), from the Special Committee on Conservation of Wildlife Resources, reported a resolution (S. Res. 157), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the special committee authorized and directed by Senate Resolution No. 246 on April 17, 1930, to investigate the conservation of wild animal life, hereby is authorized to expend in furtherance of such purposes $15,000 in addition to the amounts heretofore authorized.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 19th instant that committee presented to the President of the United States the following enrolled bills:

S. 1121. An act for the relief of Isidor Greenspan; and

S. 1863. An act for the relief of Trifune Korac.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BYRD:

A bill (S. 3106) relating to the taxation of securities hereafter issued by or under the authority of the United States; to the Committee on Finance.

By Mr. BARKLEY:

A bill (S. 3107) to exempt publicly owned interstate highway bridges from State, municipal, and local taxation; to the Committee on Commerce.

By Mr. WHITE:

A bill (S. 3108) granting a pension to Mary Jane Blackman; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3109) for the relief of Hiram G. Hines; to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 3110) granting a pension to Henrietta V. W. Owen; to the Committee on Pensions.

By Mr. OVERTON:

A bill (S. 3111) to authorize the Secretary of Commerce to grant to the State of Louisiana an easement over certain land of the United States in Natchitoches Parish, La., for highway purposes; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 3112) granting a pension to Beulah E. Coleman (with accompanying papers); to the Committee on Pensions.

A bill (S. 3113) to provide a government for American Samoa; to the Committee on Territories and Insular Affairs.

By Mr. BYRD:

A joint resolution (S. J. Res. 150) proposing an amendment to the Constitution of the United States relative to taxes on certain securities and the income derived therefrom; to the Committee on the Judiciary.

AGRICULTURAL ADJUSTMENT ACT—AMENDMENT RELATIVE TO POULTRY AND POULTRY PRODUCTS

Mr. ROBINSON (for Mr. POPE) submitted an amendment intended to be proposed by Mr. POPE to the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

GENERAL SURVEY OF INDIAN CONDITIONS—EXPENSES

Mr. THOMAS of Oklahoma submitted the following resolution (S. Res. 156), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Indian Affairs, or any subcommittee thereof, authorized and directed by Senate resolutions to make a general survey of Indian conditions in the United States, is hereby authorized to expend $10,000 from the contingent fund of the Senate in addition to the sums heretofore authorized for said purpose.

TRIBUTE TO THE LATE SENATOR ROBERT M. LA FOLLETTE

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered on Sunday, June 16, 1935, by the Senator from North Dakota [Mr. NYE] at the grave of the late Robert Marion La Follette on the tenth anniversary of the late Senator's death.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ten years ago advocates of truly representative government were bewildered by the one, two, three call of death as it summoned in quick succession three men who had served so well the cause of the people against interests bent upon making government a mere instrument for their own enrichment. These three had played prominently on the stage of American political life, each in his own way but all to one cause. Though predatory interests would have paid well for knowledge enabling them to besmirch the names of these men, never once did their records permit successful attack. Their sincerity of purpose was never denied. To their States they brought honor and credit. Nebraska, North Dakota, and Wisconsin profited greatly by reason of them. Yet they were much more than representatives and servants of their States. Distinctly were they

unselfish statesmen serving their country as truly and as bravely as any soldier ever served. Within space of but few days these men were taken from the ranks, first La Follette, then Ladd, then Bryan.

Those were sad days for great numbers of Americans. These departures were to us all as deaths in our own homes. Each had come to seem so much a part of our everyday lives. Indeed, each had actually made his life a contribution to our lives, our comfort, and our hopes as believers in the cause of government by man rather than wealth. Here were men unafraid of organized greed and power, quite unmindful of personal reward, completely ignoring all storm signals when serving the people.

Today, on the tenth anniversary of his death, we gather at the grave of one of these men—at the final resting place of Robert Marion La Follette—here among the people he loved and so unselfishly served.

PILGRIMAGE FOR INSPIRATION

Why are we here today? As curious men and women wanting to hear what someone will have to say; as idle folks with nothing better to do? No; emphatically no! Then, why are we here? To honor the memory of one who played so largely in effort to make mankind happier? Perhaps; but not that alone! Methinks we are here largely because of the inspiration which a pilgrimage of this kind affords—a pilgrimage to the last earthly contact of a body which in life gave so freely of himself that we and unborn generations might profit in greater liberty and opportunity, who in life accomplished so greatly of safeguards against those selfish forces who would deny us that liberty and opportunity. Freedom has required many engagements in her defense. Few, if any, fought more valiantly in that defense than did this great leader we honor today. So courageously and against such terrifying odds at times did he give battle in the cause of freedom that with great justification we could dedicate Lowell's lines to him:

Men whose boast it is that ye
Come of fathers brave and free,
If there breathe on earth a slave,
Are ye truly free and brave?
If ye do not feel the chain
When it works a brother's pain,
Are ye not base slaves indeed,
Slaves unworthy to be freed?

Is true freedom but to break
Fetters for our own dear sake
And, with leathern hearts, forget
That we owe mankind a debt?
No! True freedom is to share
All the chains our brothers wear,
And, with heart and hand, to be
Earnest to make others free!

They are slaves who fear to speak
For the fallen and the weak;
They are slaves who will not choose
Hatred, scoffing, and abuse;
Rather than in silence shrink
From the truth they needs must think,
They are slaves who dare not be
In the right with two or three.

I am highly honored by the invitation which brings me here today. I can never hope for greater honor than in this opportunity to speak upon this occasion. But I find upon contemplation of the event not a desire to speak to you who gather about this grave, but instead, to speak to the spirit, the very actual spirit, of Robert Marion La Follette, and to speak to him of the renewed and enlarged confidence which the developments of each passing day instill in us who were and are his followers. Perhaps in thus addressing myself it shall fall to me to speak in some part what others would like to say at this very time. If that power is given me then can many of us honor his memory and pay our tribute to one who was never afraid to stand alone. And so, to that spirit I address myself.

SOUGHT TO PREVENT MADNESS

There is much I'd like to say to you today in praise of your generous contribution to me, to our country and to its people. I should like, could it but be more personal, to tell you of how great an inspiration was your life to me, then I should go on telling you how our increasing knowledge of truth is enlarging our respect and admiration of your leadership and your great courage. But of necessity, I must confine my remarks. So I speak quite alone of those days when you sought so strenuously to save your country and its people from a madness which cost so many heartaches, so many broken homes, so many wrecked lives, and such complete economic demoralization as finds us, 17 years after the armistice, still hopelessly struggling against frightful odds in the form of debt and tremendous concentration, just as you said would be the result of those hours of madness.

We all were told that though war was quite deplorable, it was equally quite necessary if we were to preserve elements of great merit. You wouldn't believe this. You said there were no possible compensations that could begin to offset the costs of war, and your life was made a round of misery because you dared to say so. You said in those hours:

"War is a terribly destructive force, even beyond the limits of the battle front and the war zones. Its influence involves the whole community. It warps men's judgment, distorts the true standard of patriotism, breeds distrust and suspicion among neighbors, inflames passions, encourages violence, develops abuse of power, tyrannizes over men and women even in the purely social relations of life, and terrifies whole communities into the most abject surrender of every right which is the heritage of free government."

What were the compensations of the last war to offset its destructive force?

Today there are millions asking that question. They thought war was going to "make the world safe for democracy", and now discover that democracy the world over has never been upon thinner ice than since the war. They thought the war was a "war to end war", and now awaken to the discovery that it but planted the seed for more war, and has been followed by the maddest race between nations in preparation for more war that civilization has ever witnessed in peace time. And your spirit rises up to ask, "Why didn't you listen to truth and reason before it was too late?" And our only answer to you is this, it will never be so easy to blind us to truth another time, thanks to you.

WAR FOR FAT PROFITS

In March of 1917 you wrote for your magazine lines which were to win for you first the curses of your fellowmen, but finally their praises. I must quote from those lines:

"Who shall then set limits of time or space upon its (war's) ravages! And for what? For commercial advantages and fat profits beneficial to a limited number of our dollar-scarred patriots, for neutral rights which were surrendered to the belligerents on one side during the first 3 months of the European war?"

What prophecy! Look to the facts of record now, 20 years after your declaration, 10 years after you left us.

What of your insistence that the war would be for commercial advantage and fat profits for the few?

Before me is a compilation from Moodie's Analysis showing the average annual profits of a group of American corporations during the four years of peace preceding the war alongside the annual average profit for the same corporations during the 4 war years. These speak for themselves of your wisdom:

	Average, 4 peace years	Average, 4 war years
United States Steel	$105,331,000	$239,653,000
Du Pont	6,902,000	58,076,000
Bethlehem Steel	6,840,000	49,427,000
Anaconda Copper	10,649,000	34,549,000
Utah Copper	5,776,000	21,622,000
American Smelting & Refining Co	11,566,000	18,602,000

	Peace years	Six war years
Republic Iron & Steel Co	$4,177,000	$17,548,000
International Mercantile Marine	6,690,000	14,229,000
Atlas Powder Co	485,000	2,374,000
American & British Manufacturing	172,000	325,000
Canadian Car & Foundry	1,335,000	2,201,000
Crocker Wheeler Co	206,000	666,000
Hercules Powder Co	1,271,000	7,430,000
Niles-Bement Pond	656,000	6,146,000
Scovill Manufacturing Co	655,000	7,678,000
General Motors	6,954,000	21,700,000

If further fulfillment of your prophecy were required, we would only need resort to the record revealing that in America alone the World War created 22,000 new millionaires—men and women who could not have had those millions except as millions were caused to bleed and die, except as homes and lives were broken, except as the masses were burdened with untold debt.

COMMERCE MORE IMPORTANT THAN NEUTRALITY

You said war would be for "commercial advantages." For this you were unmercifully flayed, often by the very forces that best knew that it was actually commercial advantage that was sought in our American declaration of war. But what does the record say of this today in your silence? Ah, could you but read and offer your comment upon that record!

It is the story of a titanic struggle in America for profit starting with the declaration of madness in Europe in 1914. It reveals the grab by Americans for profitable business which flowed steadily so long as the Morgans and other American bankers supplied the money with which the Allies could buy. The allied needs afforded Americans unlimited trade possibilities on a tremendously rising market. A great French leader, Andre Tardieu, wrote:

"Profits had swollen tenfold. The Allies had become the sole customer of the United States. Loans the Allies had obtained from New York banks swept the gold of Europe into American coffers. From that time on, whether desired or not, the victory of the Allies became essential to the United States."

It might have been added that this was sufficiently essential to drag us into the war, and that commercial advantage became at once of far greater importance than our neutrality.

Our trade with the Allies had increased between 1914 and 1916 to a point which found that business representing 88 percent of our total export trade. During the same period our bankers were financing this trade by loans of money and credit to the Allies. This easily carried to a point where America could not possibly remain neutral.

BANKERS' PROFITS DEMAND PROTECTION

Through all this ran the feeble and unintelligent effort of our Government to enforce an alleged strict neutrality. Our State Department was holding the trade in war supplies to the Allies a strictly neutral right. At the same time it was trying to establish that loans to the Allies was not a neutral act. But such an attitude could not long prevail. If the American gun and powder maker could get in on this blood money, why not the bankers, too? Morgan went to work financing the Allied trade through bank credits, until in 1915 they ceased to distinguish between credits and loans and floated great loans for the Allies until the total advanced reached into the billions.

In the early part of 1917 our bankers had exhausted their resources. Unless the great credit of the American people and the Nation could be tapped, the claims of the banks against the Allies could not be paid and the flow of business would have to stop! How well men succeeded in tapping this credit is too well known to need repeating. It is enough to remember that after we were into the war the bankers got what the Allies owed them, but the American Government never got back what it loaned the same Allies through the sale of Liberty bonds.

WAR TO AVERT PANIC

We didn't enter the war for the reasons we believe. We entered because of commercial interests, just as you so often insisted. If it was a war involving our honor, then it must be held that the credit and well-being of our bankers and our munitions makers is "our national honor."

Our Ambassador to England in those "neutrality" days, Walter Hines Page, dispatched a cablegram to his Government in Washington which most clearly reveals what it was that was moving us into war. Hear him:

"The financial inquiries made here reveal an international condition most alarming to the American financial and industrial outlook. * * * France and England must have a large enough credit in the United States to prevent the collapse of world trade and of the whole European finance.

"If we should go to war with Germany, the greatest help we could give the Allies would be such a credit. In this case our Government could, if it would, make a large investment in a Franco-British loan or might guarantee such a loan. * * *

"I think that the pressure of this approaching crisis has gone beyond the ability of the Morgan financial agency for the British and French Governments. * * *

"Perhaps our going to war is the only way in which our present preeminent trade position can be maintained and a panic averted. * * *"

You boldly criticized the thought of millions of bodies being thrown into the defense of these selfish commercial interests. For doing that, before and during the war, you were damned. Yet, after this same war, President Wilson said:

"Why, my fellow citizens, is there any man here or any woman, let me say is there any child here, who does not know that the seed of war in the modern world is industrial and commercial rivalry? The real reason that the war that we have just finished took place was that Germany was afraid her commercial rivals were going to get the better of her, and the reason why some nations went into the war against Germany was that they thought Germany would get the commercial advantage of them. The seed of jealousy, the seed of the deep-seated hatred was hot, successful commercial and industrial rivalry.

"This war, in its inception was a commercial and industrial war. It was not a political war."

FRANKNESS BEFORE WAR IS NEEDED

Ah, the rulers of the world, the foreign offices, the State Departments, the Presidents and Kings and Czars and Kaisers know what the war was about all the time. It was only afterward that the people were informed why they had been fighting. There was fraud perpetrated by governments in hiding from their people the true commercial, not political, causes for which they were fighting. And you, with truth your foundation, were heard only to be cursed.

Why can't we be as frank before another war as you were—as frank before that war comes as Wilson was frank after the last one was over? Why can't we learn that if we are dragged into the wars of other nations again it will be by false neutrality, the sales and shipments of contraband, and the lure of the profits in them? And while leaders talk about our national honor in those hours, why don't we call a spade a spade and know that to them national honor means the right to go on making money out of a war or preparation for it?

SELFISHNESS BETRAYS DEMOCRACY

Ah, if we could but have your leadership today in building safeguards against repetition of the waste and heartache of our last experience in defense of our "national honor". In September of 1917 you said:

"Who is it, abroad over this country now, waving the flags and crying out for democracy in the loudest possible tones? It is business that is making money out of existing conditions. That is what it is."

Were you to voice such sentiment now you would find a far finer reception than greeted you when you spoke then. Hardly would you be threatened with impeachment at least!

WEALTH AND PATRIOTISM

You were declared to be most unworthy when you spoke before and during the war of a partnership between patriotism and profits. We can still hear you crying out:

"Of course—of course, I know that the fellows who are waving the flags of today most frantically, the bloated representatives of wealth, who are shouting loudest for democracy today, are trying to invest this particular time with a new form of democracy, a democracy that has attached to it as a cardinal principle not liberty, not equality, but profits!"

Today we know what you seemed to know years ago. We know well now what was meant by "making the world safe for democracy."

Profiteers are the loudest of patriots, except at taxpaying time. Their patriotism is reflected by the profits they can win, not by a desire quickly to win a war at least cost. Today we know that French-made and German-made munitions were exchanged by the two countries while they were engaged in bitter strife. We know, too, that they guarded against destroying each other's sources of munitions' raw material. We know that men are shot down by guns sold to their opponents by manufacturers of their own lands, manufacturers who insist upon their patriotism.

And we know, as well, that great American merchants refused to respond to the needs of their Government in time of war until they could be guaranteed profits for their service. The New York Shipbuilding Co., for instance, refused in the midst of war to respond to the Government's request for additional shipbuilding capacity to be provided for with Government money, because there was uncertainty as to what their profit for doing this would be.

The Du Ponts cry out against criticism of their 400 percent profit on invested capital during the war and insist that but for them and their service to the Allies our country would today be a German colony. Yet it was the same Du Ponts who, for 3 long months, while our men were bleeding and dying in the trenches, refused to honor the request of their Government to build additional powder manufacturing capacity with money to be furnished by the Government. The explanation of this refusal is now a matter of record. There was failure to agree upon what the Du Pont margin of profit should be for constructing the new plant.

So we think we know what you meant when you said:

"Wealth has never yet sacrificed itself on the altar of patriotism in any war. On the contrary, it has ever shown itself eager to take advantage of the misfortune which war always brings to the masses of the people. That has been true of every war we have had in this country and of every war in Europe of which I have any knowledge, and it is certainly true of the present war."

COST OF WAR

Again you spoke of the burdens and risks of war and were called a coward. Today we battle with those burdens. We thought during the war that it was bringing a new day and era of prosperity, but since we have come to learn how war was only accomplishing concentration of wealth and burdening unborn generations with debt.

We wonder now at our difficulty in combating the depression which war gave us, as though war ever left other than economic wreckage in its wake. We wish for larger monetary means to meet that depression and are reminded that if we but had the cost of that 4 years of war we could go forth, build homes costing $2,500 each on 5-acre plots of ground costing $100 per acre, equip them with $1,000 worth of furniture, and give such a home to every family in Russia, Italy, France, Belgium, England, Wales, Scotland, Ireland, Australia, Canada, and the United States; then give every city of 20,000 or more people in those same lands a $2,000,000 library, a $3,000,000 hospital, and a $10,000,000 university; that after doing all this if we would invest part of the balance of the cost of that war so as to bring a return of 5 percent per year we could use it to pay salaries of $1,000 annually to 125,000 teachers and 125,000 nurses; that after doing all this there would still be enough left to buy all the property existing in Germany and Belgium.

So, good friend and prophet, we look to this cost of war and understand something of what you meant when you said:

"For my own part, I look upon Europe as cursed with a contagious, a deadly plague whose spread threatens to devastate the civilized world. If it were, indeed, the 'black death' that was mowing down its millions of victims, instead of this more ghastly war, we should not hesitate to quarantine against it; we should keep our ships in their ports and our people at home without any hesitation whatsoever; all personal consideration, all thought of material loss or commercial inconvenience would fall before the necessity of protecting our people from being stricken with the dread disease."

WARNINGS OF THEIR GOOD NOW

Oh, how courageously you warned your country and its people, how well and wisely you advised during those hours when unseen hands were at work moving us into a conflict which all but destroyed us. Would that America had listened, maintained a strict neutrality while others fought over matters which were none of our business. But most who did listen cried "treason" and charged you with cowardice and lack of patriotism.

But having failed to heed your warning then, would that America would pause long enough in these mad hours of insane preparation for more war and weigh what you then advised along with the experience which so completely substantiated your contentions.

Did war teach us anything? How many entertain thought today that we won the "war to end war"? Who will undertake to say who was the winner of the last war except those lovers of democracy whose sense of democracy is chance to profit? What of this talk we hear to the effect that what we need to get out

of this depression is another war? Does that signify that we learned anything from the World War?

DO NOTHING TO PREVENT REPETITION

Yet I am sure it can fairly be said that America is just as determined now to stay out of another war as it was determined to stay out 20 years ago. In spite of this determination, however, we have taken not one step to prevent repetition of that easy course pursued in dragging us into the last war.

Today there is as much danger of "neutrality" getting us into more war as it did get us into the World War, for not one step has been taken to strengthen our provisions of neutrality. Today finds not one thing done as yet to destroy the opportunity for profit from war which was such an irresistible temptation 20 years ago. Are we waiting for war to come before doing these things which experience dictates should be done if we care about our future? Then we but wait for hours when we will have neither time nor patience to do other than win the war.

PREPARE MEANS OF STAYING OUT OF WAR

We desperately need to change a dangerous habit of thought which is ours. From the cradle on through the years we are cautioned that in time of peace we should prepare for war. Why wouldn't it be much more advisable in time of peace to profit from experience and prepare means of staying out of more war? If we are to do this the call is first upon us to remove from every mind so far as we can the prospect of profit from more war, and to boldly face the issue of what we mean by neutral rights.

Of these issues you spoke to us and would speak again we are sure if you could. Of taking profit out of war you said:

"And there never was a time before in the history of the world when a war could be so justly and largely financed by taxation as this war. Why? Because never before in the history of the human race were great corporations making the enormous war profits that the corporations in this country have been making for the 3 years that the European war has been on and we have been at peace and those enormous profits warranted the assessment of the very highest rates, the very highest percentages of taxation against the war profiteers in order that this war should be properly financed."

Of such "neutrality" as is involved in letting Americans ride upon ships loaded with munitions for a belligerent nation, you said:

"I say this: That the comparatively small privilege of the right of an American citizen to ride on a munition-loaded ship, flying a foreign flag, is too small to involve this Government in the loss of millions and millions of lives."

And then, giving the lie to those who called you other than pro-American, you spoke clearly of the meaning of real neutrality when you said:

"I am opposed to the United States making war upon England for her ruthless violations of our neutral rights, just as I am opposed to making war upon Germany because of her relentless violation of our neutral rights."

I wonder if there might be cheer for your spirit in knowledge of the aggressive steps being taken now to cope with the problem of such neutrality as is to prevail in the event of more war and with the challenge which war profits afford. Would it mean anything to you to know that your words of 10 and 20 years ago were bearing fruit in the form of an awakening conscience to needs you so long urged?

Tremendous today is the response from all sections of the land to programs advanced to accomplish three definite purposes, namely, the accomplishment of stronger provisions of neutrality, of elimination of war profits, and of elimination of profit from programs of preparing for war.

NEUTRALITY PROGRAM

On Wednesday of this very week the Foreign Relations Committee of the Senate, which committee is honored by the able membership of your own son, will give consideration to three neutrality resolutions introduced as Senate Joint Resolutions 99, 100, and 120. These three make for a well-rounded-out program to afford security against such experience as our alleged neutrality of 20 years ago invited. Briefly these resolutions provide as follows:

First. A denial of American passports to Americans choosing to enter war zones in the ships of billigerents. This is virtual notice that Americans choosing to get into war zones shall do it without expectation that the American Army and Navy will follow with salve to spread upon their toes when they are stepped on.

Second. That there shall be no exportation of American munitions to nations at war and that no contraband shall be shipped in vessels carrying the American flag. This means that we cease wrapping the American flag about commerce intended for a nation at war and write finish to the game of making "national honor" mean the profits of men who seek gain from chiselling upon our neutrality.

Third. That there shall be no advance of loans or credits by Americans to any nation or the people of any nation engaged in war.

What might such neutrality save us if we had had it thus clearly defined back in 1914, 1915, and 1916?

TAKING PROFIT OUT OF WAR

The proposal to destroy the prospect of profit from more war and to provide the revenue with which to pay for the next war while it is being fought is in the form of a bill which was reported out by the Military Affairs Committee on Friday. This bill is the result of serious study by the Senate munitions committee. It provides drastic rates of taxation upon all incomes in time of war. It amounts to virtual confiscation of all individual incomes in excess of $10,000. Had the provisions of this bill been in effect during the World War they would have made the income of the Government exceed the outgo without borrowing one penny, just as you said it was possible to finance a war by taxing incomes during the war.

PROFIT OUT OF PREPARING FOR WAR

Today we see so mad an armament race on foot as cannot indicate other than grave consequences. We find merchants of preparation machinery and supplies resorting to the breeding of hates, fears, and suspicions to accomplish larger sales to afford larger profits. We find these merchants selling to their own countries as well as to those against whom those countries prepare for possible war. These merchants have made national defense a highly developed racket which in our own land has increased the annual bill of expense in its name during the years since the war by leaps and bounds to a point which finds America spending more money in preparation for more war than is being spent by any other nation on earth, and this only a few years after our "war to end war."

Clearly the call is upon the Government to produce more of its own national-defense machinery and to stop this game which finds American munitions makers selling their national-defense tools to all the world.

Success for this large program grows brighter each hour. Fulfillment of fondest hopes in this line could be had if only the American people would clearly voice their interest in and demand for such legislation as outlined.

ENCOURAGEMENT TO CARRY ON

It is you whom we honor today who gives us the inspiration to carry on in fields in which you pioneered, you who was called un-American, disloyal, traitor, trouble maker, underminer of democracy, pro-German, fool, knave, publicity hunter, liar, deceiver, for having dared to speak truth that one and all can know today to have been truth.

O Master, Lord and Ruler of all lands, give us this day the will, the desire, and the power to carry on where Robert Marion La Follette left off. Give us the light that will enable us to prevent for ourselves and our children another wasteful experience called war. Cause us to hear again this voice, now from the grave, urging us to those steps which will provide the necessary safeguards against men and interests whose knowledge of the profits from war and preparation for it blinds them to the desperate consequences of the satisfying of their appetites. Help us make truth even the words of those who idly and selfishly rallied a great public conscience to an alleged cause of making the world safe for democracy and of fighting to end war.

Here in this grave before us is one who gave much to the end that we might know the truth and prosper. Help us now to honor him by serving not only ourselves but our children and their children as builders like—

An old man, traveling a lone highway,
Came at the evening cold and gray,
To a chasm deep and wide.

The old man crossed in the twilight dim,
For the sullen stream held no fears for him.
But he turned when he reached the other side,
And builded a bridge to span the tide.

"Old man," cried a fellow pilgrim near,
"You are wasting your strength with building here;
Your journey will end with the ending day,
And you never again will pass this way.

"You have crossed the chasm deep and wide.
Why build you a bridge at eventide?"
And the builder raised his old gray head:
"Good friend, on the path I have come," he said,
"There followeth after me today
A youth whose feet will pass this way.

"This stream, which has been as naught to me,
To that fair-haired boy may a pitfall be:
He, too, must cross in the twilight dim—
Good friend, I am building this bridge for him."

AMENDMENT OF CONSTITUTION—SPEECH BY A. MITCHELL PALMER

Mr. GUFFEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a speech delivered by Hon. A. Mitchell Palmer, at Harrisburg, Pa., on June 18, 1935, on the subject of amending the Constitution.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From New York Times, June 19, 1935]

Shortly after the National Industrial Recovery Act was invalidated by the Supreme Court for constitutional reasons, President Roosevelt made some comment on the decision and its effect which has been widely quoted and much discussed.

The Court had found the act unconstitutional for two reasons: First, it was a delegation of legislative power to the Executive; and, second, it comprised within its bounds the regulation of intrastate commerce, whereas the Constitution expressly restricts the power of Congress to the regulation of interstate commerce.

The President, after declaring that the first of these reasons was not important, for there was no intention to delegate the law-making power to the Executive, went on to say that the "Court has practically gone back to the old Knight case of 1885, which limited interstate commerce to goods in transit. Since then the Court has made the interstate-commerce clause apply to a great many things not only in transit, but affecting interstate commerce. When the Constitution was written the country was in the horse-and-buggy stage. There was no interstate commerce to speak of * * * there was no problem of unemployment or buying power, no national social questions."

PRESIDENT'S CONCLUSION RECALLED

He concluded, therefore, that the people "have got to decide—not this autumn or this winter, but over a period of 5 or 10 years—if they are going to relegate to the States control of social, economic, and working conditions. They must decide whether to restore to the Government the powers that every other national government has. This is the biggest question before the country in years, as big as the choice between war and peace. * * * If the implications of the Supreme Court's decision are carried to their logical conclusion they would strip the Government of almost all its powers."

In all this he followed the declaration of a distinguished predecessor, Theodore Roosevelt, who said:

"It is the narrow construction of the powers of the National Government which in our democracy has proved the chief means of limiting the national power to cut out abuses, and which is now the chief bulwark of those great interests which oppose and dread any attempt to place them under efficient Government control."

REGRETS NARROW CONSTRUCTION

It is a nice question about which laymen will honestly differ whether the construction placed on interstate commerce by the Supreme Court was a necessary conclusion from either the words of the Constitution or past decisions.

Without questioning the decision, a great many good citizens believe that the Court might have given the clause the broad construction essential to our economic stability and prosperity. There is some foundation for the opinion which has been widely expressed that in the past where property rights have been in issue the Court seems to have been broad and liberal in its construction of the commerce clause, but where human rights are concerned it has been in the habit of giving interstate commerce the narrowest possible interpretation.

After the President's dramatic utterance many newspapers and political leaders who had always bitterly fought the traditional Jeffersonian and Democratic idea of local government and State rights suddenly became horrified at the possibility of their dreams coming true. They became followers of Jefferson overnight. They abandoned the theory of a strong Federal Government and professed the most solicitous consideration for the rights of States in managing their own affairs. They thought they saw the chance to accuse the President of all the errors of which they themselves had been guilty for generations.

ROOSEVELT'S VIEW COMMON SENSE

The two most notable contributions to this campaign so far are found in the radio address of Senator BORAH, of Idaho, and the speech of former Governor Lowden, of Illinois, before the "grass roots" Republican convention at Springfield. Both of them indulged in well-worn and time-honored methods of political argument, but neither was able to establish that the President did anything else than speak the average man's common-sense reaction to the Supreme Court's decision.

That the President was entirely sound in his fundamental idea nobody who has read the history of his country, even in the most desultory fashion, can deny. Economic and social conditions in this country have radically changed since the framers of the Constitution met in Philadelphia in 1787. This is too obvious to require proof.

There was practically no interstate commerce in those days; in fact, there was but very little communication between the States—certainly nothing approaching the present-day methods of commerce and communication.

When the colonists, living in sparsely settled communities, chiefly on farms, stretching along the Atlantic Coast from Massachusetts Bay to where Georgia touches the Atlantic, desired to test the sentiment of their associates relative to the cause of independence, they were obliged to resort to "committees of correspondence" and through the medium of letters which traveled by horseback, stage coach, or clipper ship, they were able after many months to exchange views.

They were unable, except at extraordinary expense, time and labor, to get together in person to discuss these views. Thomas Jefferson at Charlottesville and John Adams at Boston exchanged letters throughout all their lives, discussing all the public questions then pending. It took several weeks for Mr. Jefferson to get back Mr. Adams's reaction to one of his arguments. Today a Jefferson in Virginia and an Adams in Massachusetts may exchance their ideas almost instantaneously.

In those days the wheat from Mount Vernon was sent by ship whose only propelling power was a favorable wind, down the Potomac and up the Chesapeake to Baltimore. Some weeks later General Washington learned what his wheat had brought. Today the wheat farmer in the far West knows every day when he picks up his newspaper or tunes in on his radio what his wheat is worth at the moment in every market of the world.

Then it mattered not at all to Massachusetts and New York what the colonist farmers of the southland might do with the products of their fields, for they never came into active competition with those of the Northern States. Today the cost of labor and materials which enter into the finished product manufactured in Georgia or California is reflected in the price which the same or a similar product may sell for in New York or Boston.

INTERSTATE COMMERCE CHANGED

The advance of science and the progress of invention have made interstate commerce a thing as different from what it was in 1787 as the civilization of the savage tribes of darkest Africa is different from that of Paris, London, or Boston. It was to this only that the President called the attention of the country. If the commerce clause of the Constitution could speak in words today, it might well employ the striking language of the poem of Oliver Wendell Holmes:

"And if I should live to be,
The last leaf upon the tree
In the spring.
Let them laugh as I do now
At the old forsaken bough
Where I cling."

The President's suggestion was that this is a democracy, where the people rule, and all branches of the Government—legislative, executive, and judicial—are but the servants of the ruling power. The decisions of these servants may be overruled, as they have been time and again in the country's history, by the mandate of the people's will. This doctrine is neither an attack upon the Constitution nor criticism of any of the branches of the Government. It is pure straight constitutional doctrine, for the people wrote it into the fundamental law which they ordained and established at the beginning of our Union and the founding of our Nation.

SAYS BORAH BUILT STRAW MAN

Senator BORAH, in his self-appointed role of savior of the Constitution, framed the draft of an amendment which he said would be necessary to meet the President's idea. This amendment proposed to give legislative power to the Congress and to such executive commissions as should be created from time to time.

This is the familiar form of argument called by logicians the reducio ad absurdum. In more common parlance it may be said that the distinguished Senator carefully built a man of straw and then riddled the result of his handiwork with 10-inch guns. Nobody has ever suggested any amendment to the Constitution which would vest the Executive with legislative power, and, so far as I know, no man who has given the matter a moment's thought has ever considered such a proposition. It is a preposterous suggestion.

Governor Lowden, who emerged from a well-earned obscurity to sound the keynote for the 1936 Presidential campaign, springs to the defense of the menaced Constitution in more direct fashion. He fears the destruction of local self-government, the abolition of the Bill of Rights, and the end of liberty in the United States.

He says: "The preservation of the basic principles of the Constitution; this is the supreme issue of the hour. * * * Upon this great issue the Republican Party must take the lead. It would be false to its traditions and its history if it faltered now. Minor factional and sectional differences must disappear."

The desire to wipe out factional differences in the Republican Party in this sad hour of its deep submergence in the dark waters of defeat is readily understandable, but Mr. Lowden will find that when he bases it upon the purpose of preserving the Constitution there will be no differences within or without his party to combat him. All parties and all patriotic citizens desire and intend at all hazards to preserve our constitutional rights and liberties.

The question is not whether we shall preserve our Constitution. That is nowhere disputed. The question is whether the Constitution shall be pickled in its original liquor and stubbornly preserved in its pristine form, or whether it shall be preserved in the manner in which its framers intended to meet the changing demands of the new growth and development of a great country.

The framers plainly foresaw that the Constitution would have to be changed from time to time. The very Bill of Rights about which Governor Lowden is so much concerned is contained in the first 10 amendments to the Constitution, and other highly important amendments have been forced by the people's will to meet interpretations which did not satisfy them when uttered.

The people have not only changed the Constitution to meet the decisions reached in the arbitrament of war and to conform to new economic conditions growing out of the rapid progress of our changing civilization, but they once amended the Constitution to make "an experiment, noble in motive", and the experiment having failed they again changed the Constitution to write an acknowledgment of the failure into that instrument.

MOST FAR-SEEING STATESMAN

It is very likely true, as recently stated by one of the political wiseacres of the time, "that an amendment to turn over to the National Government omnipotent powers to regulate wages, hours, working conditions, trade practices and prices would not be ratified by 10 American States", but the straw-grasping politicians who ascribe such a purpose to the President forget what everybody else in the world recognizes, that is, not only is Franklin D. Roosevelt the most far-seeing statesman among all the leaders of the world's thought but also he is the wisest politician of his time.

Such a specific amendment has never been hinted at by him. But it may be that a restatement of the commerce clause of the Constitution in twentieth century language might become neces-

sary to effectuate the intent of the framers, who never designed that their work should be forever construed by the dim candlelight of the eighteenth century.

The fathers intended to protect every State in its right to achieve social, economic, and industrial progress, and only if that right is respected will the purpose of the Constitution be accomplished. If present-day interpretations violate that intent they will destroy the most sacred of State rights. No amendment will be considered which would not meet with the approval of the framers if they were here now to write it into their own instrument in the glare of the electric light of a modern civilization.

To suggest changes in the Constitution is not an attack upon the Constitution. To make changes is not unconstitutional. In the very instrument itself, perhaps the most carefully thought out and skillfully worded article is that which reserved to the people themselves, the makers of the Constitution, the sole right to alter it.

CRITICISM CALLED "FLAREBACK"

All this criticism of the liberty to suggest amendments and the right of the people to make them if they see fit is a flareback from the archaic, repudiated, and defeated theory argued strenuously on both sides in the early days of the Republic, that the Constitution is a compact between the States with which the people had naught to do and which, therefore, presumably the people have no right to alter.

This was the argument presented by Calhoun and Toombs and Stephens and personified by Jefferson Davis. We thought that argument was ended at Appomatox.

The Supreme Court has never said that the Constitution is a compact between the States. On the contrary, in every decision of that great Court from 1793 down to this hour, whenever the question has been raised, it has been specifically declared to be not a compact between the States but a covenant of the people with themselves for their own government.

Away back in 1793 Mr. Chief Justice Jay said:

"Here we see the people acting as sovereigns of the whole country; and in the language of sovereignty; establishing a Constitution by which it was their will that the State governments should be bound and to which the State constitutions should be made to conform. Every State constitution is a compact made by and between the citizens of a State to govern themselves in a certain manner, and the Constitution of the United States is likewise a compact made by the people of the United States to govern themselves as to general objects in a certain manner."

And again in 1816 the great Story said:

"The Constitution of the United States was ordained and established not by the States in their sovereign capacities, but emphatically, as the preamble of the Constitution declares, by 'the people of the United States.' There can be no doubt that it was competent for the people to invest the General Government with all the powers which they might deem proper and necessary, to extend or restrain these powers according to their own good pleasure, and to give them a paramount and supreme authority.

"As little doubt can there be that the people had a right to prohibit to the States the exercise of any powers which were in their judgment incompatible with the objects of the general compact; to make the powers of the State governments, in given cases, subordinate to those of the Nation; or to reserve to themselves those sovereign authorities which they might not choose to delegate to either.

"The Constitution was not, therefore, necessarily carved out of existing State sovereignties nor a surrender of powers already existing in State institutions, for the powers of the States depend upon their own constitutions, and the people of every State had the right to modify and restrain them according to their own views of policy or principle.

"The Constitution unavoidably deals in general language. It did not suit the purposes of the people in framing this great charter of our liberties to provide for minute specifications of its powers, or to declare the means by which those powers should be carried into execution. It was foreseen that this would be a perilous and difficult, if not an impracticable, task. The instrument was not intended to provide merely for the exigencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in the inscrutable purposes of Providence.

"It could not be foreseen what new changes and modifications of power might be indispensable to effectuate the general objects of the charter; and restrictions and specifications which, at the present, might seem salutary might, in the end, prove the overthrow of the system itself."

BECK'S FORMER STATEMENTS CITED

And yet we find, despite the decision following the exercise of great national power by war and the repeated declarations of the highest court in the land, the old doctrine, long dead and buried, has been resurrected by no less a constitutional authority than Mr. James M. Beck, who, by the way, never allowed his veneration for the Constitution to prevent him, though a resident of New York, from representing a Philadelphia district in Congress. So late as in the year 1932, in an address before the House of Representatives at Washington, Mr. Beck said "that if every State of the Union were to assemble tomorrow and unanimously agree, without any action of Congress, that they would change the Constitution, they could change it by such unanimous consent. Who could object, if all agreed?" The answer is nobody—except the people.

And again he said:

"Therefore, bear in mind the legal metaphysics of this question that while the Supreme Court speaks of the source of ratifying power being in the Constitution, the power of the constituent States to determine whether they will or will not ratify an amendment is antecedent to the Constitution and grows out of their nature as sovereign States that created a compact by their own voluntary act."

And further:

"Remember, gentlemen, what I said before, that the power of the State to ratify an amendment to the Constitution, while as to the method of its exercising is a grant of constitutional power, yet it has by reason of its own reserved rights the ultimate right to determine whether the compact into which it entered shall be changed."

GOVERNMENT BY DEAD HANDS

This utterly false doctrine, that the Constitution is a compact between the States, is the major premise in every argument that has been made or ever can be made to support the theory that the Constitution is sacred and untouchable. The people who framed the Constitution meant it to be neither of those things. They meant it to be changed when necessary to conform to the will of the majority. The only condition necessary to a change was that it should be submitted to and passed upon by the people themselves. Thus, the right to change the Constitution is the very foundation of popular government. Without it the people do not rule.

Those who argue now that the Constitution is sacrosanct and, though times may change as the world goes on, must remain always as it was written, are insisting that this people of 130,000,000 souls, stretching its civilization over a territory undreamed of by the fathers, living under conditions which could by no human possibility have been visualized by the framers of the Constitution, wise and foreseeing as they were, shall be governed not by themselves but by a dead hand reaching out of the darkness of the eighteenth century.

In my judgment, the most significant thing about the Constitution is this: It framed a representative democracy by an instrument almost perfect in its structure; but it provided that any alterations of that instrument must be made by methods which the people devise, which amounted approximately to a pure democracy.

RIGHT TO CHANGE RESERVED

The people themselves ordained and established this representative democracy and the people themselves, without imposing any power or responsibility upon the machinery of representative democracy, reserved the right to alter it. Neither the Federal Government nor the States, jointly or separately, unanimously or by a majority, can change the Constitution of the United States. It is purely a popular function. Therefore, to suggest that the people should consider the alteration of the Constitution is merely the suggestion of a popular referendum on the question of what the fundamental law shall be. It raises the issue, Shall the people rule?

It is true that in article V of the Constitution, relating to amendments, the people gave to Congress the power to propose amendments, and by the same article they gave to the legislatures the power to ratify amendments. But the Congress is not the Federal Government. The legislatures are not the States. What the people did was to select one branch of the Federal Government as their agent for proposing amendments and one branch of the State governments as their agent for ratifying amendments. But they were only the people's agents. Even these they did not wholly trust, for by a skillful use of words, never since equaled in legislative enactments, they devised alternatives which would assure to them the right to alter the Constitution if these agents should prove recalcitrant to the popular will.

ALTERNATIVE METHODS FOR ACTION

As an alternative method of proposal of amendments they provided that upon the application of the legislatures of two-thirds of the States the Congress "shall call a national convention to propose amendments." This left the Congress without discretion in the matter, but required it to call a convention to propose an amendment if the people through their agents, the legislatures, so required. And as an alternative method of ratification, in case legislatures might not truly represent the popular thought, they provided that the Congress might submit the amendment for ratification to "convention in" the States.

The alternative of calling a national convention to propose an amendment has never been resorted to in the history of the Republic.

The alternative method of ratification, namely, by conventions in the States, has been employed but once, when in 1933 the Congress submitted the so-called "repeal amendment" to conventions in the States. Even then the Congress did not comply with the constitutional intent, which was to make the convention system entirely separate from and unassociated with the legislatures. The Congress permitted these conventions to be called by the States.

Although it is doubtless true that the popular will was carried out in respect to this amendment, it was not carried out in the carefully guarded manner which the framers of the Constitution had designed to make certain that the States should not interfere with the prerogative of the people themselves. The Congress should have called these conventions into being, exactly as it must call a national convention if it receives the application of the legislatures of two-thirds of the States for such national conventions to propose an amendment.

INTERPRETS INTENT OF FRAMERS

This intent of the framers clearly appears from the language of article V, which provides that proposed amendments "shall be valid to all intents and purposes as part of this Constitution when ratified by the legislatures of three-fourths of the several States, or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by the Congress."

It has come to be generally accepted that the framers of the Constitution used no language without a definite purpose in mind. If they had intended that amendments should always be in the control of the legislators, why did they provide for conventions at all? For it is obvious that the constitutional method of ratification by conventions could be entirely nullified by the legislatures of the States either by refusing to call the convention, by delaying action, or by legislation which by a gerrymandering of districts or otherwise would make these conventions anything but representative of popular will. The net result would be that only one method of ratification, that by the legislatures, would have been provided.

In the Constitution every word must be given a meaning. Why did the framers of the Constitution say "legislatures of 'and' conventions in" the States? There is a vast difference between "of" and "in." "Of" denotes a possessive character as "belonging to", "organized by", or "chosen for" and is much larger in its scope than "in", which refers to location and nothing else.

STUDIED USE OF WORDS NOTED

The studied use of these two propositions plainly indicates a purpose that the two methods should be entirely distinct, neither dependent upon nor to be controlled by the other. The framers may have had in mind the very situation which is now generally (though mistakenly) believed to exist (as stated by a former Attorney General of the United States)—"ratification by State conventions obviously takes more time than ratification by State legislatures."

It seems clear that the chief purpose of the framers of the Constitution was that the will of the people should be promptly determined and that it should not be thwarted by legislative bodies of the States. They took care of this possibility by retaining the power in the Congress to employ the convention system, the only constitutional restriction upon the action of the Congress being that these conventions should be held in the several States.

One of these methods might be called the "slow" method, dependent for results entirely upon the will of the legislatures; the other the "quick" method, by which the Congress might put the matter directly up to the people by creating conventions without intervention of the legislatures.

POINTS TO POSSIBLE EMERGENCY

It is conceivable that a situation might arise when the very existence of the Government might depend upon the immediate amendment of the Constitution. Under such circumstances must the Government make its own life dependent upon the will of the legislatures elected by the people for other purposes, or can it submit the question directly to the people, by whom and for whom the Constitution was written to create and preserve the Federal Government?

A striking illustration of the wisdom of the fathers in providing this alternative method of ratification is presented by the situation in our own State of Pennsylvania today. In 1934, by a political revolution unprecedented in our history, the people of this State turned from the party of reaction to the new deal.

They sent to the Senate of the United States one of Pennsylvania's able and experienced sons with the express understanding that he would support the President's plans 100 percent, a pledge which he has so faithfully kept that he has already become a strong leader in that body.

They placed in the Governor's chair another loyal and progressive citizen, who, despite desperate opposition, had with consummate skill and undaunted courage, already made a reputation for fidelity to his trust unequaled in any State.

Yet, despite this plain mandate of the people and the popular acclaim for the public servants who have faithfully executed it, if a constitutional amendment, which might be demanded by a vast majority of our people, were now submitted to the legislature for ratification, it would immediately reach the electric chair of the hold-over Senate, which still listens to its old master's voice.

WAY TO EXPRESS POPULAR WILL

By no other system than a popular convention could the popular will in such case be translated into law. By such a system dilatory and obstructive tactics would be swept aside, for the Congress could call such a convention to meet in the near future on a fixed date.

From all this it seems plain that the wise men who framed the Constitution made certain that it should never die from disease or old age. They settled the means by which it should remain forever quick with life.

There is no thought in any responsible quarters of wiping out State lines or interfering with local government, except so far as it may be necessary in present conditions to make good the immortal language of the preamble, which declared that the people ordained and established it "in order to form a more perfect union, establish justice, insure domestic tranquillity, and secure the blessings of liberty to themselves and to their posterity."

Those who would amend the Constitution now to conform to that purpose are the real defenders and preservers of that great instrument, and those who would restrain the people from exercising their will are not only the would-be destroyers of popular government but they are also the real enemies of the Constitution, for they assert that the Constitution as written, including the power to alter it, shall no longer serve its God-given purpose. It is they who would tear down the structure of the fathers who builded for all time a framework of government which would answer the prayer of Lincoln, uttered on Pennsylvania soil, in the midst of the greatest trial our country has ever suffered, "that government of the people, by the people, and for the people shall not perish from the earth."

ATTITUDE OF HOLDING COMPANIES TOWARD REGULATION BILL

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the New York Daily News of this date entitled "Holding Companies Attack Roosevelt."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Daily News, June 20, 1935]

We see in various papers a striking advertisement, signed by the Associated Gas & Electric System and captioned "Last Chance for Utility Investors." The News didn't carry this ad, but we are glad to summarize it here.

The ad says millions of American citizens' investments in power companies are jeopardized by the Wheeler-Rayburn bill to rub out the intermediate holding company racket in 7 years. It accuses President Roosevelt of having used the $4,880,000,000 relief fund as a patronage club to jam the bill through the Senate, and implies that he will do the same when the bill comes before the House. It beseeches everybody to write his Congressman to vote against the bill, as a long step toward Government ownership and operation of all the electric and gas companies. And it contains an inset letter from an alleged 78-year-old lady in Pennsylvania to her Congressman, begging him to vote against House bill no. 5423 and not to let Uncle Sam take away her pitiful little utility dividends, which she claims to have earned, and much prefers to an old-age pension.

We question the wisdom of the utilities in thus attacking the President, in view of his popularity and of what the public has been learning these last few years about the utilities.

WORKINGS OF THE RACKET

Insull taught the public its first and biggest holding company lesson at a cost of some $110,000,000 to hundreds of thousands of investors, including some widows and orphans.

Locally, we've been learning things like these of late:

Consolidated Gas is 37 percent water.

Consolidated Gas has invested $29,300,000 since 1925 in its subsidiary, Westchester Lighting Co., and has taken out more than $27,000,000 in dividends, or more than 93 percent, in the same period. Hence, Westchester County's fantastic electricity rates.

Long Island Lighting, captained by Ellis L. Phillips, has performed numerous stock split-ups and inside sales which have made millionaires of its handful of stockholders—the net result being that the New York State Power Authority calls Long Island power rates at least 50 percent too high.

These are samples. The intermediate holding company game is a racket, as truly as the poultry, policy, and fish rackets are rackets. Insiders in the intermediate companies skim off $3 out of every $7 earned by the producing companies in the chain—and those insiders are not widows or orphans. The widow-orphan money is mainly in the producing power companies unaffected by this bill.

Because it is a rich, delightful racket, yielding yachts and grouse shooting in Scotland and vacations at Deauville to its practitioners, they will not let go without a terrific fight. The ad above digested is one sample of these men's efforts to drum up public opinion against the Wheeler-Rayburn bill, and against the President, who wants that bill made law.

These men and their forerunners in high finance have won every fight of this kind up to now. We'll see if they can win against President Roosevelt.

SENATOR FROM WEST VIRGINIA

Mr. NEELY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Glass	McCarran
Ashurst	Caraway	Gore	McGill
Austin	Chavez	Guffey	McKellar
Bachman	Clark	Hale	McNary
Bailey	Connally	Harrison	Maloney
Bankhead	Coolidge	Hastings	Metcalf
Barkley	Copeland	Hatch	Minton
Bilbo	Costigan	Hayden	Moore
Black	Davis	Johnson	Murphy
Bone	Dieterich	Keyes	Murray
Borah	Donahey	King	Neely
Brown	Duffy	La Follette	Norris
Bulkley	Fletcher	Lewis	Nye
Bulow	Frazier	Logan	O'Mahoney
Burke	George	Lonergan	Overton
Byrd	Gerry	Long	Pittman
Byrnes	Gibson	McAdoo	Radcliffe

Reynolds	Sheppard	Townsend	Van Nuys
Robinson	Shipstead	Trammell	Wagner
Russell	Smith	Truman	Walsh
Schall	Steiwer	Tydings	Wheeler
Schwellenbach	Thomas, Okla.	Vandenberg	White

Mr. VANDENBERG. I announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness, and I ask that the announcement stand for the day.

Mr. LEWIS. I announce the absence of the Senator from Idaho [Mr. POPE] and the Senator from Utah [Mr. THOMAS], caused by important public business.

Mr. AUSTIN. I wish to announce that the Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. DICKINSON], and the Senator from New Jersey [Mr. BARBOUR] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

Senate bill 2367, the so-called "Bankhead farm-tenancy bill", is before the Senate.

Mr. NEELY. Mr. President, I call up the Holt election-contest case, and ask that the Senate proceed with that case until it shall have been concluded.

The VICE PRESIDENT. The Senator from West Virginia may present his colleague at the Vice President's desk to take the oath of office. From the parliamentary standpoint, that is all the Chair knows about it at the present time.

Mr. MCNARY. Mr. President, I think it was understood that the Senator from West Virginia would not present his colleague to take the oath until the matter had been discussed and settled.

Mr. ROBINSON. Then, Mr. President, in order that there may be something before the Senate, I move that the oath be administered to Senator-elect HOLT.

Mr. GEORGE. Mr. President, I was about to ask for the consideration of the formal resolution reported by me from the Committee on Privileges and Elections.

Mr. ROBINSON. Very well, then; I withdraw my motion.

The VICE PRESIDENT. The resolution reported by the Senator from Georgia from the Committee on Privileges and Elections will be read.

The Chief Clerk read the resolution (S. Res. 155), as follows:

Resolved, That RUSH D. HOLT is entitled to his seat in the Senate of the United States as a Senator from the State of West Virginia, it appearing that he was 30 years of age at the time when he presented himself to the Senate to take the oath and to assume the duties of the office.

Mr. HASTINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia desire the floor?

Mr. GEORGE. Yes, Mr. President; I desire to speak on the resolution.

The VICE PRESIDENT. The Senator from Georgia is recognized, he having submitted the resolution.

Mr. GEORGE. I desire to proceed at this time, this being a highly privileged matter.

Mr. HASTINGS. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Delaware?

Mr. GEORGE. I yield.

Mr. HASTINGS. I desire at some time to offer a substitute for the resolution of the Senator from Georgia, and I was wondering whether that may be done now or may be done later, depending upon what the Senator from Georgia desires.

Mr. GEORGE. I yield for the purpose of allowing the proposed substitute resolution to be offered.

Mr. HASTINGS. As a substitute for the resolution of the Senator from Georgia, I offer the resolution which I send to the desk.

The VICE PRESIDENT. The resolution in the nature of a substitute offered by the Senator from Delaware will be stated.

The Chief Clerk read as follows:

Resolved, That the election of RUSH D. HOLT to be a Senator of the United States was void, he not having attained the age of 30 years at the commencement of the term for which he was elected.

The VICE PRESIDENT. The Chair understands the parliamentary situation to be that the Senator from Georgia has submitted a resolution for which the Senator from Delaware has offered a substitute. So the question will come on agreeing to the resolution presented by the Senator from Delaware as a substitute for the resolution of the Senator from Georgia.

Mr. GEORGE. Mr. President, this is a highly privileged matter. The Committee on Privileges and Elections has submitted a majority report, which has been printed and is on the desk of each Senator. Minority views have also been submitted by certain members of the Privileges and Elections Committee. Those views also are printed and are before Senators.

Mr. President, this is a matter of very great importance; the issue raised is of primary importance. The principal issue, the one upon which the Senate unquestionably will pass directly, and the controlling issue, is one of first impression, so far as the Senate is concerned, upon the precise facts presented in this case.

In the West Virginia primary election of August 8, 1934, RUSH D. HOLT was declared the nominee of the Democratic Party and the then sitting Senator, Henry D. Hatfield, was declared to be the nominee of the Republican Party for the office of United States Senator from the State of West Virginia. In the general election on November 7, 1934, RUSH D. HOLT received 349,882 votes and Henry D. Hatfield 281,756 votes. The secretary of state of West Virginia duly certified the result of the election to the Governor, who in turn certified in due form the election of RUSH D. HOLT to the Senate of the United States for the term beginning January 3, 1935. The certificate of the Governor of West Virginia was duly transmitted to the Secretary of the Senate before the beginning of the Seventy-fourth Congress, which convened January 3, 1935.

In April 1935 Henry D. Hatfield presented a petition in the nature of a protest and contest, in which he alleged that the election of RUSH D. HOLT was void, and raised certain questions with respect to the regularity of the election. He also claimed that he should be seated as a Senator from West Virginia upon the ground that he received the next highest number of legal votes cast in the November election; that the election of HOLT being void, he was entitled to the seat.

Subsequently a large number of citizens of the State of West Virginia filed with the Senate a memorial, in which it was alleged that the election of RUSH D. HOLT was void, and in which other allegations were made, based upon alleged irregularities in the certificate filed by RUSH D. HOLT in the primary election of August 8, 1934.

Both the petition of Henry D. Hatfield and the memorial of the citizens of the State of West Virginia were referred to the Committee on Privileges and Elections.

Both the petition of Hatfield and the memorial of the citizens of the State of West Virginia raised primarily the question of the age qualification of RUSH D. HOLT. It was alleged in both the petition and the memorial that RUSH D. HOLT was born on June 19, 1905; that he was not, therefore, 30 years of age at the time of the election in November 1934, nor at the commencement of the term for which he was elected, to wit, January 3, 1935. It is therefore claimed that the election of HOLT was void because he failed to meet the constitutional age requirement as provided in clause 3, section 3, article I, of the Constitution.

It was also averred that the certificate required by the election laws of the State of West Virginia to be filed by every candidate for office in the primary election was not attested by or acknowledged before an officer of the county in which the certificate purported to have been executed. Upon that issue the evidence is not in dispute. It appears that the officer before whom the certificate was acknowledged was not in fact an officer of the particular county stated in the caption of the certificate. It also appears that he was an officer authorized under the laws of the State of West Virginia to administer oaths, and that he held a commission as notary public for the State at large.

This certificate was required to be filed as a prerequisite to becoming a candidate in the primary election of 1934.

Your committee are of the opinion, and upon that point I believe there is no difference of opinion, that the particular contention made regarding the attestation of RUSH D. HOLT'S signature is of no significance or consequence, for the reason that the certificate was in fact made or acknowledged, and for the additional reason that whether the officer who purported to have acknowledged it was in fact an officer of the county in which the certificate purported to have been made, he was an officer of the State at large. In fact, under the undisputed evidence, the certificate was not executed in the county stated in the caption of the certificate, but was executed in another county.

Moreover, no exception whatever was taken to the certificate or to its sufficiency, and the name of RUSH D. HOLT was placed upon the ticket of the Democratic Party in the primary election of August 1934, and no exception whatever was made to the appearance of the name of RUSH D. HOLT upon the ticket as a candidate of the Democratic Party for United States Senator from the State of West Virginia in the general election of November 11, 1934. Therefore, the objection here raised seems to be without substantial merit.

The certificate required of every candidate under the primary laws of the State of West Virginia contained the statement, "I am eligible for the office" for which the candidate offered himself, and the further statement in the certificate that "I am a candidate for the office in good faith." It is objected, inasmuch as he had not reached the age of 30 and could not attain the age of 30 prior to June 19, 1935, that Mr. HOLT made an untrue statement and that he could not in good conscience say that he was a candidate in good faith as the certificate required.

I believe upon this point there is no serious difference of opinion. Your committee are of the opinion that, on the undisputed evidence in the case, RUSH D. HOLT was merely stating his view, his view both of law and of fact, and that even if he had drawn an erroneous conclusion, no imputation of bad faith could be drawn in the case, and certainly no such implication of bad faith as would justify the Senate in saying that he should not for that reason be entitled to take his seat.

Your committee have been influenced in reaching its decision upon that question because it appeared from the undisputed evidence that RUSH D. HOLT from the opening of his primary campaign, on the platform, in public discussion, and in the press of the State, at no time denied the fact that he was born on the 19th day of June 1905, and that even if he had drawn an erroneous conclusion of law, or conclusion of law and of fact, it would be of no consequence as far as seating him in this present case is concerned.

The committee is also of the opinion—and upon that point in the case there is no division among the Members—that even if RUSH D. HOLT is held to be ineligible to take a seat in the Senate, and even if his election is void, nevertheless Henry D. Hatfield is not entitled to the seat, upon the broad, generally recognized principle that the ineligibility of a majority candidate does not entitle the candidate receiving the next highest number of legal votes cast in the election to the office.

So, Mr. President, the important issue before the Senate involves this question: As of what date is the age qualification for a Senator provided for in article I, section 3, paragraph 3, of the Constitution to be determined? That is, is it to be determined as of the date of the election, or is it to be determined as of the date of the beginning of the term of office for which the Senator was elected; or is it to be determined as of the date when the Senator-elect presents himself and demands the right to take the seat and assume the duties of his office?

Article I, section 3, paragraph 3, of the Constitution reads as follows:

> No person shall be a Senator who shall not have attained to the age of 30 years, and been 9 years a citizen of the United States, and who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

There are other pertinent provisions in the Constitution to which attention will be directed.

It will be noted that this particular paragraph is really a paragraph of two sentences. The first sentence is complete within itself; that is—

> No person shall be a Senator who shall not have attained to the age of 30 years, and been 9 years a citizen of the United States.

The second sentence or clause is complete but for the subject:

> And who shall not—

That is to say, no person shall be a Senator who shall not—

> when elected, be an inhabitant of that State for which he shall be chosen.

It is the opinion of the majority of the committee that the words "when elected", appearing as they do in the middle of the second sentence or clause, must be held as a mere rule of grammar, as a mere rule of reason, to modify the word "person" which appears in the first clause or sentence; that the words "when elected" have no reference to the verbs used in the first sentence, or the first two clauses which compose a complete sentence in the particular paragraph.

It will be noted that this particular clause of the Constitution declares that "No person shall be a Senator." It is the view of your committee that the reference is to actual senatorship, and not to potential senatorship. It is the view of your committee that the invitation to the Senate, and the obligation resting upon the Senate, is to deal with the matter in the present tense.

It may be contended that RUSH D. HOLT became a Senator upon the date of his election. That position is hardly tenable; and I do not think it will be taken—certainly not by the members of the committee who have filed minority reports.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. I would rather not yield just at this point.

Mr. LONG. I simply desire to say that there is a decision of a United States court on that subject.

Mr. GEORGE. I would rather not yield just at this point. The majority of the committee believe that the clause itself negatives the idea, completely contradicts the theory, that a person is, when elected, on the date of his election, a Senator in the Congress of the United States.

It will be noted that in the middle of the second sentence or clause, dealing with the question of habitancy, the words "when elected" are used; that is to say, that—

> No person shall be a Senator * * * who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

There would be no purpose whatever in using the words "when elected" if a person who was a candidate for the Senate became a Senator on the date of his election.

Beyond all question, the person on the date when elected cannot be held to be a Senator within the meaning of this clause in the Constitution.

It may be said, Mr. President—and that is the view expressed by those who have filed minority reports, and by those who, through the history of the Senate itself, have taken a contrary view—that, nevertheless, a Senator-elect becomes a Senator at the commencement of the term of office to which he was elected. Upon that question I desire to say that it is not my view that the mere formality of an oath converts a Senator-elect into an actual Senator, or a Senator within the meaning of clause 3 of section 3 of article I of the Constitution. The Constitution does require that all Senators, Members of the Congress, and certain State officers, shall take an oath to support the Constitution. That is a constitutional requirement. As a matter of fact, until the First Congress met there was no prescribed form of oath, and there could not be until the Congress prescribed it.

As a matter of fact, if through inadvertence or misadventure a Senator-elect should be allowed to enter the Senate, should be enrolled, should take his seat, and should participate in the deliberations of the Senate, I do not believe it

could be contended with reason or force that the mere failure to take the oath interfered essentially with the character of the person as a Senator in the Congress of the United States. Upon that point I am expressing my own view. If the Senator-elect should willfully and intentionally refuse to take the oath, of course it is perfectly manifest that the Senate would have the right to deal with the Senator; and it might go so far as to say—indeed, I undertake to say that it should say—"You cannot be enrolled, nor can you take your seat, nor can you participate in the deliberations of the Senate."

That, however, is wholly a different question, as I view this important matter.

Mr. NEELY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from West Virginia?

Mr. GEORGE. I do.

Mr. NEELY. I invite attention to the fact that the statement just made by the Senator from Georgia is explicitly supported by rule II of the Senate, which is as follows:

> The oaths or affirmations required by the Constitution and prescribed by law shall be taken and subscribed by each Senator, in open Senate, before entering upon his duties.

So, manifestly, under the rules of the Senate no Member of this body could enter upon the discharge of his duties, or become a Senator to all important intents and purposes, until he had subscribed to the oath of office required by the Constitution.

Mr. GEORGE. Mr. President, I am sure I agree with the statement made by the distinguished Senator from West Virginia. I am also certain that it was appropriate for the First Congress to provide the oath, because that Congress was simply carrying into execution a provision of the Constitution which was not, in the strict sense, self-executing; and, of course, it is appropriate that the oath be administered at the beginning of the session. But, Mr. President, I do not put my argument upon the single circumstance that a person elected to the Senate does not become a Senator in fact, or may not become a Senator in fact, until the oath has been taken. One cannot become a Senator in fact until the Senate is in session, until he has presented himself, until he has taken his seat, and in regular order under rules of the Senate he must have also taken the oath, and until he is free—indeed, until he has assumed the obligation—to participate in the deliberations of the Senate.

What burden or duty rests or can rest upon one merely elected to the Senate even after the beginning of the term of office but who has not in fact entered the Senate and who has not taken the oath, who has not claimed his seat, and who has not placed himself in position to meet as a matter of duty the responsibilities of the senatorial office?

The broad position the majority of the committee takes is that, giving to this clause of the Constitution a liberal, a common-sense, a logical construction, a person does not become a Senator in fact until he enters the Senate, until he takes his place in the body, and until he places himself under obligations to discharge the duties of the office of Senator. In my judgment, that view of it is justified under the Constitution.

Mr. President, what is the reason for this particular clause in the Constitution?

Mr. BORAH. Mr. President, will the Senator permit a question?

Mr. GEORGE. I am glad to yield.

Mr. BORAH. The Senator stated that a person did not become a Senator until he entered the Senate. I take it the Senator means by that the day when his term of office begins to run.

Mr. GEORGE. I am discussing that feature of it, and I have said, as the Senator from Idaho may have understood, that I did not believe it would be seriously contended that a person from the date of his election became a Senator.

What were the reasons which led to the inclusion in the Constitution of clause 3, section 3, of article I? First that clause provides three qualifications: Age, citizenship, and residence or habitancy.

Undoubtedly it was the view of those who framed the Constitution, the view of the Constitutional Convention, that no person should be a Senator who had not for some number of years been a citizen of the United States. After much debate and after several changes the Convention resolved that no person should be a Senator who had not been for 9 years a citizen of the United States.

The Convention rightly distrusted the placing of so great power as carried by the office of Senator in the hands of anyone who had but recently become a citizen of the United States. The fear of domination of foreign powers, particularly the fear of English influence, led to the inclusion of this particular provision in the clause to which I have referred. So it was resolved that no person should be a Senator who had not been for 9 years a citizen of the United States.

What is the reason for this qualification? Is it that he must have been a citizen on the day when he was elected? He could assume no responsibility then. He could do nothing by virtue of his election. He could participate in the making of no law nor could he vote upon any measure. He could formulate or shape no policy. He could not influence the action of the Government at all.

Was it that he must have been a citizen for 9 years at the date of the commencement of his term of office, unless actual as distinguished from potential senatorship was in contemplation? Let us look to the reason for it.

Until the person elected has come to the Senate, has entered the body, has taken his place as a member, he is not in position, nor does he have the power or responsibility to cast a single vote, to register a single official act, which could influence any policy of the Government. So, when the framers of the Constitution said that no person should be a Senator, it meant exactly what it said, that he should not be a Senator in fact unless he had been for 9 years a citizen of the United States.

So, with respect to age, the Convention undoubtedly meant and undoubtedly intended that no immature person should exercise the functions and discharge the duties of the office of Senator, and in determining where immaturity ended and maturity commenced they fixed on the arbitrary age of 30, and provided that no person should be a Senator who was not 30 years of age and who had not been 9 years a citizen of the United States.

Again, on the date of the election of a person, whatever his age, it must be admitted, I think, that he is not, by virtue of election alone, charged with any responsibility as a Senator.

Also, at the date of the commencement of the term the person elected to the Senate, without a further proceeding, assumes no duty as a Senator, certainly acquires no power to influence the course of legislation or policies of government.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. TYDINGS. I should like to ask the Senator what would be the legal effect if a man were elected to the United States Senate at the age of 23?

Mr. GEORGE. If the Senator will permit, I shall reach that point.

Mr. TYDINGS. I am inquiring solely for information, because the Senator from Georgia has made a study of this question, and I have not. When the Senator answers the question I have already asked, I should like to have him state, if he will, how far below the age limit one can be and how long he can wait before he will be without the provision of the Constitution.

Mr. GEORGE. I shall be very glad to discuss that point. I am trying to discuss now the language of the Constitution under which it is asserted that Mr. Holt is not entitled to take his seat at this time, under the facts as they now exist.

Let me repeat, it cannot be that the Constitution means that no person shall be elected to the Senate who is under 30 years of age, or who at the time of the election has not been a citizen of the United States for 9 years, because there would

be no reason for that. The person elected, whatever his age and whatever the length of his citizenship, would be in no position to take any action or to discharge any duty which in any wise could affect the affairs of the Nation. Equally I think he could not be in position to take any action or discharge any duty or obligation which would in any wise affect the affairs of the Nation until he had actually become a Senator.

A person elected to the Senate undoubtedly becomes a Senator-elect on the date of the beginning of his term of office. Whatever may be said by way of argument to the effect that he becomes such Senator-elect even from the date of the election, I will not stop to consider, because he certainly is in the position of Senator-elect from the date of the commencement of his term of office. It therefore becomes necessary to notice briefly other provisions of the Constitution.

I read now clause 1 of section 3 of article I:

The Senate of the United States shall be composed of two Senators from each State—

And since the seventeenth amendment—

chosen by the people thereof, for 6 years; and each Senator shall have one vote.

The clause immediately following—that is, clause 2 of section 3, article I—provides that—

Immediately after they—

The Senators—

shall be assembled in consequence of the first election, they shall be divided as equally as may be into three classes. The seats of the Senators of the first class shall be vacated at the expiration of the second year, of the second class at the expiration of the fourth year, and of the third class at the expiration of the sixth year.

By the twentieth amendment to the Constitution it is provided that—

The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

Undoubtedly, Mr. President, there are within the meaning of the Constitution senatorial terms. Unquestionably, every man elected to the Senate or appointed to the Senate is elected or appointed to a senatorial term, or to a part thereof. There is nowhere any provision in the Constitution—and, indeed, it cannot be asserted that it is required by the Constitution—that one must be elected before the beginning of the specific term to which he is elected. The records of the Senate will disclose that in case of elections by the legislature before the seventeenth amendment, and in cases of appointment by the Governors of the several States, the Senator has been elected or appointed for a term or a portion of a specific term. There is, therefore, such a thing as terms of Senators.

In the case of Andrew Jackson, who was elected months after the beginning of the term, the very commission which he brought to the Senate contained the language that he was elected for the term which began months before his actual election.

Therefore, Mr. President, it does not seem to the majority of your committee that it can with reason be asserted that a person elected to the Senate becomes an actual Senator within the meaning of clause 3, section 3, article I of the Constitution on the date of the commencement of the term for which he was elected.

There is a distinction and a difference between the Senator-elect from the date of the beginning of his term down to the time when he actually assumes the duties of the office of Senator and after that time. That is necessarily true, Mr. President, because the election of one to public office does not make him a public officer. Under our law he has the option of accepting or rejecting the office, and until he accepts the office he cannot be said to have become the officer in fact, although he may have been elected, and his returns may have been made, and his commission may have been issued.

We are, of course, well aware of the presumption which is raised that one elected to a public office, one who has been a candidate for it, one who has been successful in the election, is presumed to accept the office, if nothing more appears. On that general question, of course, there can hardly arise an issue. That one does not necessarily become a Senator within the meaning of the third clause, section 3, of article I of the Constitution on the date when the term to which he was elected begins, seems certain. He is not then a Senator in fact, and he cannot be made a Senator in fact until the Senate, as the Senate is convened, and until he enters upon the discharge of his duties, or at least assumes the obligation to discharge his duties as a Senator.

Mr. President, in dealing with the power of the Senate to judge of the qualifications of its Members it is, of course, well known that each House of the Congress—or, in this instance, the Senate—is the sole judge of the elections, the returns, and the qualifications of its own Members. It is also known that by the very explicit terms of the Constitution a majority of the Senators must be present before the Senate itself is authorized to do any business.

I shall read that provision of the Constitution, because it seems to have a very important bearing upon a proper construction of clause 3, section 3 of article I:

Each House shall be the judge of the elections, returns, and qualifications of its own Members, and a majority of each shall constitute a quorum to do business; but a smaller number may adjourn from day to day, and may be authorized to compel the attendance of absent Members.

Mr. President, we are discussing here not qualifications of a candidate for office. Bear in mind, the language of the Constitution is—

No person shall be a Senator.

The only reason that could have been in the minds of those who framed the Constitution was that an immature person, one not yet 30 years of age, could not sit here and make laws and shape policies; that a person not a citizen of the United States could not sit here until he had been a citizen of the United States for 9 years; but if and when he presents himself to this body he possesess the age qualifications, and he meets also the citizenship qualifications, he is entitled on reason, on the application of the rule of common sense, to sit in this body and to assume and discharge the duties and functions of a Senator.

In the case of habitancy the rule is different, because the second sentence of this particular clause says that—

No person shall be a Senator * * * who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

The reason is again present when we consider that clause of this particular section. The reason is this: The Constitutional Convention knew very well that all during the period of the Revolution States had been represented, not by inhabitants of those States but by inhabitants of other States. A citizen from Pennsylvania represented the State of Rhode Island. Indeed, Rhode Island was represented by two citizens, inhabitants of other States. So the Constitutional Convention took into consideration that fact, and resolved:

No person shall be a Senator * * * who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

There then existed, as now, the feeling of jealousy on the part of the smaller States against the more powerful and larger States; and it was desired by the Convention and provided by the Constitution that no one should be a Senator who was not when elected an inhabitant of the State for which he was chosen, because a Senator should come from his own State; he should be living within that State; he should be familiar with the problems of that State; he should have an interest in the affairs of that State; he should have a loyalty to that State; hence the command of the Constitution.

Why should it be said in the very language of this article that no person shall be a Senator who is not 30 years of age, and who has not been 9 years a citizen, and then when

we pass to the habitancy qualification why should it be specifically declared, "nor shall he be a Senator"—for that is the effect of it, although the conjunction "and" here is used—unless when elected he was an inhabitant of that State for which he was chosen? The language is "when elected." The framers of the Constitution were not concerned about whether a man was 30 years old when he was elected; they were not concerned about whether a man had been 9 years a citizen of the United States when he was elected; but they said he cannot sit as a Senator, he cannot be a Senator, until he reaches 30 years of age, and until he has been 9 years a citizen.

So it seems to me, Mr. President, that if we apply the common-sense rule to this matter and examine the reasons for the three qualifications of clause 3, it must be concluded that a Senator is not, in fact, within the meaning of this clause of the Constitution, a Senator when the beginning of his term arrives or at the beginning of his term of office.

Mr. President, there is another provision of the Constitution which has a rather direct bearing upon the general question which we are discussing. It is provided that no person who holds an office under the United States shall, during his continuance in such office, be a member of either body of the legislative branch. I am not quoting the language exactly, but that is the sense of it. That section of the Constitution has been construed by the Attorney General, it has been construed by the House of Representatives in more than one case, to mean that the person elected to the House cannot take his seat until he shall have divested himself of any other office held by him under the United States.

In one case in which the question arose and was decided by a vote of the House, though by a narrow margin, it is true, the Member-elect was a United States district attorney on the date of his election. He did not resign that office on the date of the commencement of his term of office, but he waited rather until 3 or 4 days before the actual convening of the Congress to which he was elected to divest himself of that office. The question arose whether he was a Member of the House either on the date of his election or on the date of the commencement of his term or only when he appeared, subscribed to the oath, took his seat, and assumed his duties as a Member of the House. It was resolved by the House that he was entitled to retain his seat, although if he was a Representative from the beginning of the term to which he was elected he did continue to hold another office under the United States.

Indeed, Mr. President, the House has definitely gone on record, not only in that case but in subsequent cases, and in a case involving the citizenship clause of the Constitution has construed the identical clause, so far as language is concerned, which fixes the qualifications of Members of the House of Representatives as meaning that the person elected to the Congress must possess the qualifications of age and of citizenship at the time he becomes an actual Member of the legislative body.

In the case of John Young Brown, from Kentucky, I believe it appears that at the date of his election he was not 25 years old, which is the age qualification fixed by clause 2 of article I of the Constitution for membership in the House of Representatives. It also appears that he was not 25 years of age on the date of the commencement of his term. It moreover appears that he was not 25 years of age on the very day Congress itself assembled, because in Jefferson's Manual it is recited that a Member having appeared who was not 25 years of age he was not enrolled, but waited until he had reached the age of 25 and then was permitted to take the oath and become a Member of the House. To all those who are troubled, and to my brethren who take the opposite view of this matter as to the ill consequences that may flow from the seating of a man who, at the beginning of his term of office is not 30 years of age, let me say that the case of John Young Brown has stood in the House of Representatives for more than half the time since the organization of the Congress under the Constitution of the United States. In the Thirty-sixth Congress he appeared, stood aside, and waited until he was 25 years of age, and was then given the privilege of taking the oath; he took the oath and assumed his duties as a Member of the House.

The query is presented, if one who is 29 years old, or 29½ years old, as in this case, may be elected to the Senate and may wait 6 months after the beginning of the term to which he was elected has commenced to run to take his seat, a man who was only 27 years of age or 26 years of age or 25 years of age may do likewise; and it is suggested, by way of argument, that one-third of the Senate might be elected before they had reached the age of 25 or 26, and that even two-thirds of them might be elected at the immature age of 25 or 26; and it is asked what then becomes of government; how can it function? The answer, Mr. President, is in the reaction of the American people to the precedent set by the House of Representatives in the John Young Brown case more than 75 years ago. In that case the House, by its action, did exactly what we are asked to do here today and no more; and yet immature men under 25 years of age have not been elected in sufficient number to prevent the orderly functioning of government. The facts themselves answer the query. The American people are not going to extremes; their judgment may be relied upon, in most instances, except in extraordinary circumstances, in fact, to elect men who are beyond the age of 25 for the House and beyond the age of 30 for the Senate. We have no concern with that; but we have a just concern with a proper interpretation of this provision of the Constitution and a proper application of it to the facts in this case.

It may be said that a Senator may stand aside until he reaches 30 and thereby the State will not have its equal representation in the Senate. It must be borne in mind, Mr. President, that the constitutional provision is that no State, without its consent, may be deprived of its equal representation in the Senate; but whenever any State elects any man who cannot immediately qualify, it must be held to have given its consent that, for the time being and until a qualified person can come from that State to the Senate, the State itself has consented to be denied its equal representation in the Senate.

It may be said that, of course, if one under 30 years of age is sent here under a commission of the people of his State, acting and speaking through the Governor of the State, he cannot take his seat, and that embarrassments will follow. The same follows when any one of us here, whether we be 30 or 40 or 50 or 60 years of age, has received a commission from his State and yet does not elect to come here and qualify. In the one case he cannot qualify and in the other case he does not elect to qualify. Bear in mind we are not now concerned with what the rights and powers of the Senate may be to deal with a Senator who is 30 years of age and who yet does not appear at the beginning of the session of the Senate to which he was elected, or at sometime during it for that matter; nor are we concerned with the possible power and authority of the Senate to deal with a situation where one who was much below the age of 30 had been elected and where he, therefore, could not qualify. What the power of the Senate may be under such circumstances is altogether another matter. I do not think the Senate is without power to act appropriately in the premises.

Mr. President, I had not expected to present this matter at this time at this great length. I have added, I am conscious, little or nothing to the written report which is before all Senators. I am not discussing at this time two very important Senate precedents, but I think it would be fair that I should make reference to them.

I refer to the Gallatin case first because it came first in point of time. Every Member of the Senate knows that Mr. Gallatin was elected to the Senate of the United States from the State of Pennsylvania. Everyone knows that at that time he was not or had not been a citizen of the United States for 9 years, nor was he a citizen of the United States for 9 years at the beginning of his term of office, nor had he been a citizen of the United States for a period of 9

years when he came to the Senate, took the oath and assumed the duties of the office. Also he was not yet a citizen of the United States for 9 years when the Senate by adverse action declared that he could not retain or keep his seat in the Senate.

The next case, and the only other direct precedent which has a bearing—and it has a direct bearing, although it deals with the citizenship qualification, but so far as that goes the citizenship and age qualifications stand precisely on the same basis—is that of General Shields, who was elected by the Legislature of the State of Illinois to a seat in the United States Senate. At the time of his election he had not been, as it afterward developed, a citizen of the United States for 9 years. He had not been at the date of the commencement of the term to which he was elected a citizen of the United States for 9 years. He had not been, on the day when he came to the Senate and took the oath of office and assumed the responsibilities of his office, a citizen of the United States for 9 years. He had not been a citizen of the United States for 9 years on the day when the Senate by adverse action excluded him from further participation in the deliberations of the body.

True, in the Shields case, some of the friends of the general suggested and moved the postponement of the consideration of the resolution declaring his election void until the subsequent session, at which time he would have been a citizen of the United States for 9 years. The Senate declined that, and it seems to me properly declined it, and proceeded to the consideration of the resolution.

It is true also that General Shields, after he had been a citizen of the United States for 9 years, was returned to this body, having been again elected by the Legislature of the State of Illinois.

Mr. President, we must deal candidly with these precedents. In the Gallatin case the resolution of the Senate declared that Mr. Gallatin was not entitled to a seat in the Senate because at the time of his election—that is by fair inference, for I believe the word "election" is not used—he had not been a citizen of the United States for a period of 9 years or for the length of time required by the Constitution. From subsequent debate, as well as from a consideration of the resolution itself and of the matters which took place concurrently with it, it is clear that the Senate then assumed and then resolved that Mr. Gallatin was not entitled to a seat, that his election was void—because that was the language of the resolution—because he had not been a citizen for 9 years at the time of his election.

When the Shields case arose, identically the same resolution was offered, and upon the motion of Senator John C. Calhoun, from the State of South Carolina, it was amended, by attaching to the end of the resolution the language, to wit, "At the date of the commencement of his term of office." In the Gallatin case the Senate resolved the election void because Gallatin had not been a citizen of the United States for 9 years, if I correctly interpret the resolution. In the Shields case the Senate resolved that the election of General Shields was void because he had not been a citizen of the United States for a period of 9 years at the time of the commencement of the term of office for which he had been elected.

Mr. President, I wish to invite attention to another point. The Shields case expressly modifies and materially changes the precedent set in the Gallatin case because undoubtedly the precedent there was that the election was void because Gallatin had not been a citizen of the United States for 9 years on the date of his election. There was an express modification and change. The Senate, as it was constituted when General Shields appeared here, did not believe the resolution was in point of fact and of law correct, so it added to it the modification which I have just quoted.

It, of course, may be argued that the Shields case is a precedent directly in point in the instant case. The majority of your committee concede it. The majority of your committee concede that the resolution adopted in the Gallatin case and the resolution adopted in the Shields case cannot be harmonized with the resolution which we have offered in this case. But we point out that the instant case stands upon a different set of facts and that, under the admitted facts in both the Gallatin and the Shields cases, the same result would have followed, applying what we believe in this case to be the correct and proper rule, to wit, their exclusion from the Senate.

It is true that under the resolutions in the Shields and Gallatin cases, as I have already said, the finding of the Senate was that the election itself was void and in that respect the resolution which we recommend and present here is not identical. In the instant case, however, Rush D. Holt, while not 30 years of age at the time of the election, and not 30 years of age at the time of the commencement of the term to which he was elected, is nevertheless 30 years of age at this moment, when he stands at the bar of the Senate; and there is not in any circumstance which impelled the clause of the Constitution now invoked for his exclusion the remotest reason why he should now be prevented from becoming an actual Member of the Senate of the United States and actually entering upon the discharge of his duties as a Senator.

Mr. President, it no doubt will be argued, and with great plausibility, that Mr. Holt was more than a Senator-elect at the beginning of the term of office to which he was elected. I do not know how I can make the position of the majority of the committee plainer. Senators are elected to terms of office in this body; but, though they are elected, they may never accept. They may decline. They may pass away, by death or otherwise, before they actually become Members of the Senate. Can it be doubted that a Senate is never a Senate until a majority of those elected to it not only have passed the date of the commencement of the terms to which they were elected, but until they have assembled and are ready to do business? They cannot become a Senate, they cannot discharge the functions of a Senate, until a quorum is present; and the quorum itself is prescribed by the language of the Constitution.

So, Mr. President, the rule which the majority of your committee respectfully submits is one that it believes to be consonant with the real reasons underlying every qualification stated in clause 3 of section 3 of article I of the Constitution; and, moreover, it seems to us to be the commonsense application of the several qualifications fixed by the Constitution for one who seeks admission into this body as a Senator.

Mr. COPELAND. Mr. President, I should like to ask a question of the Senator.

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from New York for a question?

Mr. GEORGE. I shall be very glad to answer any questions I can answer.

Mr. COPELAND. I do not wish to split hairs, but I am still concerned. Suppose Mr. Holt had been born in 1910 instead of 1905 and should present himself 5 years from today. Could he be seated?

I assume the answer of the Senator to the question will be that each case must be determined on its individual merits. I think that was the argument of the Senator, that it is difficult to specify directly at the moment what should be done. But I should like the able Senator's answer to the question.

What would be the attitude of the Senator from Georgia if a Senator today were presenting himself because on this day he became 30 years of age, but he was elected 5 years ago? What would be his attitude in a case like that?

Mr. GEORGE. So far as the constitutional provision is concerned the answer must be, it seems to me, that he would be entitled to take the oath and assume his duties. I do not say that the Senate would have been without power in the meantime to have dealt with a situation like that. In my judgment the Senate would have had power to proceed adversely to the interest or any future assertion of interest by a candidate who had withheld himself so long from the Senate, either voluntarily or because he could not have then qualified.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. GEORGE. I shall be glad to yield.

Mr. CONNALLY. If that be true, the Senate could, of course, take action and exclude the gentleman; but under the theory of this case it ought not to do so if the majority of the committee are right, because they say, the State having elected him, knowing his age, that he is entitled to his seat whenever he appears. If that is sound reasoning in a case where 6 months are involved, it is equally sound in a case involving 5 years.

So while the Senate could, under the Senator's theory, have excluded the Senator-elect before the expiration of 5 years, yet if the contention of the majority of the committee is correct they ought not to do it, because they ought to wait the 5½ years for him to present himself, since he has been elected by the people of the State.

Mr. GEORGE. Let me say, in order to avoid any confusion upon that issue in principle, that it would make no difference when he appeared if he was then able to meet the constitutional qualifications.

Mr. CONNALLY. That is true.

Mr. GEORGE. But let me also say to the Senator from Texas and to the Senator from New York that cases of that kind are not likely to arise; and let me cite to them the instance of John Young Brown, who more than 75 years ago was permitted to do in the House what the Senator-elect from the State of West Virginia is now seeking to do, and the House has been troubled by no such embarrassing situations as have been imagined.

Mr. CONNALLY. Of course, he could not have waited 5 years in the House, because the term would have expired.

Mr. GEORGE. Of course, that is true.

Mr. JOHNSON obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield to the Senator from Oregon.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	King	Pittman
Ashurst	Copeland	La Follette	Radcliffe
Austin	Costigan	Lewis	Reynolds
Bachman	Davis	Logan	Robinson
Bailey	Dieterich	Lonergan	Russell
Bankhead	Donahey	Long	Schall
Barkley	Duffy	McAdoo	Schwellenbach
Bilbo	Fletcher	McCarran	Sheppard
Black	Frazier	McGill	Shipstead
Bone	George	McKellar	Smith
Borah	Gerry	McNary	Steiwer
Brown	Gibson	Maloney	Thomas, Okla.
Bulkley	Glass	Metcalf	Townsend
Bulow	Gore	Minton	Trammell
Burke	Guffey	Moore	Truman
Byrd	Hale	Murphy	Tydings
Byrnes	Harrison	Murray	Vandenberg
Capper	Hastings	Neely	Van Nuys
Caraway	Hatch	Norris	Wagner
Chavez	Hayden	Nye	Walsh
Clark	Johnson	O'Mahoney	Wheeler
Connally	Keyes	Overton	White

Mr. LEWIS. I reannounce the absence of the Senators named by me on previous roll calls, and assign the same reasons for their absence.

The PRESIDENT pro tempore. Eighty-eight Senators have answered to their names. A quorum is present.

Mr. JOHNSON. Mr. President, it is an unwelcome and a thankless task which I set myself this afternoon. I do the job that I am trying to do here now in the presentation of this matter solely because I believe that in this life of ours, and in the particular activity in which we engage in this Chamber, it is every man's responsibility, every man's duty, to do the thing which he thinks he ought to do, no matter whether it be popular, no matter whether something else may have been decreed by somebody else, and no matter what may be the vote that may be cast upon the one side or the other. And so today, while my predilections are all in favor of the course I do not pursue, and while I should have liked to reach a conclusion other than that which I have reached, after very mature and very careful consideration and study, I present from the standpoint of one who has sought the truth, and thinks he has found it, this particular case.

Mr. President, there are in reality no issues of fact here. The facts are conceded. I strip from the case all those intangible matters which have been presented by the briefs. I eliminate from discussion any of those questions which have arisen because of the oath or the representations or the statements which have been made by the applicant here. I do not stress in the slightest degree any other thing in this particular contest than the law as it stands and the facts that are absolutely conceded.

The gentleman from West Virginia is here asking to be sworn, sworn 5½ months after the beginning of his term. The gentlemen who sponsor him, including the very distinguished Senator who just presented the majority views, have conceded heretofore, and I presume they will concede again, that they would not have seated him between the 3d day of January 1935 and the 19th day of June 1935.

Mr. President, I appeal to those who have a rudimentary knowledge of the law that if that be so, and if Mr. Holt should not have been seated between the 3d day of January 1935 and the 19th day of June 1935, he cannot, with due regard to the Constitution and the laws and precedents, be seated now; and that is what I shall endeavor to demonstrate.

I am sorry that any demonstration should have to come from me. First, I am a believer in peoples. I believe that when the people have reached a choice concerning any candidate for office, that choice ought to be compelling and binding upon us. But, sir, when I am under an oath to determine what shall be my course and my duty in respect to a matter of this sort, I cannot permit any of those views which I may have concerning the popular will, and the intensity of my desire to enforce it, to interfere with the conclusion which I feel bound to reach under the law and the facts.

Two ways we may approach this case. We may approach it, first, as a case of first impression, without regard to any precedents which have occurred in the past. We may approach it from the reason of the thing, the provisions of the Constitution which are applicable to the particular matter; and then, if we reach a conclusion, we may pass to the precedents which have been established in days gone by and see whether or not they uphold that which our reason has told us is the appropriate thing to do under the circumstances.

Senators recall, of course, the provision of the Constitution:

> No person shall be a Senator who shall not have attained to the age of 30 years and been 9 years a citizen of the United States, and who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

That is the plain provision of the Constitution. When the term of office of the gentleman from West Virginia began, on January 3, 1935, he saw fit, very appropriately, to stand aside and not present himself here to be sworn in as a Senator of the United States. Why did he do that, and why have the admissions been made in this case which have been made? Because on January 3, 1935, he was ineligible to become a Senator of the United States of America. No man denies that. There is not a lawyer in this body who will gainsay it. At that time, at the beginning of his term, he was ineligible to become a Senator of the United States.

The query presents itself, therefore, whether or not by lapse of time his ineligibility to become a Senator of the United States will be removed; and it is just that which I say the lapse of time cannot accomplish.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from California yield to the Senator from Missouri?

Mr. JOHNSON. I will yield for a query, but I do not want to yield for an argument.

Mr. CLARK. I will not make an argument. I simply desire to ask the Senator whether there was any ineligibility of any sort on January 3 except the question of time?

Mr. JOHNSON. There was ineligibility on account of the lack of qualifications under the Constitution. Of course, it was a question of time. The Senator is referring to the

30 years, I presume. Of course, that represents time, but it represents a qualification under the Constitution, and, representing a qualification under the Constitution, it must have been possessed, in the view I take of this matter, at the time when the term of office began to run.

There may be differences of opinion upon that point. We will proceed and see whether we can reconcile them. We will ascertain what has been the viewpoint in the past of men who have sat in the United States Senate and who have passed upon questions of this sort, and, if we cannot reconcile our views, if the view of the majority of the Senate shall be the view as presented by the Senator from Georgia, then, of course, the determination of this body will be in favor of the gentleman from West Virginia.

If we are bound, as some of us think, by the letter of the law, by the spirit of the law, by the determination that on January 3, 1935, there was but one Senator from West Virginia here, and that there was a vacancy in the office of Senator from that State, then there is nothing we can do, under our oaths, but to vote that way.

Mr. President, the original first paragraph of section 3 was as follows:

> The Senate of the United States shall be composed of two Senators from each State, chosen by the legislature thereof, for 6 years, and each Senator shall have 1 vote.

The seventeenth amendment, it will be remembered, changed the phraseology of that portion of section 3 by providing for popular election, but the seventeenth amendment retained the other provisions—that the Senate shall be composed of two Senators from each State, elected for 6 years.

It would serve no useful purpose for me to attempt to detail the reasons for that constitutional provision. All Senators who have read at all concerning the proceedings that were had by the Constitutional Convention long, long ago will remember with what jealousy the weaker States observed the stronger ones, and how finally the weaker States came together, formed a little coterie, and determined that there should be no Constitution unless they were put upon equality with their more populous and their more influential brethren. Ultimately the very convention itself was threatened with dissolution because of the activities of the representatives of smaller States, and finally, upon the appeal of Franklin himself, it was determined that all States would be put upon an equality, that all should have two Senators, and it was determined, as well, that the term of office of Senator should be for 6 years.

I pass on, merely suggesting the fact that the State of West Virginia in the last five and a half months has not really had two Senators here. The State of West Virginia has had one Senator qualified for a period of 6 years, and when Mr. Holt is seated here will have a second Senator for a period of five and a half years. I say that in passing merely, not as determinative of the case, not, indeed, as indicating that the decision ought to be one way or another, but I say it simply that Senators may have the entire picture before them, and that they may understand all of that picture instead of merely one small and limited part thereof.

In this contest we have presented, therefore, the provisions of the Constitution in relation to qualifications perfectly plain. We have the provisions of the Constitution in relation to term of office and number of Senators undoubted and unquestioned. We have, too, the ability to determine, from an examination of the various sections, what the purpose of the framers of the Constitution was, and, determining that purpose, our duty is to carry it out by the votes we cast.

The qualifications of a Senator are set forth in the Constitution:

First. No person shall be a Senator who has not been 9 years a citizen of the United States.

Second. No person shall be a Senator who has not attained to the age of 30 years.

Third. No person shall be a Senator who when elected is not an inhabitant of the State for which he shall be chosen.

It is admitted by the sponsors for Mr. Holt that if he could stay here five and a half months awaiting the time when he could be sworn in as a Senator, he could wait five and a half years. Of course, the answer of the Senator from Georgia to that is that it is an impossible instance. He may be entirely right, such a thing might never occur; but occasionally by an extravagant illustration we can better understand and better construe language which may be used.

Five and a half years he may stand aside, not a Senator of the United States, awaiting merely a qualification which will be given to him by the lapse of time. If he can stand aside 5½ years on the question of his age, he can stand aside 5 years and 11 months upon the question of his citizenship, and it is just that which the precedents in the Senate determined, as we shall hereafter see.

Do Senators believe that it was the intention of the framers of the Constitution that one could stand aside awaiting qualification and eligibility for 5½ years? Of course not. No man ought to claim that, because, of course, such a thought never was in the minds of the framers of the Constitution. Do Senators think it was in the minds of the framers of the Constitution that one could stand aside 5 years and 11 months upon the qualification of citizenship? Of course not. None would assert that. All that can be asserted is that those are extravagant illustrations; but they are the logical result of carrying to its conclusion the position which is taken by those who are here in behalf of the applicant today, and the logical result of what is claimed in his behalf.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER (Mr. NEELY in the chair). Does the Senator from California yield to the Senator from Ohio?

Mr. JOHNSON. I yield for a question.

Mr. BULKLEY. Does the Senator think that anything in the resolution reported by the committee would establish the right of a Senator to withhold himself for an unreasonable time without taking the oath of office?

Mr. JOHNSON. There is nothing in the resolution which says that at all.

Mr. BULKLEY. The resolution simply presumes to decide——

Mr. JOHNSON. The Senator knows the resolution just as I do. The resolution does not say that a Senator-elect may stand aside for five and a half years. That is a rhetorical question of my friend from Ohio; and while I welcome that rhetorical question, it serves no real purpose. I readily concede, of course, that the resolution does not do that which has just been suggested, and it does not do what the Senator is inquiring about. However, no one here said that it did. I say, and I say it advisedly, that at the hearing on this matter in the committee the query was made: "If you can stand aside for five and a half months, can you not stand aside for five and a half years?" and the answer was, "Yes."

Mr. BULKLEY. The answer was that if anybody did stand aside that long, and presented himself at a time when he was qualified, then he ought to be sworn and be permitted to go ahead and do his duty; but we did not undertake to decide that a man could withhold himself for an unreasonable length of time.

Mr. JOHNSON. Certainly not; but that is the logical result of the position which the Senator takes, and that position was distinctly taken by the applicant himself before the Committee on Privileges and Elections. There is not any question on that score, sir. The Senator may not have been present during the hearing, or the meeting which was held, but that was exactly the position taken before the Committee on Privileges and Elections.

Mr. BULKLEY. It certainly was taken to the extent I have just stated, that if anyone should stand aside that long without any objection, and then present himself, he would then be eligible to be seated; but there was no suggestion made, so far as I ever heard, that we were justifying an unreasonable delay in the presentation of credentials.

Mr. JOHNSON. I do not recall that the particular language, "We are justifying an unreasonable delay," was used; but I do recall that it was asserted, and I state with positiveness, that if this applicant could stand aside for five and a half months, he could stand aside for five and a half years. So there is no difference between us, I think, in regard to the fact that the Senate might act some day, somewhere, at some

place. That, perhaps, is well conceded; but logically I insist that if one can stand aside five and a half months, waiting for time to cure his ineligibility and furnish him with the requisite qualifications, logically, he could stand aside for five and a half years; and I do not think there is any escape from that reasoning at all.

Mr. KING. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. KING. I think it was conceded before the committee that if the committee had promptly acted upon the memorials which had been presented—when I say "promptly", I mean at any time before the date when Mr. Holt would attain the age of 30 years—and had rendered a decision, the committee would have been compelled to render a decision adverse to the right of Mr. Holt to take a seat in the Senate.

Mr. JOHNSON. I think that was stated, sir.

During the election last year in West Virginia, be it said to the credit of the applicant here, he made no concealment of the fact that he was under the requisite age. There is not any doubt in my mind, from the testimony which was adduced, that the people of West Virginia understood that Mr. Holt was under 30 years of age during the primary and during the election, and that his birthday was mentioned again and again during the campaign. I think there is no question on that score. However, I also think that he acted upon an erroneous assumption during the campaign that because Henry Clay had sat in this body when he was under age, therefore a precedent had been established under which he might reasonably act—forgetting that nobody knew of Clay's age, and forgetting that during that period Clay's right to a seat in the United States Senate was never challenged and the question never arose at all.

What is being sought here is, by a short cut, to amend the Constitution of the United States. We are amending the Constitution of the United States here by saying, not that a man shall be 30 years of age when he becomes a Member of the United States Senate but that if he may become, at any time during the period for which he is elected, 30 years of age, then he will possess the requisite qualifications, and then he may be seated.

I do not object in the slightest degree to amending the Constitution of the United States, but I desire to amend it in the mode which is prescribed, not by legislative or senatorial dictum.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. MINTON. As I understand the position of the Senator from California, it is that Mr. Holt should have had the requisite age qualifications at the beginning of his term.

Mr. JOHNSON. Yes, sir.

Mr. MINTON. And the Senator says he does not favor short cuts in the amendment of the Constitution; but if that position were adopted by the Senate, would not the Constitution then read?—

No one shall be a Senator who shall not have attained to the age of 30 years at the time his term begins.

Mr. JOHNSON. I think not. I disagree with the Senator there. That is the disagreement which is in this case. I confess the question is not without opportunity for legitimate argument on both sides; but I insist that the qualifications of the applicant for a seat in the Senate must be those which present him as eligible at the time his term commences.

Let us now look for a moment or two at the only real precedents there are in the Senate. I eliminate the two or three which may be in the House, readily conceding that they may be of another character from those which the Senate presents. I eliminate the long list of cases which may be found upon the one side or upon the other in the digests and in our reports. I turn, so far as precedents are concerned, to the Senate itself. The precedents in the Senate are so clear and convincing that if we shall determine by precedent—which, of course, no good lawyer will do when the precedent is against him, and every bad lawyer will endeavor to do when it is for him—if we shall determine this case by precedent, the precedents of the United States Senate are so conclusive that no one can deny them or gainsay them.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. BARKLEY. Of course the Constitution means the same thing to both Houses. It cannot mean one thing to one House and another thing to the other House.

Mr. JOHNSON. Mr. President, I will yield for a question, not for an argument.

The PRESIDING OFFICER. The Senator yields contingently; he yields for a question.

Mr. JOHNSON. I understand the situation which exists here, I will say to my friend from Kentucky. I am presenting to him what I am presenting from the highest motives which can actuate a man, perfectly conscious of the set-up which there is here; and for that reason I do not want to get into long, perhaps even acrimonious, arguments with anyone. I recognize every man's right to decide this case as he sees fit. I question no one's motive; but I do not desire to enter into long arguments during the course of what I am saying.

Mr. BARKLEY. The statement I made was preparatory to a question which I desired to propound. If the Constitution means the same thing or should mean the same thing to both Houses, are we bound by a precedent set in the Senate merely because we are Members of the Senate, which may have been a bad precedent, in consideration of the fact that almost the universal rule in the other House on the same question has been the other way?

Mr. JOHNSON. Let me say to the Senator that I have never been bound by a bad precedent in my life, whether it was created by a court or by any other branch of Government, and I never shall be. But, of course, when a precedent meets with my views, and convinces my reason, then I reach the conclusion at once, without difficulty, that the precedent is an excellent one and ought to be followed; and I am sorry to say that most of us have the peculiar and singular quirk which enables us to look at precedents in just that fashion.

However, seriously speaking, I may say to the Senator that one of these precedents is of such character, the men who participated in it were of such high renown, the greatest there are in American history, they present their case in such fashion that aside from a matter of precedent at all, their arguments are convincing; and it is utterly impossible, in my opinion, lightly to brush by what they do and what they say.

The first of the precedents to which I call attention is that growing out of the case of Albert Gallatin which has been referred to here today. His name has been written large in American history. Senators know what his genesis was; they know the high offices he filled in the Government of this country, and the great patriotic services he rendered unto the Nation. He came into the United States Senate elected from the State of Pennsylvania. In February 1793 he was thus elected. The question of his citizenship arose. It was insisted that he had not been a citizen of the United States for the time required by the Constitution. He had been a citizen for a period of about 8 years. Because he had not been a citizen for the time prescribed by the Constitution, Mr. Gallatin's election was declared by the Senate to be void.

The most interesting feature of this precedent is that some of the men who sat in the United States Senate at the time when the case of Albert Gallatin was decided had sat in the constitutional convention; some of the men who rendered the decision against Gallatin because he had been a citizen for but 8 years and a fraction instead of 9 years had written into the very Constitution some of its important provisions. So at the very inception of the Constitution of the United States, at the very time it became the organic law of this land, the question that is before us today was construed and decided by men who wrote the Constitution, who struggled for it, and who had it adopted by our country.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Arkansas?

Mr. JOHNSON. I yield for a question.

Mr. ROBINSON. Unquestionably the precedent which the Senator from California has just cited, namely, that of the Gallatin case, is to the effect that a Senator must possess the requisite qualifications at the time he takes his seat.

Mr. JOHNSON. The qualification of citizenship.

Mr. ROBINSON. At the time he takes his seat.

Mr. JOHNSON. No, that decision did not so hold, if the Senator will excuse me; the decision in the other case held that. There is a question as to the Gallatin case, but I think the consensus of opinion is that the Gallatin case related back to the election, while the Shields case related to——

Mr. ROBINSON. But if the Senator will pardon me——

Mr. JOHNSON. I do not care to discuss the matter with the Senator. I am correct in my facts, and if the Senator will turn to the gentlemen behind him who sat upon the committee he will so find.

Mr. ROBINSON. Of course, if the Senator does not care to discuss it, I will refrain from attempting to do so in his time, but I think the election was held void by the resolution of the Senate, and that would seem to indicate that a Senator must possess the qualifications required at the time of his election.

Mr. JOHNSON. Exactly, that is what I said to the Senator.

Mr. ROBINSON. Is it the Senator's position that a Senator must be of the required age at the time of his election or at the time of taking his seat?

Mr. JOHNSON. At the time the Senator's term commences. That is my position in this case.

Mr. ROBINSON. But the Senator has just said that the Gallatin case is to the effect that a Senator must possess the qualifications at the time of his election.

Mr. JOHNSON. Of course.

Mr. ROBINSON. Then I will ask the Senator why does he insist that the Gallatin case is an unanswerable precedent when he himself admits that the Gallatin case is based on the principle that a Senator must possess the qualifications at the time of his election, and the Senator concedes that a Senator must possess them at the time of——

Mr. JOHNSON. I am sorry the Senator from Arkansas, I fear, is not so familiar with this question as are some of the Members who have been passing upon it.

Mr. ROBINSON. If the Senator from California cares to indulge in that assumption, I will say that I went into this subject very fully at the time the case first arose here at the beginning of the session.

Mr. JOHNSON. Well, if the Senator is familiar with it, very well; I will withdraw my statement.

Mr. ROBINSON. I will not again interrupt the Senator, in view of the spirit which he displays.

Mr. JOHNSON. There is not any "spirit" I am displaying. Of course, the Gallatin case is a precedent on the question of the possession of the qualification in relation to citizenship. It does not make any difference whether the Gallatin case decided that qualification must be possessed at the time of the election or at the time when the term commenced. The gist of the decision is that qualification of a 9-year period of citizenship must be possessed by the particular applicant or the particular Member sought to be seated. That was the point of the decision; and upon that point is where it is conclusive in this case.

Now, let me recall to the Senator that neither at the election or at the time of the decision did Mr. Gallatin possess the 9-year citizenship qualification required by the Constitution.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Arkansas?

Mr. JOHNSON. I yield.

Mr. ROBINSON. That was the very point I started to make when the Senator indicated he did not desire to discuss the matter. Gallatin was elected and took his seat on December 2, 1793; on February 23, 1794, the Senate adopted a resolution declaring his election void. Mr. Gallatin took his seat before he possessed the 9 years' citizenship qualification.

Mr. JOHNSON. Exactly.

Mr. ROBINSON. He would not have been a citizen for 9 years until October 1794. So, as I said a few moments ago, the doctrine of the Gallatin case is that a Senator must possess the qualification of citizenship at the time he takes his seat or at the time of the election.

Mr. JOHNSON. Yes.

Mr. ROBINSON. The Senator does not contend that the theory that he must possess the qualification at the time of the election is correct, as I understand him; he admits that, so far as the Gallatin case is a precedent requiring 9 years' residence at the time of the election, it is a bad precedent and is not to be followed.

Mr. JOHNSON. No, Mr. President, I do not admit anything of the sort. I will make that entirely plain; I admit nothing of the kind.

Mr. ROBINSON. I will modify my statement by saying that the Senator should admit it, in view of the statement he made a while ago.

Mr. JOHNSON. I should admit it because the Senator from Arkansas has delivered his dictum upon it, but I do not admit it.

Mr. ROBINSON. Oh, no; I made my statement based upon what I understood the argument to be. I ask the Senator now to say whether he contends that the 9-year qualification of residence must be possessed at the time of the election?

Mr. JOHNSON. I have told the Senator once, no; that is not my view.

Mr. ROBINSON. Then I repeat——

Mr. JOHNSON. Wait a moment, while I answer the Senator. But when in the Gallatin case neither at the time of election nor at the time he took his seat did he possess the requisite qualification, the precedent, of course, is clear.

Mr. ROBINSON. Of course, the precedent, insofar as the requirement of 9 years' residence at the time of election is concerned, is, as I said a few moments ago, a bad precedent, in the opinion of the Senator from California.

Mr. JOHNSON. Mr. President, my friend from Arkansas is like that distinguished lady who always had the last word; we will let it pass at that. I am not attempting to utilize this particular occasion for saying that everything that may have occurred in the Gallatin case is applicable here. I am saying that, on the reasoning in the Gallatin case, upon the facts there presented, it is a precedent, and a controlling one, in this case, and if all the facts will be taken into consideration by the Senate, if all the circumstances will be considered by the Senate, if the time of the election and the time when he took his seat, and the time when the decision was made, will all be considered, the fact that it is a precedent in this case will not be denied, I am sure, by the Senator from Arkansas or any other Senator upon this floor.

Now, let us turn to the second precedent. That was the case of General Shields. I respectfully submit that this precedent must be overturned by the United States Senate in order that the applicant here may be seated. There is no other logical conclusion to which I can come than that if we seat Mr. HOLT upon the argument that has been presented here, we do it in the very teeth of one of the most momentous decisions that was ever made by the Senate upon a question of eligibility or a question of admission to this body.

Shields was elected by the Legislature of the State of Illinois, as will be recalled, for the term of 6 years, beginning March 3, 1849. On March 6 the oath of office was administered to him and his credentials were referred to a special committee of the Senate. It appeared from the committee's report that General Shields was naturalized on the 21st day of October 1840, and therefore the full term of citizenship required by the Constitution he lacked by about

7 months. The committee of the Senate presented a resolution, as follows:

That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States.

The action finally taken by the Senate—taken upon the motion of John C. Calhoun—in reality, was this:

Resolved, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected.

In that addition, "at the commencement of the term for which he was elected", it may be is the difference between the Gallatin case and the Shields case. In the former it seems to have been determined that the crucial date would be the date of election. In the latter it was determined positively and unequivocally that the crucial date was the date of the commencement of the term for which he was elected.

In the Shields case we have everything that is presented here, only, of course, in different fashion and by different motions. In the Shields case all the Members of the Senate were friendly, as I trust all the Members of the Senate here are friendly to the gentleman who comes from West Virginia and knocks at our doors. All of them treated him with utmost consideration, and most of them expressed a desire to seat him if it were possible.

The brilliance of the galaxy of men who participated in the discussion, I warrant you, sir, has never been exceeded in the history of the United States. Not only did they discuss the question from a constitutional standpoint, not only did they discuss it in its every phase, but they discussed the question of whether or not they should postpone the case for 7 months in order to enable General Shields by the lapse of time to gain the qualification which he lacked when the case came before the United States Senate. One of the most illuminating debates which have occurred is that which then ensued upon the question of postponement in order to make one who was ineligible at the time finally eligible by the lapse of time.

I shall not attempt to read all of that debate. Some of it, though, I want the Senate to hear. Now and then I know the gentlemen who sit above us, now and then I know some who sit here in the Senate, are accustomed to say, "Oh, that is old stuff." Now and then I know, when we quote from the great of the past, there are those who scoff a little and talk a little that their greatness might not have been so great after all. But I cannot read the debate in which Mr. Webster, Mr. Calhoun, Mr. Seward, and others participated without feeling that at some time, some place, in this great country of ours we had men of ability, we had men of courage, we had men who, whatever might be their predilections in a particular case, were willing to stand up and be counted for the course which they deemed to be right. They set us an example. "Old stuff" it is, and "old men" are these, but they set us an example which sometimes, somehow, somewhere, some American may follow.

Let me proceed just a moment now with this debate. Mr. Butler replied to Mr. Foote, when he asked a postponement of the case:

My judgment on the subject is that if General Shields had not taken his seat at all, perhaps at that time he might have claimed it; * * *.

I do not say that I have any opinion upon the subject one way or the other, as to whether under the circumstances he will then be entitled to take his seat; but I am fully of opinion that there is no absolute necessity for eligibility to exist at the time of the election—

Taking exception to what was assumed to have been decided in the Gallatin case—

I merely wish to support the constitutional view of the question. If I thought he could not constitutionally take his seat, and that it must be considered vacant, I should be bound to vote for the resolution reported by the committee; * * *.

That there may be no mistake about the position I take in this case, let me say that perhaps I am just one man with one vote who takes this position. I take the position that on the 3d day of January 1935 there was no Senator here from the State of West Virginia to answer to the call, and that when it was then conceded that the gentleman who had been elected did not possess the requisite qualifications, then there was a vacancy in the office, and no dictum of the United States Senate can subsequently fill that vacancy.

Mr. Berrien, of Georgia, said:

* * * Sir, I cannot entertain a doubt myself of the correctness of the report of the committee. I cannot conceive that the Legislature of Illinois exercises the power conferred upon it by the Constitution of the United States, when that legislature elects one who is ineligible; and I cannot reconcile to myself the idea that, since by the Constitution the term of office is limited to 6 years, that term of office may be made to commence at a time posterior to the time when the individual is elected. * * * It will be, therefore, impracticable, in my judgment, for the Legislature of Illinois, when they meet again, to proceed to nullify their own act by electing a Senator again to fill the same office. Until the election be declared void, there is nothing upon which they can act. * * *

Then Mr. Webster came into the debate and, referring to General Shields, said:

* * * He must prove that he has been a citizen of the United States for 9 years, in my judgment, on the 4th day of March. * * *

Why, it appears to me to be plain as a turnpike road. The State of Illinois has sent a gentlemen here as her Senator, upon whose qualifications it has been our duty to pass at large; and when it is stated, as a compliment and mark of respect to the honorable Senator, that no remonstrance has come here from the State of Illinois, I agree to it all; but, sir, if every citizen of Illinois were here today in his own proper person, and desired the confirmation of the Senator's claim, since the matter has been brought to our notice, and since it is before us, we must decide it according to the Constitution, and our oaths. * * * Sir, our duty to the State of Illinois is to decide this question in a reasonable time, that she may have her own reasonable time to fill the vacancy. She has the right to expect it at our hands. I hope we shall follow it out at once. We should remember the responsible part we are performing in the discharge of high functions. If we are of opinion that the gentleman sent here is not eligible, we should say so, and signify that to the State that sent him here. I shall therefore vote against postponement. * * *

Mr. Hale said:

* * * But until such an avowal shall be made by General Shields or somebody for him, that he does expect to alter the state of the facts, it is the duty of the Senate to vote upon it. Permit me to say, sir, that I respect that provision (sec. 3, art. I) more than anyone in it, for when I looked at the Constitution and the history of the country for the past few years, I found very few provisions of the Constitution over which the party in power has not trampled rough-shod. This, sir, is a green spot on which the heel of party has not trod, and I desire to preserve it. I appeal to the Senate, too, to guard and preserve it.

Mr. Calhoun, of South Carolina, said:

I hold that nothing is more certain than that if General Shields is not now a Senator of the United States he never can become such by postponement. The Constitution is explicit in requiring that no person shall be a Senator unless he has been 9 years a citizen of the United States. If, then, he is not a Senator now there is a vacancy, for Illinois would have but one vote here, and that vacancy must be filled according to law. That he is not a Senator is clear, because he cannot perform one duty belonging to the senatorial office unless he has been naturalized 9 years previous to the commencement of his senatorial term. Thinking thus, I deem it due to the State of Illinois that the question should be now settled, unless General Shields shall allege that he has evidence which will in all probability be satisfactory to the Senate that the term of 9 years had expired before the 4th of March. If such an allegation shall be made by General Shields, it will be the duty of the Senate to postpone it, but not otherwise. * * *

And now, sir—

And this was the point that was made by Mr. Calhoun upon the crucial time of the disqualification—

And now, sir, I come to a point of some little importance, and it is that the question here involved should be clearly settled, not only for the present, but for all future time. My opinion is that the resolution is not entirely correct. It would seem to conclude that all kinds of elections are void unless 9 years shall have expired on the day of election. I think that is not according to the Constitution. My opinion is, that if the 9 years are consummated previous to the 4th day of March the election is good and is not void. I propose, therefore, to add to the resolution the following words: "At the commencement of the term for which he was elected."

Mr. HASTINGS. Mr. President, will the Senator yield?
Mr. JOHNSON. I yield.

Mr. HASTINGS. May I inquire whether, in the opinion of the Senator, there is any difference between that case and the Gallatin case, except that in the Gallatin case, he not being qualified on the day of election or on the day the term began, it was not of any great importance to determine whether the disqualification was on the day of election or on the day the term began; but when the Senate came to the Shields case, and gave more careful consideration to it, the Members of the Senate at that time, as was just read by the Senator, desired to be more careful about the matter, and to set a precedent for all time, and they added those additional words. That, it seems to me, is the only difference between the decisions in the two cases.

Mr. JOHNSON. Yes, sir. Excuse me; I thought the Senator wished to ask a question.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. JOHNSON. I do.

Mr. ROBINSON. If it will not interrupt the course of his argument, I desire to say that the Senator has quoted two very eminent authorities in support of the theory that the qualification must be possessed at the beginning of the term. The Senator, I assume, is aware that other almost equally if not equally eminent authorities, consisting of renowned Members of the Senate at that time, in the Shields case asserted with great forcefulness the doctrine that the true test of eligibility was its application at the time the Senator presented himself for qualification, or for the performance of his duties.

The Senator from California has quoted Senators Webster and Calhoun. In the same debate, in what seems to me to be unanswerable argument, Senator Stephen A. Douglas, Senator Turney, and Senator Butler, among others, took the position that the test applied neither at the time of the election nor at the beginning of the term, but only when the Senator presented himself for qualification, or when he sought to begin the performance of the duties of the office. They held that he could be a Senator if, when he offered to perform the duties of a Senator, he was eligible under the Constitution. The statements, I assume, are well known to the Senator from California who, without doubt, has studied this case, and I felt it appropriate to call attention to the fact.

Mr. JOHNSON. Mr. Douglas' argument the Senator has stated with correctness, I think. He made a very eloquent speech in behalf of his colleague. He was making a glorious fight for Shields.

Mr. ROBINSON. And so did Senators Butler and Turney.

Mr. JOHNSON. No; I think the Senator is mistaken about Butler, but he may not be.

Mr. ROBINSON. No; I have the speech here.

Mr. JOHNSON. All right. I am going to read it.

Mr. ROBINSON. Very well.

Mr. STEIWER. Mr. President, will the Senator from California yield to me?

Mr. JOHNSON. I yield.

Mr. STEIWER. My recollection, which I refreshed some time last winter upon this subject, is in accordance with that of the Senator from Arkansas. I am quite certain, as he is certain, that Senator Douglas urged that the qualifications of General Shields should be determined as of the time when he appeared to take his oath. But, Mr. President, I think the fact that so great an advocate as Senator Douglas raised that issue at that time and in that way is itself the most convincing kind of support for the position taken by the Senator from California.

This is true because Senator Douglas presented his suggestion with the greatest possible force, and then the Senate, with full understanding of both sides of the question, deliberately rejected his theory. So, whatever else may be said of the excellence of his presentation, the fact is that the action taken, after full debate, and most thorough understanding of the matter, was against his position, and in support of the position maintained here by the Senator from California.

Mr. JOHNSON. On the particular occasion, Mr. Butler said, if the Senator will follow me in his notes there:

> I maintained yesterday, and still maintain, that although General Shields was not eligible at the time of his election, yet if he could have taken his seat on the 4th day of March with his qualications complete, his previous ineligibility would not vitiate his election. But, inasmuch as it is represented that he could not at the time of taking his seat show that his qualifications were complete, I must be permitted to say that I am clearly of opinion that it cannot be maintained that he ever had valid title to his seat at all. The question resolves itself to this: Did his election confer upon him a valid title to the seat on the 4th of March? If it did not, it is not a title at all. You may qualify it by calling the election voidable, or void, if you please. He had prima-facie evidence of title to the seat in the credentials which were presented. But the moment it was ascertained that the title conferred upon him no right at all to take his seat here on the 4th of March, you cannot say that any title had been conferred upon him at all. * * *
>
> But it is represented here that General Shields, having no title to his seat, must go back for reelection or appointment by the Governor and that it is the duty of this body to throw no obstacle in the way, but to act in such a manner as to render this practicable. Sir, we cannot construe the Constitution of the United States for the accommodation of individuals. That is out of the question. My own inclinations are in favor of the sitting Member. I concur in the opinion that it is due to the State of Illinois that this question should be settled. I know it has been stated that General Shields has offered to resign. But if there is nothing which he can resign, the act would be a nullity. To determine this, we must go back to the distinct inquiry as to whether the election conveyed a valid title at the time when he was called upon to discharge the duties of the office. If the election never has been valid, I presume it will be admitted that the Governor cannot fill the vacancy, and the sooner the facts are ascertained the better, in order to enable the Governor of Illinois to take measures to have the State represented by Senators upon this floor.

Again, in the course of the general discussion, Mr. Webster said:

> * * * I hold, most unquestionably, that the election was void, because the person upon whom the election fell was not competent to discharge the functions of the office that are intended to be conferred upon him; that is to say, to be a Senator from the 3d of March 1849 for 6 years. Now, if he could not be a Senator from the 3d of March for 6 years, then he was not eligible for the senatorial term, and it might just as well be said that he might be elected when he had been a citizen 6 years, and await the lapse of 3 years before commencing his period of service, as it may be said that he may be elected and await the lapse of 9 months. The proposition is so clear that I think a little reflection will satisfy every gentleman on the subject.

What closer reasoning to the case pending before us could we have than that which was given by Webster, concerning whom I need not indulge in panegyrics; but what greater precedent could be established in any case than this case of General Shields presents unto us and unto the Senate?

Of course, there have been, doubtless, other precedents in the other House. That is all right. Where do we find the better reasoning? Where do we find the precedent that is ours here in the United States Senate? And if those precedents answer the query which was put in the preliminary of this discussion, they should be all-controlling and all-compelling.

Mr. President, if we decide this case upon the plain meaning of the Constitution, it seems to me there can be no doubt of the decision. If we decide this case upon the senatorial precedents that have gone before, equally so, I think, there can be no doubt of the decision.

Mr. BULKLEY. Mr. President——

Mr. JOHNSON. I yield. I am about to yield the floor, if the Senator would prefer it.

Mr. BULKLEY. No; I would rather ask the Senator two or three questions, if he is willing to have me do so.

Mr. JOHNSON. Go ahead; I am glad to have the Senator do so.

Mr. BULKLEY. Does the Senator contend that the committee resolution comes to a conclusion which is inconsistent with the conclusion arrived at in the Gallatin and Shields cases, holding those Senators ineligible to retain their seats?

Mr. JOHNSON. I think so.

Mr. BULKLEY. The committee will wish to differ from that view.

Mr. JOHNSON. Oh, naturally we differ upon it.

Mr. BULKLEY. Of course, we concede that we are undertaking to overrule the language of the resolutions adopted in those cases; but we do not concede that we are undertaking

to say that the result disqualifying those Members from sitting was wrong.

Mr. JOHNSON. The majority of the committee may be able, in adopting what the Senator says, to say the result of the cases is not different, but disagree with the particular printed resolution which was adopted.

Mr. BULKLEY. That is our position.

Mr. JOHNSON. Well, the Senator remembers, in "Hudibras", how—

> He could distinguish, and divide
> A hair 'twixt south and southwest side.

I will not concede that the position stated by the Senator is reasonable.

Mr. BULKLEY. I shall discuss that question later, but I should like to ask the Senator from California whether he believes that an elected candidate becomes a Senator at the date of the beginning of the term.

Mr. JOHNSON. I am not making that contention, sir. Was that question asked in view of the contention which has been made by my brethren upon the committee? Let them speak for themselves on that subject.

Mr. BULKLEY. I wished to make sure that the Senator did not approve that contention.

Mr. JOHNSON. I have presented here certain observations of my own. Those I stand upon. I have not signed the minority views presented by my brethren upon the committee, and so I am making no such contention as the Senator suggests.

Mr. BULKLEY. Just one more question. Does the Senator believe that the resolution finally adopted in the Shields case does in fact set a precedent for all time and is correct under all circumstances?

Mr. JOHNSON. Mr. President, I am not going to say anything with which under all circumstances, under every conceivable condition, and every circumstance of which one can conceive, one might not at some time disagree. But I say that the Shields case is a precedent. It is a precedent much more nearly like the instant case and much more nearly in point than the ordinary precedent we find in legal cases. The Shields case is a precedent which ought to be controlling and compelling here if we follow precedent. But beyond that, the Shields case, on the question debated, and in the debate itself, is most persuasive, and it seems to me, in regard to the pending case is conclusive.

Mr. BULKLEY. That answers my question.

Mr. MINTON and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield; and if so, to whom?

Mr. JOHNSON. I yield to the Senator from Indiana, who rose first.

Mr. MINTON. I should like to ask the Senator whether he does not believe that in the Shields case the resolution which was adopted by the Senate decided more than was actually before the Senate?

Mr. JOHNSON. I think that may be so; that one might reasonably say it did.

Mr. MINTON. The resolution offered by the majority report in the pending case would not overrule the Shields case as a precedent but simply would refuse to follow what we might call the dictum in that case.

Mr. JOHNSON. It seems to me we cannot distinguish between the reasoning of the case and what might ultimately have been decided, and the reasoning in the Shields case is such that it affords a precedent which, as lawyers love to say, is on all fours with the case at bar.

Mr. MINTON. What I was going to point out was that the Senate decided something more in the Shields case than was actually before it.

Mr. JOHNSON. The Senator is speaking of that because of the fact that Shields resigned?

Mr. MINTON. No. As I understand, the only question before the Senate at that time was whether Shields was then entitled to his seat, and the Senate decided not only that question but that he had to have the qualifications on the day his term began, and they thus decided something that was not before the Senate, and to that extent it was dictum and would be so considered in any law case.

Mr. JOHNSON. I will not say the Senator is not right in that regard—I think not—but it does not alter the fact of the precedent.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JOHNSON. I will yield if the Senator desires to ask a question.

Mr. LONG. I hope it will be a question. I will undertake to ask it as a question.

I understand it to be pretty generally argued that one must be eligible to take his seat when his term begins. Of course, that means that if he is ineligible by reason of age, or for other causes, he should not be permitted to take his seat.

In that connection I call the attention of the Senator from California to the fact that the courts have held that one holding another office, such as Governor of a State, cannot become a Senator, that he is ineligible because his office is incompatible with the office of United States Senator. Now I come to the point——

Mr. JOHNSON. Let me say to the Senator, if he is going to ask me a question, ask the question; otherwise I will not yield. If the Senator does not want to ask a question, if he wants to be funny, let him go ahead and be funny in his own time, not in my time.

The PRESIDING OFFICER. Does the Senator from California decline to yield?

Mr. JOHNSON. Let us have no mistake about that. I decline to yield.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. LONG. Mr. President, has the Senator yielded the floor?

Mr. JOHNSON. No; I have not yielded the floor.

Mr. LONG. The Senator declines to yield to a question. I did not want to be funny.

Mr. JOHNSON. Let the Senator go ahead if he has a question. I yield for a question.

Mr. LONG. I was just going to ask the Senator this question: Would not the case of the elder Robert La Follette, and of Senator Dieterich, and of myself——

Mr. JOHNSON. And of myself.

Mr. LONG. And of the Senator, and many other Senators who were Governors, who failed to come here and take their oath of office when their terms began, and who, therefore, enforced upon themselves ineligibility—would not that have disqualified them from later on——

Mr. JOHNSON. I answer: "No." That is the answer, and it is conclusive; No!

Mr. President, just a word in conclusion. I said in beginning that very reluctantly I had come to the conclusion I have reached in this case. I say that in closing. Personally, I said in beginning, personally, I say at the close, I would rather have reached another conclusion and I would have preferred that I might have rendered another verdict here. But I say again in closing, as I said in beginning, I am under an oath, other Senators are under an oath, and I take it that they perform their duty under their oaths as the Lord gives them the light to see their duty, and I perform mine in just that fashion. It is not a matter of how many or how few are with us. It is a matter of no consequence that there shall be a determination rendered one way or another, but we do the best that we can, and act accordingly to the lights that are ours. I am acting that way today, and I do not give a rap whether there is one vote or two votes or three votes, whether there are four votes or none the way I vote. I am voting upon this case reluctantly, but voting because I have taken my oath as a United States Senator, and the day that I violate that oath as I see it, may I be taken from this floor never to return.

Mr. CONNALLY. Mr. President, I desire to address the Senate on this subject. If there are any Senators who wish to speak in support of the majority report, I shall be glad to yield.

Mr. LONG. Mr. President, I want to take a few minutes, if the Senator is going to speak against the committee report. I desire to put just one observation into the RECORD.

The Senator from Arkansas [Mr. ROBINSON], I take it, at least agreed with the Senator from California [Mr. JOHNSON],

or the Senator from California has agreed with the Senator from Arkansas, that the disability of age is not one which applies at the time of the election. That has been admitted. Therefore we have only one other thing to consider: Does the disability apply, if there is ineligibility, at the time the term begins? That would be the only other matter to discuss.

Having conceded that the disability at the time of the election does not make one ineligible, the only point left is this: If one is ineligible at the time the term begins, does that bar him from later on becoming eligible?

It has been held in a decision rendered by Justice Van Devanter, now on the United States Supreme Court, and it has been held by many other courts that one holding the office of Governor of a State is ineligbile to be a Senator. He must divest himself of the office of Governor before he can become a Member of the United States Senate.

Therefore, if I were today given the right to become a Senator, and my term began, and I none the less continued as Governor, I would be ineligible to become a Member of the United States Senate.

Which is the worse in eligibility? Is it worse to have this technical ineligibility because of a few days of age, or is it worse to be ineligible by reason of the fact that one persists in doing the overt act of continuing as Governor when he knows that makes him ineligible to be a United States Senator? If that is to be the criterion to govern in the pending case, then the Senate has seated a dozen men who never should have been allowed to take their oaths of office as United States Senators.

The elder Robert M. La Follette waited 1 year before he surrendered the office of Governor of Wisconsin and made himself eligible to become a United States Senator.

Mr. Hoke Smith, of Georgia, waited, I think, from 8 to 10 months before he surrendered the office of Governor to become a Member of the United States Senate.

I waited a period of 1 year and 3 months after I was elected to this body before I gave up the office of Governor to become a Member of the United States Senate.

A Senator from New Jersey waited 1 year and 1 day before he gave up the office of Governor to become a Member of the United States Senate.

There was a gentleman by the name of Dietrich, a former Member of this body, not the present Senator from Illinois, but a Senator from Nebraska, who was Governor of Nebraska, I believe, or if he was not Governor, he held some other office, and he was elected to the United States Senate. He took a fee for appearing before a public board, and he was indicted and tried in a United States court, and, I think, convicted, on the ground that, having been elected to the Senate and his term having begun, he was a United States Senator, and, therefore, could not accept a fee for appearing before a public board.

It was proven that after this man had finally taken the oath of office he went back and drew his salary for all those days from the time when he would have been entitled to take the oath of office.

What did the court say? Judge Van Devanter, now on the Supreme Court of the United States, decided in that case that a man did not become in any respect a Member of the United States Senate for any purpose whatever until he had taken the oath of office as a United States Senator, and that no disability, no disqualification, and no other thing of any kind or character applied to that man until he presented himself at the bar to take the oath of office as a Member of the United States Senate.

To such an extent was that recognized to be the law that Congress amended the statute so as to provide that a Member-elect of the United States Senate could not accept a fee for appearing before a public board, so that those who had been elected would be in the same category after their election, and until they took the oath of office in open session of the United States Senate, with those who were Members.

In the case now before us what is the contention? The only contention left, in view of what the Senator from California [Mr. JOHNSON] admits and the Senator from Arkansas [Mr. ROBINSON] admits, is that if there is any disability of any kind or character which exists on the very day that a man presents himself here he is forever barred. Even the slightest kind of a natural technical disability would bar him. If that be true, then the Senator from California [Mr. JOHNSON] and myself and perhaps other Members who serve in this body have come to the Senate and have been permitted to take the oath of office after having removed a disability which disqualified us all the way from 19 days to a year and 4 months after our terms began.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MINTON. And nothing but the expiration of time removed that disability.

Mr. LONG. That is all. I am very sorry my friend from California thought I meant to make his case personal. If he thought that, I will say that I had no such intention. I believe my friend from Arkansas [Mr. ROBINSON], who was Governor of the State of Arkansas, might have come here a few days late. He announced that he did. A number of us, Mr. President, have come here to this body a few months—and in my case a year and 3 months—after our terms began. To argue that the lack of 5 months of requisite age is such a terrific disability that one would be disqualified is so contrary to what we have done in these other cases that I do not understand how it can have much application.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON. In none of the cases where the disqualification was alleged to have attached because the Senator-elect was holding another office incompatible with that of United States Senator was the question, so far as I recall, ever raised in the United States Senate to the effect that he must have divested himself of the other office at the beginning of the term for which he was elected Senator. Of course, there is no logic in distinguishing between one requirement for eligibility and another.

Mr. LONG. That is correct.

Mr. ROBINSON. If a Senator in order to be eligible must have the qualifications at the time of the beginning of his term, and if it is necessary in order to be eligible that he shall not hold another office incompatible with that of a Senator, then it follows irresistibly that the Senator was disqualified if at the beginning of his term he held another office incompatible with that of Senator of the United States.

Mr. LONG. That is just what I have been trying to state. [Laughter in the galleries.]

Mr. ROBINSON. The Senator has stated it clearly.

The question in this case is not the question which actually arose in the Shields case or in the Gallatin case, for the reason that in both those cases at the time the Senators presented themselves and began to attempt to perform the duties of their office they were ineligible by reason of the fact that they did not possess 9 years' citizenship. It is, therefore, clear that, as stated by the Senator from Indiana [Mr. MINTON], the Senate decided something more than it was required to decide in order to reach a conclusion in the Shields case and in the Gallatin case. Those cases, therefore, are not precedents in a case where the issue is whether the Senator at the time he presents himself and attempts to perform the duties of his office is rendered ineligible by the fact that at some previous time he had not reached the age of 30 years.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. In those cases, if I understand, not only was the Senator involved ineligible at the beginning of his term, but he was ineligible at the time he presented himself to begin his term.

Mr. ROBINSON. Yes.

Mr. LONG. Yes; in both cases.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. GEORGE. Not only is that true, but he was ineligible at the time of the election, at the time of the beginning of the term, at the time he presented himself and was sworn, and ineligible on the very day when the Senate passed the resolution in both cases.

Mr. ROBINSON. Yes. He had never acquired eligibility as to citizenship, and, therefore, it was a different case from the one now at the bar of the Senate.

Mr. LONG. Mr. President, I wish to say a word further along the line of what the Senator from Arkansas [Mr. ROBINSON] has said. The only time the Senate takes cognizance of a disability is when a man comes here to become a Member.

Mr. ROBINSON. That is the only time we can do it.

Mr. LONG. That is the only time we can do it. We have no business to go back and see if a year and a half before he was not a justice of the peace, or whether 4 months before he was not old enough. The only time the Senate is concerned with a man's qualifications is when he steps to the desk of the Vice President to take the oath of office to become a Member of this body. We have no jurisdiction beyond that point. The only jurisdiction which is vested in any body is in the sovereign State which the man represents.

One more point. If the sovereign State which the man represents thinks it is a better thing to have him wait a few months before he comes here and takes his seat, as was thought in the case of the Senator from Arkansas, in the case of the Senator from California, in the case of the Senator from Wisconsin, in the case of the Senator from New Jersey, in the case of the Senator from Nebraska, in the case of the Senator from Louisiana, and in the case of the Senator from Georgia, if the people of those sovereign States think that they would rather have him wait a few days in order that they can get, perhaps, what they think to be better talent, that is the right of those States.

The State is the only body which has any right to judge these qualifications prior to the man coming here to take his oath of office; and when a man presents himself here, having satisfied the sovereign State from which he comes, then if he comes here and has the prescribed qualifications, we have nothing except to ask, "Does this man standing here now possess the qualifications to entitle him to take the oath of office?" It is not for us to ask, "Did he possess them last year?" or "Did he possess them last month?" or "Did he possess them last week?" or "Did he possess them yesterday?" but, "Does he now possess them?"

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. Prior to the recent amendment of the Constitution, theoretically the term of every Member of the Congress began on the 4th of March, but, unless the President called an extraordinary session of Congress, the Member did not take the oath until the first Monday in December. If some man had been elected to either House who was not of the required age on the 4th of March, but could not take the oath of office until the following December, and had become eligible by reason of age in the meantime, does anyone suppose that either branch of Congress would have denied him the right to take his oath of office if he were old enough at the time he presented himself to take the oath, which would have been at the beginning of the first term after his election?

Mr. LONG. I do not believe anyone would have urged that that man was not eligible. For the same reason no one can urge that the Senator-elect from the State of West Virginia is not eligible.

Let me make only one further observation, because I have spoken longer than I had expected to speak. The Senator from California [Mr. JOHNSON] read from the Constitution wherein it said that every State has the right to two Members in the United States Senate. However, the Senator from California forgets that that article of the Constitution did not apply in all of these other cases to such an extent, or under such an interpretation so it could be said that any day on which the Senate did not have the two representatives here from the State the Constitution was being violated. I think the Senator from California overlooked that point.

There is only one other point raised on the floor of the Senate which I wish to answer. Some ask, "How long can a man wait? Can he wait 5½ years?" That is a matter which I think I can answer; here is the rule which Congress has always followed; here is the rule which the United States always has followed, and here is the rule that I think is a safe rule: If one presents himself within the first congressional term to which he has been elected, he has never been denied the right to take the oath of office. I do not know that the Congress would extend that time—I doubt it—but when one presents himself to the Seventy-fourth Congress, to which he has been elected, 1 day late, 2 days late, 1 year late, he will nonetheless be allowed to serve in the Congress to which he is elected.

It might be that the State—and I say that States are reasonable—might say that inasmuch as this man has not appeared in the Seventy-fourth Congress, it will proceed to elect someone else. That is the right and the function of the State. It might be that the Senate itself would say that the rule did not apply when one failed to appear at the Congress to which he was elected. However, in this particular case, and in all the other cases which I have cited, when the man elected presented himself to the Congress to which he was elected there has never been any question about his right to take his seat.

The PRESIDING OFFICER. The question is on agreeing to the resolution offered by the Senator from Delaware [Mr. HASTINGS] in the nature of a substitute for the resolution submitted by the Senator from Georgia [Mr. GEORGE].

Mr. CONNALLY. Mr. President, if there is any other Senator who desires to address the Senate in behalf of the majority report, I shall be glad to give way.

Mr. ROBINSON. Mr. President, I may desire to submit some remarks after the Senator from Texas shall have concluded. I do not understand that there is any order of procedure here which requires one to speak prior to the remarks of the Senator from Texas.

Mr. GEORGE. Not at all.

Mr. CONNALLY. Mr. President, I did not mean to suggest that there was any order. I merely indicated that I should be glad to give way to any other Senator if he desired to speak now. I am ready to proceed.

Mr. DUFFY. Mr. President, will the Senator yield for a short statement?

Mr. CONNALLY. I yield.

Mr. DUFFY. As a member of the committee who fully agrees with the majority report, I think I should make a brief statement. After careful study I believe that we cannot differentiate from the decision in the Shields case. I think it is true that the Senate in its resolution went further than it needed to go in that particular case, but judging from the debate which was had at that time, and the decision which the Senate reached, I think the decision in the Shields case cannot be distinguished.

I for one am perfectly willing and glad to overrule the decision in the Shields case, based entirely upon the very logical statement made by the Senator from Georgia [Mr. GEORGE] in presenting the majority opinion.

So while I am very happy to vote for the seating of the Senator-elect from West Virginia, in my opinion, we are overruling the precedent established by the Shields case; and I think we ought to be glad to do so, because, although there may be a close question as to which side we should take, in a case where a sovereign State by such a splendid majority has registered its choice, I think everything should be resolved in favor of the choice of that State; but I for one, as a member of the committee, regard such action now as overruling the Shields case.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. DUFFY. I yield.

Mr. BULKLEY. I wish to make sure that the Senator does not understand that the rule now suggested by the committee would have brought a different result in the Shields case so far as seating the Member is concerned.

Mr. DUFFY. That perhaps is so, but I think we cannot read the debate that took place at the time the Shields case was before the Senate, granting that the resolution went

further than it needed to go, without coming to the conclusion that if this case had been pending it would have been held that the Senator from West Virginia was not entitled to his seat.

Mr. BULKLEY. The point is that is not what they were voting on at the time. They were voting on a different state of facts.

Mr. DUFFY. I understand that, but I state that I cannot come to any other conclusion.

Mr. HATCH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. DUFFY. I yield.

Mr. HATCH. When it is considered that the debate did go into the question of the postponement in order that General Shields might be qualified later on, is it not true that the Shields case is exactly in point?

Mr. DUFFY. That is my opinion, after a fair discussion as to whether it would not be advisable for Senator Shields to step aside and to wait for the lapse of time when he would be eligible, I concede that it is a precedent, but I, for one, am very happy to overrule that precedent, because I think the side of logic and the side of justice demand that course.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield further to the Senator from Ohio?

Mr. DUFFY. I yield.

Mr. BULKLEY. May I just suggest that all the debate occurred after General Shields had taken the oath, so that even if he had stepped aside at that time it would have presented a different state of facts from that which is now before us. Of course, I agree with the Senator that we do presume to overrule the resolution which was adopted in the Shields case, and I want to go with the Senator on that, but I do not think that we are overruling the result in the Shields case.

Mr. CONNALLY. Mr. President, I would not address the Senate except for the fact that, not having joined in either one of the minority views and yet having voted in the committee against seating Mr. HOLT, I feel it somewhat incumbent upon me to set forth my views.

As a member of the committee, I could not agree to the majority views, and I shall vote for the resolution presented by the Senator from Delaware [Mr. HASTINGS] as a substitute, holding that Mr. HOLT is not entitled to take the oath of office. I desire to say that I have reached this conclusion with a great deal of reluctance. My every impulse, of course, is to vote for the seating of those who come to the Senate with credentials from their States evidencing that they have been elected by the people, and in this particular case I have the utmost regard for Mr. HOLT whose credentials are now under discussion.

As a Member of the majority side of the Chamber, I regret that I have to part company with my colleagues of the majority; but, Mr. President, in election cases it has always been my purpose to pass upon the legal questions without any passion and without any of those extraneous considerations which frequently operate upon our minds with regard to legislative questions.

I hope that I shall not be tedious, but I shall naturally have to repeat some of the things so well said by the Senator from California [Mr. JOHNSON] in his very able and informing address.

When the makers of the Constitution set up this form of government they provided for a Senate and a House of Representatives. I read now from the seventeenth amendment.

> The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof, for 6 years, and each Senator shall have one vote.

Mr. President, I cite that particular section of the Constitution for the reason that it is important to bear in mind when the people are voting for Senators that they are electing them for a definite fixed period, beginning at a certain time and expiring at a certain time. The Constitution requires that when the people elect a Senator they shall elect him for 6 years, not for 5½ years or 3 years or 2 years, unless in case of an unexpired term.

The twentieth amendment, which is the so-called "lame duck" amendment, further makes clear what was in the minds of the makers of the Constitution and those who amended the Constitution. It provides as follows:

> The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

That amendment had been adopted and was in effect when Mr. HOLT was elected by the people of West Virginia. At that time the people of West Virginia and Mr. HOLT knew that the term for which he was elected began on the third day of January 1935. I quote now again from amendment XX:

> The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

That constitutional provision was in effect when Mr. HOLT was elected, and so he knew and the people of West Virginia knew that the term for which he was elected began on the 3d day of January 1935 and the Congress itself met on that very day.

What is the other provision in regard to qualifications? As has already been quoted, section 3 of article I reads:

> No person shall be a Senator who shall not have attained to the age of 30 years, and been 9 years a citizen of the United States, and who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

I wish in my remarks to stress the question of the election itself. Under the contention of some of us supporting the minority view we hold that the election of an ineligible candidate is a void election. If the election is void and no one was elected the title to the office cannot be acquired by the expiration of time, because that which is void is just as if it had never occurred. The precedents that have been cited here, I am sure, are all well known now to Senators.

Mr. MINTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. MINTON. Does the Senator have some authority to the effect that the ineligibility of a candidate makes the election void?

Mr. CONNALLY. I think so.

Mr. MINTON. Is the Senator going to cite some authorities to that effect?

Mr. CONNALLY. I have not any available court decisions here, but I have the precedents by which the Senate so held. The Senator is familiar, of course, with them. Let me ask the Senator what happens at an election when a man is elected who is absolutely ineligible and who never can become eligible? In that case is not his election void? What happens to it?

Mr. MINTON. I think it may be voidable, but it is certainly not void. The election is valid in every respect; but it might be voided by some action taken subsequent to the election.

Mr. CONNALLY. Then it would become void.

Mr. MINTON. Oh, yes; it is voidable.

Mr. GEORGE. Mr. President, may I say that is true when it appears that a candidate was ineligible in fact?

Mr. MINTON. Yes.

Mr. CONNALLY. If it is determined that a candidate was ineligible in fact, then the election was void from the start, was it not, under the statement of the Senator from Georgia? When it is void it is void from the beginning?

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. GEORGE. I do not think it is void from the start. It is voidable as any other act may be voidable.

Mr. CONNALLY. Suppose a man was elected who the Constitution said was absolutely incapable of ever holding the office?

Mr. GEORGE. Suppose they elected one who was ineligible, nevertheless the election was not void.

Mr. CONNALLY. Oh, no; they might have elected other officers, but his election is void; the election of that man is bound to be void.

Mr. GEORGE. I take a different view. That man was ineligible—that is all—to hold the office to which he was elected.

Mr. CONNALLY. We are just quibbling over words evidently. Let us see what would happen. Senators contend that a man who is absolutely constitutionally ineligible and who can never become eligible may be elected because, they say, his election is legal. Then why not give him the office? It seems to me it is absurdity itself.

Mr. MINTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. MINTON. I think the question of election lies in one jurisdiction and the question of determining eligibility in another.

Mr. CONNALLY. That is true, too, but the powers who elect must respect the power of the Federal Government or the Congress to see that the election powers observe the rules of eligibility.

Let us see what the precedents are, not what I say, not what I think, but what the precedents say. In the Gallatin case and in the Shields case are found precedents, not by the House of Representatives, not by some court, but by the Senate of the United States, this identical body. What did the Senate hold?

It was held in the case of Albert Gallatin, who had not been 9 years a citizen of the United States at the time of his election and who had not been 9 years a citizen of the United States at the beginning of his term, that his election was void. Here is the resolution the Senate adopted. I shall not repeat the facts, because there is no dispute about the facts. What did the Senate do? After a number of postponements—

Friday, February 28, 1794.

This is a precedent which has been here a long while.

The Senate resumed the consideration of the 22d instant, on the report of the committee on the petition of Conrad Laub, and others, respecting the election of Mr. Gallatin to be a Senator of the United States,

On the question to agree to the motion, as follows:

Resolved, That Albert Gallatin, returned to this House as a Member for the State of Pennsylvania, is duly qualified for, and elected to, a seat in the Senate of the United States.

That resolution was defeated, there being 12 yeas and 14 nays. They then had the following proceedings:

On motion that it should be,

Resolved, That the election of Albert Gallatin to be a Senator of the United States was void, he not having been a citizen of the United States the term of years required as a qualification to be a Senator of the United States.

A motion was made to divide the question at the word "void"; and on motion to agree to the first paragraph of the motion so divided, it passed in the affirmative, there being 14 yeas and 12 nays. So the Senate in that case passed directly upon the question of whether the election was void or not. On a division of the question, the Senate said that his election was void because at the time of his election he had not been 9 years a citizen of the United States. As has already been pointed out, he was not 9 years a citizen of the United States either at the time of election or at the beginning of his term, so it is not an authority as to which date shall control.

In the later case of General Shields the resolution was amended and it was there determined that General Shields' election was void because he was not 9 years a citizen of the United States at the beginning of his term.

When do we expect one elected to office to begin his term? Shall it be at the beginning of the term which the Constitution fixes and for which the people elected the candidate, or shall it be some other time? It seems to me very clear what the men who sat in Philadelphia and were writing the Constitution meant—and that is what we have to determine. What did they mean when they said a man must be 30 years old to be a Senator? Did they mean that part of the Senators might be 30 years old and part of them 29 years old and some of them might come here next year and some the year after that? The makers of the Constitution, we all know in our hearts, meant that the Senate should be composed of men 30 years of age, capable of discharging the duties of United States Senator the first day of their term.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. GORE. The Senator's argument has suggested this question to my mind: What would happen if we should now elect an alien to the Presidency? Would that be a valid election or not?

Mr. CONNALLY. Certainly not. It would be absolutely void, and the Constitution so provides.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. Certainly.

Mr. GEORGE. May I say that the Constitution not only provides for that situation, but the Constitution declares that anyone who is not a natural-born citizen of the United States is ineligible for the office of President. There is quite a difference between eligibility and the question we are here discussing now. In other words, the clause of the Constitution, which is here involved, simply says that "no person shall be a Senator." The provision of the Constitution which deals with the Presidency in express language declares him to be ineligible—that is, incapable of being chosen.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. CONNALLY. Certainly.

Mr. GORE. The Constitution also requires that a person in order to be eligible for President shall have resided in the United States 14 years prior to the election. Suppose he is a natural-born citizen and has returned from abroad and has lived here 11 years and then should be elected. The point is, could he then live out the 3 years and qualify for the remaining year? It raises an interesting question.

Mr. CONNALLY. I shall be very glad to discuss these questions, if the Senator desires, after we get a little further along on the senatorial matter, because, frankly, I am not as much interested in the Presidential term as I am in the particular question now before us.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Maryland?

Mr. CONNALLY. I yield.

Mr. TYDINGS. Referring to the section of the Constitution which the Senator read, which reads—

No person shall be a Senator who has not been for 9 years a citizen of the United States—

Did the committee consider that if a man was in excess of 30 years of age and qualified in all other respects, but would not be a citizen of the United States until the 19th of June 1935, which was yesterday, that in that case the prohibition of the Constitution would be cured by the passage of time, as the age prohibition has been cured?

Mr. CONNALLY. The report of the committee states just what we did, but I will say to the Senator that I am of the opinion that it could not cure it; that age and alienage are both on the same level because in the Constitution they are both contained in the same clause, but when it comes to habitancy it is put in another clause which says, "shall not when elected be an inhabitant of the State."

Mr. TYDINGS. It is the contention of the Senator from Texas, as I understand, that if we can cure the defect in age by the passage of time until June 19, 1935, we could likewise, and would have to, in order to be consistent, cure the defect in citizenship of the United States likewise by the passage of time to June 19, 1935, if that were the point at issue rather than the question of age. Is that correct?

Mr. CONNALLY. That is correct.

Mr. TYDINGS. May I ask, in the time of the Senator from Texas, if the Senator from Georgia agrees that the same

philosophy which would cure a defect in age would likewise cure a defect in citizenship?

Mr. GEORGE. Entirely; and I rose for that purpose. In the case of Ellenbogen, who was elected to the Seventy-second Congress from Pennsylvania, exactly that point was raised and exactly that situation was passed upon, because Mr. ELLENBOGEN, who was born in Austria, had not been a citizen of the United States 7 years when he was elected to the Seventy-second Congress. He had not been a citizen for 7 years when the term of office to which he was elected commenced. He passed by the first session of the Congress, and at the second session appeared, when he had been a citizen more than 7 years, and was admitted. Not only was he admitted but during the first session of the Congress objection was raised upon the ground that on the date of his election and on the date of the commencement of his term and at the first session of the Congress he had not been a citizen of the United States for 7 years.

The question was distinctly raised, and was passed upon by Elections Committee No. 2 of the House, and he was permitted to retain his seat in the House.

Mr. TYDINGS. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. If I may answer that——

Mr. TYDINGS. I wish to ask only one question, which I think will bring a "yes" or "no" answer.

Mr. CONNALLY. Very well.

Mr. TYDINGS. As I understand the Senator from Georgia, however, the defect, if it related to inhabitancy of the State, could not be corrected by the passage of time, because the words "when elected" are used preceding that clause.

Mr. GEORGE. There is an express requirement in that case.

Mr. CONNALLY. The Senator from Georgia cites a case in the House—the Ellenbogen case. That really is not any precedent in the Senate, for the simple reason that each House is the judge of the elections and qualifications of its own Members; so that a House precedent could not have in the Senate the dignity or the prestige that a senatorial precedent has at all. It is our peculiar function to pass on these questions as to Senators. We are a continuing body; and there are other considerations, probably, which operate to the decision of those questions.

Mr. ROBINSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I yield.

Mr. ROBINSON. The Constitution, of course, applies equally to both Houses.

Mr. CONNALLY. Oh, yes; sometimes.

Mr. ROBINSON. There can be no distinction in principle or in theory of law between a constitutional provision as applied to the House of Representatives and as applied to the Senate of the United States. The words are the same, and therefore logically the application should be the same. For that reason, I think the case of John Young Brown in the House of Representatives is an exact precedent in this case; and, for other reasons which have already been discussed here in part, I do not think either the Shields case or the Gallatin case is a precedent for this case.

Mr. CONNALLY. I am somewhat astonished to hear the Senator from Arkansas say that he does not regard the Shields case or the Gallatin case a precedent for this case.

Mr. ROBINSON. I will tell the Senator in just a few words why I do not regard it as a precedent.

Mr. CONNALLY. All right.

Mr. ROBINSON. In the Shields case, at the time the Senator-elect took the oath of office and attempted to perform his duties he had not been a citizen of the United States for 9 years. In this case, when the Senator-elect from West Virginia proposes to take the oath of office and to begin the performance of his duties, he is 30 years of age. The distinction is so clear that I am astonished that so great a lawyer as the Senator from Texas should not see it without its having to be impressed upon him.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I will yield, but I should like to answer the Senator from Arkansas. I yield to the Senator, however.

Mr. BARKLEY. In other words, if the Senator will yield, if the Senator-elect from West Virginia had presented himself here in January, or at any other time prior to his arrival at the age of 30 years, we should have had a parallel case with the Shields case.

Mr. ROBINSON. Yes.

Mr. BARKLEY. Because he would not have been eligible.

Mr. ROBINSON. That is entirely true; and in the Shields case, one question upon which the debate hinged was whether, after Shields had qualified and after he had assumed to be a Senator and perform the functions of his office, the Senate could postpone the resolution until the time when he had acquired the age of eligibility. That question was discussed at great length by some of the Senators, who insisted that even after Shields had presented himself, and after he had assumed to perform the duties of his office and to be a Senator, they might still postpone the determination of the question of his eligibility until after he had in fact become eligible.

I do not think that is sound doctrine. It seems to me the true rule is, giving to the words of the Constitution their natural effect—namely:

> No person shall be a Senator who shall not have attained to the age of 30 years—

Giving to those words their natural and logical effect, when a Senator-elect attempts to perform the functions of his office, when he offers to qualify, if he possesses the age required by the Constitution, he is eligible, because he is 30 years of age when he assumes to be a Senator. In other words, the eligibility attaches to the service, and not to the election or to the term.

That is the position I take.

Mr. CONNALLY. Mr. President, I should like to answer the two questions which have been asked.

The Senator from Kentucky [Mr. BARKLEY] observed that if Mr. HOLT had come here last January and presented his credentials the Senate would have rejected him. Is that correct?

Mr. BARKLEY. I have no way to assume that it would, but I say——

Mr. CONNALLY. Would the Senator have voted that way?

Mr. BARKLEY. I will say frankly that I should have voted to reject him.

Mr. CONNALLY. Yes; that is the point.

Mr. BARKLEY. And I think, if I may express my own opinion, that the Senate would have done so; but the point I made was that if Mr. HOLT had presented himself at any time prior to his arrival at the age of 30 years we should have had a parallel case with the Shields case.

Mr. ROBINSON. That is correct.

Mr. BARKLEY. But, as he did not, the Senate can pass on the eligibility of any man only when he presents himself for admission.

Mr. CONNALLY. Here is the attitude we would be in: According to the Senator from Kentucky, the Senate would have had to reject him if he had come here in January. If he had presented his credentials then, the Senate would have rejected him, and thereby would have created a vacancy in the office of United States Senator. What right would we have had to do that if the people of West Virginia, under this broad doctrine, had the right to elect anybody they pleased to elect?

Mr. TYDINGS. Mr. President, will the Senator from Texas yield right there?

Mr. CONNALLY. I yield.

Mr. TYDINGS. With the permission of the Senator from Texas, I should like to ask the Senator from Kentucky a question.

If we had rejected Mr. HOLT before he became 30 years old, and he had applied later when he had become 30 years old, could we then have seated him?

Mr. BARKLEY. Mr. President, that is not a question which we are called upon to pass on. Very likely we would not have seated him, because in the meantime, if the Senate had rejected him, probably the Governor of West Virginia would have appointed somebody to fill the vacancy, and that question would not have arisen. That is only the expression of a hasty opinion. I have not looked into that feature of the matter; but if the Senate took such action as to create a vacancy in the Senate, I doubt whether it could later revive the senatorship by any action it might take.

Mr. CONNALLY. Mr. President, if the Senator from Kentucky will permit me, the issue would have arisen, because if the Governor had appointed someone, Mr. Holt then would have appeared here and would have said, "No; you cannot seat him. I am the legally elected Senator from West Virginia", and we should have had to face that issue.

Mr. President and Senators, I cannot conceive of the Senate ousting or refusing to seat a man, thereby creating a vacancy in the representation from that State, and then that that vacancy could be filled, not by a new election, not by appointment of the Governor, but simply by the lapse of time.

Senators have said a great deal about "be a Senator"—"be a Senator." How do men get to be Senators? They do not just grow. They have to be elected. They have to be elected for definite terms. They can be elected only from the particular class of individuals that the Constitution says are eligible; and if the electing power does not select that character of individual, the election is void.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. According to the reasoning of those who advocate the seating of Mr. HOLT, they could not declare that the seat was vacant as a permanent matter. If their argument is sound, they could only declare that at that time Mr. HOLT had not arrived at the requisite age, and therefore he could not take the oath of office. They could not declare the office vacant, if their reasoning is sound, because now, at this late date, they say he can qualify; and obviously it is necessary to take one horn or the other of the dilemma.

Mr. CONNALLY. The Senator is correct about that.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. Let me answer the Senator from Arkansas and then I will yield to the Senator from Louisiana. It has been so long since the Senator from Arkansas raised the question that I have almost forgotten it.

The Senator from Arkansas expressed great amazement that the Senator from Texas should cite the Shields case on the issue as to whether——

Mr. ROBINSON. Oh, no; the Senator——

Mr. CONNALLY. If the Senator will wait a minute——

Mr. ROBINSON. I did not express amazement that the Senator should cite the Shields case, because everybody is citing it. My amazement was that the Senator did not make a distinction between the Shields case and the Holt case.

Mr. CONNALLY. Exactly. That is what I was trying to say, but the Senator would not let me.

Mr. ROBINSON. Very well.

Mr. CONNALLY. What I desire to say to the Senator from Arkansas is that the Shields case does go into the matters on which he says it is not authority. Let us see about that. There were several motions on that subject. In the Shields case Senator Foote, of Mississippi, rose in the Senate and said that he was anxious to vote to seat General Shields, but that General Shields not having been at that time for 9 years a citizen he could not do it; but he said: "I shall favor postponing this issue until next December, by which time General Shields will have been a citizen 9 years, if by so doing General Shields can become entitled to the seat." He offered a motion to that effect, and there was so much dissent, so much opposition, that he withdrew it.

Mr. ROBINSON. But the point is that Shields had not taken his seat at all.

Mr. CONNALLY. He was trying to take it.

Mr. ROBINSON. He was offering to take the seat.

Mr. CONNALLY. The same as in the case of Mr. HOLT.

Mr. ROBINSON. And the question was whether, after he had presented himself and his disqualification had appeared, the matter could be postponed until he might acquire the qualification. Plainly, as a matter of law, I think the decision in that particular was correct. The question of eligibility arises at the time the Senator presents himself to assume the duties of his office. If he is not eligible then, he cannot assume the duties of his office. If he waits until he does become eligible, then he is entitled to serve as a Senator.

Mr. CONNALLY. Let me ask the Senator from Arkansas a question.

Mr. ROBINSON. Certainly.

Mr. CONNALLY. Had Mr. HOLT come here in January, and had the Senate refused to seat him, what would have been his status?

Mr. ROBINSON. He would have been out.

Mr. CONNALLY. He could not come back now and claim the seat?

Mr. ROBINSON. Certainly not. I do not think there is any question about that.

Mr. CONNALLY. I am glad to hear the Senator admit that, because it destroys his case.

Mr. ROBINSON. After he had presented himself for service and had been found ineligible by the Senate, of course, he could not acquire eligibility.

Mr. CONNALLY. Let me say this: You cannot stick your head in the sand——

Mr. ROBINSON. I am not trying to do that, the Senator knows.

Mr. CONNALLY. I am not referring to the Senator; I am trying to use an illustration in an argument. I do not see why the Senator wants to be so peppery this afternoon.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. CONNALLY. No; I will yield to the Senator from Arkansas, if he desires to have me yield.

What does the Senator from Arkansas say? He challenges the legal ability of the rest of us——

Mr. ROBINSON. Oh, no; I have not done that.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. ROBINSON. I do not know whether the Senator is trying to be witty or offensive.

Mr. CONNALLY. Oh, I am not trying to be either.

Mr. ROBINSON. I have not challenged the intelligence of anyone. I have differed from the Senator from Texas.

Mr. CONNALLY. I have certainly no disposition to treat this matter flippantly at all. I am trying to be serious. This is the situation in which the Senator from Arkansas by his argument puts this case. He says that if Mr. HOLT had appeared here in January and presented these credentials the Senate would have rejected him and he would have been through.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment. He was the same age then that he is now. [Laughter.]

Mr. ROBINSON. Oh, no! The Senator has made another amazing mistake. The Senator was not 30 years old then, and if he had insisted on taking his oath then, he could not have qualified; but he is 30 years old now, and he is entitled to take the oath. The Senator has not only forgotten his law, he has forgotten his arithmetic. [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair is obliged to admonish the occupants of the galleries that there must be no demonstrations of approval or disapproval. It is a violation of the rules of the Senate, and no such expressions will be tolerated. They interrupt the proceedings of the Senate.

Mr. CONNALLY. Of course, everyone knew that the Senator from Texas did not mean literally what he said when he stated Mr. HOLT was the same age then that he is now. What I mean is, on the issue of age his status was the same in January that it is now, if age is the determining factor. What I am trying to say is that if in January he was not entitled to his seat, and if the Senate would have ousted him, he would have been out, according to the Senator from Arkansas.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. Yet nothing has ocurred since then——

Mr. ROBINSON. Will the Senator yield?

Mr. CONNALLY. I should like to answer the question.

Mr. ROBINSON. Very well.

Mr. CONNALLY. Nothing has happened since then; he has continued to grow older each day.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LOGAN. I desire to say to the Senator that the argument he is advancing is entirely fallacious. The certificate of election which Mr. HOLT held was only an evidence of title. The title to the office was in nubibus.

Mr. CONNALLY. Where? [Laughter.]

Mr. LOGAN. In the clouds. If he had presented that title here and it had vested in him in January, when he was ineligible to receive it, then his right to hold the office would have depended on the title which he had when it was vested in him; but he did not present it then. He did not present it until he was eligible to have the title vested in him.

So clearly he is entitled to receive the office at this time, and that is the distinction between this and the other cases which have been cited here. That is the reason why the Senator from Arkansas is absolutely right when he says that if he had presented the credentials in January, when they could not have vested title in him because he was ineligible, he would have been out. But now he is 30 years of age, and he presents the credentials, and when he presents the credentials the title vests, and he is never a Senator until the title does vest, and when he asks that it vest in him, he is eligible to receive the title.

If the Senator can answer that or overturn that suggestion, he will overturn the great body of the law that has been in existence and which constitutes the jurisprudence of the United States on nearly all questions similar to this. It is a question of when the title vests, when it ripens.

When the credentials are tendered here there is a color of title, as it were. He holds the office, but under a mere color of title. Now the question is, Is he eligible to receive the title when he asks that it be vested in him? I have stated the reasons which have led me to support the report of the majority of the committee.

Mr. HASTINGS. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I should like to answer this question.

Mr. HASTINGS. I merely call the attention of the Senator from Texas to the fact, which I assume he already knows, that the credentials were presented on January 3, and that Mr. HOLT went on the pay roll under a statute enacted by the Congress.

Mr. LOGAN. The title did not vest. He was not sworn. The title cannot vest until he takes the oath of office; then the title vests. The question is whether or not he is eligible when the title vests in him.

Mr. HASTINGS. The Senator was talking about the credentials.

Mr. LOGAN. The Senator is talking about the color of title.

Mr. CONNALLY. I thank the Senator from Delaware for his suggestion. In answer to the Senator from Kentucky, the Senator from Kentucky holds, then, that a Senator is never a Senator until Congress meets and he takes the oath.

Mr. LOGAN. Absolutely; that is correct. I do not suppose any Senator would dispute that proposition.

Mr. CONNALLY. I thought I might state something to which the Senator would agree.

Mr. McKELLAR. Mr. President, does not the Senator from Texas agree that no man is a Senator until he is sworn in?

Mr. CONNALLY. No; I do not agree to that fully.

Mr. McKELLAR. Could he perform any of the duties?

Mr. CONNALLY. Certainly he could.

Mr. McKELLAR. Could he perform any duties within the body, within the Senate Chamber, until he was sworn in?

Mr. CONNALLY. No.

Mr. McKELLAR. Then he is not a Senator until he is sworn in.

Mr. CONNALLY. Let me ask the Senator a question. The Senator went to the Philippines last year.

Mr. McKELLAR. Yes.

Mr. CONNALLY. When Congress met the Senator had been reelected, but the Senator was not here and could not be here and did not take the oath for a month or so.

Mr. McKELLAR. I was a Senator-elect.

Mr. CONNALLY. You were a Senator.

Mr. McKELLAR. No; I was a Senator-elect, and under a law which was enacted just a year or two ago, under a specific statute, my salary was paid.

Mr. CONNALLY. I am not criticizing the Senator; I think he was right.

Mr. McKELLAR. The gentleman from West Virginia has been only a Senator-elect. He has not been a Senator within the terms of the constitutional provisions, and will not be until he takes the last step necessary, namely, to be sworn in as a Senator.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. CONNALLY. Let me proceed a moment or two, and then I will yield. I have done nothing but hold an experience meeting.

Mr. McKELLAR. Mr. President, may I further explain, just a moment——

Mr. CONNALLY. Please let me say this, that I was not criticizing the Senator. I think he was a Senator during all the time he was away.

Mr. McKELLAR. No; I want to explain the actual difference between a Senator and a Senator-elect.

Mr. CONNALLY. I think I know the difference.

Mr. McKELLAR. I was on the sea, and I was intensely interested in a vote here in the Senate. I telegraphed the Secretary of the Senate to have me paired, and that was declined by the Senate, on the ground that I was not a Senator but a Senator-elect. That is the difference.

Mr. CONNALLY. It is perfectly apparent why that happened. It was because the Constitution provides that Senators and Representatives shall take an oath. It does not provide when the oath shall be taken, and there is no penalty attached, but Congress, acting under the authority of that provision, prescribed an oath which Senators must take before they begin their legislative duties.

Will anyone say that a Senator cannot draw his pay from the beginning of his term? What does the Constitution say the term shall be? It says the term of a Senator shall be for 6 years. If he is Senator for only 4 years or 5 years or 5½ years, what does it mean? What gives a Senator the right to draw his pay? If one is not a Senator, he is not entitled to it.

Mr. McKELLAR. It is only because of a statute recently enacted. In my own case, for instance, where I was out of the country and did not return until February 8, I would have received no salary from the beginning of the session up until February 8, when I was sworn in, if that statute had not been enacted.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment. I referred to the oath. In 1789 the First Congress provided for the taking of an oath by Senators and Representatives, and this was provided:

> The said oath or affirmation shall be administered within 3 days after the passing of this act, by any one Member of the Senate, to the President of the Senate, and by him to all the Members and to the secretary. * * * In case of the absence of any Member from the service of either House, at the time prescribed for taking the said oath or affirmation, the same shall be administered to such Member, when he shall appear to take his seat.

The statute recognized that they were Members before they appeared and before they took their seats.

Who is it who takes an oath of office? It is a Senator. Who is it that takes an oath of office? It is a Member of the House of Representatives.

Mr. MINTON. It is a Senator-elect, is it not?

Mr. CONNALLY. No; we do not say anything about Senators-elect. The Constitution says Senators and Representatives shall take a certain oath. What is a Senator-

elect? A Senator-elect is a man elected in November. Of course, he is a Senator-elect until his term begins. He is either a Senator or he is not a Senator from the first day of that term. When he appears to take the oath, if he is seated, his term has been confirmed back to its beginning. If he is ousted or rejected, he never was a Senator at all—theoretically, at least.

Mr. President, I do not care to pursue that line of argument. I desire to answer the Senator from Arkansas [Mr. ROBINSON] on the Shields case.

In the Shields case the question was decided as to whether or not the election was void. I wish Members of the Senate to remember this. Our contention is that in the present case the election was void. If it was void, no one can derive from it any title, either suspended title, or title in abeyance, or any other title. If the election is void, it is just as though there never was an election.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. Will the Senator permit me to complete my answer to the question? Then I will yield.

Mr. ROBINSON. Mr. President, will the Senator yield for a question in that connection?

Mr. CONNALLY. I will yield to the Senator from Arkansas with the consent of the Senator from Tennessee.

Mr. McKELLAR. I am glad to yield to the Senator from Arkansas.

Mr. ROBINSON. Assuming that the question as to the eligibility or right of the Senator-elect to serve as a Senator had never been raised, how could the Senator from Texas say that the election was void? Under those circumstances he would have served out his full term. Clearly, the election was only voidable.

Mr. CONNALLY. The point I am trying to make is that whether it is void or not void is not dependent on what Mr. HOLT does. He cannot by anything he does make vital and alive something that is void. If the election is void, it is as though it were never held. The two senatorial precedents which I am trying to call to the attention of the Senate both held that the elections in question were void.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. McKELLAR. The Senator from Texas seems to lay a great deal of stress upon these precedents. Does the Senator think that a vote of the Senate, 14 to 12—that vote was, of course, when the Senate was a small body—is binding?

Mr. CONNALLY. I will answer that we do not have to pay any attention to anything. Under the Constitution we have the right to pass upon the qualifications of Senators; and if a 15-year-old boy came up here with a certificate of election, and we seated him, he would be a United States Senator, and there is no power on earth which could take him out except the people at the next election.

Mr. McKELLAR. To show that such a decision by the Senate is not binding, I wish to call the Senator's attention to the case of Mr. Lorimer, of Illinois.

Mr. CONNALLY. I do not argue that point, Mr. President. I know it is not binding.

Mr. McKELLAR. The Senator will remember the case of the former Senator from Illinois, Mr. Lorimer. On March 1, 1911, by a vote of 46 to 40, he was held to be a duly qualified and properly elected Senator. Nearly 2 years later——

Mr. CONNALLY. We unseated him.

Mr. McKELLAR. Yes; nearly 2 years later this body by a vote of 55 to 28 held that he was not entitled to be a Senator, and removed him from the Senate by that vote. So I say that a case which seems to me to have been misapprehended, at least in part—a case which was decided away back yonder in 1793—is not binding on this body.

Mr. CONNALLY. The Senator can go further back than that. The Constitution was adopted 3 or 4 years before that.

Mr. McKELLAR. Yes; and if the Senator will permit me to read from the Constitution I will show the difference between the two cases which the Senator cites and the case at bar. I read:

> No person shall be a Senator who shall not have attained to the age of 30 years.

When it comes to the authority which the Senator cites, let us read it:

> No person shall be a Senator * * * who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

There is a great deal of difference between the qualifications in the Gallatin and Shields cases and in the present case. In both the Gallatin case and the Shields case the Senators-elect were not citizens when elected. The only question in the present case arises under the first sentence in clause 3 of section 3 of article I of the Constitution, that the Member must be 30 years old before he can be a Senator—in other words, before he can take the oath, which is the last step to be taken in order to become a Senator.

Mr. CONNALLY. I thank the Senator. Of course, I do not raise any issue that we are bound to follow those precedents. A precedent, however, ought to be persuasive. It is said that the vote was only 14 to 12. Well, 14 to 12 is just a little stronger than 12 to 14.

Mr. McKELLAR. But it is not always right.

Mr. CONNALLY. Oh, no; not if the Senator disagrees with it. The Senator says, "Away back yonder in 1793." He says, "Shall we pay attention to a precedent in 1793?" Mr. President, the reason why I give so much deference to it is that the very men who were seated in the Congress when the question arose had been in Philadelphia and had an opportunity, in ratifying the Constitution, to discuss its provisions and knew what they wanted to put in the Constitution.

The Senator pokes fun at the Shields case. Who were these people who decided the Shields case?

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. I will yield in a moment.

Who were the Senators who participated in the Shields case? There was an old fellow who used to live down in South Carolina; let me see—what was his name?

Mr. SMITH. John C. Calhoun.

Mr. CONNALLY. John C. Calhoun. Calhoun took part in the debate. He argued on this question. He agreed that the election of Shields was void from the beginning. But Senators say, "Why, Calhoun has been dead since 1850!" Yes; he has been. He has been dead since that time and the enthusiasm of many of his followers is also dead.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from South Carolina?

Mr. CONNALLY. I yield.

Mr. SMITH. I should like to ask the Senator a question. I have followed this case, and I have also read the cases of Gallatin and Shields. In those two cases Gallatin and Shield were ousted on the ground that they had not been citizens of this country for a sufficient length of time when elected. Suppose they had not appeared before this body until after the 7 or 9 months which they lacked of being of the proper citizenship age; what would have occurred had they presented themselves after they had been here a sufficient length of time to have qualified under the citizenship qualification?

Mr. CONNALLY. I shall be glad to answer the Senator. Of course, I assume what would have happened, but I should hate to divulge my assumption. I do not know what would have happened, but I shall state what I assume would have happened.

Mr. SMITH. The point I make is this: They would have been of the proper age when they appeared before the Senate. The only prohibition prior to that time would have been that at the time of their election they were not eligible by reason of not having been citizens for a sufficient length of time, but when they appeared here in the Senate they would have been eligible. In that respect the present case would have been parallel to theirs.

I maintain that the State of West Virginia knew, at the time it elected this young man, that he was not of eligible age. So far as the State is concerned, it has the right in almost all particulars to determine what it sees fit to do.

Mr. CONNALLY. If that is the Senator's attitude, there is no use of my arguing with him. I cannot argue with any view such as that.

Mr. SMITH. However, when the Senator-elect comes here we have a right to determine his qualifications.

Mr. CONNALLY. Yes; and we are now trying to do it. That is what we are trying to do at the present moment.

Mr. SMITH. The Senator does not pretend to say that the State has not a right to determine the qualifications of the man it sends here?

Mr. CONNALLY. I certainly do. That is exactly what I say. The State has nothing on earth to say about his qualifications. The State ought to pick one who is qualified, but under the Constitution there is no tribunal on earth except the Senate itself which has any jurisdiction to determine the qualifications and the eligibility of a Senator.

Mr. SMITH. That is precisely the point I am making; but the State of West Virginia saw fit to send a certain individual here. We have no right to deny a man entry into the Senate. We can, however, pass upon his qualifications after he becomes Senator. We have departed from that rule and have passed upon the qualifications of two men before they were sworn in, a procedure against which I protested. Now we who are settling this question have to determine whether or not the present case is on all fours with the cases of Gallatin and Shields.

Mr. CONNALLY. That is what I am trying to do. I have the Gallatin case here, and I have been trying all afternoon to read from it.

Mr. SMITH. This young man is qualified with respect to age. We have nothing to do with anything except his qualifications when he comes here to be sworn in.

Mr. CONNALLY. I wish to answer the Senator. The Senator asks me what would have happened in the case of Shields had he waited until after he had become a Senator. Here is what Mr. Calhoun said—and, of course, I assume that Calhoun would have said in December just what he said in January. That is the kind of man Calhoun was. When he had views, he stuck to them. Mr. Calhoun in January, I believe, or was it in February?——

Mr. BULKLEY. In March.

Mr. CONNALLY. No, Mr. President; it was the 28th of February, was it not?

Mr. SMITH. Will the Senator go on and read what Mr. Calhoun said? It does not make any difference when he said it. Let us know what he said.

Mr. CONNALLY. I shall try to oblige the Senator. Mr. Calhoun said that the election was void. That means that the election, which had transpired a considerable period before that, was void. If it was void in March, it was still void in December.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BARKLEY. In other words, in the use of that language Mr. Calhoun was putting into the Constitution words which are not there. He was saying that the election was void because, when elected, the man had not been a citizen for 9 years.

Mr. CONNALLY. No; when his term began.

Mr. BARKLEY. No; if the election was void, it was void on the day it was held.

Mr. ROBINSON. Mr. President, may I ask the Senator a question?

Mr. CONNALLY. I have not yet answered the Senator's first question, but I will yield.

Mr. ROBINSON. Is it the Senator's position that the candidate must be 30 years of age at the time of the election?

Mr. CONNALLY. No; that is not my position.

Mr. ROBINSON. Or at the beginning of the term?

Mr. CONNALLY. Yes; at the beginning of the term. My idea is that he must be 30 years of age at the beginning of the term for which he was elected, and not when he was elected.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Wyoming?

Mr. CONNALLY. I yield.

Mr. O'MAHONEY. The Senator has been very courteous in yielding to a great many interruptions, but he has been talking all the time toward the other end of the Chamber.

Mr. CONNALLY. That is because the interruptions all came from that direction.

Mr. O'MAHONEY. Will the Senator turn this way for a moment?

Mr. CONNALLY. Gladly.

Mr. O'MAHONEY. I was prompted to rise by the statement the Senator made with reference to his great respect for the framers of the Constitution. It occurred to me, on reading the very provision, that the Senator is now seeking to amend the provision which we are called upon to interpret. I understood the Senator to state that in his judgment the provision means that no person shall be a Senator who shall not, at the beginning of the term of office for which he is elected, have attained the age of 30 years. The provision which we are called upon to determine reads:

> No person shall be a Senator who shall not have attained the age of 30 years.

And there is no phrase fixing the time there. Then the next clause refers to citizenship for 9 years, and there is no clause there fixing the time.

Then we come to the third clause, which reads:

> Or who shall not, when elected, be an inhabitant of the State from which he shall be chosen.

Does it not appear to the Senator that since there are 3 separate clauses, 2 of which are not modified by a time clause and 1 of which is modified, then the Senator's argument necessarily leads to the conclusion that he is seeking to interpolate into the first 2 clauses language that is not there?

Mr. CONNALLY. I shall be glad to answer the Senator. Of course, every time we come to discuss the construction of a statute or the Constitution or anything like that, if we could then go back and rewrite it there would never be any question, because we would simply rewrite it. The Senator from Wyoming suggests that because the Constitution does not provide he shall be 30 years of age at the beginning of his term it is to be assumed that "beginning of his term" does not apply.

In the debates in the Constitutional Convention there was nothing said about it. I take it it was such an obvious thing that no one raised the question. But what is the language? He cannot be a Senator of the United States unless he is 30 years of age—when? When his term begins. When do we become Senators of the United States? Men are elected to the Senate of the United States, but when do they become Senators? They become Senators when their terms begin and they assume the duties of the office except taking the oath. But at the time of this election in the State of West Virginia the Constitution required that Congress should meet on the first day of the term.

I might suggest to the Senator from Wyoming and to other Senators that they themselves are trying to amend the Constitution.

Mr. O'MAHONEY. Mr. President, will the Senator yield further?

Mr. CONNALLY. Certainly.

Mr. O'MAHONEY. According to the Senator's idea a Governor who is elected to the United States Senate becomes a Senator at the beginning of his senatorial term, whether or not he resigns as Governor.

Mr. CONNALLY. No; I do not contend that.

Mr. O'MAHONEY. That must follow from what the Senator said.

Mr. CONNALLY. I do not contend that. There is a lot of confusion about this Governor business. I hope Senators will bear in mind that my contention is that the election was

void. If they will do that, they will realize there is no question about the governorship involved, because when a man is Governor he is eligible to be Senator.

The moment he leaves the Governor's office he can assume the Senatorship. He is eligible. He is qualified by law. Whether he comes at the beginning of the term and takes his seat or not is a question for the Senate to determine. My position is that anybody who continues to serve as Governor after his term as Senator begins is in such position that if the Senate should so desire we could declare the office of Senator vacant and call for another election.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. That has never been done, has it?

Mr. CONNALLY. I do not think it has been done.

Mr. LONG. That is the same case that we have here today, and we ought to act on that basis in this case.

Mr. CONNALLY. That is only the logic of the Senator from Louisiana. Nobody ever challenged a Governor in that respect.

Mr. BANKHEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I yield.

Mr. BANKHEAD. As I understand the Senator's argument he is basing his conclusion on two propositions, one that the election was void because of eligibility.

Mr. CONNALLY. That is correct. The Senate has held twice in similar cases that the election was void.

Mr. BANKHEAD. The Senate held it was void if the Senator has placed a proper construction on the Gallatin and Shields cases. The order, as I understand, as made by the Senate in each case, in the Gallatin case said he was not a citizen of the United States for 9 years and in the Shields case that he was not a citizen at the time of his election.

Mr. CONNALLY. The Senator has the two reversed.

Mr. BANKHEAD. Very well; one case held one way and the other case held the other way. I invite the attention of the Senator, that if the Senate at that time had held the views entertained by him, that the candidates did not possess the necessary qualifications at the time of the election, they would have said the election was void; but instead of that they went into the question of time, and that was the time of election, and said that he did not possess the necessary qualifications. If it had been the view of the Senate, and if it was to be a precedent in this case, that the election was void ab initio, then we would have disposed of the case readily and the discussion in the Senate would not have been involved at all.

Mr. CONNALLY. I wish to read the resolutions which were adopted in the Shields case. I want to call the attention of the Senator to this, too. In the Shields case, Shields offered to resign and expressed a desire to resign his seat. The Senate declined to let him resign, because to have done so would have been to admit that he was a Senator. They voted on that issue. I read:

On motion by Mr. Turney that the Senate proceed to the consideration of the resolution submitted by Mr. Hale on the 14th instant, requesting the Vice President to inform the executive of the State of Illinois that James Shields has this day resigned his seat in the Senate of the United States,

After debate * * * on motion by Mr. Davis, of Mississippi, that the motion lie on the table, it was determined in the affirmative.

On motion by Mr. Douglas, the yeas and nays being desired by one-fifth of the Senate, the roll was called.

Mr. BANKHEAD. Read the resolution.

Mr. CONNALLY. I am trying to turn to it.

Mr. BANKHEAD. I have it here. I will read it if the Senator will permit me.

Mr. CONNALLY. I shall be glad to have the Senator proceed to read it.

Mr. BANKHEAD. All right. It is as follows:

Resolved, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected.

Mr. CONNALLY. That is correct.

Mr. BANKHEAD. Now, he did not possess the qualifications at the time.

Mr. CONNALLY. No; he did not.

Mr. BANKHEAD. All right. Then why did they not put it on that ground?

Mr. CONNALLY. Because he did not possess the qualifications either at the beginning of his term or when he was elected. If the Senator will permit me, I will read Senator Calhoun's motion to him. Senator Calhoun moved to amend the resolution by striking out the words "when elected" and inserting "at the beginning of his term", and that amendment was adopted.

Mr. BANKHEAD. So that they recognized a difference between the time of his election and the beginning of his term.

Mr. CONNALLY. To be sure. We all recognize that.

Mr. BANKHEAD. The Senator from Texas does not recognize that. He says the election was void at the time of the election.

Mr. CONNALLY. It was. The election was void. I do not mean, of course, the whole election for other offices.

Mr. BANKHEAD. No; I mean the election of the candidate for the Senate.

Mr. CONNALLY. The election was void because the man could not become eligible at the beginning of his term.

Mr. BANKHEAD. Why did not the Senate distinguish in the Shields resolution by striking out the statement that he was not eligible at the time of the election, and putting in, in lieu thereof, "at the time of the beginning of the term of office", is he was ineligible at both times?

Mr. CONNALLY. Because it was quite important to lay down the rule.

Mr. LEWIS and Mr. ROBINSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Illinois if the Senator from Arkansas will pardon me.

Mr. LEWIS. Mr. President, just one second. I did not rise particularly to justify my distinguished predecessor, or to advocate the rights concerning General Shields or Mr. Douglas; but I think an important matter in history has been wholly overlooked.

General Shields was assailed on the ground, not that he was not eligible for election as Senator, but that he was not an American citizen. He sought to be given an opportunity to return to be reelected or again chosen by the Legislature of the State of Illinois, assuming that he would be a citizen by that time, having ripened into citizenship. I make bold to say to the able Senator from Texas that the question there, as I see it, was not as to his ineligibility to be a Senator, but that he was ineligible to be any kind of an officer of any nature whatever in the United States, because he was not a citizen of the United States.

Mr. CONNALLY. No; I will say to the Senator from Illinois that he was a citizen, and had been a citizen for nearly 9 years.

Mr. LEWIS. He had assumed to be.

Mr. CONNALLY. The Senate held that he was a citizen.

Mr. LEWIS. Examination developed that his naturalization was not legal, and therefore that he was not a citizen.

Mr. CONNALLY. The issue did not turn on that question in that case.

Mr. LEWIS. I will say to my able friend that we have discussed the matter so much, to and fro, that I fear he will discover in the written history of Illinois that that was the sole issue on which the whole question did turn, although there may be a difference of opinion between my able friend and myself as to the construction of the language which he reads.

Mr. CONNALLY. I thank the Senator. This is a Senate document.

Mr. LEWIS. And as usual very unreliable.

Mr. CONNALLY. My information is confined to the debates in the Senate and to the documents relating to this particular contest. I do not doubt the Senator's construc-

tion of the literature of Illinois, because, of course, he is much better qualified to speak with regard to any literature than is the Senator from Texas.

Now, I desire to say to the Senator from Alabama [Mr. BANKHEAD] that when this resolution was pending in the Senate—

On motion by Mr. Underwood further to amend the resolution, by striking out the words "was void" and inserting in lieu thereof the following: "does not entitle him to a seat as such in this body", it was determined in the negative.

That motion was defeated. Why? Because it had been suggested in the debate by Senator Foote that if the matter could be postponed until December, by which time General Shields would have been for 9 years a citizen, they would try to seat him. So, for that reason, they were trying to meet the same question that Senators are urging here: "Postpone this matter. Let him wait"; and, when it was proposed, the Senate voted it down.

Mr. BANKHEAD. But it is true that on further reflection they took that clause out of the resolution.

Mr. CONNALLY. No; they did not take out the word "void." The resolution says, "the election was void."

Mr. BANKHEAD. At a fixed time; not at the time of his election.

Mr. CONNALLY. At the time his term started.

Mr. BANKHEAD. Yes.

Mr. President, let me submit another question, and then I will let the Senator proceed.

As I gather from the report of the majority of the committee, in both cases at the time of the election, at the commencement of the term of office, at the time the Senator-elect appeared here to begin his duties, and at the time of final action by the Senate both candidates were confessedly disqualified.

Mr. CONNALLY. The Senator is right.

Mr. BANKHEAD. Then, it not being necessary to a decision in the case, but the judgment being confessedly correct because of the disqualification at the time the Senate acted, does the Senator think the decision fixing the time when a Senator must be qualified was directly involved; or is it mere obiter dictum, constituting no necessary precedent?

Mr. CONNALLY. The Senator from Texas contends that under the constitutional power which the Senate possessed at that time, as it possesses it now, it had a right to determine the election of Shields and the election of Gallatin. It had complete jurisdiction of every matter which related in any wise to their election; and the Senator from Texas contends that under that power it had the right to make a finding that their elections were void, and it did make a finding in both cases holding the elections to have been void. If an election was void, no right could be derived from it. It could not ripen into a title. A thing that is void is just as though it had never happened.

I want Senators to know what the Senate did. Here is the resolution. They then sought to amend it by permitting General Shields to resign.

On motion by Mr. Douglas to amend the resolution by striking out all after the word "*Resolved*" and inserting the following in lieu thereof:

"That the Vice President be requested to notify the executive of the State of Illinois that the Honorable James Shields has resigned his seat in this body."

It was determined in the negative—yeas 12, nays 32.

On motion by Mr. Douglas—

The yeas and nays were called.

Here is what they held in that case. Listen to it, Senators:

Resolved, That the election of James Shields—

"The election"; nothing about his age; nothing about his citizenship or when he would become a citizen—

Resolved, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected.

We may indulge in all the quibbles that we please over language and over the construction of statutes; but is there anything more plain, is there anything clearer, is there anything more free from doubt than the language of the resolution in the James Shields case? That case is an absolute precedent for this case, because age and alienage are in the same clause, and everyone admits that the same provisions apply as to having attained the age of 30 years and having been for 9 years a citizen of the United States.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. While I do not altogether agree with the deduction drawn by the Senator from Texas, I am forced to do so to a large extent. I rise to ask him if he does not agree with this construction:

If Congress should say, when someone appeared who was not eligible at the time he presented himself to be sworn in, that he could not take his seat at that time because he was ineligible, but that its unfavorable action would not preclude it from taking favorable action at another time, then the argument that the claimant might come at a later time, having presented himself not when he was ineligible but when he was eligible, and be sworn in, would be sound. One of the precedents, however, must be wrong. Either at the time Mr. Shields came the resolution should have read that at that time he was not eligible, and the Senate could not seat him at that time, leaving the door open for him to come back later; or, if he was not eligible then, and the Senate declared the office vacant, then the precedent that he could have waited and come in later and been sworn in is not sound.

It strikes me that what we are confronted with here is a choice between two alternatives, and that if Mr. Holt should be seated today, hereafter when someone is elected who is below the age limit, if he presents himself when the term begins, we should declare in the subsequent case, where the man presents himself at the beginning of the term and is not of age, that the seat is not vacant but that he is not eligible at that time only; because if he can come in later, we certainly ought not to declare the seat vacant simply because he comes a week before he becomes eligible and, using that as a pretext, say that he can never come again.

My dilemma is as to which one of these two precedents is a sound one. Certainly, if we are to vote to seat Mr. Holt today, if he had come last January the appropriate action then would have been to say that he could not be seated at that time but to leave the door open and not to declare the office vacant.

Mr. CONNALLY. The Senator from Arkansas says that if that had happened he would have been out, and that he never could have come again.

Mr. TYDINGS. That is the difficulty. There are two philosophies in conflict.

Mr. CONNALLY. The reason why they are in conflict is that one of them is absolutely erroneous.

Mr. TYDINGS. They cannot be consistent.

Mr. CONNALLY. We have to adopt one theory or the other, either that he was legally elected or that he was illegally elected.

Mr. TYDINGS. May I say to the Senator from Texas, if Mr. Holt is to be seated today because he is now eligible—and I see good argument to support that point of view—had Mr. Holt come here at the beginning of his term, on the 3d or 4th of January, we would have made a mistake in declaring that he was ineligible and that the office was vacant.

What we should have done in January, had he then presented himself, in order to be consistent with the action about to be taken today, would simply have been to say that he was not eligible at that time, and let the time transpire until he was eligible.

Mr. CONNALLY. That is what has happened, in effect.

Mr. TYDINGS. Yes; but we have two policies here which conflict, and if Mr. Holt is seated today, and in the future some person is elected who is not eligible when his term begins, on account of his age, I shall not vote to declare the office vacant, but will vote to say that at the time he is not eligible, but that if he presents himself later he may be seated, because we must be consistent; we cannot blow hot and cold in this matter.

Mr. CONNALLY. That will be the effect if the Senator is seated; it will be a precedent, and others similiarly situated will wait and not present themselves until they attain the constitutional age.

Mr. TYDINGS. Will the Senator yield for one more observation?

Mr. CONNALLY. I am very glad to yield.

Mr. TYDINGS. Suppose Mr. Holt had come on the 18th day of June, the day before he became eligible; according to the argument offered by those who back up the Shields case, then we would have declared not only that Mr. Holt was ineligible but that the seat was vacant; but if he had come on the next day we would have held that he was eligible.

It strikes me that had Mr. Holt come on the 18th the proper action, in view of what we seem about to do, would have been to declare on the 18th that Mr. Holt was not then eligible, and that he could not be sworn in then, but to say nothing about the seat being vacant. That would have made our position consistent with swearing him in the next day.

I think the real contention here arises from the fact that we are arguing from two different precedents, both of which have good reasons behind them, but which are in conflict, and there is no consistency to that kind of an argument as it relates to the dates I have given as an example, the 18th and 19th of June.

Mr. CONNALLY. Those difficulties are difficulties into which we will continually run if we adopt the theory of those who are standing for the majority report.

Let me explain to the Senator from Maryland, if he is interested——

Mr. TYDINGS. I am interested.

Mr. CONNALLY. That the situation which he represents, according to the admissions of the Senator from Arkansas and other proponents of the majority report, is that if on one day at 12 o'clock noon the gentleman from West Virginia, not a Senator, should come to this door and present his credentials, the Senate would say, "No; you are ineligible, and your seat in the Senate is vacant"—but if he takes his watch and waits until the following day at noon and comes up the Senate says, "Come right in. You are a Senator. You were duly elected, and there is no reason why you cannot take the seat."

Mr. TYDINGS. Mr. President, does not the Senator from Texas think that that very strange phenomenon results from the fact that if on the 18th the sole reason why Mr. Holt cannot take his seat is that he is then ineligible but will subsequently become eligible, the proper action for the Senate to take on the 18th would be to hold that for that day he could not be sworn in?

Mr. CONNALLY. The Senate could do that.

Mr. TYDINGS. If I may continue for just a moment, what we have done has been to declare that the seat would be vacant because he comes 24 hours before the date when he might have come and had his eligibility passed upon favorably. Certainly those two philosophies are in violent conflict, and if Mr. Holt is seated today, as I believe he will be, and I probably will vote to seat him, in the future if any Senator-elect presents himself at the bar at the beginning of his term and he is ineligible on account of age, I would not vote to declare him ineligible permanently, or his seat vacant, but would vote only that he must stand aside until he becomes eligible. Otherwise, there would be no consistency in voting that Mr. Holt is eligible today.

Mr. LEWIS. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. LEWIS. May I ask the able Senator from Texas, along the line of the argument he presents in regard to the Shields case, where it is insisted that the election was void, and the able Senator insists that it was void on the facts there shown, does the Senator draw the deduction, and express it as his judgment, that the election of a gentleman who was not 30 years of age at the time of his election would be void?

Mr. CONNALLY. No; I think he must be 30 years of age at the beginning of his term.

Mr. LEWIS. So there is no parallel between the Shields case and this case as to the election being void?

Mr. CONNALLY. I think there is. Age and alienage are covered in the Constitution in the same clause, and the same rule applies to age as to alienage. If a man is not 30 years of age at the beginning of his term, my contention is that his election was void.

Mr. LEWIS. The Senator does not draw a distinction between the provision that one must be 30 years of age to be a Senator and the provision in the last clause that he shall have been an inhabitant of the State when elected, the distinction being in one instance that they make the basis of the eligibility that he shall be an inhabitant and in the other instance that he must be 30 years of age?

Mr. CONNALLY. The Senator recognizes the distinction, and I will say to the Senator from Illinois that the inhabitancy clause is not involved in any of these cases. This is the language:

> No person shall be a Senator who shall not have attained to the age of 30 years and been 9 years a citizen of the United States.

Those are the two clauses which are involved in these cases. In the Shields case and in the Gallatin case the question was not whether the person was an alien, but whether he had been a citizen for 9 years. The case here is whether the person is 30 years of age. Both of those provisions are in the same clause, and both have the same binding effect.

Mr. LEWIS. But the Senator will observe one still could not be a Senator even if he had both qualifications, if he was 30 years of age and had been a citizen for 9 years, if he were not an inhabitant of the State, he could not be elected.

Mr. CONNALLY. Certainly not; but the question of being an inhaibtant of the State was not involved in any of these cases.

Mr. WALSH. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. WALSH. It seems to me the rights of the people of a sovereign State ought to be considered in connection with a case of this kind. Therefore I inquire of the Senator, if in testing whether or not a man is entitled to take his seat on the date and time of the convening of Congress the right of the people of a sovereign State to be represented is not to be considered?

Mr. CONNALLY. That is exactly the contention of the Senator from Texas. The Senator from Texas contends that under the twentieth amendment to the Constitution Congress had to meet on the 3d day of January 1935. The term of the person who was to be elected Senator from West Virginia by constitutional requirement began on the 3d day of January 1935.

Mr. WALSH. And the people of that State had a right to have a man appear here and to be sworn as Senator who was eligible under the Constitution.

Mr. CONNALLY. Exactly. Of course they had. Therefore, I contend that not being so qualified his election was void, and he can derive from it no rights whatever.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. McKELLAR. The Senator admits that the distinguished gentleman from West Virginia is not now a Senator; does he not?

Mr. CONNALLY. Of course, I admit that he is not now a Senator. My contention is that he cannot be a Senator until he is again elected.

Mr. McKELLAR. The Senator admits that Mr. Holt is not now a Senator. Here is the wording of the Constitution:

> No person shall be a Senator who shall not have attained to the age of 30 years.

Mr. Holt has attained the age of 30 years, and offers himself to be sworn in as a Member of the Senate. Why does not that comply with the very letter of the Constitution? What the Senator from Texas is undertaking to do here is to

put in the Constitution something which the Constitution does not contain. He is amending the Constitution by inserting the words "when elected."

Mr. CONNALLY. No; "at the beginning of his term."

Mr. McKELLAR. Yes; "at the beginning of his term."

Mr. CONNALLY. I will answer the Senator. The Senator quotes the language of the Constitution:

No person shall be a Senator who shall not have attained the age of 30 years.

Then he turns dramatically and says—

The gentleman from West Virginia is 30 years old!

But in order to be a Senator he must be something else besides 30 years old. In order to be a Senator one must have been elected in an election at the time when he was eligible to accept the office when the term began.

Mr. McKELLAR. There is no such requirement in the Constitution. The Senator is interpolating into the Constitution words and language which it does not contain.

Mr. CONNALLY. I do not expect to convince the Senator from Tennessee. I get no pleasure out of taking the position which I take here today. I should much prefer to vote to seat the gentleman from West Virginia. I wish to seat every man who has a right to a seat in this body. He belongs to my party. He sits on this side of the aisle. I have a warm and an abiding affection for his colleague [Mr. NEELY], who graces the chair at this moment, and every impulse of my carnal nature calls for a vote for Mr. Holt. On the other hand, every impulse of my intellectual nature tells me that I cannot do it.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. HASTINGS. I should like to call the Senator's attention to this provision in the Constitution:

No Senator or Representative shall, during the time for which he was elected, be appointed to any civil office under the authority of the United States, which shall have been created, or the emoluments whereof shall have been increased during such time.

The language is:

No Senator or Representative shall, during the time for which he was elected—

I suppose the Senator from Tennessee would say that that does not apply to Mr. Holt, who is applying to be seated here; and in order to apply to him, we would have to change that language as follows:

During the time that he was a Senator.

But the language in the Constitution is—

During the time for which he was elected.

Showing that the intention of the framers of the Constitution was to apply all those things to the beginning of the term.

Mr. BULKLEY. Mr. President, I suggest that that shows exactly the opposite intention. When the framers of the Constitution intended it to apply for the term for which he was elected, they said so very plainly. When they intended it to apply only to the time when he should be a Senator, they said that very plainly.

Mr. CONNALLY. I think both Senators are wrong. What that clause was intended to do was to prevent a Senator or a Member of the House of Representatives from vacating his seat in the Senate or in the House and accepting more lucrative employment in an office which had been created while he was serving in the Senate or in the House. That is the object of that provision; so it has nothing on earth to do with the immediate question which we are trying to discuss, as I see it.

I now desire to do something which I have been endeavoring for an hour and a half to do, which is to read the resolution of the Senate in the Gallatin case, and see just what the Senate decided.

On motion to adopt the resolution, as follows:

Resolved, That the election of Albert Gallatin to be a Senator of the United States—

That is what they were electing him for—to be a Senator of the United States when his term started—

was void, he not having been a citizen of the United States the term of years required as a qualification to be a Senator of the United States.

Mr. President, that is the decision in the Gallatin case. In the Shields case practically the same resolution was adopted, except that it was provided that Shields was not eligible at the beginning of his term. That is the attitude of the Senator from Texas—that he must have been eligible to hold the office when the office began. Why? Because the Constitution requires that Senators be elected for a term of 6 years. The Constitution says when their term begins and when their term ends.

Mr. President, if this were a case in which the incumbent continued to serve until his successor was qualified, we should have a different situation; but that is not true. In the case of Senators and Representatives their terms are definite, and when the term expires there is a vacancy created unless the people who have the power of election shall have in the meantime elected someone to be the successor. The Constitution intended that the people should have the successor provided, so that when the period of the predecessor should come to an end there would be a qualified Senator or a qualified Member of the House of Representatives ready to take the place of the one who had gone out of office.

Let me say in this case that it developed in the hearings that Mr. Holt, in the campaign in West Virginia, had said that he was eligible. I do not mean to intimate that he deceived anyone. He told them frankly how old he was. He told the people of West Virginia that he was under 30 years of age at that time. He told them when he would become 30 years of age, but he did argue to the people of West Virginia that he was eligible notwithstanding that fact. I understand he cited the case of Henry Clay. The people of West Virginia no doubt thought he would be seated when he came here in January. That probably had an influence on his election, because he said he was eligible for the office, and the term began in January.

I do not wish the Senate to draw any unfavorable deductions from my statements regarding that, because much to the credit of Mr. Holt, he did frankly and openly state the fact to the people of the State of West Virginia, and openly admitted that he was not 30 years of age; but he added that he was eligible, arguing that notwithstanding the fact that he was not 30 years of age, no doubt he would be seated when he came to the Senate.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. HATCH. I think it was developed in the committee that the argument on his part that he was eligible was an erroneous legal conclusion; that there was no intentional misstatement of fact, but that it was an erroneous legal conclusion.

Mr. CONNALLY. Oh, no. I have just said that he stated frankly his age, but he did argue as a legal conclusion, as suggested by the Senator from New Mexico, that he was eligible, and he probably thought he would be seated had he appeared here in January. He chose not to appear, and consequently did not present his credentials.

If a person elected a United States Senator can be ineligible for 6 months and then appear and qualify, he could wait 5 years and 6 months, or, if we pursue the logic of that statement to its final conclusion, a candidate might wait until the last month of his term and then present himself to take the oath of office. He might not come at all, for that matter, but this is a case in which, in order to have a precedent, he must come.

If the people can elect a man under 30 years of age to the Senate, they can elect one 25 years of age, and he could come to the Senate after reaching 30 years of age and serve only a portion of the last year of his term.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. CONNALLY. Certainly.

Mr. ADAMS. Could the Governor have made an appointment to fill the office in the meantime?

Mr. CONNALLY. It would depend on the laws of the State. The Constitution says if there is a vacancy in the

Senate the Governor may appoint provided the legislature of the State has enacted a law making provision for appointment by the Governor in case of a vacancy. If the Governor undertook to make an appointment, of course the Senate would finally have to pass on the matter.

Mr. ADAMS. How would the Senator from Texas vote on that question? Suppose the Governor of West Virginia had sent an appointment declaring West Virginia entitled to another Senator?

Mr. CONNALLY. If he had sent an appointment valid under the laws of West Virginia, the Senator from Texas would have voted to seat the appointee.

Mr. TYDINGS. Mr. President, I do not believe the Governor could appoint any one until the Senate declared the seat vacant.

Mr. CONNALLY. I do not think we would have to wait until the Senate declared a vacancy. If the Governor had authority under the laws of West Virginia to make an appointment, he could at least try to make the appointment and when the appointee presented his credentials the issue would arise at once and we could decide it either way under our plenary authority, and no one could question it. We could seat whomever we saw fit to seat, because this is the final supreme court on questions of eligibility to membership in the body.

Mr. ADAMS. Could the Governor of West Virginia have appointed a Senator to serve until the time Mr. Holt was 30 years of age?

Mr. CONNALLY. And then let Mr. Holt come in and take the oath of office?

Mr. ADAMS. Yes.

Mr. CONNALLY. No; I do not believe so.

Mr. ADAMS. Had there been a vacancy in the office?

Mr. CONNALLY. I think so.

Mr. ADAMS. Why could not the Governor appoint, then?

Mr. CONNALLY. If the Governor could appoint at all, he could appoint until the next general election. I assume it is the law in West Virginia, as it is in most other States, that the Governor can appoint only until the following general election. Mr. Holt could, of course, enter that general election. Tomorrow, if Mr. Holt should not be seated, the Governor of West Virginia could call an election and Mr. Holt could become a candidate and, if elected, get legal title to his seat, and come back to the Senate. Of course, that is what I think he should have done, and come here without any tarnish, without any doubt, without any cloud on his title.

Mr. President, much has been said about the rights of a sovereign State and the rights of the people of a sovereign State. The people of the State have a perfect right to choose whomsoever they see fit to sit in the Senate to represent them, provided the one so chosen possesses the constitutional qualifications. But a United States Senator, while selected by a State, serves not simply the State but he serves the United States as well. The other 47 States of the Union have an interest in all the States being properly represented in the Senate of the United States.

It was the conception of the founders of the Government, those who shaped and molded the Constitution, and it was their expectation and their hope that every State should have two Senators here at all times. Why?

Because the Constitution specifically provides that the Senate shall be composed of two from each State chosen by the people for a term of 6 years. That is the term for which they are chosen. Could we choose a Senator for part of a term? We must choose him for the whole term and not for less than 6 years. If he is not eligible when that term begins, his title is not sufficient. He cannot be elected for 5½ years or for 4 years, but he must be elected for 6 years.

I say the whole Nation has an interest in every State being represented in the United States Senate, and the people of West Virginia have a right to have two Senators on the floor of the Senate at all times. Of course, sometimes it is physically impossible by reason of death or illness, to have them here each moment, but the people still have the representation, though the Senator may not be able to be physically present in the Chamber every moment.

Let me ask the Senator from Tennessee [Mr. McKELLAR] a question. There are other duties which a Senator performs besides sitting in the Chamber. He appoints candidates for West Point and candidates for Annapolis. Could not a Senator appoint those candidates before he takes the oath of office? Would he have to wait until he was sworn in before he could appoint to Annapolis or West Point?

Mr. McKELLAR. Mr. President, I do not know whether that could be done, but if it is done, it is permitted as a matter of courtesy. The Senator-elect would take his oath of office later and then his appointments would relate back, as we used to say in the law, nunc pro tunc. That is about the only justification for such an appointment.

I agree with the Senator entirely when he says that the Senator-elect is not a Senator until he complies with the terms of the Constitution. He will have to take the oath of office before he can become a Senator within the meaning of the Constitution.

Mr. CONNALLY. If the gentleman from West Virginia had presented himself a month ago, would not the Senator from Tennessee have had to vote against seating him?

Mr. McKELLAR. I think I would have voted to defer the matter until he should have reached the age of 30 years.

Mr. CONNALLY. The Senator would have voted to defer?

Mr. McKELLAR. That is my judgment.

Mr. CONNALLY. But if the question had come directly on the issue of whether he should be seated, how would the Senator have voted?

Mr. McKELLAR. I do not know. That question is not before us. The question comes now in this clear way. The Senator-elect has all the qualifications and he has been duly elected by a large majority.

Mr. CONNALLY. He has all of the qualifications except one.

Mr. McKELLAR. He is now 30 years of age. He is now applying to us to be allowed to complete his election by being sworn in. Regardless of the precedents I think he is entitled to be sworn in.

The Senator having asked me a question, I want to say that I believe in precedents, but here we have one where there was no record vote and we have another where there was a vote of 12 to 14. The 12 were just as likely to be right as the 14. We are the sole judges of the qualifications of the Members of this body. This body is the sole judge of the qualifications of the Senator-elect from West Virginia. I believe he is entitled to his seat. I think the Senate ought to vote for the resolution of the Senator from Georgia directing that the Senator from West Virginia be sworn in.

In the first place, I do not believe these precedents apply to this particular case. I think they both arose under different facts, in different situations from the case of the Senator from West Virginia. I think we ought to decide the application of the Senator from West Virginia on the facts as they appear here. I think he comes directly within the very wording of the Constitution, and I think we ought to uphold the Constitution by giving him his seat.

Mr. CONNALLY. The Senator from Tennessee says the gentleman from West Virginia has all the requisite qualifications. He has all of them except one, and that is that he was not legally elected at a time when he was eligible to be a Member of the Senate at the beginning of his term.

Mr. McKELLAR. I do not agree with that at all.

Mr. CONNALLY. I know the Senator does not.

Mr. McKELLAR. The Senator-elect from West Virginia was elected, as I recall, by something like fifty or sixty thousand majority. He was overwhelmingly elected.

Mr. CONNALLY. What has that to do with the question before us?

Mr. McKELLAR. There is not a charge against the fairness or justice of his election. He has been elected, and he is entitled to take his seat at this time.

Mr. CONNALLY. Mr. President, what difference does it make whether he was elected by 50,000,000 votes or by 50 votes? If he was elected, of course, he has a right to his seat. The Senator from Tennessee is making an argument in favor of seating the gentleman from West Virginia be-

cause he was elected by 50,000 majority. I assume from that that if the gentleman from West Virginia had been elected by a majority of only 10,000, the Senator from Tennessee would not have been nearly so enthusiastic about his election.

Mr. McKELLAR. I should not be quite so enthusiastic, because there might have been some reason for a slip-up.

Mr. CONNALLY. The Senator from Tennessee then would not have been so anxious to seat him. Mr. President, if I thought the gentleman from West Virginia was eligible at the beginning of his term, if he came here with a margin of 1 vote, I should fight just as hard to see that he was seated as I should if he came here with a certificate showing that he had a million majority. What difference does the size of the vote make in this case?

Mr. McKELLAR. It makes a lot of difference with the Senator-elect himself, and it makes a lot of difference with all of us, as to the size of the majority.

There has not been a question raised as to the absolute fairness and the absolute integrity of the election. The opponent of the Senator-elect has not charged that there was any wrongdoing in the election. The people of West Virginia knew when they voted that the Senator-elect would not be 30 years old until the 19th of June; so I say there can be no charge of wrongdoing in connection with his election.

Mr. CONNALLY. Oh, nobody is accusing him of wrongdoing.

Mr. McKELLAR. The Senator-elect now being eligible in every sense to take the oath of office and complete the election, I think he ought to be allowed to do so.

Mr. CONNALLY. Mr. President, of course, there is no use trying to reply to the Senator from Tennessee, because when a Senator does so he merely provokes another eloquent speech from him.

I have undertaken in this very disordered and somewhat disorganized fashion to point out to the Senate the reasons why I cannot vote to seat Mr. Holt from West Virginia. I desire to say that in the main I agree with the minority views of the Senator from California [Mr. JOHNSON], which are set forth in a report filed in the RECORD, and appearing this morning.

Mr. BULKLEY. Mr. President, since the Senator from Texas has admitted that one does not become a Senator merely by the commencement of the term, I should like to have him point out where he finds in the Constitution anything about qualification relating to the commencement of a term.

Mr. CONNALLY. Mr. President, the Constitution does not say anything about the beginning of the term or the end of the term.

Mr. BULKLEY. It simply says, "be a Senator."

Mr. CONNALLY. Yes; "be a Senator"; when? When? Why, when his term begins. When are you a Senator, if you are ever one? It is when you are elected and your term begins.

Mr. BULKLEY. The Senator has just admitted that the claimant from West Virginia is not yet a Senator.

Mr. CONNALLY. He is not; and he never ought to be until he is again elected.

Mr. McKELLAR. Mr. President——

Mr. CONNALLY. Let me answer. Be fair to me. The Senators are rather Ku-Kluxing me. [Laughter.]

Mr. McKELLAR. I beg the Senator's pardon; I did not intend to do that.

Mr. CONNALLY. Let me answer the Senator from Ohio before the Senator from Tennessee interrupts me.

We are now talking about the Senate. The Constitution says:

All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

All right. Let us see what it says about the Senate.

The Senate of the United States—

What is the Senate? It is a continuing body. It does not die every 2 years or every 6 months. It is a continuing body.

The Senate of the United States shall be composed of two Senators—

Why not say "two Senators-elect"? We keep on talking about "Senators-elect." The Constitution does not say anything about "Senators-elect"; it says "Senators."

The Senate of the United States shall be composed of two Senators from each State—

Not from some of the States. It does not say that the Senate of the United States shall be composed of two Senators from 47 States, and, in the case of the forty-eighth State, one Senator for 6 years, and one for 5½ years. It says:

The Senate of the United States shall be composed of two Senators from each State—

Well, now, let us see. How do they get to be Senators?—

elected by the people thereof—

Elected for what?—

for 6 years.

Not 5½ years. If the people can elect a Senator for 5½ years under these circumstances, when does the 5½-year term start? Does it begin in January; and when he has served 5½ years, does he have to get out; or can he, at his convenience, wait 6 months and then take his seat, or wait 2 years, or 3 years, or 4 years, or 5 years?

Our duty is to ascertain what the Constitution means. The Constitution means what the writers of the Constitution meant at the time they wrote it, under a reasonable construction. Is there any Senator here who can believe that the Constitution makers ever intended that the Senate should be composed of men who were not eligible to meet at any moment and to discharge their functions? I cannot believe it.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Massachusetts?

Mr. CONNALLY. I do.

Mr. WALSH. Suppose there were two vacancies in the representation from a State, and there were two Senators-elect, and both of them were under 30 years of age: Would that State be represented in the Senate?

Mr. CONNALLY. It would not be represented at all. The Senator from Massachusetts puts a very striking case. Suppose in the case of the State of West Virginia or any other State, at the same election, because of death or resignation, two Senators were to be elected, and the voters were to elect two men under 30 years of age at the beginning of the term: That State, of course, would be unrepresented.

Mr. WALSH. Or suppose there were two Senators-elect who had not been naturalized for a sufficient number of years.

Mr. CONNALLY. The same rule would apply. According to the contention of Senators who favor the majority report, the Senate might be composed of 32 Senators under 30 years of age, and of 32 other Senators who had not been for 9 years citizens of the United States.

Mr. WALSH. If the Senator will pardon me, if that situation should exist in 48 States, we should have no Senate.

Mr. CONNALLY. We should have no Senate, of course. That is possible. Every Senator-elect could either be under 30 years of age, or he could be a man who had not been for 9 years a citizen of the United States; and so, instead of the clerk and the pair clerk and the other assistants keeping tab on us, and where we were, they would have to keep tab on the new classes, as is done in military conscription—the class of 1933, the class of 1934, and so on. The roll would be called to see who was going to become of age next year, who was going to become of age the following year, and the Senate would have to keep track of the naturalization records, and have the Attorney General report when every Senator had been naturalized for 9 years, and send us that list, and then we should know just who was going to be here and who was not going to be here.

Now, Mr. President, since there seem to be no other questions, for which I am very happy, I desire to conclude. I wish to have Senators bear in mind all the time, though, that our position is that the election itself was void if the person elected was not eligible at the beginning of his term. If that is true, he never can take his seat. Other Senators

contend, "He was legally elected, he is a Senator, but if he had come up in January I would have voted to kick him out", and had we turned him aside in January he never would have returned, he could never have come back to take his seat.

If he was legally elected, if he is ever to be eligible, why should they kick him out in January? He could come back and present himself again if he had title to the seat. But when we adopt the theory that the title falls because he was never legally elected, we are not faced with the difficulties which will rise to confront us if we adopt any other doctrine and any other theory in this case.

I submit, therefore, that Mr. Holt should not be seated for the reason that his election was void because he was not 30 years of age on the 3d day of January 1935, when his term of office began in accordance with the provision of the Constitution.

The PRESIDING OFFICER. The question is on agreeing to the resolution of the Senator from Delaware [Mr. HASTINGS] in the nature of a substitute for the resolution of the Senator from Georgia [Mr. GEORGE].

Mr. GEORGE. Mr. President, it is obvious that we cannot reach a vote today on the pending matter, and I understand there is a desire for an executive session. Therefore I think we should go into executive session at this time and let the pending matter go over until tomorrow.

NATIONAL LABOR RELATIONS BOARD

The PRESIDING OFFICER. Will the Senator withhold his motion for a moment to enable the Chair to lay before the Senate the amendments of the House to a Senate bill?

Mr. GEORGE. Certainly.

The PRESIDING OFFICER. The Chair lays before the Senate the amendments of the House of Representatives to the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a national labor relations board, and for other purposes.

Mr. WALSH. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WALSH, Mr. MURPHY, Mr. MURRAY, Mr. BORAH, and Mr. LA FOLLETTE conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. GEORGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Frank C. Walker, of New York, to be executive director of the National Emergency Council;

Jerome F. Sears to be State director, National Emergency Council, for California;

Sveinbjorn Johnson to be State director, National Emergency Council, for Illinois;

Charles J. Hardy to be State director, National Emergency Council, for New York; and

Dr. John W. Cronin to be assistant surgeon in the United States Public Health Service, to take effect from date of oath.

Mr. WALSH, from the Committee on Finance, reported favorably the nomination of Frank H. Foy to be State director, National Emergency Council, for Massachusetts.

He also, from the Committee on Education and Labor, reported favorably the following nominations:

Howard W. Oxley, of New York, to be director of Civilian Conservation Corps camp education; and

Silas M. Ransopher, of New York, to be assistant director of Civilian Conservation Corps camp education.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. NEELY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

POSTMASTER

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. Mr. President, at the request of the junior Senator from Oklahoma [Mr. GORE], I ask that this nomination go over.

The PRESIDING OFFICER. The nomination will go over.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of John Monroe Johnson, of South Carolina, to be Assistant Secretary of Commerce.

Mr. VANDENBERG. Mr. President, I wish to make a brief statement regarding Mr. Johnson's nomination.

Mr. NORRIS. Mr. President, will the Senator yield for an interruption?

Mr. VANDENBERG. I yield.

Mr. NORRIS. I had intended to ask that the nomination go over. Would the Senator rather make his statement now?

Mr. VANDENBERG. I told the Senator from South Carolina [Mr. BYRNES] that I would withdraw my objection today, and I desire to make a statement for the RECORD as to why the objection is withdrawn.

When the nomination came in last Saturday, the Committee on Commerce was polled, and the nomination was favorably reported to the Senate. On Monday Mr. Ewing Y. Mitchell, whom Mr. Johnson succeeded, made a public statement, including many charges respecting the Department of Commerce. Thereupon Mr. Johnson's nomination was recommitted to the Committee on Commerce. In the Committee on Commerce on the following day five members of the committee voted against reporting Mr. Johnson's nomination to the Senate.

Our reasons—perhaps I should content myself by speaking of my own reasons—my reasons for voting against reporting the nomination were that inasmuch as the position to which Mr. Johnson had been appointed was involved in the controversy which had been stirred up by Mr. Mitchell's charges, I felt that nothing should be done respecting the vacancy until the committee had concluded an investigation of Mr. Mitchell's charges. The committee have for 2 days investigated the charges. We have not yet concluded that hearing. However, in this morning's hearing before the committee I undertook to obtain all possible information respecting any possible question of Mr. Johnson's eligibility. Mr. Mitchell, the retiring Assistant Secretary, who has made the various charges against the Department, was specifically asked if he knew of any reason why Mr. Johnson should not be confirmed, and he said he knew of none. Thereupon we put the Secretary himself upon the stand, and the Secretary made a completely satisfactory statement respecting Mr. Johnson's credentials.

I particularly asked a question which the Senator from Alabama [Mr. BLACK] had raised, namely, whether or not Mr. Johnson had any investments in transportation companies or similar investments which might represent conflicting interests in respect to the responsibilities which he must administer. The Secretary gave us the assurance that there is no such conflict of interest.

The situation now stands entirely clear so far as I am concerned. We have every assurance that Colonel Johnson is fully qualified for the position to which he has been appointed. I desire to make this public statement and to withdraw my objection.

Mr. NORRIS. Mr. President, I ask that the nomination go over until tomorrow. The Senator from South Carolina [Mr. BYRNES] has no objection to its going over until tomorrow.

Mr. BYRNES. The Senator from Nebraska has said he would like to have the nomination go over, and I have no objection.

The PRESIDING OFFICER. Without objection, the nomination will go over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters on the calendar be confirmed en bloc, with the exception of the nomination of the postmaster at Coweta, Okla., which has been previously passed over.

The PRESIDING OFFICER. Without objection, the nominations of postmasters on the calendar, with the exception noted, will be confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. WALSH. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. WALSH. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be confirmed en bloc.

That completes the calendar.

RECESS

Mr. GEORGE. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 13 minutes p. m.) the Senate took a recess until tomorrow, Friday, June 21, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 20 (legislative day of May 13), 1935

PROMOTIONS IN THE NAVY

To be commander

Robert W. Hayler.

To be lieutenant commanders

George P. Kraker
Frederick C. Sachse
John B. Longstaff

To be lieutenants

Elijah W. Irish
Richard H. Gingras
Ernest S. L. Goodwin
Lermond H. Miller
Clement R. Criddle
John D. Reppy
Arthur H. Graubart
Charles E. Tolman, Jr.

To be lieutenants (junior grade)

Robert B. Farquharson, Jr.
Gilbert H. Mitchell
Charles L. Fraser
Harold E. Baker
Odale D. Waters, Jr.
Alfred G. Ward
Lloyd M. Mustin
William W. Brown
Henry G. Munson
Porter Lewis
John S. Horner
Harry Hull
George W. Bailey
Sidney A. Ernst
David D. Scott
Frank H. Brumby, Jr.
Ernest D. Hodge
Harry L. Reiter, Jr.
Morton Sunderland
Ernest P. Abrahamson
Ronald L. Wilson
Richard H. Lambert
Burl L. Bailey
Robert H. Weeks
Spencer L. Shaw
Paul G. Osler
George L. Raring
William J. Dimitrijevic
Robert B. Fulton, 2d
John M. Lietwiler
Herbert M. Coleman
Selden C. Small
Joel C. Ford, Jr.
William R. Franklin
Clayton R. Simmers
Howard R. Prince
Jacob A. Lark
Paul H. Grouleff
Joseph C. Wylie, Jr.
Francis M. Douglass
Scott K. Gibson
William I. Bull
Levering Smith
John R. Leeds
Thomas M. Fleck
Stephen M. Archer
Theodore H. White
John M. Grider
Earl P. Finney, Jr.
Richard C. Williams, Jr.
Harold L. Sargent
Edwin C. Woodward
Robert E. Vandling
Jack I. Bandy
Norman E. Blaisdell
George R. Beardslee
William B. Perkins
Ernest M. Snowden
Hugh L. Hendrick, Jr.
Maximilian G. Schmidt
Alvin W. Slayden
George W. Kehl
Barry K. Atkins
John Corry
Ralph M. Wilson
Jacob C. Myers
Robert O. Beer
Daniel L. Carroll, Jr.
Frank M. Parker
Henry I. Allen, Jr.
Allen M. Shinn
John L. Counihan, Jr.
Lucien E. Wagnon
Rex B. Little
William L. Tagg
Robert C. Young
Bruce McCandless
William R. Cox
Allen B. Adams, Jr.
Mason J. Hamilton
Henry C. DeLong
George R. Luker
Samuel F. Quarles
George C. Hunter
William H. Groverman, Jr.
William W. Vanous
John S. Lewis
Thomas D. F. Langen
George W. Pressey
Robert P. Walker
George O. Hobbs
Max C. Mather
Jack W. Wintle
Alton E. Parker
Arthur H. Vorpahl
Malcolm E. Garrison
Mark E. Dennett
Reynolds C. Smith
Robert D. Roblin
Bernard W. Freund
DeWitt C. McIver, Jr.
John W. Ramey
Norman J. Sampson
John B. Smith
James G. Marshall
Lindsey Williamson
William Winter, Jr.
John S. Fahy
Richard D. Harwood
Ennis W. Taylor
Allan A. Ovrom
Clare B. Smiley
John C. DeWitt, Jr.
Malcolm T. Munger
Howard E. Shelton, Jr.
Harry W. Seely
Albert S. Major, Jr.
James A. Thomas
Philip W. Cann
Jack Roudebush
William C. F. Robards
Garry W. Jewett, Jr.
John F. Fairbanks, Jr.
Nathaniel M. Dial
James D. Collett
John H. Hooper
Adolphe Wildner
Charles M. Lyons, Jr.
Herbert L. Jukes
Joseph A. McGoldrick
Roland O. Lucier
Harvey H. Head
Hinton A. Owens
Charles C. Gold
Nicholas J. Nicholas
Paul D. Williams
Michael B. O'Connor
Samuel P. Moncure
Victor B. McCrea
Otto A. Scherini
John J. Sutton
John G. Tennent, 3d
Charles Keene, Jr.
George R. Wilson
Juan P. Domenech
George E. Porter, Jr.

To be ensign

Dermott V. Hickey

To be medical inspector

Earl C. Carr

To be assistant dental surgeons

Alvin H. Grunewald
Lewis M. Smylie
Richard F. Redden

To be pay inspector

George C. Simmons

To be passed assistant paymaster

William L. Patten

MARINE CORPS

Ross E. Rowell to be colonel.
Joseph W. Knighton to be major.
James A. Mixson to be major.
Lawrence T. Burke to be captain.
Thomas B. White to be captain.
Thomas J. Walker, Jr., to be captain.
Maxwell H. Mizell to be captain.
Ellsworth N. Murray to be first lieutenant.
Alpha L. Bowser, Jr., to be first lieutenant.
James G. Smith to be first lieutenant.
Forest C. Thompson to be first lieutenant.
Michael S. Currin to be second lieutenant.
Lewis J. Fields to be second lieutenant.
Henry B. Cain to be second lieutenant.

POSTMASTERS

ALABAMA

Otis B. Hunter, Boaz.
Gordon G. Stimpson, Daphne.
Ludwig Lindoerfer, Elberta.
Chalmers W. Hyatt, Guntersville.
Byron F. Watson, Lincoln.
Blanche Hendon, Townley.
David G. Pearce, Vina.
Maurice W. Holmes, Vinemont.
Jesse B. Robinson, Jr., Waverly.

CONNECTICUT

John W. Morris, Canaan.
Frederick C. Flynn, Thomaston.

FLORIDA

Frank W. Dole, Fellsmere.
John W. Watson, Fort Meade.
Bernice Parham, Lacoochee.
R. Aline Fraser, Macclenny.
Oscar C. McDaniel, Sneads.
Amanda H. Richards, Wewahitchka.

GEORGIA

Andrew J. Trulock, Climax.
Leila W. Maxwell, Danville.
Afley M. Cherry, Donalsonville.
Bennie Leviton, Fargo.
Augustus B. Mitcham, Jr., Hampton.
Edward A. Barnett, Leary.
Elizabeth S. Maxwell, Lexington.
George H. Ray, Norwood.
Sara W. Bulloch, Ochlochnee.
George S. Thompson, Odum.
Isaac F. Arnow, Saint Marys.

INDIANA

Stanley P. Nelson, Auburn.
William H. Bradshaw, Carbon.
Samuel O. McCarty, Carthage.
Philip L. Macklin, Decatur.
Clarence T. Custer, Dupont.
Elnora Root, Hagerstown.
Evan G. Moreland, Hymera.
Anna M. Records, Lawrence.
Iva S. Turmail, Vallonia.
Thomas E. Christman, Wabash.
Joel G. Barnes, Waldron.

KANSAS

David Earl Moore, Dexter.
James H. Sandifer, Eldorado.
John L. A. Wainscott, Hazelton.
Helen M. Collins, Lenexa.
Erwin E. Lewerenz, Lincolnville.
John E. Hartsell, Oxford.
Clyde Williams, Preston.
Henry F. Dodson, South Haven.
Milo R. Housh, Winchester.

NEW MEXICO

Filiberto E. Lucero, Espanola.
John C. Leonard, Raton.

RHODE ISLAND

William H. Seifert, Chepachet.

TEXAS

Gertrude E. Berger, Boling.
Claud A. Howard, Bronson.
Harry McDonald Thomson, Coleman.
Nadyne Goodman, Collinsville.
Roy B. Miller, Crawford.
William H. Wheeler, Eustace.
Cleo K. Hinton, Forney.
Juanita M. Thomas, Gause.
Vera G. Kirkpatrick, High Island.
James A. Greer, Kopperl.
Augustus S. Hightower, Millsap.
Clarence O. Bruce, Seagoville.
Henry E. Cannon, Shelbyville.
Louise McElroy, Shepherd.
Helen A. Milhan, Terrell Wells.
John M. Strawn, Trent.

UTAH

Mattie S. Larsen, Castle Dale.
Lydia R. Strong, Huntington.
George T. Williams, Kamas.

VIRGINIA

Howard C. O'Bryan, Austinville.
Isaac C. Taylor, Big Stone Gap.
Nannie A. Chisholm, Clover.
Bernard E. Young, Dayton.
Beatrice B. Higginbotham, Forest.
George K. Fielder, Fries.
Frank B. Rice, Halifax.
Alfred Prentiss Bull, Hallwood.
William B. Owen, Jarratt.
James E. Thomas, Marion.
Allan A. Lanford, Palmyra.
Howard F. Gilliam, Phenix.
Edgar W. Sims, Rapidan.
John E. Pace, Ridgeway.
Pauline H. Duncan, Riverton.
Frank D. Coleman, Rose Hill.
Zuleime H. Sealock, Sperryville.
Haller M. Bowman, Timberville.

WEST VIRGINIA

Irvin J. Richardson, Bartley.
Olga O. Baughman, Belington.
Robert Y. Henley, Caretta.
Hugh A. Christie, Everettville.
Thomas O. Wash, Kayford.
Esta B. Combs, Man.
Okey K. Burdette, Point Pleasant.
William E. Simpson, Power.
Lewis H. M. Christie, Renick.
Charles Dillard, Walton.
James H. Trail, Winding Gulf.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 20, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we rejoice that the wide open spaces are full of sunlight and underneath are the everlasting arms.

Whither shall I go from Thy Spirit? Or whither shall I flee from Thy presence? If I take the wings of the morning, and dwell in the uttermost parts of the sea, even there shall Thy hand lead me, and Thy right hand shall hold me.

O Father of mercy, forgive our sins, cleanse us from all secret faults, and inspire us with humility. Make us rich in love that we may lose ourselves. Fill us with hope that we may endure hardness as loyal servants of the Republic. We pray Thee to consecrate all the relations of family life. May the hearts of fathers, mothers, and children meet together and the old and new be joined in one golden circle. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7260. An act to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the ad-

ministration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. KEYES, and Mr. LA FOLLETTE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2917. An act authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 314. An act for the relief of Vito Valentino; and

S. 1052. An act for the relief of the Washington Post Co.

SECOND DEFICIENCY BILL, 1935

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 266.

The Clerk read the resolution, as follows:

House Resolution 266

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8554, a bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, this is a rule for the consideration of the deficiency appropriation bill, an open rule providing for 2 hours of general debate. For the moment, that is all I care to say about the rule.

Mr. RANSLEY. Mr. Speaker, on this side of the aisle we are desirous to have the rule explained by the gentleman from New York. If he will not do so now probably he will do it later. I yield such time as he may desire to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, I desire briefly to discuss the rule, but not quite so briefly as the chairman of the committee in his opening statement. I am somewhat familiar with the general rules of the House and the intent and purposes of the rules. I am and always have been in favor of special rules. I believe the majority should use special rules whenever necessary to put through its program.

But, with the strength of the majority, there are certain moral obligations that go with it for the protection of the minority. The rules of the House, as everyone knows, are for the protection of the minority. The majority does not need any protection, as far as the rules are concerned, because they have the votes; and that is really the important question.

This is the first time, as far as I know—and I think it is practically the first time in a great many years—when we have had a general appropriation bill before the House and general debate has been denied.

That is entirely a new custom, and I certainly should have been glad to have had the gentleman from New York explain why he did this at this time.

Of course, it is not a question of time. In a discussion with the majority leader and the Chairman of the Rules Committee last evening they both admitted that there was no special important program for the balance of the week.

That being the situation, I cannot understand why we should be cut off from some general debate at this time, considering that that has been the custom of the House for a great many years.

The only conclusion to which I can come is the fact you yourselves to a certain extent are ashamed of the legislation that you are putting through. You have not the courage to get up here and defend the legislation. On the other hand you have not the nerve to sit here and have someone else criticize it, so you have adopted the easiest way and by mere force of numbers cut off general debate. That is a pretty fair and frank statement relative to the position 10 or 15 minutes time for debate. I have said to them what that you have taken in denying general debate.

Several Members upon our side have asked me to get them 10 or 15 minutes time for debate. I have said to them what the Speaker has often said, that he preferred not to have them come in with general debate in the House early in the daily sessions, and that it was better to have general debate during the regular time, which has always heretofore been in order, namely, on appropriation bills.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. BUCHANAN. As Chairman of the Committee on Appropriations, I discussed with the ranking minority member on the committee, the gentleman from New York [Mr. TABER] relative to confining this debate to the bill, and he urged absolutely no objection. I stated that to the Rules Committee, and, therefore, the Rules Committee is not to blame. If Mr. TABER had urged objection at that time it might have been another story.

Mr. SNELL. Mr. Speaker, I have not discussed this matter with the gentleman from New York [Mr. TABER], but I have discussed it with a great many Members on our side who have asked for time. I have tried to protect the program of the House, and have them take their time on general appropriation bills.

Mr. BUCHANAN. But I was justified in relying on the conversation with the ranking member of the minority on my committee.

Mr. SNELL. I have not heard about any such agreement as that.

Mr. BUCHANAN. It was not an agreement, but there was no objection made to it.

Mr. SNELL. I know that it is not satisfactory and is not the desire of a majority of the Members upon our side to not have general debate on appropriation bills, which is the proper time for general debate. During the entire session I have been very generous in yielding to unanimous-consent requests. I have never intended to interpose an objection merely for the sake of making the objection. The majority has to get unanimous consent and to ask courtesies of the minority much more than the minority has of the majority, because the responsibility is on the side of the majority. Therefore I feel that it is taking an unfair advantage, after the courteous treatment accorded the majority, to refuse us at this time, opportunity for general debate, and I ask now whether that is to be the policy of the majority from now on, that there shall be no more general debate during the present session. If that be so, then I doubt if you will adjourn any earlier or it will in any way shorten the session. I am just as anxious as anyone else here to adjourn and go home, but there are certain rights that I feel we have, and at least one of them is the right of debate. Some gentlemen on the Democratic side may think that they will always have just as large a majority as they have at the present time. I have been here when we had almost as large a majority as there is on the Democratic side at the present time, and as far as I know we never once took advantage of the minority, because of that fact. My position always was that it is perfectly harmless to let the

other fellow talk, as long as we have the votes, but gentlemen on the Democratic side seem to go a great deal further, and the only conclusion that we can draw—and I have tried to be fair about it—is that they are not willing to publicly debate and discuss questions brought before the House, and let the people know the real issues that are before Congress. I am appealing to the common sense and fairness of gentlemen on the Democratic side, who claim to be so fair, that this be not made a permanent policy on the part of the majority. [Applause on the Republican side.]

Mr. O'CONNOR. Mr. Speaker, the minority leader has very calmly expressed a complaint about a situation which in fact does not exist. This is not a general appropriation bill. It is a deficiency appropriation bill, containing a number of items which may be controversial.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. MARTIN of Massachusetts. It has always been the custom in the past, however, to have general debate go along with the consideration of a deficiency appropriation bill.

Mr. O'CONNOR. I do not know. Probably that is true; I do not know whether there have been any exceptions to that custom or not, but why do we need a rule for this bill? In the first place, we did not start this. This deficiency bill came in here and could have been taken up in the usual way. It is a privileged bill. It contains certain items of legislation as in most appropriation bills, and when that was called to the attention of the House the gentleman from New York [Mr. TABER], the ranking minority member of the Committee on Appropriations, took an arbitrary position on the matter, and it was he who made the necessity for the rule. He arbitrarily insisted on points of order, and he knew at the time he did it that we would be compelled to bring in a rule, the prime purpose of which is to waive points of order.

What else could we have done? We could have let the general debate go on, and when points of order were made we would have had to postpone the general debate until we could bring in a rule to make those matters in the bill in order. That has been done heretofore, but knowing the position the minority was going to take, and I call it an arbitrary position, as to the matters in this bill, principally because they refer to some controversial or political subjects, we had to bring in a rule.

Mr. TABER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. TABER. My position in objecting to the request yesterday was based upon my belief that some of these legislative matters contained in the bill ought not to be passed.

Mr. O'CONNOR. The gentleman could have thrashed that out in the House and he could convince the majority of the House that they should not be passed. The gentleman did not have to express his opposition by making points of order.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. MARTIN of Massachusetts. Does not the gentleman think that these legislative matters should go to the legislative committee? Why should the Appropriations Committee set itself up as the one determining committee in this House?

Mr. O'CONNOR. I cannot answer that. I do not know enough about it. The Chairman of the Committee on Appropriations can probably answer the gentleman.

Mr. BUCHANAN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BUCHANAN. It was because the chairman of the legislative committee waived it and agreed that it go in this bill.

Mr. MARTIN of Massachusetts. Did all the members of the legislative committees agree to that?

Mr. BUCHANAN. All except one that I remember of, and I forgot to ask him.

Mr. MARTIN of Massachusetts. But there is more than one committee involved.

Mr. BUCHANAN. I said all but one committee, and I forgot to ask him.

Mr. MARTIN of Massachusetts. The gentleman probably misunderstood my question. Did every member of the legislative committee agree to it?

Mr. BUCHANAN. No. I only conferred with the chairman.

Mr. MARTIN of Massachusetts. Well, the chairman has no right to run the legislative committee.

Mr. O'CONNOR. Now, Mr. Speaker, what is all this tempest in a teapot about? The majority is accused of using its vast majority to stifle general debate. General debate! It might better be called "general abuse." That is what it usually is from the minority side. [Laughter and applause.]

This Congress has been in session for 6 months. We have heard countless political speeches. Under the guise of general debate we have heard the "opening guns" of the next campaign, which is still 15 months away. Further opportunity for such speeches is sought by the minority under the guise of general debate. They want to get up here and talk about everything under the sun except the measure immediately before the House.

Mr. BUCHANAN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BUCHANAN. Is it not a fact that this is the last appropriation bill, and that on all others that were passed in this House they have been given all the time they asked for in general debate?

Mr. O'CONNOR. And there let me further say more time than has been granted ordinarily in the past. On the last bill which came in, for instance, the legislative appropriation bill, to accommodate the minority, we let them blow off, you might say, for a whole week.

Mr. SNELL. Now, Mr. Speaker, the gentleman ought to be a little more careful about his language.

Mr. TABER. Mr. Speaker, some of the time yielded to the minority was yielded back to the majority so that the majority could exercise its lungs.

Mr. O'CONNOR. That may be so.

Mr. SNELL. Will the gentleman yield for a question?

Mr. O'CONNOR. I yield.

Mr. SNELL. I think the gentleman ought to be a little more temperate in his language. The gentleman says that we are always abusing and blowing off. I think we have been as temperate in debate at this session as the average Democratic Member of the House has been at this time or during any previous administration.

Mr. O'CONNOR. Well, those comparisons are always invidious, anyway.

Mr. LUDLOW. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. LUDLOW. I rather resent that opprobious term, "blowing off", as applied to the magnificent, though somewhat prolonged, burst of oratory that occurred on the legislative appropriation bill when it was under my direction as chairman of the subcommittee. [Laughter.]

Mr. O'CONNOR. I think we have had enough general debate for this session. There is enough meat in this particular bill to have some real serious discussion of it on both sides. I think at this late date we ought to be through with what is commonly and sometimes vulgarly called "general debate." [Applause and laughter.]

Mr. Speaker, I yield 7 minutes to the gentleman from Ohio [Mr. HARLAN].

Mr. HARLAN. Mr. Speaker, apropos of the subject of general debate and the use to which it is put, in the RECORD of June 17 appeared a speech by the gentleman from Massachusetts [Mr. MARTIN], in which this statement was made:

> The progress of the rest of the world along the road of recovery in comparison with our record shows the folly of many of the Roosevelt experiments. Fifteen countries have started back on the recovery trail.

I shall not read all of the statement, but I will put it in my remarks. But it states that almost all countries have advanced——

Mr. SNELL. Mr. Speaker, reserving the right to object——

Mr. HARLAN. Mr. Speaker, I do not want this reservation taken out of my time.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is indulging in general debate at this time, which is against the order in the special rule. I am sorry to have to make that point of order, and I ask the Speaker to rule.

The SPEAKER. The Chair hopes the gentleman will proceed in order.

Mr. HARLAN. I am discussing the futility of general debate as a method of disseminating false propaganda.

Mr. SNELL. False propaganda! That is general debate. That is exactly what I asked for on this bill and it was denied. I object, and I ask the Speaker to rule.

The SPEAKER. The gentleman will proceed in order.

Mr. HARLAN. We are discussing an appropriation bill. An appropriation bill is connected with the general economic welfare of the country. The gentleman from Massachusetts says that the economic condition of the country——

Mr. MARTIN of Massachusetts. Mr. Speaker, I insist that the gentleman proceed in order.

Mr. SNELL. What is sauce for the goose is going to be sauce for the gander. If we are not going to have general debate on the bill, we will not have it here.

The SPEAKER. The gentleman has not proceeded sufficiently for the Chair to understand whether he is in order or out of order.

Mr. HARLAN. I asked the gentleman from Massachusetts when he was making this very startling statement about the economic conditions of the country——

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is indulging in general debate when he speaks about a specific debate between himself and the gentleman from Massachusetts [Mr. MARTIN].

Mr. MICHENER. Mr. Speaker, what we are now considering is the rule. It is just a question of whether or not we are going to adopt this rule.

Mr. HARLAN. That is exactly it.

Mr. MICHENER. This does not include general debate on reciprocity treaties, on the tariff, or on other subjects. It is a matter of procedure only, if we are going to be technical. We are considering the adoption of a rule the purpose of which is to make the consideration of a particular bill in order.

Mr. BLANTON. Mr. Speaker, I make the point of order that where the rule under consideration changes the general rules of debate on an appropriation bill, anything that is pertinent to any part of that rule is legitimate in debate in consideration of the rule.

The SPEAKER. The Chair thinks the gentleman from Texas is correct, but the gentleman must confine himself to the resolution before the House and not discuss extraneous matters.

Mr. O'CONNOR. Mr. Speaker, in this connection, not only the resolution but the bill referred to in the resolution can be discussed, I maintain.

Mr. SNELL. The Speaker has ruled on the question.

Mr. MICHENER. In that connection I may say that while sometimes we permit such discussion, it is subject to a point of order.

Mr. O'CONNOR. Mr. Speaker, I maintain that when a rule is brought in for the consideration of a bill that in discussing the rule it is permissible also to discuss the subject matter of the bill referred to in the rule.

The SPEAKER. The Chair thinks that the question now under debate is whether there shall or shall not be general debate on the bill. While this debate may involve certain features or provisions of the bill, the Chair does not think it would justify a Member discussing extraneous matter. Discussion on the resolution now before the House applies only to the question of whether there shall be general debate on the bill. This would not authorize a Member to discuss matters which are not germane to the resolution.

Mr. HARLAN. Mr. Speaker, the gentleman from New York, in discussing this rule, said we were limiting justifiable debate, which ought to take place at this time. I am taking the reverse of the argument and contending that debate ought to be limited, because at this particular time debate is being used to disseminate false propaganda and political bunk in the RECORD for propaganda purposes.

The SPEAKER. The gentleman from Ohio is clearly in order if that is the line of discussion.

Mr. EKWALL. Mr. Speaker, the gentleman has just admitted he is disseminating bunk. I think the gentleman is out of order.

Mr. HARLAN. I said I am trying to eradicate that and was proceeding to illustrate how general debate has been abused in this House.

Mr. EKWALL. I misunderstood the gentleman.

Mr. SNELL. Mr. Speaker, I renew my point of order that the question of how general debate has been abused in this House is not proper debate on the rule.

The SPEAKER. The Chair thinks that is a legitimate part of the discussion if the gentleman confines himself to the question of whether or not there shall be general debate on the bill.

Mr. SNELL. That is all right.

The SPEAKER. The Chair thinks that is a perfectly legitimate argument.

Mr. SNELL. The gentleman said he was going to show it was bunk and propaganda, which is another proposition entirely.

The SPEAKER. The question of whether or not it is bunk is for the Members to decide for themselves.

The Chair cannot undertake to dictate to the gentleman the language he shall use so long as he keeps within the scope he has indicated.

Mr. HARLAN. Mr. Speaker, we have had so much false propaganda spread in the RECORD by the minority for the purpose of destroying confidence in this country that in the consideration of these bills we do not need any longer discussion than is provided in the rule, and I cite the argument of the gentleman from Massachusetts [Mr. MARTIN] as an example of the evil we now face.

I asked the gentleman, after he had made the startling statement that the United States had gone back in business recovery nine points——

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman from Ohio is not discussing the proposition before the House.

The SPEAKER. The Chair is unable to determine that at this stage of the gentleman's argument.

The gentleman from Ohio will proceed in order.

Mr. MICHENER. Mr. Speaker, would it help the Chair if we had the gentleman's words taken down so the Speaker could read his argument?

Mr. GREENWOOD. Mr. Speaker, the gentleman from New York complained that the rule was a departure from the usual custom with regard to general debate and the gentleman from Ohio is answering the very point raised by the minority leader by saying that one of his colleagues in the consideration of another rule took advantage of the discussion of the rule by placing in the RECORD facts that did not pertain to the rule. The gentleman from Ohio is answering the very point raised by the gentleman from New York.

Mr. MARTIN of Massachusetts. Mr. Speaker, may I be heard a moment?

The statement the gentleman is discussing I never used in general debate as the term is being considered here.

I was speaking properly on the A. A. A. bill.

Mr. HARLAN. If the gentleman will admit on the floor that the statement he formerly made concerning recovery in the United States is not true, that is sufficient for me.

Mr. MARTIN of Massachusetts. I will not admit the statement was not true, because it is true. I do not think that has anything to do with this resolution, however.

Mr. TABER. Mr. Speaker, the meat of this situation is that if this gentleman is permitted to discuss these things the gentleman from Massachusetts must be permitted to discuss the same thing.

The SPEAKER. The gentleman from Massachusetts will be permitted to discuss the rule if the gentleman is granted time by the gentleman from Pennsylvania, but the gentle-

man from Massachusetts, as the gentleman from Ohio, must confine himself to the subject before the House, and that question is as to the advisability of the passage of this resolution which confines discussion to the bill itself and prohibits general debate.

Mr. HARLAN. Mr. Speaker, I asked the gentleman from Massachusetts the authority for making this most sensational statement that, if true, would have been emblazoned across the front page of every newspaper in the country.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is not discussing the matter under consideration.

The SPEAKER. The Chair cannot say at this time whether the gentleman is or is not proceeding in order.

Mr. BLANTON. Mr. Speaker, I make the point of order that when debating a rule that would do away with general debate, which but for the rule would be in order, and general debate means discussion of every subject on the face of the globe, all reasons for eliminating general debate are pertinent and in order, and takes in a subject as broad as the universe, and the gentleman certainly can discuss all such reasons.

The SPEAKER. The Chair thinks that any discussion which undertakes to justify or otherwise the question as to whether or not general debate shall be confined to the bill is legitimate, and the Chair so rules, and hopes that the gentleman from Ohio will proceed in order, as the Chair believes he will.

Mr. HARLAN. Mr. Speaker, following the statement of the gentleman from Massachusetts to the effect that the United States had gone in retrograde nine points in the last 2 years, I asked the gentleman his authority for the statement. He said he saw it in the newspapers some place.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman from Ohio is not following the decision of the Chair, and I respectfully submit the question to the Chair.

Mr. HARLAN. Mr. Speaker, I am tracing this propaganda down to its source to show that the time of general debate in this particular instance was used for no other purpose than to start rumors, propaganda, and shake confidence.

The SPEAKER. The Chair does not think that propaganda has anything to do with the discussion of the rule under consideration. The Chair may say to the gentleman from Ohio that he should confine himself—and the Chair hopes he will—to a discussion of whether or not it is proper for the House to confine general debate to the bill or whether general debate should be opened to a discussion of all subjects.

Mr. SABATH. Mr. Speaker, as I understand it, the gentleman is trying to justify the resolution by pointing out that if general debate is permitted very little information will be given to the House with reference to the bill and that the time for general debate is used generally for the purpose of giving out statements that are absolutely false and misleading to the country. The gentleman feels that the House should have information on the bill, and for this reason he is arguing in favor of the resolution which restricts general debate to the bill.

Mr. HARLAN. If the Chair has ruled, and no appeal taken from that decision, I should like to proceed.

I asked the gentleman from Massachusetts his authority and he said he saw it in the newspapers. I asked him what newspaper. He said he did not know.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is not complying with the ruling of the Chair.

Mr. GREENWOOD. Mr. Speaker, I should like to be heard in opposition to the point of order. This rule restricts debate to the bill. The gentleman from Ohio is showing that this is a better rule than a rule which allows general debate on any subject.

The SPEAKER. The gentleman will proceed in order.

Mr. SNELL. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-seven Members present; not a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 98]

Bankhead	Ellenbogen	McClellan	Smith, Conn.
Biermann	Fish	McGroarty	Snyder
Brooks	Frey	Mitchell, Ill.	South
Buck	Gasque	Montague	Stack
Bulwinkle	Gassaway	Murdock	Steagall
Cannon, Wis.	Goldsborough	Oliver	Stefan
Casey	Greever	Patman	Tinkham
Clark, Idaho	Haines	Patton	Tobey
Cochran	Hart	Perkins	Tolan
Connery	Hartley	Peyser	Underwood
Cross, Tex.	Hennings	Rankin	Wearin
Dear	Higgins, Conn.	Robinson, Utah	Whelchel
DeRouen	Higgins, Mass.	Rogers, Okla.	White
Disney	Kennedy, Md.	Russell	Wilson, La.
Dorsey	Lamneck	Scrugham	Withrow
Doutrich	Larrabee	Shannon	
Eaton	Lemke	Sisson	

The SPEAKER. Three hundred and sixty-two Members have answered to their names, a quorum.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from Ohio [Mr. HARLAN] will please suspend while the Chair makes this statement: It has always been the custom heretofore in discussing resolutions making in order matters of legislation for Members to be rather liberal in their discussions and not necessarily to confine themselves to the pending resolution.

The Chair thinks that discussion on these rules should not be too narrowly restricted. Of course, under the precedents, a Member must confine himself to the subject of debate when objection is raised. The pending resolution is one which undertakes to limit general debate upon the deficiency bill to 2 hours and to confine the debate to the bill itself. The Chair thinks it is entirely too narrow a construction to undertake to hold a Member, in discussing the resolution either pro or con, to the simple question of whether or not the rule should be adopted, and that it is entirely legitimate discussion for a Member who is undertaking to uphold the rule and to justify confining debate to the bill to cite as illustrations what has occurred in previous discussions. The Chair does not think a Member, in using such illustrations, is justified in answering a speech that has been made upon a previous occasion. However, the Chair repeats that the Chair does think it is perfectly legitimate for a Member who is undertaking to justify the rule to refer to experiences on previous occasions where the debate was not limited to the bill, and the Chair hopes that the gentleman from Ohio will proceed in order.

Mr. KNUTSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KNUTSON. Would a discussion of the new soak-the-rich plan come within the Speaker's rule?

The SPEAKER. Certainly not.

Mr. KNUTSON. I am asking for information.

Mr. HARLAN. Mr. Speaker, I believe we have already taken up too much time with this discussion, and in the interest of expediting the business of the House I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HARLAN. Mr. Speaker, the question before the House is the advisability of having prolonged general debate at this time in our legislative program. I submit that that is not advisable, for the reason that general debate is now being used by the minority in the House of Representatives to foment discontent, to shake the confidence of the country, and to disseminate false political propaganda.

It has very little, if any, value so far as one can see or hear in instructing the Members of Congress on the facts back of any of the bills under consideration. For example, on June 17, when we were on general debate on the resolution to bring the agriculture adjustment bill before the House for consideration, the gentleman from Massachusetts [Mr. MARTIN] made the following statement:

The progress of the rest of the world along the road to recovery in comparison to our record shows the folly of many of the Roosevelt experiments. Fifteen countries have started back on the

recovery trail, Sweden leading with a 41-percent margin; Hungary is 33 percent ahead of 2 years ago; Italy, 31 percent; Germany, 26 percent; Japan, 17 percent; Canada, 17 percent. Only four countries are worse off than they were 2 years ago: Norway, 1 percent; Belgium, 3 percent; United States, 9 percent; and France, 16 percent.

The utter silliness and absurdity of that statement with reference to the United States ought not to require any refutation at all to any group of men who have lived in this country for the last 2 years. If such a startling condition did exist, it would be six-column, front-page news on every newspaper in the United States.

Some time after the gentleman made the remark, I addressed this question to him:

The gentleman in the early part of his speech gave out some figures; I should like to ask him where he got those figures?

Mr. MARTIN of Massachusetts. They were printed in yesterday's Sunday newspaper in a report quoted from the League of Nations.

I subsequently asked him the name of the newspaper, to which he said that he did not know; and I then asked him if it were the Hearst papers, and he said that it was not. These last two questions and answers are not apparent in the record.

I did not, however, believe at the time, nor do I believe now for one moment, that the gentleman from Massachusetts made any intentional misstatements concerning facts which he no doubt had read somewhere and forgot where he read them.

My point in this whole matter is that when one takes the floor of the House of Representatives in debate of any kind there is a serious responsibility on his shoulders as to the authority of the statements made. Particularly at this time of stress in our country, when everyone is still suffering from the nervous strain brought about by the depression, and is constantly fearful that we are going to be precipitated back into the conditions prior to 1933. Many people look upon the CONGRESSIONAL RECORD as a very authoritative source, and any statement such as the one quoted above would be fluently quoted throughout the country and no questions asked.

Following the lead of the gentleman from Massachusetts, that he got this from a Sunday newspaper, quoting the League of Nations, I examined a number of Sunday newspapers, but could find no such statement. I did see in the New York Times, which is about as authoritative a paper as we have in the country, an article commenting upon a compilation by the National Industrial Conference Board. I understand that this Board is in close association with the League of Nations and would naturally speak for that organization.

That article, which appeared on Monday, June 17, states as follows:

World production in industry showed a gain in April over the average in the first quarter of the year, according to a compilation of the National Industrial Conference Board. In all the principal countries except France, Belgium, Switzerland, and Holland the output was substantially larger than a year ago.

The United States is clearly listed among the nations showing improvement. I also procured a copy of the June edition of the Survey of Current Business, compiled by the United States Department of Commerce, and found that the index for production in April of 1933 was 66, in April of 1934 was 85, and in April of 1935 was 86. I noticed in the copy of today's Washington News a United Press dispatch from Pittsburgh, quoting an address before the National Association of Credit Men, which says:

The United States is now 40 percent out of the depression.

For the sake of the gentlemen on the minority side of the House, who are apparently uninformed, I may say that the depression period referred to ran from 1929 to 1933.

The Department of Commerce issued a statement under date of June 5, reading as follows:

To summarize some of the important changes, it may be noted that farm income in the first 4 months of 1935 was 61 percent above that for the same period of 1933 and 12 percent in excess of that for early 1934. Industrial production was up 41 and 7 percent, respectively, while the increase in employment, retail sales, and foreign trade have also been substantial. Gains in such individual lines as automobiles, electric refrigerators, and rayon have been especially large, and it is interesting to note that a number of commodities are being manufactured and sold in greater quantities than in 1929.

The improvement in purchasing power in rural areas has been much more rapid than in industrial centers so that the farmer has again assumed a more normal position as a consumer. Similarly, the general price rise and the improvement in profits has lightened the debt burden of industry. Further, the problem of the surplus of agricultural commodities has been largely resolved during the past 2 years. While stocks of cotton are still high, other important surpluses have been removed and the present concern is the production of adequate supplies rather than the elimination of existing stocks.

With the enhancement of profits, the distribution of dividends has turned upward, shrinking to about a third of the 1929 volume. The national income as a whole has expanded substantially in the past 2 years and is currently running above the level of a year ago. One of the hopeful signs of recent months has been the resumption of capital financing. While new issues have been largely for refunding purposes they afford evidence of a demand for desirable securities and of the ability of business concerns to meet regulations governing such issuance.

I am taking this time to show the absurd inaccuracy of the statement put into the CONGRESSIONAL RECORD by the gentleman from Massachusetts, based on an authority which he had misplaced. But if there were no such authority, the conduct of the gentlemen who are now gloating over the temporary defeat of the national industrial recovery movement would be arguments louder than any word.

During 1932, with the markets of the country constantly shrinking and production being constantly ahead of distribution, the industrial interests of this country realized that they were committing suicide by cutting each others throats, and they could see no way out of the difficulty. Individually, they were most of them honorable, high-class men; but they felt that they must keep their factories going, they must keep in production, and to do so they had to beat their competitors' price. They chiseled and cut; they exploited childhood; they reduced wages to the pauper level; and bankruptcy faced industry everywhere.

In desperation their representatives conceived and planned the National Industrial Recovery Act. They presented it to President Hoover and were unable to get cooperation. After the election of President Roosevelt they did get cooperation, because there was no other way out. Members of this Congress will remember the enthusiastic letters of endorsement that came from leaders of industry all over the United States urging us to pass this act, as well as the Agricultural Adjustment Act.

It is true that they did not want section 7 (a). They wanted the privilege of organizing, controlling prices, and running the show generally; but they did not want their employees to have anything to say. However, in spite of a flood of propaganda sent to us by the Manufacturers Association and the different chambers of commerce throughout the country, 7 (a) was put in; and the thing started off in high hope, the only fly in the ointment being that the same group that realized their own helplessness against their own inherent dishonesty began immediately to chisel and cheat by building up their inventories to mountain heights prior to the effective date of the N. R. A. They wanted to use cheap labor to beat competitors who tried to pay N. R. A. wages. However, that second effort of industry to commit suicide was frustrated, and things started on the upgrade.

Within the last year, we have again begun to operate on an expanding market. That is, distribution has been keeping slightly ahead of production; and as long as that condition exists there is no need of industry trying to protect itself from its own destruction, because factories can be kept open and business obtained without killing competition.

Therefore, just now the system of honesty and fair play, set forth in the Industrial Recovery Act, is no longer needed, and the restraint is somewhat hampering. Consequently a great wave of sentiment came over the country to wipe out the N. R. A., and when the Supreme Court accomplished that fact, at least temporarily, great was the rejoicing therefor.

In 1933 there would have been no rejoicing over the destruction of N. R. A. It was the salvation of industry at that time, and they all knew it because they were on a contract-

ing market; but in 1935 there is great rejoicing. We do not need any more arguments to show our business recovery than the fact that industry realizes that it is again on an expanding market.

All of this detail is pertinent to show the utter absurdity of the statement of the gentleman from Massachusetts. Whoever was the original author of that statement designed it purely as propaganda, to create a canard to go out over the country to give industry and business and banking one more chill in order to try to stop the upward march of commerce.

These gentlemen who talk about the Roosevelt policies shaking the confidence of the Nation, and with the next breath manufacture and disseminate all of the false rumors possible, certainly do not need a very expanded privilege of general debate in the House of Representatives to continue their activities.

I do not say that the remarks of the gentleman from Massachusetts were intentional in this regard, but he was certainly a most subtle agent in the hands of someone who did have an intention to throw one more scare into our people.

On yesterday's mail I received a letter from a man, otherwise sane, containing the following paragraph:

I am given to understand that in our industry—the heavy machinery—with a present total tax load of $187,110,000, on the basis of 1933 pay rolls, taxes would be increased if the social-securities bill is passed, 8 percent in 1936, 23 percent in 1937, and gradually stepped upward to 46 percent in 1949 and after.

And in that letter he enclosed a circular containing most sensational statements about the expenditures of the United States Government during the last 3 years, statements that are so absurd on their face that any normal man ought to be able to see their falsehoods; but the trouble is the people of the United States are not in a nervous condition right now to be normal, and the antiadministration forces, who apparently have very little regard for the truth in their efforts to gain control of the Government in 1936, are willing to say or do anything, regardless of a shadow of truth, to frighten and cajole the electorate.

Their main purpose seems to be to manufacture and spread fertilizer to bring some life to the dead grass roots which they raked over in Illinois the other day. They have no regard as to the poison they may be disseminating to healthy industrial verdure in the process. What they desire is to resurrect the dead.

Therefore, Mr. Speaker, it ought to be apparent to anyone that continued and prolonged debate in this House, where opportunity is not given to question and produce the authorities of the statements made, can be of little benefit to anyone; and therefore I submit that we ought not have more than 2 hours on this appropriation bill.

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the rule.

The previous question was ordered.

The SPEAKER. The question is on the passage of the resolution.

Mr. SNELL. Mr. Speaker, on the passage of the resolution I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 269, nays 95, not voting 65, as follows:

[Roll No. 99]

YEAS—269

Adair	Brennan	Colden	Dempsey
Amlie	Brown, Ga.	Cole, Md.	Dickstein
Arnold	Brown, Mich.	Colmer	Dies
Ashbrook	Brunner	Cooley	Dietrich
Ayers	Buchanan	Cooper, Tenn.	Dingell
Barden	Buckler, Minn.	Corning	Dobbins
Beam	Burch	Costello	Dockweiler
Beiter	Cannon, Mo.	Cox	Dorsey
Bell	Cannon, Wis.	Cravens	Doughton
Berlin	Carmichael	Crosby	Doxey
Biermann	Carpenter	Cross, Tex.	Drewry
Binderup	Cartwright	Crosser, Ohio	Driscoll
Bland	Cary	Crowe	Driver
Blanton	Castellow	Cullen	Duffey, Ohio
Bloom	Chandler	Cummings	Duffy, N. Y.
Boehne	Chapman	Daly	Duncan
Boileau	Citron	Darden	Dunn, Miss.
Boland	Claiborne	Deen	Dunn, Pa.
Boylan	Coffee	Delaney	Eagle
Eckert	Jenckes, Ind.	Miller	Schuetz
Edmiston	Johnson, Okla.	Mitchell, Tenn.	Schulte
Eicher	Johnson, Tex.	Monaghan	Scott
Ellenbogen	Johnson, W. Va.	Montet	Sears
Evans	Jones	Moran	Secrest
Farley	Kee	Moritz	Shanley
Ferguson	Keller	Murdock	Sirovich
Fernandez	Kelly	Nelson	Smith, Va.
Fiesinger	Kennedy, N. Y.	Nichols	Smith, Wash.
Fitzpatrick	Kenney	Norton	Smith, W. Va.
Flannagan	Kerr	O'Brien	Somers, N. Y.
Fletcher	Kleberg	O'Connell	South
Ford, Calif.	Kloeb	O'Connor	Spence
Ford, Miss.	Kniffin	O'Day	Starnes
Frey	Kocialkowski	O'Leary	Stubbs
Fuller	Kopplemann	O'Neal	Sullivan
Fulmer	Kramer	Owen	Sumners, Tex.
Gambrill	Kvale	Palmisano	Sutphin
Gasque	Lanham	Parks	Tarver
Gehrmann	Lea, Calif.	Parsons	Taylor, Colo.
Gildea	Lee, Okla.	Patterson	Taylor, S. C.
Gillette	Lesinski	Patton	Terry
Gingery	Lewis, Colo.	Pearson	Thom
Goldsborough	Lewis, Md.	Peterson, Fla.	Thomason
Granfield	Lloyd	Peterson, Ga.	Thompson
Gray, Ind.	Lucas	Pettengill	Tonry
Green	Luckey	Pfeifer	Turner
Greenway	Ludlow	Polk	Umstead
Greenwood	McAndrews	Quinn	Utterback
Greever	McCormack	Rabaut	Vinson, Ga.
Gregory	McFarlane	Ramsay	Vinson, Ky.
Griswold	McGehee	Ramspeck	Wallgren
Gwynne	McGrath	Randolph	Walter
Haines	McKeough	Rankin	Warren
Hancock, N. C.	McLaughlin	Rayburn	Weaver
Harlan	McMillan	Reilly	Werner
Harter	McReynolds	Richards	West
Healey	McSwain	Richardson	Whittington
Hildebrandt	Mahon	Robertson	Wilcox
Hill, Ala.	Maloney	Romjue	Williams
Hill, Knute	Mansfield	Rudd	Wilson, La.
Hill, Samuel B.	Martin, Colo.	Ryan	Wood
Hobbs	Mason	Sabath	Woodrum
Hoeppel	Massingale	Sadowski	Young
Hook	Maverick	Sanders, La.	Zimmerman
Houston	May	Sanders, Tex.	Zioncheck
Huddleston	Mead	Sandlin	
Imhoff	Meeks	Schaefer	
Jacobsen	Merritt, N. Y.	Schneider	

NAYS—95

Allen	Dirksen	Kinzer	Reed, N. Y.
Andresen	Ditter	Knutson	Rich
Andrew, Mass.	Dondero	Lambertson	Robsion, Ky.
Andrews, N. Y.	Ekwall	Lehlbach	Rogers, Mass.
Arends	Engel	Lord	Sauthoff
Bacharach	Englebright	Lundeen	Seger
Bacon	Fenerty	McLean	Short
Blackney	Gavagan	McLeod	Snell
Bolton	Gearhart	Maas	Stefan
Brewster	Gifford	Mapes	Stewart
Buckbee	Gilchrist	Marcantonio	Taber
Burdick	Goodwin	Marshall	Taylor, Tenn.
Burnham	Guyer	Martin, Mass.	Thomas
Carlson	Halleck	Merritt, Conn.	Thurston
Carter	Hancock, N. Y.	Michener	Treadway
Cavicchia	Hartley	Millard	Turpin
Church	Hess	Mott	Wadsworth
Cole, N. Y.	Hollister	O'Malley	Wigglesworth
Collins	Holmes	Pittenger	Wilson, Pa.
Cooper, Ohio	Hope	Plumley	Wolcott
Crawford	Hull	Powers	Wolfenden
Crowther	Jenkins, Ohio	Ransley	Wolverton
Culkin	Kahn	Reece	Woodruff
Darrow	Kimball	Reed, Ill.	

NOT VOTING—65

Bankhead	Eaton	Lemke	Sisson
Brooks	Faddis	McClellan	Smith, Conn.
Buck	Fish	McGroarty	Snyder
Buckley, N. Y.	Focht	Mitchell, Ill.	Stack
Bulwinkle	Gassaway	Montague	Steagall
Caldwell	Gray, Pa.	Oliver	Sweeney
Casey	Hamlin	Patman	Tinkham
Celler	Hart	Perkins	Tobey
Christianson	Hennings	Peyser	Tolan
Clark, Idaho	Higgins, Conn.	Pierce	Truax
Clark, N. C.	Higgins, Mass.	Robinson, Utah	Underwood
Cochran	Hoffman	Rogers, N. H.	Wearin
Connery	Kennedy, Md.	Rogers, Okla.	Welch
Dear	Lambeth	Russell	Whelchel
DeRouen	Lamneck	Scrugham	White
Disney	Larrabee	Shannon	Withrow
Doutrich			

So the resolution was agreed to.

The following pairs were announced:

On this vote:

Mr. Higgins of Massachusetts (for) with Mr. Eaton (against).
Mr. Russell (for) with Mr. Christianson (against).
Mr. Oliver (for) with Mr. Fish (against).
Mr. Dear (for) with Mr. Perkins (against).
Mr. Patman (for) with Mr. Tinkham (against).
Mr. Scrugham (for) with Mr. Hoffman (against).
Mr. Hennings (for) with Mr. Focht (against).

Mr. Gassaway (for) with Mr. Tobey (against).
Mr. Disney (for) with Mr. Higgins of Connecticut (against).
Mr. Buck (for) with Mr. Doutrich (against).

Until further notice:

Mr. Montague with Mr. Welch.
Mr. Cochran with Mr. Lemke.
Mr. Truax with Mr. Withrow.
Mr. Bankhead with Mr. McClellan.
Mr. Pierce with Mr. Brooks.
Mr. DeRouen with Mr. Snyder.
Mr. Connery with Mr. Lambeth.
Mr. Kennedy of Maryland with Mr. Eckert.
Mr. Casey with Mr. Larrabee.
Mr. Steagall with Mr. Faddis.
Mr. Sisson with Mr. Robinson of Utah.
Mr. Hamlin with Mr. White.
Mr. Stack with Mr. Whelchel.
Mr. Hart with Mr. Tolan.
Mr. Rogers of New Hampshire with Mr. Gray of Pennsylvania.
Mr. Bulwinkle with Mr. Peyser.
Mr. Lamneck with Mr. Caldwell.
Mr. Sweeney with Mr. Wearin.
Mr. Underwood with Mr. Clark of North Carolina.
Mr. Buckley of New York with Mr. Clark of Idaho.
Mr. Celler with Mr. McGroarty.

Mr. McCORMACK. Mr. Speaker, my colleague, Mr. HIGGINS of Massachusetts, is unavoidably absent. If present, he would vote "aye."

IS THE "DEATH SENTENCE" IN THE SENATE PUBLIC-UTILITY HOLDING COMPANY BILL CONSTITUTIONAL?

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extend my remarks on the constitutional question involved in the public-utilities bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PETTENGILL. Mr. Speaker, except for the Constitution of the United States no one of us would be here. We hold office under it. We have sworn to support it. It is the measure of our powers. Beyond those powers we cannot go, and should not try to go, until and unless "We, the people of the United States", who created the Constitution, see fit to extend our powers. It is not our law. It is the people's law. It is our authority to act for the people and their limitation upon our authority.

Because the people can change the Constitution no one can respect the people and representative government if he does not respect the supreme law of the people as interpreted by the people's highest Court.

In the volume and rush of our work, and especially in such a crisis as confronted us in 1933, there is a human tendency to "let the courts" decide the questions of law. In cases where one does not have a clear conviction on the matter one may forgive himself if he decides to leave those questions to the judiciary before whom the case will be carefully briefed and critically examined by opposing counsel and the court.

When, however, one conscientiously comes to a clear conviction that the bill before him is one which he does not have the power to pass, his duty is as clear as his conviction.

I have such a conviction about the pending bill (S. 2796). I refer to that bill because the House bill is not yet reported. It is my conviction that if the Senate bill becomes "law" it will meet with another devastating rebuke from the Supreme Court.

My belief means nothing to you unless the reasons which led me to that belief are reasons that appeal to you. I shall state those reasons. I shall state them in the simplest possible terms because many of my colleagues are not lawyers and yet are without doubt as much concerned about their oaths of office as the best lawyers on the hill.

The question deserves our careful attention for the following reasons; the importance of the legislation with respect to the industry concerned; the number of our constituents affected; the effect of the bill on national recovery, which I consider of major if not supreme importance; the rights and powers of the 48 States; the responsibility of government itself for the existing situation; the fact that this bill is advertised by some of its sponsors as a prelude to other legislation with respect to all other holding companies in industry, newspapers, and so forth; recent Supreme Court history; the fact that parliamentary government the world over is at the bar of current discussion and, last, while not making this in any wise a party matter, because the bill is supported by both Republicans and Democrats, I hope I may be excused for mentioning the prestige of the party in power which is primarily responsible for legislation.

On the latter point I refer to the "hot oil" case held unconstitutional by a vote of 8 to 1; the "gold-clause" case, held valid as to private contracts by a vote of 5 to 4 and unconstitutional as to Government bonds by a vote of 9 to 0; the railroad pension bill held unconstitutional by 5 to 4; the N. R. A. case held unconstitutional by 9 to 0; the Frazier-Lemke bill held unconstitutional by 9 to 0; the Humphrey dismissal held unconstitutional by 9 to 0. Surely the time has now come when we must carefully study the legal as well as social problems presented by proposed bills. Otherwise we "sin against the light" and will be held responsible for our carelessness by our constituents.

THE IMPORTANCE OF THE INDUSTRY

The industry concerned is a business representing twelve and one-half billion dollars of actual investment. It reaches into nearly every home in the Nation. It is affected with a public interest. It has made in recent years, and is capable of again making, the largest expenditure of money for extensions and additions to plant and the purchase of durable goods, where our greatest unemployment lies, of any industry in America with the possible exception of railroads and residence construction. It pays taxes for the support of government in the amount of $245,000,000. The bill involves the most delicate questions with respect to the rights and powers of the 48 States and the Central Government. In fact, Dr. Splawn, who conducted the investigation of the industry for the Federal Trade Commission, stated his opinion that the pending bill "is the most important bill which has been before the Congress within a decade" (House hearings, p. 2187).

THE NUMBER OF PEOPLE AFFECTED

It serves nearly 25,000,000 customers, all of whom are entitled to the best service at the lowest cost consistent with a fair return to capital invested. In this connection it may be said that its rates are today lower by comparison with pre-war, 1913, prices than any other group of prices, even those of the farm. In competition with steam, diesel engines, gas, gasoline, and direct water power, it furnishes probably 80 percent of our industrial power. In serving the public the industry employs some 300,000 men and women directly, to say nothing of indirect employment in copper, glass, coal, switchboards, heavy machinery, and so forth.

The money invested, $12,600,000,000, is owned directly by from five to ten million investors. At four to a family, there are from twenty to forty million people who derive a part of their support from this industry. This is an average of from 46,000 to 92,000 people in the home districts of the Members of this House.

In addition to direct owners let us consider those who are indirectly the owners of the industry. Among them are those whose savings have gone into life insurance. Counting ordinary, industrial, group, and fraternal insurance, it is estimated that there are 65,000,000 separate individuals whose lives are insured to provide for their old age, or for wife and children when they are gone. This is nearly twice as many as ever voted in a Presidential election. Total insurance on these lives exceeds $105,000,000,000, an average per life insured of $1,600. Nine percent of the assets of the companies to pay these policies when they mature is invested in utility securities. In other words, for every $10 paid in premiums 90 cents is invested in this industry.

In addition to life insurance there are fire, windstorm, accident, health, automobile, and casualty companies; savings banks, with millions of depositors; hospitals, colleges, churches, charities, and so forth, whose assets are invested in this industry.

The bill, therefore, affects the welfare and property of at least 65,000,000 people, directly or indirectly, and the millions more of persons dependent upon them. This is an average of at least 150,000 in every congressional district.

THE RESPONSIBILITY OF GOVERNMENT FOR THE EXISTING SITUATION

Government, State and Federal, is itself directly responsible for holding companies. This seems to me to be an additional reason for giving this bill the most conscientious examination possible. The crooks in the industry are not alone at fault. Government is itself at fault. Because of that fact we should be particularly careful with respect to rights of innocent people who invested their savings not only with the consent, but almost at the invitation of their own Government. Why do I say that?

First. What is a holding company? It is a corporation that owns stock in another corporation. At common law this was not permitted. But by action of the State legislatures of all or nearly every State in the Union the rule was changed. The States therefore created the situation in which the investment was made. If holding companies are inimical to our institutions (and many of them are)—the States and Nation, in fairness, should have discovered that fact many years ago. We do not have, therefore, a white sheet of paper to write upon. We have instead a tangled skein, woven in part by Government itself.

Second. Many States have expressly authorized, and, therefore, invited investments in utility securities to be made by banks, insurance companies, and trustees.

Third. Many States forbid a corporation chartered in another State from exercising in the first State the right of eminent domain to acquire land for corporate purposes. As an example, a natural-gas pipe line running from the Texas Panhandle to St. Paul or Chicago. Although the pipe line is an economic unit, several local State corporations are required to be created, whose stock in turn must be held by a holding company in order to have unified management and to attract investment. The legal situation in such case makes a holding company inevitable if the people of Texas are to have a market for their gas and the people of Chicago are to have cheap fuel.

Fourth. Many States exempt their own citizens from taxation on stocks and bonds of corporations chartered by such State. This again invites the creation of holding companies in order to get the advantages of low-cost capital by local investors in local companies which may be part of a holding company system, such as the pipe line referred to.

Fifth. When the Federal Government permitted consolidated corporation income-tax returns to be made it encouraged the creation and growth of holding companies. This has been corrected, in part at least, by recent legislation.

Sixth. The Federal Government is again responsible by reason of its action, following the World War, in repealing the income-tax law on intercorporate dividends; that is, tax on dividends received by one corporation from another. This again encouraged the development of holding companies, direct and intermediate.

We have therefore a situation which Government has itself permitted and encouraged. In that situation the rights of millions of innocent people have become inextricably interwoven. Because of that fact it weighs upon my conscience to be far more careful in dealing with this situation than if Government, State and Federal, were in no way responsible. Our people ought not, by our action, to feel that they have been unjustly dealt with by their own Government. Or, as Justice Oliver Wendell Holmes once said, "We have to choose, and, for my part, I think it a less evil that some criminals should escape than that the Government should play an ignoble part."

I do not, of course, contend that the action or nonaction of former legislatures or Congresses should estop a later Congress from dealing with serious abuses which have grown up under the aegis and protection of Government. I merely contend that in such case one should be especially vigilant to be just.

This is a long preface to an examination of the constitutional questions involved. It is made only to justify the care with which that examination should be made.

In this discussion I confine myself to title 1 of the Senate bill, and particularly the "death sentence", to be found in section 11. Important questions are involved in other titles of the bill, but I have not had time to examine them.

THE POWER OF CONGRESS TO DEAL WITH THE SUBJECT MATTER OF THE BILL

The power of Congress to act in this matter in any way whatever is to be found in only three sentences of the Constitution, the power "to establish post offices and post roads", the power "to regulate commerce among the several States", and to "make all laws which shall be *necessary* and *proper* for carrying into execution the foregoing powers." Assuming that the holding companies are solvent the constitutional power "on the subject of bankruptcies" does not seem to be involved.

The express limitations upon those powers are two paragraphs in the Bill of Rights, the fifth amendment:

> No person shall be * * * deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

And the tenth amendment:

> The powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States respectively, or to the people.

WHAT WE HAVE TO DEAL WITH

As a typical situation, we have a corporation lawfully organized and deriving its powers from one of the sovereign States of the Union to which—

> Powers not delegated to the United States * * * are reserved.

The company has bought stock in another company as it is legally authorized to do. The company is solvent. Its securities have been sold in interstate commerce. It uses the mail, telegraphy, telephone, and express across State lines in the conduct of its business. Its business is management. It is not itself engaged in generating, transmitting, distributing, or selling electric current or gas. That business is done by the company whose stock it owns. It sells nothing to the public except its securities. Its management of the company it owns consists in furnishing it with legal, insurance, purchasing, financing, engineering, and managerial service. When these charges are excessive the lower company is "milked." Sometime it owns a subsidiary which engages in constructing power plants, transmission lines, and so forth.

The company which it owns produces and sells electric current to the public. Some of that current crosses State lines. The rates charged to the public by the owned company are regulated by a commission in the State in which it sells. Its securities are often subject to State "blue sky" laws.

Sometimes the holding company owns many such operating companies in its own or other States. Sometimes this ownership by the "top" company of the operating companies is through a chain of intermediate holding companies, perhaps as much as 10 "stories high." This permits "pyramiding" of control, with a minimum of investment at the top, through such devices as no-par voting stock sold at $1 or $5 or nothing a share.

The evils which have grown up in this situation have no defender in me. On another occasion I shall discuss them and what I think can and should be done by Congress to prevent their future occurrence. For the present I limit myself to the constitutional question.

QUERIES

In such typical situation we have first to ask these simple questions:

First. Is the holding company engaged in interstate commerce?

Second. If so, does the bill go beyond the regulation of the holding company's interstate business and into other matters "reserved to the States"?

Third. Can Congress require the holding company to divest itself of the ownership of the stock of some or all of its operating companies?

Fourth. Can Congress permit the company to continue to own those stocks but require that it shall not vote the stock it owns?

Fifth. Can Congress force the company to go out of business, force it into receivership, and require it to pay its debts, distribute its assets to its security holders, and surrender its charter? This is the "death sentence."

Sixth. Does the bill attempt to confer upon the Commission an unlawful delegation of congressional power, as in the Schechter "sick chicken" case?

Seventh. What is the force of the fact that the company uses the instrumentalities of interstate commerce and the United States mail? Can Congress forbid such use or grant it only on condition that the company agrees to do as Congress says?

Eighth. If Congress can regulate such company in some respects, does the bill go beyond what is "necessary and proper for carrying into execution" the power to regulate, and thus enter the jurisdiction "reserved to the States, respectively"?

Ninth. In regulating the company, does the bill go so far as to be unreasonable and arbitrary and thus amount to a deprivation of liberty or property to the company or to its stockholders, in violation of the fifth amendment, which provides that such property cannot be taken except on due process of law or without just compensation?

Tenth. Does the ownership of stock in a corporation chartered in another State make the owner one who is engaged in interstate commerce?

No hedgehog bristles with more spines than this bill does with law questions, but the above are the principal ones.

All these questions are answered in favor of the bill by the two young gentlemen who wrote the bill, Mr. Ben Cohen and Mr. Tom Corcoran. Their brief will be found at page 807 of the Senate hearings. It is also to be found in the CONGRESSIONAL RECORD of May 29, page 8402. I invite your attention to it. It is an exceedingly able, though attenuated, argument. I disagree with it in toto.

A STAR TO STEER BY

It is clear that in regulating commerce Congress cannot go beyond what is *necessary* and *proper* for carrying into execution the power to regulate. Congress can regulate the shipment interstate commerce of diceased chickens. But can it regulate the number of hours the chicken shall scratch? No; because the power to regulate hours of work is not necessary and proper to regulate the shipment of the chickens, and also because that power is reserved to the States. The fifth and tenth amendments did not overlook the hen that lays the egg.

When the law plays its last card, it is plain common sense. It is not common sense to burn the barn to kill the rats. It is also the law that government cannot burn the barn unless "necessary and proper" to kill the rats. If potassium cyanide will do the job, that is as far as the law can go.

All this is "elementary, my dear Watson; elementary." From now on we cannot avoid a more technical discussion.

In *Railroad Retirement Board* v. *Alton Railroad Co.*, decided last month, the Supreme Court said:

> When the question is whether legislative action transcends the limits of due process guaranteed by the Constitution, decision is guided by the principle that the law should not be *unreasonable*, arbitrary, or capricious, and that the means selected shall have a *real* and *substantial* relation to the object sought to be attained (i. e., the *regulation* of interstate commerce).

Throughout the consideration of the question one cannot go wrong if he keeps constantly in mind the language of the Supreme Court in the *Employers' Liability cases* (207 U. S. 463), as follows:

> It remains only to consider the contention which we have previously quoted, that the act is constitutional, although it embraces subjects not within the power of Congress to regulate commerce, *because one who engages in interstate commerce thereby submits all his business concerns to the regulating power of Congress.* To state the proposition is to refute it. It assumes that because one engages in interstate commerce he thereby endows Congress with power not delegated to it by the Constitution, in other words, with the right to legislate concerning matters of purely State concern. It rests upon the conception that the Constitution destroyed that freedom of commerce which it was its purpose to preserve, since it treats the right to engage in interstate commerce as a privilege which cannot be availed of except upon such conditions as Congress may prescribe, even although the conditions would be otherwise beyond the power of Congress. It is apparent that if the contention were well founded it would extend the power of Congress to every conceivable subject, however inherently local, would obliterate all the limitations of power imposed by the Constitution, and would destroy the authority of the States as to all conceivable matters which from the beginning have been and must continue to be under their control so long as the Constitution endures.
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> * * * * * * *
>
> Concluding, as we do, that the statute, whilst it embraces subjects within the authority of Congress to regulate commerce, also includes subjects not within its constitutional power, and that the two are so interblended in the statute that they are incapable of separation, we are of the opinion that the courts below rightly held the statute to be repugnant to the Constitution and nonenforceable.

WHAT THE DEATH SENTENCE DOES

The "death sentence", section 11 of Senate bill, requires—

> each registered holding company and each *subsidiary company* (sic) thereof to divest itself of any interest in or control over property or persons (which includes corporations) to such an extent or the Commission (Securities Exchange Commission) *finds necessary* * * * to limit the operations of the holding-company system, of which such company is a part, to a single *geographically and economically integrated public-utility system.*

It further provides that each such company—

> be *reorganized* or *dissolved*, whenever the Commission finds that the *corporate structure* or *continued existence* of such company *unduly* or *unnecessarily* complicates the structure of the holding-company system of which it is a part, or *unfairly* or *inequitably* distributes voting power among the holders of securities, or is *detrimental* to the *proper* functioning of a single *geographically and economically integrated public-utility system.*

[NOTE.—The words which I have placed in italics are not defined in the bill. They raise the whole question of legislative standards to guide administrative action. What does Congress mean by "a single geographically and economically integrated system"? When is a corporate structure "unduly" or "unnecessarily" complicated? Under what circumstances is voting power "unfairly" or "inequitably" distributed? What is the "proper" functioning of a utility system?]

After January 1, 1940, *all* registered holding companies beyond the "first degree" must cease to be such by giving up their assets or control, or by dissolution and winding up their affairs. Holding companies in the first degree shall be permitted to continue upon "such terms and conditions as the Commission—Securities Exchange Commission—may find *necessary* or appropriate in the public interest or for the protection of investors or consumers", and second, "*if*" the Federal Power Commission certifies that the "continuance of the holding company relation is *necessary*, under the applicable State or foreign law, for the operations of a geographically and economically integrated system serving an *economic region* in a single State or extending into two or more contiguous States or into a contiguous foreign country."

That is the "death sentence." It is *mandatory* upon *all* holding companies beyond the first degree.

It is broadly stated that holding companies in the first degree are to survive the date of execution. But it is manifest that before its fate is known it must *first* come within the "terms and conditions"—whatever they may be—of the Securities Exchange Commission, and *second*, secure a commutation of sentence from the Federal Power Commission which decides how much of its property must be whittled off to come within the Commission's ideas of a "geographically and economically integrated system serving an *economic area*"—whatever that is.

It can be plainly stated, therefore, that no utility holding company in the United States, even in the first degree, can know whether it will be permitted to live after 1940, or how much of its property it must surrender as a condition to live.

Such is the sentence under which this great business must live for the next 5 years.

OPERATING COMPANIES ALSO UNDER DEATH SENTENCE

It is commonly supposed that the "death sentence" may be imposed only on holding companies. *This is an error.* It may be imposed also on "subsidiary companies" which are defined as companies 10 percent or more of whose voting securities are owned or controlled by a holding company. In fact, a company less than 10 percent of whose voting stock is controlled by a holding company, *may* be declared to be a "subsidiary company" if found "necessary

or appropriate in the public interest or for the protection of investors or consumers." See section 2 (8).

It is plain, therefore, that in addition to holding companies any operating company in the United States (if 10 percent of its stock is owned by a holding company) may be directed to divest itself of part or all of its property or be dissolved and its affairs wound up, if such action is found "necessary or appropriate" to limit the operations of the system of which it is a part to a single geographically and economically integrated public-utility system, or if such operating company "unduly or unnecessarily complicates the structure of the system of which it is a part", or "unfairly and inequitably distributes voting power", and so forth.

The bill therefore is directed against practically every operating company in the Nation as well as holding companies. As to the *wisdom* of this it may be said that seldom, if ever, would the act be directed against operating companies. But I am not now speaking of its wisdom. I am speaking of the power. And if this be a "permitted object of Federal control, the extent of the regulation * * * would be a question of discretion and not of power" (Hughes, Chief Justice, in the Schechter case).

The operating company may be guilty of none of the evils set forth in the preamble of the bill. Nevertheless, it may be required to part with its property or go into liquidation. Its voting power may be redistributed. It is no avail that such voting power is distributed among its security holders as provided by the law of the sovereign State which created it. If, in the judgment of the Commission, such voting power is "unfairly or inequitably" distributed the company shall be reorganized or dissolved. *The Commission may thus veto the act of the legislature of the State of its creation, and may deprive a security holder of the operating company* of the right to vote his stock in accordance with State law, and *thus deprive him, in part, of the power to determine the management of the company in which he has invested his money in reliance upon State law.* The only offense of the operating company may be that it "unduly or unnecessarily" complicates the system of which it is a part, or is not a part of a geographically integrated system. But that offense is nevertheless punishable by dismemberment or dissolution.

One does not need to be long out of law school to recognize that all this raises questions of profound importance.

Let us suppose a simple case. An operating company is lawfully organized under State law. It is locally owned, operated, and managed. It is not physically connected with another electric system. It has a charter life of say 100 years. John Citizen buys some of its voting stock. He knows his investment is subject to the hazards of business. But except for those hazards he believes his investment is good for 100 years, the life of the charter.

But the company grows. It buys other properties. And worst of all, some of John Citizen's wicked neighbors, even against his will, sell *their* stock to *another* company. That company acquires 10 percent of the voting stock of the first. John Citizen's company is now through no fault of his a subsidiary company which unnecessarily complicates the system of which it is a part. Or it is found that John Citizen must give up some of his voting power to bondholders who had no such right when John Citizen made his investment, or when they made theirs.

For all or any of these sundry and heinous offenses John Citizen may be compelled to accept a stock different from the one he purchased, may see its voting control pass into other hands, or see his company compelled to sell property in which he as stockholder has an interest, or, finally, see his company completely reorganized or dissolved, although neither he nor it has committed any offense under the laws of the State of its creation or operation.

This is an extreme example of the powers conferred by the bill. *One must be deeply concerned upon the effect of all these many uncertainties upon investments not only in holding companies but operating companies as well.*

All this is brought under the interstate-commerce clause of the Federal Constitution on the theory, as maintained by Senator WHEELER, that the operating company is engaged in interstate commerce—although its operations are entirely intrastate—because, and only because, it is controlled by a holding company which in turn is engaged (?) in interstate commerce. This is the house that Jack built.

HOW FAR CAN CONGRESS GO?

Does the Constitution of the United States grant Congress the power to do these things as "*necessary* and *proper* for carrying into execution" its power to "regulate commerce * * * among the several States"? Again let me say I am discussing power, not evils. I am personally persuaded that "competitive charter mongering" by the States, notably Delaware, when the race has been one of laxity, not of diligence, has grown to be a great evil. I am persuaded that the concentration of control and dilution of investment under these charters has become a great evil. Still the question remains to what extent the Federal Government has the power to correct these evils, and if so, how far, and in what way, the power should be exercised.

First, the question of the delegation of legislative power, without adequate standards, to the Commission as set forth in section 11 of the Senate bill.

When does the "corporate structure" or "continued existence" of one company "unduly or unnecessarily complicate the structure" of another company which owns 10 percent of the stock of the first? Who can say? When is voting power "unfairly or inequitably distributed"? One would think that *the determination of that question by the legislature of the State of the company's charter,* as adopted by the organizers and investors in the company so organized would be final and conclusive. But no, the Commission may compel some other arrangement on the theory that what a sovereign State has authorized to be done is "unfair" and "inequitable." It may *change the contract* between the investor and the company. It may *rewrite the charter* to fit its own conception of equity. What will that be? No one knows and Congress does not tell.

Shall bondholders vote equally with common stock? If so, the bondholders might determine that with their senior position they would come out whole and vote to dissolve or sell the corporation at a price that would yield the common-stock holders nothing, even though the company is solvent and not in default in interest or dividends. Shall the preferred vote equally with the common stock? If so, shall that equality be share for share or dollar for dollar of original investment? Shall a common stock issued at $5 have an equal voice with a preferred stock issued at $100, or shall it have only one-twentieth of a vote? What is "equity" here? Congress does not say. If preferred stock originally issued at $100 is resold for $50, does the last buyer have a whole vote or a half vote? Congress does not say.

What is a "geographically and economically integrated public-utility system"? Take the geographical concept first. Take New England or Florida or Michigan. Does it mean a system in that geographical area entirely owned by one company, or would it be "geographically integrated" if there were several systems in the territory, all interconnected and exchanging power with each other? Would railroads, differently owned, be "geographically integrated" in that territory if they all exchanged their services to serve the people who lived there?

What is an "economically integrated system"? Economically for whom—the consumer or the investor, the buyer or the seller? Their interests are opposite. One wants cheap rates. The other wants dividends and security. To the consumer the system is economically integrated if it is well managed and produces cheaply, whether the system has other properties in other States or not. To the investor it may be "economically integrated" if there are many properties, widely scattered but centrally managed. To him diversification of risk may be a prime objective, and he might prefer to own stock in a system with properties widely separated, so that his dollar will not be entirely at the hazard of Florida hurricane, San Francisco earthquake, T. V. A. or economic depression in our locality.

It seems clear that section 11 over and over again runs foul of the principle laid down by the Supreme Court in

the Schechter and Panama—"hot oil"—cases. There the Court discussed "fair competition" as we are here concerned, among other questions, with an "unfair" distribution of voting power. The Court asked whether "fair competition" is a category established in the law" or whether it was a "convenient designation" of whatever may be deemed to be "wise and beneficent" in which one "*may roam at will.*" Or, as Justice Cardozo said, "Here, in effect, is a roving commission to inquire into evils and upon discovery correct them."

Other difficulties suggest themselves. Suppose an "unfair" distribution of voting power, if you can define it, or an "unnecessary complication" of corporate structure. Does it "directly" or "indirectly" affect commerce?

> Where the effect of intrastate transactions upon interstate commerce is merely indirect, such transactions remain within the domain of State power" (Schechter case).

Does the distribution of voting power directly affect—indeed, can it have any effect upon the free flow of electric energy across State lines? *Can you impede voltage with an "unfair" stock certificate?*

Another question is this: The bill assumes that "service management, construction, and other contracts involve the allocation of charges among subsidiary companies" and may result in "*excessive charges*" to operating companies. I believe this is often true. I believe that in many cases such charges have been grossly excessive and difficult to run down. Still the question remains whether this is a matter for State or Federal action.

The charges made by holding companies for management, and so forth, is one of the bases for action to "make such company cease to be a holding company." How does this square with the Schechter case? There it was argued by the Government that "hours and wages affect prices." The court said, "If the Federal Government may determine the wages and hours of employees in the internal commerce of a State, because of their relation to *cost* and *prices* and their *indirect* effect upon interstate commerce, it would seem that a similar control might be exerted over other elements of cost, also affecting prices, such as the number of employees, rents, advertising, methods of doing business, etc." And Justice Cardozo said, "Activities local in their immediacy do not become interstate and national because of distant repercussions."

The quoted language refers to a situation by no means the same as that involved here. But let us analyze it. Here is an operating company wholly within one State, Texas, for example. It does not transmit electrical energy across State lines, either as buyers or sellers. Ten percent or more of its stock is owned by a holding company located in New York. The latter performs engineering or tax or legal services for the former. Let us say the charge is too much. It is "milking" the operating company. In the first place the utility commission of the State where the operating company is located ought to disallow the excess charge, as the Supreme Court says it may do. But suppose the State fails in its duty and the excess charge affects the price paid by the consumers, none of whom live outside the State. Is the service charge in such case a burden on interstate commerce merely because the holding company is located in New York, and all that crosses State lines are letters, a legal opinion, for example, by which the service is rendered by one company to the other?

Is it not clear that these matters only indirectly affect interstate commerce, if at all, and are as certain to be held unconstitutional as hours of wages in the Schechter case or railroad pensions in the Railroad Retirement Act case, both decided within the past month as *beyond* the power of Congress and *within* the reserved power of the States? And yet the destruction of the property rights of American citizens and the dissolution of *both holding and operating companies* are predicated upon these ingenious attenuations.

To the law officers of the Government who may be called upon to defend this bill before the United States Supreme Court, I extend my sympathy and condolences. As they march by the Halls of Congress on their way to the Supreme Court I can hear them mutter the despairing words of the Roman arena, "Morituri, salutamus te"—"We who are about to die, salute thee."

In passing it may be pointed out that if the Senate bill becomes law, it will be the first time in the constitutional history of this Republic where Congress has, by legislative fiat, presumed to order the dissolution of a corporation created under the authority of the laws of a sovereign State.

BRIEF

The foregoing only scratches the surface of the subject. I have stated it in the simplest possible terms. I know lawyer colleagues will wish to examine the question more critically, and I therefore attach a study of the cases.

SUPPORTING MEMORANDUM

Is the holding company engaged in interstate commerce? If so, it must be because (a) it owns stock in other companies, or (b) its business of management by United States mail, and so forth, is interstate commerce, or (c) it sells its securities in interstate commerce. Granting that any or all of these constitute commerce, the question still remains whether this fact warrants Congress in governing other of its activities as the bill attempts to do, or in destroying the company.

DOES OWNERSHIP OF STOCK CONSTITUTE COMMERCE?

Mere ownership of a mathematical percentage of voting stock is supposed to furnish a basis for Federal control. In fact, ownership is not required. Any person, an individual, may be held to be a "holding company" if he is found to "exercise a controlling influence." This is the first time the "regulation of commerce among the States" has been predicated on such a base. Even companies "*not so engaged*" (in interstate commerce) are brought within the bill. See section 15 (b).

Ownership of stock, even by a holding company, does not *per se* constitute the owner as engaged in the business of the corporation whose stock is owned (*Cannon Mfg. Co.* v. *Cudahy Co.*, 267 U. S. 333; *Peterson* v. *Chicago, Rock Island & Pacific Ry. Co.*, 205 U. S. 364).

The *Northern Securities case* (193 U. S. 197), both in the majority and minority opinions, shows that the rule of nonidentity between stockholder and corporation is fully recognized. In the dissenting opinion Mr. Chief Justice White, pages 369 and 370, wrote:

> Does the delegation of authority to Congress to regulate commerce among the States embrace the power to regulate the ownership of stock in State corporations, because such corporations may be in part engaged in interstate commerce? Certainly not, if such question is to be governed by the definition of commerce just quoted from *Gibbons* v. *Ogden*. Let me analyze the definition. "Commerce undoubtedly is traffic, but it is something more; it is intercourse"; that is, traffic between the States and intercourse between the States. *I think the ownership of stock in a State corporation cannot be said to be in any sense traffic between the States or intercourse between them.*
>
> * * * * * * *
>
> *But the principle that the ownership of property is embraced within the power of Congress to regulate commerce* whenever that body deems that a particular character of ownership, if allowed to continue, may restrain commerce between the States or create a monopoly thereof, is in my opinion in conflict with the most elementary conceptions of rights of property.

The majority opinion did not controvert this statement by the Chief Justice. It held that the question was not involved. The Court said—page 334:

> In this connection it is suggested that the contention of the Government is that the acquisition and *ownership* of stock in a State railroad corporation is itself interstate commerce, if that corporation be engaged in interstate commerce. * * * Such statements as to the issues in this case are, we think, wholly unwarranted and are very wide of the mark; it is the setting up of mere men of straw to be easily stricken down. We do not understand that the Government makes any such contentions or takes any such positions as those statements imply. It does not contend *that Congress may control the mere acquisition or the mere ownership of stock* in a State corporation engaged in interstate commerce. *Nor does it contend that Congress can control the organization of State corporations authorized by their charters to engage in interstate and international commerce.*

In *Pullman Car Co.* v. *Missouri Pacific Co.* (115 U. S. 587), the Court held that ownership by the Missouri Pacific of substantially all of the stock in another company did not constitute control of the latter.

Stock ownership does not constitute interstate commerce, nor does it justify the treatment of the owner as if he were engaged in the activities of the company whose stock it owns (*United States* v. *Delaware & Hudson Co.* (213 U. S. 366); *United States* v. *Lehigh R. R. Co.* (220 U. S. 357); *United States* v. *Reading Co.* (253 U. S. 56); *New Hampshire Gas, Steam & Electric Co.* v. *Morse* (42 Fed. (2d) 490); *Toledo Traction, Light & Power Co.* v. *Smith* (205 Fed. 643); *United States* v. *Union Stockyard & Transit Co.* (192 Fed. 330); *Smith* v. *Illinois Bell Telephone Co.* (282 U. S. 133)).

A negative answer must therefore be given to the question whether stock ownership constitutes the owner as engaging in the business—interstate or intrastate—of the corporation whose stock is owned. Only a tortuous ratiocination could conceive of a person in the District of Columbia who owns 10 percent of the stock of a public utility in San Francisco as engaged in interstate commerce.

DOES THE BUSINESS OF A HOLDING COMPANY CONSTITUTE INTERSTATE COMMERCE?

Service, sales, and construction contracts are not interstate commerce, per se, even when the parties to them live in different States—which the bill does not demand—or when communication between them is maintained " by use of the mails or any means or instrumentality of interstate commerce, or otherwise "—as the bill recites. Contracts for advisory and other services are not interstate commerce (*Diamond Glue Co.* v. *United States Glue Co.*, 187 U. S. 611; *United States Fidelity & Guaranty Co. of Baltimore* v. *Commonwealth of Kentucky*, 231 U. S. 394). Nor are contracts for construction (*Kansas City Steel Co.* v. *Arkansas*, 269 U. S. 148; *General Railway Signal Co.* v. *Virginia*, 246 U. S. 500; *Browning* v. *Waycross*, 233 U. S. 16); and sales may or may not involve interstate commerce, according as they do or do not involve the transmission from State to State of the articles sold (*Dahnke-Walker Co.* v. *Bondurant*, 257 U. S. 282; *Lemke* v. *Farmers Grain Co.*, 258 U. S. 50; *Moore* v. *New York Cotton Exchange*, 270 U. S. 593). Borrowing and lending even between a principal and a subsidiary certainly do not constitute interstate commerce between them, and, if subject to regulation, it can only be on some theory apart from the nature of the acts themselves. (See *Graniteville Mfg. Co.* v. *Query*, 283 U. S. 376; *Engel* v. *O'Malley*, 219 U. S. 128.)

Insurance, the buying and selling of bills of exchange, the operation of an advertising agency, the reporting of credit standing, the buying and selling of cotton-future contracts, the dealing in negotiable notes have all been held not to constitute commerce (*Paul* v. *Virginia* (8 Wall. 168), *New York Life Insurance Co.* v. *Cravens* (178 U. S. 389), *New York Life Insurance Co.* v. *Deer Lodge County* (231 U. S. 495), *Nathan* v. *Louisiana* (8 How. 73), *Engel* v. *O'Malley* (219 U. S. 128), *Blumenstock Bros.* v. *Curtis Publishing Co.* (252 U. S. 436), *United States Fidelity Co.* v. *Kentucky* (231 U. S. 394), *Hemphill* v. *Orloff* (277 U. S. 537), *Moore* v. *New York Cotton Exchange* (270 U. S. 593), *Ware & Leland* v. *Mobile County* (209 U. S. 405)).

As against this formidable array of decision, Messrs. Cohen and Corcoran rely on practically one case on the point in question, *Federal Trade Commission* v. *Smith* (1 Fed. Sup. 247). A careful reading of that opinion shows that it does not support them. In fact it leads very clearly to an opposite conclusion in harmony with the rule laid down by the cases cited above.

To begin with, the case involved investigation, not regulation nor destruction. The Federal Trade Commission was seeking information. The case must be read in the light, first, of the fact that the respondent Electric Bond & Share Co., was engaged in the business of purchasing and selling to its subsidiary companies in interstate shipment of materials, apparatus, and supplies, that is, *physical property*, and, second, in the light of the well-established rule that charges made by a holding company to a subsidiary public utility company are relevant to an investigation into the reasonableness of rates charged by the subsidiary utilities, as laid down by the Supreme Court in *Smith* v. *Illinois Bell Telephone Co.* (282 U. S. 133) and *Western Distributing Co.* v. *Public Service Commission* (285 U. S. 119). In such case the company subject to Federal *regulation* is the utility company (if it transmits power over State lines) and not the holding company. The latter may be *investigated* as a corollary of the *regulation* of the former.

Except, therefore, as the Electric Bond & Share Co. engaged in shipping physical goods, the case is not authority to the proposition that its business of management was interstate commerce. The Court very clearly held the contrary in these words:

> From what has been made to appear to the Court, it is plain that the services performed by respondent on behalf of the holding and subsidiary operating companies, and which, broadly speaking, relate to legal, engineering, secretarial, fiscal, investigatory, and general advisory matters *are not such as will here avail the petitioner*. Without analyzing the services rendered by respondent within the foregoing classifications I shall content myself by concluding that they have to do with activities which, under authoritative decisions, are *not recognized as constituting interstate commerce*.

EFFECT, IF ANY, OF USE OF MAILS

The contention is made that because the holding company uses the United States mails the Federal Government may regulate *all* of its business, not simply its *mail* business. In other words, it is argued that as a condition to the right to use the mails a company may be required to subject all its business to Federal regulation, and failing to agree to Uncle Sam's terms, may be denied the use of the mails.

The answer to the startling contention is " No."

In *Lewis Publishing Co.* v. *Morgan* (229 U. S. 288) the Court upheld the power of Congress to classify mail matter, but referring to a contention of the Government that the postal power included an absolute right of selection of matters to be carried in the mails the Court said:

> We do not wish even by the remotest implication to be regarded as assenting to the broad contentions concerning the existence of arbitrary power through the classification of the mails.

In *New York Life Insurance Co.* v. *Deer Lodge County* (231 U. S. 495), the Court held that the mere use of the mails did not convert a local business into interstate commerce, saying " that they may live in different States and hence use the mails for their communications does not give character to what they do; * * *."

The postal power is circumscribed not only by its inherent limitations but by all other limitations in the Constitution (*Public Clearing House* v. *Coyne* (194 U. S. 497), *Burton* v. *United States* (202 U. S. 344), *Lewis Publishing Co.* v. *Morgan* (229 U. S. 288).

Among those limitations are the right to engage in lawful business which is a property right under the fifth amendment, the guaranty against unreasonable searches and seizures and the protection of the freedom of the press.

In *Ex parte Jackson* (96 U. S. 727), the leading case on the power of Congress to regulate mails, the Court said:

> The difficulty attending the subject arises, not from the want of power in Congress to prescribe regulations as to what shall constitute mail matter, but from the necessity of enforcing them consistently with rights reserved to the people, of far greater importance than the transportation of the mail.

It is apparent that if the power of Congress with respect to the mails is of the absolute and arbitrary character used as a foundation for Federal jurisdiction in the writing of this bill then the same device can be used to bring *all business whatsoever under congressional* control and thus use the Great Charter of our liberties as the warrant for their destruction.

> Oh, judgment, thou art fled to brutish beasts, and men have lost their reason!

Congress thus could do by indirection what it is forbidden to do directly, and all other guarantees of freedom would be " writ on water and carved on sand." The fifth and the tenth amendments reserving all powers not granted to the central Government to the " States, respectively, or to the people " would be as though they had never been.

We are asked to believe such balderdash in the very teeth of the language of the Supreme Court in *Lewis Publishing*

Co. v. *Morgan* (229 U. S. 288), cited above, where Chief Justice White denied the assumption—

> * * * That there was a right to compel obedience to the command of legislation having that object in view, to deprive one who refused to obey of all right to use the mail service.

We are asked to believe it, also, in the teeth of the unanimous decision in the Schechter case, where the Court said:

> If the commerce clause were construed to reach all enterprises and transactions which could be said to have an indirect effect upon interstate commerce, the Federal authority would embrace practically all the activities of the people, and the authority of the State over its domestic concerns would exist only by sufferance of the Federal Government.

Mr. Justice Cardozo, in his concurring opinion, expressed the same view, as follows:

> What is near and what is distant may at times be uncertain. Compare *Board of Trade* v. *Olsen* (262 U. S. 1). There is no penumbra of uncertainty obscuring judgment here. To find immediacy or directness here is to find it almost everywhere. If centripetal forces are to be isolated to the exclusion of the forces that oppose and counteract them, there will be an end to our Federal system.

Reference has been made to *International Textbook Co.* v. *Pigg* (217 U. S. 91), where it was held that a correspondence school in Pennsylvania was engaged in interstate commerce and could not be required by Kansas to take out a license to do business in that State. But, as stated in *N. Y. Life Ins. Co.* v. *Deer Lodge County* (231 U. S. 495), the Pigg case involved the transportation of *property*, books, and so forth, and not the rendition of services.

Even the use of instrumentalities of interstate commerce for the transportation of persons and paraphernalia does not turn a business, essentially local in character, into interstate commerce (*Federal Baseball Club* v. *National League*, 259 U. S. 200).

Having demonstrated that neither ownership of corporate stock nor the use of the mails or other instrumentalities of interstate commerce in the *rendition of services* gives Congress power—except investigatory, as apparently held in Federal Trade Commission against Smith—over holding companies in the typical case we have left for consideration, the cases relied on by the proponents of the bill with respect to congressional power over trusts and monopolies in restraint of trade.

CASES RELIED ON BY THE PROPONENTS

These are principally the cases of *Standard Oil* (221 U. S. 1), *American Tobacco* (221 U. S. 106), *Northern Securities* (193 U. S. 197), *U. S.* v. *Reading Co.* (253 U. S. 26; *U. S.* v. *Delaware & Hudson* (213 U. S. 366).

These cases involved either direct combinations or monopolies in restraint of trade or in violation of the "commodities clause" in the Hepburn Act of 1906, forbidding a railroad to carry coal in interstate commerce except for its own use. In none of those cases was there a congressional ukase to a State corporation to *go out of business entirely or cease to exercise lawful powers.* Congress simply forbade the doing of *unlawful* things; that is, restrain commerce or engage in monopoly. The dissolution and dismemberment of the corporations were enjoined to be done by the courts, and not by Congress, and only then as *inevitably necessary* to effect a discontinuance of the unlawful acts, because the offending corporations were created for the express purpose of doing under corporate power the things which Congress forbade which *did directly affect* interstate commerce.

At the very threshold, therefore, it is seen that this bill *goes far beyond* these cases in that the bill calls for the destruction of corporations and property rights enjoyed by their stockholders, even *with respect to lawful matters.*

In passing it may be noted that so far as the hearings have disclosed, none of the corporations against whom the bill is directed have ever been prosecuted by the United States as being unlawful trusts or monopolies. They are now to be destroyed *ex post facto.*

If the United States has been negligent and if the corporations are engaged in monopoly or restraint of trade, the convincing and conclusive answer is that power to stop such unlawful practices is already possessed by the Department of Justice, and has been in its possession during the entire 45 years since the Sherman Antitrust Act was passed. The failure of the proponents to invoke the antitrust act is a tacit admission that the corporations have not violated it, and instead have been and are doing other acts which should be stopped, even by destroying the corporation.

But where does such power reside in Congress unless such other acts *directly affect* interstate commerce?

Cases involving the Sherman Antitrust Act are cases of *direct interference* with interstate commerce through the creation of a monopoly and the suppression of competition. Neither the legislation of Congress nor the decisions of the courts go beyond what is necessary to free interstate commerce from unlawful interference with free competition. There is no justification in the decisions under the Sherman Antitrust Act—or, in fact, elsewhere—for the proposition that Congress may regulate the *entire business* of an individual or corporation, both interstate and intrastate, because it may have entered into a contract in restraint of interstate commerce.

In *Northern Securities Co.* v. *United States* (193 U. S. 197) Mr. Justice Harlan, writing the opinion of the Court, pointed out, at page 334, that the Government did not contend that Congress might control the acquisition or ownership of stock in a State corporation engaged in interstate commerce. The Northern Securities Co. was ordered to dispose of the stocks of the Northern Pacific Railway Co. and the Great Northern Railway Co. not on the ground that the Northern Securities Co. was itself engaged in interstate commerce, but on the ground that it was a device to eliminate competition between the two railway companies in violation of the Sherman Antitrust Act. Likewise, in *United States* v. *Reading Co.* (253 U. S. 26), the holding company was organized and used as a means of suppressing competition. These decisions have no relevancy to the proposed bill.

The Supreme Court has repeatedly, consistently, and unequivocally held that Congress may not regulate the intrastate activities of corporations or persons engaged in interstate commerce which do not "directly affect" interstate commerce (*United States* v. *Chicago, M., St. P. & Pac. R. R. Co.*, 282 U. S. 311; *Railroad Retirement Board et al.* v. *Alton Railroad Co.*, 79 L. Ed. 803); and that an act, which attempts to regulate both interstate and intrastate activities without distinction is invalid (Employers Liability Cases, 207 U. S. 463; *Schechter Poultry Corp.* v. *United States*).

The Antitrust Acts were passed in pursuance of the constitutional purpose that interstate commerce should be free. Thus the Sherman Act denounces every contract combination in the form of trust or otherwise or conspiracy in restraint of trade and commerce among the several States or with foreign nations as well as monopolies or attempts to create a monopoly therein and precludes every device resorted to for that purpose—whether a "loose" combination in the form of contract or a "tight" combination such as a merger or a holding company. But in each case the subject matter of the restraint or monopoly must be interstate commerce, and there must be a showing of an intent to restrain it or, lacking express proof of intent, facts so clearly tending toward a restraint or monopoly as to make the inference of intent irresistible.

So much being established, where the proceeding is one in equity and not at law, the courts having jurisdiction of the parties will mold their remedy to fit the facts, as by compelling the parent company to divorce its subsidiaries and distribute their shares—as in the *Standard Oil case* (221 U. S. 1); or by forcing the creation of new corporations and a distribution of assets—as in the *American Tobacco case* (221 U. S. 108); or by restraining the voting of stock or receiving dividends on shares illegally held—as in the *Northern Securities case* (193 U. S. 197). These and like decrees, however, infinitely various as they are in form, do not furnish any rule by which the general power of Congress to regulate interstate commerce can be measured. They demonstrate only the flexibility and remedial scope of equity jurisdiction acting on the parties brought before it in the light of the instant facts. It by no means follows that general statutes to the same effect if passed by Congress would

be found to be within its power. Indeed, it is probably true that but few of these decrees, if adopted as a statute of universal application, could stand the constitutional test.

As to the railroads, their regulation is bottomed in part upon the fact that they are post roads; but even more upon the fact that they are not only themselves engaged in commerce between the States but are the very instrumentalities by which that commerce is chiefly carried on. Control over them, as all men know, has broadened steadily, its principal objective at all times having been improved service at reasonable rates. Yet even this Federal control has its bounds. It cannot invade the intrastate field except to make effective its interstate regulation (*The Shreveport case* (234 U. S. 342), *Minnesota Rate cases* (230 U. S. 352)); it cannot under the guise of regulation usurp the powers of management (*Interstate Comm. Comm.* v. *Chicago G. W. Ry. Co.* (209 U. S. 108, 119), *South Western Bell Telephone Co.* v. *Public Service Com.* (262 U. S. 276)). It cannot supervise contracts made by railroad security holders (*U. S.* v. *Chicago, Milwaukee, St. P. & P. R. R. Co.* (282 U. S. 311); nor can it deal directly with wages and hours (*Railroad Retirement Board* v. *Alton R. R. Co.* (79 L. Ed. 803)). Whatever the outer limitations of this regulatory power may be, no one would argue that whatever Congress could impose upon an interstate railroad it could also impose upon manufacturing or trading or mining companies, or even upon holding companies and their subsidiary public-service companies doing business inside a State.

If it be urged that acts which are not interstate commerce in themselves can nevertheless be controlled by Congress where they have an effect upon such commerce, the answer is that in every such case the alleged effect must be direct and not indirect, proximate and not remote.

It has been so repeatedly held that neither the generation nor local distribution of electric energy is interstate commerce that it would seem, as day follows night, that the business of the typical company holding the stock of the local utility and in part managing its business is also not interstate commerce.

As to generation, see *Utah Power & Light Co.* v. *Pfost* (286 U. S. 163), where the court said:

> We are satisfied, upon a consideration of the whole case, that the process of generation is as essentially local as though electrical energy were a physical thing; and to that situation we must apply, as controlling, the general rule that commerce does not begin until manufacture is finished, and hence the commerce clause of the Constitution does not prevent the State from exercising *exclusive control* over the manufacture (*Cornell* v. *Coyne*, 192 U. S. 418, 428–429). Commerce succeeds to manufacture, and is not a part of it (*United States* v. *E. C. Knight Co.*, 156 U. S. 1, 12).

As to distribution of natural gas, see *East Ohio Gas Co.* v. *Tax Commission* (283 U. S. 465), where the Supreme Court held that this was a "purely local concern exclusively within the jurisdiction of the State" and expressly overruled *Pennsylvania Gas Co.* v. *Public Service Commission* (252 U. S. 23).

As to distribution of electric energy, a statutory court of three judges in *South Carolina Power Co.* v. *Tax Commission* (60 Fed. (2d) 528 (affirmed without opinion in 288 U. S. 178), held that when electric energy is brought in from without State boundaries for distribution and sale on a system of lines within the State, the interstate character ends. (See also *P. U. C.* v. *London*, 249 U. S. 236; *Missouri* v. *Kansas Natural Gas Co.*, 265 U. S. 298; *East Ohio Gas Co.* v. *Tax Commission*, 283 U. S. 465.)

Transmission across State lines by a local utility is of course interstate commerce (*Public Utilities Consumers* v. *Attleboro Steam & Electric Co.*, 273 U. S. 83).

In the latter case, assuming that the local company is controlled by a holding company in another State, the question whether a service fee charged by the holding company *directly affects* the interstate transmission seems to be in serious doubt under the decision in the Schechter and other cases with reference to prices. It is the rate charged *to the consumer* which is regulated, not the price charged to the utility, although the *price* may be looked into to determine the fairness of the *rate*. The Supreme Court has never shown any hunger and thirst to control *prices* until and unless they are in the form of *rates* charged *to the final consumer* of a business invested with a public interest. And in any event the power is to regulate, not to destroy.

We cannot pass over the further thought that because *some* holding companies and *some* operating companies have sold worthless stocks, charged excessive fees, and so forth, that therefore *all* companies should be proscribed for the dereliction of the few. This is not intelligent. It is not constitutional. "The life of the law is reason, and what is not reason is not law." Put all bank cashiers in prison because some embezzle!

The evidence has shown that many holding companies perform useful and lawful functions. And it is as clear as crystal that rights granted by the Federal Constitution cannot be infringed to prevent violations of law by another person. (See *Schlesinger* v. *Wisconsin*, 270 U. S. 230.)

Whatever one may think generally of holding companies and particularly of holding companies beyond "the first degree", it is certain that the Senate bill lays down no standard, guide, reason, or public policy why all holding companies beyond the first degree, regardless of any proof of wrongdoing or antisocial conduct, are to be summarily legislated out of existence, while other companies may be allowed to exist.

This is so arbitrary and capricious as to constitute a denial of due process of law under the fifth amendment. As to the companies selected for destruction the death sentence is mandatory and absolute. Not even the courts, nor uncontradicted proof that they have not engaged in any of the practices condemned in the bill's preamble, can save them. Second cousins must die; first cousins may live.

> When the question is whether legislative action transcends the limits of due process guaranteed by the fifth amendment, decision is guided by the principle that the law shall not be unreasonable, arbitrary, or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained (*Nebbia* v. *New York* (291 U. S. 502, 525)).

Another quaint and curious thing about section 11 is the fact that holding companies in the first degree may be permitted to live if "necessary under the applicable State law", even though such company *may have committed all the crimes recited in the preamble of the bill*. Congress in effect says to the Commission, "Here is a criminal corporation. Let it live if you find its continued existence *necessary*. Here is another corporation. Kill it, however innocent."

What lawyer can believe that this casual disposition of the property rights of innocent investors can endure for 24 hours in the Supreme Court of the United States? It ought not to endure for 1 hour in the Congress of the United States. Nor should we overlook the tenth amendment and the rights of the States.

The Supreme Court has repeatedly held that under the Constitution the Federal Government cannot, through taxation or otherwise, sap the sovereignty of the States, and, conversely, that the sovereignty of the Federal Government cannot be whittled away by State action. The creation and continued existence of corporations created by the several States involve the continued exercise of sovereignty. The powers and privileges granted to corporations and their continuance, their right to hold and dispose of property in accordance with their charters, depend upon this continued exercise of sovereignty. When the United States undertakes to dissolve a corporation maintained through the sovereign power of a State, there is a *denial of State sovereignty* and an interference with it quite as great as if the United States should undertake through taxation to destroy the right of States to create and continue the life of corporations. There is, thus, the gravest doubt whether, assuming the existence of a limited Federal jurisdiction over holding companies, *their continued existence or summary destruction is within the power of Congress to control.*

Under the fifth amendment private property may not be taken without due process of law, and a pertinent question is whether Congress should not pay utility owners for any loss of values if it is deemed necessary—and found constitutional—in the public interest to require solvent State corporations to wind up their affairs. This seems to have been the view of the Court in the recent case of *Louisville Joint*

Stock Land Bank v. *Radford* (Frazier-Lemke Act), where that great liberal, Justice Brandeis, wrote:

If the public interest requires and permits the taking of property of individual mortgagees in order to relieve the necessities of individual mortgagors, resort must be had to proceedings by eminent domain, so that, through taxation, the burden of the relief afforded in the public interest may be borne by the public.

Even property dedicated to a public use remains the property of its owners, subject to their management, and may not be taken without just compensation (*Interstate Commerce Commission* v. *Oregon-Washington Railway Co.*, 288 U. S. 14). Compare section 3 (4) of the Interstate Commerce Act requiring reasonable compensation to be paid for the use of railroad terminal facilities (49 U. S. C., sec. 3 (4), with section 11 of this bill.

This all sums up in the words of the Supreme Court:

The power to *regulate* is not the power to *destroy*, and *limitation* is not *confiscation* (*40 Railroad Commission cases*, 116 U. S. 307–331).

Regulation is not prohibition. See *Adams* v. *Turner* (224 U. S. 590, 593), where the Court said:

"Because abuses may, and probably do, grow up in connection with this business is adequate reason for hedging it about by proper regulations. But *this is not enough to justify destruction of one's right to follow a distinctly useful calling in an upright way*. Certainly there is no profession, possibly no business, which does not offer peculiar opportunities for reprehensible practices; and as to every one of them no doubt some can be found quite ready earnestly to maintain that *its suppression would be in the public interest*. Skillfully directed agitation might also bring about apparent condemnation of any of them by the public. Happily for all, the fundamental guaranties of the Constitution cannot be freely submerged if and whenever some ostensible justification is advanced and the police power invoked."

The conclusion is that the "death sentence" in the Senate bill is an unconstitutional exercise of congressional power for the following reasons, among others:

First. It is arbitrary and capricious.

Second. It is a delegation of legislative power without adequate standards.

Third. It invades the reserved power of the States.

Fourth. It is doubtful if the typical holding company is engaged in interstate commerce through ownership and the exercise of business management in utility companies, and especially so if the local utilities do not transmit electrical energy over State lines.

Fifth. Granting fourth above, the power of Congress over such holding companies is the power to regulate and not the power to destroy.

Sixth. It takes private property without compensation and without due process of law.

Even if constitutional, it is not "necessary or proper" to execute the death sentence. The remedy is to be found in other appropriate methods. Among them are (a) the Sherman Antitrust Act; (b) the right to inquire as to charges made by holding companies to utility companies, as clearly laid down in Smith against Illinois Bell Telephone Co.; and (c) stringent regulations of the sale and pitiless publicity of company affairs underlying the sale of utility securities in interstate commerce. I also advocate the return to a small income tax on intercorporate dividends, such as we had during the World War; and, in addition, exemptions from stock transfer and other taxes, so that reorganization and simplification of "sausage string" holding companies can go forward without being penalized for doing something admittedly in the public interest.

I intended to limit this discussion to the legal phases only of the bill. I cannot, however, close without a brief reference to the wisdom of the bill. I cannot do this better than by giving these two quotations from a man trained in the law, a great statesman who exhausted his life in the service of his country, and one whose leadership in difficult days gave luster to the party of which I am a humble member. I refer to Woodrow Wilson.

Before the American Bar Association at Chattanooga, Tenn., he said in 1910:

Corporations do not do wrong. Individuals do wrong. You cannot punish corporations. Fines fall upon the wrong persons; more heavily upon the innocent than upon the guilty * * * upon the stockholders and the customers rather than upon the men who direct the business. If you dissolve the offending corporations, you throw great undertakings out of gear. You merely drive what you are seeking to check into other forms * * * to the infinite loss of thousands of entirely innocent persons and to the great inconvenience of society as a whole. Law can never accomplish its objects in that way. It can never bring peace or command respect by such futilities.

And in a message to Congress on January 20, 1914, as President of the United States, he uttered these words, which are fraught with meaning even now:

Nothing hampers business like uncertainty. Nothing daunts or discourages it like the necessity to take chances, to run the risk of falling under the condemnation of the law before it can make sure just what the law is.

For five long years, under the Senate bill, no holding company and few operating companies "can make sure just what the law is."

No bill could be better calculated to impede recovery, deflate values, and freeze uncertainty. Business cannot go forward—men cannot go back to work with a death sentence over their heads.

DEDICATION OF JAMES RUSSELL LOWELL SCHOOL AT TEANECK, N. J.

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing an address that I made at the dedication of the new James Russell Lowell School at Teaneck, N. J.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. KENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address which I delivered on June 14, 1935, at the dedication of the new James Russell Lowell School at Teaneck, N. J.:

It is my first and very pleasant duty to thank the board of education and you of Teaneck for the privilege of participating in the dedication exercises of this new edifice—the James Russell Lowell School.

A word of commendation is now justly appropriate. All credit is due your board of education, township officials, and your local organizations and public-spirited citizens. To your many achievements in Teaneck you have added this accomplishment.

When you were prompted to undertake the building of this school, you were confronted with a decidedly practical problem. You could not go into the market to sell your school bonds. There was no market for them. The usual method of financing a school project was not available to you. Finances necessary for the purpose were lacking.

Yet there seems always to be a practical way of doing things. I might relate an incident in the career of the great Lincoln. He was in the military service of the United States during the Black Hawk war. Although in rank a captain his military training was circumscribed, his knowledge of military terms exceedingly limited. In line of duty he found himself at the head of his troops leading his company over the country side. Suddenly he sighted a high fence directly ahead of them. He thought hard and he thought fast, but he could not, try as he did, recall any command for scaling a fence. However, he did remember the fundamentals and called them into play. Turning to his men, he gave the command "Company halt." He remembered that. And he recalled another well-known command which he gave, "Company rest." Then, while his men were resting he used his characteristic common, practical sense. Beckoning his lieutenant to him he whispered, "When you form the company again do it on the other side of the fence."

In that way Lincoln overcame his immediate problem. Like him, in your dilemma you mastered your situation.

Calling upon the Public Works Administrator for cooperation in overcoming the obstacles you encountered, you succeeded in having him deal with the matter in such a way as to gain your objective. Your good judgment in contacting the Government, with your faith in yourselves and the future, fortified by the stability of your community, resulted in a solution of your school problem.

By an act of the Seventy-third Congress, President Roosevelt was authorized to create the Administration of Public Works for the purpose, among other things, of constructing, financing, or aiding in the constructing or financing of any public-works project, including the building of schools. The Public Works Administration, of which Hon. Harold L. Ickes is the Administrator, by virtue of that act, became possessed of public-works funds made available by the Congress upon the recommendation of the President. Out of these funds came the financing of this school erected to the greater glory of education.

It is the proper function of government to lend its aid in times of stress and economic crises; to give aid to all weakening or tottering props of the economic structure. So it was that the Government set up agencies to loan to the banks and even to purchase preferred stocks in our banking and other financial and insurance institutions for their preservation; to protect the surplus and, in some cases, life earnings of our people by providing for the guaranty of their bank deposits; to refinance the homes of our home owners, giving stability to the home, which was disappearing rap-

idly through ever-increasing foreclosures in every section of the country; to save the farm to the farmer by extending credit where credit was due; to furnish financial aid to the railroads, agriculture, and industry; and to revive housing by guaranteeing construction and mortgage loans. All these things and others the Government did in an endeavor to solve our problems, and while there are problems still to be met, they are only problems which can and will be solved; and there was, of course, brought into being the comprehensive program of public works designed to furnish a large measure of reemployment so vital to economic recovery.

You were the very first to obtain the benefit of public-works financing for school purposes in the State of New Jersey. On November 23, 1933, the Public Works Administration allotted to your board of education to construct this school the sum of $215,000, loan and grant.

As a consequence you have constructed this new fireproof, two-story, elementary school building, with a combined auditorium and gymnasium, consisting of approximately 600,000 cubic feet. The construction, including the installation of equipment, amounted to $187,000. The number of men employed during the 11 months of construction was between 50 and 60, or a total of 56,000 man-hours at 30 hours a week. The labor expenditure amounted to $68,599, and the cost of material, involving other labor, was estimated at $108,658.

This school, a public necessity, was constructed to relieve the serious congested condition at the two elementary schools which had an enrollment in one school of 468 pupils with a normal seating capacity of 315 and in the other school an enrollment of 342 pupils with a normal seating capacity of 196. This new school has a capacity of 455 pupils, and will provide school facilities for the 300 excess enrollment of the overcrowded elementary school.

In the public-works program for the increase of educational facilities a total allotment of $5,472,000 has been made to the State of New Jersey for the construction and remodeling of 26 schools and colleges. Of this total amount there are 2 projects completed at a total cost of $311,000, 18 projects under construction at a cost of $3,722,200, and 6 projects to be placed under construction in the near future at a cost of $1,438,800. Among the latter is the new wing to the Teaneck High School, for which an allotment of $635,000, loan and grant, has been made. The bids for the construction of this high-school addition will be received during the coming week. The building of the wing will then quickly proceed for the early elimination of the overcrowded condition in the high school.

The township of Teaneck has grown by leaps and bounds. From a population of 2,082 in 1910 there has been a growth, increasing with the years, until now there is a population in excess of 20,000. There is a reason. You have created an ideal community. You have builded well. Your homes, your schools, your churches reflect the character of your people. Teaneck is becoming more and more sought by homemakers. While there was a stoppage of home building everywhere else, homes were being erected here, and are still being built and occupied.

With the increase in population, educational facilities, at first adequate, failed to meet the needs of your children. Each year brought an additional enrollment of pupils in your schools. Additional school room had to be provided if you were to discharge the duty good citizenship placed upon you. You have selected good teachers for your children—which is all important—and now you are assured of proper and ample classrooms. In effecting these things, you have not missed the aim of education, which, to me, is nothing more nor less than an endeavor to bring up the new generation according to our ideals, equipping them as well or better than we are equipped to live lives of useful occupation, of honor and integrity and of progress, partaking of and preserving the benefits of American principles and institutions.

You are to be commended, too, in so fittingly naming this school in honor of James Russell Lowell, author, poet, lawyer, diplomat, man of letters. The influence of his genius permeates every classroom of the schools of America. His works are known to every school boy and girl. A great American, he was a leader of sound political thought for which the citizens of Teaneck are noted—an attribute which you evidently desire to have imparted to your children by the very choice for this school of the name of Lowell, whose life, character, and works offer, in and of themselves, an ideal American education.

Despite the difficulties which beset us, we cannot help but feel contented in the thought that our God in Heaven looks down approvingly upon this noble undertaking for our children, and on this occasion, this June evening, we must experience a keen sense of the feeling expressed by Lowell in the Vision of Sir Launfal, in these words:

"And what is so rare as a day in June?
Then, if ever, come perfect days;
Then Heaven tries the earth if it be in tune
And over it softly her warm ear lays."

Mr. TRUAX. Mr. Speaker, on the last roll call I was listening and failed to hear my name called. If I had heard it, I would have voted "aye" for the rule.

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. HANCOCK of North Carolina in the chair.

The Clerk read the title of the bill.

Mr. BUCHANAN. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN]. I ask that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. MILLARD. I object. The face of the eagle on the mace is turned to the wall.

Mr. RANKIN. Mr. Chairman, there is so much confusion on this side I did not hear what the gentleman said.

Mr. MILLARD. I said I objected to dispensing with reading of the bill. The face of the eagle on the mace is bowed down and turned to the wall, ashamed of what the Democrats are doing.

Mr. RANKIN. I ask unanimous consent that the eagle be turned around. [Laughter.]

The CHAIRMAN. The Clerk will read the bill.

The Clerk read the bill.

During the reading the following occurred:

Mr. RANKIN. Mr. Chairman, I move that the further reading of the bill be dispensed with.

Mr. MICHENER. I make the point of order that that is not in order.

The CHAIRMAN. The point of order is well taken. The Clerk will read.

The Clerk continued reading the bill.

Mr. PARSONS. Mr. Chairman, I ask unanimous consent to dispense with the further reading of the bill.

Mr. MILLARD. I object.

Mr. EKWALL. Mr. Chairman, I make the point of order that under the rules the Clerk must read slowly in well-measured tones.

The CHAIRMAN. The Chair overrules the point of order and the Clerk will read.

The Clerk continued reading the bill.

Mr. PARSONS. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. PARSONS. Is it not within the province of the Chair to compel Members who want to hear the bill read to stay in the Chamber and listen to every word that is read?

The CHAIRMAN. The Chair presumes that those who desire to hear the bill read will remain here.

The Clerk proceeded with the reading of the bill.

Mr. RICH. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eleven Members present, a quorum.

The Clerk resumed the reading of the bill.

Mr. PARSONS. Mr. Chairman, I ask unanimous consent that the further reading of the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. McLEAN. Mr. Chairman, I object.

The Clerk resumed the reading of the bill.

Mr. TREADWAY. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count.

Mr. HOOK. Mr. Chairman, I make the point of order that that is dilatory.

Mr. TREADWAY. I object to any remarks being made while the Chair is counting.

The CHAIRMAN. The gentleman from Michigan is not in order. The Chair will count. [After counting.] One hundred and one Members present, a quorum.

The Clerk concluded the reading of the bill.

The CHAIRMAN. Under the rule the gentleman from Texas [Mr. BUCHANAN] is entitled to 1 hour and the gentleman from New York [Mr. TABER] is entitled to 1 hour.

Mr. BUCHANAN. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I take this time for the purpose of calling attention to the provision in the bill for

the extensions and replacements in veterans' hospitals. It is found on page 48 of the bill and page 13 of the report. The Veterans' Committee held hearings some time ago, and we had before us representatives from the veterans' organizations, and also the Director of the Veterans' Administration, General Hines.

They submitted their programs, we got them together, and the Federal Board of Hospitalization has worked out these extensions. With the exception of 1 or 2 or 3 new units, that will be necessary which are now being worked out by the Federal Board of Hospitalization, this will virtually complete our veterans' hospital program and will furnish sufficient beds to take care of the present load. This legislation was particularly necessary because of the fact that the mental cases were not only overcrowding our hospitals but many of them were without beds or room in these hospitals. I make this statement as Chairman of the Committee on World War Veterans' Legislation to let Members know what the situation is.

Mr. THURSTON. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. THURSTON. This increases the capacity from approximately 20,000 beds to 30,000 beds.

Mr. RANKIN. Yes.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. DONDERO. I notice one provision in the State of Michigan is a matter of 164 beds at Camp Custer. We have a hospital in Detroit with 150 beds, and we have 8 more patients than beds.

Mr. RANKIN. We went into that proposition and the Federal Board of Hospitalization is working now on the Detroit proposition.

Mr. DONDERO. So that matter will still be taken care of in some way?

Mr. RANKIN. We hope so.

Mr. DONDERO. We have to send these patients out of the State of Michigan, either to Chicago or to Dayton, away from their homes for hospitalization, and we do not think it is the right thing to do.

Mr. RANKIN. I agree with the gentleman from Michigan, and I called these facts to the attention of the Federal Board of Hospitalization. I have asked them to work out something to take care of the situation in Detroit.

Mr. HARLAN. The gentleman is not indicating that it is in any way a hardship on the veterans to be sent to Dayton, is he?

Mr. DONDERO. I do think it is a hardship on the veterans and upon their families. That is a very fine hospital at Dayton, but these patients have to be sent there away from home.

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. LLOYD. I introduced at the request of the American Legion a bill providing for 160 beds at American Lake Hospital. I do not find it here, and I am wondering if it received the approval of General Hines.

Mr. RANKIN. If it is not in list, it did not.

Mr. LLOYD. Does the gentleman know whether or not any other provision outside of this is being made for it?

Mr. RANKIN. I do not, unless it is going to be a new unit. There are some things that could not be included in this bill, but will probably be taken care of later.

Mr. HOOK. May I say in regard to the question asked by the gentleman from Michigan [Mr. DONDERO], I have taken that matter up with the Hospitalization Board and with General Hines.

A subcommittee has been appointed with Surgeon General Cumming as chairman. They will have hearings on the Michigan situation, and I feel satisfied that the Michigan hospital situation will be taken care of.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. RANKIN] has expired.

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman 2 or 3 additional minutes.

Mr. PARSONS. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. PARSONS. The gentleman will remember that the gentleman from Illinois [Mr. ARNOLD] introduced a bill for a new veterans' hospital in southern Illinois to take care of southern Illinois, western Kentucky, and southeastern Missouri. Does the gentleman know if any action has been taken on that matter?

Mr. RANKIN. That matter is before the Federal Board of Hospitalization now.

Mr. STEFAN. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. STEFAN. Would this bill take up a question like the Nebraska hospital, where it is necessary to send some of the veterans in those hospitals in Iowa on account of overcrowding? Is there anything taken up with regard to the veterans' hospital at Lincoln, for instance, in this bill?

Mr. RANKIN. Is that a neuropsychiatric hospital?

Mr. STEFAN. I think it is.

Mr. RANKIN. If it is, these allocations are supposed to provide for that load.

Mr. STEFAN. They are not sending these men any great distance, are they?

Mr. RANKIN. I think not.

Mr. THOM. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. THOM. These new units that are in contemplation are intended for mental cases, are they not?

Mr. RANKIN. I think possibly there are one or two of them contemplated that are general hospitals. For instance, there is one colored hospital to be constructed. The colored hospitals are overcrowded, and we are asking for an additional hospital for negro patients.

Mr. BUCHANAN. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. BUCHANAN. I will state for the information of the gentleman that 7,000 of 11,000 beds are intended for mental cases.

Mr. RANKIN. That is true. These mental cases must be provided for.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. RANKIN] has again expired.

Mr. BUCHANAN. Mr. Chairman, I yield myself 15 minutes.

Manifestly it is not possible to review this bill in 15 minutes, so I am going to touch the high spots only.

The total Budget estimates before the committee for consideration amounted to $356,665,601.80. Your committee conducted a searching investigation into every item with a view to applying the pruning knife wherever efficient administration could be procured with a less amount. As a result, we allowed $224,477,561.80 of that amount, or a reduction of $132,188,040.13. In other words, we have reduced these estimates more than one-third.

I wish to refer to this reduction. I told you we cut the estimates $132,188,040.13. These items of reduction consist first of $23,862,750.78 supposed to be due the Philippine Islands by reason of the action of our President in reducing the gold content of the gold dollar. In the last session of Congress we passed an act authorizing this appropriation. At that time I probably did vote for that act. I have since investigated more fully the facts and now I believe that nothing is due the Philippine government. We will discuss that later, however, under the 5-minute rule.

The next reduction is $20,000,000 from the $40,000,000 for the paid-in surplus of the land banks. The representatives of the Farm Credit Administration conceded this reduction.

We have made a general reduction in various items of $1,839,481.25, items too numerous to mention, many of them small, but they total up to this figure.

General public works decreased $86,490,808.

You will recall that when Congress convened last January the President sent up an estimate in the 1936 Budget for $300,000,000 for public works in a lump sum. After we passed the $4,880,000,000 appropriation for relief and work relief, and after a transfer which Congress made from this

$300,000,000 to the $4,880,000,000, I requested the Bureau of the Budget to review the remainder of that estimate of $300,000,000, which had been sent up, with a view to seeing how much more could be transferred from it to the work and work-relief appropriation. In other words, every dollar transferred from the $300,000,000 appropriation to the work and work-relief appropriation would be that much saved in expenditure to the taxpayers. He took it up and conferred with the President and sent in several revisions. As the result of this transfer made by Congress and the revisions suggested by the President, there was a total decrease to start with in this $300,000,000 of $76,000,000, of which $45,000,000 was a net decrease made by the transfer effected by Congress, and $31,000,000 resulted by the revisions made by the Executive. So we cooperated in bringing about this economy.

In addition to this, there are further reductions by the committee of a net amount of $10,490,808, making the total of $86,490,808 to which I have referred.

The amount we allowed, $224,477,561.80, was divided into three parts. Title I, $50,370,899.81, which are the deficiencies for 1935 and prior years, and the regular supplemental appropriations for the years 1935 and 1936. Only $5,000,000 of that $50,000,000 is the ordinary and usual deficiencies that happen every year, and the supplemental amounts for 1935 are a little over $3,000,000. There is no use discussing them. They are fully explained in the report.

The sum of $38,000,000 of that $50,000,000 is a 1936 supplemental to enable the Federal land banks to pay their obligations that arose because the Congress passed two acts reducing the interest rate from an average of 5¼ to 4½ percent on farm mortgages and postponing for 5 years the installments due on the principal borrowed. It was necessary to appropriate that to let them meet those obligations.

There is also a total of about $4,000,000 under title I for other supplemental items for the fiscal year 1936, including $1,000,000 for the projected Air Mail Service from the United States to Asia, $700,000 for payments to contractors with the United States on account of increased costs due to the N. I. R. A., and other justifiable amounts which are fully set forth and explained in the report on the bill. I shall be glad to answer any inquiries about them under the 5-minute rule.

Title III is judgments and authorized claims. It will not be necessary to discuss the third title, because every appropriation under it is made to pay the final judgment of a court or to pay claims that have been audited or settled under the general law. The amount for that is $592,469.99.

The other title, title III, which carries a total of $173,509,192 for general public works, is divided into several subjects and activities. First, the Tennessee Valley Authority. That is allowed $34,675,192. Veterans' hospital improvement, $20,000,000.

Boulder Canyon project, $14,000,000.

Public works, Bureau of Yards and Docks, Navy Department, $13,874,000; increase of Navy, reserve supplies of armament and ammunition, $6,110,000.

Foreign Service buildings, $1,000,000.

Public buildings outside the District of Columbia, $58,000,000.

Public buildings within the District of Columbia, $6,000,000.

Buildings, utilities, and so forth, West Point Military Academy, and the new airdrome in Hawaii, $9,850,000.

Rivers and harbors, $10,000,000.

This makes a total of $173,909,192.

First, the Tennessee Valley Authority: $34,675,192 has been allowed. To begin with, let me state that the Muscle Shoals project started during the war cost the Government $163,000,000. Since we created the Tennessee Valley Authority we appropriated $50,000,000 and $25,000,000, respectively, last fiscal year and this fiscal year, which makes a total of $75,000,000 they have had for expenditure. They have spent or obligated, or will have spent or obligated all of this sum except a little over $10,000,000 by July 1 next.

The first estimate that came to the committee on that project for next year was $60,000,000. I requested the Bureau of the Budget to review it. They reviewed it and reduced it to $50,000,000. Those who control the Tennessee Valley Authority came before the committee and voluntarily reduced the estimate to $42,000,000. Your committee considered it and further reduced it to between $34,000,000 and $35,000,000. So the amount asked to be appropriated has come down from an original estimate of $60,000,000 to an amount allowed of between $34,000,000 and $35,000,000.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BOLTON. Was not authority given in the act creating the Tennessee Valley Authority to issue bonds to the extent of $50,000,000?

Mr. BUCHANAN. Yes; authority was given for them to issue bonds to the extent of $50,000,000 for construction purposes, but this power has never been utilized and not one bond has ever been issued.

Mr. BOLTON. Is any of the $34,000,000 appropriated in this bill to be used for construction purposes?

Mr. BUCHANAN. Yes; all but about $2,000,000 is to be used for construction purposes.

Mr. BOLTON. Why should not bond issues be utilized first?

Mr. BUCHANAN. To be perfectly frank with the gentleman, I doubt if you could sell those bonds unless the Government guaranteed them. Is not this a good answer?

Mr. BOLTON. I think that is a very fair answer.

Mr. BUCHANAN. The next item I shall discuss is the provision for veterans' hospitals, $20,000,000. The facts show that the veterans' hospitals have now in round numbers 23,500 beds for neuropsychiatric cases against an immediate load of 30,247 patients of that type. This money will provide 11,466 new beds, of which 6,835 are for these mental cases. Many of them are now confined in non-Federal institutions, where they are not receiving adequate treatment in some instances. By all means this appropriation should be allowed and these hospital facilities extended. This appropriation is not for new hospitals but is for additions to various existing hospitals, which are strategically situated so as to be in close proximity to a great number of those who stand in need of beds. There is no occasion to discuss this item further. Everyone understands it.

For Boulder Canyon $14,000,000 is carried in this bill, to be used principally for power machinery. Another $14,000,000 will complete the project. They will be producing power at Boulder Canyon by the end of this year, and selling power if the transmission lines are in shape.

For public buildings outside the District of Columbia the original estimate was $45,000,000. I requested the Bureau of the Budget to reconsider it, and they increased it to $53,000,000. I found that that was not enough, because I believed that every Member of Congress should stand upon an equal footing in a general public-buildings program. I was determined that because the building or construction industry has suffered so much by reason of private enterprise not putting up buildings and because so many people were out of employment that it should be scattered or equitably spread throughout the Nation. So I requested Admiral Peoples to submit a figure showing how much it would cost to put one public building in every congressional district in the United States. He submitted an estimate of $58,000,000. Your committee increased the Budget estimate to meet this figure, and I believe it was the right thing to do.

Every congressional district, in order to be eligible, must have a city or town where the postal receipts are $10,000 a year or more. If the receipts are less than that, the general law prohibits the construction of a Government building. There is one exception, and that is if there are other Government activities that need and demand space in that town, then the postal receipts may go below $10,000.

The CHAIRMAN. The gentleman from Texas has consumed 15 minutes.

Mr. BUCHANAN. I yield myself 5 additional minutes.

Mr. SNELL. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. SNELL. In connection with the building of post offices, is the list that was published here 2 or 3 years ago by the Treasury Department followed?

Mr. BUCHANAN. There will be found in our hearings two lists; one called "No. 1" and one "No. 2." No 1 takes into account all of the balance of the buildings that have not been selected under the first appropriation made under House Report 1879, Seventy-third Congress. No. 2 is a list of buildings in other places. The number of buildings in both lists is 1153 and all are upon an equal footing, and a building may be selected out of either list or it may be chosen under certain conditions if not on the list.

Mr. SNELL. And we do not have to follow either one particularly?

Mr. BUCHANAN. Not either one particularly.

Mr. SHORT. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Missouri.

Mr. SHORT. Will each Member of Congress be given a chance to recommend the replacement of buildings in his district?

Mr. BUCHANAN. Does the gentleman know Admiral Peoples personally?

Mr. SHORT. I do not know him personally.

Mr. BUCHANAN. Well, there is not a finer man in the Government service today, or one who is more anxious to cooperate with the Members of Congress in every way than Admiral Peoples.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. Will the gentleman suggest a remedy whereby a Congressman may extricate himself from the embarrassment of selecting a particular town in his district where five or six towns may be eligible?

Mr. BUCHANAN. Just whisper to Admiral Peoples, and he will take the whole blame.

Mr. SHORT. I hope he will allow us to use the marble that we quarry down in Missouri to construct some of these buildings.

Mr. BUCHANAN. There is provided $6,000,000 for buildings in the District of Columbia with an authorization carried in the bill to make a contract for a greater amount.

One of these is the Government Printing Office. Every Member of Congress who has been down to that plant knows that improvements are needed. Some of the present buildings are fire traps and inefficient. We would save close to $400,000 a year if these new buildings are constructed.

Another building is provided for the Comptroller General's office. The bill provides for remodeling the exterior and interior of the old Pension Office Building and adding two wings to increase the space by 389,000 square feet.

Another matter is the improvements at West Point. Of course, when we increased the number of cadets at West Point we were told it would not be necessary to make additional appropriations for buildings by reason of this increase. We were told they could put three cadets in a room if necessary and that is what they will have to do temporarily, but it is not good permanent housing or for the best interest of the boys or the school. Barrack accommodations there are barely sufficient for the average of 1,300 cadets now, and we cannot increase the membership by 600 and not provide for more housing. This provision is necessary if we are suitably to maintain 1,900 cadets at West Point.

Mr. Chairman, that is all I have time to say. If there are any questions, I will be glad to answer them.

Mr. BOLTON. Will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Ohio.

Mr. BOLTON. With reference to West Point, may I ask who testified it would be necessary to appropriate additional money in order to house these additional cadets?

Mr. BUCHANAN. I do not recall the officer's name.

Mr. BOLTON. I happen to be a member of the War Department Appropriations Committee, and it was testified before our subcommittee concerning West Point that no additional money was necessary to be appropriated in order to house these cadets.

Mr. BUCHANAN. The gentleman asks, Who was it that gave this testimony before the deficiency subcommittee?

Mr. BOLTON. Yes.

Mr. BUCHANAN. I do not recall.

Mr. TABER. Colonel Chaffee.

Mr. BUCHANAN. That is his name and in the hearings on this bill he acknowledged such a statement was made and was very fair in his explanation of it.

Mr. SHORT. It is now certain that we are going to have the appointment of these additional cadets?

Mr. BUCHANAN. Yes. The gentleman and other Members of Congress have been notified to hold examinations.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. McLEAN].

Mr. McLEAN. Mr. Chairman, I desire to address my remarks particularly to the item in this measure making appropriation for the Tennessee Valley Authority. It is my contention that this appropriation is premature and wholly out of time.

The scheme of the Tennessee Valley Act, adopted in May 1933, was to provide an Authority to take control of the Government facilities at Muscle Shoals and operate them, as well as build the Norris Dam, and beyond that to be a planning board, which was to make a survey and examination of the territory and report to Congress a plan for the development of the Tennessee Valley.

This provision is particularly set forth in sections 22 and 23 of the act—and I ask unanimous consent to print them as a part of my remarks—wherein the Authority was specifically authorized to make such survey, report to the President, to enable the President to report to Congress, in order that the Congress could control and guide the extent, the sequence, and the nature of the development that was to be determined and developed in the Tennessee Valley:

SEC. 22. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

SEC. 23. The President shall, from time to time, as the work provided for in the preceding section progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section, and for the especial purpose of bringing about in said Tennessee Drainage Basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the economic and social well-being of the people living in said river basin.

Section 23 provides specifically that the President shall, from time to time, as the work provided in section 22 progresses, report to the Congress, who shall determine upon the nature of the development according to the subheads and divisions laid down by section 23.

The Tennessee Valley Authority, in order to carry these operations into effect, was given authority to issue $50,000,000 in bonds, and this bond issue was to be its working capital, together with the income that might come from the sale of electricity, which they had the right to use until such time as Congress should determine upon the extent, the sequence, and the nature of the development to be carried on in that valley.

Now, what has happened? The bonds have not been issued. This may be because they could not sell them, as Chairman BUCHANAN has said, but the fact remains that Dr. Arthur E. Morgan, the president of the Tennessee Valley Authority, testified before the Committee on Appropriations

of the House of Representatives, and when asked why the bonds had not been sold, stated, "It seems to us that that is not the right way to do it."

This is characteristic of this Authority which has been put in charge of the Tennessee Valley. They have arrogated to themselves legislative privileges and prerogatives. They have said to the country, "We have no respect for the mandate of Congress. The way Congress has prescribed for the development of the Tennessee Valley is not the way we think it ought to be done." So they go to the Public Works authority, behind the back of Congress, which illustrates the danger of Congress delegating power and handing $3,300,000,000 to the Public Works Administration—and out of that amount they get $25,000,000 to begin their operations. Then they come in and deceive the committees of Congress and get $50,000,000 more. Then they organize, under the laws of the State of Delaware, a corporation known as the "Electric Home & Farm Authority", a wholly illegal procedure for creatures of Congress, when Congress itself has the right to create corporations and would have given them authority to exercise the functions of a Delaware corporation if we had intended they should do so, but they got from the emergency relief organization another $1,000,000 for the Delaware corporation, which is its invested capital. Then they go to the Reconstruction Finance Corporation, as an independent business organization, a Delaware corporation, and make a contract whereby the Reconstruction Finance Corporation agrees to advance them $10,000,000 of the money of the United States to buy chattel mortgages on electrical equipment. They go to the Conservation Corps and have assigned to their operations between 5,000 and 6,000 men, the cost of which comes out of the appropriations for the Conservation Corps. Then they have a large army of workers assigned to them to help them in their operations from the civil works appropriations and the relief organizations in and around Knoxville and Chattanooga. The number of men engaged in this operation I do not know, but it is considerable.

Then they appropriate for their purposes the sum of $548,650, the receipts from the sale of electricity, so that up to this point they have $86,848,000 to expend exclusive of the cost of C. C. C. and C. W. A. workers, and they have not yet issued the bonds.

We are asked by this bill to add $34,675,000, which will make their expenditure $121,523,000 for their operations up to the present time, and what are they spending it on? Are they spending it upon a program laid out by Congress? Have they reported to Congress what their plan of operation is? Does Congress know where these dams are to be constructed and whether they are a part of a general program for the development of the Tennessee Valley for the public welfare and upon a sensible scale? The report provided for in sections 22 and 23 of the act has not been made to Congress. The survey has not been made, and Congress knows nothing at all about what they have in mind. Nowhere, in all the literature there is on this subject, has anything been told Congress about what the program of the Authority is, how long it will take to complete, or what it will cost. Nowhere, in the annual report of the Tennessee Valley Authority to Congress is there any reference to the scheme of development which they have as to how many dams they ultimately intend to build, and a Member of Congress has to go elsewhere to get the information. I have read some 30 or 40 articles in various publications by, and interviews with, members of the Tennessee Valley Authority. Members will agree with me that the Fortune Magazine is a publication worthy of belief, and there I get this information about what they intend to do.

They intend to complete the Norris Dam, which is one-third completed, at an expense of $34,000,000.

Mr. TABER. Mr Chairman, will the gentleman yield there for a suggestion?

Mr. McLEAN. I will.

Mr. TABER. According to the hearings we had and the figures they submitted to us, the Norris Dam is to cost $36,000,000.

Mr. McLEAN. I thank the gentleman. That adds $2,000,000 more to my calculation.

The Wheeler Dam, which is one-half completed, is to cost $38,000,000.

The Pickwick Dam, just started, will cost $22,000,000.

The Hiawassee Dam will cose $13,000,000.

The French Broad Dam will cost $30,000,000.

The Aurora Dam will cost $42,000,000.

The total for dam construction, with the suggestion of the gentleman from New York [Mr. TABER], will be $181,000,000, to which they have committed the Government of the United States, and this article goes on to state that in addition to these, it is their purpose to construct 20 or 30 additional dams.

I asked Dr. Morgan if this were a true statement, and he said, "No; it is wrong in some respects", and I asked him wherein and he said to the extent of the 20 or 30 additional dams, stating, "We do not intend to build that many additional dams." However, there was no denial of the obligation of $179,000,000.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. McLEAN. I yield.

Mr. BOLTON. Are the various dams which the gentleman has mentioned to be built for power purposes or for navigation purposes as well?

Mr. McLEAN. I may say to the gentleman from Ohio I am not informed, Congress is not informed, no program has been submitted to Congress in accordance with sections 22 and 23 of the act. If they had properly regarded the mandate of that act, we would have before us the information that the gentleman wants.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BOLTON. My idea was that matters of navigation had to be passed upon by the Engineer Corps of the Army.

Mr. McLEAN. I think the Tennessee Valley Authority has taken charge of the entire neighborhood and driven the Army engineers out. This is supposed to be for national defense.

Mr. TABER. Will the gentleman yield?

Mr. McLEAN. I yield.

Mr. TABER. According to the figures submitted to our committee, this is going to cost $192,900,000.

Mr. McLEAN. I will say to the gentleman from New York that this whole situation is so involved that every time we examine one of these witnesses, one of the directors of the T. V. A., you get an entirely different picture.

Mr. MILLARD. The gentleman stated that he had data that he wished to put in, but he has not had the consent of the committee.

Mr. McLEAN. Mr. Chairman, I ask unanimous consent to insert sections 22 and 23 of the Tennessee Valley Authority Act.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McLEAN. This whole proposition is predicated upon national defense. It must have some justification that will bring it within the right of Congress to spend money. So an attempt is made to justify it on the grounds of national defense.

Mr. SHORT. Will the gentleman yield?

Mr. McLEAN. I yield.

Mr. SHORT. Is that why they purchased 25 dairy cows at a cost of $372 per head?

Mr. McLEAN. We cannot inquire into the mental processes of the directors of the T. V. A. I am not familiar with that type of men, for I have not had much experience with them, those who hold Congress in contempt, but they were authorized to dispose of surplus power being generated at Muscle Shoals. They were to use the power to generate and manufacture fertilizer. When the T. V. A. Act of May 13, 1933, was on the floor, many southern gentlemen enthusiastically voted for it because they looked forward to the time when all the farmers of the Tennessee Valley would have cheaper and better fertilizer. Last year they estimated the income from the sale of fertilizer at $507,000. When Dr. Morgan was before the Committee on Military Affairs, I asked him how much fertilizer they had sold. He said they

had sold no fertilizer and did not intend to sell any, that they were only experimenting in a better grade.

So they have abandoned the possibility of getting $507,000 out of the sale of fertilizer, and the wonder to me is why they put it in their budget as anticipated revenue. But having put it in the budget and being engaged in the manufacture of fertilizer, why did they ever abandon it before the end of the fiscal year?

Mr. SHORT. Is it not a fact that their expenditures have far exceeded their estimates, and that their revenues are pitifully below their estimates?

Mr. McLEAN. There is no doubt of it. When you have $75,000,000 allowed to you and you expend $101,000,000, you are exceeding your authorized appropriation and you are liable to indictment in New Jersey, and should be under the Federal law. Let us see what the Authority intends in the matter of national defense. As a matter of fact, it is so much of a subterfuge that when witnesses and directors of the Authority were before the committee and were asked their object and purposes and reasons for it all, after the witness had finished his statement of flood control and reforestation, a member of the committee had to inject the words "national defense" to remind the witness that he is engaged in a national-defense enterprise.

Mr. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. McLEAN. Yes.

Mr. BOLTON. Would the gentleman explain where national defense comes in on the present operation?

Mr. McLEAN. This is all we know, and I shall give you the substance of what Mr. David E. Lilienthal testified to before the committee on that subject.

Mr. BOLTON. My understanding is that the national-defense purpose was to manufacture nitrates. Nitrates are made all over the country, are they not, and not at Muscle Shoals alone?

Mr. McLEAN. I know that we can make most of the nitrates necessary in New Jersey.

The basis of the development is national defense. The production of fertilizer, both as to price and quality, was the primary purpose of many of those who voted for the Tennessee Valley Authority—not only for the benefit of the farmers but because it placed the Government in a position where its fertilizer plants could be immediately turned into war-time production of munitions.

It does not appear that there is any plan or program of the General Staff of the War Department that is being worked out. The chief chemist of the T. V. A. consulted with the Chemical Warfare Division on one or two occasions, but the real idea of national defense has been considered of secondary importance. The attitude of the T. V. A. in this regard can best be gathered from the testimony of Director Lilienthal on that subject before the Committee on Military Affairs—pages 398 to 400—wherein he states that the Authority is obviously not a part of the War Department and has no policy authorization with respect to war; that they know nothing about it; and that they have a physical plant in their custody—in a sense as trustee of the War Department—whenever they call for it. They have no duty to initiate national-defense policies but to carry them out when they have been initiated by the proper officers of the General Staff; the Board has had no conference with the War Department or Navy Department as to what part the Tennessee Valley Authority would play in time of war, and all of its proposed development of power is not related to any war-time activity resulting from any scheme or plan. In spite of the fact that this whole project is predicated upon being useful as a part of the national defense, they have taken no steps to coordinate the resources at their command with other agencies of the Government with which they would be required to cooperate in the event of an emergency.

According to the statement filed by Dr. Morgan with the Committee on Appropriations, the cost of this kind of national defense to the Government of the United States has been $9,854,227, as per the following table which I take from the hearings before the Committee on Appropriations, page 475:

National defense and fertilizer program

	Actual, fiscal year 1934	Allotment, fiscal year 1935	Estimate, fiscal year 1936
A. Muscle Shoals general properties	$513,588	$929,325	$250,000
B. Fertilizer projects, nitrate plant no. 2	560,512	3,064,455	3,508,000
C. Fertilizer demonstrations, Valley States		266,407	762,000
Total, national-defense program	1,074,100	4,260,187	4,520,000

They frankly say that the farmers of the South will get no benefit from this cheap fertilizer unless perhaps the processes which they initiate can be successfully used by private industry, and private industry will cooperate, using T. V. A. methods instead of their own.

Mr. THURSTON. And should it not be made to appear to the House that no fertilizer whatever is being manufactured for the farmer? They are making it for experimental purposes.

Mr. McLEAN. They manufactured it in large amounts and are putting it in storage.

Mr. THURSTON. And just one other matter that I want to have cleared up. When it was stated that the completed project would cost $192,000,000, on page 489 of the hearings, Dr. Arthur E. Morgan states it would cost $250,000,000 when the power plant is completed, so that with the way in which Government matters are handled it will probably aggregate $300,000,000.

Mr. McLEAN. Dr. Morgan has said this is a continuing program. It will never be finished. It will always be a drain on the Treasury. It cannot be self-liquidating. I have said there ought to be a plan and that the board of directors of the Tennessee Valley Authority have no plan. Here is an illustration of the way that they operate in the Tennessee Valley. They built a town called "Norris" to house the employees at the dam. The building of this town illustrates the manner in which the project has been carried on and how little attention is given to estimated cost and expenditure of public funds. Here is an extract from the annual report of the Authority. I preface my remarks by saying that they anticipated this town was going to cost $2,000,000, and when they got through it cost $3,500,000.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

Mr. TABER. I yield to the gentleman 5 minutes more.

Mr. McLEAN. I am reading from the annual report of the Tennessee Valley Authority.

Mr. DUNN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. McLEAN. Yes.

Mr. DUNN of Mississippi. Is the gentleman a member of the firm of Whittemore & McLean, of Elizabeth, N. J.?

Mr. McLEAN. I am.

Mr. DUNN of Mississippi. As a member of that firm the gentleman has long since been connected with a considerable number of public utilities.

Mr. McLEAN. Yes; and many of the banks in the place.

Mr. DUNN of Mississippi. The Electric and Power Trusts.

Mr. McLEAN. I never had a job from any electric company. I never have been connected with any electric corporation; and if I had it would make no difference to me. I am an American before I am an individual.

Mr. DUNN of Mississippi. I just asked the gentleman a question.

Mr. McLEAN. I will answer the question. I do not care anything about that book the gentleman from Mississippi has. I am talking on the merits of the question before the House. Whatever there is there concerns my partners and myself, and if it says that we ever got a dollar out of a power company it is wrong.

Mr. DUNN of Mississippi. But your partners did. Read this.

Mr. McLEAN. No; nor my partners. I do not have to read this. I will tell you something if you want to know what I am.

Mr. DUNN of Mississippi. Will the gentleman read that? I hope the gentleman will not get angry. Will the gentleman just read that?

Mr. McLEAN. I will tell the gentleman something if he wants to know what I am. When I was elected to Congress my name was on the court list as attorney for the Baltimore & Ohio Railroad in my district. It has been quite generally known that I have been attorney for many of the banks in the county, and what my affiliations are.

Mr. DUNN of Mississippi. How about the electric company?

Mr. McLEAN. I never had anything to do with any electric company. That is my misfortune.

Mr. DUNN of Mississippi. Will the gentleman read this?

Mr. McLEAN. The building of the town of Norris is another illustration of the manner in which the project is being carried on and how little attention is given to estimating costs. This is illustrated by the following excerpt from the annual report of the Authority to Congress:

> The camp and town were originally planned to cost about $2,000,000, and to include dormitories for 700 men, cottages for 250 families, buildings for the operation of a training program for workmen, community buildings, and other necessary incidental facilities. Prices of materials and prevailing rates of wages advanced sharply while the town was under construction, and the construction schedule of the dam was advanced, requiring more housing, both in dormitories and dwellings. It appeared at the end of the fiscal year that the total cost of the camp and town, including all overhead, would be about $3,500,000.

Speaking of the first group of houses, the report says:

> Experience in the construction of these Houses indicated costs considerably in excess of estimates, due to advancing material prices, wage rates, and the pressure for rapid completion. The direct cost of construction for labor and materials averaged about $5,200 per house, including direct cost in connection with electrical heating and major electrical equipment of about $750. All overhead items will eventually be allocated and the basis of allocation to be used is being studied. In view of the depression level of rent in surrounding areas, monthly rents were set initially to average about $31 per house.

In other words, in the building of the town of Norris we find the actual cost was 75 percent in excess of that estimated, that rentals were based on depression levels in surrounding areas and not on the cost of construction or a reasonable charge for the accommodations provided, and the Authority states that the allocation of overhead is being studied. Any reasonable business man would have determined the overhead and allocated it to the proper account before the project was started. Furthermore, this town was built with full knowledge of the fact that, upon completion of the Cove Creek-Norris Dam, but 20 or 30 men would be required to carry on operations there and would be all the people available to occupy the houses unless the Government supplied other families with the necessary means. A comparable city to house 3,000 people employed at the Grand Coulee Dam in Washington was built for $1,000,000, and is described in the April 1935 issue of the Reclamation Era, published by the Department of the Interior.

Great stress has been laid upon attracting industries to the Tennessee Valley. The act provides that for 1 year after its enactment liberal terms might be made to attract industries or manufacturing establishments to the neighborhood (section 24). The Authority have had agents going about the country to "sell" the town of Norris to those who might be attracted to the neighborhood. Thus they have entered into competition with the boards of trade of every progressive community in the country, and it is not of record that their expensive bureau maintained for this purpose has brought a single industry to the locality. The limitation provided in the act has expired, but the activity continues.

At a meeting of the Authority on October 13, 1933, the thought was advanced that the Authority must work toward an increase in the use of electricity, and that increased use of current would benefit both the utility companies and the Authority, and attention was directed to the possibility of marketing electrical appliances. It was suggested that the Authority get permission from Congress to do this. Notwithstanding this conviction of the limitation upon their powers without the consent of Congress, the three directors organized the corporation under the laws of the State of Delaware, to which I have referred. The purpose of this corporation is to encourage people to purchase electrical appliances on the installment plan, one of the practices which experts say helped to bring on the depression. The corporation discounts the notes, chattel mortgages, or conditional sales agreements for the manufacturer. The corporation is financed with Government funds and the Government must take the loss of all unpaid installments. The invested capital of the corporation is $1,000,000, made available from Emergency Relief funds, and a credit of $10,000,000 has been set up by the Reconstruction Finance Corporation for its use. In this matter they have flagrantly exceeded their authority, because, had Congress intended that they should undertake any such enterprise, that authority would have been given them. Congress has the power to create corporations and designate their activities and exercise control of expenditures. The wisdom of men who are themselves the agents of Congress undertaking quasi public and private activities by the creation of a corporation under State law and financed with Government funds, is doubtful, and under some circumstances reprehensible. It would seem particularly reprehensible in this instance because of the conviction of the directors that authority for this activity should be obtained from Congress. This activity is wholly illegal, and yet, if I understand the purpose of the Authority correctly, they intend to extend it throughout the country in competition with established manufacturing and financing companies. It appears that this corporation has 22 employees, and that its annual pay roll is $58,900 per year. Two of its executives receive $6,000 each, one receives $4,500, and the others range from $3,200 to $1,440.

The Authority has also organized a Corporation under the laws of the State of Tennessee, known as the "Tennessee Valley Associated Cooperatives, Inc.", the invested capital of which, $300,000, was contributed by the Emergency Relief Administrator. The salary of the Administrator is $6,800 per year. The annual report of the Authority refers to their activities as members of this Corporation as follows:

> The activities of this Corporation were designed primarily to improve the winter diet of as many persons in need of relief as possible. The prevalence of tuberculosis and pellagra showed the necessity for a more correct diet, particularly the use of more green vegetables and dairy products. The cooperative projects aided during the initial period, therefore, included 1 cannery, 2 existing canneries, and a creamery. A regional farmers' cooperative was established in a group of four western North Carolina counties to promote the development and marketing of crops especially suited to the high altitudes of these counties, and began activities with the production of certified seed potatoes for the lowland market. Studies are under way of the possibilities of cooperatives as a way to increase the degree of economic self-support of the region.

This is all that is said on this subject, and it is, therefore, fair to assume that it is all they have to show for an investment of $300,000.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. McLEAN] has again expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. McLEAN. Mr. Chairman, I repeat what was thought to be a solution of the Muscle Shoals situation is rapidly creating other and more serious problems. At the moment the situation is involved in indefiniteness and uncertainty, and if allowed to continue will become more difficult to unravel. Already there has made its appearance a bill by Representative TAYLOR of Tennessee, seeking a contribution by Congress, pointing to the fact that the taking of lands for this development has impaired the value of the bonds of several counties and has placed the burden of the payment of these bonds upon the remaining land owners. In Union County 42 percent of the taxable values of the county have been taken by the Authority, leaving the bonds to be paid by 58 percent of the valuations which were taxable at the time of the bond issue. In Campbell and Anderson Counties 20 percent of the assessable values have been taken out of the tax budgets, in Claiborne County 25 percent, and in Hancock and Grainger Counties 5 percent. This is one of the matters

that will involve the United States in controversy and expense, and should have been thought out with other preliminary matters as a part of a plan of orderly and businesslike procedure. The only thought that the Authority seems to have given this phase of the situation is referred to in its annual report, on page 5, as follows:

> The construction of the Norris Dam will result in cutting one county in two, school districts carrying bonded indebtedness will be submerged, and other changes will bring about a need for adjustments. Studies are under way to work out the necessary adjustments and to produce, if possible, an improvement in social and economic status.

Congress has reason to be anxious because of a lack of knowledge of the objectives of the Authority, and because it has no way of knowing to what extent it is to be involved in contracts or financial outlay. The mandate of Congress providing for an orderly program of development is being ignored by those whom Congress thought would respect its wishes. The Authority has appropriated to itself legislative as well as administrative functions. What was thought to be the solution of the Muscle Shoals situation is rapidly creating other and more serious problems. There are grave dangers in allowing this situation to continue as at present, not the least of which is the attitude of those who constitute the Authority toward the law under which they are acting. Ours is a Government of laws, not of individuals. We cannot hope to exist without respect for law and constituted authority, especially on the part of those who are representatives of the Government.

The Authority has disregarded the mandate of the law, and has seen fit to construe it to suit its own purposes.

All will agree that the way for the Government to fail is by disregard of law and orderly procedure, and by the usurpation of power by those who are placed in a position of authority and who seek to interpret the law to suit their own devices and to carry out purposes far beyond the intent of the Congress or any power which Congress had the right to confer. The procedure of Congress, insofar as I am informed, and the procedure of all law-making bodies has been to enact laws establishing policies to be supplemented by the necessary appropriations to make those policies effective. With meticulous care we plan for the Army, the Navy, and the activities of all administrative governmental departments, and for guidance in all their undertakings they look to the law for the mandate of Congress.

The principle behind this is that we are a free people acting through our accredited Representatives in the Congress of the United States. Those intrusted with any of the functions of government are but the servants of Congress, to which they are accountable. The Tennessee Valley Authority has disregarded this fundamental principle of government. The Congress is not required to reserve any of its prerogatives. Such reservations are inherent. There is only one power that can supplant it and that is the sovereign will of the people. It is a new kind of government when a board or body created by the Congress can ignore it, hold it in contempt, establish policies, and create indebtedness on the assumption that Congress would not even dare to repudiate its acts. Such is the attitude of the T. V. A. They have resolved all doubts in favor of themselves. They have embarked upon a program which Congress never contemplated, and left Congress in ignorance thereof. If this program should fail, the responsibility must fall upon the Congress which created and let run free the instrumentality of government which put it in motion.

The Authority should be required to put its house in order, to comply with sections 22 and 23, to the end that an orderly program may be determined upon and that Congress may have full knowledge of the purposes and intentions of the Authority and act intelligently when occasion arises.

I want to say to the gentleman who is interested in my private career that the people of Union County, N. J., know my standing, they know my affiliations, and they know with whom I have been associated. I have never obscured it from any of them. Furthermore, whenever I have an opponent who is engaged in a meritorious proposition, honestly convinced of the cause which he is advocating, trying to lay before the people the true facts of the situation, trying to even make the President of the United States know how he is being imposed upon, I hope never to use the kind of tactics that have been advanced here today. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

Mr. LUDLOW. Mr. Chairman, I yield 20 minutes to the gentleman from Iowa [Mr. BIERMANN].

Mr. BIERMANN. Mr. Chairman, this bill contains some appropriations for public buildings in the city of Washington and some appropriations for the Army and the Navy. I think it is not inappropriate to call the attention of the Committee to some of the figures regarding the costs of public buildings in Washington and regarding the Army and Navy appropriations up to date.

I want to read the costs of some of the main public buildings in this city. I shall leave out the odd figures in order to not confuse the reading.

The Archives Building cost $8,500,000, the Commerce Building cost $17,000,000, the connecting wing between the Department of Labor and the Interstate Commerce Commission cost approximately $2,000,000, the Internal Revenue Building cost $8,000,000, the Interstate Commerce Commission Building cost approximately $4,500,000, the Department of Justice cost $10,000,000, the Department of Labor cost approximately $5,000,000, the Post Office Department cost a little over $9,000,000. All the magnificent buildings within the triangle cost $65,951,433.64. The total cost of the Treasury Building up to date is a little more than $8,000,000. The total cost of this magnificent building—the Capitol—is approximately $15,000,000. The total cost of the Library Building, including the book stacks, an addition to the library, and the auditorium, something over $9,000,000. The total cost of all buildings in the triangle, the Treasury Department, the Capitol, and the Library is ninety-eight and one-half million dollars. These figures on the triangle buildings and the Treasury Department are secured from the Procurement Division of the Treasury Department. The other figures are secured from the Architect of the Capitol.

Some of those buildings are luxuriously magnificent. Some of them are equipped with a magnificence to which many people have objected, and I think rather rightfully, but the spending on our public buildings is not a drop in the bucket compared to the spending we have already authorized on the Army and Navy this year and that we probably are going to continue to authorize in the future.

The War Department appropriation for the 1936 year is $401,998,000. That figure is an increase of $50,000,000 over the current year.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. LUNDEEN. It seems to me that just a few years ago, under another administration, the ship *George Washington*, costing $40,000,000, was towed out into the Atlantic Ocean and sunk. That is about half the value of all the buildings the gentleman has mentioned. Just a moment ago we heard a speech about the huge sums of money invested in the Tennessee Valley Authority. After all, this is a development of resources within the United States and for the American people.

Mr. BIERMANN. I thank the gentleman for his observation.

This appropriation of $401,000,000 does not include P. W. A. allotments, which, as set forth on page 6 of the report on the Army appropriations bill by the gentleman from Arkansas [Mr. PARKS], run into hundreds of millions of dollars.

The Navy appropriation bill passed this House carrying appropriations of approximately $459,000,000, an increase of $172,000,000 over the current fiscal year. If no increase is made in the Navy appropriation bill in conference the total appropriation for war preparedness for the next fiscal year will be more than $860,000,000. The P. W. A. allotments will surely bring our expenditures on the Army and Navy above $1,000,000,000 for 1936.

It is interesting to me to note what it costs the people of this country to run its Army and Navy by the day and by

the month. It costs the American people in appropriations made by this Congress, aside from the P. W. A. allotments, $71,720,000 to run our Army and Navy Departments 1 month. It costs more than $2,350,000 to run these departments 1 day. Every month we spend on our Army and our Navy, exclusive of the P. W. A. moneys, more than the total cost of all the magnificent buildings in the Triangle. In a month and 12 days we spend on our Army and our Navy more money than the Government has spent to erect all the public buildings in the Triangle, plus the cost of the Treasury Building, plus the cost of this magnificent Capitol Building, plus the cost of the Congressional Library and its annex.

I am well aware of the fact that it does no good at this time to talk about Army and Navy expenditures. I am well aware of the fact that this body is obsessed with the idea that we have to "prepare" ourselves against some foreign foe; but I want to leave this thought in the minds of those who are listening to me, that you cannot get any Army or Navy officer, I do not care how low or how high his rank, to sign his name to a statement setting out any plan under which any foreign nation or combination of foreign nations could land soldiers on the continental United States.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. LUNDEEN. I think the gentleman is absolutely correct in his statement. If we would only listen to the Father of his Country, George Washington, and read his Farewell Address instead of simply giving it lip service, and follow his policy of being friends with all and trading with all, but keeping out of the quarrels of other nations, we could save a lot of this money.

Mr. BIERMANN. I am sure we could. It is well to remember that in the World War the Allies had the two largest navies in the world, besides the Navy of France and several other powers, yet these navies of the Allies failed to take any land fortification, failed to take a single German port, and, so far as I know, they never fired a hostile shot onto German soil from the water. All the navies of the Allies that massed at Gallipoli were unable to maintain their foothold. Yet we are making these appropriations for battleships, some costing $29,000,000, and airplane carriers costing $40,000,000 under the theory that some foreign foe or combination of foreign foes can transport soldiers over 3,000 miles of Atlantic or 5,000 miles of Pacific water and land them on our shores in sufficient numbers to make them a menace to our country. I repeat, that I venture the assertion that you cannot get an Army officer or a Navy officer of any rank whatsoever to sign his name to any statement that will show how any foreign foe or combination of foreign forces can successfully attack the continental United States; yet we are making these appropriations in the name of preparation to defend our own shores. Admiral Stirling recently urged that we use our Navy to combine with other countries in an attack on Russia. But I venture to say that neither this warlike gentleman nor any other navy man is willing to endanger his reputation by saying that all the other navies of the world combined could successfully attack the continental United States.

I agree that we may see the time that airplanes will be able to fly across the ocean and drop poison gas or disease germs on the other shore. But I am sure that no Army or Navy officer of repute will say that battleships or cruisers are a defense against them. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TABER. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. MILLARD].

Mr. MILLARD. Mr. Chairman, it seems appropriate, at a time when the Congress is making appropriations to cover money deficiencies in the governmental departments, to point out what to me are deficiencies in other directions, not monetary, but in policies with their possible results.

We are spending vast sums to combat an economic situation from which the United States, with the rest of the world, has suffered during the past 6 years. It is appalling what this has cost us. The actual and estimated Federal exenditures for 1934, 1935, and 1936 amount to $24,206,533,000. From 1789 to 1913, according to the last annual report of the Secretary of the Treasury, a period of 124 years, the expenses of the Federal Government amounted to $24,521,845,000, only $300,000,000 more spent in 124 years than during the last 3 for the operation of the Federal Government. And it was the President himself who, during his campaign for election, accused the Hoover administration "of being the greatest spending administration in peace time in all history, one which piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs of reduced earning power of the people." In the month following this acquisition in another campaign speech the President said:

> I regard reduction in Federal spending as one of the most important issues in this campaign. In my opinion, it is the most direct and effective contribution that Government can make to business.

This is now forgotten, however. Even those charged with directing the present policies have to admit, and do so privately, that we are no further on the road to a normal recovery than we were before the American people became saddled with the tremendous burden of public debt it carries today.

The public-works program, operated at immense cost, has failed because it has not primed the pump. Other nations have tried similar policies and have likewise met with failure. While the P. W. A. made jobs, they were only temporary. There is nothing to replace the projects when they are completed. Billions of the people's money have been appropriated for expenditure under direction of the Public Works Administration. Allotments of these funds in frequent instances furnish examples of action by administrative authority in direct contravention of prior determination of Congress. Reclamation projects, river and harbor improvements, public buildings, and other governmental proposals, denied by Congress after investigation, have been financed by the P. W. A. without reference to the congressional attitude.

When the present administration took office in Washington I was literally swamped with pleas from my constituents to give the new President and his policies my support, to aid him in the fulfillment of his promise to reduce governmental expenditures and balance the Budget, and make it possible for him to test his theories and effect his campaign pledges. Insofar as I was able, I did give the administration my support, but, looking back upon the events of the last 2 years, I am convinced that if we had not been swept along on the hysterical tide, if we had not agreed without due consideration and study to untried visionary proposals, the United States would today be on the road to economic recovery instead of immersed in debt and confusion which will bequeath to future generations intolerable burdens of taxation.

When we took office at this session and at the beginning of the preceding Congress, each of us pledged himself to uphold the Constitution. Notwithstanding this, there have been enacted measures which were known to be unconstitutional and have since been declared so by the Supreme Court, namely, the oil code and the legislation purporting to authorize it, the Railroad Retirement Act, the Frazier-Lemke Act, and the National Industrial Recovery Act. There are others which have not yet reached that Court which will undoubtedly suffer the same fate when their turn comes. It is high time for the Congress to learn that a change may not be made in the Constitution of the United States by a mere wish of the Chief Executive. We have been entirely too complacent and docile in surrendering our function as lawmakers and by doing so have turned the country over to experimenters, making of it a laboratory of experimentation. We have stood by long enough while the press has pointed the finger of scorn at the Congress. We have too far accepted emergency bills of which we had little understanding from the authors of the new deal—those impractical theorists who have been given first consideration while the help of men and women of more than average ability, capable of advising the administration through previous accomplishment in business and the professions, have been distrusted and their advice thrust into the background,

if it was heard at all. Bills were drafted not in accordance with the usual practice but outside of our own committees, presented as drawn and then referred to those committees, and as promptly reported. Time and again the sponsors of the measures, when they reached the floor, were reluctant or unable adequately to explain their meaning or effect. We accepted from the executive departments bills so broad in their scope as to touch every economic activity in America, drawn by persons entirely unfamiliar with the intricacies of legislative drafting, so badly phrased in many cases as to make it impossible for a normal mind to fathom. Though we know the importance of and the necessity for the writing by the Congress of all laws which touch economic operations in unequivocal terms instead of leaving such a function to bureaucrats to do with as they please by means of so-called "regulations", but we are guilty of doing just that. The Congress literally abdicated its constitutional function and created, in the Chief Executive and the heads of the Government departments, such dictatorships as had never been dreamed of even in war time, regardless of a warning by the Supreme Court that the legislative body should be specific in its grants of authority to the Executive. By this means there were enacted, in unprecedented time, a bewildering succession of temporary, unsystematic, self-contradictory, and experimental measures for the control of credit; the control of business; the control of agriculture; the control of transportation; the control of the freedom of the air; and the control of liberty, thereby debasing the currency and the obligations of the United States; terrorizing the banking system; increasing the cost of business in every enterprise; plunging industry into labor warfare; taxing one section of the people for the benefit of another; destroying food and clothing materials in a hungry world; increasing costs of relief and squandering the people's money.

In short, the measures which we have enacted have concentrated an enormous power in the hands of the Chief Executive and thereby subjected the life of every American citizen to detailed regulation by a central authority. One of the results is a condition in our currency and banking that may lead to a ruinous inflation, and the succession of mounting Treasury deficits must be met either by crushing taxation or by inflation. We have built up a universal fear which prevents the creation of credit by the banks and dries up the springs of investment upon which recovery depends. Of equal seriousness is the much larger volume of unemployment than we had a year ago, with 22,000,000 people—1 in every 6 of our population—dependent for subsistence on public relief. That is our record of accomplishment.

Running crisscross through the fabric of our governmental system we find active competition with private enterprise. Business, during this period, has not only had to submit to a bureaucratic control which has no precedent, but has had also to face active competition from its Government.

In its examination into Government competition with private enterprise the special committee appointed by the Congress for that purpose, found that there were not less than 225 items of trade, industry, and professional service affected. The committee found that the Navy Department, in addition to plants for the construction of war vessels and submarines and the manufacturing of munitions, had developed facilities for the production of binoculars and optical goods, anchor chains, rope, cans and drums, paint, varnish, polish, furniture, mattresses, hammocks, propellers, engines, fire extinguishers; that the War and Navy Departments manufacture uniforms, clothing of all kinds, leather and harness goods and saddles; that the War Department at its posts and reservations operates laundries, dry-cleaning and dyeing establishments and commissaries at which all kinds and descriptions of articles are sold, including gasoline; and that similar stores are operated at docks and aboard vessels by the Navy Department; that the War and Navy Departments operate transport services, including the Government-owned Panama Railroad Co.; that Army, Navy, and Marine Bands supplant private bands and orchestras at other than official gatherings and on commercial tours; that the Government Printing Office engages in the manufacture of ink, paste, mucilage, blankbooks, and similar articles; that the manufacture and merchandising of stamped envelopes by the Post Office Department is another example of the encroachment of the Government upon private enterprise; that the Parcel Post Service of the Post Office Department competes with the express companies and the operation of the Postal Savings System with banking. The Federal prisons manufacture shoes, brushes, cotton cloth, tents, and automobile tags which are sold in competition with private enterprise; the Census Bureau engages in the manufacture and repair of computing and tabulating machines; through a so-called "welfare service" restaurants and cafeterias are maintained in Government buildings; the Treasury Department is competing with private architects in the execution of plans for public buildings.

The Government as it now exists was conceived and organized for political and social control and activity. It was not vested with any economic function beyond those essential to the proper exercise of its own functions in coining money, collecting and disbursing revenue, emitting credit, operating post offices and carrying mails, and in developing and maintaining military establishments for the protection of the lives and property of its citizens. It was primarily designed "to promote the general welfare and to conserve to its citizens the rights of 'life, liberty, and the pursuit of happiness.'" The entrance of the Government into commercial and industrial undertakings, backed by public credit and resources and its military and civilian personnel, for the purpose of competing with the business establishments and the opportunities of livelihood of its citizens is, therefore, in general, repugnant to our fundamental democratic institutions and aspirations. Our people, if they so elect, might decide to own and operate their own utilities, or might declare any branch of industry or business to be affected with a public interest, and through proper legal measures might acquire and operate such economic institutions. Even such extreme action, however, under our Constitution would have to be carried out without any confiscation or impairment of private property or property rights, but no constitutional authority exists whatsoever which would permit the Government deliberately to engage in business in any form which competes with and impairs the private business of its citizens except for reasons of economy or fiscal and military expediency.

Notwithstanding this, we are confronted with a proposal to widen the scope of Government competition and control by the operation of electric and gas utility companies and the complete abolition of the holding company, though I am informed that the House will not contain this provision, but in its stead provides for strict regulation of the holding companies. To eliminate the holding companies means the confiscation of private property belonging to approximately 5,000,000 investors throughout the United States who have placed hard-earned life savings in utility stocks. The great majority fall in the low-salary brackets and include men and women in all walks of life, charitable organizations, hospitals, educational institutions, fraternal groups, churches, and church societies, and neighborhood groups.

I have no quarrel with proper regulation. On the contrary, in my opinion, there should be proper regulation, and I should gladly give my support to such a measure; but I would be unwilling to vote for any bill which does not set forth the provisions by which such companies are to be governed. Human frailties being what they are, I think it is unsafe, unsound, and, most of all, unconstitutional, to allow a board of men and women to entirely regulate any industry. We have just passed through an experiment by which the law governing all industries was written by the heads of the N. R. A. as they thought the need arose, and I for one have no intention of harassing any industry with a similar situation again.

Let us grant, then, that we have need for regulation and control. Knowing this, we should carefully study that need and as carefully prepare in unequivocal terms a law which will adequately regulate the industry insofar as the Federal Government constitutionally can.

In considering the holding companies we must not lose sight of the fact that they have their advantages as well

as their disadvantages; by furnishing centralized managerial control to operating companies in the form of highly specialized, highly trained, and highly paid legal, engineering, and accounting talent; aid in financing, combined purchasing power, equipment held under holding company patents, or manufactured by the subsidiaries of the holding company, and means of expansion. These are of inestimable value to the small operating plant and thereby to the community each serves.

Electric energy is essentially a local commodity. It is local as to service, generation, and distribution. Acquaintance with local conditions and valuations is necessary for efficient, economical, and satisfactory regulation. I am informed that only about 17 percent of the energy generated is transmitted in interstate commerce and that not more than 1 to 2 percent of this is actually sold at wholesale for resale, the remaining portion being merely passed by the same company or companies across State lines without any wholesale sales. Production, therefore, is wholly with the States.

During its consideration in the Senate, the sponsors of the so-called "public-utility bill" repeatedly asserted that there is nothing in it which will tend to control intrastate commerce; only interstate commerce. The Senator from Delaware, in an effort to obtain a plain statement on this point, said:

I merely wish to make it clear to the Senate that his (Senator WHEELER'S) theory is that the mere exchange of correspondence between the holding company and the public utility which is operating in a single State, constitutes interstate commerce.

The Senator from Montana replied:

I now cite a case in which the Supreme Court held that by correspondence the operating company was engaged in interstate commerce.

While there has been repeated explanation by those sponsoring the bill in the Senate that it will affect only interstate and will not deal with intrastate commerce, we should not be misled as to just what constitutes interstate commerce, since an operating company, operating in a single State, is transacting business in interstate commerce when it merely writes letters to a holding company.

In the light of our experience with Government operation, we know that it has always been more costly than operation by private enterprise, and it does not take another costly experiment to teach us. No project for the generation, distribution, and sale of power operated by the Government can possibly be as efficient as the same project under private operation.

For an example of Government operation, remember the railroads under Federal control. History shows us that the Government management of the railroads was inefficient, and all of us remember that the railroads were wretchedly conducted; that money was spent and wasted with a prodigality which nothing can defend. During the time in which the Government undertook to manage the railroads, they sustained, despite a generous increase in freight rates, a loss of over a million dollars a day, and the total payments out of the Treasury to support the railroads reached the enormous sum of one and three-quarters billions of dollars. There was universal dissatisfaction with the Government management, and it was a just dissatisfaction. The experiment failed.

The importance of the Wheeler-Rayburn bill does not rest alone with the abolition of the holding company or with the operation of the electric and gas utility companies by the Federal Government. This is the first step on the part of the Federal Government toward the control of all public utilities. If, without due consideration of the result of this step, we place in the hands of the board or commission established with congressional authority to write the law and enforce it, or its equivalent, the operation of gas and electric utilities throughout the United States, we will be called upon at the not too far distant time to bring under Government control all public-utility operations. When we vote on this bill, therefore, we must decide, not only for the present but for the future of all utilities.

When the National Industrial Recovery Act was passed, the Congress agreed to the most extensive transfer of congressional power to an administrative agency ever made. With the N. R. A. the administration hoped to advance recovery by raising wages and thereby the purchasing power of employees and to prevent cutthroat price competition. This is the basis upon which most of the "recovery" program was founded. It was expected that wages would be raised in advance of prices, but the N. R. A. failed to control price advances. By the time the codes had raised wage rates prices had soared so as to offset the pay-roll gains. This promoted scarcity rather than abundance, and aggravated, instead of corrected, many of the worst internal maladjustments, which materially retarded the revival of the construction and capital goods industries. The experiment, as we all know, proved an utter failure and was struggling to draw its last gasps when the Supreme Court branded it unconstitutional. The evils which grew up under the N. R. A. are without number. By the passage of the act the President of the United States was made a dictator over industry. The law governing industry was written within the administration and not by the Congress, but that again was the fault of the Congress in delegating its power.

Altogether the N. R. A. regimented the American people and violated their liberties; it increased production costs and reduced consumption; it retarded rather than fostered recovery; it encouraged industrial strife but failed to improve the lot of labor and it was as casually and frequently disregarded as the prohibition law. The codes resulted in injustice, particularly to the small manufacturer or businessman, favoritism, oppression of small businesses and the growth of monopolies. If the Federal Government is going to supervise industry there must be power to define the jurisdictional limits of industries and trades, just as there is a definiteness in the jurisdictional lines of States.

What I am endeavoring to point out is the injustice we have done the American people by the enactment of this and other laws which are not only unconstitutional but which retard rather than foster recovery. It is high time that the Congress should give deep study to the laws, it passes and think seriously of the constitutionality of their provisions. The passage of unconstitutional laws leads to endless litigation and confusion and great expense to all litigants concerned. What we need is recovery not reform. Reform must come slowly, carefully, cautiously. We owe the electors who sent us here the best that we can give them and we should be able to go before them at election and at all other times and tell them that we gave our support to only those measures which after careful consideration we were assured for the public good. Are we going to continue to pass Federal laws which, socialistic in their character, take from the man who had struggled and put aside for his old age, his life earnings, his security? I know of no human right which is dearer to civilized man than the right to work for, acquire and keep for his own, property. Have we in a republic any constitutional authority to take from our citizens that which they have earned by energy, intelligence, thrift, tenacity of purpose and enterprise? By doing so we stifle initiative and creative energies. In days gone by man worked for the love of work alone. That is not true today. The majority labor for the monetary remuneration and the job is valued by the salary or the power it commands. We can bring about recovery only when governmental measures supplement and not compete with private enterprise. We cannot bring about a normal or abnormal recovery by the smothering of creative energy by the inflexible might of bureaucracy. [Applause.]

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, in the first place I want to compliment the Appropriations Committee for an item contained in this bill which I believe is of vast interest to the Congress and to the country. Some time ago on the floor of the House in connection with a bill which came over from the Senate we heard a very interesting debate on the possibilities of a round-the-world mail service. An item was

included in that Senate bill calling for the appropriation of $2,000,000 for the inauguration of a service between San Francisco, Calif., and Canton, China. At that time the Appropriations Committee informed us that they were not in position to approve such an item because it had never been brought before them by the Post Office Department or by anyone else in the Government service.

At the committee's suggestion the House very wisely rejected the item and it was ultimately stricken from the bill. In the bill we are considering there is contained an item of $1,000,000 for the creation of this trans-Pacific air-mail transportation service. The Department asked for an appropriation of not to exceed $1,800,000 annually, the contract to be let by competitive bidding and the service to be inaugurated with an understanding that it be conducted at regular intervals. The committee reduced the appropriation to $1,000,000, which I feel is enough for the initiation of this service. It is not necessary that the service be increased right away, but it is necessary that the service be instituted.

Mr. Chairman, this service will connect San Francisco, Hawaii, Wake Island, Guam, Manila, and Canton, China. In China it will connect with another service operated by an American company and also a second service operated by a Chinese company which is partly owned by American interests. These two companies in turn will connect up with other lines, which will give the United States virtually a round-the-world service. This is the beginning of a service that will give us a rapid round-the-world air mail transportation system in a short time. Not only that but it offers the United States an opportunity to cultivate a very promising field in China and the other nations of Asia before that field is overdeveloped by competing air-minded nations. Already there is a German line in China. There are English lines in Asia, and it is high time for America to realize that much of the future commerce, mail, passenger, and express business of the world will be carried by airplane. It is time for us to enter this field, to develop its trade possibilities. This is a very important item, and I congratulate the committee for recommending it.

Mr. Chairman, there is another item in this bill that is of interest to those of us who are on the Post Office Committee and that is the item pertaining to the Rural Delivery Service, calling for an increased appropriation of $2,685,000. The reason I mention this appropriation is that there is a possibility that Members of this House will charge this item to the increased equipment allowance which we granted the personnel of the Rural Service when we passed a measure reclassifying salaries in that Service during the last Congress. It is true that the hearings, and perhaps the report on this bill, indicate that this increased appropriation is due to the fact that we increased the equipment pay of the carrier from 4 to 5 cents a mile. It would be true if that was all we did, but that is not exactly the case.

When we passed the bill reclassifying the salaries in the Rural Service we saved the Department approximately $9,200,000 by reducing the wages of the employees of the Rural Service. We did this by extending the standard route from 24 miles to 30 miles and paying the carrier the same wage for carrying the mail over the 30-mile route that we paid him for carrying the mail over the 24-mile route. In addition to that, we reduced the per mile wage of the carrier for all miles in excess of 30 miles from what it was, $30 a mile, to what it has been since the passage of that bill—$20 a mile.

In view of the fact that we have more miles per day than ever before in excess of 30 miles, we are delivering much of our rural mail for $20 per mile, whereas we formerly delivered it for $30 a mile. The record therefore indicates that the bill passed by Congress a year ago permitted the Department to effect a saving of approximately $9,200,000. The equipment allowance was increased from 4 to 5 cents, but by reason of the fact that the Economy Act permitted an additional reduction from 4 cents to 1 cent, there was of necessity an increased appropriation needed. The elimination of the cut in the equipment pay made possible by the Economy Act and the subsequent increase in the equipment allowance from 1 cent to 4 cents and subsequently to 5 cents called for increased appropriations. I want the RECORD to show that the bill which passed the Congress a year ago increased the equipment allowance, and it also effected a saving by reclassifying the salaries and rearranging the method of pay in the rural letter carrier service. Its decreases more than offset its increases.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Wisconsin.

Mr. SCHNEIDER. Is it the opinion of the gentleman from New York that the routes are rather long and that these consolidations and extensions make the routes longer than is necessary or wise?

Mr. MEAD. May I say to the gentleman that our committee on a number of occasions considered the matter of limiting the length of rural routes to 60 miles. The present administration of the Post Office Department has indicated a desire to hold all rural routes to 60 miles, but because of difficulties encountered in rearranging routes that are now in excess of 60 miles it was the desire of the Department that no legislation of that kind be reported by our committee. I may say to the gentleman, however, that the rural letter carrier service, by reason of the constantly increasing mileage and the consolidation of routes, the elimination of fourth-class post offices, and the elimination of star routes has saved many millions of dollars.

We are serving more patrons at less cost to the Department than ever before.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, I wish to call attention to the deficiency appropriation carried in this bill on page 9, under the title of the Tariff Commission, and in this connection I call attention to the testimony of the Secretary and the administrative officer of the Tariff Commission in testifying before the Committee on Appropriations. I desire to read several brief extracts, in order not to take up the time of the committee, from their statement found on page 150 of the hearings:

> Surpassing in importance and in volume all other work of the Commission combined has been the Tariff Commission's activities under the Trade Agreements Act of June 12, 1934.

Then, again—

> Some 31 different committees are dealing with the reciprocal trade negotiation program, special functions, or fields being assigned to each committee.

And, again—

> The highly industrialized and highly competitive European countries present problems far more intricate and difficult, and the staff of the Tariff Commission anticipates a long, busy period as the reciprocal trade negotiation program moves forward.

And, again—

> In effect, the American tariff is today under revision.

I want to repeat this sentence from the administrative officer of the Tariff Commission:

> In effect, the American tariff is today under revision.

May I ask, Mr. Chairman, by what authority is the tariff under revision? Is there any legislation pending in Congress that warrants this statement from an administrative officer? Is there any tariff bill before this House? Is there any tariff measure being considered in the Ways and Means Committee? Not to my knowledge. But the interesting part of this effort, illegally and unconstitutionally to revise the tariff, is in the expense of this revision to the taxpayers.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Let me finish this expense item and then I shall yield to the gentleman.

The Tariff Commission for the year 1936 asked for the sum of $970,000 and in the breakdown of these figures we find that the estimate for 1935 under item 1, the reciprocal trade agreements amendment of June 12, 1934, to the Tariff Act of 1930, is $374,527, and the estimate for 1936 is $426,753. In other words, nearly 50 percent of the entire cost of

the Tariff Commission, in my opinion, is contrary to the Constitution of the United States.

By what authority can the officials of the Tariff Commission say, in effect, that the American tariff is today under revision? The Commission has no right to inaugurate any such revision without reporting to Congress or upon congressional request for information. The reciprocal tariff law is questioned as to its constitutionality, and this question is supported by language in the celebrated decision of the Supreme Court rendered only a few weeks ago.

I now yield to the gentleman from Minnesota.

Mr. LUNDEEN. May I inquire if this is not under the reciprocal tariff paragraph referred to?

Mr. TREADWAY. Oh, certainly.

Mr. LUNDEEN. And in that connection may I say that I voted against that reciprocal tariff act?

Mr. TREADWAY. Yes; and I appreciate the gentleman's good judgment in doing so, because he voted to support the Constitution, while those who put the reciprocal tariff act on the statute books did just the reverse. I put this entire proposition up to our distinguished former colleague here, the present Secretary of State, Cordell Hull, as to the constitutionality of that act when he advocated adoption of his hobby before the Ways and Means Committee. I admire a man with a hobby, and a hobby is a splendid thing to ride, but it is mighty expensive to the taxpayers of the country when, in order to carry out the provisions of such an act, they have to put up $426,000 in order to get estimates that they have no constitutional right to ask for. Further than this, this hobby of the Secretary of State means injury and damage to the industries of this country. I contend this is a hobby he should keep off of, and the voters of this country will aid him next year in getting off of this hobby.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Oregon.

Mr. MOTT. Does the gentleman know of any way the constitutionality of the reciprocal trade agreements law may be tested in the courts?

Mr. TREADWAY. Of course, that is a matter of procedure that must be put up to the individuals involved. As I understand it, the Supreme Court takes up cases from the lower courts where an injury, financial or otherwise, has been shown against an industry or against a firm. This was exactly the basis of the "chicken" decision of a few weeks ago; and in the gentleman's own case, if an agreement is entered into with Canada, with respect to the tariff rate on lumber which affects the industries of the Pacific coast, I hope some of the gentleman's good manufacturers of shingles and lumber out there will bring the matter to the Court here and test out this constitutional question.

Mr. MOTT. If the tariff is interfered with, it will probably ruin the lumber industry of the Pacific coast.

Mr. TREADWAY. The gentleman and his friends and his constituents are entitled to the protection of the Court.

Mr. MOTT. The trouble is to get the question before the Court.

Mr. TREADWAY. I hope they will pursue the policy followed by the chicken man in Brooklyn in bringing the case into the courts and in getting a decision that will be beneficial to everyone concerned.

Mr. MOTT. Many people interested in the lumber industry have inquired about the matter. In case a tariff agreement is negotiated with Canada and the tariff on lumber taken off, they know of no way at present whereby they can get the matter into the courts. I am looking into the question now and I was wondering if the gentleman had any information on the subject.

Mr. TREADWAY. I am pleased the gentleman is interested in the matter.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. FITZPATRICK. What would the gentleman think of taking the tariff entirely out of politics by having a permanent Tariff Commission with the members appointed for life and removable only on charges, and paying them $40,000 a year, so that we may regulate the matter of a tariff on its merits?

Mr. TREADWAY. I should like to know who is going to have the selection of the members of the board before I would agree to that program.

Mr. FITZPATRICK. In this way we would take it out of politics so that it would no longer be a football of politics.

Mr. TREADWAY. It is not in politics now and this kind of procedure is destroying the industries of this country in a manner which I believe is unconstitutional, and the Secretary of State should not have come before the Congress and urged this reciprocal-tariff proposition.

Mr. MILLARD. Would the gentleman from New York approve of a nonpartisan Tariff Commission?

Mr. FITZPATRICK. Positively.

Mr. TREADWAY. We had one once and the Democrats threw it out the window.

Mr. FITZPATRICK. I would favor a nonpartisan commission with full power to act on each individual item on its merits, and until we do provide for this method, the tariff will never be taken out of politics and we will never get the right kind of a tariff.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Massachusetts 5 additional minutes.

Mr. TREADWAY. I have introduced a bill to repeal the Reciprocal Tariff Act, and so has my good friend from Nevada, Mr. SCRUGHAM. That confirms the statement that my friend from New York, Mr. FITZPATRICK, made, that it is nonpartisan. It is a nonpartisan matter or a bipartisan matter. This particular subject of reciprocal tariffs has not been a political football, as it has only been on the statute books for a short time.

Mr. CONNERY. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CONNERY. Does my colleague know that on the ocean rates from Boston, Baltimore, and New York shipping to Europe costs three times as much as the shipping from Europe here on the same ship. These are the rates that the North Atlantic has established, and we cannot make such restrictions.

Mr. TREADWAY. Certainly such discrimination against American shipping is very injurious.

Mr. MILLARD. The gentleman from Massachusetts has had trouble with Japan, and he is very sensitive on the tariff question.

Mr. TREADWAY. We are all having trouble with Japan and some other countries, for they are making goods so cheaply they are putting us out of business. Reciprocal tariff will do the part.

Mr. FITZPATRICK. The gentleman knows that I am for protection.

Mr. TREADWAY. I know that. The gentleman was born in a section where brains count. The gentleman from New York was born in the next town to the one where I first saw the light.

Mr. ARNOLD. Does the gentleman mean to say that the question of man's being born with brains is sectional?

Mr. TREADWAY. Oh, no. We are glad to spare some for the gentleman from Illinois.

Now, as to the statement I have made about reciprocal tariffs, I want to read a few lines from the decision in the Poultry case:

> The Constitution provides that "all legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives" (art. I, sec. 1). And the Congress is authorized "to make all laws which shall be necessary and proper for carrying into execution" its general powers (art. I, sec. 8, par. 18). The Congress is not permitted to abdicate or to transfer to others the essential legislative functions with which it is thus vested.

That is exactly what we have done in the Reciprocal Tariff Act. We have transferred and abdicated our powers to the executive branch to do with as it sees fit. Further the Court said:

> But Congress cannot delegate legislative powers to the President to exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade or industry.

Could there be anything more direct and positive in statement than that reference in the decision of the Supreme Court about this very subject matter about which I am speaking? Then Mr. Justice Cardozo in his separate opinion said:

This is delegation running riot.

Mr. Chairman, I say that while we are obliged to vote these excessive appropriations and deficiencies carried in this bill, it is time our people knew something about the way the expenditures of the Tariff Commission are practically doubled in order to make investigations that are illegal and unconstitutional. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TABER. Mr. Chairman, I yield myself 15 minutes. This bill calls for about $225,000,000. The chairman of the committee, Mr. BUCHANAN, has, I think, done a very good job in cutting down the estimates that were sent here from the President, because he tells us today that he has reduced them approximately $132,000,000. There are still some items in the bill where we are appropriating more money than we should, and where I believe Congress should exercise its proper function of cutting them down.

I am going to talk for a moment or two about the Tennessee Valley Authority. That item, to my mind, is still out of line and should be cut more than it has been. The Tennessee Valley Authority is in the hands of three Commissioners and, frankly, I think I can say without much fear of successful contradiction that that Tennessee Valley Authority degenerated from an institution that was supposed to promote flood control and navigation on the Tennessee River to an institution designed for the relief of millionaire gentlemen farmers down in Tennessee. Without any one who had anything to do with the passage of this act knowing anything about it, they have gone ahead and bought a great lot of fancy, high-priced cattle. They went to one auction held by a millionaire farmer named Farrell in Nashville, Tenn., and bought full-blooded, registered Jersey cows, one for $400, one for $900, one for $750, one for $950, one for $600, another one for $600, and a great lot of them for other prices.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. SNELL. By what authority did they spend money for the purchase of that kind of cattle?

Mr. TABER. I do not think they had any authority.

Mr. SNELL. Then why does the committee appropriate for it?

Mr. TABER. It is not appropriated for here. It is an item that is now under discussion, as I understand it, with the Comptroller General.

Mr. THURSTON. Mr. Chairman, will the gentleman yield?

Mr. TABER. In a moment. The bill for cattle, as I understand it, came to about $5,000, and their business methods were so advanced that they did not pay for them until they were sued for it. They wanted the sheriff's receipt. I yield now to the gentleman from Iowa.

Mr. THURSTON. Was it not a part of the relief program to relieve millionaires who have fine herds of cattle around Nashville, Tenn.?

Mr. TABER. It seems to have degenerated into that.

Mr. GRAY of Pennsylvania. I offer the suggestion to the gentleman that maybe it is good business and it is intended for practice in learning how to milk the country.

Mr. TABER. Oh, they are milking the country all right. Their program runs to $300,000,000, if the country is silly enough to go along with it; but I think the country ought to know the way they are doing business.

Mr. FITZPATRICK. What is the reasonable price for a milch cow? Is it not about $75?

Mr. TABER. I know where they could buy first-class registered Jersey cows for $125, and a milch cow for anywhere around $50 to $60. They had some other operations that indicates the capacity of a superbusiness mind.

For instance, they bought a team of mules for $250 and a little while later they sold that team for $170. They bought a team of horses for $325 and in a little while they sold the team of horses for $191, a profitable transaction. They bought a team of brood mares for $425. One died, and they sold the other for $110. They bought three riding horses, and what riding horses have to do with building dams I do not know and you do not know, but they paid $175 apiece for them. One of them was injured and they killed it, and the other two they sold for $100 apiece. They only lost $75 apiece on those two horses.

Mr. MOTT. Riding horses would have just as much to do with the building of a dam as a milch cow, would they not?

Mr. TABER. Well, it is pretty close running. Then, I have here the aircraft yearbook for 1935. Turning to page 105, we see a picture of the T. V. A. Bellanca transport. Below it says:

One of the six planes operated by the United States Tennessee Valley Authority.

In that same yearbook I find on page 108:

Tennessee Valley Authority of Emergency Relief Administration acquired its own planes and used them extensively for transportation during 1934.

Fairchild Aerial Surveys received contracts for aerial photographic mapping of 50,000 square miles in the areas under development. This work was done with the Fairchild 5-lens camera. It is to be completed early in 1935.

They told us that they did not have 6 airplanes, but they only had 3. They told us that they had 1 that was surplus, transferred from the Department of Commerce; 1 that they paid $18,895.58 for, the Bellanca, and $3,665.60 for the Stearman. They spend a good deal of time riding around the country in airplanes at the expense of the T. V. A.

Mr. EKWALL. Will the gentleman yield?

Mr. TABER. I yield.

Mr. EKWALL. Does the gentleman suspect they were delivering the milk from the milch cows by airplanes?

Mr. TABER. It may have been, or perhaps they were delivering fertilizer. [Laughter.]

Mr. COSTELLO. Will the gentleman yield?

Mr. TABER. I yield.

Mr. COSTELLO. Did they use those airplanes in transportation from the Tennessee Valley to other parts of the country or were they used only in traveling from one part of the valley to another?

Mr. TABER. I understand they go outside the range of the valley when they have an errand on which to go.

Mr. COSTELLO. Were they not largely used for photographing the valley itself, in order to have topographical maps of that valley?

Mr. TABER. I do not know but what perhaps I ought to read a word or two of the gentleman's operations. He said he used it for air mapping, but principally transportation. I cannot turn to it just this minute, but he told us of numerous trips he had taken in an airplane because he could save time and do it much quicker.

Of course, it costs a great deal more money to travel that way. When they have facilities like that they do a lot more traveling than they need to.

Mr. COSTELLO. It may be true that they might travel more than they would if the planes were not available, but due to the tremendous distances in the valley it is necessary to cover the space in a short period of time.

Mr. TABER. I think perhaps that is so. Then they told us they had a great lot of automobiles. As I remember it, they spent about $450,000 on automobiles. Then they also hired automobiles to the tune of $90,000. We were interested in the extent into which they were going into industrial development. Mr. BACON asked the question on page 557 of the hearings:

Do you want industry to come in at all?

Dr. MORGAN. This is a part of a national policy and not a local matter. If the State were doing this, it would be perfectly proper or legal anyway to go out and get industries to come in here. It is our policy not to violate old-line methods of chambers of commerce in stealing industries from other localities.

I have before me a letter from the Cleveland Chamber of Commerce, dated March 22, 1935, which says:

In late June or early July of 1934 Mr. F. Woods Beekman, who described himself as the assistant personnel director of the Tennessee Valley Authority, called on me to secure the names of local persons to act either as industrial commissioner for the T. V. A. or assistants to the industrial commissioner, whose duties were to be the solicitation of industries for the T. V. A. The implication was that while the T. V. A. had no expectation that a large factory would move bodily to Tennessee, as it expanded its facilities it would expand the power zone of the T. V. A.

Now, it is perfectly apparent that those people have been sending out solicitors to get people to move down there. To my mind, that is not the proper function of that organization.

Mr. SHORT. Will the gentleman yield?

Mr. TABER. I yield.

Mr. SHORT. Whether the T. V. A. sends out invitations for industry to come there, will not the effect be, if cheap power is developed with the taxpayers' money, that it will attract industries there?

Mr. TABER. It would be, of course, as long as they go ahead with the program in mind. As I understand it, the immediate program that they have in mind, representing $192,900,000, according to their own testimony on page 587, will only yield in gross revenue from the sale of power $5,000,000. That would be, without charging any depreciation, about 2½ percent on the money that has been invested by the taxpayers of this country.

Mr. SHORT. If the Tennessee Valley Authority can take Federal funds out of the Treasury in Washington—that is, taxes paid by the people in the gentleman's district in New York and people in my district in Missouri—and generate hydroelectric power in the Tennessee Valley to put out of existence existing companies already there, what is there to prevent the Federal Government from going out to St. Louis and building many shoe factories to put out of existence the Hamilton Brown Shoe Co., the International Shoe Co., and other companies?

Mr. TABER. Nothing, unless the Supreme Court shall stop it or this Congress shall have sense enough to put the brakes on and stop that kind of doings.

Mr. FOCHT. Will the gentleman yield?

Mr. TABER. I yield.

Mr. FOCHT. For many years we were all appealed to to favor this proposition. In the ramifications of expenditures, does the gentleman not find anything in the shape of compensation in the shape of nitrates that are to be produced there?

Mr. TABER. They claim that we are developing a type of nitrate which is requiring for its development 50 percent of the power of the Wilson Dam. The Wilson Dam a year ago produced net revenue, according to the tables that they gave us, of $713,000. They tell us that this year it is only going to produce revenue of $136,000.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself the balance of the time.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CRAWFORD. The gentleman states they are developing a new type of fertilizer. Is it the idea that after the method of processing is perfected that it will be passed on to some private concern?

Mr. TABER. That is what was said by Dr. Morgan, the agricultural doctor—there are two Dr. Morgans. I do not know anything about the program, but that is what he told us.

Mr. CRAWFORD. That the process will be passed on to private concerns?

Mr. TABER. It will be made public for anybody in the United States to use in the manufacture of fertilizer.

Mr. CRAWFORD. Will there be any method whereby the Government will control the capitalization of the process worked out by the taxpayers' money?

Mr. TABER. I know nothing about that.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. LUNDEEN. I take it the gentleman is opposed to the development of the Tennessee Valley.

Mr. TABER. I am opposed to the entire performance that has been going on there. I am opposed to going ahead with any more dams than are now built until we see what happens. As I understand it, the dams that have already been built will stop most of the damage from floods. There is no market for the power at present and there is very little market at any time. These people with the "highfalutin" ideas have not even considered power construction along with the dam construction on the last two dams they are building. I think we ought to stop right where we are and not go further until we see what happens.

I do not believe in the Government paying 2 cents to produce electricity and selling it for 1 cent. I think if we are going to do any business, we ought to do it in the right way; and, anyway, I do not believe in the Government engaging in private business.

Mr. LUNDEEN. If the gentleman will yield further, does not the gentleman think that when we need to create jobs it is a good thing to develop the resources of America?

Mr. TABER. This does not create any jobs to speak of. The cost of creating one job runs into $4,000 or $5,000, as I remember the figures, but I will put the exact figures in the RECORD. If we want to create jobs, the proper way is by giving private industry a chance to recover. [Applause.] Then there will be plenty of jobs.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

Mr. GRAY of Pennsylvania. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAY of Pennsylvania. At what stage of the reading of the bill will it be proper to offer amendments?

The CHAIRMAN. This being an appropriation bill, it will be read by paragraphs and not by sections. It will be in order to offer an amendment at the end of the reading of any paragraph.

The Clerk read as follows:

House Office Building: For an additional amount for maintenance, including the same objects specified under this head in the Legislative Branch Appropriation Act, 1935, $5,000.

Mr. FOCHT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall speak as closely as I can to the amendment. I know you will be interested, and I hope you always are when I speak, because I am not like the man who made a speech and introduced himself by saying, "One good thing about this speech, I am the last man on the program, and there won't be anything worse to follow." I cannot tell what is going to happen later this afternoon.

Just to illustrate how small the world is, on yesterday afternoon we heard read in this House a message in which the President gave us some notice of what is going to happen to those of us who happen to be millionaires. As an indication of how universal such thoughts may be, my friend FLETCHER, from Ohio, is a very close friend of an author in my home county, a man also well known to former Speaker Rainey and the late William Jennings Bryan, all four being Chautauqua lecturers of national note. The author, Lee Francis Lybarger, of Union County, Pa., I refer to, has written a book entitled "The Big National Gamble." I say to you now that the system proposed by the President yesterday was drawn from this book, first printed last January. This shows how universal the question is, and also that even the White House may draw knowledge from my own county, from this Chautauqua lecturer, Professor Lybarger, brilliant orator, scholar, and philosopher. The President did well in selecting the theories of Professor Lybarger as his guide, although I am in hearty disagreement with most of the heresy enunciated by both.

The Clerk read as follows:

GOVERNMENT PRINTING OFFICE

For payment to Samuel Robinson, William Madden, Preston L. George, and William S. Houston, messengers on night duty during the first session of the Seventy-fourth Congress, $900 each; in all, $3,600, to be paid from the appropriation for printing and binding for Congress for the fiscal year 1935.

Mr. GRAY of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAY of Pennsylvania: Page 4, line 13, after the word "Houston", insert "Oscar W. Eady, Michael Kostick, Vincent G. Andrews, Daniel O'Connell, Walter Stewart, Philip A. McCall, and William S. Smith, messengers on duty during the first session of the Seventy-fourth Congress, $900 each; in all, $9,900."

Mr. TABER. Mr. Chairman, I make the point of order against the amendment that it is not authorized by law.

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. GRAY of Pennsylvania. Is this not an appropriation bill?

The CHAIRMAN. Yes; this is an appropriation bill.

Mr. GRAY of Pennsylvania. Is it not proper, then, to offer this amendment?

The CHAIRMAN. The gentleman from New York makes the point of order against the amendment that there is no authorization for it. The Chair sustains the point of order.

The Clerk read as follows:

EMPLOYEES' COMPENSATION COMMISSION

Salaries and expenses: For an additional amount for salaries and expenses for the United States Employees' Compensation Commission, including the same objects specified under this head in the Independent Offices Appropriation Act, 1928, $1.25.

Mr. CARLSON. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Mr. CARLSON moves to amend H. R. 8554, page 6, by inserting a new paragraph following line 6, entitled "Federal Trade Commission":

"For payment to Mrs. William E. Humphrey, or executor of the estate of William E. Humphrey, $3,017 amount due as salary at time of his death as member of Federal Trade Commission."

Mr. BUCHANAN. Mr. Chairman, I make the point of order that the amendment is new legislation in that the judgment has not been certified according to law.

Mr. CARLSON. Mr. Chairman, I wish to be heard on the point of order. This is a judgment against our Government which is at present pending in the Court of Claims, and the amendment, in my opinion, is not subject to a point of order.

The CHAIRMAN. Has the judgment been certified to Congress?

Mr. CARLSON. It has not, but it will be in a short time. Will the gentleman reserve his point of order?

Mr. BUCHANAN. No; I insist upon the point of order. I think all appropriations of money out of the Federal Treasury should be by regular, systematic methods. When a final judgment has been rendered against the Government by any court, it should be certified to the Congress so that we will have the certified record of the judgment and not depend on what this man says or what that man says, and, as a matter of fact, that is what the law requires. I insist that all money be appropriated out of the Treasury of the United States according to law.

The CHAIRMAN. The Chair is ready to rule.

Mr. CARLSON. Mr. Chairman, we are all familiar with the Supreme Court decision in this matter, and there is no question what the outcome will be. This appropriation will be allowed in the next session of Congress without doubt, and I believe it should be made at this time.

Mr. BUCHANAN. I would suggest to the gentleman that he get the certification of the judgment in the regular way sent to the Senate when this bill comes up for consideration over there.

The CHAIRMAN. The Chair is ready to rule. Under the law, judgments have to be certified to the Congress before an appropriation is made; therefore the Chair sustains the point of order.

The Clerk read as follows:

National Training School for Boys, contract: For an additional amount of care and maintenance of boys committed to the National Training School for Boys by the courts of the District of Columbia under a contract made by the Board of Public Welfare with the authorities of such school for the following fiscal years:
For 1934, $12,590.19;
1935, $60,000.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 15, line 14, strike out the word "of" and insert in lieu thereof the word "for."

Mr. TABER. Mr. Chairman, there are two "ofs" in that line.

Mr. BUCHANAN. I refer to the first one.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BUCHANAN].

The amendment was agreed to.

The Clerk read as follows:

Contingent expenses: For an additional amount for contingent expenses of the Department of the Interior, fiscal year 1935, including the same objects specified under this head in the Department of the Interior Appropriation Act, fiscal year 1935, fiscal years 1935 and 1936, $5,000.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 24, line 15, after the word "Interior", strike out the word "fiscal", and in line 16 strike out the words "year 1935."

The amendment was agreed to.

The Clerk read as follows:

Printing and binding: For an additional amount for printing and binding for the Bureau of Mines, fiscal years 1935 and 1936, $8,000.

Mr. BOILEAU. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been a good deal of time consumed this afternoon in what I assumed at the time was a well-organized filibuster. I should like to know what happened to the filibuster.

Mr. SNELL. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from New York.

Mr. SNELL. The gentleman made reference to me. I have not filibustered. I thought earlier this afternoon we on this side were not being used properly, and I resented it then and I will resent it again, but that had nothing to do with a filibuster.

Mr. BOILEAU. I did not refer to the gentleman himself.

Mr. BLANTON. Mr. Speaker, have we a mediator whom we could send over to the other side of the aisle to conciliate and get this domestic trouble over there adjusted?

Mr. BOILEAU. Mr. Chairman, as I stated, a good deal of time was consumed needlessly this afternoon in what I thought was a well-organized filibuster. I cast no reflection upon any gentleman in making this statement. In view of the fact we have wasted a good deal of time, and in view of the fact that apparently there are no controversial matters in this bill, as it is being read scientifically page after page so rapidly that no Member can possibly know what is being read, and I do not reflect on the Clerk, I ask unanimous consent at this time, in the hope of being able to reclaim some of the wasted time, that the bill may be considered as read, and that amendments may be offered to any part of the bill at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. BUCHANAN and Mr. MARTIN of Massachusetts objected.

Mr. BOILEAU. Mr. Chairman, I do not see the necessity for reading the bill in this manner. If it is the desire that we adequately consider the bill, I assume it would be possible to put the matter over until some other day or else have a quorum here for the consideration of the bill. I hope the

gentleman from Massachusetts will reconsider his objection to the request which I made, because I assure him that the request was made in order to expedite matters and with no thought of depriving any Member of the right to offer amendments.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. The gentleman from Wisconsin knows that there were several others objected in addition to myself. May I ask the gentleman if he does not think that Members of the House have a right to offer amendments, or would he deprive them of that privilege?

Mr. BOILEAU. The gentleman did not understand my request. This is not a personal matter with me. I simply asked that the bill be considered as read and that all Members may have the opportunity to offer amendments to any part of the bill, thus doing away with the reading of the same. It is being read in such a way that we certainly cannot hope to follow its reading, and I admit that this is a practice that has been well established in the House.

Mr. MARTIN of Massachusetts. If it has been well established, then the gentleman does not approve of it, if he is a progressive.

Mr. BOILEAU. I am perfectly willing that the Members should have adequate opportunity to offer amendments.

Mr. BLANTON. During this time we could have finished reading the bill by reading it scientifically. [Laughter.]

Mr. BOILEAU. Perhaps we could, but we have not been going as rapidly as I should like.

Mr. SHORT. The gentleman from Wisconsin certainly is not filibustering.

Mr. BOILEAU. Not at all. In view of the fact there are apparent differences between the majority party and the Republican Party in which the Progressives and Farmer-Laborites have no part, I thought it perhaps would not be inadvisable for us to show some disapproval of this general procedure. As a matter of fact, I may state that some of us who are neither Republicans nor Democrats, have been considering the advisability of voicing our protest by continuing the procedure a little longer, but I shall not make any such effort now.

Mr. BLANTON. Mr. Chairman, a point of order. If we are operating under a rule cutting off general debate, what is the use of having such a rule if we are going to continue to allow general debate?

[Here the gavel fell.]

The Clerk read as follows:

For an additional amount for the maintenance and operation of Freedmen's Hospital, fiscal year 1935, including the same objects specified under this head in the Department of the Interior Appropriation Act for the fiscal year 1935, fiscal years 1935 and 1936, $4,000, of which amount one-half shall be chargeable to the District of Columbia and paid in like manner as other appropriations of the District of Columbia are paid.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment to correct the text of the bill.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 26, line 25, strike out the words "fiscal year 1935."

The amendment was agreed to.

The Clerk read as follows:

United States penitentiary, Leavenworth, Kans., $22,000.

Mr. FOCHT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOCHT: On page 31, after line 2, insert: "Northeastern Penitentiary, Lewisburg, Pa., $200,000 for the erection of suitable homes for the accommodation of the officials and associate directing heads of that institution, the sites to be selected by the Director of the Bureau of Prisons, United States Department of Justice."

Mr. BUCHANAN. Mr. Chairman, I make the point of order against the amendment that it is not authorized by law and is legislation on an appropriation bill.

Mr. FOCHT. I may say, Mr. Chairman, the amendment is similar in character and exactly in line with the other appropriations for the other penitentiaries.

Mr. BLANTON. But there is no law authorizing it.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

Expenses, Emergency Banking, Gold Reserve, and Silver Purchase Acts: The unobligated balance of the appropriation of $2,000,000 for "National Banking Emergency, Act March 9, 1933", contained in the Emergency Banking Act, approved March 9, 1933, and the unobligated balance of the appropriation of $4,500,000 for "Expenses, Emergency Banking, Gold Reserve, and Silver Purchase Acts, 1934 and 1935", contained in the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934, are hereby consolidated, effective July 1, 1936, into an appropriation account, "Expenses, Emergency Banking, Gold Reserve, and Silver Purchase Acts", to remain available until June 30, 1936, and to be expended under the direction of the Secretary of the Treasury for any purpose in connection with the carrying out of the provisions of the Emergency Banking Act, approved March 9, 1933 (48 Stat. 1), the Gold Reserve Act of 1934, approved January 30, 1934 (48 Stat. 337), the Silver Purchase Act of 1934, approved June 19, 1934 (48 Stat. 1178), any Executive orders, proclamations, and regulations issued under the foregoing acts, and section 3653 of the Revised Statutes, including costs of transportation, insurance, and protection of gold coin, gold bullion, and gold certificates transferred to Federal Reserve banks and branches, United States mints and assay offices, and the Treasury, after March 9, 1933, losses sustained by Federal Reserve banks due to abrasion of gold coin, and reimbursement to Federal Reserve banks and branches for expenses incurred by them in carrying out instructions issued by the Secretary of the Treasury after March 4, 1933.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment to correct the language of the bill.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 41, line 14, strike out "1936" and insert in lieu thereof "1935."

The amendment was agreed to.

The Clerk read down to and including line 12, on page 47.

Mr. BUCHANAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HANCOCK of North Carolina, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8554, the deficiency appropriation bill, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BUCK, today, on account of important business.

To Mr. POLK, for 1 week, on account of important business.

To Mr. OLIVER, for the rest of the week, on account of illness.

To Mr. STEAGALL, account of death in family.

MONUMENT TO GROVER CLEVELAND

Mr. CELLER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 147, authorizing the erection of a monument to Grover Cleveland in Washington, D. C., with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 2, lines 6 and 7, strike out "Public Buildings and Public Parks of the National Capital" and insert "The National Park Service, Department of the Interior."

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on concurring in the Senate amendment.

The Senate amendment was concurred in.

A motion to reconsider the vote by which the Senate amendment was concurred in was laid on the table.

SOCIAL-SECURITY BILL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child

welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH.

WHAT I WOULD DO IF I WERE PRESIDENT

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a small quotation.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, Young America, a news weekly for youth, some time ago offered a free trip and a week's stay in Washington, D. C., to the winners in a contest for writing the two best essays on What I Would Do If I Were President. Thousands of entries poured in for this competition, which was opened to all boys and girls under 16 years of age. The 10 essays from each division of the United States which were considered the most meritorious by the editors were submitted to a final jury consisting of Arthur Brisbane, Walter Lippmann, and Henry R. Luce for final judgment. The winners in the final contest were Master Gordon B. McLendon, 14, of Idabel, Okla., and Margy Lazarus, 12, of Brooklyn, N. Y. I am proud to say that Gordon McLendon comes from my district and his prize-winning essay is as follows:

If I were President, I would encourage Congress to conclude its labors and return home. Business hardly knows what to expect while the legislative mills are grinding.

I would not worry about balancing the National Budget. This is impossible in the face of such heavy Federal expenditures. This can be taken care of when the recovery program is more advanced.

I would secure the bonus bill enactment with a provision for $1,000,000,000 for its financing to be paid by issuance of silver certificates, thus causing slight but controlled inflation. This would add impetus to national recovery.

I would encourage foreign trade with the United States through permanent representatives stationed abroad.

Stamp out the dole as it is un-American.

Stay out of the World Court, League of Nations, and avoid foreign entanglements.

Stop squandering public moneys on dredging unnavigable rivers and useless attempts to grow forests on barren plains.

Stop making Federal laws that encroach upon State rights.

Would not require taxes on incomes of less than $5,000 but would increase taxes on incomes and inheritances in the higher brackets.

Grant loans to infant aircraft manufacturers and transport companies, slightly increase our standing Army, and encouragement of National Guard training.

Maintain navy comparable to the navies of other great powers.

With these things accomplished the United States would gain the admiration of the civilized world and result in a happy, prosperous, and contented people.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 314. An act for the relief of Vito Valentino; and

S. 1052. An act for the relief of the Washington Post Co.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 59. An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes; and

H. R. 2739. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 33 minutes p. m.) the House adjourned until tomorrow, Friday, June 21, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

387. A letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Public Resolution No. 18, Seventy-third Congress (S. J. Res. 74), three copies of the domestic and residential electric energy rates in the State of New Mexico on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

388. A letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Public Resolution No. 18, Seventy-third Congress (S. J. Res. 74), three copies of the domestic and residential electric energy rates in the State of Oregon on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

389. A letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Public Resolution No. 18, Seventy-third Congress (S. J. Res. 74), three copies of the domestic and residential electric energy rates in the State of Utah on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

390. A letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Public Resolution No. 18, Seventy-third Congress (S. J. Res. 74), three copies of the domestic and residential electric energy rates in the State of New Hampshire on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

391. A letter from the Secretary of War, transmitting pursuant to section 10 of the Flood Control Act, approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated June 17, 1935, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Little Miami River, Ohio, for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation; to the Committee on Flood Control.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MAVERICK: Committee on Military Affairs. H. R. 3419. A bill to repeal a portion of section 12 of the act approved May 18, 1917 (40 Stat. 82); without amendment (Rept. No. 1274). Referred to the House Calendar.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 8140. A bill to provide for the retirement and retirement annuities of civilian members of the teaching staffs at the United States Naval Academy and the Postgraduate School, the United States Naval Academy; without amendment (Rept. No. 1275). Referred to the Committee of the Whole House on the state of the Union.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 4340. A bill to restrict habitual commuting of aliens from foreign contiguous territory to engage in skilled or unskilled labor or employment in continental United States; with amendment (Rept. No. 1276). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 8555. A bill to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes; without amendment (Rept. No. 1277). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of New Hampshire: Committee on Military Affairs. S. 457. An act for the relief of John W. Beck; without amendment (Rept. No. 1272). Referred to the Committee of the Whole House.

Mr. ROGERS of New Hampshire: Committee on Military Affairs. S. 886. An act for the relief of Marino Ambrogi; without amendment (Rept. No. 1273). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KENNEY: A bill (H. R. 8585) to authorize the purchase of the bust of Abraham Lincoln by Charles Henry Niehaus; to the Committee on the Library.

By Mr. McREYNOLDS: A bill (H. R. 8586) granting the consent of Congress to the State of Tennessee and certain of its political subdivisions to construct, maintain, and operate a toll bridge across the Tennessee River at or near a point between Dayton and Decatur, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H. R. 8587) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. ROGERS of Oklahoma (by departmental request): A bill (H. R. 8588) to authorize the deposit and investment of Indian funds; to the Committee on Indian Affairs.

By Mr. BLAND: Resolution (H. Res. 268) for the consideration of H. R. 8555; to the Committee on Rules.

By Mr. NICHOLS: Resolution (H. Res. 269) authorizing the Committee on Territories to hold hearings on H. R. 3034; to the Committee on Rules.

Also, resolution (H. Res. 270) providing expenses for hearings authorized by House Resolution 269; to the Committee on Accounts.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, supporting Senate bill 1793; to the Committee on Indian Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FIESINGER: A bill (H. R. 8589) granting an increase of pension to Rachael M. Kuhn; to the Committee on Invalid Pensions.

By Mr. HOBBS: A bill (H. R. 8590) for the relief of Mrs. Willie McNelly Todd; to the Committee on Claims.

By Mr. KOPPLEMANN: A bill (H. R. 8591) granting a pension to Rose D. Carleton; to the Committee on Pensions.

By Mr. MASON: A bill (H. R. 8592) granting a pension to Charles E. Waters; to the Committee on Pensions.

Also, a bill (H. R. 8593) for the relief of William H. Harris; to the Committee on Military Affairs.

Also, a bill (H. R. 8594) granting a pension to Jimmie Robert Walsh; to the Committee on Pensions.

By Mr. QUINN: A bill (H. R. 8595) to correct the naval record of Emanuel R. McCusker; to the Committee on Naval Affairs.

By Mr. SHORT: A bill (H. R. 8596) granting a pension to Mary Jane Patterson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8923. By Mr. ANDREWS of New York: Petition of the Legislature of the State of New York, urging allocation of funds by Secretary Ickes for slum clearance in borough of Brooklyn, N. Y.; to the Committee on Ways and Means.

8924. Also, petition of the Legislature of the State of New York, urging enactment of legislation to humanize immigration laws for reuniting of persons and families; to the Committee on Immigration and Naturalization.

8925. Also, petition of the Legislature of the State of New York, urging legislation for the relief of George S. Ward, a citizen of New York; to the Committee on Claims.

8926. Also, petition of the Legislature of the State of New York, urging repeal of current taxes on sales of gasoline; to the Committee on Ways and Means.

8927. Also, petition of the Legislature of the State of New York, favoring legislation to commemorate General Pulaski's birthday; to the Committee on the Judiciary.

8928. Also, petition of the Legislature of the State of New York, referring to legislation for regulation in interstate commerce by motor carriers; to the Committee on Interstate and Foreign Commerce.

8929. Also, petition of the Legislature of the State of New York, recommending public works for the benefit of the city of Cohoes, N. Y.; to the Committee on Ways and Means.

8930. Also, petition of the Legislature of the State of New York, favoring passage of the social-security bill; to the Committee on Ways and Means.

8931. Also, petition of the Legislature of the State of New York, urging legislation to prevent lynching; to the Committee on the Judiciary.

8932. By Mr. FORD of California: Joint Resolution No. 22, of the California Assembly, requesting the President and the Congress to cause an invitation to be extended to the peoples of the world to participate in the Pacific Exposition at Los Angeles during 1937–38; to the Committee on Foreign Affairs.

8933. Also, resolution of the California Legislature, memorializing Congress to repeal the act entitled "An act to amend the Tariff Act of 1930", by which reciprocal trading pacts are being secretly negotiated; also, California Assembly resolution, asking that military training and service be accorded to all citizens alike without consideration of race or color; and California Assembly resolution petitioning the President to give favorable consideration to Senate bill 1793, which provides relief for the Indians of California; to the Committee on Ways and Means.

8934. Also, resolution of the California Assembly, memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; also, a resolution memorializing the President and Congress to provide remunerative employment for the blind citizens of the United States and its possessions; and memorializing the President and Congress to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on Pensions.

8935. By Mr. JOHNSON of Texas: Petition of David Murphy, vice president City National Bank; C. A. Chambers, manager Munger Cotton Oil Co.; J. Sandford Smith, president Prendergast Smith National Bank; Mexia Chamber of Commerce, all of Mexia, Tex., opposing the Dockweiler bill, eliminating inedible Philippine coconut oil from excise tax; to the Committee on Ways and Means.

8936. By Mr. KRAMER: Resolution of the Assembly of the California Legislature, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on Pensions.

8937. Also, resolution of the Assembly of the California Legislature, relative to memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; to the Committee on Pensions.

8938. Also, resolution of the Assembly of the California Legislature, relative to memorializing the President and the Congress of the United States to enact House bill 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor of the House of Representatives

to expedite consideration favorable to said bill; to the Committee on Labor.

8939. By Mr. PFEIFER: Petition of Branch Y, Local 4, National Federation Federal Employees, Stapleton, Staten Island, N. Y., favoring House bills 8458 and 8459; to the Committee on the Civil Service.

8940. By Mr. RUDD: Petition of Branch Y, Local 4, National Federation Federal Employees' St. George, Staten Island, N. Y., favoring the 30-day annual cumulative leave bill (H. R. 8458) and 15-day cumulative sick leave bill (H. R. 8459); to the Committee on the Civil Service.

8941. By the SPEAKER: Petition of the city and county of Honolulu, Hawaii; to the Committee on the Territories.

SENATE

FRIDAY, JUNE 21, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 20, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 147) authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 314. An act for the relief of Vito Valentino;

S. 1052. An act for the relief of The Washington Post Co.; and

H. J. Res. 147. Joint resolution authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

SUPPLEMENTAL ESTIMATE, LIBRARY OF CONGRESS (S. DOC. NO. 74)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation (relative to books for the adult blind) for the legislative establishment, and pertaining to the Library of Congress, fiscal year 1936, in the sum of $75,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, NATIONAL CAPITAL PARK AND PLANNING COMMISSION (S. DOC. NO. 73)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the National Capital Park and Planning Commission, to be immediately available and to remain available until expended, amounting to $800,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF THE INTERIOR (S. DOC. NO. 72)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting two supplemental estimates of appropriations (pertaining to legislative expenses, Territory of Alaska, 1935, and the temporary government for the Virgin Islands, 1936) for the Department of the Interior, fiscal year 1935, $3,050, and for the fiscal year 1936, $40,000; in all, $43,500, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, PETROLEUM ADMINISTRATION (S. DOC. NO. 75)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental (revised) estimate of appropriation for the Department of the Interior, fiscal year 1936, in the amount of $600,000 (being a substitute for the estimate transmitted to Congress under date of May 15, 1935, and printed in H. Doc. No. 186, 74th Cong.), to carry out the provisions of law to regulate interstate and foreign commerce in petroleum and its products by prohibiting the shipment in such commerce of petroleum and its products produced in violation of State law, etc., which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolutions of the Legislature of the State of New York, which were referred to the Committee on Commerce:

Whereas in 1921 the States of New York and New Jersey entered into a compact whereby they undertook the future planning and development of the port of New York and created the Port of New York Authority as their joint agent and trustee to provide adequate highway and railway communication within the port of New York district; and

Whereas in 1922, with the approval of Congress, the two States adopted a comprehensive plan for the development of the port of New York, with particular regard to railroad facilities and improvements; and

Whereas in 1931, by chapter 47, Laws of New York, 1931, and chapter 4, Laws of New Jersey, 1931, the two States declared and agreed that the vehicular traffic movement across the waters between the States of New York and New Jersey constituted a general movement of traffic, and further agreed that the construction, maintenance, operation, and control of all such bridges and tunnels heretofore and hereafter authorized by the two States should be unified under the Port Authority; and

Whereas the Port Authority is now operating the George Washington Bridge and the Holland Tunnel, constructed at an aggregate cost of approximately $95,000,000, and is engaged in the construction of the Midtown Hudson Tunnel at a cost of approximately $38,000,000, which said facility was included in the comprehensive program of public works pursuant to the National Industrial Recovery Act, and is now in the course of construction; and

Whereas in 1890 the North River Bridge Co. procured a corporate charter from Congress authorizing it to construct a railroad and vehicular bridge across the Hudson River between the State of New Jersey and the city of New York, and to build freight terminals in connection therewith; and

Whereas the said company originally planned to build such bridge in Hoboken, N. J., but has revised and altered its plans and now intends to build it in the vicinity of Fifty-seventh Street and to a corresponding point over the Hudson River in the State of New Jersey; and

Whereas although 45 years have elapsed, such bridge has not been constructed and the plans therefor are still on paper and the two States have since developed and are effectuating a railroad and vehicular program in the port district; and

Whereas there is not and will not for many years to come be sufficient vehicular traffic across the Hudson River in the mid-Manhattan area to justify the construction of both the Midtown Hudson Tunnel and the proposed Fifty-seventh Street bridge; and

Whereas the proposed bridge is in direct conflict with all elements of the carefully conceived plans of the two States for the solution of the railroad and vehicular-communication problems in the port of New York district, and tends to place these plans and the interests of the two States in jeopardy and is contrary to sound Federal and State policy: Now, therefore, be it

Resolved (if the senate concur), That the President and Congress of the United States are hereby memorialized and requested to repeal the charter of the North River Bridge Co., which was granted by act of Congress of the United States (ch. 669, 1889–90, 51st Cong., and Public Act No. 350, 67th Cong., 1922); and

That a copy of this resolution be transmitted by the Secretary of State to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Mem-

ber of the Senate and House of Representatives of the United States from the State of New York.

Whereas the unimproved portion of the Champlain and Erie Canals, in its present condition, is objectionable to a large number of the residents of the city of Cohoes; and

Whereas such portion of the canal is no longer used for navigation purposes; and

Whereas it is desirable that such canal or waterway be changed to a subterranean stream or channel from a point known as "Waste Weir No. 1" of the old Champlain Canal to the northerly boundary of the city of Cohoes, thus preserving any useful features that might be feasible for water power or other purposes; and

Whereas such useful and necessary work would be of great benefit to the city of Cohoes and the State at large and would provide unemployment relief: Now, therefore, be it

Resolved (if the senate concur), That the Federal Public Works Administration be and respectfully is hereby memorialized to include in the contemplated public-works project the aforesaid improvement; and be it further

Resolved (if the senate concur), That such administration be and is hereby respectfully requested to allocate such funds to complete this project; and be it further

Resolved (if the senate concur), That copies of this resolution be transmitted to the Secretary of the Interior of the United States, to members of the Public Works Administration, and to each Member of Congress of the United States Senate elected from the State of New York.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Finance:

Whereas the Congress of the United States of America has imposed a tax upon all sales of gasoline; and

Whereas the State of New York and the other several States of the United States have already imposed taxes upon such sales; and

Whereas the Federal tax on such sales is untimely and prohibitive and, coupled with the respective State taxes on such sales, places a burden upon the users of gasoline beyond that which they should carry and beyond that which the traffic can legitimately bear; and

Whereas the taxation of sales of gasoline should properly be left to the exclusive use of the States as a means of providing funds for road construction and maintenance and unemployment relief projects: Now, therefore, be it

Resolved (if the senate concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact with all convenient speed such legislation as may be necessary to abolish the Federal gasoline sales tax and to surrender to the States exclusively the power to tax such sales in the future; and be it further

Resolved (if the senate concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New York, and that the latter be urged to use their best offices to procure the enactment of such legislation as will accomplish the purposes of this resolution.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Immigration:

Whereas the rigid enforcement of our Federal immigration laws is, and has been in the past, the cause of separating persons lawfully residing in the United States from their wives and families by denying to such wives and families entrance into this country, and

Whereas such separation of families strikes at the very foundation of our social, economic, and political structure and tends to disrupt our ideals of home and family life and break down its influence upon our national existence, and

Whereas such a situation necessitates the separate maintenance of families outside the United States by such persons lawfully residing in this country, resulting in the annual exportation of large sums of money earned in the United States to foreign countries for such support and maintenance: Now be it

Resolved (if the senate concur), That the Congress of the United States be and it hereby is respectfully memorialized to enact with all convenient speed such legislation as may be necessary to humanize the immigration laws of the United States and to provide for the reuniting of such persons and their families; and be it further

Resolved (if the senate concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives of the United States, the Secretary of the United States Senate, and to each Member of Congress elected from the State of New York and that the latter be urged to use their best offices to procure the enactment of such legislation as will accomplish the purposes of this resolution.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Military Affairs:

Whereas George S. Ward, a former member of the Army Medical Corps, recently has been a needy case in a hospital within the State of New York; and

Whereas the physical disability from which the said George S. Ward has suffered is reported to have directly resulted from his voluntarily submitting to medical experiments under the direction of Army medical officers; and

Whereas the said George S. Ward has been publicly credited with having been instrumental in eliminating the scourge of typhoid fever; and

Whereas his impairment in health resulting from such experiment has contributed to the cause of his present financial distress to the extent that he has become in part dependent upon the public for support; and

Whereas certain legislation is now pending in the Congress of the United States designed to compensate the said George S. Ward for his great courage and self-sacrifice in the cause of public health: Now, therefore, be it

Resolved (if the senate concur), That the Congress of the United States be, and hereby is, respectfully memorialized to enact such legislation to provide a suitable pension to the said public benefactor; and be it further

Resolved (if the senate concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, to the Secretary of the Senate, and to each Member of Congress and United States Senator elected from the State of New York.

The VICE PRESIDENT also laid before the Senate the following resolution of the Legislature of the State of New York, which was ordered to lie on the table:

Whereas a resolution providing for the President of the United States of America to proclaim October 11 of each year as "General Pulaski's Memorial Day" for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski is now pending in the present session of the United States Congress; and

Whereas the 11th day of October, 1779, is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas the States of Arkansas, California, Connecticut, Delaware, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Nevada, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, West Virginia, Wisconsin, and other States of the Union, through legislative enactment designated October 11 of each year as "General Pulaski's Memorial Day"; and

Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the heroic death of this great American hero of the Revolutionary War; and

Whereas the Congress of the United States of America has by legislative enactment designated October 11, 1929; October 11, 1931; October 11, 1932; and October 11, 1934, to be General Pulaski's Memorial Day in the United States of America: Now, therefore, be it

Resolved by the Senate and Assembly of the State of New York—

1. That we hereby memorialize and petition the Congress of the United States to pass, and the President of the United States to approve, if passed, the General Pulaski's Memorial Day resolution now pending in the United States Congress.

2. That certified copies of this resolution, properly authenticated, be sent forthwith to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives of the United States, and each of the United States Senators and Representatives from the State of New York.

The VICE PRESIDENT also laid before the Senate the following concurrent resolutions of the Legislature of the State of New York, which were ordered to lie on the table:

Whereas the Legislature of the State of New York has previously memorialized the Congress of the United States to enact such legislation as will effectively prevent lynching outrages which continue to occur from time to time in some of the Southern and Southwestern States; and

Whereas such legislation is urgently needed to restore in our people respect for law and order; and

Whereas there is now pending in the Senate of the United States a bill introduced by Senator COSTIGAN which, in the judgment of the people of the State of New York, will accomplish the desired result: Now, therefore, be it

Resolved (if the senate concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact with all convenient speed the Costigan antilynching bill or other like legislation which will prevent the punishment or destruction of persons accused or suspected of crime in any other way or by any other authority than by due process of law and by a duly constituted court of justice; and be it further

Resolved (if the senate concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives and the Secretary of the Senate and to each Member of Congress elected from the State of New York, and that the latter be urged to use their best efforts in obtaining the passage of the legislation referred to herein.

Whereas President Franklin D. Roosevelt offered a social-security plan of permanent employment insurance, old-age pensions, and

benefits to needy and dependent mothers and children designed to safeguard the average citizen in future periods of depression, and as more fully set forth in his message to Congress on the 17th day of January 1935; and

Whereas pursuant to such message United States Senator ROBERT F. WAGNER, of New York, introduced bills in the Congress of the United States seeking to carry out these recommendations: Now, therefore, be it

Resolved (if the senate concur), That Congress be memorialized to adopt the aforesaid bills and recommendations as proposed by Senator WAGNER; and be it further

Resolved (if the senate concur), That a copy of this resolution be transmitted to the Secretary of the Senate and the Clerk of the House of Representatives and to each Member of Congress and to each Senator elected from the State of New York at Washington, D. C.

Resolved (if the senate concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact with all convenient speed such legislation as may be necessary to provide suitable and adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter, or by contract on the public highways in interstate or foreign commerce; and be it further

Resolved (if the senate concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives, the Secretary of the United States Senate, and to each Member of Congress elected from New York State.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Board of Supervisors of the city and county of Honolulu, Territory of Hawaii, requesting the enactment of such legislation as may be necessary not only to authorize the issuance of bonds, but to change and amend certain items in bond issues and the spending of appropriations in connection therewith for the city and county of Honolulu, which were referred to the Committee on Territories and Insular Affairs.

Mr. COPELAND presented a resolution adopted by the Master Bakers Association of Richmond Borough, Staten Island, N. Y., favoring the prompt enactment of legislation repealing the processing tax on flour, and "that the surplus fund of $112,000,000 left after paying the farmer approximately $440,000,000 be returned or refunded to the baking industry", which was referred to the Committee on Agriculture and Forestry.

He also presented resolutions adopted by the Hebrew Mutual Alliance, of New Rochelle, and the board of directors of the Hebrew Sheltering and Immigrant Aid Society, New York City, both in the State of New York, favoring the enactment of House bill 8163, known as the "Kerr bill", pertaining to the deportation of aliens, which were referred to the Committee on Immigration.

ATTITUDE OF CANNERS TOWARD A. A. A.

Mr. SCHALL. Mr. President, I ask leave to print a letter from Charles J. Meister, who is president of the Minnesota Canners Association, and therefore speaks for the canners of Minnesota. The letter gives the canners' attitude in reference to the A. A. A. amendments and should have space in the RECORD, thereby bringing to the attention of Congress their just views.

I also ask to print a letter from Guy A. Thomas, chairman of the board of the Commander-Larabee Corporation, of Minneapolis, a lawyer and prominent business man.

I also ask to print a letter from farmer Christ Halvorsen, of Milan, Minn., which speaks for itself and which reinforces Senator HASTINGS' speech made sometime ago in the Senate where he placed in the RECORD letters from farmers all over the country showing the undue influence exercised upon them and their opinions by the Secretary of Agriculture's office and his appointees.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota?

Mr. BLACK. I object. I may not object at a later time, after I shall have examined the letters and articles.

The VICE PRESIDENT. Objection is heard.

Mr. BLACK subsequently withdrew his objection, and the letters were ordered to be printed in the RECORD, as follows:

FAIRMONT, MINN., *May 28, 1935.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

DEAR SIR: We wish to take this opportunity of thanking you for the courtesies extended while in Washington last week. It was a pleasure to call on you, and we appreciate very much the attitude you take toward our problems. We thought it policy to put in writing some of the things which we discussed when in your office.

As you remember, our business concerned mainly the amendments to the A. A. A. bill, with special reference to clause 3 of subsection 3, section 4, of H. R. 8052. Under this licenses could be imposed on canners of fruits and vegetables.

The canners have not opposed the A. A. A. program and do not oppose it at present except for the one feature. Our record in the past has been one of cooperation and helpfulness, for when A. A. A. requested the canners to increase the price to the grower this was done to the satisfaction of the A. A. A. Prices each of the last 2 years have increased on canning crops to follow the program which they have set out on making our prices equal to parity. We believe our records show that we have gone even further than was requested in trying to be in line with the program the A. A. A. has set forth.

The canners are different than other lines in that the contract is made with the grower early in the spring which establishes a price that shall be paid for the product when delivery is made. In other words, the canner is taking all of the risk so far as market is concerned, and the only risk the grower actually takes is the one on whether or not he produces a crop.

We believe that the canner should have a voice in deciding whether or not licensing should be resorted to, for the canners themselves have an investment in plants and equipment that equals or exceeds the investment of the grower in the land devoted to canning crops production.

In this bill it would not be possible for the canners to go to court unless they were exceptionally large and well financed, for this procedure is so expensive that they would have to accept whatever was imposed, and would not be able to safeguard their rights. There is also a possibility in this program that through the license feature, which would be regional in its effect, prices might be paid for one crop in some section of the country which were not in line with prices paid in other sections. This would, in effect, make it impossible for certain groups of canners to compete.

We appreciate the time and thought that you have given to our problems, and we would appreciate anything you can do to protect our interests when this proposed legislation comes before you.

Yours very truly,

MINNESOTA CANNERS ASSOCIATION,
CHAS. J. MEISTER, *President.*

COMMANDER-LARABEE CORPORATION,
Minneapolis, Minn., June 19, 1935.

The Honorable THOMAS D. SCHALL,
The United States Senate, Washington, D. C.

MY DEAR SENATOR: I have carefully read over the bill which has passed the House relative to the A. A. A. amendments. While I am not an attorney, I have ardently studied the Constitution of the United States—in fact, I have a large copy of it framed in my office for people to read—and if this A. A. A. Act is constitutional from any angle, I miss my guess.

It is simply giving work for a lot of lawyers all over the country to ultimately present claims to the Supreme Court. Put me down on record as saying that if the bill passes the Senate in its present form it will eventually be ruled unconstitutional.

I am surprised that thinking men have given so little study to the Constitution of the United States that they fail to understand that these "if, as, and when" acts that are not positively set for a purpose will not hold water in the final analysis. I do not believe for one minute that you will vote for it in its present form, as you have undoubtedly given a great deal of study to it. But put me down on record regarding the unconstitutionality of the document if it ultimately becomes law.

Regards.

Very truly yours,

GUY A. THOMAS,
Chairman of the Board.

MILAN, MINN., *May 26, 1935.*

United States Senator THOMAS D. SCHALL,
Washington, D. C.

DEAR SENATOR: I am writing you again regarding the farmers voting on if we want the crop-control program or not. I told you in my previous letter it was all a fraud; it is all politics. As I told you, the committeemen were instructed to get all the votes—that is, sealed votes from May 15 till the 25th—so you see they got all the votes that they knew to be in favor of this program. But the biggest swindle was when myself and my neighbor went to vote at the appointed place to vote it was not a soul there to take our votes. We waited 30 minutes and the door was locked. That is a big swindle game by Wallace's politics. We sure hope that you will fight this program to the last ditch, because the Democrats want to import agricultural products.

Very truly yours,

CHRIST HALVORSON.

P. S.—I can make a sworn statement that we did not have a chance to vote the 25th.

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Education and Labor, to which was referred the joint resolution (S. J. Res. 148) granting the consent of Congress to the minimum-

wage compact ratified by the Legislatures of Massachusetts and New Hampshire, reported it without amendment and submitted a report (No. 922) thereon.

Mr. BULOW, from the Committee on Civil Service, to which was referred the bill (S. 2806) for the relief of William A. Devine, reported it without amendment and submitted a report (No. 923) thereon.

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (H. R. 5393) for the relief of Moses Israel, reported it with an amendment and submitted a report (No. 924) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, reported it with amendments and submitted a report (No. 925) thereon.

Mr. HAYDEN, from the Committee on Printing, to which was referred the bill (H. R. 8297) to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives, reported it without amendment and submitted a report (No. 926) thereon.

Mr. BLACK, from the Committee on Military Affairs, to which was referred the bill (H. R. 298) for the relief of Jack Page, reported it with an amendment and submitted a report (No. 927) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEYES:

A bill (S. 3114) for the refund of customs duty paid by Salvatore Lascari on an importation of mosaic paintings for the Moody Currier Art Gallery in Manchester, N. H.; to the Committee on Finance.

By Mr. MURPHY:

A bill (S. 3115) to amend section 75 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3116) to eliminate certain lands from the Craters of the Moon National Monument, Idaho;

A bill (S. 3117) to accept the cession by the State of Arkansas of jurisdiction over all lands now or hereafter included within the Hot Springs National Park, Ark., and for other purposes;

A bill (S. 3118) to provide for the creation of the Perry's Victory and International Peace Memorial National Monument on Put in Bay, South Bass Island, in the State of Ohio, and for other purposes; and

A bill (S. 3119) to authorize the transfer of the Otter Cliffs Radio Station on Mount Desert Island, in the State of Maine, as an addition to the Acadia National Park, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. ASHURST (by request):

A bill (S. 3120) to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners"; to the Committee on the Judiciary.

By Mr. McADOO:

A bill (S. 3121) to vest in the Register of Copyrights the registration of copyright prints and labels; to the Committee on Patents.

AMENDMENT TO MERCHANT-MARINE BILL

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENTS TO RIVER AND HARBOR BILL

Mr. WHITE submitted two amendments intended to be proposed by him to the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which were ordered to lie on the table and to be printed.

EXTENSION OF CERTAIN TAXES—AMENDMENTS

Mr. ROBINSON (for Mr. POPE) submitted an amendment pertaining to a tax on dressed or dyed furs, intended to be proposed by Mr. POPE to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. COPELAND submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

At the proper place in the joint resolution, to insert the following:

"That paragraph 8 of section 602, Revenue Act of 1934, is hereby amended by striking out the words 'whale oil (except sperm oil)', and by adding after the words 'marine animal oils' the words 'except whale and sperm oil.'"

SETTLEMENT OF LABOR DISPUTES—REPRINT OF BILL

Mr. WALSH. I ask unanimous consent to have a reprint made of the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, showing the amendments of the House of Representatives numbered.

The VICE PRESIDENT. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On June 15, 1935:

S. 209. An act for the relief of Carmine Sforza;

S. 557. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

S. 927. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act; and

S. 2029. An act to authorize naval and Marine Corps service of Army officers to be included in computing dates of retirement.

On June 17, 1935:

S. 410. An act to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes; and

S. 2100. An act to amend an act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, by adding three new sections to be numbered 802 (a), 802 (b), and 802 (c), respectively.

On June 19, 1935:

S. 2591. An act for the relief of Lyman C. Drake; and

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended.

On June 20, 1935:

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 1831. An act transferring certain national-forest lands to the Zuni Indian Reservation, N. Mex.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2597. An act for the relief of Irene de Bruyn Robbins; and

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

THE PEOPLE AND THE THREATENED CONSTITUTION—ADDRESS BY SENATOR VANDENBERG

Mr. WHITE. Mr. President, I ask unanimous consent to have extended in the RECORD a speech made last evening by the junior Senator from Michigan [Mr. VANDENBERG] over the National Broadcasting System on the subject "The People and the Threatened Constitution."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My fellow countrymen, the Constitution of the United States once more is a live issue before the American people, because of recent epochal events in the following sequence:

First. The Supreme Court, in a series of unanimous decisions, decided that the Federal Government must keep hands off the internal business of the States; that Congress must quit delegating legislative power to the President and lesser bureaucrats; that the President must release the hand of dictatorship from important functions heretofore usurped; in a word, that the Constitution is something more than a paper napkin at an economic picnic.

Second. The President promptly bowed to the authority of the Constitution as authentically asserted by the Supreme Court. But, in a burst of melancholy gloom he announced that this curb will throw America back to the old "horse and buggy" days—meaning anything prior to his own infatuated dispensation—and indicated his belief the Constitution probably needs change. His tone moderated a few days later; but his primary impulse was disclosed in his initial statement when goaded to candor by his initial collision with the Constitution. Manifestly, it must be nullification or amendment if much of the new collectivism shall persist.

Third. The Presidential reference to constitutional amendment immediately took hold, and, as usual where impatience governs, it swiftly graduated into impetuous discussions of broadest possible constitutional reconstruction by others—all proposals aiming, in some fashion, to break down existing constitutional restraints. Again we heard of the old scheme to make Congress supreme over the constitutionality of its own acts. One of our home-vacationing ambassadors even suggested a convention to rewrite the whole charter. Behind these three episodes were 2 years of restless encroachment upon the traditional American mode; 2 years of cumulative power in Washington at the expense of State home-rule and of individual independence; 2 years of congressional surrender to alphabetical commissars who deeply believe the American people need to be regimented by powerful overlords in order to be saved. In addition, there has arisen the new Federal subsidy system under which State rights have been beguiled or bought or bludgeoned into coma.

Thus the Constitution and its traditional Americanism again are live issues. This is good if it leads to truth; incalculably bad if it misleads into treacherous innovations. The people must decide. The Constitution belongs exclusively to them. It cannot be changed by Presidents, courts, or Congresses. But eliminate the Supreme Court and the Constitution no longer is responsive solely to the people. It becomes whatever Congress wants or an ambitious White House dictates. It invites fascism at the "right" or communism at the "left." Today this cannot be true. The Constitution, speaking for the people, is above all government. It is the voice of the sum total of our citizenship. When it yields this character the Republic will join the rest of the world in the ashes of democracy.

It is vital that the people understand that if they desert the Constitution they desert themselves. They fall upon their own sword. "In framing a government which is to be administered by men over men, the great difficulty lies in this; you must first enable the Government to control the governed, then oblige it to control itself." Hence our Constitution, which none but the people may alter. Hence the Supreme Court to protect this right. The Constitution and the Court are the peoples' sole assurance that this right shall survive. Nothing could be more antiliberal than to strike it down. Justice David Davis, Lincoln's great friend, said:

"The Constitution is a law for rulers and people and covers with the shield of its protection all classes of men at all times and under all circumstances."

Such a reliance will not be impetuously altered by a rational citizenship which knows the source of its liberty, security, and power. We owe open-minded study to any specific suggestions for constitutional amendments. But we owe a greater study to our history and experience under this great Charter to determine whether change is unavoidably required. Above all, we owe unyielding resistance to any attempts to cheat the Constitution without changing it. Not only the length but the direction of any innovation must be faithfully assessed. When we deal with the Constitution we deal with our birthright.

This does not pretend the Constitution is sacrosanct. This is not a static world. But our constant amazement has been to discover that this charter usually fits our changing needs if we seek patiently to find our answer within its boundary. Those who want to live within it, and have the ability to search the way, usually can reach any legitimate goal. Even the President's favorite Army general—the crack-down genius who lived an imperial hour under the minatory wings of a synthetic eagle—denies any thesis to the contrary. There may come conditions which require change. Federal control of interstate commerce is the most recently asserted cause for such study. But the friendly New York Times said the President's first speech upon this score was "imprudent"; and the friendly Walter Lippmann said: "An amendment to turn over to the National Government omnipotent powers to regulate wages, hours, working conditions, trade practices, and prices would not be ratified by 10 States; would divide and wreck utterly the Democratic Party; would be just about the most superlative piece of idiocy by which any public leader would seek to cut his own throat." I admit a field of legitimate argument at this point. But it is my own view that concentrated Washington authority over the intimate lives and livelihoods of 125,000,000 people scattered across a broad and diversified continent would be both despotic and impractical. In recent memory we put prohibition into the Constitution on the theory these social problems must be answered nationally; then we took it out of the Constitution on the theory that they can't be answered nationally.

But it is not my purpose to argue particular situations. I argue simply that if basic changes must come, they must be by deliberate amendment and not by usurpation no matter how nobly meditated. I argue that the Supreme Court protects the people against usurpation—rather than being the usurper, as often pictured by impatient critics. I also argue the need to discriminate between amendments which change certain boundaries—as in the controversy over interstate commerce—and amendments which would destroy the basic structure of indispensable checks and balances. I question the former. I conclusively reject the latter.

These two types of amendment are again being discussed. One would enlarge Federal powers at the expense of State home rule. This trends toward greater bureaucratic centralization. The other would enlarge legislative and executive powers at the expense of judicial powers. This trends toward the vices of the European system. It invites surrender to an elective despotism. It would be the beginning of the end of ordered liberty. It would surrender popular sovereignty. You can never make a Soviet out of a Supreme Court, hedged on all sides; nor a Bourbon oligarchy out of a Federal judiciary lacking a single affirmative power of enslavement. But you can make any sort of a monster, suited to the ruling passion, out of a legislature or an executive which can be supreme above all things and all men. Even in pursuit of desperately wanted security, let not the warning of Benjamin Franklin be forgotten: "Those who seek security at the expense of liberty will probably lose both."

Impatience with the Constitution and the Supreme Court is no novelty. It is a recurrent phenomenon. We are a volatile people. We are proverbially irked by barriers even when they mark safety zones. But we usually come to our senses before it is too late. Each generation must suffer the same inflammatory declamations. But it has been our blessing that sanity has recuperated in time. Remember this from the Federalist Papers:

"Considerate men should prize whatever tends to fortify the courts; as no man can be sure he may not be tomorrow the victim of a spirit of injustice by which he may be a gainer today."

Thus the great South which originally was chief critic of decisions amplifying Federal power turned to the same Court in reconstruction carpet-bag days and gratefully gained protection against an improper exercise of this same Federal authority carried to excess. Thus, too, when labor unions were shocked in 1908 when the Court found that a labor boycott violated the Sherman Act and proclaimed it an evidence of the servility of the Bench to "big business", they forgot how equally shocked "big business" was in 1897 when the same Court found that "railroad pools" were illegal under the same act. Other examples are legion. Every anticonstitutional communist, when snatched from his soap box, appeals to the Constitution for his ultimate protection.

Nevertheless the Supreme Court—which is to say the articulate Constitution—has been periodically under fire. Ever since the convention of 1787 a zeal frequently more ardent than enlightened has gnawed at the vitals of this dominant charter. The apparent target has been the courts. The real target has been the Constitution itself, because, as James Madison said, the Constitution without the Federal judiciary would be "as much of a mockery as a scabbard put into the hands of a soldier without a sword in it."

At first the quarrel involved the question whether individual States were subservient to Federal authority. This denial was most formidably voiced in the famous Kentucky and Virginia resolutions of 1789. But for 70 subsequent years it flamed in episodes of serious revolt. Thus Georgia's legislature once ordained that any Federal marshal who executed any Federal process should be "guilty of felony and suffer death, without benefit of clergy, by being hanged." Thus Pennsylvania once broke into armed rebellion; and when Federal courts were threatened with violence if they dared punish the recalcitrants, Judge Bushrod Washington evidenced his sublime courage by adjourning his court to the largest assembly hall in Philadelphia so that, as he said, "Citizens who manifest a deep interest in the results, may witness the administration of the justice of the country, to which all men, great and small, are alike bound to submit."

We are all familiar with South Carolina's nullification ordinance denying all State jurisdiction to the Supreme Court—an emergency which Andrew Jackson served with great courage and nobility. We all know the climax in this particular group of experiences—all linked with the immortal memory of Webster—in which the extreme idea of State rights was liquidated in civil war. Significant of these vicissitudes, it may be noted that so bitter was national resentment over the Court's decision in the Dred Scott fugitive slave case, a bill to place a bust of Chief Justice Taney in the Supreme Court room was lost in Congress amid vindictive anathema. Yet as a heartening evidence of recurrent convalescence in our

mental modes, it is more significant that in the cooler-headed days of 1874 the same bill became a law.

Another long line of temporary national revolts has taken the form of efforts to control the Supreme Court's personnel. The great Jefferson himself was not averse to this strategy. One result was a proposal by Hamilton to form the Christian Constitutional Society—which sounds like some of our modern organizations. Another result was to cause Woodrow Wilson to say a century later:

"It was Jefferson's weakness to think it safe for the friends of the people to make a blank paper of the Constitution, but the very gate of revolution for those who were not Democrats."

That is a favorite folly with us all.

Political efforts to impeach judges occasionally occurred when restless administrations sought quick access to balked power. Political efforts to "pack" the Court have been frankly known. But the point is that through it all, the people finally have had the sense to see to it that the Constitution and the Supreme Court survive. I add in this connection that the Supreme Court never yet has rendered a political opinion. The contrary is repeatedly provable. There was never any remote justification for Candidate Roosevelt's slurring and baseless imputation in his speech at Baltimore on October 25, 1932, that the Court was politically subservient to current political administrations.

Another group of clashes has been stirred by exercise of Supreme Court power to declare acts of Congress unconstitutional. The late Senator Beveridge, writing of Chief Justice Marshall who originally announced the decision vindicating this power, said:

"This supremacy of the written Constitution over statute law, and the authority of the Federal judiciary to act as arbiter in a clash between the two, is wholly and exclusively American. It is America's original contribution to the science of law."

But the contribution has precipitated periodical efforts to escape this greatest of our checks and balances. A successful raid upon the Supreme Court's appellate jurisdication actually succeeded in 1868, but the power was restored 17 years later—another proof that America declines to lose her head indefinitely. There have been many kindred attempts. For example, we faced it, in paraphrase in 1912, when a novel idea proposed "the recall of judicial decisions."

But none of these infringements has taken hold. The power still stands—not the power of nine members of the Supreme Court to defy the President and Congress; but the power of the Constitution to insist that no President or Congress shall exercise any authority not granted to them by the people. It is the vindication of the power of the people.

Those who would strip the Supreme Court of this power have thin justification for their impatience when the whole record is candidly confronted. In 146 years Congress has passed 24,016 public acts, and only 59 have been held unconstitutional. The score is 24,016 to 59! Yet the 59 are magnified into frequent excuse to assault the Court's jurisdiction. The fact that many of these adverse opinions concentrate in our last two innovating years is less reason to attack this jurisdiction than to challenge these immediate trends as being hostile to American institutions. It calls for more rather than less vigilance.

Under lash of temporary disappointment or impatience, we may flare into thoughtless echo of these old demands for revolutionary change. But second thought, though sometimes dangerously belated, never yet has failed to restore a just regard for the amazing constitutional structure which makes us what we are.

I do not argue against exercise of the right to seek constitutional change by the ordained process. I only appeal to the people not to yield lightly to the demands of an impassioned moment, nor to be misled by any specious plea that the Constitution is an instrument of malign repression deserving popular contempt. Truth is exactly otherwise. The Constitution protects the people and preserves to them sole sovereignty. The people victimize themselves if they part with this bulwark.

Congressmen are chosen for 2 years; Presidents for 4; Senators, for 6. They come and go—hailed today, repudiated tomorrow. The Constitution is our one continuous foundation. If it ever becomes similarly transient we shall trade granite for sand as the base of our institutions. This does not suppose a superiority of the judicial to the legislative or executive power. It supposes only that the power of the people is superior to all three. The Constitution is the people. The people never should mediate their own dethronement, or hasten to the defeat of their own authority. They should never embrace constitutional change except as it becomes conclusively plain as the only recourse.

This is not Russia—yet. This is not Europe. This is still the Republic of the United States. Why? Because of the Constitution. Those who smirk at it as a "horse and buggy" antiquity conveniently ignore the shining fact that under it we have builded a larger relative happiness and prosperity than any other nation in history.

For every credential urged in behalf of the new experimental era a thousand benedictions may be cited to the honor and the glory of the traditional American Constitutional institutions. If the time finally has come for change, let the need and the wisdom of it be proven beyond shadow of a reasonable doubt. Let no passing fancy, no fickle emotion, no balked ambition drive us to hasty reprisals upon our greatest asset. The remorse and repentance of tomorrow will be poor consolation for the unthinking errors of today.

It is no idle resurrection of a rhetorical phrase; it is no empty recollection of Lincoln loyalties; it is simply the iron truth that it is the integrity of the Constitution of the United States which alone warrants that "government of the people, for the people, and by the people shall not perish from the earth."

ANNIVERSARY OF WEST VIRGINIA'S STATEHOOD—ADDRESS BY SENATOR DICKINSON

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD an address by the Senator from Iowa [Mr. DICKINSON] on West Virginia Day, at Martinsburg, W. Va., June 20, 1935.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The occasion on which we are met today has a significance far beyond that of the usual historical anniversary. We are commemorating the entrance of West Virginia into statehood. In a very special sense we are also doing honor to the historic circumstances which are inseparable from that event. For West Virginia was born in the throes of a great conflict fought to determine, once and for all time, that this great Union of States was "one and indissoluble."

The State's origin thus differs from the original colonies on one hand, and the later Commonwealths, like Iowa and Kansas, on the other. The first had enjoyed all the attributes of sovereignty, while the latter were created out of the national domain by act of Congress.

Let us consider for a moment the nature of the momentous decision taken by the citizens of this State 74 years ago today. The choice law, as so often happens, at destiny's crossroads, between loyalties and principles. Separation from the Old Dominion, with all that was implied in common ancestry, mutual traditions and sacrifices, came only when it was no longer possible to reconcile these two great motivating influences in human conduct. It was like the division within a family, or alienation between children and parents.

We know, for example, how much that question of loyalty meant in the case of the great Virginia military leader called upon to decide whether his sword should be tendered to his beloved State or to accept the supreme command of the Armies of a young Nation that had not yet been spiritually fused under the trials of war. For days he pondered where his duty lay, and then obeyed the deepest of all instincts—his heart.

We know how the residents of this western end of that great State, no less conscientious and sincere, chose the opposite course. They embraced principles that seemed to them vital, and determined to support the Union and the Constitution. When the decision was taken by those 39 mountain counties, the vote was 38 to 1 to secede from secession. Theirs, too, was not an easy choice. For we must remember that in those days—the "horse and buggy days", if you will—the locality, the county, the section from which one came were largely independent and intensely proud of it. They had not yet been knit together by a network of highways and railroads to become, as many now seem to believe, mere parts of an economic machine so vast and so intricate that it can be administered only from Washington.

It was Lincoln's imperishable achievement not only to have saved the Union but to have taken those thousands of isolated, scattered communities, bound them together, and breathed into them the spirit of national unity and purpose. Therefore it seems to me particularly fitting that on this West Virginia anniversary we should reaffirm those principles which history will link always with his name, and which now seem placed in as grave jeopardy as when he was called to quell the forces of disunion then threatening the Nation's future.

Lately there was held in the city from which Lincoln set forth for his great task a rather remarkable gathering, a gathering unique in the annals of our history. From a dozen States throughout the Middle West there journeyed to Springfield, Ill., 8,600 earnest, patriotic citizens who paid their own expenses, without benefit of A. A. A. checks, and who were not on Government pay rolls. Let us forget that they were called Republicans, for that is unimportant. Mere partisanship, especially in a year without either elections or candidates, could not bring such an outpouring nor account for the almost religious fervor which animated those proceedings. The spirit that sent those men and women to Springfield is abroad everywhere in America today.

Grave questionings, forebodings of danger facing the Republic are in the air. A sense of uneasiness and uncertainty among business men again retards recovery. These fears have crystallized as the result of the Supreme Court's decision in what General Johnson calls, in his usual attempt at facetious expression, the "sick chicken" case.

You will remember that in this historic verdict the Court unanimously held that chickens raised in Pennsylvania, shipped in interstate commerce to New York, and there resold to a local poultry firm, could not be affected with a national interest. That is, the price paid for poultry dressed in Brooklyn had no relationship to similar activities conducted, let us say, here in West Virginia or in California.

Aside from its legal technicalities that decision rests, as must all such cases, on practical common sense. Of course, its collateral effect was to sweep aside as invalid more than 10,000 pages of restrictions and regulations placed about the conduct of all business under the National Recovery Act.

Yet hardly had the Court pronounced its obituary on a system that was already dead through the sheer impossibility of its enforcement, when from high places came the suggestion that, as a result of this decision, the Constitution once more stood in need of amendment. It may turn out that the President's fateful statement to the newspapermen was no less decisive to his own

fortunes than was Senator Stephen A. Douglas' flippant reply to Lincoln in their memorable Freeport debate.

Now the remarkable thing is that the Nation's basic law has been altered no less than 12 times, and always without any feeling of misgiving or peril to our fundamental institutions, such as I have described. What was there in this suggestion to cause ex-Governor Lowden, of Illinois, to declare with all the earnestness at his command: "I measure my words when I say that no crisis so grave as the present has confronted the American people since the Civil War"?

The proposal advanced is to revise the fundamental relationship between the Federal Government and the States by transferring to the central authority all control over the Nation's economic life. In other words, the Constitution is to be changed so drastically that the Bill of Rights, regarded for a century and a half as the ark of our individual liberties, would be virtually annulled. Nor would further amendments ever again be necessary.

They will not be necessary because the essentially Federal character of the American system of government would have been destroyed. The States are reduced, for all practical purposes, to mere units of administration for a centralized national economic policy, such as has been brought about in Germany under the Nazi regime. The vast American continent is to revolve about the White House, Washington as its hub, with the lives and activities of 130,000,000 people regulate under what in radio parlance is called "remote control."

John Marshall, whose great decisions as Chief Justice laid down the lines of our constitutional development, must have foreseen that such an issue would eventually arise when he said:

"No political dreamer would ever be wild enough to think of breaking down the lines which separate the States and of compounding the American people into one common mass."

The results that would flow from such action never have been better described than by Mr. Roosevelt himself, who, as Governor of New York, declared:

"It was clear to the framers of our Constitution that the greatest possible liberty of self-government must be given to each State, and that"—note these words—"any national administration attempting to make all the laws for the whole Nation * * * would inevitably result * * * in a dissolution of the Union itself."

The most striking fact about this amazing proposal for the aggrandizement of the Chief Executive is not the bureaucracy so established, into which every worker, every shopkeeper, every small businessman soon would be bound inextricably, or even the constitutional issue that is thus raised. Debate on the purely legal phases of this question will echo from Maine to California; they need not concern us today.

The arresting feature is that this proposal is put forward at the end of 2 years of attempts at exactly such national regimentation, and that it is made apparently on the bland assumption that from the results achieved the program has been an unqualified success. Otherwise why should it be continued? The Supreme Court cannot now be used to alibi the true record which manifestly is one of complete failure.

In this all inclusive economic experiment called the "new deal", the American people have cooperated willingly. No administration ever had more patriotic support. Individual opinion and judgment have been subordinated to the program of providing employment for millions of idle workers, for lessening the burden of private debt, for the relief of agriculture.

Uncomplainingly, the people have submitted to regulation that included everyone from southern peanut growers to Manhattan window cleaners. They have accepted curtailment of foreign trade and the decline in cotton and wheat exports as part of what was called a "balanced" national economy. They have watched the destruction of cattle and hogs, and the rise of the cost of living in the cities. How to relieve want with scarcity may have been beyond their understanding, but still they had faith that perhaps the administration at Washington could accomplish even that miracle.

These activities have been described aptly by H. G. Wells, the eminent English publicist and who certainly is an impartial observer, as resembling an effort to raise temperature by boiling the thermometer. Now we are asked to confirm, by constitutional amendment, the authority by which this has been done. We are asked, furthermore, to make what has been a temporary program to meet an "emergency" into permanent national policy.

Before we embark on any such uncharted course, let us look a little more closely into the reasons which lie behind this proposed destruction of local governments. Let us examine the philosophy of those who could change the American system of balanced powers, carefully and deliberately set up for the preservation of liberty and freedom which it is now the fashion in some quarters to decry, and which would presume to set up a government of supermen in the place of a government of laws.

The necessity for Government aid in meeting the problems of the depression cannot be challenged. The social consequences of universal bankruptcy and distress would have been catastrophic had not the Government extended its own shield of credit and offered succor for its citizens. What is open to question are the methods by which it was sought to reach these objectives.

The attempts to regulate industry through the codes and agriculture under the A. A. A. began on a voluntary basis. Soon it was found that the activities of chiselers—that selfish, unpatriotic 10 percent who place personal advantage over national welfare—nullified this cooperative action.

The administration at Washington, instead of moving to control the chiseling 10 percent, as it would any other malefactor, set out to police all industry and all agriculture. The license became as important as a birth certificate. Restriction of cotton growing was made compulsory by the Bankhead Act, while the President was authorized to "impose" codes on recalcitrant industries, or to amend those already in effect.

Regimentation thus spread from those few basic economic activities that had been most affected by the depression to include more and more groups. From wheat and cotton, as originally proposed, agricultural control was extended to include 11 other crops which, sympathetically, were involved in competition.

Having established the principle of public subsidy, not for the creation of wealth, but for refraining from normal activity, more and more of our national economy has become dependent upon these artificial restoratives. Thus financial corrections are delayed; and the ultimate withdrawal of Government aid must inevitably produce another crisis no less serious than that which brought the present methods into being.

The chief criticism of the administration's course is that instead of eradicating those factors which have produced a disequilibrium between production and consumption, and between agricultural and industrial price levels, the present system tends to set up new evils more vicious and more lasting than those brought about by the depression. Let me illustrate this by citing the South's great cotton industry.

The cotton grower may not feel immediately concerned over the loss of foreign export markets so long as the Government purchases or lends on his output at 12 cents a pound. He may not now worry because Brazil and India and other countries are supplying cotton formerly purchased in America, or that exports have dropped in consequence to the lowest level in many years, or that Government holdings now exceed 6,000,000 bales. These facts are of the deepest significance; and is it not at once obvious that such a system cannot continue indefinitely?

Sooner or later, that part of our cotton production intended for foreign consumption must be permanently abandoned, or some new method found which will equalize the difference between European and American prices. Yet the administration at Washington has not discovered even the beginning of a solution for this important problem. Should the devices of expediency, brought about by the necessities of politics, be confirmed, by amending the Constitution, into a permanent national policy?

Similarly, when the grave problem of unemployment is examined, do we find effective headway being made in its solution? If so, why is the number of persons now on relief greater than a year ago? Congress has recently appropriated an additional $4,800,000,000 for a fresh attack on this most basic of all the depression factors. For weeks the Senate vainly sought information on how this vast sum was to be expended, as to the plans matured through which the administration promised that before fall 1935, 3,500,000 men were to be put back to work.

It now develops that there are virtually no plans, and that temporary expedients, like the ill-fated Civil Works Administration of last year, must now be resorted to, but which still equally fail to meet the test of permanent remedies. The expenditure of nearly two billions on the C. W. A. is admitted to have been a failure. With our public debt now approaching $30,000,000,000, how many more such failures can we afford? When the present $4,800,000,000 is exhausted, which will be by next July, are we to be confronted again with the same crisis and the necessity for still further billions? If this is all that planned economy can show, I leave it to you, is it not time to abandon such treacherous quicksands?

I raise these questions, not in captious criticism, but because they reach back to the heart of any proposed national regimentation of our economic life. A planned economy to succeed presupposes superior intelligence possessed by those who are its directors; it must not proceed on the basis of trial and error. A national administration which attacks bigness in business must itself be free from the evils it condemns.

The American political system rightly has been devised to preclude such supermen. Dictatorships were as common when the Constitution was adopted as they are today. They thrive only in periods of grave economic discontent. Instead the American plan as adopted by the founding fathers and which has successfully surmounted many major depressions, has limited such experiments to the States. Wisconsin or Louisiana, for example, can conduct whatever laboratories they please. The Nation can look on and check the results; it does not have to pay for their mistakes.

It is worth noting that Prof. Rexford Guy Tugwell, Under-Secretary for Agriculture, and one of the guiding spirits of the new-deal philosophy, himself recognizes the fundamental issue which a constitutional amendment places before the people. Candidly he admits:

"It is a logical impossibility to have a planned economy and to have business operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure. Modifications in both, so serious as to require destruction and rebeginning, are required."

"Destruction and rebeginning!" Is it any wonder that, faced with such a threat, a sense of impending disaster pervades the country?

As against these attempts to enforce recovery by Government control, let me cite for comparison the steps by which the great depression of 1920 was overcome. It too was world-wide, with its greatest intensity felt in the United States. The basic causes of that early post-war deflation and the present crisis are alike in many particulars, while the methods of treatment differ materially.

A great conference of industry was called at Washington to devise its own program of action. A plan of cooperation was then laid out, in which the Government was to assist, but for which business assumed the responsibility of execution. That is the first important difference in method. Next through capital expenditures made in the channels of normal business activity, and through concerted effort directed at the weak points in the business fabric, the force of the deflation was turned. Recovery in America preceded that of Europe and turned into an almost immediate prosperity. When we look for the reason, we find that cooperation, rather than a gun held at the head of business, provides the answer.

In the present emergency the results have been reversed. With the assumption of all initiative by the Government, America stands twenty-sixth among the nations in percentage of business revival. The advice of industrial and financial leaders is studiously ignored. The recommendations of the Business Advisory Council, formed by Secretary Roper of the Department of Commerce, for the specific purpose of guiding Government officials, are similarly ignored.

The wonder is, with this confusion in our national objectives, that recovery takes place at all. Instead of correcting deep-seated maladjustments, which require something more drastic than surface palliatives, we have embraced political necromancy that promised to restore prosperity painlessly. For should all other remedies fail, our faith remains unshaken in what economists call the "natural forces of recovery."

Contrast Great Britain's record during the past 3 years with the results that have been achieved in the United States. Let me quote from Premier Stanley Baldwin's recent statement:

"I cannot in this short talk enumerate all the good results which have accrued from the National Government's work, but I will draw your attention to a few of the more striking facts.

"Thanks to the readiness with which the country responded to the sacrifices demanded of it in 1931 and the care with which the national finances have been managed ever since, we now stand in a position which is unique among the great nations of the world. While other countries are still facing large budget deficits and some are even contemplating still heavier cuts, even in war pensions, we alone have enjoyed substantial Budget surpluses for 3 years past.

"We have, therefore, been able not only to restore the 1931 cuts but even to reduce taxation by sixty millions; but the return of sound financial conditions has done more than this. It has created that spirit of confidence without which the trade revival which we are now enjoying could never have occurred.

"It is a remarkable fact that when world trade as a whole shows little, if any, improvement since 1931, our country last year surpassed all previous records in the production of manufactured goods, and as a result the number of people in employment today is the highest ever recorded in the history of our country."

There the national budget is balanced, taxes are reduced, exports and imports are rising, factories are busy. Already recovery is an accomplished fact. Here no pretense of balancing the Budget is even made; the bill confronting the taxpayer is appalling, notwithstanding that in the last 3 years our national debt has practically doubled. American foreign trade has shriveled to the vanishing point, and our idle merchant marine is tied up to empty wharves. Forty percent of the population is dependent, in one way or another, upon Government aid. Thus far have we come, not in banishing want, but in sharing poverty.

British progress has been brought about by the curtailment of unproductive Government expenditures and a return to those old-fashioned virtues of thrift and saving. If I do not mistake the temper of the American people, they, too, are tired of this foolish squandering of public funds, of these attempts to lift ourselves by our bootstraps, of this mountain of Government debt which not only absorbs virtually half the savings intrusted to the country's banks but mortgages the future of our children and our children's children.

I spoke a moment ago of the philosophy which lies behind these new-deal activities and which contemptuously spurns the advice of business as well as the accumulated economic experience of generations. Let me recall again Professor Tugwell's phrase, "Destruction and rebeginning."

One can search in vain through the Democratic platform of 1932 for any reference to the program which is now being fitted like a strait-jacket to the American public. It stems further back, to the conference for progressive political action held in Cleveland in December 1924. Strangely, when we examine the leading participants in that campaign, we recognize many faces that have become familiar in the present administration at Washington. Here we meet Professor Tugwell, Mr. Donald Richberg, Mr. A. A. Berle, Jr., Mr. Basil Manly, and Dr. Frederic C. Howe. What were the things this little group of enlightened thinkers stood for in 1924? Let me quote the topics of the principal resolutions adopted:

"Public ownership of * * * water power and creation of a public superpower system."

"Strict public control and permanent conservation of all natural resources * * *."

"Promotion of public works in times of business depression."

"Reconstruction of the Federal Reserve and Federal Farm Loan Systems to provide for direct public control of the Nation's money and credit * * *."

"We favor submitting * * * a constitutional amendment providing that Congress may, by enacting a statute, make it effective over a judicial veto."

Are not these the very items emphasized on the administration's "must" legislative program? Has not this little "group of determined men", to paraphrase President Wilson, captured and suborned the great Democratic Party—that party which stood for generations at the very opposite pole of any such creed?

This method of acquiring control by "boring from within" is now accepted political technique among Socialists all over the world. It is thoroughly understood in Europe, but it is alien to America.

Here we have insisted that political issues be fought in the open, that they be submitted to the people for free discussion and referendum. We have really believed in the principles of such democratic institutions.

Certainly the public has the right to know what the new deal actually represents. The time has come to strip away all legal subterfuges so that we see the real purposes that lie behind.

"Destruction and rebeginning"—if that is the issue, the American people have both the courage and the honesty to meet it squarely without flinching. For one, I am confident of the verdict.

FEDERAL HOUSING ADMINISTRATION ACTIVITIES

Mr. McKELLAR. Mr. President, I have a letter dated June 20 from Mr. Stewart McDonald, Acting Administrator of the Federal Housing Administration, giving by months the figures as to expenditures for modernization and repairs and insured loans, and also mortgages submitted with fees paid for survey and appraisal. These figures are so interesting that I ask that the letter and the statistics may be printed in the RECORD as a part of my remarks.

There being no objection, the letter and statistics were ordered to be printed in the RECORD, as follows:

FEDERAL HOUSING ADMINISTRATION,
Washington, June 20, 1935.

Hon. KENNETH MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR MCKELLAR: The attached figures may interest you.

The activities under title I, which covers modernization and repairs, were commenced last fall and continued throughout the winter. With the opening of spring the program has gained momentum.

A very large amount of work, stimulated by nearly 8,000 F. H. A. civic campaigns, is done either for cash or uninsured loans. It is estimated that to date a total of $514,472,970 value of jobs have either been completed or are under way.

It was about April 1 before the various States had passed sufficient enabling laws to allow title II to function properly. Title II deals with the insurance of home mortgages.

During the past 11 weeks the weekly average of title I has been doubled and that of title II tripled.

The Federal Housing Administration itself does not make loans. Those reported are made by private capital either for modernization and repairs, new-dwelling construction, or refunding of existing mortgages.

Yours sincerely,

STEWART MCDONALD,
Acting Administrator.

JUNE 18, 1935.

Memorandum showing weekly volume from Apr. 1 to date

For week beginning—	Title I. Modernization and repair; insured loans	Title II. Mortgages submitted with fees paid for survey and appraisal
Apr. 1	$2,026,512	$2,483,000
Apr. 8	2,488,528	2,875,500
Apr. 15	2,551,199	3,364,800
Apr. 22	2,968,885	4,130,600
Apr. 29	2,780,865	6,975,200
May 6	3,247,010	5,984,500
May 13	3,476,317	5,907,200
May 20	3,496,452	8,139,800
May 27	3,609,707	5,204,600
June 3	3,187,933	7,085,000
June 10	4,275,784	7,391,400

Thirty-three percent of title II is new construction.

STEWART MCDONALD.

BULLETINS OF SEVENTY-SIX LEAGUE

Mr. SCHALL. Mr. President, I ask leave to print in the RECORD three bulletins from the Seventy-six League. The information contained in these is vital to the Nation, and I believe every American with the spirit of '76 in his breast should be given the information therein contained.

There being no objection, the bulletins were ordered to be printed in the RECORD, as follows:

[The Minute Man, May 1, 1935, Philadelphia, Pa.]

On January 24 of this year the President recommended to Congress the spending of $100,000,000 over a period of 20 years on what he called "the orderly development of national resources", together with the establishment of a permanent National Re-

sources Board. The President especially referred to "what men and women are doing with their occupations, and to their mistakes in herding themselves together. Does this not sound like Russia's 5-year plan, where each man and woman must work and live according to the edict of the dictator?

The recent election of Mrs. William A. Becker, of Summit, N. J., as president of the Daughters of the American Revolution, is well worthy of comment. This is a direct rebuke to the radical element that has been striving for control of this national patriotic group.

In Mr. Herbert Hoover's recent message to the California Republican Assembly he voiced the opinion of all loyal American citizens. It was a fighting message. It opposed the newly created plan of regimentation and bureaucratic domination with a perfected system of orderly individual liberty under constitutionally conducted Government. It repudiated the economy of scarcity conception and appeals for economy based upon plentitude. Space does not permit a reprint of this notable message of Mr. Hoover's which clearly defines the issues. His argument merits the thoughtful attention of all minute men and women.

The Supreme Court should be removed from domination of the White House and Congress. The recent threat of Senator THOMAS of Oklahoma, who declared "If decisions of the Court are unfavorable to the administration, a motion for reargument would be made and before it could be heard new judges would be appointed to the Court, thus assuring a decision favorable to the administration. Many rights and guarantees which we thought were secured to us by the Constitution are being violated today. This is done on the theory that restrictions of the Constitution should be disregarded in emergencies. The acceptance of this doctrine would amount to abolition of the Constitution. It is in time of storm that the protection of the Constitution is most needed.

The Supreme Court is not really independent of Congress and the President. Through some strange oversight at the time the Constitution was adopted, the number of judges of this Court was not fixed and their appellate jurisdiction was not definitely set down. The number of judges can be increased by Congress and partisans of the administration can be appointed. On the other hand, Congress can deprive the Court of much of its jurisdiction if it chooses to do so. It might even forbid the Court to pass upon the constitutionality of acts of Congress. Minute men and women should be ever alert as guardians af our Constitution.

The United States of America holds the dubious honor of having more than one-half of the world's unemployed. A recent survey calculates the jobless of all countries as 22,200,000, of which this country of ours claims 11,390,000. This doesn't sound well for the N. R. A.

Some more of the President's planned economy goes into the proposed banking bill. It is all political and gives the President's hand-picked board of governors the right to accept or reject an application for any loan they see fit. This absolutely places the control of the finances and credit of the Nation in the hands of the administration and would sew up any industry or business that was not in favor. Banks would function as depositories only.

The principles of destruction used by the Government of Soviet Russia are being copied by the A. A. A. In Russia the farmer has no property rights, where some 5,000,000 of these farmers were deprived of their products at the point of bayonet and without compensation, starved to death last year. In the United States our Government so far has not used the bayonet, but harvest campaigns have been put on in selected groups through taxation, regulation, supervision, and political management quite as effective. The sound of the Government sickle as it mows down industry can be heard throughout the length and breadth of the land. The joys of the reapers and the tears of the sowers are mingled together in the harvest campaign which is now in full swing in this glorious country of ours.

[The Minute Man, Apr. 1, 1935, Philadelphia, Pa.]

Receipts and disbursements of the Federal Government for the year 1935:

Total receipts (computed)	$3,123,000,000
Operation and maintenance of regular departments and establishments	1,235,000,000
Veterans pensions and benefits	610,000,000
Interest on national debt	835,000,000
Tax refunds	68,000,000
Total regular expenditures	2,748,000,000
Recovery and relief:	
Agricultural Adjustment Administration:	
Processing taxes	589,000,000
Expenditures	788,000,000
Other recovery and relief	4,472,000,000
Total recovery and relief	5,260,000,000
Debt retirements	573,000,000
Total expenditures	8,581,000,000
Total receipts	3,712,000,000
Gross deficit	4,869,000,000

The $4,000,000,000 set out in the work-relief bill does not appear in the above figures. The national debt is well over the $30,000,000,000 mark, and the administration is spending around $7 for every $3 it takes in.

Inflation always starts when expenditures exceed the income. A further devaluation of the dollar can be expected, with higher prices for commodities.

One hundred million people want to buy merchandise. Unemployment, low wages, high prices, and the shrinkage of the dollar make this impossible. Minimum wages and maximum hours will never set the small business man and manufacturer on his feet, which is so necessary to a permanent recovery. The N. R. A. in any form is restrictive to business and destructive to our established form of government.

The new-deal administration is not anxious to have the Supreme Court make a ruling on the constitutionality of the N. R. A.

The work-relief bill, with its $4,880,000,000 appropriation, the spending of which is entirely turned over to the discretion of the President, has passed both the Senate and House in a form suitable to the White House. Its final enactment will only be a matter of a few days. The bill contains many drastic and un-American provisions. It grants the President the right of eminent domain, which is the right to confiscate property, both personal and real. It grants him the power to imprison for 2 years and to fine $5,000 any person who would in any way obstruct any of his so-called "plans for recovery." This could mean the elimination of free speech and a free press. Such things are destructive to the rights and liberties of a free people.

The utility holding companies bill looks like a sure passage, with some modification. In any form it is destructive to invested capital.

The Federal Reserve System is to be reorganized in a bill now pending which will virtually create a central bank. This is dangerous to the credit of individuals and industry not in accord with the administration.

The "pink slip" repeal has passed both Houses and is now in conference committee, with final passage assured.

The House Military Affairs Committee has before it a bill to end the use of the National Guard in all labor disputes except where governors of States first obtain permission from the War Department. You should immediately protest this measure by writing your representatives in Congress.

The European situation is much more serious than what appears upon the surface. It is well that our Government keep out of any alliances at this time. It is good policy to prepare to prevent any invasion, both from without and within.

Are you doing your part as a minute man?

Organize a Minute Man Club in your neighborhood. We'll assist in every way and furnish all details. Write or call for information.

[Seventy-six League, Philadelphia, Pa.]

Every American citizen who believes in the Declaration of Independence, which gave birth to the Constitution of the United States of America, should become a member of the Seventy-six League, the minute men and women of today.

The league was organized October 15, 1934, by a small group of just plain ordinary citizens, who had a firm belief in Americanism, and has since enjoyed a steady and healthy growth.

The league is strictly nonpolitical and nonpartisan. Its real objective is to defend and uphold the Constitution and the freedom of our country, to promote Americanism wherever necessary, and to carry on a national educational campaign toward the elimination of radicals.

Organizations with radical aims and purposes are springing up in all parts of these United States. Our political structure has become tainted through the workings of those who wish to destroy. Industry and business have set up groups that are harmful to the welfare of the people. All of which is un-American and not conforming to the standard and principle of American Government. There is no denying that there is a real peril at our door. Are we in a position to shut out this peril? The answer will be found in proper organization, for there still exists in America a majority of loyal citizens. The Seventy-six League invites these loyal citizens to become minute men and women every citizen, man or woman, in the shop, in the field, in the mill, in the office, in the business world, in the home, or any walk of life who wishes to continue the freedom guaranteed by our Constitution must awaken to their responsibilities. The burden cannot be borne by just a few, but all loyal citizens must enlist in this great American movement and do their part.

The league is governed by an executive committee chosen from the membership in the districts in which they reside. The executive committee will be divided into two separate divisions, namely, administrative and advisory. The administrative committee will be composed of not more than 12 active members. The advisory committee will be composed of not more than 48, selected from the membership in the various States having a membership of 100 or more. Through the advisory committee State, county, and local units will be formed, with each unit having representation on the State committee.

The league stands for just and sane legislation, so long as it does not conflict with the Constitution. It does not advocate, nor does it suggest, any wild and fantastical ideas and plans of government, believing that, if Government followed the Constitution, and that the rights of the people and business were not abridged that recovery would be swift and sure.

The league believes that certain evils of a business nature have taken root in our economic structure during the past years, and that these evils should be eliminated. However, such matters will naturally come to pass as time progresses, and providing that the league receives the support of the loyal citizens. Radicalism, crooked politicians, and business crooks must be wiped out. Fantastical legislation must be repealed and the just and sane laws rigidly enforced.

The menace to democracy lies to a greate extent in the subversive theories and destructive doctrines of native-born citizens high in the councils of American Government who have already planted the seed of communism and discontent in millions of our citizens for their own selfish purposes. It is the work of the Seventy-six League, through the minute men and women, to counteract this great harm and to bring back these millions into the fold of Americanism.

There are no fees, dues, or assesments to a membership in the Seventy-six League. The league depends upon the liberality of those who are able to make contributions.

Through the educational division of the league we sell a beautifully framed copy of the Declaration of Independence, size 14 by 17 inches, for the exceptionally low price of $3. This should be hanging upon the wall of every home, office, and factory. It is the emblem of freedom and liberty of America.

We also issue in pamphlet form a combination of the Declaration of Independence and the Constitution. This embodies a complete transcript of these two famous documents. Everyone should know the contents; it gives a better understanding as to why we are a Nation of laws and not of men. The price is only 50 cents.

Either one will be sent to any address within the United States by parcel post prepaid upon receipt of the price.

We mean to stand upon the Constitution, we need no other platform, we shall know but one country. No man can suffer too much, and no man can fall too soon if he suffer or if he fall in the defense of the liberties and constitution of his country. Become a minute man or woman today.

SENATOR FROM WEST VIRGINIA

Mr. AUSTIN obtained the floor.

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Keyes	Overton
Ashurst	Copeland	King	Pittman
Austin	Costigan	La Follette	Radcliffe
Bachman	Davis	Logan	Robinson
Bailey	Dickinson	Lonergan	Russell
Bankhead	Dieterich	Long	Schall
Barkley	Donahey	McAdoo	Schwellenbach
Bilbo	Duffy	McCarran	Sheppard
Black	Fletcher	McGill	Shipstead
Bone	Frazier	McKellar	Smith
Borah	George	McNary	Steiwer
Brown	Gerry	Maloney	Thomas, Okla.
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Minton	Trammell
Burke	Gore	Moore	Truman
Byrd	Guffey	Murphy	Tydings
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norbeck	Wagner
Chavez	Hatch	Norris	Walsh
Clark	Hayden	Nye	Wheeler
Connally	Johnson	O'Mahoney	White

Mr. ROBINSON. I announce that the Senator from Illinois [Mr. LEWIS], the Senator from Idaho [Mr. POPE], and the Senator from North Carolina [Mr. REYNOLDS] are unavoidably detained from the Senate, and that the Senator from Utah [Mr. THOMAS] is detained on important public business.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR] and the Senator from Wyoming [Mr. CAREY] are necessarily absent.

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present.

The question is on agreeing to the resolution of the Senator from Delaware [Mr. HASTINGS] in the nature of a substitute for the resolution of the Senator from Georgia [Mr. GEORGE].

The resolution of Mr. HASTINGS in the nature of a substitute for the resolution submitted by Mr. GEORGE (S. Res. 155) is as follows:

Resolved, That the election of Rush D. Holt to be a Senator of the United States was void, he not having attained the age of 30 years at the commencement of the term for which he was elected.

Mr. AUSTIN. Mr. President, I desire to submit a few remarks in support of the views of the minority and in support of the resolution in the nature of a substitute offered by the Senator from Delaware [Mr. HASTINGS] for the resolution of the Senator from Georgia [Mr. GEORGE]. At the outset I express the opinion that there is not a member of the committee which considered the evidence who is not interested in the young people of the United States and who has not an earnest desire to have them take an interest in public affairs and to assume just as much of the responsibility and burden of government as they are able to bear.

More specifically, let me say that in this case Mr. Holt, who appeared before the committee, made an excellent impression, and that he presented his case with ability, frankness, and candor. I will not occupy the time of the Senate longer in this connection than to read a brief extract from his testimony, proving beyond question the honesty and the frankness of Mr. Holt both before the committee and before the people of the State of West Virginia in his campaign. I do not offer this merely as a compliment; I offer it because I consider it of probative force on the question pending before the Senate. I now read from page 20 of the hearings:

Senator KING. Let me ask you a question.

Mr. HOLT. Yes, sir.

Senator KING. Since the matter of your age was the subject of controversy, did you in any of your addresses state that you were only 29 years of age, but you believed that under the Clay case and the Shields case, in view of the precedents established in those cases, you would be eligible? Was that the position you took?

Mr. HOLT. The position I took was this: That I was 29; and according to the precedents in four cases I was eligible, because they were all four definitely in my favor and none against me. Particularly in the Clay and Mason cases, they were both seated under the age of 30.

All through my speeches, I want to tell the committee, without a single exception, in every speech I made in West Virginia, in every county with the exception of two, I told every audience, without exception, that I was 29, and that Henry Clay was seated under that age.

Senator KING. You rather capitalized upon your age?

Mr. HOLT. I admit I was glad to raise the question.

Mr. President, that is important in the matter before us because it clears from this case any element of personal bias or prejudice; it clears from this case any element of fraud in the election; it makes plain to the Senate exactly what the candidate meant and what the voters of West Virginia meant when they voted in support of the candidate upon that representation. It is also important because of the law. If the voters realized that the election of a candidate only 29 years of age would create a vacancy in the United States Senate and, for any period of time, however short, would change the composition of the United States Senate, then the problem before the Senate today would be whether the election was valid or void. If they had willfully, with full knowledge, undertaken to flaunt the Constitution of the United States with respect to the composition of the Senate and, with respect to the prohibition in the Constitution, "Thou shalt not", then under the law we, as a Senate, would be bound to hold that the votes so cast were void for fraud.

For the sake of the record I refer to the case of *People ex rel. Furman* v. *Clute* (50 New York 451), which, I think, expresses this principle quite well:

We think that the rule is this: The existence of the fact which disqualifies, and of the law which makes that fact operate to disqualify, must be brought home so closely and so clearly to the knowledge or notice of the elector, as that to give his vote therewith indicates an intent to waste it. The knowledge must be such, or the notice so brought home, as to imply a willfulness in acting, when action is in opposition to the natural impulse to save the vote and make it effectual. He must act so in defiance of both the law and the fact, and so in opposition to his own better knowledge, that he has no right to complain of the loss of his franchise, the exercise of which he has wantonly misapplied.

That refers to the votes. I need comment no further upon that point. The atmosphere is clear of extraneous issues, and we come right down to the close question of whether there is a date under the Constitution when a Senator's term of office begins, a date fixed by unchangeable law, fixed by the Constitution of a great country, and made unchangeable by being expressly excluded from the usual right of amendment granted in article V of that Constitution.

Considering that question, what do we find? The CONGRESSIONAL RECORD of the Senate of January 3, 1935, at page

4, where the credentials of Senators-elect were laid before the Senate by the Vice President, and ordered to be placed on file and to be printed in the RECORD, shows the following:

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 6th day of November 1934 RUSH DEW HOLT was duly chosen by the qualified electors of the State of West Virginia a Senator from said State to represent said State in the Senate of the United States for the term of 6 years beginning on the 3d day of January 1935.

Witness: His Excellency our Governor, H. G. Kump, and our seal, hereto affixed, at Charleston, this 3d day of December, A. D. 1934.

H. G. KUMP, *Governor.*

By the Governor:
[SEAL]

WM. G. O'BRIEN,
Secretary of State.

Mr. President, there was nothing in that certificate which was not strictly according to the facts. There was nothing in that certificate which was not strictly in accordance with the votes of the electorate of West Virginia. The voters of West Virginia acted upon the representation made in every speech, and in every county save two in West Virginia, that the person named in that certificate would be seated in the United States Senate on the 3d day of January 1935. That is the effect of the representation that "I told every audience without exception that I was 29 and that Henry Clay was seated under that age."

In other words, West Virginia as a State never assented to the proposition that a person elected Senator from West Virginia should have the power to postpone the beginning of his term. West Virginia acted on the belief, and it must be thought here that the candidate also believed it, that because of the precedents this certificate of the title to the office would enable their Senator-elect to be sworn in and to take his seat on January 3, 1935.

In passing, it ought to be stated that this cannot be regarded as a waiver by West Virginia of the last clause of article V of the Constitution, which provides that the Constitution may be amended in all particulars save one—"that no State, without its consent, shall be deprived of its equal suffrage in the Senate."

No one can justly argue that the election in West Virginia on that representation was such a consent as article V requires. In the first place, article V relates to an amendment of the Constitution. It does not relate to an evasion of the Constitution; and this vote, if it were to be interpreted as consent, is consent to nothing more than an evasion of the terms of the Constitution. So we, as a minority, claim that upon no view of the problem does the vote of West Virginia amount to a consent that West Virginia should be deprived of her representation in the United States Senate for 1 day, but, on the contrary, it proves that West Virginia consented alone that she should be represented by a young man, a man of 29, believing that because he would become 30 during the term he was entitled, under the precedents, to take his oath and seat at the beginning of the term.

Mr. HATCH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from New Mexico?

Mr. AUSTIN. I do.

Mr. HATCH. Does the Senator consider it important whether or not the people of West Virginia did so consent?

Mr. AUSTIN. In this regard, Mr. President, is it important: In the record appears the following claim by Mr. HOLT, found on page 19 of the record:

> Can anyone doubt but that the State of West Virginia did give such consent in the general election held last November by the very powerful and sovereign expression of the State, the will of the people?

It answers that question raised by Mr. HOLT.

Mr. HATCH. Of course, I consider it important always to know the will of the people, and that the will of the people should prevail if it is possible for that to be done; but I was thinking, as the Senator was speaking, of the remark concerning the question in one of the debates—I think in the Shields debate, by Senator Webster—when he said that if the people of the State did consent it would make no difference to him; even if every citizen of the State appeared in person before the Senate, they could not waive the Constitution.

Mr. AUSTIN. Mr. President, I thank the Senator for that reminder. I believe the Senator is correct. I believe Daniel Webster was correct in that statement; and, for one, I am ready to stand upon the principle that no State may change the composition of the Senate by its consent alone; that the Senate may not change the composition of the Senate by agreement with a State; and certainly and finally, as I see it, so far as this case is concerned, no individual may change the composition of the Senate by act or word.

Now where do we find ourselves? The certificate of election having been filed on January 3, certain memorials were presented to the Senate. The memorials recited the facts which are well known to the Senate, and then demanded judgment of the only tribunal which has authority to pass judgment upon the state of facts set forth, the United States Senate. The memorialists asked the United States Senate to declare a vacancy existing in the office of a Senator from West Virginia; all this before Mr. HOLT arrived at the age of 30 years. I ask Senators, can any lapse of time, can any act of Members of the Senate or of the Senate as a body, alter the situation when judgment was demanded of the Senate? If they cannot do so, then we are right in the contention that before Mr. HOLT became of the age of 30 years, at a time when apparently everybody who has discussed this matter pro and con admits he was ineligible to a seat in the Senate, the issue was formed, and the Senate in this case, as it did in the Shields case, and as it did in the Gallatin case, had the solemn duty to perform of passing upon that issue with respect to what the Constitution required; not with respect to what might be expedient or good policy, and entirely unaffected by any extraneous emotion or desire to add to this body a fine young man who would be able to contribute a great service to his country.

The minority view this problem purely on the scientific basis of what is necessary to preserve the Government of the United States, for we are dealing here not merely with the question of one man's position in that Government, but we are dealing here with a fundamental, a great branch of the Government, the legislative branch, which, under the Constitution, must consist of a House of Representatives and of a Senate the composition of which is prescribed, and the composition of which cannot be changed for a day save by certain solemn acts.

Mr. MINTON. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from Indiana?

Mr. AUSTIN. I yield.

Mr. MINTON. Do I understand correctly the Senator from Vermont to say that the composition of the body of the Senate cannot be changed even with the consent of the State affected?

Mr. AUSTIN. Mr. President, the Senator from Vermont did not mean to say that. This is what I intended: The composition of the Senate stands in a position different from that of any other feature of the frame of Government as laid down in the Constitution. I need not go into the history of it; it is too well known how jealous the States were regarding their representation in the Congress. It is also well known how important it seemed to them that this Union of theirs should be an indissoluble Union, and that this Government should be indestructible so far as any act within the Constitution is concerned, and that to destroy it or to take from its frame in any way it was necessary to have certain formal acts prescribed in article V of the Constitution. Article V provides a way to change this Government, but it says that when it is undertaken to change the composition of the United States Senate something more must be done than is done with respect to any other part of the Government. There must be at some time—and my notion is that it must precede the action of Congress—assent expressed by the State or States whose suffrage in the Senate is to be changed.

I cannot conceive of that expression meaning something less than a formal expression by the State of equal solemnity to that which is required for any other amendment of the Constitution. Therefore, I believe that such assent or consent of the State must be by and through its legislature, or

by and through a convention called to make the expression thereof.

That is one step. The next step, of course, is the usual one for amending the Constitution—a two-thirds vote of both Houses of the Congress recommending it, and an adoption of it by three-fourths of the several States in order to ratify and make the change. That being done, the composition of the Senate can be changed.

Mr. MINTON. Mr. President, will the Senator yield further?

The PRESIDENT pro tempore. Does the Senator from Vermont further yield to the Senator from Indiana?

Mr. AUSTIN. Yes; I yield.

Mr. MINTON. Does not the Senator think that a State which, with full knowledge of all the facts, acts or fails to act in a fashion which would change its representation in the Senate, may thereby consent to a change in its representation in this body?

Mr. AUSTIN. Not without an amendment of the Constitution. That is my position.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. AUSTIN. Yes.

Mr. BULKLEY. I am inclined to agree with the Senator's proposition that a State's legal right to representation in the Senate cannot be changed without very formal action; but, of course, the Senator is familiar with the fact that, as a matter of practice, there have been many vacancies in the Senate, some of them existing for a long time. Is it possible that the Senator contends that a State may not permit a vacancy to exist, or that an individual having been elected to represent a State may not defer entering upon his duties here?

Mr. AUSTIN. Mr. President, I do not make that claim.

Mr. BULKLEY. Then will the Senator develop that position and reconcile it with the well-known fact, for example, that as late as January 1932 we swore in the Senator from Louisiana, whose term had begun on March 4, 1931, and who voluntarily refused to come here until January 1932, and yet no objection was made?

Mr. AUSTIN. Mr. President, the fact that there have been many cases where the Constitution was not conformed to does not set a precedent to be followed in a case where the issue is raised as it is here. That does not count, it seems to me, as any precedent at all, save in this respect, that if we were about to change the Constitution, and there had been followed in our Government a policy or there had grown up a practice outside of the Constitution which seemed to be a good one, then it would be worthy of consideration; but, as I view it, our duty here is not one based upon policy; our duty is to pass upon the legal question; and that is all we are considering.

Mr. BULKLEY. Mr. President, if the Senator will permit, the point I am making is that it is well-established practice that a person having been elected to the Senate may for any reason of his own defer the time at which he takes his office, and no objection has ever been made. That an objection might not be made if he should unreasonably delay I do not say, but I do say that persons elected have delayed for over a year with no objection ever having been raised, and the precedent is well established.

Mr. AUSTIN. Mr. President, admitting that to be true, it does not affect the question before us, because in this case we have this vital difference—that memorialists of West Virginia have raised the question, and therefore it is put up to us to pass upon it, and we must do it; we cannot evade it.

I do not at all criticize anyone for holding views in opposition to mine about this matter, and I want it to be understood that my remarks have no edge to them whatever of that character. I am really interested in nothing more than having the record show clearly our position as the minority on the legal question.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. TYDINGS. I have been following the Senator's argument, but it does not seem in this respect to be sound, if I may make that observation, in that we have no obligation under the Constitution unless someone files a memorial here. In other words, if no memorial had been filed, the Senator says, by inference, that Mr. HOLT would now be a full-fledged Senator from West Virginia, notwithstanding the fact that he is arguing that the election was void from the time it took place. Certainly those two observations can not be reconciled.

Mr. AUSTIN. No; they cannot, and I do not think that inference can be drawn from my position. I have never admitted that because there were precedents where men came in after the beginning of their terms, and did not come until then, they were therefore Senators in the meantime. I have never admitted that.

Mr. TYDINGS. The Senator will, I think, concede, if I may interrupt him further, that if the memorialists from West Virginia had not filed the objections, according to his argument, in the probable course of events Mr. HOLT would now be a Senator. If there had been no objections filed Mr. HOLT would now be a Senator. Is that correct?

Mr. AUSTIN. Let us see.

Mr. TYDINGS. If that be correct, then we would seat a man who the Senator contends never was elected.

Mr. AUSTIN. Mr. President, I hardly consent to that. The many instances which I understand the Senator from Ohio to cite were not instances where there was a disqualification under the Constitution.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. AUSTIN. I yield.

Mr. TYDINGS. I follow the Senator's argument. I do not say that I agree with it, but I can see its consistency, up to the point where the Senator says we get into this controversy because a memorial was filed by certain citizens of West Virginia, and therefore, as they have raised the point, we must now pass on it irrespective of what took place in other cases where memorialists did not make their appearance. By inference the Senator says that if people in West Virginia had not filed this memorial or protest, the Senator from West Virginia would in all likelihood have been sworn in yesterday, and would now be a full-fledged Senator. Yet we are debating the question here that in the election held on the 6th of last November, according to the Senator's point of view, for which I can see there is much sound ground, Mr. HOLT was not in fact elected because he was ineligible then, and cannot take his seat. But if these memorialists had not come in, according to the inference to be drawn from the Senator's argument, as I take it, Mr. HOLT already would have been a Senator today, notwithstanding the fact that his election was void.

Mr. STEIWER. Mr. President, will the Senator from Vermont yield?

Mr. AUSTIN. Let me first answer the question. As I understand my own position, it is that no precedent can be set up to guide our thought in this matter by mere inaction. That is my point. Here we have action. Here we have an issue raised by the filing of the credentials—at the beginning of the term according to the twentieth amendment—and the protest of the memorialists, thereupon the taking of the testimony, thereupon the filing of these reports, and we are now debating a matter as of the issue raised, are we not? I cannot conceive of having a case made new every day by the lapse of time or by events, self-serving or otherwise, which occur subsequent thereto.

Now I yield to the Senator from Oregon.

Mr. STEIWER. Mr. President, the Senator from Maryland suggested that he draws a certain inference from the argument presented by the Senator from Vermont, and then, having drawn that inference, he points out an apparent inconsistency in the Senator's position.

I also was endeavoring to follow the Senator from Vermont, and I draw a contrary inference, and because the inference which I draw is different from that drawn by the Senator from Maryland I do not regard the argument as inconsistent.

It seems to me that the question which the Senator is discussing and the presentation which he has made in behalf of it are leading very close to the real question involved

in this case. I think no Senator will claim that the Constitution unequivocally defines the time at which the age qualification must exist. In the absence of an unequivocal and specific definition in the Constitution, of course, construction is necessary.

It would seem to me that the suggestion made by the Senator from Vermont leads us directly to the question whether that construction should be based upon political expediency or parliamentary strategy or whether it should be based upon the meaning and purpose of the Constitution itself. To me it is utterly inconceivable that the framers of the Constitution intended that a Senator-elect should be permitted to determine whether or not there was a vacancy, and should be permitted to determine whether or not his election was void, all by the wisdom or sagacity with which he proceeded; that is to say, that one lacking the age qualification could determine that his election was not void and that his seat was not vacant merely by waiting for time to answer the requirements as to age.

Certainly this question ought not to be determined by the sagacity of the man elected; it ought to be determined by the construction which the Senate is bound to place upon the Constitution of the United States, and if that construction is as indicated by the Senator from Vermont, of course the qualification of the Senator-elect to be a Senator cannot depend on whether he is wise enough to remain quiet and in retirement until after age qualification has been attained by lapse of time. I am impressed that it is better in every way that there be a construction of paragraph 3, section 3, of article I that fixes the beginning of the term as the time when the age qualification must be established and that the paragraph is susceptible of this construction. Otherwise there is no definite and binding rule, and no voter will ever know whether a youthful candidate is qualified for service in this body. The seating of Mr. HOLT suggests no public advantage sufficient to compensate for this condition of uncertainty. I favor the substitute resolution denying Mr. HOLT his seat, upon the ground that at the beginning of his term he lacked the constitutional age qualification and therefore could not assume his seat. A vacancy results and should be declared by the Senate. The election was void, not because the age qualification applies on election day, but because Mr. HOLT could not qualify at the time contemplated by the Constitution. This view is consistent with the precedents cited. I thank the Senator from Vermont for permitting this interruption.

Mr. AUSTIN. Mr. President, I agree with what the Senator from Oregon has just so ably expressed; and if I shall not become diverted from my line of thought, I will come to the precise question which he points as looming up before us.

Mr. STEIWER. Permit me to say to the Senator that neither the Senator from Maryland nor the Senator from Oregon was endeavoring to divert the Senator from Vermont from his line of thought.

Mr. AUSTIN. I understand that. On the question of the passage of time having anything to do with this matter, we do not have to follow our own imperfect reasoning. We have interpretation of this particular clause of the Constitution to guide us. We have the Senates of years ago telling us about it, and how they viewed it. That is the value of the Shields case. It makes very little difference to me, in dealing with this question, whether we call it a precedent or not; it makes very little difference to me whether the Senate went beyond the issue, beyond what was necessary to be decided in adopting the resolution which they adopted, and the several resolutions preceding the final one; the important thing to my mind is that after full and thorough debate the Senate of that time enunciated the principle that lapse of time cannot change the constitutional requirement. That was the meat of the Shields case.

There was offered in the Senate a resolution to postpone action until sufficient time had elapsed, and then to have the Senate consider the matter after the defect of time in the title had been cured, and the Senate voted not to allow that continuance or postponement to take place on the grounds stated in the debate; that it could not change the facts; that the facts were unchangeable. The disqualification having existed at the beginning of the term of General Shields, nothing which could be done afterward could change or remedy that disqualification; so they refused to allow the postponement of consideration of the case then pending; they refused to allow General Shields to resign. That whole matter has been argued, and I will not reargue it.

In this connection let me call attention to how closely they considered the principles of that case to apply to a case such as the present one. I read Mr. Underwood's remarks from page 9 of the Reply of Memorialists to brief and argument of the respondent.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WALSH. The Supreme Court of Massachusetts held in a certain case that the people could not vote for a dead man. The man who received the largest number of votes was dead on election day. I inquire from the Senator whether it is his opinion that the people can vote for a man who, under the Constitution, is ineligible.

Mr. AUSTIN. Mr. President, I answer the Senator that they can. I do not wish to answer without qualification.

Mr. GEORGE. Mr. President, I should think not.

Mr. AUSTIN. I wish to finish the answer. They can; but whether their vote shall count or not depends upon whether they did it willfully, knowingly, and in defiance of the law and the facts. Of course, in the case of a dead man, there is the practical difficulty that when they vote for a man and afterward discover that he is a dead man, it is an ineffectual thing. If there is no fraud connected with it, that is another matter. I realize that there are cases to the contrary. However, I wish to say that I do not consider that the person who received a minority of votes in such an election was elected. I cannot see it that way. In order to have such person elected the votes cast for the dead man would have to have been fraudulent votes, and the election declared fraudulent. In such case I think there woud have to be a new election. That is my view of it.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. NORRIS. I am moved to ask this question because the Senator has referred to electing a dead man. I think such a case has actually occurred. I have not thought of it in connection with this discussion, but I believe several years ago that actually occurred in the State of Wisconsin, where for some State office—I do not now remember what it was, not having thought of it for years—a dead man was actually elected, those voting for him knowing he was dead when they elected him. He died at a time when it was too late to place the name of anyone else on the ballot. The people elected him, and then, of course, there was a vacancy, because there was no one to take the office. However, no one claimed, as I understand, that the man receiving the next greatest number of votes was elected, or that the votes cast for the dead man should not be counted.

Mr. AUSTIN. Mr. President, that is my view. I think there must be fraud in order to have such votes cast out as ineffectual, in which event, if all of them were disregarded and rejected, certainly the other man would have the majority of votes.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. HATCH. I ask this question to see if I correctly understand the rule about which the discussion is proceeding at this time. I have understood that in a case where the voters cast their votes for a person who is ineligible—without going into any fine distinctions as to what constitutes ineligibility, let us say he is ineligible—if they do so knowing his ineligibility, the English rule is that the opponent is elected. The American rule is that under such circumstances the opponent is not elected. However, those ineligible votes do not amount to anything. There is simply no election; and no one is elected in the case where the voters know the candidate is ineligible. Is that correct?

Mr. AUSTIN. I do not know whether it is correct or not, but I agree with the statement of the Senator. The hold-

ing which is my authority largely for that position is one which I am about to read. I have great reliance on this particular expression, coming from People against Clute, to which I previously referred:

He must act—

Meaning the voter—

He must act so in defiance of both the law and the fact, and so in opposition to his own better knowledge, that he has no right to complain of the loss of his franchise, the exercise of which he has wantonly misapplied.

Mr. HATCH. Does that case hold that under such circumstances the opponent is elected? Is that an American case?

Mr. AUSTIN. No; this case held the other way. It is an American case.

Mr. HATCH. That is the American rule. Under it the opponent in such event is not considered elected.

Mr. AUSTIN. Yes; I believe that to be so.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. STEIWER. Merely in the interest of accuracy, I wish to observe that even under the American rule the votes cast for the ineligible candidate do mean something. The Senator from New Mexico [Mr. HATCH], as I understood him, asserted that they meant nothing. In one sense that is true, but I think, under the very great weight of authority, they are given effect to the extent that they spell the defeat of the opposition candidate, and I think the Senator from New Mexico did not speak accurately the thought which was in his mind.

Mr. HATCH. Yes; Mr. President, the Senator from Oregon is correct in that respect, I am sure.

Mr. AUSTIN. Mr. President, speaking of the Shields case, in whatever light it is taken, we of the minority give consideration to the debate as bearing upon the reasoning which should be applied to the instant case, and in that debate I think we see a reference directly to our present situation. This is from Mr. Underwood, page 9 of the Reply of Memorialists.

Now let us reason about this matter: Let us look at the Constitution. The Constitution says that unless an individual has been 9 years a citizen of the United States he cannot be a Senator of the United States. And that is not the only prohibition.

Evidently the author here omitted something from the quotation, but I continue the quotation:

Suppose then, you elect a man who is under 30 years of age, is not the election void?

They debated that question, and, as Senators all know, they decided that that was not necessarily so; that the time to which the prohibition should be applied is not the date of the election, but the date of the beginning of his term.

I care not whether that is called a precedent; it makes no difference what it is called; it was the action of the United States Senate upon a similar state of facts, and it is the reasoning of these men which I think is of help to us in our own reasoning here.

The question has been raised here whether the Shields case followed or diverged from the Gallatin case, and the claim has been made that the Gallatin case and the Shields case differ in principle. I cannot see that. As I read those two cases they stand upon the same principle which we of the minority assert in this case. In both the Gallatin case and the Shields case the candidate was not a citizen of 9 years' standing at either the date of the election or the date of the beginning of his term. In that respect they were identical.

The resolution in the Gallatin case did not specify whether the disqualification was at the beginning of the term or at the date of election. Let me call attention to the wording of the Gallatin resolution:

Resolved, That the election of Albert Gallatin to be a Senator of the United States was void, he not having been a citizen of the United States the term of years required as a qualification to be a Senator of the United States.

That is all there is to that resolution. Therefore it cannot be said that it was decided that he was not a Senator because at the date of his election the time required to qualify him as a citizen had not elapsed. The resolution can be taken to apply either way, because either way the same principle applies.

However, how did the Senate look upon it in the Shields case? The Gallatin case must have meant a great deal to the Senate, because there were on the senatorial committee such men as Oliver Ellsworth, who had been not only a member of the Constitutional Convention which wrote these articles but also a member of the convention which framed the Articles of Confederation. On that committee were men who probably possessed the most scientific knowledge of the principles of government of any men in the country, and they were currently acquainted with the very instrument which they were interpreting.

In 1849 the Senators who were passing on the Shields case looked back to the Gallatin case, as we look back to it now. I have heard it argued here by those who, I think, do not know these facts, that the Shields case did not follow the Gallatin case and that the Gallatin case was not a precedent for the Shields case. Now, let us look into the record briefly on that point. We find Senator Butler, in the debate on the Shields case, saying this:

I dissent, then, so far as I am concerned, from the report of the committee; and I do so by virtue of precedents in my own State and the case of Mr. Gallatin.

And that is only one straw upon the surface of the stream of history. Going back to the Congressional Globe and turning to the remarks of George Mason, the chairman of that special committee, we find in discussing the Shields case and the value given to the Gallatin case, his saying this on the Senate floor—I am reading from the Congressional Globe, page 334, date of March 13, 1849:

I believe I am correct in saying that the committee in the course of their deliberations took as their guide the case of Mr. Gallatin, as it is set out in the Journal of the Senate. The case of Mr. Gallatin substantially was this—

Then he proceeds to state what the case was.

So, Mr. President, whether or not you call them precedents or expressions of principle, when the Senate in the Shields case added the words "at the commencement of the term for which he was elected", the Senate did so holding the same view as was held by that great Senate of the early days as to the construction of our Constitution. Their views should be the voice of wisdom to us; the fact that they spoke with venerable accent gives more rather than less weight to them, and in passing upon this question we ought to consider ourselves blessed by having the opinions of such great men as these to guide us and help us in our own reasoning.

Now I read, concluding my argument in that respect, the resolution in the Shields case:

Resolved, That the election of James Shields to be a Senator of the United States was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected.

So, Mr. President, if you wish to call that a precedent, that and the Shields case are the only precedents in the Senate upon the issue now before us; and if we are going to do what it seems apparent to me we are about to do, we ought to do it in the spirit of the Senator from Wisconsin [Mr. DUFFY], who comes right out and says, "I recognize the voice of former Congresses interpreting the Constitution in a certain way, but I am for reversing that interpretation." That places us right where we belong.

Thus we arrive at the conclusion—and with this observation I desire to close my remarks—that these cases fix the time when the constitutional provision and prohibition must be applied to be at the commencement of the term of a Senator-elect. The twentieth amendment fixes that date to be the 3d day of January, in this case, 1935. So it seems to me, Mr. President, that if we were to vote down the substitute offered by the Senator from Delaware [Mr. HASTINGS] and adopt the original resolution submitted by the Senator from Georgia [Mr. GEORGE], we would, in effect, be resolving—

That Rush D. Holt is entitled to his seat in the United States Senate as a Senator from the State of West Virginia, it appearing

that he was 30 years of age at the time when he presented himself to the Senate to take the oath and to assume the duties of the office; and—

Now I am adding what follows—

and regardless of the fact that he was not eligible under the provisions of the Constitution of the United States to assume the duties of the office of United States Senator on the day that the term for which he was elected began, or to serve the full term for which he was elected.

If we can do that in conscience and according to our sense of duty and responsibility, it is not my intent to judge of any man for doing so; he does it on his view of the Constitution and his interpretation of it; but by making that addition to the resolution I mean to point out how absurd it appears to the minority to take that position in view of the utter inability of any man, of any State, or the Senate itself, to change the composition of the United States Senate and the absolute knowledge we have that the Senate, as is the Government of the United States, is indestructible by any act within the Constitution, and the only way to destroy it or to break it down is by going outside the Constitution.

Mr. President, for these reasons, as well as those expressed in the very able written views submitted by the Senator from California [Mr. JOHNSON], in which I concur, and those set forth in the minority views signed by the Senator from Delaware [Mr. HASTINGS], the Senator from Iowa [Mr. DICKINSON] and myself, I believe that the resolution offered by the Senator from Delaware as a substitute for the original resolution should be adopted.

Mr. HASTINGS obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Keyes	Overton
Ashurst	Copeland	King	Pittman
Austin	Costigan	La Follette	Radcliffe
Bachman	Davis	Logan	Robinson
Bailey	Dickinson	Lonergan	Russell
Bankhead	Dieterich	Long	Schall
Barkley	Donahey	McAdoo	Schwellenbach
Bilbo	Duffy	McCarran	Sheppard
Black	Fletcher	McGill	Shipstead
Bone	Frazier	McKellar	Smith
Borah	George	McNary	Steiwer
Brown	Gerry	Maloney	Thomas, Okla.
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Minton	Trammell
Burke	Gore	Moore	Truman
Byrd	Guffey	Murphy	Tydings
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norbeck	Wagner
Chavez	Hatch	Norris	Walsh
Clark	Hayden	Nye	Wheeler
Connally	Johnson	O'Mahoney	White

The PRESIDING OFFICER (Mr. NEELY in the chair). Eighty-eight Senators having answered to their names, a quorum is present.

Mr. HASTINGS. Mr. President, I shall take but little of the time of the Senate to discuss the pending question. I had supposed originally the well-known Gallatin and Shields cases were applicable to this case and that they practically determined the matter. From my point of view, it was impossible to distinguish those cases from the case now before the Senate. As the hearings developed and as the committee considered the question, a decided difference of opinion became very evident.

It was interesting to me in that connection to review the address of the Senator from Nevada [Mr. PITTMAN] delivered to the Senate in the early part of December 1931, at which time he submitted a resolution to the Senate concerning the appointment and seating of the present senior Senator from New Jersey [Mr. BARBOUR] to fill the vacancy created by the death of Senator Morrow. Under some provision of the statute of New Jersey it was necessary for a vacancy to exist before that appointment could be made. The Senator from Nevada submitted to the Senate at that time a resolution, the effect of which was to declare that a person elected, and who was qualified to take the office at the beginning of his term, became a Senator at the beginning of that term and did not have to wait until he took the oath of office.

An investigation of the facts in this case caused me to reach the conclusion that the adoption of that resolution at that time would have been conclusive in the present case, and I think it is admitted by those presenting the majority report in this case that if it had been determined that a person became a Senator at the beginning of his term, and not when he took the oath of office, that would determine this matter against Mr. Holt.

That particular resolution unfortunately was not acted upon by the Senate, but was referred to the Committee on the Judiciary. The subject of the resolution, the present senior Senator from New Jersey, was admitted as a Senator and took the oath of office, and during the time he filled out the unexpired term of Mr. Morrow the question involved in the resolution was not determined, and has not as yet been determined.

In the views of the minority, however, we have pointed out that the determination of this question determines the question involved in the Pittman resolution, and it determines it in what might be called the negative. That is, if we seat Mr. Holt and adopt the resolution submitted by the Senator from Georgia [Mr. GEORGE], we definitely determine that a man does not become a United States Senator until he takes the oath of office.

I shall try to avoid repeating the argument which has been made here. There are some things in the report to which I desire to call attention, and there is one thing not in the minority report, which I discovered since its preparation, which I think in all fairness I should bring to the attention of the Senate. I do that particularly because I want to be fair to the Senate and because I want a record which is accurate as nearly as possible.

In the minority report we have laid particular stress upon the fact that the Senate construed the Constitution in this respect by enacting a law in 1883 to the effect that when a Senator presents his credentials to the Senate he is entitled to be placed upon the pay roll and thereafter to receive his pay. The argument contended for by the minority is that that was a construction of the Constitution, a construction and a determination of the question raised by the Senator from Nevada [Mr. PITTMAN] in the resolution to which I have referred, namely, that it would be inconsistent and would be a wrong assumption that the Congress would enact a law placing a person on the pay roll as a Member of the Senate if it be a fact that he is not a Member of the Senate and does not become a Member of the Senate until he takes the oath of office.

The first act I knew anything about was passed in 1883. The terms of it are found in the minority report. We called attention to the fact that after the twentieth amendment to the Constitution became effective a new act was passed by the Congress in June 1934 in language a little different but to the same effect. It is based upon the fact that salaries of Senators begin and are paid from the beginning of their terms rather than from the time they take the oath of office.

Mr. GEORGE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Georgia?

Mr. HASTINGS. I yield.

Mr. GEORGE. Does it not in all fairness demonstrate that a special act was necessary in order to enable a Senator to get his salary?

Mr. HASTINGS. I shall answer that in a moment.

Mr. GEORGE. If it will not divert the Senator, let me ask him another question. The resolution to which the Senator has referred, in the matter of the Senator from New Jersey, was not approved by the Senate, was it?

Mr. HASTINGS. That is true.

Mr. GEORGE. I should like to have that appear in the RECORD.

Mr. HASTINGS. I have already stated that if that resolution had been approved it would, in my judgment, have been determinative of the pending matter.

Mr. GEORGE. I think that is very clearly inferrable from the Senator's remarks, but the Senator referred to it as a resolution, which might carry the inference that it was adopted by the Senate.

On the other point, let me ask if a Senator is a Senator in the full sense from the date of the commencement of his term of office, why was it necessary to pass the act to which the Senator refers authorizing the disbursing officer of the Senate to pay his salary, inasmuch as the salary of Senators, of course, is fixed by law?

In the second place, let me ask the Senator, even if the Congress desired to pay salary to a Senator from the beginning of his term of office or from the date of his election, might it not be within the constitutional power of the Senate to do that, irrespective of when he actually became a Senator?

Mr. HASTINGS. Yes; I think so.

Mr. GEORGE. I wanted to make that clear.

Mr. HASTINGS. The Senator may desire to ask me some further question when I invite his attention to another statute, about which I did not know at the time the minority report was prepared. As I stated awhile ago, I want to make certain that the record is accurate and complete, and for that reason I shall give to the Senate, although it may be used against the argument I make, the benefit of this additional statute.

Mr. MINTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Indiana?

Mr. HASTINGS. I yield.

Mr. MINTON. Do I correctly understand the Senator from Delaware to say that a Senator becomes a Senator on the date when his term begins?

Mr. HASTINGS. If he is otherwise qualified. I repeat that at the time I prepared this report as far back as I had gone was 1883. There was an act in 1934 and an act in 1883; but I was curious to know why the act of 1883 was passed, and yesterday morning I made some further inquiry, and I found that under date of March 29, 1867, the following is found in the statutes:

> Each Senator, Member of House of Representatives, and Delegate in Congress, after having taken and subscribed the required oath, shall be entitled to receive his compensation at the end of each month at the rate now established by law.

Mr. President, I repeat that if that statute had been known to any of us we should have included it in the report made by the minority and commented upon it.

Mr. GEORGE. Mr. President, of course, it is very proper for the Senator from Delaware to call directly the attention of the Senate to that statute; but I beg to differ from the Senator when he assumes that we should have put it in the report. We might have, but not necessarily, because the view the minority take of the matter is——

Mr. HASTINGS. I do not mean the majority report; I referred to the minority report.

Mr. GEORGE. I beg the Senator's pardon.

Mr. HASTINGS. I point out that, in order to be frank with the Senate, it would have been our duty, if we had discovered that statute, to have put it in also, because I was very greatly impressed with the fact that the Congress had passed these two acts putting Senators upon the pay roll at the beginning of their term upon the presentation of credentials that were regular in form; and it seemed to me it was inconceivable that the Congress would pass an act placing on the pay roll persons who were not at the time Members of Congress and paying them the salary of the Members of the Congress.

As I say, I think this act of 1869 takes away some of the effect of the argument we have made, at least upon my part; but I call to the attention of the Senate this fact with respect to the act of 1869: It may very well have been, and undoubtedly was, the policy of the Congress at that time to see to it that every man appeared at the bar of the Senate and took the oath as soon as possible after his term began; and I suggest that perhaps as a punishment for the Senator who did not come early he was not permitted to draw his pay. Perhaps that was what was in the mind of the Congress at the time they passed that act, rather than that persons were not Members of the Congress until they took their oaths. It is the one explanation which I make, and it seems to me it is not entirely unreasonable.

But, regardless of what may be said with respect to that, I call attention to this theory which I have with respect to the matter, and I particularly invite the attention of the junior Senator from Kentucky [Mr. LOGAN] to it. My understanding is that the title to an office, if it is an elective office, is created when the election is over and the election officers have determined, in the way the statute provides, that a particular person has been elected to the office. If it be an appointive office, when the appointment is made the title vests in the particular appointee. In the case of an elective office, the credentials are necessary before there is evidence of the election. In the case of an appointment, the commission is necessary in order that there may be the evidence of the appointment.

We have in one case an elective office, and in the other case an appointive office. All that is left to make the title complete in the particular person is that there be some evidence of his acceptance of the office. If a man is elected, he may decline the credentials. If a man is appointed, he may decline the commission. That act of itself is sufficient to show that he has declined the particular office. If it be the case of a United States Senator elected in 1934, whose term begins January 3, 1935, when he is elected and receives his credentials, or if they are not delivered to him, when they are sent to the Secretary of the Senate of the United States, if that is done with his approval, and his name is placed upon the pay roll, and he appoints his clerks just like a Senator who is elected and who is undoubtedly qualified, the only question about his acceptance of the office has passed, because those things of themselves show that he has accepted the office; and he thereby, if he is otherwise qualified, becomes a Senator of the United States. If it is an appointive office, and he evidences his acceptance in any way, by accepting the commission or otherwise, he becomes the person entitled to that office.

I heard the remarks yesterday and read the RECORD this morning with respect to what the junior Senator from Kentucky [Mr. LOGAN] said with respect to that matter; and I wish to call his attention to a fact in that connection. I first read what the distinguished junior Senator from Kentucky said, after the Senator from Texas [Mr. CONNALLY] had yielded to him:

> Mr. LOGAN. I desire to say to the Senator that the argument he is advancing is entirely fallacious. The certificate of election which Mr. HOLT held was only an evidence of title. The title to the office was in nubibus.
>
> Mr. CONNALLY. Where? [Laughter.]
>
> Mr. LOGAN. In the clouds. If he had presented that title here and it had vested in him in January, when he was ineligible to receive it, then his right to hold the office would have depended on the title which he had when it was vested in him; but he did not present it then. He did not present it until he was eligible to have the title vested in him.
>
> So clearly he is entitled to receive the office at this time, and that is the distinction between this and the other cases which have been cited here. That is the reason why the Senator from Arkansas is absolutely right when he says that if he had presented the credentials in January, when they could not have vested title in him because he was ineligible, he would have been out. But now he is 30 years of age, and he presents the credentials, and when he presents the credentials the title vests, and he is never a Senator until the title does vest, and when he asks that it vest in him, he is eligible to receive the title.
>
> If the Senator can answer that or overturn that suggestion, he will overturn the great body of the law that has been in existence and which constitutes the jurisprudence of the United States on nearly all questions similar to this. It is a question of when the title vests, when it ripens.
>
> When the credentials are tendered here there is a color of title, as it were. He holds the office, but under a mere color of title. Now the question is, Is he eligible to receive the title when he asks that it be vested in him? I have stated the reasons which have led me to support the report of the majority of the committee.

Then I called attention to the fact that the credentials had been presented; and the Senator from Kentucky replied:

> The title did not vest. He was not sworn. The title cannot vest until he takes the oath of office; then the title vests. The question is whether or not he is eligible when the title vests in him.

I think the Senator from Kentucky has stated the case accurately, but has reached the wrong conclusion. As I say, I think the title is in the Senator when he is elected, assuming that——

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Louisiana?

Mr. HASTINGS. I do.

Mr. LONG. Does the Senator now mean to say that he thinks the title is in a man when he is elected?

Mr. HASTINGS. The title immediately vests.

Mr. LONG. Then the Senator does not pay much attention to the courts, for they have held the other way.

Mr. HASTINGS. No; not on the question of title. The Senator is mistaken in that respect—not that he has to be qualified at that time, but the title vests when he is elected, assuming that he is eligible to take the office at the time his term begins. The title having been vested, he receives his credentials, which are evidence of it. The only other act is taking the oath, which is taking possession of the office.

Mr. LONG. If the Senator will pardon me again, as I understand, the Senator is dividing the man's senatorial capacity into compartments. One is, he has a title. Another is, he has a right. Another is, he has an oath. Another is, he has a senatorship. As I understand, the Senator proceeds by degrees; but my understanding of the courts' decisions has been that a man has no title, he has no claim, he has nothing, until he has been accepted and accredited by this body.

Mr. HASTINGS. Very well, Mr. President. Now, let me read from Mechem on "Public Offices and Officers" just a paragraph, at section 253, under the title "Qualifying for the Office."

SEC. 253. In general: The person elected or appointed to a public office is usually required by law, before entering upon the performance of his duties, to do some act by which he shall signify his acceptance of the office and his undertaking to execute the trust confided in him. This act is ordinarily termed "qualification."

The next section reads:

What constitutes qualification? This act generally consists of the taking and often of subscribing and filing of an official oath, and, in many cases, of the giving of an official bond in such a penalty and with such sureties as the law prescribes.

SEC. 255. Oath not indispensable: But although the law usually requires the taking of an oath, it is not indispensable. It is, as has been said, but a mere incident to the office and constitutes no part of the office itself.

A North Carolina case is cited, which I examined, and which seems to me to thoroughly justify the statement made.

I assume and my judgment is, that the principles I have laid down are sound, and I want to inquire for just a few moments as to the position in which Mr. HOLT finds himself with respect to that matter if my argument be sound.

He was elected in November 1934 for a term to begin January 3, 1935. He received a majority of the votes and, therefore, was entitled to the office if he had all of the qualifications for the office. When January 3, 1935, arrived the time had come when, under the Constitution, the successor of the man who had occupied the place up to that time should have begun his term, at noon on the 3d day of January.

It is admitted that on the 3d day of January, although Mr. HOLT had been elected, he did not have the title to the office because he did not have the qualifications for the office. Then may I inquire what happened to the title to the office? He did not have it on the 3d of January, or on the 3d of February, or of March, or April, or May, or June, but he waited until the 19th day of June. Where has the title to the particular office been in the meantime? Can he have a title to the office on the face of it and reach the time when the test of his qualifications for the office must be met, and merely because it was not determined by the Senate at that time, merely because the Senate did not say at that time, "Your title is defective because you have not these qualifications", can we, as the Senator from Kentucky says, leave the title somewhere up in the clouds, and draw it down from the clouds again, and make a good title out of something which has been dead for 5½ months?

The only reasonable conclusion we can possibly reach is that if the examination had been made by a body such as this body, which had to pass upon the case, at that time, or at any other time, and it had been found that the title at that time was defective, a good title could not possibly have been made out of it by waiting 5½ months.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BULKLEY. Did I understand the Senator to say that in the case of an appointment to the Senate to fill a vacancy the title vests at the time of the appointment?

Mr. HASTINGS. Undoubtedly.

Mr. BULKLEY. Then how can the Senator reconcile what he has just said with the case which occurred when the senior Senator from Virginia [Mr. GLASS] was appointed to the Senate, he at that time occupying the office of Secretary of the Treasury, which was inconsistent constitutionally with his being a Senator, and he continued to occupy that office for some months, until he got ready to come here and qualify, and then he was qualified without question?

Mr. HASTINGS. Of course, at that time he could not have held the two offices, and he could not be qualified for both offices under the Constitution. That is undoubtedly true. That was not true, however, with respect to the Governors to whom the Senator from Louisiana referred.

Mr. BULKLEY. So long as the Senator contends that title by appointment vests as soon as the appointment is made, the case is not different.

Mr. HASTINGS. That is true.

Mr. BULKLEY. We might as well meet it as if it were an election and the term had begun.

Mr. HASTINGS. That is true.

Mr. BULKLEY. Clearly he would not be qualified to come here and take the office while he was Secretary of the Treasury. Clearly, then, the title must be held in suspense until he does come here. How can the Senator reconcile that plain matter of history, about which we all know, with the theory he is expounding?

Mr. HASTINGS. I reconcile it on the same basis on which I reconcile the Henry Clay case; it was because the point was not raised. But nobody will contend that he could have held the office as Senator while he was occupying the office of Secretary of the Treasury, under the Constitution.

Mr. BULKLEY. Of course not, and he was not a Senator at that time.

Mr. HASTINGS. That particular point would not have been raised, because it could so easily have been corrected if it had been raised. Undoubtedly he would not have undertaken to draw his salary as Senator, and he could not have drawn his salary under the circumstances. All anyone had to do, if he wanted to, was to object, but it was not necessary to do that, because he could have gotten another appointment the same day the objection was raised. All this time he was capable of taking his seat in the United States Senate at any time he gave up the other office. I did not know about the case.

Mr. BULKLEY. There is no difficulty about the practice. The difficulty I have is that I understood the Senator to contend that it was not possible so to hold the title in suspense.

Mr. HASTINGS. Of course, that is true. Of course, it cannot be held in suspense, and it could not have been held in suspense in the case cited any more than it can in the case before us.

Mr. BULKLEY. I only say that he did it.

Mr. HASTINGS. Many things are done, such as that which has been done here. The title to the office in this case has been held in suspense, and no one has done anything about it.

Mr. BULKLEY. Of course, that is just what we are contending, that it has been held in suspense until such time as the claimant is qualified to serve.

Mr. HASTINGS. The Senator and I do not agree about holding the title to an office in suspense. I think it cannot

be done in any such fashion. Particularly is that true when the man who was appointed in the first place was not qualified to take the office. Of course, if he could have qualified the very minute when he received it, he could have handed in his resignation from the other office, and he could have qualified here.

Before I leave that point, I wish to refer to the question of the Governors, which has been mentioned. Of course, the Senate had nothing to do with that. Holding office as Governor of Louisiana, for instance, and being a Senator of the United States from Louisiana, so far as the Constitution is concerned, are things with which the Senate has nothing to do. That is only a matter of local laws, and that is true of many local laws. In many instances local laws do not permit any such thing. That is entirely up to them. That is not a thing for the Senate to be concerned about.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. MINTON. Using the Senator's own view of it, would it not be possible that the title to the office might vest, but the enjoyment of it might be held in suspense?

Mr. HASTINGS. I think, as I have undertaken to say, that the title to the office is one thing, the possession of the office is another thing. Therefore, one might wait for the possession of his office, which is taking the oath of office, but in the meantime, if he is otherwise qualified, he is a Senator.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. HASTINGS. I yield.

Mr. GEORGE. I wanted to ask the Senator's attention to what I believe on reflection he will concede to be an erroneous statement. The Governor of a State who is in office and who is elected to the Senate of the United States is not precluded from taking office here because of any local law. He is precluded upon the broad doctrine of incompatibility of duties and responsibilities. So that under practically all our cases, the Governor of a State, having been elected to the Senate of the United States, would not be permitted to take his seat here until he divested himself of the other and incompatible office.

Mr. HASTINGS. May I inquire of the Senator from Georgia whether there is anything in the Constitution about that?

Mr. GEORGE. Not in the Constitution, but I thought the Senator's reference to local law meant only reference to the law of Louisiana.

Mr. HASTINGS. That is what I had reference to.

Mr. GEORGE. But it is a general principle, it has been ruled by the Supreme Court of the United States as well as by the State courts, and it rests upon the incompatibility of the duties and responsibilities of the office.

Mr. HASTINGS. Of course, Mr. President, the constitutions of most States with which I am familiar provide that no Member of the Congress may hold any office of profit within the particular States. The practice has been—and nobody has complained about it—that if a Governor wishes to fill out a few months of his term, although he has been elected to the Senate in the meantime, out of all sense of decency he does not undertake to take his office here, but when he comes to the Senate with his credentials and ready to take the oath, he has given up his office as Governor, and, of course, there is no question for the Senate, and no question raised in respect to the matter.

Mr. MINTON. Mr. President, will the Senator yield again?

Mr. HASTINGS. I yield.

Mr. MINTON. Would the Senator consider that at the beginning of the senatorial term for which the Governor was elected he possessed the qualifications to become a Senator?

Mr. HASTINGS. That he possessed the qualifications?

Mr. MINTON. Yes.

Mr. HASTINGS. From the constitutional standpoint he possessed the qualifications.

Mr. MINTON. He must possess them at the time his term as Senator begins?

Mr. HASTINGS. That is true.

Mr. MINTON. Not when he comes here to qualify.

Mr. HASTINGS. That is true. The possession of the qualifications at the time his term begins is the test.

Mr. MINTON. Then if we should adopt the resolution proposed by the Senator from Delaware, it could never happen again that a Governor could be elected Senator, and serve out his term as Governor, and then come here and qualify after his senatorial term began. If we were to adopt the Senator's resolution, we should prevent any Governor in the future serving out his term as Governor after his term as Senator began, and then coming here and qualifying as a Senator.

Mr. HASTINGS. Not by any means. The resolution which I have offered as a substitute is based upon the fact that at the time his term began, Mr. HOLT was not qualified to take this office. If the Governor of West Virginia had been elected—assuming that he was 30 years old and otherwise qualified, which I think is a fair assumption—if he had been elected, and had not come here until June 19, no question at all could possibly be raised with respect to it by the Senate. I might qualify that statement to this extent: If the Senate should find that someone had been elected to the office of Senator who arbitrarily refuses the office, it could, of course, if it so desired, declare the seat vacant, and that would end the matter so far as that particular person was concerned. However, that is something which never has been done, and is not likely to be done unless on some extraordinary occasion.

Mr. MINTON. Does the Senator think that a Governor who has been elected Senator, but who had not served out his term as Governor, could come here and be sworn in as Senator and also continue to serve as Governor?

Mr. HASTINGS. When he presented himself here, so far as the constitutional requirements are concerned, he would fulfill them; and, so far as I know, it would be no business of the Senate further to inquire into the subject.

Mr. MINTON. Then the Senator would hold that the question of the incompatibility of the offices was no concern of the Senate?

Mr. HASTINGS. To be perfectly frank about the matter, I had not considered that feature of it. That also might be a very different question, and a very serious question. The fact that no one has ever undertaken to do it—I suppose probably no decent person would try to do it—makes it an unimportant thing to try to determine.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. GEORGE. It may not have any direct bearing upon the issues in this case, but it certainly would be within the power of the Senate to say to anyone who was holding an office which was incompatible with the duties of the office of Senator, "Your holding of that office is an election to decline to accept the office of Senator"; and if the office of one who is elected to the Senate is an office under the United States—getting entirely away from the doctrine of incompatibility, and coming back to the Constitution—it certainly is true that the Senate would have the power to say that continuance in the office under the United States is an election to decline, or abandon the office of Senator.

Mr. HASTINGS. In the latter case to which the Senator refers, it would not only be the right but I think it would be the duty of the Senate to exclude the man.

Mr. GEORGE. I may call the Senator's attention to the fact that the House of Representatives acted upon precisely that state of facts in the case of one who was elected to the House, who was also the holder of an office in the Army of the United States. The House resolved that the office which he held in the Army was an office under the United States, and his continuance in that office was an abandonment of the congressional seat to which he had been elected. I have no doubt that the Senate can act in the same way, even in the case of a State office, which is in fact incompatible with the office of Senator.

Mr. HASTINGS. Of course, Mr. President, if the Senate desires to do so, it can act wholly arbitrarily and do exactly what it pleases with respect to any Member of the Senate, without rime or reason, because the Constitution gives it such authority. It is not assumed that the Senate will do any improper thing, but the assumption is that it will do only those things which, under the Constitution, the conscience of its own Members impels it to do.

Mr. President, yesterday I called attention to this provision in the Constitution when the Senator from Texas was delivering an address to the Senate:

No Senator or Representative shall, during the time for which he was elected, be appointed to any civil office under the authority of the United States, which shall have been created, or the emoluments whereof shall have been increased during such time.

The Senator from Texas [Mr. CONNALLY] was not impressed with my interruption, and the Senator from Ohio [Mr. BULKLEY] made some comments to the effect that when the framers of the Constitution desired to fix a thing definitely they said so, and clearly intimated that in his judgment this provision of the Constitution had nothing to do with the subject under discussion.

It may not have a very direct bearing upon the subject, but I call to the attention of the Senate the fact that the language is "during the time for which he was elected." Is there any possible excuse for applying that provision of the Constitution to Mr. HOLT, for instance, if it be true that he is not a Member of the Senate until he takes his oath?

Why should he be interested, and why should he be put in the class of Senators and Representatives, and, during the time for which he was elected, prohibited from doing certain things. If the framers of the Constitution were writing this provision in the Constitution for some particular purpose, I should like to know why it did not take care of a case such as this, where it is admitted that Mr. HOLT has not done anything in the Senate since January 3, has not qualified during the term, and could not qualify if he desired to do so.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BULKLEY. Of course the purpose of the constitutional provision to which the Senator is now alluding was to prevent any Member of the Senate during the time he was elected Senator from obtaining the advantage of an increase in pay which was voted to any other officer, so as to remove, I presume, the inducement to vote for increase in pay in some other office, and then go out and get appointed to it, and derive the advantage of such increase in pay. I suppose what was in contemplation there was appointment to office subsequent to service in the Senate, and not prior to service in the Senate. However, I can conceive that the same reason against it would apply with respect to a man's accepting any office of profit under the United States before he qualified as a Senator.

The point, however, which I intended to make to the Senator was that while, as he agrees, it is very doubtful whether that language has any direct bearing on the point we have been discussing, it does have the bearing that where the framers of the Constitution really intended that their prohibition should extend to the whole term for which anyone was elected they knew how to say so, and proved that they knew how to say so; but with respect to the provision we are discussing they did not say any such thing. They said:

No person shall be a Senator who shall not—

So-and-so.

Mr. HASTINGS. Of course the Senator from Ohio will recognize that this provision as to a man being appointed to a civil office during the time for which he was elected Senator undoubtedly would also apply to a man who was appointed to the Senate, rather than being elected, and who served but a short time. However, in the case of an appointment to the Senate, it would apply only to the time he served. In the present case this language will apply to Mr. HOLT; and, although he does not take office until 5½ months after his term begins and could not take office during that time, here is a provision of the Constitution which applies to him, without any reason appearing for its applicability, it seems to me, unless it was intended by the Constitution that a man should be a Senator from time his term began; that he had the title to his office from that time; that all he needed to do was to take the oath and qualify and take possession of the office.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. BULKLEY. Of course, the prohibition applies only to an office the emoluments of which are increased or an office which has been created during the time for which the Senator was elected. I really see no relevancy there. It is not contended that Mr. HOLT has accepted or has intended to accept any such office.

Mr. HASTINGS. Let me call the attention of the Senator from Ohio to another point. Let us look at the provision of the rule of the Senate with respect to the oath which shall be taken:

The oaths or affirmations required by the Constitution and prescribed by law shall be taken and subscribed by each Senator.

As I understand the theory of those joining in the majority report is that a man is not a Senator until he takes the oath. However, our own rule provides:

The oaths or affirmations required by the Constitution and prescribed by law shall be taken and subscribed by each Senator.

It ought to have said "by each person elected to be a Senator" if it be true that he cannot become a Senator until he has taken the oath of office. That rule of the Senate, of course, has no such binding effect as has the Constitution, but it is supposed to follow the Constitution.

Mr. BULKLEY. Of course, by the same token we contend that that rule means that a man shall not perform any duty and shall not, in effect, be a Senator until he takes the oath.

Mr. HASTINGS. I think if the rule were being rewritten, in view of this argument, the drafters would probably be a little more careful about it.

I should like to inquire, so that we may know definitely, is it the contention of the chairman of the committee and the Senator from Ohio that Mr. HOLT might have been excluded upon the application of any Senator, after the fact had been ascertained at any time between January 3 and June 19, or would the question have to be raised only by the affirmative action of Mr. HOLT in appearing here?

Mr. BULKLEY. I have never examined the question as to whether Mr. HOLT could have been excluded on some Senator's motion. I presume there must be some limit of time, as the Senator himself has well said, beyond which a Senator could not properly refuse to come here and qualify. The Senator well said, in the course of his remarks, that the Senate must have a remedy if a Member-elect arbitrarily refuses to come here; and, if the question had been raised upon that ground, we do not know but that the Senate might have had some remedy. Clearly, we do take the position that if Mr. HOLT had entered the Senate and taken the oath of office we would have been obliged to unseat him under the precedent in the Shields case.

Mr. HASTINGS. I have not made myself entirely clear, or else the Senator from Ohio has not answered my question. What I want to know is this: If, for instance, on January 3, last, I had brought to the attention of the Senate the fact that the Senator-elect from West Virginia was not qualified to take his oath because he lacked 5½ months of the proper age, and I had presented to the Senate the affidavit of someone who knew the fact and proposed a resolution that the seat should be declared vacant, is it the position of the chairman of the committee and others urging the adoption of the resolution proposed by the chairman that such a proceeding would have been in order, and, that being a question of high privilege, the Senate would have been compelled to determine that question then? I will be very frank with the Senator.

Mr. BULKLEY. I will be equally frank. That question was never considered in the committee, to my knowledge, and I have not arrived at any conclusion on it, nor do I think that question is now before us.

Mr. HASTINGS. No; that question is not now before us, but may I call the attention of the Senator to this point, which to my mind is very important? If that should be the decision of the committee or of the Senate, and we could have that question definitely determined, there would not be any great danger in the precedent established in seating Mr. HOLT, because the question then could be raised by any Senator in this body; and if that be true, the Senate would be compelled to decide it, but what distresses some of us is that Mr. HOLT can wait until the 19th day of June before presenting himself and therefore prevent the Senate from acting upon the case. I think it very important that this debate show whether or not that is the position of those representing the majority opinion.

Mr. BULKLEY. I am glad to help the Senator clarify that question so far as it may be clarified. Certainly the committee has not presumed to find that Mr. HOLT had a right to wait so long. The point that we have reported is that having waited so long, and not having been declared ineligible, there is no ground upon which to declare him unqualified at this time, he now having attained the age that is required by the Constitution.

Mr. HASTINGS. Will the Senator from Ohio answer the question from his own point of view? Does the Senator from Ohio think the question might have been raised in the meantime by any Senator and therefore been a proper subject of inquiry by the Senate?

Mr. BULKLEY. Of course, in a broad way, any Senator may raise any question that he thinks desirable to have raised, and I am frank to say to the Senator that I would not be able to answer how I would have voted on that proposition without further study than I have given it. I will say to him, with equal frankness, that had Mr. HOLT presented his credentials and been sworn in on the 3rd of January I would have voted to unseat him.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Nebraska?

Mr. HASTINGS. I yield.

Mr. NORRIS. Following out the line of questioning the Senator has indulged in, suppose, for argument's sake, we admit it either way, that the Senate could have inquired or not have inquired, as it saw fit, what difference would it make? Suppose we make an investigation and find that somebody has been elected to the Senate and has not come here and taken the oath of office, what are we going to do about it?

Mr. HASTINGS. Declare the seat vacant.

Mr. NORRIS. Very well. Suppose we go ahead and declare the seat vacant, that does not fill the seat.

Mr. HASTINGS. But the seat then is in the position of any other seat that is declared to be vacant.

Mr. NORRIS. Exactly; but that does not get us out of the dilemma.

Mr. HASTINGS. We do our part; that is all.

Mr. NORRIS. What do we accomplish by doing our part?

Mr. HASTINGS. We have told the State from which that particular person comes that the seat of that particular person the State sent here is vacant; and if the State wants somebody to represent it, it is up to the State to fill the vacancy.

Mr. NORRIS. Suppose, as has often occurred, the State has elected its Governor to the Senate, and, for one reason or another, he has not presented himself here, and he remains in the office of Governor, as, I think, has happened in some cases, for more than a session of Congress, and does not pay any attention to us, admitting that he is qualified, ought we to declare the seat vacant?

Mr. HASTINGS. No; I do not think so.

Mr. NORRIS. We ought to ignore that situation?

Mr. HASTINGS. I think so.

Mr. NORRIS. But, in the Senator's judgment, if a State elects somebody as to whose qualifications we can find some complaint, then we ought to take it up?

Mr. HASTINGS. The difference—and it is a very great one according to my point of view—is that one is qualified, and, being qualified, the Senate is not particularly concerned because he does not present himself here; but in the other case, where he is not qualified, it becomes, in my judgment, the duty of the Senate to the particular State involved to say that the person they have sent here is not qualified and that a vacancy exists, so that the State may fill that vacancy.

Mr. NORRIS. I do not see how the Senate, if it wants to take such action, and investigate men who do not present themselves here, can accomplish anything by it. If a man, qualified or unqualified, does not present himself here, it seems to me that the Senate is perfectly helpless and that it cannot take any action; it can acquire no jurisdiction until the man presents himself here, whether qualified or not.

Mr. HASTINGS. I was trying to find out exactly what is the sentiment with respect to such a situation; and I particularly inquired of the chairman of the committee and the Senator from Ohio [Mr. BULKLEY], who is interested in it. I am glad, however, to have the Senator from Nebraska state his views with respect to the suggestion. My views are entirely different from his.

Mr. NORRIS. I merely want to get the Senator's viewpoint. His argument may be entirely correct; and I am not seeking to accomplish any particular thing; but I want to know where our duty leads us.

Mr. HASTINGS. I know that.

Mr. NORRIS. What is going to be accomplished by it? It will be conceded, I think, that we cannot compel a State to fill a vacancy.

Mr. HASTINGS. That is true.

Mr. NORRIS. We cannot compel a man who has been elected to come and take the oath of office if he does not want to do so.

Mr. HASTINGS. That is true.

Mr. NORRIS. Then let me get the Senator's idea as to this point: The Constitution provides that a minority of the Senate cannot do business, but can adjourn from day to day and can compel the attendance of absent Senators. Would the Senator now say that under that provision we would have the right to compel someone who had not been sworn in to come here and attend the sessions of the Senate?

Mr. HASTINGS. If there was evidence here by the presentation of his credentials, I should unquestionably say that we had the same right over him that we had over any other Senator.

Mr. NORRIS. Suppose his credentials had not been presented?

Mr. HASTINGS. I have undertaken to state my position as being this: The only way in which he can escape is to present some evidence, or there should be some evidence in existence, indicating that he is not going to accept the office. For instance, suppose a man elected to the office of Senator, even if his credentials had come here, had announced that he was moving to England and going to live there the remainder of his life; I do not know what that particular State could do about that situation, the State having elected him for 6 years could not declare a vacancy. He may have gone, he may be abroad, he may be abroad permanently, and the people of that State, interested in being represented, present to the Senate a memorial calling attention to the fact, which is well known, that the man elected had not accepted the office—and if he had accepted it, being in England, we probably could do nothing about it—and was away. If such a memorial were presented here, I think nobody would doubt that not only would the Senate have the power but it would have the responsibility to declare a vacancy. The Senator from Nebraska asks why; what good would it do? Because the only way by which a State can be represented is after we have declared a vacancy or it may be that the State might assume a vacancy to exist and send a man here; and based upon that we might act.

Mr. NORRIS. Great respect as I have for the Senator's opinion, it seems to me he has presented a case that is very simple. Suppose we had that kind of a case, that a man properly qualified and elected went to England and remained

there, whether he has abandoned the office or whether it should be declared vacant would be a question to be determined by the facts. It would be a question of fact which somebody would have to determine. Ultimately, I concede very frankly, the Senate could do just what the Senator said it ought to do, because, as we know, the Senate is supreme. It can punch a hole in the Constitution if it wants to do so now. In fact, we are acting now just like the Supreme Court; that is, we are supreme. We can break the Constitution all to pieces.

It seems to me this is what would have to be done. The State would first determine the facts. The State would perhaps make an investigation of some kind. The way to bring the question to the Senate and secure final action would be to appoint or elect someone to take the office and let him come here with the credentials. Then we would have the question before the Senate.

Mr. HASTINGS. Undoubtedly we would have the question then before us, but does the Senator from Nebraska think that is the only duty we have with respect to it, and that we have no duty until that is done?

Mr. NORRIS. I do not know of any duty. Much as I think the question ought to be settled by some constitutional provision or some law, I do not see how we have any duty to perform, because there is no way for us to compel a State to act. If the State sends no one here, I do not know what we can do about it.

Mr. HASTINGS. Suppose the Governor of West Virginia had assumed there was a vacancy after it had been definitely determined that Mr. HOLT could not take his seat until June 19, 1935, and had on the 1st day of April sent to the Senate an appointee, someone who was unquestionably qualified, and had done it upon the theory that, because this young man was not of age on that date he could not take his seat, the State of West Virginia ought to be represented by someone who was qualified at that time?

Mr. NORRIS. The Senator presents a very fair question. If I took the Senator's attitude, which I concede he has good reason and logic for taking, and the Senate should take the same attitude, we would receive him. We would say there is a vacancy; not having the qualifications at the beginning of the term, he never can qualify himself; hence it would follow there would be a vacancy. We would have the same question presented that we have now.

Mr. HASTINGS. Not quite the same question, at least from the point of view of the committee. My understanding is that it is admitted by the majority of the committee—I do not know whether the Senator from Nebraska admits it or not—that if this young man had appeared at any time prior to becoming 30 years of age the Senate would have had to reject him.

Mr. NORRIS. Yes; I think that is the position of the committee.

Mr. HASTINGS. Is that the position of the Senator from Nebraska, too?

Mr. NORRIS. Yes; I think so.

Mr. HASTINGS. Mr. President, there is another thing to which I wish to invite attention, and that is the statement of the Senator from Tennessee [Mr. MCKELLAR] yesterday to the effect that because he was in the Philippines on Government business and did not return here until February 7 to take the oath of office he was only a Senator-elect. I should be sorry if I believed that were true. There is nothing in the practice or precedents of the Senate to warrant any such view.

The Senator from Tennessee has been in the Senate since March 4, 1917. He is number 10 or number 11 in seniority in the Senate. Yesterday he placed himself in exactly the same position as other Senators, for instance, the Senator from Illinois [Mr. LEWIS] and several others. He placed himself in exactly the position of those Senators in whose terms of service there was a break.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Ohio?

Mr. HASTINGS. I yield.

Mr. BULKLEY. Does the Senator contend that our present courtesy with respect to recognizing seniority within the Senate has any bearing on the constitutional question?

Mr. HASTINGS. Undoubtedly it has. It has been the construction of the Senate of this constitutional provision ever since the practice was begun. The practice of the Senate upon a point like this, upon a doubtful question, is one of the best ways in the world by which we can find out how the Senate construes the Constitution.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. NORRIS. I am not contending that any position we may take will be clear of doubt if we follow it through to its conclusion. I think we will run against a stone wall, no matter which side of the question we take, if we follow it to its conclusion.

In view of the statement of the Senator, suppose a State elects a man who possesses all the qualifications necessary for taking the office of United States Senator. According to the Senator's idea he is a Senator; but suppose he does not present himself; suppose he goes along a year without presenting himself and is not sworn in, and then goes to England and announces publicly that he has gone there and intends to stay there 4 years more. He takes out naturalization papers in Great Britain. Has he been a Senator of the United States during that time?

Mr. HASTINGS. I do not know that it is worth while to try to add any further argument, but I have stated several times that my theory is that when a man is elected to this office and is qualified to take the office at the beginning of his term, he gets with that election a title to the office; he gets his credentials which are the evidence of the title to the office; and the only thing left for him to do is to take the oath of office. I have read an authority, which I think is a good authority, to the effect that taking the oath is merely incidental, its principal purpose being to show that he has accepted the office.

Mr. NORRIS. Will the Senator admit, which I think his answer to my question does admit, that the man who has become a citizen of Canada or of Great Britain or of Germany after he has been legally elected with all the qualifications, but not sworn in, has in fact been a Member of the United States Senate?

Mr. HASTINGS. If he has done all the things necessary except to take the oath of office. I think when he does not appear here, when he goes to Canada or England or some other place and announces he has gone, that rebuts the presumption of his acceptance of the office. The acceptance of the office cannot be full and complete, and the evidence of it cannot be full and complete, until he takes the oath. Until he takes the oath, that evidence of his acceptance can be rebutted. I should say if he went to England and announced that he had taken out citizenship papers there, it would rebut the evidence of his acceptance, and then we would have the question before us.

Mr. NORRIS. It also might be true that when he went to Canada he had no intention of giving up his citizenship; that he intended to come back and be sworn in as a Senator; but when he got over there he liked the country and finally took out citizenship papers and renounced his allegiance to the United States. If the Senator's contention be correct, he would have been a Member of the United States Senate. Does the Senator think if he took the oath of office and came here it would not add to his title? Would it not follow, in the opinion of the Senator, that that would have been the capsheaf which would have made him a Member of the United States Senate?

Mr. HASTINGS. Undoubtedly.

Mr. NORRIS. Any other Senator would be in the same position. If a man is a full-fledged Senator who has never presented himself to the Senate and never taken the oath of office, then that man would be a Member of the United States Senate. I understand that to be the contention of the Senator from Delaware.

Mr. HASTINGS. Let me go back a moment to the Senator from Tennessee [Mr. MCKELLAR], who said he was not

a Senator from January 3 until February 8. Bear in mind that he was elected to succeed himself. His term, under the Constitution, definitely ended at noon on January 3, 1935, and under the provisions of the Constitution the term of his successor began at noon on that very day. With respect to the question of his accepting the office, bear in mind that the Senator from Tennessee was away on official business; he was engaged on business of the Government. According to his own statement, he did not recognize that he was not a Senator until he found he could not be paired here.

To my mind it is unreasonable to say that he did not remain in the Senate of the United States. It is unreasonable to say that under such circumstances he lost his place of seniority, or his pay, or anything. He did not lose anything under those circumstances. He had the title to the office. Nobody else had the title to the office. There was an interval of less than a moment between the time he went out and the time he came in under a new title to an old office which he held, and he carried that on. Certainly all our records show that his term began then, and all of us assume that his term began then; and I think we get ourselves in very great difficulty when we change that practice.

I listened with great interest to the argument made by the Senator from Nevada [Mr. PITTMAN] the first time I ever gave any consideration to the subject, and I thought his conclusion was correct. I am told that there was some talk about the matter in the Judiciary Committee. The distinguished Senator from Nebraska [Mr. NORRIS] may remember it. I was not there; but if we could have decided the question then, when it did not affect any particular individual, and was not complicated by any particular sympathy affecting anybody, I have a notion that that resolution might have been adopted by a substantial majority.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. LONG. Does not the Senator know that that resolution was aimed at the position of Governor which I was occupying in Louisiana at the time?

Mr. HASTINGS. I am frank to say that if that had been known, it might have prejudiced some people; but I did not know it.

Mr. LONG. The Senator from Mississippi so stated on the floor of the Senate at the time.

Mr. HASTINGS. My recollection is that the Senator from Mississippi inquired whether or not it did in any way affect any particular individual.

Mr. LONG. Yes.

Mr. HASTINGS. And the Senator from Nevada disclaimed any such intention.

Mr. LONG. Oh, no!

Mr. HASTINGS. Well, it does not make a bit of difference.

Mr. LONG. Let me ask the Senator one more question; then I shall not interrupt him any more.

Mr. HASTINGS. Very well.

Mr. LONG. The Senator from Nebraska has made me break a little further into the realm of imagination.

Suppose a man who was elected to the United States Senate went to England, and the King took a liking to him, and they put him up as a candidate and elected him to the House of Parliament: Would he still be a Member of the United States Senate and a member of the House of Parliament?

Mr. HASTINGS. I have repeatedly said that whenever a Senator did anything which indicated that he had abandoned his office, that would be the end of it.

Mr. President, that is all I have to say upon this subject.

Mr. LOGAN. Mr. President, I have just a few remarks to make in the nature of a reply to some of the suggestions which have been made by the distinguished Senator from Delaware [Mr. HASTINGS]. I shall take only a few minutes.

When this matter was first presented to the Committee on Privileges and Elections, I was somewhat confused about it. I am frank to confess that I thought perhaps there was a very serious question as to whether Mr. HOLT should be seated; but I have recently been ill, and had not much else to do, so I have read the briefs and some of the precedents, or supposed precedents, and I have reached the conclusion that this is a very simple case, and that there is no room for doubt about what should be done.

I reached that conclusion, I may say, absolutely free from all partisanship. Some of the newspapers have indicated that we were going to overturn the Constitution. I saw an editorial in the Washington Post a day or two ago saying that we were going to overturn the Constitution if we voted to seat Mr. HOLT. The man who wrote that editorial, of course, never read the Constitution, or, if he did, he did not understand it, because no one contends that the Constitution has anything to do with this particular question; at least, I have not heard it.

It was also stated in the same editorial that the precedents established in the past settled the matter. There is not a single precedent to be found anywhere.

It is very unfortunate that loose newspaper talk creates the impression on the minds of the public that this distinguished body has no regard at all for the Constitution. I say, it is exceedingly unfortunate.

Addressing myself for just a moment to the statements made by the Senator from Delaware as to when a person receives title to an office, he read from Mechem on Public Office, I believe, which is a splendid authority, and no one can find any fault with what he read. The only trouble, so far as the Senator from Delaware is concerned, is that the text which he read does not support his conclusions at all.

Election to office or appointment to office does not confer title to the office upon the appointee or the one who has been elected. I believe the Senator from Louisiana [Mr. LONG] was correct when he said that the courts, so far as I know, have uniformly so held.

Let us take the case of a sheriff in a county. He is elected, we will say, in November. He receives his certificate of election. He is required to qualify in January by the execution of a bond and by taking an oath of office. When the time comes he fails to make a bond. He never receives title to the office, because he did not do those things which the law requires he shall do before he shall have title to the office.

So far as the case of a United States Senator is concerned, I cannot see that there is much room for argument about it. I do not care what Senators may have said in the past, or what loose statements may have been made; but I believe all of us must conclude that no man can become a Senator in the Congress of the United States until he has accepted the office, and that he can accept the office only by placing himself in the position required of him by the Constitution of the United States.

What is required of him? No one may be a Senator in the Congress of the United States until he shall be bound by an oath or affirmation that he will support the Constitution of the United States. That is written in the Constitution. We do not have to go to rules which have been adopted by the Senate, neither do we have to go to laws which may have been passed by the Congress. It is written in the Constitution in this language:

> The Senators and Representatives before mentioned, and the members of the several State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support this Constitution.

Until one who may have been elected to the Senate of the United States is bound by an oath or affirmation to support the Constitution he can never be a Senator, regardless of the courtesies that may be extended to him by law or rules because he is a Senator-elect.

I desire to make a statement which I think is conclusive if anyone will reason about the matter just a little. I convinced myself that my superficial opinion about the matter was wrong, and I did so by giving some consideration to it. Let me make this statement:

No State has to fill the office of Senator, nor can it be compelled to do so; and the failure of a State to elect someone to the office of Senator does not create a vacancy that can be filled by appointment.

I recall that a good many years ago—in fact, I believe it was before I was a voter—we had a very heated contest for United States Senator in Kentucky. I think it was in 1896.

Former Senator Joe C. S. Blackburn had been nominated by the Democrats, and W. Godfrey Hunter had been nominated by the Republicans. At that time a Senator was elected by joint session of the general assembly in Kentucky. There were two or three recalcitrants who could not be brought into line, and the result was that throughout the entire session the balloting continued; and when the 4th of March came, when the Senator should have been elected so that he could take his seat, he was not elected. The balloting continued for some months, and the time came when the legislature was forced to adjourn by reason of a State constitutional provision.

At that time—and I am speaking wholly from memory; I have not looked up the matter since; I do not know what the records show about it, but I do know what happened—the then Governor of the State designated a man, whose name I think was Wood, to fill a supposed vacancy caused by the failure to elect someone before the beginning of the next term. Mr. Wood was never seated. The balloting went on until the next year, in 1897, and then the legislature elected a man to the Senate.

I should like to ask this question of some of the distinguished Senators who disagree with me: Let us suppose that when the legislature was first balloting for the election of a Senator in 1896, during the winter, there had been some young man in the legislature, as there was, who was not 30 years old at the time, but there was no election. The next year, in 1897, he was 30 years of age. Would anyone contend that the General Assembly of Kentucky did not have a right to elect that man, although 1 year of the term had already expired? I think no one will so contend.

Then from this and from other precedents which I am quite sure the records of this body will show, we deduce this statement:

The legislature of a State—and that is true under the Constitution as originally written—fixed its own time, unless Congress might in some way interfere when it would elect a Senator. It could wait a year of a term before it elected a Senator if it so desired, and that was done many times in the old days, when there were the deadlocks in the State legislatures. The legislature could wait a year, the legislature could wait 2 years, and when it did elect, of course, the man took his seat, and the question was not whether he was qualified or not on the first day of the term, but whether he was qualified on the day when he was elected or when he presented his credentials to be sworn. I do not think that can be disputed.

If a State may wait a year, or 2 years, or 3 years, to elect a Senator, can it not elect one before the beginning of a term, with the understanding that it will be five and a half months before the man so elected shall take his seat? It does not seem to me there can be any dispute about that.

Now I wish to say just a word or two about the question of title. I want to make myself clear about that because that is what got me confused in the first place. Those lawyers who have been engaged in the general practice of the law throughout the year know what we mean when we talk about a title. There is color of title. There is offer or tender of title. There are all kinds of titles, but when we get down to the last analysis, title vests only when the man to whom it is offered accepts it in the way the law requires him to accept it.

The State of West Virginia did not have to fill this vacancy, if it was a vacancy—and it was not a vacancy under the rule of the Senate. They could have waited until June, or waited until next year, if they had so desired, to elect a Senator, or they could have elected one, so far as the Constitution is concerned, before the seventeenth amendment, 2 years or 3 years or 4 years before the beginning of the term. There is nothing in the Constitution to prevent that.

We find that when West Virginia elected Mr. HOLT to the Senate in 1934 they gave to him a paper, a certificate of election, and they said to him, "This is evidence of the fact that the voters of the State of West Virginia have selected you." There was no way Mr. HOLT could have become a United States Senator save through the acceptance of that office in the way the Constitution requires, and that is that he must present himself at the bar of the Senate and take the oath of office.

No one contends, of course, that the Constitution says he must do that on the first day of the term. The legislature could have waited until the term was half out if it had so desired. The important thing is that when he does present himself and asks to accept the title in a legal way, he must be eligible to receive the title.

What was the trouble, we will say, with Gallatin or with Shields? They had the evidence of title, they presented it to the Senate, and they allowed the title to vest in them when they were not eligible to receive the title, and because of that the entire validity of the title depended upon their condition at the date and at the time it was vested in them. It could not become good thereafter. The tree must lie as it fell, and if the title was bad when it was vested in them, then when the question was brought before the Senate it follows as a matter of course that the Senate should have held that they had tried to accept the title when not eligible to accept it.

I contend, Mr. President, that when Mr. HOLT waited he had a right to wait. No one had a right to complain except the State of West Virginia. The Senate had no right to complain. The Senate would have no right to complain if the State did not send a Senator here at all. It could do nothing about it. No one except the State of West Virginia could complain, and the State of West Virginia had sent young HOLT here saying, "We know you will not be eligible under the Constitution until the 19th day of June, but as we have the right not to send you at all, or have the right to wait a year or 2 years, we will elect you and send you there, knowing that you will not be 30 years of age until the 19th day of June, when you may accept the title."

The people of West Virginia had a right to do that. There is nothing in the Constitution which prevents it. There has been nothing in the history of the Senate in the way of precedents which prevents it. Unless we change the Constitution, unless we throw the Constitution aside entirely and write into it things which are not there and have never been there, and have never been considered there, we cannot deny Mr. HOLT his seat.

It is said that if he had come here on the 3d day of January and presented his credentials and had been sworn in his title would have been bad. That is very true. He would have committed suicide so far as his life as a Senator is concerned if he had come and presented his credentials, and no one had objected, and he had taken the oath. He would have had a title that could have been attacked at any time, because he would have had a title that could not have been vested in him.

Mr. President, I think that I have said all that I could say. It seems to me the question is very simple, indeed. I do not question the motives of those who disagree with me about this. I think they have failed to go into the matter and to give it that consideration which it really deserves. I believe very earnestly that if some of the able Senators on the other side, whom I have heard argue, should go into the question, and go to the very genesis of it, if they should take the time when they could sit down quietly and have opportunity to think until they had reached a conclusion, I believe they would change from the conclusion which they have assumed at this time, because it is only by a change of position that they would be right, and I know they want to be right.

So far as I am concerned, it will be a very great pleasure to me to cast my vote, if I have the opportunity, for the resolution offered by the Senator from Georgia [Mr. GEORGE] and against the substitute offered by the Senator from Delaware [Mr. HASTINGS].

Mr. GEORGE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Keyes	Overton
Ashurst	Copeland	King	Pittman
Austin	Costigan	La Follette	Radcliffe
Bachman	Davis	Logan	Robinson
Bailey	Dickinson	Lonergan	Russell
Bankhead	Dieterich	Long	Schall
Barkley	Donahey	McAdoo	Schwellenbach
Bilbo	Duffy	McCarran	Sheppard
Black	Fletcher	McGill	Shipstead
Bone	Frazier	McKellar	Smith
Borah	George	McNary	Steiwer
Brown	Gerry	Maloney	Thomas, Okla.
Bulkley	Gibson	Metcalf	Townsend
Bulow	Glass	Minton	Trammell
Burke	Gore	Moore	Truman
Byrd	Guffey	Murphy	Tydings
Byrnes	Hale	Murray	Vandenberg
Capper	Harrison	Neely	Van Nuys
Caraway	Hastings	Norbeck	Wagner
Chavez	Hatch	Norris	Walsh
Clark	Hayden	Nye	Wheeler
Connally	Johnson	O'Mahoney	White

Mr. VANDENBERG. I have not had opportunity heretofore today to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness. I ask that the announcement stand for the day.

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

Mr. BULKLEY. Mr. President, the question before us has been so fully debated yesterday and today that I do not consider it necessary to repeat very much of what has been said, and there is very little which can be said without a measure of repetition.

The question we have to determine must be voted upon not with a view to what we think would be a good policy in the matter, but with a view to what we believe the constitutional requirement actually to be.

The distinguished Senator from California [Mr. JOHNSON] has suggested that the majority of the committee is endeavoring by a short-cut to amend the Constitution. With due respect, it seems to me that it is he and not the majority of the committee who seeks an amendment of the Constitution. The Constitution requires certain qualifications as to eligibility with respect to the office of President of the United States. The word "eligibility" is not used in that clause of the Constitution relating to the qualifications for Senator. The Constitution provides, as we have heard many times, simply that no one shall be a Senator until, among other things, he shall have attained to the age of 30 years. So the sole question is, When does one come to be a Senator?

The Senator from California frankly admits that an elected candidate does not become a Senator merely by the commencement of his term of office. Therefore, it seems to me he cannot escape the conclusion that by insisting that the candidate must be qualified as of the beginning of his term of office he is writing into the Constitution that which does not there appear.

The minority opposed to the seating of Mr. HOLT is split in its views on the question of when one becomes a Senator. The Senator from Delaware [Mr. HASTINGS] and the Senator from Vermont [Mr. AUSTIN] take the view that one does become a Senator as of the beginning of his term of office. All I have to say about that proposition is that it is not in accordance with anything that has ever been held by the Senate and is in discord with the accepted precedents under which one Senator after another, subject when elected to disqualifications which would have made it impossible for them to assume the Senatorial office, have come here and been allowed without objection to take the oath after the disqualifications had been removed.

If we should adopt either of the minority views with respect to this matter, we would have to overrule decisions of the United States courts; we would have to overrule precedents of the House of Representatives. Concededly there is no precedent directly in point in the Senate.

The majority of the committee have taken the position that we are prepared to recommend that the resolutions adopted in both the Gallatin and the Shields cases should be overruled, but not the result declaring the claimants ineligible. We contend that the only question before the Senate in any of these cases has been whether the claimant presenting himself was qualified to serve as a Senator.

In the Gallatin case and also in the Shields case the Senate went beyond the simple finding that the claimant was not qualified to serve, and adopted resolutions declaring that the election in each case was void, but for reasons which are not consistent with each other. The resolution adopted in the Gallatin case in its fair meaning holds that the election was void because the claimant did not possess the necessary qualifications as of the time of election. Whether it meant that or not, those who discussed and debated the Shields case, those who voted for the resolution which was adopted in the Shields case, thought it meant that, and intended to amend it, and so it appears they intended to discard the Gallatin precedent and establish a new precedent. The new precedent which they established was correct insofar as it determined General Shields to be not qualified to hold the office at the time he presented himself. We submit that it was not correct in holding that the election was void because he was not qualified as of the time of the beginning of his term of office.

The issue was not very clearly drawn in that debate as between the view that the Constitution related to the time of the commencement of the term or of the time of taking the oath by the claimant, and for a very simple reason. The term began on the 4th of March and the claimant took the oath on the 6th of March, so that for the purpose of determining his qualification to serve, there was no difference between the two points of view. He was disqualified to serve both at the time of the beginning of his term and at the time that he took the oath.

Reference has been made to the opinions expressed by the distinguished Senators who took part in that debate. I shall take but a moment to allude to an opinion expressed in that debate by Senator Butler, of South Carolina, who was one of the leading proponents of the resolution which was finally adopted. Being asked whether it would be possible for General Shields to become eligible by postponing a vote on the proposition until December, when the 9 years' citizenship requirement would have been satisfied, Senator Butler replied:

> My judgment on the subject is, that if General Shields had not taken his seat at all, perhaps at that time he might have claimed it.

In other words, the resolution was not necessarily intended to conclude what would have happened if the facts before the Senate had been what they are here today.

In the case before us today the claimant has not taken his seat while under any constitutional disability, and therefore, according to the opinion of one of the leading proponents of the Shields resolution, he might perhaps be entitled to claim it now, notwithstanding the Shields resolution.

The resolution adopted in the Shields case was that the election—

> Was void, he not having been a citizen of the United States for the term of years required as a qualification to be a Senator of the United States at the commencement of the term for which he was elected.

How long did that resolution stand in those words? It stood only until that very same Senate met again in December of the very same year and passed upon the qualifications of the very same man. I have before me the Congressional Globe showing the proceedings for Monday, December 3, 1849. It there appears as follows:

> Mr. Mangum—

Senator Mangum was one of those who in the debate advocated the adoption of the resolution excluding General Shields in March—

> Mr. Mangum presented the credentials of the Honorable James Shields, of Illinois, elected a Senator by the Legislature of Illinois for the term of 6 years commencing on the 4th day of March, 1849, which were read, and the oath prescribed by law was administered to Mr. Shields, and he took his seat in the Senate.

All of that happened without objection, in the very Senate every Member of which knew that he was not qualified to

serve as at the beginning of the term of office for which he was elected.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Ohio yield to the Senator from Texas?

Mr. BULKLEY. I yield.

Mr. CONNALLY. Had not Senator Shields been reelected?

Mr. BULKLEY. Yes. I am coming to that. However, the point I am stressing is that the resolution which originally excluded General Shields, says that he was not qualified to serve unless he was qualified at the beginning of the term for which he was elected, and that is not true, as the very same Senate found out later on. Qualification to serve depends upon other considerations.

Mr. CONNALLY. I do not desire to interrupt the Senator; but when Senator Shields was reelected in October, I believe it was, when he had attained 9 years' citizenship, while the resolution may have said he was elected for 6 years, he was only elected for the remainder of the 6-year term.

Mr. BULKLEY. Yes; but that is quite contrary to the argument the Senator was making yesterday, that Senators may be elected only for 6 years.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Texas?

Mr. BULKLEY. I yield.

Mr. CONNALLY. I said, except where there is a vacancy. If the Senator will look at my remarks in the RECORD, he will note that I said that Senators had to be elected for a term of 6 years, except in case of vacancies. My contention is that in the case of General Shields there was a vacancy in the office, because he had been unseated; that is, when he was reelected he was simply elected for the unexpired term.

Mr. BULKLEY. The Senator cannot, consistently with his own theory, say that General Shields was reelected, because the first election was held void.

Mr. CONNALLY. Of course it was held void.

Mr. BULKLEY. So he was elected in October, not to fill a vacancy, according to the Senator's theory, but he was then elected in the original instance.

Mr. CONNALLY. Of course, the Senator from Texas does not mean that he was legally elected the first time. I said "reelected", and I meant that in the sense that there was another election.

Mr. BULKLEY. Yes; they had another election. Furthermore, I wish to be quite frank and say to the Senator that when the legislature did elect General Shields in October 1849 they took the precaution to say that they were electing him for the remainder of the term; but, none the less, he was elected for the term that began on the 4th of March, because the legislature cannot change the term; the terms are fixed pursuant to the Constitution itself; and whatever the legislature says, the term, none the less, begins on the 4th day of March. I have read from the Globe exactly what happened; that the credentials were presented for the term beginning on the 4th day of March, when every Member of the Senate at that time knew that General Shields was not qualified to serve as of the beginning of that term.

The point I am emphasizing is that the rule stated in the resolution in the Shields' case is not correct without qualification; and if we should now undertake to follow it without qualification, we would be undertaking to give it a greater force than the very Senate which adopted it gave to it. But when we come to apply it with qualifications, then what result do we have? The same man, having been elected after the completion of the 9 years' requirement as to citizenship, was held qualified to serve, and the Senate admitted him without any question. The October election was for the same term that General Shields had been held not qualified to serve on the ground he had not been naturalized 9 years before its commencement on March 4.

It is in accord with the precedent of the December action of the Senate in the Shields case that we submit that the Senate must now seat the claimant from West Virginia. All argument as to what might have happened had this question been raised in some other form before the present claimant attained the required age is not in point here; it is a mere academic discussion. The question which is before us today is that we have a claimant here presenting himself with perfect credentials from his State, and having attained at this time the age required by the Constitution.

No vote against seating him will have the effect of preventing anyone not presently qualified under the Constitution from serving in this body. We cannot write into the Constitution that a Senator must have been qualified as of the date of the beginning of the term for which he is elected. The precedent which seems to point to such a course was, as I have shown, set aside and disregarded by the very Senate that created it.

So, I repeat, if we are not to give this claimant his seat, we will overturn court decisions, House precedents, and the accepted practice of this body. If we adopt the views of the majority of the committee, we will act in accord with every precedent which has been known or mentioned, except as to the wording of two resolutions, both of which have already been overruled and superseded before we are called upon to act.

I respectfully submit, Mr. President, that we cannot, in good conscience, vote against the seating of the claimant who comes here with proper credentials and with the qualifications required by the Constitution.

Mr. MCADOO. Mr. President, I desire to submit a brief observation on this question. The doctrine of stare decisis has no place in the consideration of this question or in controversies of this nature in the Senate. The precedents and the cases which have been discussed have a historic value and are very interesting, but they really have no bearing on this question, because those cases are not analogous to the case now before the bar of the Senate.

The question resolves itself, in my mind, to this: Here is a Senator, duly accredited by the lawful authorities of the sovereign State of West Virginia, seeking to take the oath of office; he is 30 years of age; he is a citizen of the United States, and he is an inhabitant of the State of West Virginia. He complies with every qualification demanded by the Constitution. So, stripped of all argument and all verbiage, how can we escape these pregnant facts? I do not see how anyone can successfully challenge the validity of the election in West Virginia under which this gentleman has received the certificate of the duly constituted authorities of West Virginia; and so long as the commission which he holds cannot be successfully attacked; and so long as the Senator-elect, Mr. HOLT, complies with all the requirements of the Constitution of the United States, he is entitled to his seat as a Senator in this body.

Mr. NEELY. Mr. President, William Pitt, the Great Commoner of Britain, became a member of Parliament when he was only 27 years of age. Soon after he began to discharge his legislative duties, he was vehemently disparaged because of his extreme youth by the able, elderly Sir Robert Walpole. Mr. Pitt in his reply to Mr. Walpole said, among other things:

> The atrocious crime of being a young man, which the honorable gentleman has, with such spirit and decency, charged upon me, I shall neither attempt to palliate nor deny, but content myself with hoping that I may be one of those whose follies cease with their youth, and not of that number who are ignorant in spite of experience.

Never since the day of this famous verbal conflict in the British Parliament has a great national legislative body magnified the offense of being young to the extent that it has been stressed in this Chamber during the last 30 hours.

Let us hope that the distinguished Senator-elect from West Virginia, Mr. HOLT, will, with becoming fortitude, endure the temporary affliction of being young, find much encouragement in the eloquent reply of Mr. Pitt, and a full measure of consolation in the thought that ultimately, pass-

ing time will completely heal the harmless infirmity of which his future colleagues now so vigorously complain.

For 2 days in succession we have witnessed an extraordinary procession of the ghosts of departed greatness. Under such consummate commanders as the Senator from California [Mr. JOHNSON] and the Senator from Texas [Mr. CONNALLY] the specters of Albert Gallatin, General Shields, Daniel Webster, and John C. Calhoun have been marched and countermarched around the Senate Chamber in fascinating and bewildering formations for the purpose of creating an atmosphere in which the present Membership will, regardless of existing circumstances, vote as Senators voted in the long ago.

Precedents a hundred and forty years old, which were bad in the beginning and have become intolerable in the light of the knowledge and necessities of the present age, have been plausibly and eloquently invoked by those who seek to persuade the Senate to deprive Mr. Holt of the seat in this body to which the voters of West Virginia elected him by an overwhelming majority last November.

Some of those who have argued against the seating of Senator HOLT have made themselves more famous by splitting hairs than Abraham Lincoln ever made himself by splitting rails. [Laughter in the galleries.]

The PRESIDING OFFICER (Mr. HATCH in the chair). Permit the Chair to state to the occupants of the galleries that there must be no signs of approval or disapproval. Occupants of the galleries are here as guests of the Senate and will be permitted to remain only so long as they abide by the rules of the Senate.

Mr. NEELY. Mr. President, these ever-recurring, never-ending metaphysical arguments concerning the constitutionality of senatorial action make some of us feel like the hero of the following story, which is told by our famous former colleague, Tom Heflin, of Alabama:

Once upon a time, after a long-continued and disastrous drought, an old colored brother in praying for rain said: "Good Lord, send us a rain. Send us a real rain. Send us a gully-washing rain. Send us a rain that will make the ears of corn grow a foot and a half long, because we are all dead tired of the infernal nubbin-shucking that's been going on in this community." [Laughter.]

Mr. President, we are likewise tired of the constitutional "nubbin-shucking" that has been going on in the Senate.

The opponents of the pending resolution have endeavored to fortify their arguments by again and again asking, in effect: "What does the precedent in the Gallatin case say? What does the precedent in the Shields case say? What did Calhoun say? What did Webster say?" Let me, as one of Mr. Holt's enthusiastic defenders, inquire: "What does justice say? What does common sense say? What does common decency say?" By the oracles of the latter instead of the deliverances of the former will the Senate be governed in its action today.

A year ago, the members of the Democratic Party in West Virginia were called upon to nominate a candidate for election to a seat in this Chamber. They were neither ignorant nor unmindful of the simple, unambiguous language of the Constitution concerning the indispensable qualifications of a United States Senator. They knew that their nominee must eventually withstand the acid test of conforming to the following:

> No person shall be a Senator who shall not have attained to the age of 30 years, and been 9 years a citizen of the United States, and who shall not, when elected, be an inhabitant of that State for which he shall be chosen.

In these circumstances Mr. HOLT became a candidate for the Democratic nomination for United States Senator against a field full of other distinguished men, including a former United States Senator, a former nominee for Governor of the State, a former Member of the House of Representatives and former Speaker of the West Virginia House of Delegates, and a former Chairman of the Democratic National Committee.

From the day that Mr. HOLT announced his candidacy he was, through the newspapers, by means of the radio, and on the hustings charged with ineligibility on the ground that he was not 30 years of age and would not have attained that age either on the day of the general election or at the beginning of the first session of the Seventy-fourth Congress. The allegation that if Mr. HOLT were nominated and elected he would have to wait until his thirtieth birthday—June 19, 1935—to take his seat was broadcast to the voters of West Virginia times without number. But in spite of the fact that an unparalleled effort was made to defeat this able and deserving young man, he received more than twice as many votes in the primary as were cast for any of his opponents. After Mr. HOLT was nominated, the broadcasting of his alleged ineligibility was continued, envenomed, and increased.

Mr. HOLT from the beginning of his campaign for the nomination to the end of his campaign for election, with praiseworthy candor, informed more than 50 West Virginia audiences which he addressed, face to face, or by means of the radio, that he would not be 30 years of age until the 19th day of June 1935. In at least one radio address, which it was my pleasure to hear, he stated that if he were elected he might not be permitted to take his seat until he had attained the age of 30 years, in which event West Virginia would be deprived of his services as a Senator for a period of about five and a half months. But he happily added that it would be better for West Virginia to be without a Senator such as she desired for 6 months than to be without such a Senator for 6 years.

The voters of West Virginia, with little regard for party ties and less for partisan propaganda, accepted Mr. HOLT on his own terms, waived every alleged infirmity that had been attributed to his youth, confidently reposed their trust in the favorable decision which they believed the Senate would render, and elected Mr. HOLT by a majority which, subject to a single exception, greatly exceeded the majority by which any other Democratic candidate in the State was ever elected to office.

Today West Virginia, through the feeble instrumentality of the speaker, informs the Senate that Mr. HOLT, whom she last November elected to membership in this body by a most decisive majority, has attained the age of 30 years, that he has been a citizen of the United States 9 years and more, and that he was when elected, an inhabitant of the State of West Virginia for which he was chosen.

Inasmuch as no one here or elsewhere has ever denied or questioned a single one of these assertions of eligibility, and since Mr. HOLT's qualifications fulfill the requirements of the Constitution in every particular, West Virginia appeals to this body to ratify the choice which her voters made at the polls by awarding Mr. HOLT his seat in the Senate.

When West Virginia was a part of the Old Dominion State, Patrick Henry, one of Virginia's most eloquent sons, on a memorable occasion said: "Give me liberty or give me death!" The people of West Virginia, in the matters of nominating their candidates for office and selecting their public servants, share the noble sentiments so impressively expressed by Patrick Henry, whose name they love and whose memory they shall never cease to revere.

Today West Virginia says to the United States Senate: "Give me the liberty of representation in the greatest legislative body in the world by persons of my own choice or give me death." If the Senate should, to the unspeakable surprise, regret, and grief of West Virginia, refuse her the boon of representation for which she prays and pronounce a death sentence upon her political freedom of choice, she will, subject to slight variations, say in the language of the immortal Nathan Hale: "I only regret that I have but one life to lose for the political liberty of this Republic."

Mr. COSTIGAN. Mr. President, may I ask my distinguished friend the Senator from West Virginia a question before he takes his seat?

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Colorado?

Mr. NEELY. With pleasure.

Mr. COSTIGAN. Does the sole and senior Senator from West Virginia assure the Senate that his sovereign State has not authorized or attempted to authorize any repre-

sentative from West Virginia other than the Honorable RUSH D. HOLT to be seated here as junior Senator from West Virginia?

Mr. NEELY. Mr. President, that assurance is unconditionally given to the Senate and the world.

Mr. COSTIGAN. May I also inquire, as one Member of the Senate who has not as closely as some others analyzed the record in these proceedings, whether, as stated this afternoon by the Senator from California [Mr. MCADOO] before the eloquent Senator from West Virginia took the floor, Mr. HOLT is 30 years of age, is a resident of the State of West Virginia, has been a citizen of the United States for more than 9 years last past, and is thus qualified at this time to meet the tests imposed on a Senator of the United States as declared in the Constitution?

Mr. NEELY. Mr. President, the able Senator from Colorado [Mr. COSTIGAN] has, with his characteristic clearness, correctly stated the important facts about which he has inquired. The unhesitating answer to his question, and to every part of his inquiry, is in the affirmative.

The VICE PRESIDENT. The question is on agreeing to the resolution submitted by the Senator from Delaware [Mr. HASTINGS] as a substitute for the resolution submitted by the Senator from Georgia [Mr. GEORGE] on behalf of the committee.

Mr. JOHNSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Overton
Ashurst	Copeland	King	Radcliffe
Austin	Costigan	La Follette	Robinson
Bachman	Davis	Lonergan	Russell
Bailey	Dickinson	Long	Schall
Bankhead	Dieterich	McAdoo	Schwellenbach
Barkley	Donahey	McCarran	Sheppard
Bilbo	Duffy	McGill	Shipstead
Black	Fletcher	McKellar	Smith
Bone	Frazier	McNary	Steiwer
Borah	George	Maloney	Thomas, Okla.
Brown	Gerry	Metcalf	Truman
Bulkley	Gibson	Minton	Tydings
Bulow	Glass	Moore	Vandenberg
Burke	Gore	Murphy	Van Nuys
Byrd	Guffey	Murray	Wagner
Byrnes	Hale	Neely	Walsh
Capper	Harrison	Norbeck	Wheeler
Caraway	Hatch	Norris	
Chavez	Hayden	Nye	
Clark	Johnson	O'Mahoney	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

Mr. GEORGE. Mr. President, I ask to have read the resolution offered by the Senator from Delaware [Mr. HASTINGS] as a substitute for the resolution offered by myself on behalf of the committee.

The VICE PRESIDENT. The clerk will read the substitute resolution.

The Chief Clerk read as follows:

Resolved, That the election of RUSH D. HOLT to be a Senator of the United States was void, he not having attained the age of 30 years at the commencement of the term for which he was elected.

The VICE PRESIDENT. The question is on agreeing to the substitute resolution.

Mr. GEORGE and Mr. NEELY called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. COPELAND (when his name was called). Present.

Mr. DIETERICH (when Mr. LEWIS' name was called). I wish to announce the unavoidable absence of my colleague the senior Senator from Illinois [Mr. LEWIS]. On this question he is paired with the senior Senator from New Jersey [Mr. BARBOUR]. If my colleague were present, he would vote "nay" on this question, and if the Senator from New Jersey were present he would vote "yea."

Mr. WHITE (when his name was called). On this question I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. BULKLEY (after having voted in the negative). I announce my general pair with the senior Senator from Wyoming [Mr. CAREY], who is necessarily absent from the city. As I am advised that a special pair has been arranged for him on this question, I will allow my vote to stand.

Mr. COPELAND. When I came into the Chamber I was not sure about my pair, but I find he is not present. I am paired with the Senator from Delaware [Mr. TOWNSEND], and therefore withhold my vote.

Mr. BARKLEY. I desire to announce the unavoidable absence of my colleague [Mr. LOGAN], and to state further that if present he would vote "nay."

Mr. AUSTIN. I announce the pair of the Senator from Wyoming [Mr. CAREY] with the Senator from Utah [Mr. THOMAS] and the pair of the Senator from Delaware [Mr. HASTINGS] with the Senator from North Carolina [Mr. REYNOLDS]. All these Senators are necessarily absent. If present, the Senator from Wyoming [Mr. CAREY] would vote "yea", and the Senator from Utah [Mr. THOMAS] would vote "nay." The Senator from Delaware [Mr. HASTINGS] would vote "yea", and the Senator from North Carolina [Mr. REYNOLDS] would vote "nay."

Mr. KING (after having voted in the affirmative). I inquire whether the junior Senator from Idaho [Mr. POPE] has voted.

The VICE PRESIDENT. That Senator has not voted.

Mr. KING. I have a pair with the Senator from Idaho on this question and therefore withdraw my vote. I do not know how the Senator from Idaho would vote if present, but I understand he would vote "nay."

Mr. MCKELLAR (after having voted in the negative). I have a general pair with the senior Senator from Delaware [Mr. TOWNSEND]. On this question, however, he has a special pair, and I shall therefore allow my vote to stand.

Mr. ROBINSON. The Senator from North Carolina [Mr. REYNOLDS], the Senator from Idaho [Mr. POPE], the Senator from Florida [Mr. TRAMMELL], the Senator from Nevada [Mr. PITTMAN], and the Senator from Massachusetts [Mr. COOLIDGE] are unavoidably detained.

The Senator from Utah [Mr. THOMAS] is detained on important public business.

The result was announced—yeas 17, nays 62, as follows:

YEAS—17

Austin	Dickinson	Keyes	Vandenberg
Borah	Gibson	McNary	Walsh
Burke	Hale	Metcalf	
Capper	Hatch	Norbeck	
Connally	Johnson	Steiwer	

NAYS—62

Adams	Clark	Lonergan	Radcliffe
Ashurst	Costigan	Long	Robinson
Bachman	Davis	McAdoo	Russell
Bailey	Dieterich	McCarran	Schall
Bankhead	Donahey	McGill	Schwellenbach
Barkley	Duffy	McKellar	Sheppard
Bilbo	Fletcher	Maloney	Shipstead
Black	Frazier	Minton	Smith
Bone	George	Moore	Thomas, Okla.
Brown	Gerry	Murphy	Truman
Bulkley	Glass	Murray	Tydings
Bulow	Gore	Neely	Van Nuys
Byrd	Guffey	Norris	Wagner
Byrnes	Harrison	Nye	Wheeler
Caraway	Hayden	O'Mahoney	
Chavez	La Follette	Overton	

NOT VOTING—16

Barbour	Couzens	Logan	Thomas, Utah
Carey	Hastings	Pittman	Townsend
Coolidge	King	Pope	Trammell
Copeland	Lewis	Reynolds	White

So Mr. HASTINGS' resolution in the nature of a substitute for the resolution submitted by Mr. GEORGE on behalf of the committee was rejected.

The VICE PRESIDENT. The question is on agreeing to the resolution submitted by the Senator from Georgia [Mr. GEORGE] on behalf of the committee.

The resolution submitted by Mr. GEORGE (S. Res. 155) is as follows:

Resolved, That RUSH D. HOLT is entitled to his seat in the Senate of the United States as a Senator from the State of West Virginia, it appearing that he was 30 years of age at the time when he presented himself to the Senate to take the oath and to assume the duties of the office.

Mr. NEELY. I call for the yeas and nays on the resolution.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULKLEY (when his name was called). I repeat the announcement heretofore made, that I have a general pair with the senior Senator from Wyoming [Mr. CAREY], who is necessary absent, but a special pair has been arranged for him, and I am at liberty to vote. I vote "yea."

Mr. COPELAND (when his name was called). Repeating the announcement as to my pair with the Senator from Delaware [Mr. TOWNSEND], I withhold my vote.

Mr. KING (when his name was called). On this vote I have a pair with the junior Senator from Idaho [Mr. POPE], who is unavoidably detained. I understand that if he were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. BARKLEY (when Mr. LOGAN's name was called). Repeating the announcement previously made concerning the unavoidable absence of my colleague, I wish to announce that if present he would vote "yea."

Mr. McKELLAR (when his name was called). Making the same announcement as to my pair that I made on the previous vote, I vote "yea."

Mr. WHITE (when his name was called). On this vote I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. It has been announced that if he were present he would vote "yea." If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. AUSTIN. I announce the following pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from North Carolina [Mr. REYNOLDS]; and

The Senator from Wyoming [Mr. CAREY] with the Senator from Utah [Mr. THOMAS].

I am informed that if the Senator from Delaware [Mr. HASTINGS] and the Senator from Wyoming [Mr. CAREY] were present and voting they would vote "nay", and that if the Senator from North Carolina [Mr. REYNOLDS] and the Senator from Utah [Mr. THOMAS] were present and voting they would vote "yea."

Mr. ROBINSON. I wish to announce the necessary absence of the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Nevada [Mr. PITTMAN], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Florida [Mr. TRAMMELL].

I also desire to announce that the Senator from Utah [Mr. THOMAS] is detained on important public business.

Mr. DIETERICH. I wish to announce the unavoidable absence of my colleague [Mr. LEWIS]. He has a pair with the senior Senator from New Jersey [Mr. BARBOUR]. If my colleague [Mr. LEWIS] were present and permitted to vote, he would vote "yea." I am informed that if the Senator from New Jersey [Mr. BARBOUR] were present and voting he would vote "nay."

The result was—yeas 62, nays 17, as follows:

YEAS—62

Adams	Clark	Lonergan	Radcliffe
Ashurst	Costigan	Long	Robinson
Bachman	Davis	McAdoo	Russell
Bailey	Dieterich	McCarran	Schall
Bankhead	Donahey	McGill	Schwellenbach
Barkley	Duffy	McKellar	Sheppard
Bilbo	Fletcher	Maloney	Shipstead
Black	Frazier	Minton	Smith
Bone	George	Moore	Thomas, Okla.
Brown	Gerry	Murphy	Truman
Bulkley	Glass	Murray	Tydings
Bulow	Gore	Neely	Van Nuys
Byrd	Guffey	Norris	Wagner
Byrnes	Harrison	Nye	Wheeler
Caraway	Hayden	O'Mahoney	
Chavez	La Follette	Overton	

NAYS—17

Austin	Dickinson	Keyes	Vandenberg
Borah	Gibson	McNary	Walsh
Burke	Hale	Metcalf	
Capper	Hatch	Norbeck	
Connally	Johnson	Steiwer	

NOT VOTING—16

Barbour	Couzens	Logan	Thomas, Utah
Carey	Hastings	Pittman	Townsend
Coolidge	King	Pope	Trammell
Copeland	Lewis	Reynolds	White

The VICE PRESIDENT. On this vote the yeas are 62 and the nays are 17, so the resolution is agreed to, and the Senator-elect from West Virginia will present himself at the Vice President's desk to take the oath of office.

Mr. HOLT, escorted by Mr. NEELY, advanced to the Vice President's desk, and the oath of office was administered to him by the Vice President.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 7205) to amend the Ship Mortgage Act, 1920, otherwise known as "section 30" of the Merchant Marine Act, 1920, approved June 5, 1920, to allow the benefits of said act to be enjoyed by owners of certain vessels of the United States of less than 200 gross tons.

The message also announced that the House insisted upon its amendments to the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CONNERY, Mr. RAMSPECK, Mr. GRISWOLD, Mr. WELCH, and Mr. LAMBERTSON were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 28, 42, 44, and 48 to the bill, and concurred therein, and that the House had receded from its disagreement to the amendment of the Senate numbered 18 and concurred therein with an amendment, in which it requested the concurrence of the Senate.

ADDITIONAL CIRCUIT JUDGE, NINTH JUDICIAL DISTRICT

Mr. BANKHEAD obtained the floor.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from California?

Mr. BANKHEAD. I yield.

Mr. JOHNSON. I desire to ask unanimous consent that the Senate proceed to the consideration of the bill (H. R. 5917) to appoint an additional circuit judge for the ninth judicial district. If it appears that it will occupy any of the time of the Senator from Alabama, of course, I shall not ask that the bill be taken up; but I make the request now because the Judiciary Committee is familiar with the measure, it has reported it favorably, the Department of Justice has requested that it be passed, and that it is a matter of more or less emergency in the organization of the court in the district affected. If it shall cause any discussion, I will withdraw the request at once.

Mr. KING. Mr. President, I should like to ask the Senator from California if a bill did not pass the Senate only a few days ago providing for two judges for the southern district of California and an additional circuit judge?

Mr. JOHNSON. It contained various amendments, and it was sent to the House for its consideration. The House has now passed a bill and sent it to the Senate providing for the appointment of one judge. The Senator from Arizona [Mr. ASHURST], the Chairman of the Committee on the Judiciary, will, from that committee, present an amendment providing for the two judgeships to which the Senator from Utah refers.

Mr. ASHURST. Mr. President, I wish to emphasize that the House passed a bill to provide for an additional circuit

judge for the ninth circuit. That bill went to the Committee on the Judiciary, and that committee reported the bill favorably, adding additional judges for the southern district of California, in which district the business of the courts is badly congested. There were other judgeships proposed. I regret that we have not been able to complete the investigation of other districts. This is all we can do at this moment.

I hope the bill will pass.

Mr. GORE. Mr. President, I should like to ask the Senator from Arizona a question. I have introduced a similar bill with reference to an additional judge for Oklahoma. I was not quite clear as to the statement of the Senator from Arizona. Is it the desire of the Senator that this bill should be taken up now and passed?

Mr. ASHURST. I am speaking only for myself. I am not authorized to speak for any other member of the Judiciary Committee. My personal opinion is that there should be an additional district judge in Oregon, in West Virginia, in South Dakota, and in one or two other States. However, we must be practical. It is useless to delay action in this matter until we can have additional judges provided in other districts.

Mr. GORE. What about Oklahoma?

Mr. ASHURST. Oklahoma needs an additional judge. Tennessee is another State which I know needs an additional judge. Those two come to my mind as States which need judges, but obviously they cannot be provided for at this time. Moreover, the Senate Committee on the Judiciary have not completed investigation of the Oklahoma and Tennessee cases.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California that the Senate proceed to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and to insert the following:

That the President is hereby authorized to appoint, by and with the consent of the Senate, two additional judges of the District Court of the United States for the Southern District of California, who shall possess the same powers, perform the same duties, and receive the same compensation as the present district judges of said district, and one additional judge of the Circuit Court of the United States for the Ninth Judicial Circuit, by and with the advice and consent of the Senate.

SEC. 2. In the event a vacancy occurs in the office of the district judge now senior in date of commission in said district, and who was appointed under the act of September 14, 1922, such vacancy, and succeeding vacancies in the same office, shall be filled without further action by Congress.

Mr. GLASS. Mr. President, I offer an amendment to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2 of the committee amendment, after line 8, it is proposed to insert a new section to read as follows:

SEC. 3. That the President of the United States be, and he is hereby, authorized and directed to appoint, by and with the advice and consent of the Senate, an additional judge of the District Court of the United States for the Eastern District of Virginia.

Mr. GLASS. Mr. President, a bill making this authorization has already passed the House of Representatives. The testimony shows that at Norfolk, Va., the maritime cases alone occupy more than two-thirds of the time of the judge for the eastern district of Virginia. The calendar is dreadfully congested. I understand that the Chairman of the Judiciary Committee will accept the amendment.

Mr. McCARRAN. Mr. President, during the past few days a subcommittee of the Judiciary Committee held a hearing on the amendment now offered by the Senator from Virginia. I wish to say that in the hearing we went into the matter at length during almost an entire afternoon; and we find a condition in the eastern district of Virginia which is indeed deplorable when we consider what should be the efficiency and promptness of the Federal courts. They are in many instances more than a year behind with their work. In most instances they do not have a call of the calendar because it would be impossible for them to do anything under such a call. However, Mr. President, the amendment providing for one additional judge for the eastern district of Virginia is all that the Judiciary Committee has considered along this line, excepting the consideration of the main judgeship bill, now before the House. There are, perchance, other districts which may or may not require an additional judge, but in orderly procedure the Judiciary Committee has made investigation. Each case should stand on its own merits, and it seems to me to be unfair to load this bill down with amendments to take care of cases in which no investigation has been made by the Judiciary Committee.

As for the eastern district of Virginia, there can be no question that it should have an additional judge. As for the southern district of California, it is so palpable and so plain that there should be two additional judges there that there can be no contradiction. As for the one additional circuit judge for the ninth circuit, the congestion there has been made note of by the Department of Justice and the judicial council.

The bill, as amended by the amendment proposed by the senior Senator from Virginia, should be passed, and then we should let the Judiciary Committee go into the subject in an orderly way and examine the other cases on their merits.

Mr. GORE. Mr. President, I should like to ask the Senator from Nevada if he can give us any assurance that the Judiciary Committee at any early date will proceed to a consideration of these other bills and will take such action as the circumstances in the districts seem to demand. Of course I assume they will do that.

Mr. McCARRAN. I cannot speak for the Judiciary Committee, and I do not assume to, but I speak for the subcommittee of which I happen to be a member, and that subcommittee, if it is referred to us, will so far as I am individually concerned, go to work on it at once.

Mr. GORE. Mr. President, I do not wish to obstruct the passage of this bill or to defeat the amendment offered by the Senator from Virginia, but my own State stands in pretty much the same situation. We are in dire need of an additional judge. I introduced a bill providing for an additional judge some weeks ago, Senate bill 2137. I have been hoping for a favorable report at the hands of the Judiciary Committee, but the Department of Justice seems to have a sort of ironclad rule that it will not recommend an additional judge unless some institute of law or other organization recommends it in advance.

Justice delayed is justice denied. Where additional judges are needed I think the Judiciary Committee ought to ascertain the facts and recommend the bill.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. GORE. I yield.

Mr. KING. I think the Senator inadvertently indulged in a criticism of the Department of Justice which is scarcely warranted. I know from my inquiries and my contacts with the Department of Justice, and particularly with the Attorney General, that an investigation is conducted whenever representations are made as to the importance and necessity of additional judges; and I have upon my desk in my office reports concerning a number of judicial districts where it has been insisted that additional judges are required. Those reports will be available to the Judiciary Committee, and the Judiciary Committee will be glad to pass upon any matters which come before it.

Mr. GORE. Mr. President, I understand a departmental report was made on my bill; and I have been informed that the law institute, or whatever organization it is which is expected to pass on the question, did not make a recommendation in that particular instance, and for that reason the Department of Justice has withheld its recommendation. I hope the Senator from Utah is right in his contention. I have been informed that the Attorney General's view is that we are entitled to a judge and we ought to have it, but that was not embodied in his report.

That was not embodied in his report. I shall not interpose any objection. I shall rely upon the assurances which have been given on the floor that the matter will receive early attention, and, I hope, favorable attention.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. GLASS] to the amendment of the committee.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to provide for the appointment of two additional judges of the District Court of the United States for the Southern District of California, one additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes."

Mr. ASHURST. Mr. President, I move that the Senate insist upon its amendment, ask for a conference with the House, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. KING, Mr. MCADOO, and Mr. BORAH conferees on the part of the Senate.

NAVAL APPROPRIATIONS—CONFERENCE REPORT

Mr. BYRNES submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 7, 19, 26, 27, and 29.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 8, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 30, 31, 32, 33, 35, 38, 39, 40, 43, 45, 46, and 47, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$175,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,062,700"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the number proposed by said amendment insert "three"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$11,020,450"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$40,732,310"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$6,590,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$6,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 18, 28, 42, 44, and 48.

JAMES F. BYRNES,
ROYAL S. COPELAND,
PARK TRAMMELL,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

GLOVER H. CARY,
WILLIAM B. UMSTEAD,
W. R. THOM,
GEO. W. JOHNSON,
J. G. SCRUGHAM
(Except as to amendment no. 32),
CLARENCE J. MCLEOD,
J. W. DITTER,
Managers on the part of the House.

Mr. BYRNES. Mr. President, I ask that the Senate proceed to the consideration of the conference report. There was a unanimous agreement, and I am sure there will not be any debate.

Mr. LONG. Mr. President, I have been waiting for an opportunity to submit a few remarks on the President's recent message. Of course, I do not want to deprive any Senator of his privilege to dispose of any important business. May I ask the Senator from Alabama if it is his purpose to speak this afternoon on his bill?

Mr. BANKHEAD. It is.

Mr. LONG. Would there be any objection if I should speak for a few minutes? I have the right to do so, I know, but I do not want to insist on it. I send to the desk and ask to have read the marked portion of an article which appeared in a newspaper this afternoon.

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana for that purpose?

Mr. LONG. I have the floor.

Mr. BANKHEAD. No; I have the floor, and I do not yield.

Mr. BYRNES. Mr. President, will not the Senator from Louisiana permit me to dispose of the conference report?

Mr. LONG. I have a right to speak on the matter.

Mr. BYRNES. Mr. President, I assured the Senator from Alabama I would not ask him to yield if the conference report should lead to any debate. As it seems that it will, I withdraw my request.

The PRESIDING OFFICER. The Senator from South Carolina withdraws his request.

Mr. BYRNES subsequently said: Mr. President, I renew my request for the consideration of the conference report on the naval appropriation bill, which has been presented and is on the desk.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

The PRESIDING OFFICER laid before the Senate the following action of the House of Representatives, which was read:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 21, 1935.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 28, 42, 44, and 48 to the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, and concur therein; and

That the House recede from its disagreement to the amendment of the Senate numbered 18 to said bill and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert a comma and "and other officers above such grades employed on such class of active duty (not to exceed 4 months in any calendar year) shall not be entitled to be paid a greater rate of pay and allowances than authorized by law for a lieutenant of the Navy or a captain of the Marine Corps entitled to not exceeding 10 years' longevity pay."

Mr. BYRNES. I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 18.

The motion was agreed to.

FARMERS' HOME CORPORATION

The Senate resumed the consideration of the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes.

Mr. BANKHEAD. Mr. President, this bill was considered by the Senate for 9 or 10 days when it was here on a previous occasion. It has had most thorough and active consideration by the Senate in all its phases. Its provisions were gone into very thoroughly when the bill was previously before the Senate. After full consideration a number of amendments were adopted in the Senate before the bill was recommitted to the Committee on Agriculture and Forestry.

The bill went back under an order of the Senate which contained directions to the committee to report the bill again by

a date therein fixed. The committee again considered the bill and sometime ago submitted a report. I am pleased to say that all the members of the committee who were in attendance—and there was a large attendance—were in accord as to the principal features of the bill as it has been reported to the Senate. The bill has received the support of nearly all the members of the Committee of Agriculture and Forestry.

I think it would be proper to state, in a brief way, the changes which have been made in the original bill. I may say in the beginning that the amendments which were adopted by the Senate when the bill was previously here for consideration were all included in it as reported at this time with practically no change.

The bill as at present before the Senate provides that the Board shall be composed of 5 members, 2 being ex-officio members, the Secretary of Agriculture and the Governor of the Farm Credit Agency, and that not more than 2 of the 3 appointive members shall be of the same political party. That amendment was adopted without objection when the bill was before the Senate on a previous occasion.

It is further provided that the capital stock of the Corporation may be increased only with the approval of the President of the United States. The bill originally made the first working capital of the Corporation $50,000,000, in the discretion of the President. As reported now by the committee, that is made mandatory. That sum is carried in the work-relief law, under an authorization in that act, included in it by the Senate when the measure was here for consideration, specifically providing that funds appropriated in that act, under an amendment offered by the junior Senator from Georgia [Mr. RUSSELL], could be used for the purpose provided in the bill now before us.

Mr. KING. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. BANKHEAD. I do.

Mr. KING. I inquire as to the reason why it is to be made mandatory that the capital stock shall be $50,000,000? Why not just give the authority, if we are to pass the bill, and provide that $50,000,000 may be the maximum capital of the Corporation, instead of compelling them to have capital stock of that amount?

Mr. BANKHEAD. That is all they are authorized to have under the bill, except where the President approves more. It was thought, upon further consideration of the bill, that the Corporation should have some fixed capital stock which would be definite and certain.

Mr. KING. If I may trespass further upon the Senator's time——

Mr. BANKHEAD. Yes.

Mr. KING. I am interested in what the Senator says. Does he state that the bill contains not only a positive declaration for $50,000,000 capital stock but that the President may increase the capital stock?

Mr. BANKHEAD. That is true.

Mr. KING. Without any limitation?

Mr. BANKHEAD. The limitation is such subscription as he may wish to make out of the work-relief act, from the sources from which the Senate authorized him without limitation to make subscription.

Mr. KING. Then the President might subscribe for $500,000,000 and take it out of the appropriation we have made for relief?

Mr. BANKHEAD. The Senate took whatever action has been taken on that matter in passing the work-relief joint resolution. The bill simply follows the provision in the work-relief act which was passed by the Senate.

Mr. KING. I desire to say to the Senate that I am very much opposed to that provision and shall move to strike it out.

Mr. ADAMS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BANKHEAD. I do.

Mr. ADAMS. It seems to me, if I recall the terms of the amendment, that there is a slight inaccuracy in the statement of the Senator from Alabama with reference to the capital. If I read it correctly, the board of directors may increase the capital to any amount they desire—not the President, but the board of directors—and the President may allocate such funds as he thinks advisable from the work-relief appropriation. In one instance it is the board of directors who are given authority to increase the capital stock, and the other authority is given to the President.

Mr. BANKHEAD. I call the Senator's attention to page 16, line 16:

> The Corporation shall have capital stock in the amount of $50,000,000, and the board, with the approval of the President, is authorized to increase such capital stock—

And so forth. That amendment, " with the approval of the President ", was incorporated in the bill on the floor of the Senate when the bill was pending here before, so that without the approval of the President there is no authorization in the bill as it is now written for the board to increase the capital stock.

Mr. ADAMS. But the actual act of increasing the capital stock is that of the board of directors.

Mr. BANKHEAD. Yes; but, as I stated, it must have the approval of the President.

Mr. ADAMS. May I ask the Senator why there is to be recourse for these contributions to capital stock not only to the Work Relief Act but to the particular sections of that act which provide money for soil erosion, reforestation, and other purposes which are of particular interest to certain sections of the country?

Mr. BANKHEAD. Of course, the source from which the money comes is not made mandatory in the bill. It is left, as the Work Relief Act leaves it, in the judgment and control of the President. There are certain phases of the program of rural rehabilitation whose assets, when the temporary machinery shall have expired, it may be desired to transfer to this Corporation; but there is no mandatory provision here to take any part of this money from any specific allocation as set up in the Work Relief Act.

Mr. ADAMS. If I may interrupt further, as I read the provision, it says that—

> The President is further authorized to transfer to the Corporation, from the sums so allocated or otherwise made available for rural rehabilitation, and prevention of soil erosion, reforestation and forestation, such sums as he may from time to time deem desirable to carry out the purposes of this act.

In the Work Relief Act these were not allocations, but were limitations.

Mr. BANKHEAD. Yes.

Mr. ADAMS. The President was authorized to spend $4,000,000,000, but of that amount only a certain amount could be devoted to these purposes. As I understand, there is a demand—almost an excessive demand—for funds for those particular purposes; and my inquiry is whether, if we provide for this particular allocation or limitation, we shall not deprive the work-relief program of funds which are vitally needed if it is to be carried out as the President desired it carried out.

Mr. BANKHEAD. I will say to the Senator that he observes that that is not a mandatory requirement. I will say to him further that it was put in the bill at the suggestion of the department which will have charge of this work, after the bill went back to the committee. That is the reason why the provision is in the bill.

Mr. ADAMS. It may be satisfactory to the department, but it will hardly be satisfactory to the section of the country which is to be deprived of necessary appropriations.

Mr. BANKHEAD. There is nothing at all mandatory about it.

All the property of the Corporation, except its real estate, including its franchise, capital, reserves, and surplus, its loans and income, and its personal property, is made exempt from taxation as Government property. Any land sold to a

purchaser, however, although title may still be retained by the Corporation, is subject to taxation.

An important provision of the bill which has satisfied some Senators who made known their opposition to the bill when it was pending here before is the limitation upon the expenditures in the early stages of the operation of the Corporation. It is now provided in the bill that during the first year only the $50,000,000 which is fixed as the limit of the working capital coming from the Work Relief Act may be expended by the Corporation; and then, within the first 3 years of the life of the Corporation, that only $300,000,000 may be expended.

So this program provides limitations for the Corporation which will require it, in the early stages of its development and of its research and of its organization, to move with some degree, at least, of deliberation and care; and it gives the Congress ample time subsequently to determine whether they wish to put a stop to a program of this sort or enable it to go forward. With that limitation upon the expenditures for the first 3 years, a number of Senators who previously opposed the bill have indicated their support of it.

The employees are placed under the civil service, as provided in the amendment offered by the Senator from Nebraska [Mr. NORRIS] and adopted by the Senate. No change has been made in that amendment.

The appointment of any person receiving a salary of $4,000 or more per annum is subject to the confirmation of the Senate. That amendment was adopted heretofore, and has been incorporated in the redraft of the bill.

The Corporation is also required, at the close of each fiscal year, to make a report in writing to the Congress stating in detail its activities, the names, salaries, and duties of all employees and officers in the employ and under the supervision of the Corporation, and an account of all moneys it has disbursed. In other words, it is provided that there shall be furnished annually a detailed statement, for the information of the Members of Congress, of the complete operations of the Corporation in all its ramifications and details.

There was considerable discussion here when the bill was previously considered about the limitation upon the amount of expenditure and the size of the farms. After full discussion, the amendment offered by the Senator from Oklahoma [Mr. GORE] upon that subject was adopted, and it has been incorporated in the bill.

It fixes an average, according to the census, applicable to the size of the farm in the State or locality, and also to the value. It seemed to the committee that that was a wise amendment. The amendment brings about a safe and careful limitation which is adjustable to different sections of the country according to size and values of farms in the different sections.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ROBINSON. Will the Senator state where that limitation is to be found in the bill?

Mr. BANKHEAD. On page 22, line 9, subsection (4). In addition to that, the bill now provides that no land shall be bought by the corporation for resale to farmers until it has been appraised by competent appraisers.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BORAH. I think that is a very important provision of the bill. Will the Senator state it in detail?

Mr. BANKHEAD. If the Senator will turn to page 22, line 15, he will find the provision:

> No property, real or personal, shall be purchased hereunder save upon an appraisal by competent experts, reported in writing and sworn to and filed and preserved for inspection by the Congress, or any Member thereof.

That was adopted here on motion of the Senator from North Carolina. The committee added this further safeguard:

> If the services of appraisers of the Federal land bank are available, no farm land shall be bought by the Corporation save upon an appraisal by one or more appraisers of the Federal land bank, reported in writing and sworn to and filed and preserved for inspection by the Congress, or any Member thereof.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ROBINSON. It is observable that the proposed statute does not fix any limitation on the amount which may be paid for the land. It merely provides that the purchase shall be based upon an appraisal.

Mr. BANKHEAD. I did not understand the suggestion of the Senator.

Mr. ROBINSON. The bill provides that the property must be appraised; but there is no provision that the purchase price shall be limited to the appraised value, is there?

Mr. BANKHEAD. I think that is really covered. If the Senator will observe just preceding that, there is provision for limiting the purchase by the words, "not to exceed in cost the price of property of similar size and value in the same section or area." The value, of course, is to be determined by the appraisal, and the Corporation will not be authorized to pay in excess of the appraisal.

The provision as to the limitation on the value is followed by a provision for a method of fixing the value, that is, by the appraisal, and naturally it seems clear, at least to me, that the Corporation would be governed and limited by the value ascertained in the way and by the persons provided.

Mr. BORAH. In what line does the language in reference to the limitation on the cost appear?

Mr. BANKHEAD. That is line 13, page 22, "not to exceed in cost the price of property of similar size and value."

Mr. BORAH. That is a different limitation. Should there not be somewhere a provision, as suggested by the question of the Senator from Arkansas, that it would be limited to the appraised value?

Mr. BANKHEAD. I am perfectly willing to have such an amendment adopted, if the Senator will prepare it. It is the object of the framers of the bill to limit it to that, and if the Senator does not think it clearly so provides, I shall be glad to accept an amendment.

Mr. BORAH. I am not sure it does not clearly make such provision, because I have not sufficiently studied it, but it ought so to provide.

Mr. BANKHEAD. I agree with the Senator, and I shall be glad to have the Senator clear up any uncertainty in his mind about it.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BONE. Because of the amortization period over which loans might be cared for under the proposed act, the corporation created would have to be a corporation of very long life. I notice on page 21 the statement that—

> The Corporation shall have succession in its corporate name and shall have power.

Then there is a recitation of many powers. Is there any provision in the bill limiting the life of the corporation?

Mr. BANKHEAD. There is not. It will be of indefinite duration.

Mr. BONE. I understand the necessity for indefinite duration.

Mr. BANKHEAD. The Government can abolish it, of course. It is a Federal corporation we are proposing to create. It will continue as long as it is carrying on the program under the measure.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. SCHWELLENBACH. The Senator will remember that in the committee discussions the question was raised as to the appraisal of separate tracts. I am wondering whether the language on page 22, where it is stated on line 15 "no property, real or personal, shall be purchased hereunder save upon an appraisal" is sufficiently clear. I am wondering whether we should not add the words "of each tract."

Mr. BANKHEAD. It is all right to add those words if the Senator thinks they are needed. That is the object and purpose. It says "no property", therefore there would be an appraisement of each tract.

Mr. SCHWELLENBACH. The danger against which we were trying to guard was having an appraisal of a large

area which might contain some land which would be of more value than other land and having it all appraised at $10 an acre.

Mr. BANKHEAD. If the Senator has any doubt about it, I suggest that he prepare an amendment.

Mr. SCHWELLENBACH. I shall be glad to prepare an amendment.

Mr. BANKHEAD. Very well. On page 26 will be found an amendment which was presented by the junior Senator from Kentucky [Mr. LOGAN] fixing an exemption up to $2,500 beyond which the purchasers of a farm could not place any lien or encumbrance of any sort on it. It would exempt it as a homestead from debts or obligations of any kind except taxes. That is intended to preserve, so far as the Government can control it, a continuity of ownership.

Mr. BONE. This virtually establishes in a statutory way a homestead in the land such as might be secured by the establishment of a homestead under the operation of State laws.

Mr. BANKHEAD. That is correct.

Mr. BONE. I take it that it was the purpose of the committee virtually to vest all rights of homestead in one of the borrowers under this measure?

Mr. BANKHEAD. Yes.

Mr. BONE. I think that is a very salutary provision.

Mr. BANKHEAD. All of us who have studied this problem and are interested in it are anxious to provide every reasonable safeguard to hold the title in the continued ownership of the purchasers of these farms and to prevent the loss of homes through speculation or bad judgment or bad business management.

Mr. BONE. Is there any limit to the size of a tract which may be purchased? I am sorry that I was not permitted to hear the committee deliberations.

Mr. BANKHEAD. Yes. The Senator from Oklahoma [Mr. GORE], as I pointed out, offered an amendment, which will be found on page 22, line 9, which sets up a standard which is applicable and which gives a proper and reasonable latitude as to the size and as to the value of farms to fit conditions in varying sections of the country, limiting it to the average farm.

Mr. BONE. I realize that it would probably be impossible to set an arbitrary figure as to acreage because of the factor of diversity in crops in so many States. There are some very large farms in my State, and also some very small farms. There are in States like Texas some farms which would seem inordinately large. That is particularly true in Western States, where the people have to engage in dry farming, and must have large amounts of land in order to produce a sizable crop. Is it the idea of the Senator from Alabama that the provision in the bill is sufficiently flexible to give authority for the exercise of wise discretion in the matter?

Mr. BANKHEAD. The bill provides for an average farm. No one could expect a tenant or owner, under these conditions, to have a farm larger than the average-size farm in his community, whatever it may be.

Mr. BONE. Mr. President, the bill says " an average farm in the State where the land is located."

Mr. BANKHEAD. That makes it flexible enough to provide for a wheat-growing section or a cotton-growing section.

Mr. BONE. Every Senator, of course, will have to answer questions about this bill, and while the Senator from Alabama is on the floor I desire to extract from him all the information I can. I do not know how it is in the Senator's State, but in my own State, on the east side, there are some very large farms given over to the production of wheat. On the west side there are a great number of small truck farms, as we call them, where the farmers produce vegetables of a very fine kind. There would not be any comparison in size between the farms on one side of the State and those on the other side of the State. I do not know how it would be in Alabama or in the Eastern States, from which many members of the committee come. They perhaps have a different situation.

I do not wish to suggest this as an amendment, but I am wondering if it would not be better to provide that the farms should be limited to the average size of the farms in the locality in the State; or would that be unhappy language?

Mr. BANKHEAD. It is not contemplated to buy large farms.

Mr. BONE. I appreciate that.

Mr. BANKHEAD. And if one gets an average-size farm in his State, I think that is a larger-size farm than will ordinarily be sold to these new farm owners. To be perfectly frank with the Senator, I think this provision is fully liberal as to the size of the farm. Some Senators feared that too large farms might be bought, and I think that was the cause motivating the Senator from Oklahoma to present his amendment.

Mr. BONE. Mr. President, this measure is going to offer the first ray of hope to a great many people. I am very much in sympathy with the type of legislation involved in the bill. I realize that perhaps some political bureaus might look upon this as something so new that it could not be tolerated, but I think it is a very wise and salutary suggestion in the form of legislation.

Since all the Members of the Senate are soon going to have to go home and talk to their constituents about this subject, I think it is wise for us to clear up as many of these small points as we can while the Senator is going through the bill.

Mr. BANKHEAD. I am glad to answer any questions.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. ADAMS. Permit me to call to the attention of the Senator from Washington the fact that this exemption goes far beyond the explanation. The explanation was that it protected the borrower. This clause makes the exemption a covenant running with the land. In other words, the borrower may sell the land to the richest man in the community, and so long as it is used as a farm homestead it continues exempt from all debts, all obligations of every kind.

I can readily imagine that there might be in the State of Washington some thrifty man who would accumulate a series of adjoining tracts of this kind, and all would be used as farm homesteads, and all would be exempt from all debts, and all would still be homesteads.

Mr. BONE. Mr. President, would the Senator from Alabama object if we should indulge in a little colloquy? Is it the view of the Senator from Colorado that this characteristic of a legal homestead might be impressed on these individual tracts of land even though they were subsequently assembled in the legal custody and possession of one individual?

Mr. ADAMS. Yes; they could still be homesteads.

Mr. BONE. If the Senator from Alabama thought that might cause some trouble—and I suppose there is always a possibility of trouble from the land sharks somewhere down the line—it might be possible, by the interpolation of some sort of language, to prevent such a situation from arising. I know that the Senator from Colorado, as are other Senators, is familiar with the homestead provisions.

Mr. ADAMS. Mr. President, will the Senator yield again?

Mr. BANKHEAD. I yield.

Mr. ADAMS. In my State it might be possible for the owner of property to own it under State laws under which he could accumulate land, and he could have a separate homestead under this provision. The bill, as it is drawn, forbids either voluntary or involuntary liens upon the property. It seems to me that if the provision which now reads " during the occupancy of the borrower " were changed to read " during the time when the indebtedness remains unpaid ", it would accomplish everything that it is desired to accomplish. But the committee amendment goes beyond that, and provides an exemption which will protect people in whom we have no interest, perhaps—that is, the transferees who may accumulate, as I say, a series of these exempted tracts—and in the wheat-growing section, where a wheat farm may cover a thousand acres, there may be only one farmhouse, and it would be a farm homestead, and yet it may be composed of half a dozen farms purchased under the provisions of this measure.

Mr. BONE. Mr. President, the Senators' idea is that the characteristics of the homestead should be impressed on the land only when it is operated by the man for whose benefit we enact this bill.

Mr. ADAMS. Yes.

Mr. BONE. I think the Senator from Alabama would be able to frame an amendment that would make provision for a situation of this kind.

Mr. BANKHEAD. Yes. I did not prepare such an amendment. The Senator from Kentucky [Mr. LOGAN] offered the amendment, but I was in full accord with the philosophy of it, that persons should be protected in their homestead ownership of these small farms.

Mr. BONE. Of course, there would be no object in attempting to impose the protection of a homestead on an owner who bought 50 of these homesteads and combines them, because such a man is not any longer a small farmer. He is an entrepreneur. He is a big operator.

Mr. BANKHEAD. While the Senator from Colorado is not in favor of the bill, I am willing to risk having him give his suggestions and his views on that subject.

Mr. ADAMS. Mr. President, the Senator from Alabama is stating my attitude on the bill, which has not been declared. I am anxious to have a good bill.

Mr. BANKHEAD. I am asking the Senator to draw up the amendment.

Mr. ADAMS. I shall do so.

Mr. BONE. I think it a wise suggestion to ask the Senator from Colorado to draw up the amendment.

Mr. BANKHEAD. Yes; and I know he will do what he thinks is right. I am willing to trust him to draw it.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. COSTIGAN. Pursuing the inquiry of the Senator from Washington and referring to subdivision (4) of section 4, on page 22, limiting loans to—

A farm to be limited in area to the size of an average farm in the State where the land is located—

Has the Senator prepared, or have experts prepared, any estimates of the size of average farms in various States of the Union?

Mr. BANKHEAD. No; I have no table on that subject. I understand, however, that the Census Bureau has; and the Senator from Oklahoma [Mr. GORE], in presenting his amendment, stated that such data are available in the Census Bureau.

Mr. COSTIGAN. Would it be possible to provide such a table for the RECORD?

Mr. BANKHEAD. I will say to the Senator from Colorado that I shall endeavor to get it.

Mr. COSTIGAN. I thank the Senator.

Mr. BANKHEAD. The Senator from Oklahoma has gone into the subject, and, knowing from experience that an average-size farm would be adequate for the purpose of this program, and that the information is available about what an average-size farm is in the States, it seems to me entirely satisfactory to provide that it shall be a farm of average size in the section in which the farm is located.

Mr. President, I think I have stated the substance of the changes which have been made in the bill.

I have three amendments merely correcting typographical mistakes and omissions which I shall send to the desk at this time. The amendments are purely corrective in nature, and do not substantially change the bill.

The PRESIDENT pro tempore. The first amendment will be stated.

The LEGISLATIVE CLERK. On page 16, line 3, after the words "end of", it is proposed to strike out "3" and to insert in lieu thereof "2".

Mr. LONG. Mr. President, I do not suppose the Senator from Alabama will undertake to ask to have this bill passed this afternoon, as practically all the Senators have gone. Almost all the Senators on the Republican side have gone. May I inquire whether it is the purpose to try to pass the bill this afternoon?

Mr. ROBINSON. Mr. President, I had hoped, in view of the situation in a number of committees and relating to conferences, that we might be able to dispose of this bill today and take a recess over the week-end. However, the discussion on the Holt case was continued somewhat longer than was anticipated. This bill was reached late in the day. I am satisfied, as is probably the Senator from Oregon [Mr. MCNARY] also, that there is no possibility of concluding consideration of the bill today. Therefore it will be necessary to have a session tomorrow.

I will state to the Senator from Alabama and the Senator from Louisiana that when the Senator from Alabama shall have concluded his remarks, or when he shall desire to conclude for the day, it will be my purpose to move an executive session, and then a recess.

Mr. LONG. Mr. President, I desire to give notice that tomorrow, as soon as I can obtain recognition, I shall address the Senate on the redistribution of wealth and the President's message on the redistribution of wealth.

Mr. ROBINSON. Mr. President, I think we might proceed further with the consideration of the bill.

The PRESIDING OFFICER. The clerk will again report the first amendment offered by the Senator from Alabama.

The LEGISLATIVE CLERK. It is proposed, on page 16, in line 3, to strike out the word "three" and insert the word "two", so as to make the clause read:

The terms of office of the Members first taking office after the date of enactment of this act shall expire, as designated by the President at the time of appointment, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after the date of the enactment of this act.

Mr. MCNARY. Mr. President, I do not understand the reason for the change. Will the Senator from Alabama explain it?

Mr. BANKHEAD. The original bill provided for a term of 2 years instead of 3 years. It is merely to correct a clerical error.

Mr. MCNARY. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KING. Mr. President, I wish to give notice to the Senator from Alabama that tomorrow, or at an appropriate time, I shall offer an amendment, on page 16, line 16, to strike out the numerals "$50,000,000" and insert in lieu thereof "$25,000,000", this relating to the capital stock of the corporation.

I give notice also that I shall offer an amendment, on page 17, line 14, in the authorization for the issuance of bonds, to strike out the numerals "$1,000,000,000" and insert in lieu thereof "$100,000,000." Upon reflection I may make it "$50,000,000." I shall not offer either amendment at this time.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Alabama.

The LEGISLATIVE CLERK. On page 18, line 5, after the words "the principal of", insert the word "or", so as to make the sentence read:

In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, etc.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Alabama.

The LEGISLATIVE CLERK. It is proposed, on page 17, line 4, after the words "sums to be", to insert the word "so", so the sentence would read:

Payments for such stock and other sums to be so transferred shall be made to the Corporation, etc.

The amendment was agreed to.

ALASKAN COLONIZATION BY F. E. R. A.

Mr. VANDENBERG. Mr. President, I hope I may have the attention of the able Democratic leader, the Senator from Arkansas [Mr. ROBINSON]. I wish to make a brief statement and then submit a resolution and ask unanimous

consent for its present consideration. I shall offer the resolution in behalf of the senior Senator from Wisconsin [Mr. LA FOLLETTE], the senior Senator from Minnesota [Mr. SHIPSTEAD], and myself.

One of the interesting, or at least novel, experiments which has been undertaken by Administrator Hopkins of the Federal Emergency Relief Administration is the transplanting of certain farm families from continental United States to Alaska. About 2,000 persons thus far, according to my information, have been transported to Alaska with the contemplation that they will be established in this new governmental community which is to be set up at a town called Palmer in Alaska.

My colleague the senior Senator from Michigan [Mr. COUZENS], who is necessarily absent from the Senate on account of illness, is in receipt of the following telegram from Palmer, Alaska, signed by Patrick J. Hemmer and Mrs. I. M. Sandvik, who sign themselves as representatives of the colonists. The telegram reads as follows:

PALMER, ALASKA, *June 15, 1935.*

Senator JAMES COUZENS, OF MICHIGAN,
Washington, D. C.:

Six weeks passed, nothing done. No houses, wells, roads, inadequate machinery, tools, Government food undelivered, commissary prices exorbitant, educational facilities for season doubtful. Apparently men sent to pick political plums. Irwin and Washington officials O. K. Hands tied. Colonists cooperating. Request immediate investigation.

PATRICK J. HEMMER,
Mrs. I. M. SANDVIK,
Colonists' Representatives.

I know nothing about the reference in the telegram to "political plums", and I make no point of it.

I desire to supplement the telegram, however, by reading from a letter which was printed in the Detroit Times for June 18, written by one who signs herself as Mrs. Fred Rotz, who lived in Plymouth, Mich., until selected, with her husband and two children, to take part in the governmental colonist adventure. The letter from Mrs. Rotz, seemingly supporting the description in the telegram I have read, reveals the following alleged conditions:

1. Nearly every one of the 2,000 colonists is sick, some of the children suffering from measles and the adults infected with colds and severe attacks of bronchitis—yet there is but one physician and one nurse in the area.
2. The commissary is without medical supplies and a disastrous epidemic is feared by them.
3. Milk is so scarce it is limited to children less than 5 or 6 years of age.
4. There are many expectant mothers in the various camps who are without medical attention, and a request has been made that they be returned to Anchorage.
5. Instead of free groceries until they are self-sustaining, as the colonists say they were promised, everything purchased at the commissary is charged against the settlers and must be repaid in the future.
6. Prices at the commissary are not uniform, and some colonists believe they are being gouged.
7. Dissension already has resulted in removal of one executive.

Mr. President, it happens that most of these colonists came from Michigan and Wisconsin and Minnesota. Based upon the telegram which has been received at the office of my colleague [Mr. COUZENS], and based upon this letter from one of the colonists engaged in this adventure, it would appear to me essential, in the name of humanity, to inquire immediately into the facts involved. I make no pretense of supporting the information which I submit. I merely present to the Senate the information as it comes to us.

In connection with my remarks, I ask that the complete article from the Detroit Times be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

[From the Detroit (Mich.) Times of Tuesday, June 18, 1935]

MICHIGAN PIONEERS ILL IN ALASKA—PLYMOUTH WIFE DESCRIBES PRIVATIONS IN FAR NORTH—"PRAY FOR US", MRS. FRED ROTZ WRITES FROM PIONEERS' PRIMITIVE CITY IN ALASKA; TELLS OF DISSENSION IN CAMP

From the tented town of Palmer in an Alaskan wilderness came this plea from former Michigan residents:

"Pray for us, dear folks, at home. We need the mighty hand of God in this undertaking, and the united prayer of people everywhere."

The plea was made in a letter from Mrs. Fred Rotz, who lived at Plymouth, Mich., until selected with her husband and two children to take part in the Government's attempt to colonize Alaska.

REVEALS CONDITIONS

Conditions revealed by Mrs. Rotz:

(1) Nearly every one of the 2,000 colonists is sick, some of the children suffering from measles and the adults infected with colds and severe attacks of bronchitis—yet there is but one physician and one nurse in the area.

(2) The commissary is without medical supplies and a disastrous epidemic is feared by them.

(3) Milk is so scarce it is limited to children less than 5 or 6 years of age.

(4) There are many expectant mothers in the various camps who are without medical attention, and a request has been made that they be returned to Anchorage.

(5) Instead of free groceries until they are self-sustaining, as the colonists say they were promised, everything purchased at the commissary is charged against the settlers and must be repaid in the future.

(6) Prices at the commissary are not uniform, and some colonists believe they are being gouged.

(7) Dissension already has resulted in removal of one executive.

There are 295 men, women, and children from Michigan among the 2,000 persons who are uprooting trees and building log homes in the Alaskan valley. Most of them are from northern counties of the lower peninsula and from the counties above the Straits of Mackinac.

Measles broke out while the colonists were aboard ship, they reported. Physicians at Seward, Alaska, where the boat docked, feared scarlet fever and the settlers were quarantined while tests were made.

Measles continued to spread among the children after the modern pioneers reached Palmer, where they are living in tents while constructing their homes.

"Everyone has a terrible cold, due to the change in climate and the cold, damp weather," Mrs. Rotz said. "We have had a few sunny days, but nights and mornings are chilly.

"Measles breaking out in different camps; Mrs. Ring has six children down with the disease, and so are the two children of Mrs. Davis (apparently Mrs. Rotz refers to Mrs. Harold Davis, of Lansing).

"All through the night you can hear children and adults coughing. There are several bad cases of bronchitis.

ONLY ONE DOCTOR

"There is only one doctor and one nurse to work among 2,000 of us. The doctor says other medical people did not come because of the low pay. He came here originally to work in C. C. C. camps.

"There are no medical supplies in the commissary. Therefore, families are unable to help themselves."

Mrs. Rotz told of a feud within the colony between Michigan and Wisconsin settlers on one side and families from Minnesota on the other.

"Due to poor management the Minnesota people get supplies and materials sent here for Michigan and Wisconsin families," she continued. "We hear rumors of changes to be made in management.

"We cannot get lard. Instead, we are able to purchase only a vegetable substitute. Meat is kept in a very insanitary condition in one big box. All meat and fish are piled into this box with a piece of ice. There is no ventilation, and one kind of meat or fish taints another.

"The man in charge of food supplies, however, is being recalled, and we expect improved conditions."

Regarding the commissary, Mrs. Rotz said in her letter:

"Complaints and proof have been shown that where one person was charged $1.50 for a dishpan, others were given the same article for $1. The same applies to canned goods. So there is a row.

"There is a great kick about wages. Colonists receive 50 cents an hour, regardless of occupation. Workers like carpenters and machinists brought here to help out get $1.25 and $1.50 an hour.

"The colonists are not paid in cash, but must trade it out or apply it on our $3,200 debt for 40 acres and farm equipment. We had been told we would not start paying this debt for 3 years.

"Lack of funds for many of the necessary things of life works a hardship, particularly among the expectant mothers. The latter have asked permission to return to Anchorage, where there is a Government hospital. Their husbands will be required to work out the bill.

COMMUNISTS IN CAMP

"Several agitators go around making things look worse than they are. There are Communists even here. Most of the men in charge are working their heads off to straighten things out. The trouble has been mismanagement.

"Cows and horses and farm machinery are fine. We will receive these supplies when the homes are built.

"It's a bigger undertaking than originally thought and, due to some conditions, it may cost precious lives and heartbreaks. We believe the Government is trying to do everything possible, but there have been so many blunders.

"The buildings are better than we expected, but most of the work remains for the future, as there is no cleared land, as we had supposed. Also the families have not been helped with their groceries until they become self-sustaining. Everything is charged up.

"These are not my personal opinions. I have described conditions as they exist."

Mr. KING. Mr. President, will the Senator yield?

Mr. VANDENBERG. Yes.

Mr. KING. There appeared in last night's Washington Star, or the Star of the evening before—I am not sure which—an article nearly two columns in length, going into great detail concerning the sufferings and the wretched, horrible conditions prevailing in the Territory to which the Senator refers. I have the clipping in my office, and I regret that I have not it here to put in the RECORD.

Mr. VANDENBERG. I thank the Senator for this added information. Apparently the situation is one which does require, in the name of simple humanity, some immediate attention.

I have no doubt that the administrative officers of the Government are somewhat familiar—they must be—with these conditions. It is not a pleasant contemplation. It seems to the Senator from Wisconsin [Mr. LA FOLLETTE] and to the Senator from Minnesota [Mr. SHIPSTEAD] and to me that the least we can do in the Senate, on our own responsibility, is to ask for a report upon these conditions, in order to determine precisely what are the facts, our hope being that the request for the information will inspire an added effort to mend whatever difficulties exist, if they do exist.

It is in that spirit, Mr. President, and for that purpose, that I offer the following resolution in behalf of the Senator from Wisconsin, the Senator from Minnesota, and myself:

Resolved, That Administrator Harry L. Hopkins, of the Federal Emergency Relief Administration, is requested to report to the Senate respecting the Alaskan colonization enterprise, with particular reference to the following considerations:

1. Present status of the colonization, including numbers and description of persons transported to Alaska, and from what States;
2. Nature and extent of accommodations provided for them;
3. Any information available respecting alleged lack of facilities and supplies necessary to protection of health and life; and
4. Nature and extent of present and prospective expenditures in this connection.

I take the liberty of asking for the present consideration of the resolution.

Mr. ROBINSON. Mr. President, I have no information touching the subject matter of the resolution other than that which has just been submitted and the statement I read in the press yesterday afternoon, which indicates a distressed condition upon the part of the people who have gone to Alaska. I think it appropriate that information regarding the matter should be supplied to the Senate.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. ROBINSON. I yield to the Senator from South Carolina.

Mr. BYRNES. I merely desire to ask the Senator from Michigan whether he has asked Director Hopkins for this information, or whether the Senator from Wisconsin [Mr. LA FOLLETTE] or the Senator from Minnesota [Mr. SHIPSTEAD] has done so.

Mr. VANDENBERG. It is my understanding that the office of my colleague [Mr. COUZENS] has sought information, and that the responses are rather vague.

Mr. BYRNES. The junior Senator from Michigan has not himself asked for the information?

Mr. VANDENBERG. I have not. I think it is a very appropriate thing for the Senate to ask for it officially.

Mr. ROBINSON. I do not intend to object to the consideration of the resolution.

The PRESIDING OFFICER. The Senator from Michigan, on behalf of himself, the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Minnesota [Mr. SHIPSTEAD], offers a resolution which has been read and for which he asks present consideration. Is there objection?

There being no objection, the resolution (S. Res. 158) was considered and agreed to, as follows:

Resolved, That Administrator Harry L. Hopkins, of the Federal Emergency Relief Administration, is requested to report to the Senate respecting the Alaskan colonization enterprise, with particular reference to the following considerations:

1. Present status of the colonization, including numbers and descriptions of persons transported to Alaska, and from what States;
2. Nature and extent of accommodations provided for them;
3. Any information available respecting alleged lack of facilities and supplies necessary to protection of health and life; and
4. Nature and extent of present and prospective expenditures in this connection.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MCKELLAR in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Francis Guy Ash, Adjutant General's Department, West Virginia National Guard, to be brigadier general, Adjutant General's Department, National Guard of the United States.

He also, from the same committee, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army.

Mr. KING, from the Committee on the District of Columbia, reported favorably the nomination of Richmond B. Keech, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for a term of 3 years from July 1, 1935 (reappointment).

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the first nomination in order on the calendar.

NOMINATIONS PASSED OVER—POSTMASTER

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

The PRESIDING OFFICER. The present occupant of the chair asks that the nomination be passed over for the day.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of John Monroe Johnson, of South Carolina, to be Assistant Secretary.

Mr. BYRNES. Mr. President, that nomination was passed over yesterday upon the request of the Senator from Nebraska [Mr. NORRIS], who has stated to me that he has no desire further to object to it, and that he was content to have the Senate act upon it.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

NATIONAL EMERGENCY COUNCIL

The legislative clerk read the nomination of Frank C. Walker, of New York, to be executive director.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Frank H. Foy to be State director, Massachusetts.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Jerome F. Sears to be State director, California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Sveinbjorn Johnson to be State director, Illinois.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles J. Hardy to be State director, New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CIVILIAN CONSERVATION CORPS

The legislative clerk read the nomination of Howard W. Oxley, of New York, to be director of camp education.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Silas M. Ransopher, of New York, to be assistant director, camp education.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of John W. Cronin to be assistant surgeon.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate, in legislative session, took a recess until tomorrow, Saturday, June 22, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 21 (legislative day of May 13), 1935

UNITED STATES ATTORNEY

John J. Morris, Jr., of Delaware, to be United States attorney, district of Delaware, vice Leonard E. Wales, resigned.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Second Lt. Ralph Hemmings Davey, Jr., Infantry (detailed in Quartermaster Corps), with rank from June 10, 1932.

TO COAST ARTILLERY CORPS

Second Lt. Avery John Cooper, Jr., Field Artillery, with rank from June 13, 1933.

PROMOTION IN THE REGULAR ARMY

MEDICAL CORPS

First Lt. Arthur Eugene White to be captain, Medical Corps, from June 17, 1935.

PROMOTION IN THE NAVY

MARINE CORPS

Col. James T. Buttrick to be a brigadier general in the Marine Corps from the 14th day of May 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 21 (legislative day of May 13), 1935

ASSISTANT SECRETARY OF COMMERCE

John Monroe Johnson to be Assistant Secretary of Commerce.

NATIONAL EMERGENCY COUNCIL

Frank C. Walker to be Executive Director of the National Emergency Council.

STATE DIRECTORS

Frank H. Foy to be State director of the National Emergency Council for Massachusetts.

Jerome F. Sears to be State director of the National Emergency Council for California.

Sveinbjorn Johnson to be State director of the National Emergency Council for Illinois.

Charles J. Hardy to be State director of the National Emergency Council for New York.

CIVILIAN CONSERVATION CORPS

Howard W. Oxley to be director of camp education, Civilian Conservation Corps.

Silas M. Ransopher to be assistant director of camp education, Civilian Conservation Corps.

PUBLIC HEALTH SERVICE

John W. Cronin to be assistant surgeon, to take effect from date of oath.

POSTMASTERS

IOWA

Eunice Hamilton, Bedford.
William A. Fiester, Brandon.
John H. Schulte, Breda.
Thelma Allen, Harris.
John L. Harrison, Hornick.
Glenn C. Teeter, La Porte City.
William F. Gaddis, Lovilia.
Bessie E. Sykes, Maynard.
Gay S. Morgan, Milton.
John R. Willmott, Oto.
Arend Balster, Jr., Scotch Grove.
Clara L. Chansky, Solon.
John Hynek, Tama.

MARYLAND

Howard Raymond Hamilton, Cardiff.
Margaret T. Johnson, College Park.
W. John Einwachter, Perry Point.
Francis H. Blake, Sparks.

MISSOURI

Ella B. Newman, Desloge.
William R. Doss, Kimmswick.
Myrtie P. Chastain, Koshkonong.
Sam G. Downing, Malden.
Champ C. Ray, Middletown.
Edward H. Mertens, Morrison.
Helen T. Meagher, Oregon.
Edith E. Highfill, Thayer.

MONTANA

Teddie Martin, Alberton.
Prince A. Mowbray, Brady.
Sophia J. Guthrie, Reedpoint.

NEW YORK

John M. O'Keefe, Addison.
Verner Sharp, Altamont.
Ruth M. Marleau, Big Moose.
Josephine Adams, Blue Point.
Seth B. Howes, Brewster.
Eber T. McDonald, Cayuga.
Andrew R. Schmitt, Cheektowaga.
Katharine G. Bement, Clifton Springs.
Laura M. Sullivan, Dundee.
John J. Finnegan, Fairport.
Henry T. Farrell, Indian Lake.
Clifton R. Ericsson, Kennedy.
Burton D. Calkin, Lake Huntington.
Edward Hart, Lake Placid Club.
George R. Hunter, Pine Plains.
Grace M. Dibble, Richmondville.
Leon L. Baker, Willsboro.

NORTH CAROLINA

Henry L. Avent, Buies Creek.
Thurla Cole, Cameron.
Joseph C. Peed, Creedmoor.
William C. Stockton, Ellenboro.
Riddick W. Gatling, Gates.
Robert G. Creech, La Grange.
Lula G. Harris, Macon.
James A. Barnes, Middlesex.
Michael B. Kibler, Morganton.
Frances G. Thompson, Morven.
Margaret T. Ledbetter, Polkton.
Thomas L. Maness, Star.
Jewell Ballentine, Varina.
Bertie L. Matthews, Vass.

WASHINGTON

Kenneth K. King, Addy.
Hannah L. Parker, Alderwood Manor.
Ernest H. McComb, Everson.
John H. McAfee, Ilwaco.
Mary Mallory, Mansfield.
Arthur A. Barnes, Pasco.
Bertha H. Welsh, Prescott.
Jessie A. Knight, Shelton.
Richard H. Lee, Wilsoncreek.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 21, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in Heaven, we thank Thee that there is no cry so faint, no cause so weak, and no man so humble as to be beyond divine sympathy. We rejoice that all distinctions are swept away. O welcome those who wish for Thee and live with those who long for Thee. Bless us with the more abundant life which is to heal wounds, lead others to hidden truth, open new realms of thought and new vistas of hope. Subdue in us any arrogant motives of self-interest and fits of temper—they disturb and even defeat our usefulness; they so often dull the finer instincts and crush the more compassionate feelings. Let the streams that flow from the fountains of heavenly grace flood our lives and fructify our minds. In our Savior's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 1958) entitled "An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WALSH, Mr. MURPHY, Mr. MURRAY, Mr. BORAH, and Mr. LA FOLLETTE to be the conferees on the part of the Senate.

CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 100]

Andresen	Dickstein	Marshall	Shannon
Bacon	Dorsey	Mitchell, Ill.	Sisson
Bankhead	Doutrich	Murdock	Smith, Conn.
Brooks	Fish	Oliver	Smith, Va.
Brown, Mich.	Gassaway	Palmisano	Sweeney
Buckley, N. Y.	Gifford	Patman	Tobey
Bulwinkle	Hartley	Patton	Tolan
Cannon, Wis.	Hennings	Perkins	Underwood
Casey	Kopplemann	Pettengill	Whelchel
Celler	Lamneck	Peyser	White
Chapman	Larrabee	Polk	Whittington
Cochran	Lea, Calif.	Richards	Wolcott
Connery	Lewis, Md.	Rogers, N. H.	Wood
Cooper, Ohio	McClellan	Russell	
Dear	McGroarty	Seger	

The SPEAKER. Three hundred and seventy-one Members have answered to their names, a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

SESSION OF COMMITTEE ON MILITARY AFFAIRS

Mr. McSWAIN. Mr. Speaker, on behalf of the Committee on Military Affairs, I ask unanimous consent that that committee may sit today during the session of the House after half-past 2.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

REPORTS FROM COMMITTEE ON RULES

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the Rules Committee may have until midnight tonight to file several reports from that committee.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SCHUYLER MERRITT

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point and include therein a citation given to our colleague from Connecticut, SCHUYLER MERRITT, on receiving the degree of LL. D. from Yale University at its two hundred and thirty-fourth commencement at New Haven on June 19. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The citation referred to follows:

SCHUYLER MERRITT, LL. D.

Professor NETTLETON. Dean of the Connecticut Congressional delegation; hardy, and well-nigh perennial. Representative at Washington of the Fourth Connecticut District; even more firmly seated in the constant affection of a constituency which gladly transgresses party law and local limits. Born in New York City, but, after a single experimental year, withdrawing to Connecticut, he made Stamford his immediate home and Yale his future college, graduating in the class of '73, and taking his law degree from Columbia. For 50 years and more he has followed, as he has set, the highest standards of professional and public service, mating knowledge with integrity, and manhood with modesty. At home, administrator of civic charities, schools, and libraries; within the State, member of the convention which importantly revised the constitution, and chairman for 10 years of the Connecticut Board of Education; in Congress, valued member of the Interstate and Foreign Commerce Committee; ever an active agent of the common weal, fulfilled in the honors of half a century, but pressing forward with unclouded vision and unfaltering energy. It was written of an elder lawgiver who led the people out of the wilderness that, though he long outlived a century, "yet was not his eye dim, nor his natural force abated." May this be the law and the prophets. Quod bonum, felix, faustum, fortunatumque sit.

President ANGELL. Sturdy son of a sturdy stock, you have long and faithfully represented in the Halls of Congress the finest qualities of your native State. Shrewd wisdom, integrity, industry, unflinching honor, and the spirit of fair play—these have ever characterized your varied forms of public service and have justly won for you the admiration of friend and foe alike. Your alma mater, proud of your distinguished record, confers upon you her highest honor, the degree of doctor of laws, admitting you to all its rights and privileges.

CHARLES A. LINDBERGH

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks briefly in the RECORD.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. LUDLOW. Mr. Speaker, a few moments ago I read in an afternoon newspaper that Col. Charles A. Lindbergh, in his unobtrusive way, is achieving great results in a new field of service with which his name has not heretofore been associated. It seems that this modest, unassuming pioneer of the air is pushing forward toward new frontiers, this time in the field of scientific research, which recalls to my mind a flood of memories of one of the most extraordinary characters of American history.

Eight years ago this month, on his return from his epochal flight to Paris, it was my duty and responsibility, as president of the National Press Club, to introduce him at the Washington Auditorium to what I believe was the largest audience ever assembled under one roof at the Nation's Capital. By unanimous consent of the House, I am going to insert in the CONGRESSIONAL RECORD the speech I made on that occasion. It was as follows:

Mr. Chairman, ladies, and gentlemen, not for ages has the imagination of man been stirred as it was 3 weeks ago when Charles A. Lindbergh, fired by the intrepid spirit of the Western World, launched forth in his airplane alone, provisioned with four sandwiches and a bottle of water, a pioneer of the trackless seas. As America's shores receded in the distance he faced a vast wilderness of treacherous ocean.

As if roiled by the very boldness of this Columbus of the air—this winged Mercury, speeding like a thunderbolt of Jove—nature sent her tempestuous elements athwart his path, and while he battled with the storm and sleet millions upon millions of his fellow beings sent up prayers for his safety to the throne of God. The 33 hours and 30 minutes from New York to Paris was a period of tragic suspense, when the whole world poured forth in a myriad of mystic ways its admiration for the incomparable aviator and its love for the mother who had brought forth such a boy.

To him mountains of peril were as nothing. His faith was buoyant and his hopes were high. Courage was his woof and fiber, and it is not difficult to imagine that stern fate, surprised by this peremptory challenge of her inexorable decrees, lifted her beetled brows and was touched by the very sublimity of his heroism, for she gave him a sporting chance.

And when he reached the other shores he arose to another test of character as greatly as when he battled with time and the elements.

Amid all of the adulations of kings and parliaments he remained a modest, unassuming American, an honor to his home country, an ambassador of good will, doing more to foster amity between nations than could have been done by a thousand ministers of state.

"After all," he said in London, "two Britishers were the first to fly across the Atlantic." Again, when he learned that Chamberlin had started on the long flight, he remarked fervently, "I hope he makes it." Here he struck the major chord of his character in his desire to give to his comrades at home and across the seas a share of his imperishable glory. And when, in foreign lands, the ties of home began to press and strain against his heart and he confessed, in simple truth and sincerity, to being homesick, how America did yearn to take him to her bosom!

His name is now among the immortals. Around the firesides and in the vast, crowded halls of the future, wherever worth is recognized and genius is extolled, his achievement will be recalled with pride by countless generations yet unborn. Nothing finer could have been done; nothing grander could have been done; no greater epic could have been written into history, and tonight we thank Almighty God that in His infinite goodness and mercy He has permitted Charles A. Lindbergh to return to the arms of those who love him.

I now present Colonel Lindbergh.

Mr. Speaker, nothing has happened during the last 8 eventful years to mar the prophecy which I uttered on that occasion or to shake the Nation's faith in this remarkable young man. Although his life has been seared by one of the cruelest tragedies ever known in all the annals of crime, he goes serenely on trying to do good and seeking by a record of service to justify his existence in a world where there is always so much worth while to be done by those with righteous minds and willing hands.

Mr. Speaker, the news that Colonel Lindbergh is seeking through scientific research to ameliorate the condition of mankind once more stamps him as a man of purpose, as a many-sided genius who is described by his collaborator, Dr. Alexis Carrell, as possessing one of the "keenest and most intuitive and inventive minds." He does not need to do these things to win immortality, for immortality almost beyond comparison is his already. He does them because he loves his fellow men.

Mr. Speaker, since that other June, now rapidly fading into the mists of the past, when the youthful Charles A. Lindbergh returned amid riotous acclaim from Paris to a Nation that for the time had banished every other thought except the thought of throwing her arms around him, I have met him often, under diverse conditions and varying circumstances, and I have never ceased to admire him for his sincerity, for his determination, for his freedom from commercialism, for his altruism which has prompted him to devote his life's efforts to the common good and for the fact that under conditions that would have turned the heads of less well-poised mortals he has always remained a simple, true American, utterly free from affectation, courting no favors from the rich and powerful and standing on the principle that "a man's a man, for a' that", whether that principle be applied to those who dwell in hovels or in palaces. Every time I look at him I say to myself:

He has walked with kings, nor lost the common touch!

RAILROAD REORGANIZATION LEGISLATION

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file a report on the bill, H. R. 8587, the railroad reorganization bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CLARENCE HERBERT PELTIER

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the bill (H. R. 669) for the relief of Clarence Herbert Peltier and that the bill be referred to the Committee on Naval Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. The Chair hopes the gentleman will withdraw that request. The Chair will not recognize Members to make speeches until after the Committee on Appropriations has concluded its business.

Mr. McLAUGHLIN. I will withdraw the request, Mr. Speaker, and I ask unanimous consent for the immediate consideration of a joint resolution which I have introduced.

The SPEAKER. The Chair hopes the gentleman will withhold that request until after the consideration of the appropriation bill.

Mr. McLAUGHLIN. I will withdraw the request, Mr. Speaker.

SECOND DEFICIENCY APPROPRIATION BILL, 1935

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8554, with Mr. HANCOCK of North Carolina in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the act entitled "The Tennessee Valley Authority Act of 1933", approved May 18, 1933 (48 Stat. 58), including the acquisition of necessary land, the clearing of such land, relocation of highways, and the construction or purchase of transmission lines and other facilities, and all other necessary works authorized by said act, and for printing and binding, law books, books of reference, newspapers, periodicals, purchase, maintenance, and operation of passenger-carrying vehicles, rents in the District of Columbia and elsewhere, and all necessary salaries and expenses connected with the organization, operation, and investigations of the Tennessee Valley Authority, $34,675,192: *Provided*, That this appropriation and all appropriations, allotments, and other funds made available heretofore to the Tennessee Valley Authority, including any unexpended balances remaining from the appropriation of $50,000,000 made to the Tennessee Valley Authority by the Fourth Deficiency Act, fiscal year 1933, the allocation of $25,000,000 made to the Tennessee Valley Authority under the Emergency Appropriation Act, fiscal year 1935, and the receipts of the Tennessee Valley Authority from all sources, except as limited by section 26 of the Tennessee Valley Authority Act approved May 18, 1933 (48 Stat. 58), shall be covered into and accounted for as one fund to be known as the "Tennessee Valley Authority Fund" and shall remain available until June 30, 1936.

Mr. McLEAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McLEAN: On page 48, line 16, after the figures "1936", insert the following:

"All moneys of the Corporation of whatsoever nature hereafter received by or for the Corporation shall be immediately and without diminution deposited and covered into the Treasury of the United States, and such portion thereof as is authorized by the Tennessee Valley Authority Act of 1933, as amended, or other law, to be used by said Corporation in carrying out the provisions of said act, as amended, shall be transferred to an appropriate appropriation account, withdrawable only on warrant as are other appropriated public moneys, and subject to authority specifically granted by the Tennessee Valley Authority Act of 1933, and as amended, all laws regulating the obligating or expenditure of other public moneys shall be applicable thereto: *Provided*, That the provisions of section 3709, Revised Statutes, shall be applicable to purchases of supplies and equipment necessary for dam construction. Accounts of all transactions involv-

ing receipts or disbursements of the Corporation shall be duly rendered to the General Accounting Office at such times and in such substance and form as may be prescribed by the Comptroller General of the United States, and said accounts and such claims as may arise shall be settled and adjusted by the General Accounting Office under and pursuant to the provisions of title III of the Budget and Accounting Act approved June 10, 1921: *Provided,* That the expenses of such portion of the audit as the Comptroller General may authorize to be done in the field shall be paid from moneys advanced therefor by the Corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the Corporation as billed by the Comptroller General. In such connection the Comptroller General and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to, under the control of, or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with the balances in depositaries. The officers of the Corporation to whom moneys may be advanced on accountable warrant shall each give a bond to the United States for the faithful discharge of the duties of his office according to law in such amount as shall be directed by the Comptroller General. Should there be any administrative delinquency in the rendering of the accounts as directed, or any unsatisfactory condition of the accounts, requisitions for funds shall be disapproved by the Comptroller General unless, for good cause shown, he shall elect to withhold such disapproval."

Mr. BUCHANAN. Mr. Chairman, I make the point of order against the amendment that it is legislation on an appropriation bill and changes existing law.

The CHAIRMAN. Does the gentleman from New Jersey [Mr. McLEAN] desire to be heard on the amendment?

Mr. McLEAN. Mr. Chairman, the amendment really changes only to a limited extent the language of the committee amendment by limiting the manner in which the funds of the Tennessee Valley Authority shall be spent under the jurisdiction of the Comptroller General; and it makes the money applicable only to such disbursements as are made as a result of competitive bidding and not as a result of negotiated contracts, as has been the practice of the Tennessee Valley Authority. My amendment is purely a limitation on the activities of the agency to which this money is to be given.

Mr. TABER. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be pleased to hear the gentleman.

Mr. TABER. This amendment is not only a limitation upon the funds carried in this bill which are in effect reappropriated, but it is also germane to the language of the bill covering the full appropriations that have been made for this purpose into one fund. It is, also, a direction as to how and in what manner the funds shall be accounted for.

By the rule under which we are proceeding in the consideration of this bill, anything germane to the language of the bill is made in order, and I believe the gentleman's amendment in its entirety is in order.

Mr. RANKIN. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the gentleman on the point of order.

Mr. RANKIN. In answer to the argument of the gentleman from New Jersey [Mr. McLEAN] and the gentleman from New York [Mr. TABER], I maintain that the amendment of the gentleman from New Jersey goes far beyond the effect claimed for it. The amendment changes existing law and is, therefore, legislation on an appropriation bill and entirely out of order, as pointed out by the gentleman from Texas.

The CHAIRMAN. The Chair is of the opinion that the point of order is well taken. The Chair bases this conclusion upon a ruling handed down by the gentleman from Connecticut [Mr. Tilson], while presiding over a Committee of the Whole. At that time and in a similar case it was held that although the amendment then offered was germane it contained additional legislation beyond the jurisdiction of the Committee on Appropriations.

The Chair believes that this amendment is germane but that it proposes additional legislation which is a subject matter ordinarily coming within the jurisdiction of the Committee on Military Affairs.

The point of order is sustained.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 48, line 16, strike out "$34,675,192" and insert in lieu thereof "$28,675,192"; page 48, line 16, strike out the period, insert a colon and the following: "*Provided,* That none of the funds herein or elsewhere made available to the Tennessee Valley Authority or the Tennessee Valley fund shall be used for the construction of any new dam or power lines until further action by Congress."

Mr. BUCHANAN. Mr. Chairman, I make the point of order against the amendment that it is additional legislation on an appropriation bill and changes existing law, for it broadens the language of the pending bill by use of the words "or elsewhere."

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. TABER. I desire to be heard briefly, if the Chair please. The first portion of the amendment to the effect that none of the funds shall be available for the construction of any new dam or power lines until further action by Congress, is purely a limitation and strictly within the Holman rule.

Mr. BUCHANAN. Mr. Chairman, the word "elsewhere" used in the amendment constitutes additional legislation.

The CHAIRMAN. The Chair is ready to rule.

In the opinion of the Chair, while the amendment is in the form of a limitation, yet the words "or elsewhere" contained in the amendment apply to other appropriations, and is therefore legislation; and for this reason the point of order is sustained.

Mr. TABER. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 48, line 16, strike out "$34,675,192" and insert in lieu thereof "$28,675,192", and on page 48, line 16, strike out the period, insert a colon, and the following:

"*Provided,* That none of the funds herein made available to the Tennessee Valley Authority or the Tennessee Valley fund shall be used for the construction of any new dam or power lines until further action by Congress."

Mr. TABER. Mr. Chairman——

Mr. BLANTON. Mr. Chairman, a point of order before the gentleman argues this matter.

Mr. BUCHANAN. Mr. Chairman, I make the point of order that the amendment is out of order because the use of the word "fund" implies funds not carried in the pending bill.

Mr. BLANTON. Mr. Chairman, I desire to make a further point of order against the amendment before the gentleman from New York begins his argument.

Mr. TABER. Mr. Chairman, I wish to submit a unanimous-consent request.

Mr. BLANTON. Mr. Chairman, I want to make a further point of order against the amendment before any proceedings intervene.

The CHAIRMAN. The gentleman will be heard on the point of order.

Mr. BLANTON. Mr. Chairman, I make the further point of order that the amendment constitutes a change in existing law unauthorized on an appropriation bill, in that the present law authorizes these funds to build dams.

Mr. RANKIN. And transmission lines.

Mr. BLANTON. And transmission lines. The gentleman's amendment seeks to change existing law, and this cannot be done in an appropriation bill.

Mr. TABER. Mr. Chairman, I notice there is a mistake in the amendment I sent to the Clerk's desk. I intended to say, "On page 48, line 2, strike out '$34,000,000' and insert '$28,000,000.'"

Mr. Chairman, I ask unanimous consent that the amendment may be so modified.

The CHAIRMAN. Without objection, the amendment will be modified as requested.

There was no objection.

Mr. TABER. Mr. Chairman, has the point of order been disposed of?

The CHAIRMAN. The point of order is still pending.

Mr. BLANTON. Mr. Chairman, the point of order is lodged also against the modified amendment.

The CHAIRMAN. That is correct.

Mr. RANKIN. What is the gentleman's amendment?

Mr. TABER. It changes the line reference; I had the wrong line.

The CHAIRMAN. The Chair will hear the gentleman from New York on the point of order.

Mr. TABER. Mr. Chairman, the amendment in its present form is a limitation applying solely to funds herein appropriated.

There is absolutely no question but what it is entirely a limitation upon the language that already appears in the bill as read. I can see no reason for sustaining the point of order.

The CHAIRMAN. The Chair is ready to rule.

The Chair takes the position that the amendment is a limitation; therefore the point of order is overruled.

Mr. TABER. Mr. Chairman, the Tennessee Valley Authority proposes with the funds that are herein made available to start work, as I understand it, upon two dams, known as "Chickamauga" and "Guntersville." These dams are quite expensive propositions. The total cost of these dams when completed, will be $27,000,000. If we start construction we will have to finish them.

Mr. Chairman, we have gone already ahead and started to build four dams, the Wheeler Dam, the Pickwick Dam, the Norris Dam, and the Wilson Dam. When those dams are completed some kind of a size-up may be then made as to whether there is any possible excuse for more dams. We are also in the process of constructing a lot of power lines. There is now an injunction suit pending to prevent the Tennessee Valley Authority engaging in the power business. Whether or not that will be sustained in the Supreme Court no one knows.

The only possible excuse for these dams is to control the flood situation at Chattanooga.

May I say that Engineering Document No. 328, page 188, shows the flood situation. It is expected that the Norris Dam will cut off a very large portion, if not all, of the flood damage that will accrue to Chattanooga. Personally, I believe it will. Why should we go ahead and appropriate money for more dams until we find out whether it will or not? If we go head and spend $17,000,000 for the Chickamauga Dam we have that much money invested. There is not navigation enough there to justify such an expenditure. It is not a power proposition, because the Pickwick Dam and the Wheeler Dam are not now equipped with a power house, with generators or with wheels to generate power. The Commission itself, even in the way it is being managed, recognizes that there is not demand enough to justify that sort of thing. Therefore we ought to stop the further construction of power lines or dams until we find out what the situation is going to be. We ought to stop this until we find out whether or not the Chattanooga situation is going to be entirely corrected, because that is the only excuse for the Chickamauga Dam or any of the others.

Mr. MAY. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Kentucky.

Mr. MAY. We ought to at least make the Tennessee Valley Authority submit a report or give an estimate of what these things are going to cost before they are permitted to go ahead and start construction?

Mr. TABER. Frankly, may I say I think we have a statement from them as to what these dams will cost; but we ought to have a picture of this whole situation, and whether or not it can be made to operate successfully.

According to their own statement, which appears in the RECORD, it will cost at least $192,000,000 to build the dams which they want to build, and in 1941 the only revenue they expect to receive will be about $5,000,000, which would not more than half pay the depreciation charges, not alone the interest on the money invested. We are already in this thing. We have a lot of power available out of the Norris and Wilson Dams to sell. Now, let us find out what the constitutional situation is with reference to the right of the Government to go ahead and sell power. Let us find out what the flood-control situation is going to be before we go ahead and fool away a lot more money.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman's contention against building these dams is that we do not know the situation in Chattanooga as to the floods and consequently we ought to wait. If you want a picture of the flood situation in Chattanooga during different floods, there it is [displaying a large picture]. Practically all the city was covered with water in 1917. The gentleman from New York knows that the proof produced shows that the building of the Norris Dam will lower the flood stage 6 feet, and that the Chickamauga Dam will lower it 3½ feet. We do not have to wait until my city is swept from the banks of the Tennessee River to have the proper proof of need for protection, and no one on the committee knows the situation better than the gentleman from New York. Here is a picture of flood stage there of 47 feet and 35 feet. You can see the serious troubles we may have by this blue print. We do not have to wait.

Mr. Chairman, this is the usual old cry of the Republican Party in trying to defeat the construction of these dams on the Tennessee River. There is not a dam included in this appropriation which was not approved by the Congress in 1932. I regret the fact that they on the other side are trying to make this a party measure. You know they tried to junk the Wilson Dam because it was named after that great President of the World War, Woodrow Wilson. [Applause.]

We passed bills some two or three times disposing of Muscle Shoals, and the Cove Creek Dam, and it was vetoed by Hoover and by Coolidge. The reason we have authority to construct these dams now is because Franklin D. Roosevelt was elected President.

Mr. Chairman, if the Membership votes to amend this appropriation, if they interfere with it in any way, it will be a strike at the administration. I appeal to the Democrats to uphold the Appropriations Committee in passing this appropriation as it is. It has already been cut down from the Budget estimate of $60,000,000 to $34,000,000. It provides for the commencement of these two dams, Guntersville and Chickamauga, which are necessary for the navigation of the Tennessee River. It is necessary to control the flood situation existing in my city, and may I say that the average damage to that city, as estimated over a period of years, is $687,000 per year. Then they tell me to wait to see whether or not we need this dam. I say again that the gentleman from New York knows the situation, because the proof was offered before his committee, and he is thoroughly familiar with the situation. I ask the Democrats to stand by the administration and to stand by these dams that in 1932 were endorsed by the Congress for the improvement of navigation in the Tennessee River, for flood control, and to create power.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. McREYNOLDS. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. Eliminating the problem of flood control, if the Tennessee River is to be made navigable, these dams are necessary?

Mr. McREYNOLDS. Absolutely necessary. These dams will make the Tennessee River available for navigation for 71 miles above Chattanooga. There is nothing, in my opinion, that has come before this House with more merit than this item in the pending appropriation bill.

I appeal to you not to let them cut the amount one cent or put one modification upon it. It aids the South, but it aids the entire United States as well. [Applause and cries of "Vote."]

Mr. STARNES. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, we have opposition to this section of the proposed measure from two sources. The first is political in its nature; certain members of the

Republican Party oppose it because the Tennessee Valley Authority is the brain child of Franklin D. Roosevelt, the greatest leader of modern times. The other source of opposition is from the electric utility and coal companies. If we brush aside the curtain of suspicion and misrepresentation we see the directing hand of the utility companies of this country. They read the handwriting on the wall. There has been a great deal of misleading information brought to this House, as well as a distortion of the facts with reference to the aims and purposes of the T. V. A. We have been told it is not necessary to build the Guntersville or the Chickamauga Dams at this time. They overlook the fact that these two dams are primarily for the purpose of developing navigation and to provide flood control. The Army engineers estimate that there is an annual loss from floods of $1,784,000 each year on the Tennessee River alone. If we consider the loss on the tributaries, the amount will be increased. A total acreage of 666,154 is inundated each year.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. STARNES. Gladly.

Mr. RANKIN. This is also a most insidious move to try to paralyze the Tennessee Valley Authority by preventing the building of power lines to carry on its work.

Mr. STARNES. Absolutely.

With reference to the question of navigation, the Pickwick Dam, the Wheeler Dam, and the Wilson Dam will bring 9 feet of navigable water to Guntersville, Ala. Guntersville is in the heart of the Tennessee River Valley. Chattanooga and Knoxville and the great industrial area lying back of these cities are approximately 120 and 250 miles to the northeast. It is absolutely essential that the Guntersville Dam be built next in order to open navigation to a 7-foot stage to the city of Chattanooga, Tenn. This dam will also assist in flood control and provisions can be made for developing power when needed.

These two dams are essential to this program, and I hope the Committee will vote down the amendment offered by the gentleman from New York.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. STARNES. I yield.

Mr. HILL of Alabama. As a matter of fact, there can be no economic development of this entire project without these two dams.

Mr. STARNES. Absolutely not. This is the heart of the program.

We must not overlook the fact that in addition to the development of navigation the T. V. A. program embraces the prevention of soil erosion, reforestation, the development of cheaper power, the manufacture of cheaper fertilizer, and provisions for the national defense. This program is the most far-reaching plan in the history of this Nation for the betterment of the social and economic condition of the people of this Nation. It is absolutely essential that the T. V. A. have an opportunity to develop the program unhampered by unnecessary litigation, unnecessary political sniping, and legislation which will restrict its operations to a point where the directors cannot function. I hope the Committee will vote down the amendment. [Applause.]

I have unbounded confidence in the ability, honor, and integrity of the directors of the T. V. A. They are men who have a passion for service. Each is an outstanding leader in his particular activity. The plans and aims of the Authority are in line with the legislative will of the Congress as expressed in the original T. V. A. Act.

Members of Congress realize that this is not a local nor a sectional program. The Tennessee Valley covers an area of approximately 42,000 square miles and has a population of two and a quarter million. The area touches upon seven southeastern States. There is a wide variety of natural resources in this region. The T. V. A. proposes to utilize these resources to better the social and economic condition of the people in this region and to demonstrate to the people of the Nation that similar programs can be successful anywhere in our country.

Although this region has a fine native white-stock population and an infinite variety of natural resources and unlimited power possibilities, private utilities and private industry, of which the opposition so glibly prate, have failed to develop this section and by obstructionist tactics would prevent the proper development of this great region by the T. V. A.

The program of the T. V. A. is essentially a program of utilization and conservation. It is time for the people of this country to realize that in order to continue the march of progress we must utilize our vast natural resources and conserve them for future generations. In this manner, and in this manner only, can we properly fulfill our destiny. [Applause.]

Mr. ANDREWS of New York. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the Military Affairs Committee of the House has been holding hearings on this T. V. A. proposition for over 4 months.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of New York. Yes.

Mr. RANKIN. Have they not really been holding an inquisition on the T. V. A.?

Mr. ANDREWS of New York. I think they have.

Mr. RANKIN. Yes; I think so, too.

Mr. ANDREWS of New York. I may say to the Committee that the early edition of the hearings, which included the testimony given to the House committee during the months of February and March, has been published. The more important and more illuminating hearings by the House Military Affairs Committee were held on this subject during the months of April and May. In accordance with the usual courtesy of a congressional committee, a transcript of these hearings was sent to Messrs. Morgan and Lilienthal over 2 weeks ago for their correction. The bill in its entire form is coming before the House next week, and I believe I am correct when I state that your Chairman of the Military Affairs Committee wired Mr. Lilienthal and Mr. Morgan 2 days ago requesting a return of this transcript so that these hearings may be printed and available to Members when the House bill is considered. I know, as a matter of fact, that at least up to an hour ago the transcript of the hearings had not been received in the Military Affairs Committee, and we had not had even the courtesy of a reply to the request by wire. I here and now call upon Mr. Morgan and Mr. Lilienthal to return the transcript of these hearings by next Monday morning so they may be published by the Military Affairs Committee.

Mr. RANKIN. Mr. Chairman, let me say to the gentleman from New York [Mr. ANDREWS] that Dr. Morgan will be here next week with this transcript. He is not holding it out. There was so much information called for in the examination of the directors of the T. V. A. that it is taking some time to get it up.

The object of this amendment is to harass the T. V. A. It is an insidious movement on the part of the Power Trust, by indirection, through their friends in Congress, to try to hamper the work of the Tennessee Valley Authority in order that they may not be able to do the very things we provided in the law of 1933. It is an attempt to prevent their building the transmission lines necessary to keep from being bottled up by the Power Trust and to destroy the great work the T. V. A. is now doing.

I have seen what has been going on before this Committee on Military Affairs, and I have seen the outrageous inquisition to which Dr. Morgan has been subjected at the hands of those men who are more in sympathy with the Power Trust than they are with the American people.

I want to take this occasion to say that one of the great men of this Republic, one of the great men of this day, is Dr. Arthur E. Morgan, of the Tennessee Valley Authority. I believe he is the greatest constructing engineer on this continent.

If Dr. Morgan had been financially minded, he might have become a multimillionaire. He might have gone to England and become a resident there—as another great engineer did. He might have gone to Australia and got rich exploiting the people of Australia. He might have gone

to China and transported Chinese coolies to South Africa to die under the burning rays of an African sun and made a fortune in that way, regardless of the condemnation of the British courts.

He might have become food administrator and come back here heralded as a great humanitarian as well as a great engineer.

He might have become a Republican candidate for President, after he decided which party he belonged to, and been heralded as a great statesman, a high-powered intellect, a superman, and organizing genius, who could put 2 cars in every garage and 2 chickens in every pot. [Laughter and applause.]

After the failure of his administration, he might have been found groveling among the grass roots of the drought-stricken area, seeking for an issue or searching for an alibi. [Applause.]

But Dr. Morgan chose to devote his life to building up America.

If you want to know whether he has been successful, go to the people along the Miami River in Ohio, where formerly thousands of men, women, and children were drowned, and see what this great man has done there in protecting those people from such disasters in the future.

I resent these insinuations against Dr. Morgan by Members of Congress who are more in sympathy with the Power Trust than they are with the American people. I never met a more earnest, firm, patriotic man in my life than Dr. Morgan. He will bring the records here, and when you bring this bill out on the floor of the House the Congress of the United States will be here to take care of it. [Applause.]

Mr. MAY. Mr. Chairman, I move to strike out the last three words.

Mr. BUCHANAN. Mr. Chairman, I move that all debate on this amendment be closed in 5 minutes.

Mr. McLEAN. O Mr. Chairman, I reserve the right to object.

The CHAIRMAN. No unanimous-consent request is pending. The question is on the motion of the gentleman from Texas.

Mr. McLEAN. Mr. Chairman, in view of the statements that have been made, I think I am entitled to be heard for 5 minutes.

Mr. BUCHANAN. Mr. Chairman, in view of the fact that three Members have spoken against the amendment and two for it, I shall change my motion and move to close debate in 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Texas, that all debate upon this amendment close in 10 minutes.

The motion was agreed to.

Mr. MAY. Mr. Chairman, in view of the statement made by my distinguished friend from Mississippi [Mr. RANKIN] I am impelled to take a position on the floor of the House, though I do so most reluctantly, because of the request of my good friend and colleague from Tennessee [Mr. MCREYNOLDS], who is personally interested in one of these dams. For months the House Committee on Military Affairs, which is the legislative committee in the House which has charge of the Tennessee Valley Authority legislation, has been holding hearings, and in those hearings we have had the testimony of all of the directors of the Tennessee Valley Authority. We have had the testimony of scores of other witnesses in opposition to the proposed amendment to the Tennessee Valley Act. Throughout that whole hearing—and I state this fearless of contradiction—there has been a tendency and disposition on the part of the directors of the Tennessee Valley Authority to ignore the Congress of the United States and do as they please in the Tennessee Valley. Under the provisions of the original basic act by which the Tennessee Valley Authority was created it was provided that they should report to Congress their conduct, their actions, and their doings in that valley and give a constructive, detailed program of what they were spending and how they proposed to spend it. That they steadfastly refuse to do, and this amendment, if put into this bill, will require them to come to us for money.

So far as the Power Trust is concerned, I made my living, until I came to Congress to starve, largely off the power companies as a prosecutor of litigation against them. I have no interest in them, but I am interested in the great coal industry in this country, that employs thousands of men in my district and hundreds of thousands of others in the States of Kentucky, West Virginia, Pennsylvania, Indiana, Ohio, and Illinois, and all throughout this country.

We were literally told by Dr. Morgan that the coal industry is doomed in this country; that electricity proposes to take its place; and the situation is this, that you are building a bureau in Tennessee with 2,500 while-collar employees riding around in cars at 7 cents a mile extra over regular salary and per diem; $140,000 was paid out last year, over and above their daily and monthly wages, for car hire. You are building a bureau with 2,500 white-collar employees in Knoxville, Tenn., bigger than half the departments in Washington, and you propose to turn loose three bureaucrats, dreamers, who believe in the socialistic doctrines of Edward Bellamy, the first great socialist in America, as stated by Dr. Morgan last week in a speech in Knoxville. He said that he visualized a great utopian state, and that it was the T. V. A. plans to establish in the southeastern part of the United States such a state as Edward Bellamy wrote about 50 years ago, and that means communism in its vilest form.

All this amendment proposes to do is to tell them to come to Congress when they want to do something and tell us what it is. Instead of that, they propose to build a string of dams, and they say there ought to be 50 or 60 in the Tennessee Valley that will cost over a billion dollars. All this amendment does is to tell them to work on through the next 2 years on the Norris Dam, which will take a year, when it is done, to fill it up with water; on the Wheeler Dam, that is a year and a half behind; and on the other dam they have started, in which they have just begun their foundation, the Pickwick Dam, before commencing other dams. That is all it means. They are going around the Military Affairs Committee and going into the Appropriations Committee, demanding multiplied millions, and after awhile they will be down at the White House to get another $100,000,000 out of the $4,800,000,000 that we handed over to the President to do with as he pleases; and after a while you will have a monster in Tennessee and Alabama that will swallow every right of every one of the States in the South. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. McLEAN. Mr. Chairman, I was elected to Congress to take part in its deliberations. I was assigned to a committee of this House, charged with a certain duty, and in the exercise of that duty there developed certain conditions which I considered worthy of attention and which should have investigation. Pursuant to my obligation as a Member of Congress and as a member of that committee, I proceeded to inquire into matters which I believed the country was entitled to know about. I have no feeling of disrespect for Dr. Arthur E. Morgan. On the contrary, I am willing to agree with the gentleman from Mississippi [Mr. RANKIN] that he is a most distinguished and capable man, but there must be some merit in the opposition which arose against this proposition to have excited so much interest. There is not a man in the Congress who knows the program of the Tennessee Valley Authority. There is no document to which we can refer to ascertain what the Tennessee Valley Authority intends to do. If the Tennessee Valley Authority had, in the exercise of reasonable judgment, made a study of the situation and reported it to Congress, we could have investigated it and looked into it and perhaps have determined upon it as a plan of comprehensive development, and we would know what the ultimate was going to be and how much is going to be spent each year, in an orderly way, just as we do in other matters.

The Tennessee Valley Authority does not intend to let Congress know how far it expects to go. They could not now because they do not know themselves. There must be some merit in this opposition because their budget request

was for $56,000,000. Later when the opposition started and they looked into the matter they returned to Congress and they said, "We can get along with $40,000,000." The Committee on Appropriations, after mature deliberation and consideration, has determined that they can get along with $34,878,000.

What I want is a square deal for American business men, and they are not getting it now in the Tennessee Valley. When a constituent of mine says "I was the lowest bidder for concrete mixers or for equipment that they are using in the Tennessee Valley, and my equipment was all that was required of it, it complied with the specifications, but I did not get the contract; I stayed in Knoxville for 2 weeks waiting to be consulted by representatives of the Tennessee Valley Authority, only to find out on the street that the contract had been awarded to the highest bidder", it is time to look into these things. These men defy the statutes of the United States when it comes to negotiating contracts and granting awards to the highest bidders on contracts. That is an illustration of the kind of thing that we tried to impress upon Dr. Morgan before the committee as being wrong. Those are the things that came to me through correspondence and through the newspapers. I asked Dr. Morgan if they were correct, and we found out that they were. Am I not justified, under those circumstances, in inquiring into them, and on that account and because of that should I be held up to ridicule by the gentleman from Mississippi [Mr. DUNN] yesterday afternoon, prompted by the gentleman from Tennessee [Mr. MCREYNOLDS] who sent for the book, and when the gentleman from Mississippi [Mr. RANKIN] this afternoon inferred that I am a representative of the Power Trust? The people of Union County, N. J., know me. I have no fears for the slurs that are thrown at me in this exercise of my public duty.

Mr. RANKIN. Will the gentleman yield?

Mr. McLEAN. I yield.

Mr. RANKIN. How could the gentleman know I was talking about him when I said "friends of the Power Trust"?

Mr. McLEAN. I know the gentleman's inference. Everybody in the House knew it. But I say to you that though my activities perhaps may have appeared as though I was alined with the power interests, I have no interest in any Power Trusts. I believe there are things going on in the Tennessee Valley that the American people ought to know about. I say there ought not be another dollar appropriated for this organization until they put their house in order. They have $10,000,000 to use to finish the work, and they can go ahead and finish their work, and they will have plenty of money to put their house in order and get this thing on an orderly basis. Then they can send a report to Congress and come here and tell us how much it is going to cost and what we are going to ultimately get, and then we will be able to deliberate without all this excitement. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. MCLEAN] has expired.

The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were ayes 59 and noes 123.

So the amendment was rejected.

Mr. RICH. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 48, line 2, after the word "Authority", strike out "$34,675,192" and insert "2 cents."

Mr. RANKIN. Mr. Chairman, I make the point of order that that amendment is merely dilatory.

The CHAIRMAN. The Chair could not pass on a matter of that kind at this point.

The question is on the amendment offered by the gentleman from Pennsylvania.

Mr. RICH. Mr. Chairman, I desire to be heard.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. BUCHANAN. Will the gentleman yield for a moment?

Mr. RICH. Yes; I yield.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph relative to the Tennessee Valley Authority and all amendments thereto be closed in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RICH. Mr. Chairman, I proposed this amendment because I am opposed to the Government in business. I do not believe the Government of the United States should try to pattern after Russia. The administration of Mr. Roosevelt recognized Russia about a year ago, and we are trying to pattern after that nation as much as any nation in the world. It seems to me it is about time the American people woke up and found out that their rights are being taken away from them. It is about time that the American people realized that this administration is putting the Government into business with such rapidity that it will not be long until we will be a socialized nation; that we will be a nation patterned after Russia.

We have heard this called an administration measure, and we have seen it backed by the party. I want to say that the party that is recommending the Government to be in all lines of business, competing with the citizens of its own country, socializing it, robbing it of its taxpayers, robbing the citizens of a right the Constitution gave to them, will soon find out that the day will come in America, and it is not far away, when the people will rise up and put down any party that proposes Russianizing the United States, and it is right that it should.

I just picked out of the newspaper this morning a most interesting statement:

COURT REFUSES TO LET ESTATES BUY UNITED STATES BONDS—PRORATE JUDGE IN ILLINOIS HOLDS RATE IS TOO LOW, NATIONAL DEBT TOO HIGH

SPRINGFIELD, ILL., June 20.—Probate Judge Benjamin S. DeBoice, of Sangamon County, today refused authority to the First State Trust & Savings Bank, as conservator in seven estates, to invest the estate funds in United States Government securities.

The court, in a thousand-word opinion, held that "during this period of business uncertainty and lowering prices the investing public has turned to Government obligations as a cyclone cellar in which to place investments."

Predicting that "we are upon the eve of a period of inflation," Judge Boice held that the trend of prices upon most tangible goods was upward and that real estate prices showed a definite gain. "Today bank reserves are the largest in history and every bank and insurance company in the country is full to overflowing with cash, awaiting the opportunity for investment.

This is worth while for the members of the Democratic Party to hear. The court refused to permit the estate to buy Government bonds because we are spending the taxpayers' money recklessly and are not trying to do anything to increase the revenues or repaying the expenditures. Quite true, the other day the President sent down a message on the subject of increased taxation, but it was the biggest camouflage ever put over on the American people. Why did he not make recommendation for immediate increases of taxes to balance his Budget as he promised the people when he was elected. He is only fooling the people, and you know what they say about that—you can fool all the people some of the time, but you cannot fool all the people all the time. And Mr. Roosevelt will be no exception to that.

Read the speech of Lew Douglas, former Director of the Budget for Mr. Roosevelt, at the commencement at Amherst a few days ago, and you will know that the administration fooled him, and he quit Mr. Roosevelt. I think Lew Douglas would be great presidential timber for the Democratic Party. He would fulfill his promises and those of the Democratic Party.

When the situation gets to the point where a judge refuses to permit estates to buy bonds of the Federal Government as an investment for trust funds, the position is very precarious indeed. [Applause.] I say that if this administration recognizes that inheritance taxes should be increased, that the taxes on those who make great incomes

should be increased, you ought to do it and not talk about it, for you cannot increase the national debt any more than it is, and the greatest in history, without endangering our very safety as a Nation. Mr. Roosevelt is the greatest spender of all time, and probably the greatest promiser, but he does not fulfill his promises. We should not appropriate but two cents for T. V. A.—it is unconstitutional—it should die and die now. I hope the amendment does pass.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. ANDREWS of New York. Mr. Chairman, a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. ANDREWS of New York. Mr. Chairman, I think we all agree that there are no serious amendments to be offered for consideration during the further reading of the bill; and I ask, therefore, unanimous consent that the bill may be considered as having been read for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BUCHANAN. Mr. Chairman, for the Congress, in the consideration of an appropriation bill dealing with large sums of money, to establish the precedent of considering the bill as read would be very bad. The Members should know all there is in the bill. The bill can be read rapidly, and it can be passed in the regular order. I think every dollar appropriated out of the Treasury should be appropriated in a regular, systematic, and considered way.

Mr. MERRITT of New York. Mr. Chairman, I object.

The Clerk read as follows:

VETERANS' ADMINISTRATION

Hospital and domiciliary facilities: For hospital and domiciliary facilities, $20,000,000, to remain available until expended: *Provided*, That this amount is authorized to be used by the Administrator of Veterans' Affairs, with the approval of the President, for extending any of the facilities under the jurisdiction of the Veterans' Administration or for any of the purposes set forth in sections 1 and 2 of the act approved March 4, 1931 (46 Stat. 1550): *Provided further*, That not to exceed 3 percent of this amount shall be available for the employment in the District of Columbia and in the field of necessary technical and clerical assistants at the customary rates of compensation exclusively to aid in the preparation of the plans and specifications for the projects authorized herein and for the supervision of the execution thereof, and for traveling expenses, rentals in the District of Columbia, field-office equipment, and supplies in connection therewith.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman a couple of questions with reference to the Veterans' Administration. Is a considerable part of the $20,000,000 to be used for the care of mental cases?

Mr. BUCHANAN. There are over 11,000 ailing veterans without hospitalization, which number includes 7,000 mental cases.

Mr. BIERMANN. Does the chairman know off-hand how the bill affects the situation in Iowa?

Mr. BUCHANAN. No; I know only that substantial provision has been made for the Knoxville Hospital. The hospital facilities are to be increased in strategic parts of the country in such way as to accommodate the greatest number of veterans around and near their homes.

Mr. BIERMANN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

By unanimous consent, the pro forma amendment was withdrawn.

Mr. BIERMANN. Mr. Chairman, I am glad that the committee is appropriating a large part of this money for the care of mental cases. There has been a serious shortage of facilities for the care of veterans afflicted with mental disabilities in Government hospitals. This has resulted in the assignment of some of them to State insane hospitals, where sometimes the care has not been satisfactory. My opinion has been, and continues to be, that Government hospitals for veterans should be pretty well confined to mental cases, tubercular cases, and a few other types that require special hospital equipment.

I believe that the majority of veterans' cases could be handled better and with less expense to the Government in the local hospitals. I am sure that it does not contribute to a veteran's comfort nor to his recovery to have him taken away from his home, his family, and his friends to be cared for by total strangers and to encounter the depressing loneliness of a strange city. There are thousands of empty beds in the non-Government hospitals of the country, which, it seems to me, could well be occupied by veterans. In his home-town hospital the veteran would be cared for by a doctor who knows him, waited on by nurses who know him, and visited by his family and his friends. Such surroundings, I am sure, would be much more favorable to the veteran's comfort and recovery than the strange surroundings of a far-away Government hospital.

The local hospitals usually are supported by the donations of public-spirited individuals or by the benevolence of churches. These hospitals need the business. The use of them would assist in their financial support. It surely would be more satisfactory to the veterans, and obviously less expensive to the Government.

I earnestly hope that the proper committee will give serious consideration to a change in our veterans' hospitalization system to the end that: (1) Government hospitals shall be used almost, if not quite, exclusively for mental, tubercular, and other cases requiring special hospital equipment, and that (2) the veteran shall be permitted to receive his treatment at Government expense in his local hospital in all cases where that hospital is properly equipped to care for him.

The Clerk read as follows:

INCREASE OF THE NAVY

Armor, armament, and ammunition: For an additional amount toward the armor, armament, and ammunition for vessels heretofore authorized, and so forth, including the same objects specified under this head in the act making appropriations for the Navy Department for the fiscal year 1935, $6,110,000, to remain available until expended.

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to direct a question or two to the chairman of the committee. Will the chairman please inform the Committee how much money has already been appropriated to the Navy Department for other naval purposes?

Mr. BUCHANAN. For the next fiscal year?

Mr. MARCANTONIO. Yes.

Mr. BUCHANAN. $458,684,379 is the amount in the pending Naval Appropriation Act for the fiscal year 1936.

Mr. MARCANTONIO. And, with the appropriations carried in this deficiency bill, what will the total amount to?

Mr. BUCHANAN. $20,000,000 more, or $478,684,379.

Mr. MARCANTONIO. I thank the gentleman.

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

QUARTERMASTER CORPS

Construction of buildings, utilities, and appurtenances at military posts: For construction, remodeling, recondition, and installation at military posts of buildings and appurtenances thereto, including interior facilities, necessary services, roads, connections to water, sewer, gas, and electric mains, and similar improvements with reference to sections 1136 and 3734, Revised Statutes (U. S. C., title 10, sec. 1339; title 40, sec. 267), including also the engagement by contract or otherwise without regard to section 3709, Revised Statutes (U. S. C., title 41, sec. 5), and without regard to the restrictions of existing law governing the employment or compensation of employees of the United States, and at such rates of compensation as the Secretary of War may determine of the services of architects or firms or corporations thereof and other technical and professional personnel as may be necessary, and including also general overhead expenses of transportation, engineering, supplies, inspection and supervision, travel connected therewith, and such services as may be necessary in the office of the Quartermaster General, to remain available until expended, $9,850,000 as follows: Toward construction at the United States Military Academy, $5,324,250; toward construction of an airdrome in Hawaii, $4,525,750.

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last word in order to ask similar questions with reference to the War Department.

Will the chairman please tell us how much has been appropriated heretofore for the War Department for the next fiscal year?

Mr. BUCHANAN. The War Department Appropriation Act for the fiscal year 1936 carries $341,348,204 for military activities and $60,649,966 for nonmilitary activities, making a total of $401,998,170.

Mr. MARCANTONIO. This carries an additional appropriation of approximately $20,000,000?

Mr. BUCHANAN. I think the gentleman is talking about rivers and harbors and military posts. This deficiency bill carries $10,000,000 for rivers and harbors and $9,850,000 for military activities. These sums are additional to the amounts I have just stated.

Mr. KENNEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

May I direct a question to the Chairman of the Appropriations Committee? On page 58 the sum of $5,324,250 is appropriated for construction at the United States Military Academy. Can the chairman tell us whether it is proposed that the Government do this work itself or let it by contract?

Mr. BUCHANAN. Under the language it may be done either way. In some instances a good deal of it may be done by force account. They may have it done either by force account or by contract.

Mr. KENNEY. Has the gentleman considered providing for the prevailing rate of wage in the contracts let to private contractors?

Mr. BUCHANAN. This is done under the prevailing rates of wage.

Mr. KENNEY. The chairman probably knows that Congress last term passed a bill appropriating $3,300,000,000 for Public Works. Some of that money was by Executive order given over to the Navy Department to be used in building navy vessels—cruisers and, I believe, one or more destroyers. Contracts for their building were let to a shipbuilding company in my State, but there being no provision in the contracts for payment of the prevailing wage scale, a serious strike resulted involving 3,700 workmen, who complained of inordinately low wages, excessive working hours, and unfair working conditions. The strike began May 13 last and still persists. I was wondering whether or not the gentleman has considered the feature of guaranteeing the prevailing rate of wages in all private contracts?

Mr. BUCHANAN. The item the gentleman refers to was under the P. W. A., and when they made those allotments from the $3,300,000,000 the P. W. A. rate of wage was required to be used in the allotment thus made. That has no application to this appropriation, and no other emergency activity has any relation to it. This is under the regular program of the Government as practiced from year to year.

Mr. KENNEY. May I say to the gentleman that the P. W. A. turned P. W. A. moneys or funds over to the Navy Department? The Navy Department handled the contracts for the building of the ships, and in the contracts made by the Navy Department no provision was made for paying labor prevailing-rate wages.

Mr. BUCHANAN. Certainly; but this is an appropriation made by the Congress, and it is subject to the prevailing rate of wage.

Mr. KENNEY. The gentleman is satisfied as to that?

Mr. BUCHANAN. Yes.

The Clerk concluded the reading of the bill.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to return to page 43, line 14, for the purpose of offering an amendment to correct a misprint.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 43, line 14, strike out "1934" and insert in lieu thereof "1914."

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HANCOCK of North Carolina, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, under the resolution (H. Res. 266) he reported the same back to the House with sundry amendments agreed to in Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONTROL OF FLOODS ON MISSISSIPPI RIVER AND ITS TRIBUTARIES

Mr. WILSON of Louisiana. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 7349) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

NAVY DEPARTMENT APPROPRIATION BILL, 1936

Mr. CARY. Mr. Speaker, I call up the conference report on the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follow:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 7, 19, 26, 27, and 29.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 8, 10, 11, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 30, 31, 32, 33, 35, 38, 39, 40, 43, 45, 46, and 47, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$175,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,062,700"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the number proposed by said amendment insert "three"; and the Senate agree to the same.

Amendment numbered 34: That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$11,020,450"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and

agree to the same with an amendment as follows: In lieu of the sum proposed insert "$40,732,310"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$6,590,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "$6,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 18, 28, 42, 44, and 48.

GLOVER H. CARY,
WILLIAM B. UMSTEAD,
W. R. THOM,
GEO. W. JOHNSON,
J. G. SCRUGHAM
(Except as to amendment no. 32),
CLARENCE J. MCLEOD,
J. W. DITTER,
Managers on the part of the House.

JAMES F. BYRNES,
ROYAL S. COPELAND,
PARK TRAMMELL,
FREDERICK HALE,
HENRY W. KEYES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: Increases from $4,200 to $9,000, as proposed by the Senate, the amount that may be expended upon allowances for living quarters, including heat, fuel, and light, to civilian employees serving in foreign countries.

On amendments nos. 2, 3, and 4, relating to the appropriation "Miscellaneous expenses": Appropriates $1,062,700, instead of $1,055,700, as proposed by the House, and $1,071,060, as proposed by the Senate, such increase of $7,000 being intended to make additional amounts available for communication expenses, postage, and clerk hire, all incident to the reopening of the Naval Training Station, Great Lakes.

On amendments nos. 5, 6, and 7, relating to the Naval Research Laboratory: Appropriates $310,000, as proposed by the House, instead of $210,000, as proposed by the Senate.

On amendments nos. 8 to 13, both inclusive, relating to the appropriation "Training, education, and welfare, Navy": Appropriates $115,559, as proposed by the Senate, instead of $103,059, as proposed by the House, for the Naval Training Station, Newport, R. I.; limits expenditures upon post-graduate instruction of prospective or potential Staff Corps officers who have not been commissioned in the line of the Navy more than 3 years, instead of 2 years, as proposed by the House, and 5 years, as proposed by the Senate; appropriates $58,000, as proposed by the Senate, instead of $55,000, as proposed by the House, for libraries incident to the reopening of the Naval Training Station, Great Lakes; and appropriates $282,200, as proposed by the Senate, instead of $279,200, as proposed by the House, for welfare and recreation, also incident to the reopening of the Naval Training Station, Great Lakes.

On amendment no. 14: Corrects the text.

On amendments nos. 15, 16, and 17, relating to the Naval Reserve: Limits to 19, as proposed by the Senate, instead of 20, as proposed by the House, the number of Reserve officers (Navy and Marine Corps) above the grade of senior lieutenant of the Navy who may draw the pay and allowances of their grade while in the performance of extended active duty.

On amendment no. 19: Limits the amount that may be expended for pay of masters and instructors in swordsmanship and physical training at the Naval Academy to $22,800, as proposed by the House, instead of $25,100, as proposed by the Senate.

On amendments nos. 20 and 21, relating to the appropriation "Engineering": Appropriates $19,662,000, as proposed by the Senate, instead of $19,550,000, as proposed by the House, the increase of $112,000 being intended to cover the "engineering" portion of the expense of building a new ferry for use at Newport, R. I.; reappropriates $500,000 to be applied to the purchase of machine tools, as proposed by the Senate, and increases the limitation of $1,662,000 proposed by the House upon expenditures for pay of classified employees to $1,667,000, as proposed by the Senate.

On amendments nos. 22 and 23, relating to the appropriation "Construction and repair of vessels": Appropriates $18,288,000, as proposed by the Senate, instead of $18,050,000, as proposed by the House, the increase of $238,000 being intended to cover all other than the "engineering" expenses of building a new ferry for use at Newport, R. I.; reappropriates $500,000, to be applied to the purchase of machine tools, as proposed by the Senate, and increases the limitation of $1,800,000 proposed by the House upon expenditures for pay of classified employees to $1,805,000, as proposed by the Senate.

On amendment no. 24: Reappropriates $500,000 under the Bureau of Ordnance, to be applied to the purchase of machine tools, as proposed by the Senate.

On amendments nos. 25, 26, 27, and 29, relating to the appropriation "Pay, subsistence, and transportation, Navy": Corrects the text and fixes the amount allocated for pay of enlisted men, active list, at $73,872,972, as proposed by the House, instead of $74,621,779, as proposed by the Senate.

On amendments nos. 30 and 31, relating to the appropriation "Maintenance, Bureau of Supplies and Accounts": Appropriates $8,350,540, as proposed by the Senate, instead of $8,300,000, as proposed by the House, the increase of $50,540 being incident to reopening the naval training station, Great Lakes, and makes a minor textual change.

On amendment no. 32: Strikes out, as proposed by the Senate, the House provision increasing the capital of the naval supply account fund by $7,500,000 by the reappropriation of unobligated balances of certain prior year appropriations for the purpose of enabling the Navy Department to acquire a partial reserve of strategic minerals of domestic production.

On amendment no. 33: Appropriates $2,179,400 for the Medical Department, as proposed by the Senate, instead of $2,100,000, as proposed by the House, the increase of $79,400 being incident to reopening the naval training station, Great Lakes.

On amendments nos. 34 to 37, both inclusive, relating to the appropriation "Aviation, Navy": Allocates $11,020,450 to the maintenance and operation subhead, instead of $10,755,150, as proposed by the House, and $11,285,750, as proposed by the Senate; reduces the allocation of $26,770,000 proposed by the House to the aircraft procurement subdivision by $54,340, as proposed by the Senate, the amount of such reduction being added elsewhere for pay of employees, Bureau of Aeronautics; and fixes the amount of contract authorization at $6,590,000, instead of $5,000,000, as proposed by the House, and $8,180,000, as proposed by the Senate, the increase agreed upon over the amount proposed by the House being for the procurement of spare parts for new airplanes.

On amendments nos. 38, 39, and 40, relating to the Marine Corps Reserve: Appropriates $224,238, as proposed by the Senate, instead of $120,860, as proposed by the House, the entire increase being for clothing, and makes provision for clothing for aviation cadets, as proposed by the Senate.

On amendment no. 41: Makes a reappropriation of $6,000,000, instead of $11,690,000, as proposed by the Senate, of unobligated balances of certain prior year appropriations, in augmentation of the direct appropriation of $88,310,000 proposed by the House under the head of "Increase of the Navy, construction and machinery", thus making the total available on account of the 24 ships to be laid down in the fiscal year 1936, $20,690,000, instead of $29,380,000, as proposed in the Budget, and $26,380,000, as proposed by the Senate.

On amendment no. 43: Excepts the 15,000-ton aircraft carrier, the construction of which is to be initiated during the fiscal year 1936, from the requirement respecting a division of new ship construction work between Government and private yards, in conformity with the provisions of the Treaty Navy Authorization Act, approved March 27, 1934, as proposed by the Senate.

On amendments nos. 45 and 46: Appropriates $337,000 for salaries, Bureau of Aeronautics, as proposed by the Senate, instead of $282,660, as proposed by the House.

On amendment no. 47: Appropriates $20,000 for printing historical naval documents, as proposed by the Senate, instead of $15,000, as proposed by the House.

Disagreements

The committee of conference have not agreed upon the following amendments of the Senate:

On no 18: Relating to Naval and Marine Corps Reserve officers on permanent active duty.

On no. 28: Relating to the employment of enlisted men ashore in the capacity of household servants.

On no. 42: Relating to the use of the appropriation "Increase of the Navy" for personal services and contingent and miscellaneous expenses in connection with the construction of vessels.

On no. 44: Relating to data to accompany bids for constructing naval vessels.

On no. 48: Relating to travel expenses of personnel of the services embraced by the Joint Service Pay Act of 1922 under orders home in connection with retirement.

GLOVER H. CARY,
WILLIAM B. UMSTEAD,
W. R. THOM,
GEO. W. JOHNSON,
J. G. SCRUGHAM,
CLARENCE J. MCLEOD,
J. W. DITTER,
Managers on the part of the House.

Mr. CARY. Mr. Speaker, while there were a number of amendments placed on the bill in the Senate, a goodly number of them had no relation to the amount of money carried in the bill.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question?

Mr. CARY. I yield.

Mr. McFARLANE. What is the difference in the appropriations as the bill left the House and as it came from the Senate and as agreed to in your conference report?

Mr. CARY. If the gentleman will allow me a moment, I will make an explanation that will give that information.

Mr. McFARLANE. That is what I want.

Mr. CARY. The bill as passed by the House carried direct appropriations totaling $457,805,261, and reappropriations to the total amount of $7,500,000, providing for a total maximum expenditure of $465,305,261. The House bill also carried a contract authorization of $5,000,000.

As passed by the Senate, the direct appropriations totaled $459,606,846, or $1,801,585 more than the House bill; reappropriations were increased by $5,690,000, or to $13,190,000; and the contract authorization was raised from $5,000,000 to $8,180,000, or by $3,180,000.

As agreed to by your conferees, the bill carries in direct appropriations $879,118 in excess of the total amount approved by the House, the Senate conferees having receded from $922,467 of the total amount added by the Senate, and from the reduction made in the amount proposed by the House for the Naval Research Laboratory.

The agreed increase is distributed as follows:

Reopening Naval Training Station, Great Lakes, various objects	$142,940

The House provided a flat sum for the reopening of the naval training station and the Department indicated to the Senate a number of additional things that would need to be provided for and these required an additional appropriation of $142,940.

Contingent expenses, Newport Training Station	$12,500
New ferry for use at Newport, R. I	350,000

We were clearly convinced of the need for a new ferry. It was just a question of whether it should be started now or a year later. There seemed to be no reason for deferment because it is something that is absolutely necessary.

Mr. McFARLANE. Is not that a little high for that ferry?

Mr. CARY. I should not say so.

Clothing for Marine Corps Reserve	$103,378
Maintenance and operation, naval aircraft and air stations	265,300
Printing historical naval records	5,000
Making a total of	879,118

As to reappropriations, we bring back a total $7,500,000, but differently allocated than in the House bill. The House bill, it will be recalled, carried $7,500,000 of reappropriations for the purpose of purchasing and creating a reserve supply of domestically produced and processed strategic minerals.

Mr. McFARLANE. What kind of minerals?

Mr. CARY. For strategic war minerals. The Senate struck out this proposal and diverted the money toward making available a larger amount to the extent of $11,690,000 for new ship construction than the House had proposed, making up the difference between the $7,500,000 and the $11,690,000 by additional reappropriations. The Senate also added by way of reappropriations $1,500,000 for the purchase of machine tools, making the Senate total of reappropriations $13,190,000.

The House conferees have acceded to these Senate changes except as to the item on account of new ship construction. Instead of an addition of $11,690,000 on account of new ship construction we bring back $6,000,000.

In other words, we had a compromise on this item. The Senate wanted to add $11,690,000 and we compromised and fixed it at $6,000,000.

Mr. McFARLANE. Were there any other compromises that were made in favor of the House figures?

Mr. CARY. If the gentleman will read the conference report or listen to this statement he will find there were a number of such compromises. I direct the gentleman's attention to the report which has just been read by the Clerk.

Mr. McFARLANE. I have just been reading the report and I have noticed that most of these compromises are in favor of the Senate.

Mr. CARY. The gentleman is very much mistaken about that. The report will not support such an assertion.

Mr. McFARLANE. There were a number of corrections upward, I noticed.

Mr. CARY. It will be recalled that the Budget carries $29,380,000 for beginning the construction of 24 naval vessels. The House provided one-half of such sum, or $14,690,000. The Senate proposed to increase such amount to $26,380,000 by making available $11,690,000 of unobligated balances of certain prior year appropriations. The Conference Committee agreed to a total of $20,690,000, of which $6,000,000 will be made up of unobligated balances of prior year appropriations.

In connection with this matter I wish to say that the Senate conferees were unalterably opposed to an appropriation on account of these 24 new ships that would be insufficient to enable the Department to proceed with their construction as rapidly as contemplated by the Budget estimate.

This was the position the House took when the bill was passed here. We had received information at that time that the figures we had placed in the bill would be sufficient to carry on the program without interrupting the continuity of the program. Since that time the Navy Department had come to the conclusion it would take some more money and the Senate conferees were convinced they were right about it and we agreed with them about it.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. CARY. I yield.

Mr. MARCANTONIO. As a matter of fact, every compromise that has been reached constitutes an increase in the figures fixed by the House?

Mr. CARY. No; that is not a fact. However, as to the funds for ship construction, I will say to the gentleman from New York that we have already embarked upon the program of building the Navy to treaty strength. The vessels to be commenced in 1936 will cost in the neighborhood of $200,000,000. The appropriation we make here is merely an initial appropriation and it matters very little whether it is one figure or another, because the program will go through and the entire amount will have to be appropriated. This is just a question of what amount we appropriate as the initial appropriation to carry forward the program until the Congress convenes again.

Mr. MARCANTONIO. I have another brief question which I think we ought to have for the purpose of the RECORD. Can the gentleman state what the total amount will be for naval purposes if this conference report is adopted?

Mr. CARY. I have just given that figure.

Mr. MARCANTONIO. I want the total.

Mr. CARY. $458,684,379.

Mr. VINSON of Georgia. And, as a matter of fact, it is several million dollars under the Budget estimate.

Mr. CARY. It is more than $26,000,000 under the Budget estimate.

Mr. GAMBRILL. Mr. Speaker, will the gentleman yield?

Mr. CARY. I yield.

Mr. GAMBRILL. I notice that you have increased the appropriation for the professors at the Naval Academy by $33,000 to take care of 12.

Mr. CARY. Will the gentleman wait a moment until I reach that in my statement?

Mr. GAMBRILL. Yes.

Mr. CARY. The amount agreed upon for new ship construction, our information is, will enable work to proceed as rapidly as originally contemplated. Of course, if that be true, the original estimate was over large.

In any event, I wish to say for the benefit of those who feel that this program should wait upon the outcome of the naval conference to be held during this calendar year, that there is no requirement that any of the vessels which such

program embraces be laid down at any particular time and the President will be free to defer their commencement if he should conclude that to be the wiser course.

It works out that the amount of reappropriations, as agreed to, corresponds to the amount of reappropriations proposed by the House, so that the increase in direct appropriations of $879,118, which I have already discussed, constitutes the sum total of additional Treasury demands beyond those created by the bill as passed by the House.

Turning to contract authorization, the House bill carried $5,000,000 for the procurement of airplanes. The House cut down the amount in the estimates for spare parts for aircraft from 25 percent to 10 percent, yielding a reduction of $3,180,000. The Senate proposed to restore the whole of this reduction by way of contract authorization. We have compromised, restoring one-half of the House reduction by way of contract authorization.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. CARY. I yield.

Mr. VINSON of Georgia. What percent of spare parts are here provided for?

Mr. CARY. About 17½ percent.

To summarize, the bill carries a total of $458,684,379 in direct appropriations. Including reappropriations, the amount is $466,184,379. In direct appropriations the amount is $26,759,468 less than proposed in the Budget. Adding reappropriations, we come under the Budget to the extent of $19,259,468.

The statement accompanying the conference report, which has been read, covers both amendments which do and do not affect the amounts of money carried by the bill. I see no occasion further to enlarge upon that statement. Before concluding, however, I wish to clear up some doubt that seems to prevail as to the intention respecting the addition made by the House to the estimate for pay of professors and instructors at the Naval Academy. The original estimates included $232,400 for such purpose—$207,300 for educators and $25,100 for physical instructors. The House—and the Senate conferees have agreed—provided a total of $265,400, of which $242,600 is earmarked for educators and not exceeding $22,800 for physical instructors. For the latter $700 is included for automatic salary increases. There is available, therefore, $35,300 definitely for the employment of additional educators. While the number is not specified, it was the thought of the committee that the increase would permit of the employment of 12, which is the number of former professors at the academy, let out in 1933, eligible or available for reemployment, who have not been reemployed. Whether those 12 former professors will be reemployed rests with the Department and the academy authorities. The increase the bill carries is not sufficient to pay those 12 the salaries they were receiving at the time of separation. Their salaries, if and when reemployed, would need to be accommodated to the amount available.

Mr. GAMBRILL. Will the gentleman yield?

Mr. CARY. I yield.

Mr. GAMBRILL. The statement appears in the hearings that you had before your committee a representative of the 12 professors separated from the service in 1933. According to the interrogation of the witnesses by the gentleman from Pennsylvania [Mr. DITTER], who is a skilled educator, it appears that in his mind, and probably in the mind of the gentleman from Kentucky, the idea that the 12 professors separated from the service should be reinstated. I hope the gentleman will be good enough to enlighten the House as to whether or not that is correct.

Mr. CARY. I will say this. Of course, this matter was brought to our attention, and the committee was sympathetic to those professors whose services it became necessary to terminate. While we realize that the committee has nothing to say about who shall or who shall not be employed, because that is an administrative matter that belongs to the officials of the Navy Department and the Academy, it was our hope that many of the men who were qualified and ought to be retained would be retained. However, we realize that we could not provide that the men separated from the service should be reemployed and if reemployed that they should be paid the salary they got when they were separated from the service.

There is nothing in the bill that would require the reinstatement of the same ones who were separated from the service. We were sympathetic toward them and hoped that they would be reemployed.

Mr. GAMBRILL. I am obliged to the gentleman for this statement, and I want to give it some background.

There were 20 professors at the academy teaching cultural subjects who were separated from the service at a saving of sixty-odd thousand dollars. A few days after their separation, with the idea that they were embarking on an economy program, the Navy Department secured from the Public Works Administration $238,000,000 for building ships of war and $13,000,000 for aircraft.

A year ago I attempted to rectify the wrong done to these professors.

In the bill for the fiscal year 1935 there was an additional appropriation of sixty-odd thousand dollars to take care of reinstatement of 20 professors, but unfortunately a colloquy took place on the floor of the House and the then chairman of the subcommittee used language that could be interpreted that only 8 professors should be reinstated, although the appropriation was sufficient to take care of the reinstatement of the full 20. It was the idea of the committee when it passed the supply bill for 1935 to reinstate eight. It seems to me that this additional amount should be used for the purpose of reinstating the remainder of those professors who were separated from the service in 1933.

One other thought. The gentleman says the appropriation is not sufficient. That is correct. It would require about $41,000, and the gentleman has appropriated $33,000 additional. The gentleman took into consideration, I have no doubt, that probably not all of the 12 would be available, and also took into consideration that probably some of the 12 had secured positions elsewhere, but I certainly hope before the gentleman asks for the passage of this conference report that he will be more liberal and be willing to make a statement that it is the sincere hope of the committee that 12 instructors should be reinstated, or so many as may be available.

Mr. CARY. Mr. Speaker, I tried to make myself clear on that as to what the committee's idea about it is. We had a number of these men before us, and as I said, we are sympathetic toward them, and I agree with the statement the gentleman from Maryland makes, but he realizes, and I know agrees with me, that this is a matter purely within the discretion of the authorities of the Naval Academy and the Navy Department. However, we hope that such of these men who have not been employed and who have not found work elsewhere and who are available and who are suitable for the positions open might be reemployed. We have nothing to do with that. That is purely administrative.

Mr. PARKS. These are all civilian employees of whom the gentleman speaks?

Mr. CARY. Yes.

Mr. PARKS. Have they been so dissociated from the service that they are gone?

Mr. CARY. Some of them have, but a number of them are within the proximity of the institution and are available.

I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 18: Page 14, line 23, after the word "duty", insert ", and other officers above such grades employed on such class of active duty shall not be entitled to be paid a greater rate of pay and allowances than authorized by law for a lieutenant of the Navy or a captain of the Marine Corps entitled to not exceeding 10 years' longevity pay."

Mr. CARY. Mr. Speaker, I move to recede and concur with an amendment which I send to the desk and ask to have read.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following: ", and other officers above such grades employed on such class of active duty (not to exceed 4 months in any calendar year) shall not be entitled to be paid a greater rate of pay and allowances than authorized by law for a lieutenant of the Navy or a captain of the Marine Corps entitled to not exceeding 10 years' longevity pay."

The SPEAKER. The question is on the motion of the gentleman from Kentucky to recede and concur with an amendment.

The motion was agreed to.

The Clerk read as follows:

Amendment no. 28: Page 28, line 23, after the word "expeditions", insert "and in addition not to exceed 40 in number at such places as shall be designated by the Secretary of the Navy."

Mr. CARY. Mr. Speaker, I move to recede and concur.

The motion was agreed to.

The Clerk read as follows:

Amendment no. 42: Page 51, line 8, after the word "vessels", strike out "heretofore authorized and herein or heretofore appropriated for in part" and insert "which have been or may hereafter be authorized."

Mr. CARY. Mr. Speaker, I move to recede and concur.

The motion was agreed to.

The Clerk read as follows:

Amendment no. 44: Page 54, after line 13, insert:

"No part of the funds herein appropriated shall be available to pay a contractor upon any contract for a naval vessel entered into under authority of this act unless, at the time of filing his bid, he shall also file the estimates upon which such bid was based."

Mr. CARY. Mr. Speaker, I move to recede and concur.

The motion was agreed to.

The Clerk read as follows:

Amendment no. 48: Page 62, beginning in line 1, insert:

"SEC. 3. During the fiscal year 1935 and thereafter the words 'permanent change of station' as used in section 12 of the act approved May 18, 1920 (41 Stat. 604), as amended, shall be held to include the home of an officer or man to which he is ordered in connection with retirement."

Mr. CARY. Mr. Speaker, I move that the House recede and concur.

The motion was agreed to.

A motion to reconsider the votes by which the various motions were agreed to was laid on the table.

SHIP MORTGAGE ACT

Mr. BLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7205) to amend the Ship Mortgage Act, 1920, otherwise known as "section 30" of the Merchant Marine Act, 1920, approved June 5, 1920, to allow the benefits of said act to be enjoyed by owners of certain vessels of the United States of less than 200 gross tons, with a Senate amendment thereto, and concur in the Senate amendment.

The SPEAKER. The gentleman from Virginia asks unanimous consent to take from the Speaker's table the bill H. R. 7205, with a Senate amendment thereto, and concur in the Senate amendment. The Clerk will report the Senate amendment.

The Clerk read as follows:

Page 2, line 21, after "United States", insert "and for the purposes of this act the Reconstruction Finance Corporation shall, in addition to those designated in sections 37 and 38 of this act, be deemed a citizen of the United States."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider the vote by which it was concurred in laid on the table.

NATIONAL LABOR RELATIONS BOARD

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. CONNERY, RAMSPECK, GRISWOLD, WELCH, and LAMBERTSON.

THE LATE JOSEPH P. HINES

Mr. O'NEAL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'NEAL. Mr. Speaker, I rise to pay a belated tribute to a faithful public servant who died 1 year ago today, after the adjournment of Congress. Joseph P. Hines, of Louisville, Ky., came to Washington in 1912 as secretary to one of my predecessors, Hon. Swagar Sherley, formerly Chairman of the Committee on Appropriations. From that time until last year he served in many capacities for the Government in Washington. He was a man who was respected, honored, and beloved by all who knew him. He is dead, but he lives, Mr. Speaker, in the hearts of all who knew him.

PERMISSION TO ADDRESS THE HOUSE

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. SNELL. Mr. Speaker, reserving the right to object, the major domo of the Democratic Party announced yesterday there would be no more general debate. He was afraid that someone would "blow off" or "spread false propaganda" against the administration. I am afraid of that myself, and I shall have to object.

Mr. BOYLAN. I do not know who the major domo is.

Mr. SNELL. The major domo was "General" O'CONNOR.

Mr. BOYLAN. I have no connection with the major domo.

Mr. SNELL. If there is going to be no more general debate on this side, there is going to be no more on that side by unanimous consent, even by my good friend Mr. BOYLAN.

Mr. BOYLAN. This is not general debate. This is simply a little address I wanted to make, and it is nonpolitical.

Mr. SNELL. I shall have to object.

CHARLES HENRY NIEHAUS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker, Charles Henry Niehaus, one of America's great men, my dear friend and neighbor, departed this life in Cliffside Park, N. J., Wednesday, June 19, 1935.

When the history of American sculptors shall have been written, his name will be recorded in the forefront.

His art and sculpture will forever adorn this Capitol, the District of Columbia, and many States of the Union.

Surviving him is his loyal daughter, Marie Niehaus, beloved by all who know her for her devotion to, and tender care of, her illustrious father. In paying deserved tribute to my sculptor friend, I feel free to draw liberally from her biography of the great sculptor.

Born in Cincinnati, Ohio, January 24, 1855, he early devoted himself to wood engraving, stonecutting, and carving in marble. While yet a boy he was a capable draftsman, and as a very young man he modeled in clay. His fondness for his work prompted him to become a pupil at the McMicken School of Design, in Cincinnati, where he won first prize in drawing and modeling. Of meager means, but enthusiastic and determined, he traveled to Munich, Germany, where he entered the Royal Academy and there he

won his way to honors and a commission. At the time of his matriculation, he gained the distinction of obtaining first-prize medal for composition entitled "Fleeting Time." Before he returned to America, he journeyed through the countries of Europe, viewing the sculpture of the Old World, the masterpieces of the Renaissance period, and the ruins of Athens and Rome. In Manchester, England, before leaving for home, he engaged in executing busts of persons of note, including Lord Disraeli.

Arriving back in America in 1881, he wended his way to his native State of Ohio, and while still a youth received two commissions providing for memorials to the memory of President Garfield. The State of Ohio raised funds for a statue of Garfield to be placed in the rotunda at the Capitol at Washington.

Public subscriptions furnished funds for another statue of Garfield to be erected on Race Street in Cincinnati. The young sculptor who had won his spurs abroad was honored by the people of Ohio with these commissions. His sculpture was such a success that a further commission followed to model the statue of William Allen, a gift of the State of Ohio to Statuary Hall in the Capitol. He had by this time developed his artistic talent, gaining much fame. However, he wished further opportunity for study and experimentation and for that purpose went to Italy. He established a studio in Rome in the Villa Strohl-Fern adjoining the Borghese Palace just outside of Porta del Popolo, devoting his time to production of art for art's sake.

Three of his models have been preserved and are in this country. They are the Scraper, or Greek Athlete Using a Strigil, Caestus, and Silenus. The former received Italian recognition which made him a Fellow of L'Associazione della Artistica Internazionale di Roma. At the World's Columbian Exposition it was recommended for a special medal.

In 1885 he established his studio in New York City and later removed to Cliffside Park, N. J., in the Palisades, overlooking the majestic Hudson River. At these studios he executed his finest sculpture.

As an artist, he obtained membership in the Council of the National Sculpture Society, the Architectural League of America, Municipal Art Society, of the Society for the Preservation of Historic and Scenic Places of the National Arts Club, of the Players Club, and of the Ohio Society.

Mr. Niehaus received the commission to make the statues of Hooker and Davenport and illustrative tympanums for the statehouse of Connecticut. Davenport, suggesting the founding of Yale University and the earliest historic interest of New Haven, and Hooker standing in similar character for Hartford, are the two figures of Connecticut which arose out of the perspective of Pilgrim days. These statues, with the accompanying tympanums, were commissioned to my friend through a committee of which Charles D. Warner was the guiding spirit. Of the completed work, Mr. Warner wrote of them as "spirited and beautiful."

When the Municipal Art Society of the city of New York offered prizes for designs for drinking fountains for city streets, Mr. Niehaus furnished 5 designs, 5 of which were prize winners.

The Astor memorial doors of Trinity Church of New York were the gift of Mr. Astor. Competition determined the choice of the sculptors who were restricted to one subject, and the manner of its treatment was the test of selection not only for the sculptors but for the character of subject which should be assigned him. The subject decided for the competition was the expulsion of the Garden of Eden and from the design submitted, Mr. Niehaus won the award to execute the south or historical doors. In Harpers Weekly, June 10, 1893, Charles de Kay, art critic, wrote descriptively of them and of the history of their gift as follows:

Bronze doors in one piece and decorated with panels carved in relief are Mr. William Waldorf Astor's gift to Trinity Church in memory of his father, the late John Jacob Astor. * * * The massive look of the doors and the color of the bronze, somber yet rich, suit very well the stately architecture of Trinity and the somber but warm tones of the stone.

John Jacob Astor, second of the name, took great pride in Trinity and enriched the chancel with a costly reredos. He was the most faithful of vestrymen, and until his last years rarely failed to carry about the plate for the offertory; so that to the worshippers in Trinity these doors will recall his tall and dignified figure, his kindly, urbane face. They will recall his unaffected modesty and readiness to interest himself in all public and social affairs, from the call to arms at the outbreak of the Civil War to the functions that are mere weariness to the flesh to a conscientious man past middle age. But to the general public they are very notable embellishments of the city, owing to the conspicuous place Trinity occupies on Wall Street and Broadway. It was a happy thought to make sculptured doors the memorial for a site so central and so close to the swiftest tide of traffic—a thought which, in all likelihood, came to the son because of his early studies in sculpture.

The south door, by Mr. Niehaus, has six panels dealing with historical subjects connected with New York and Trinity Parish. The lowest panels show the deck of the *Half Moon;* Henry Hudson is passing, in 1609, along Manhattan Island under the Dutch flag; Dr. Barclay is preaching to the Indians. To fit the mission among the redskins more closely to this church, Mr. Niehaus has passed by the earlier efforts of Dutch dominies in the same field. The middle panels show Washington entering St. Paul's, the chapel of Trinity, after his inauguration in 1789; and the scene of a consecration of four bishops in the same chapel in 1832. The upper panels contain the procession in 1846 through the porch of new Trinity as we now have it, soon after its completion; and the reredos in memory of William B. Astor in 1877.

In these six panels the sculptor has undertaken a difficult task of realism, and with success. The composition is generally excellent; the perspective is particularly brilliant. Mr. Niehaus has kept marvelously well the difficult planes of figures, buildings, and interiors, each in its proper place, and has borrowed from painting many artifices which permit the eye to pass agreeably from the near to the more distant objects. The figures never press forward but keep their relations to the general aspect of the door as a door, and also to their several backgrounds. The figures, moreover, are well proportioned and unconventional.

The most modern scene is, in some respects, the best, although it might easily have been the worst, owing to the difficulty of managing modern coats, hats, and dresses, and presenting in low relief an interior known to everyone. He has done this without being commonplace or trivial. Henry Hudson is the least convincing of all, because we look for more rough and sailorly qualities in the captain and crew of the *Half Moon* than the sculptor has been willing to allow.

Some 50 artists and sculptors executed the pictorial and plastic aspects for the Congressional Library at the National Capital. There are 16 statuary figures representing foremost characters almost from the beginning of history. Mr. Niehaus received the commission for Moses as typifying the Law and Gibbon as representing History.

Mr. Niehaus also executed for the Congressional Library three door spandrels which were carved in wood from his designs.

When a place in the rotunda of the Capital was reserved for two renowned sons of each of the States, Ohio sent the figures of Garfield and William Allen, executed by Niehaus. The latter was famous as a speaker, and the quality of his voice won him the sobriquet of "Foghorn Bill Allen." Mr. Niehaus represented him as an orator in a positive attitude. President Garfield was represented by him as the statesman-orator; his rostrum was beside him, and out of sentiment for his untimely death a wreath with crossed palms was laid at his feet.

In 1900 the State of Indiana provided for a statue to the memory of its war Governor, Oliver P. Morton. A product of Mr. Niehaus, it was sent by the State for a place in the rotunda of the Capital.

In the Senate Chamber, too, can be found a bust of Vice President Tompkins, by Niehaus.

The Hahnemann Monument at Scott Circle in Washington bears further testimony to the art and skill of Charles H. Niehaus. The Homeopathists of America provided the funds for this work. In their published report is found the following:

It was decided to ask sculptors to submit sketches for competition, and to award prizes for the best three. * * * Twenty-four models were submitted by sculptors from St. Louis, Chicago, Philadelphia, Boston, New Haven, Brooklyn, and New York, as well as Paris, Rome, and Florence, representing American, French, German, Spanish, and Italian sculpture. They were exhibited to the public at the gallery of the American Academy of Fine Arts during the week beginning February 4, 1895, being the first exhibition of the kind in this country. The press was invited to a private view, whereby attention was called to the undertaking and a notoriety given it that no other similar sculptural work has obtained. The committee, together with the advisory committee of the National Sculpture Society, consisting of Messrs. Daniel C. French, George E. Bissell, Olin L. Warner, representing

the sculptors, Thomas Hastings and Russell Sturgis representing the architects, unanimously awarded the first prize to the American sculptor, Charles H. Niehaus, and his design was accepted as the model for the proposed monument.

The unveiling of the monument took place on June 21, 1900. President McKinley was present to make an address. The Washington Star, describing the monument, said in part:

The monument which will thus be added to the art treasures of the Nation's Capital is, in the opinion of the National Sculpture Society, under whose auspices the competition for the design of the monument was carried on, as well as others who are qualified to form an opinion, a beautiful as well as an appropriate creation of art. The sitting statue of Hahnemann occupies the central point on the stone platform, which is approached from the front by four steps, and at the back of which rises the superstructure, which is elliptical in form. The treatment is Greek in spirit, and the details are in harmony with this conception. The central portion of the superstructure forming the background of the statue is composed of four columns supporting an entablature. Above this rises what is known as an "attica", bearing the principal inscription: "Hahnemann." Between the two front columns is a niche, which is also elliptical in form, and which terminates in a semicircular arch. Along the base of the elliptical wall are stone seats. Upon the pedestal supporting the statue is the inscription "Similia similibus curantus." On either side of the arch are decorative emblems in bas-relief, a bowl and serpent, the symbols of wisdom, and a lamp and book, typical of knowledge. In two panels in either side of the niche are placed commemorative tablets, representing in bas-relief of bronze the four epoch-making periods of Hahnemann's life, namely, the nightly vigils of the student, the investigation of the chemist, the teacher addressing his class in the university, and the success of his treatment of typhus patients at the hospital. The statue itself is of bronze, the features copied from the bust made by the famous artist, David.

The sculptor, Mr. C. H. Niehaus, whose design has been so successfully wrought out, took into consideration the fact in completing the details that the monument was to be in an open space, so that it could be observed from all sides. He therefore sought to make it attractive from every point of view, and gave much attention to the designing of the rear. The main lines of the central portion of the elliptical wall are repeated in the rear, excepting that the niches are omitted, and in the upper portion there is a decorative tympanum. Across the center, in roman numerals, appear the date of erection and the dates of Hahnemann's birth and death, the latter being encircled with laurel wreaths. In the tympanum of the arch are two figures in bas-relief emblematic of the science of medicine. Underneath this is a fountain in the form of a fluted basin, with a stream of water issuing from a carved dolphin.

The plaster model of the figure of Hahnemann won a gold medal at the Pan American Exposition.

During the campaign of President McKinley for reelection the Ohio Society of New York honored my late sculptor friend by a banquet, for which extensive preparations were made. Among them was the plan to have predominating a huge bust of the President. Mr. Niehaus undertook this work, but abandoned the idea of an exaggerated size when time did not serve to carry out the original intention. Accordingly he executed a life-size half figure of President McKinley in his characteristic attitude of speaking. Following the tragedy at Buffalo the bust was placed on exhibition at Tiffany's, and within a short time the Honorable Charles H. Hackley, a former patron of the sculptor, commissioned Mr. Niehaus to execute a statue. The design shows McKinley as he made his famous speech at the Pan American Exposition the day preceding his assassination. Circling the base of the statue are the words "Our future conquests must lie in the victories of peace."

When the Appellate Division Courthouse, located at Madison Avenue and Twenty-fifth Street, New York, was being erected, its architect, James Brown Lord, selected Mr. Niehaus as advisory sculptor and gave him the largest piece to execute, that of the 50-foot pediment over the entrance. Mr. Niehaus' group for the pediment defines the Triumph of the Law, the subject being centered in a seated female figure supporting two tablets bearing the inscription, respectively, of Lex Scripta and Lex Tradita. Upon her right and left Courage and Valor draw their swords in her defense, and Strength, Wisdom, and Antiquity, with details of symbols, attend her.

At the behest of the Honorable Charles Hackley, the donor, Mr. Niehaus executed the statues of Farragut and Lincoln for Hackley Square, Muskegon, Mich. They were unveiled Memorial Day, 1900. Another statue of Lincoln, similar but distinctive, was made by Mr. Niehaus for the Buffalo Historical Society.

Among his other works, Mr. Niehaus, shortly after establishing his studio at New York, executed the relief known as "Surrender of the Hessians" on the monument to Washington, at Trenton, in my State of New Jersey.

In the Monument News of November 1901 there appears a reproduction of the Drake Monument at Titusville, Pa., together with the following description:

The nucleus of the design is a classic fane of simple Grecian type, approached by a semicircular sweep of low steps and adorned with four ionic columns. It encloses a vaulted and arched niche in which is mounted in a half-seated, half-crouching attitude on a circular pedestal a bronze heroic figure, The Driller, symbolizing the energy of labor and modeled by Charles H. Niehaus. Extending from each side of the fane are curved wings forming the backs of seats and terminating in pillars bearing symbolic figures carved in high relief. The wings are 12 feet high and extend to a width of 28 feet, while the highest point of the roof over the central figure is 18 feet from the base.

The Driller is a forceful example of Mr. Niehaus' work, and shows a magnificently muscled figure with uplifted hammer in the act of driving the drill into the rock. It is instinct with life and vigor, and is strikingly adapted to typifying a pioneer of industry. The figures at the ends of the wings are symbolic representations of Memory and Grief. Memory, to the left of the monument, is a heavily draped figure, in the act of weaving a chaplet, to commemorate the dead. Grief, to the right, is shown carrying an urn, around which is carved the ivy of devotion. The wings are divided into six panels, perforated at the top in latticed design, and each one bearing an inscription telling part of the story of Mr. Drake's life and achievements. No representation of him is to be found on the monument, the idea being to typify his works by suggestive artistic figures rather than to attempt portraiture.

The work was constructed for Mr. C. N. Payne, of the National Transit Co., who represented an unknown donor, supposed to be one of the officials of the Standard Oil Co.

At the Pan American Exposition there was represented more garden sculpture than ever before at any exposition. The series of fountains, groups, and architectural decorations constitute special features of the exposition. Mr. Niehaus contributed two of the largest groups of the Fountain of Nature.

In June 1901 the Chicago Inter Ocean referred to Mr. Niehaus' groups with the following:

Charles H. Niehaus contributes two of the groups of the commissioned sculpture. These, in representing the subject Mineral Wealth, he has centralized into the Story of Gold and the Story of Light, as interpreting, respectively, solid and fluid mineralogy. In the Story of Gold the Genius of Opportunity is seen calling through her fingers to waken the world to its waiting possibilities, and in the Story of Light the Genius of Inspiration is holding aloft a torch to show the source of enlightment. About these pivotal female figures the sculptor has further elaborated his theme by male figures engaged in the manual unfolding of the Story of Gold and the Story of Light, each one's occupation allowing the artist a wide range of muscular posing and vigorous treatment.

In the Story of Gold one man is carrying a wand of witch-hazel, which he stretches out searchingly for the magnetic response which indicates the gold's location; another is digging for the ore; while still another is washing it in a stream. One of the graceful and harmonious bits is the introduction of a primitive crucible with a man smelting the precious treasure, while a restful and human touch is given in two figures, one of which stops in his work to engage in conversation with his fellow laborer near by.

The Story of Light is more subtle in its conception, although hardly less vigorous or versatile in its handling. As in its companion group, the conceived idea is conveyed in an allegorical female figure towering over the actual group. The woman is the Genius of Inspiration and she holds aloft her torch of enlightenment.

In this, as in the other groups, Mr. Niehaus has used primitive utensils as graceful accessories to make his groups hang together effectively. One man is drilling for gas; another is beside a tripod; one is blowing glass. Each figure in both of the groups has been carefully studied; any one of them might well stand for the central idea of the entire group in which it is incorporated as a part.

The Dewey Arch, while an ephemeral undertaking, was the associated labor of the representative sculptors of America. Mr. Niehaus executed one of the four groups featured on the sides. It was called Triumphant Return. This was in commemoration of the victory of Admiral Dewey at Manila.

Mr. Niehaus also executed the design for the equestrian statue of Forrest, the great cavalry leader, for erection at Memphis, Tenn.

Other notable works of this prolific and eminent sculptor are: Bust of Hon. Charles H. Hackley, Muskegon, Mich.; bust of Robert Blum, Art Museum, Cincinnati, Ohio; colossal statue of St. Louis and group for St. Louis, Mo.; bust of Rev. Dr. Collier, Cooper Union, New York; statue of Hon. J. J. Ingalls, Statuary Hall, National Capital; bust of H. H. Rogers; McKinley Statue and Lunette National Memorial, Canton, Ohio; Harrison Monument, Indianapolis, Ind.; Beardsley Monument, Bridgeport, Conn.; statue of Governor Goebel, Frankfort, Ky.; pediment for new State capitol, Frankfort, Ky.; John Paul Jones Monument, Washington, D. C.; Commodore Perry Monument, Buffalo, N. Y.; Zachariah Chandler statue, Statuary Hall, National Capitol; Governor Glick statue, Statuary Hall, National Capital; Hernandez Cortez statue, World's Fair, San Francisco, Calif.; Francis Scott Key Monument, Baltimore, Md.; Soldiers' and Sailors' Memorial, Hoboken, N. J.; Soldiers' and Sailors' Memorial, Newark, N. J.; Soldiers' and Sailors' Memorial, Hackensack, N. J.; Soldiers' and Sailors' Memorial, Des Moines, Iowa; Henry Clay, Statuary Hall, Washington, D. C.; E. McDowell, Statuary Hall, Washington, D. C.

His last work was a bust of Abraham Lincoln now in his late home in Cliffside Park, N. J. I have viewed this work with admiration and reverence. Character, as exemplified by Lincoln, radiates from this wonderful achievement of the sculptor. Of the finest grade of Cararra marble, especially transparent, cut by chisel throughout, it is veritably a treasure—a treasure of art.

Any one of his productions would have gained him fame; his combined works, which have added immeasurably to the national wealth, at the Capitol and over the Nation, place him among our immortals.

THE NECESSITY FOR AN ADEQUATE AMERICAN MERCHANT MARINE AND PACIFIC COAST SHIPBUILDING

Mr. WELCH. Mr. Speaker, I ask unanimous consent to extend my own remarks by revising and bringing up to date the remarks I made on April 29 last with reference to our merchant marine.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WELCH. Mr. Speaker, during the present session of Congress I have invited the attention of the House of Representatives to some of the problems of the American merchant marine. The President of the United States has forcefully brought this matter to the attention of the Nation by sending a special message to Congress dealing with the subject. More recently the Committee on Merchant Marine and Fisheries, of which I am glad to be a member, has held hearings on this problem and has reported favorably a bill, H. R. 8555, which I confidently believe will meet the needs of the present situation.

We are all in common accord that an adequate merchant marine is necessary. It is necessary in time of peace in order that the entry of American goods into world channels of trade might be guaranteed equality in transportation costs with that of other nations. It is necessary in time of war in which the United States may not be engaged in order to carry on trade and commerce when the ships of other nations might be withdrawn to assist their own navies. It is necessary that we might have an adequate naval auxiliary to meet our own war-time requirements for the transportation of troops, supplies, and equipment. It is necessary that we have adequate shipbuilding facilities always available on our Atlantic and Pacific coasts prepared to meet any emergency requirement.

The President has emphasized these reasons and has stated that direct ship subsidies should be made—

> Based upon providing for American shipping, Government aid to make up the differential between American and foreign shipping costs. It should cover, first, the difference in the cost of building ships; second, the difference in the cost of operating ships; and, finally, it should take into consideration the liberal subsidies that many foreign governments provide for their shipping.

Our own experience and the heavy outlays that have been necessary whenever emergencies have arisen point to the urgency of this matter. The United States could have maintained an adequate merchant marine from the foundation of the country up to the World War at one-half the expense that was necessary at the beginning of that war had we maintained a far-sighted policy. Instead, we permitted American manufacturers and producers to depend on foreign bottoms for shipping American goods. When these ships were withdrawn from trade routes our commerce was helpless. We cannot permit that condition to ever exist again.

Every major maritime nation upon the face of the earth subsidizes its merchant marine directly and openly. The United States stands alone among the nations of the world as one with major maritime interests granting subsidies by subterfuge, under the guise of mail contracts. The time has come when we must recognize the national necessity and purpose of an adequate merchant marine by granting these subsidies openly and directly. They should be granted for ship construction to meet the unfair competition imposed by lower standards of living and consequent cheaper costs in foreign countries. They should be granted for ship operation to such routes in international, intercoastal, and coastal trade that will stimulate commerce, insure flexibility in operation, parity in competition, and surety in protection. The savings to American agriculture and industry thus effected will be far greater than the direct cost to the United States Government and will ultimately save the American taxpayer large sums.

The impetus given to a study of our merchant marine problems by our experience during the World War brought about an orderly plan in its development, but the time has now come when we must rehabilitate and maintain our merchant marine at its highest efficiency in accordance with that plan.

While the United States ranks second only to Great Britain in gross tonnage available for ocean-going traffic, a large part of it is what may be termed "static tonnage." Many of these vessels built during and immediately following the World War cannot meet the competition of modern ships. Technical advances made in type, machinery, and equipment of ocean-going vessels has actually caused the United States merchant fleet to drop to fourth or fifth place among the nations. It is surpassed by every major maritime nation when measured in its ability to quickly and economically carry cargoes from port to port.

Of our entire merchant marine, the United States has only built 11 percent since January 1, 1924, while Great Britain has built 42 percent; Germany, 38 percent; France, 25 percent; Italy, 28 percent; and, Japan, 21 percent. With 89 percent of our merchant marine composed of ships over 11 years old, economy in their operation and fair competition with the ships of other nations is almost futile.

Fuel consumption alone is 30 to 40 percent less on modern vessels than on those built 12 years ago. Mechanical equipment has been improved during the past decade to reduce costs, and other operation costs are similarly higher on older ships. In these times when speed of delivery is a major economic factor, the delays caused by the slower movement of these older vessels adds appreciably to the handicap American shipping has to overcome, as well as to operation costs. Steps must be taken now to regain the cargoes we are losing in ever-increasing numbers.

Coincident with the need for an adequate merchant marine is the need for adequate shipbuilding facilities on both the Atlantic and Pacific coasts. No greater insurance can be given for the success of our Navy than to have proper private shipbuilding and ship-repair yards always available to meet our needs in emergency. The problems involved are much easier of solution on the Atlantic seaboard than on the Pacific coast. At the same time, the need is probably far greater on the Pacific coast than on the Atlantic.

I can recall when shipbuilding was one of the major industries of the Pacific coast. Today it is almost a lost art. Thousands of artisans who formerly worked in shipyards have had to turn their efforts to other lines of trade. Not a single large merchant vessel has been built on the Pacific coast since the World War. With the advent of metal ships, sources of raw material are so distant that shipbuilders, looking primarily to profits, practically ceased west-coast

construction because they could not meet east-coast prices and pay the costs of transportation of supplies to the Pacific.

Under present merchant marine legislation we have loaned $150,000,000 at nominal rates of interest for ship construction. Every dollar of that money has entered into ships constructed within a few hundred miles of this Capitol Building. Certainly, we do not mean national security includes only shipyards within a short radius of Washington. If the primary purpose of this ship-subsidy legislation is to build our merchant marine and shipyards for national security, it must include shipyards on the Pacific coast as well as the Atlantic.

The result of all this has been that there is today not a single privately owned major shipyard on the Pacific coast capable of building a capital ship without first spending large sums to repair their equipment. Notwithstanding this, the United States needs such plants to be available in event of emergency. It must encourage private ship construction on the Pacific coast to guarantee the availability of such shipyards in time of war.

As I have already pointed out, the President has stated as the first purpose in granting these subsidies is to make up the differential between American and foreign costs of ship construction. If this differential is necessary between American and foreign construction, and we are in agreement that it is, the same principle holds true in ship construction in different sections of the United States. There should be a differential allowed to equalize the differences in cost of shipbuilding on the Pacific and Atlantic seaboards.

At one time the Navy Department recognized this principle by allowing a differential in the cost of ship construction at the navy yards on the Pacific coast to equalize the increases due to transportation costs. Congress should also recognize this need and encourage private ship construction. To this end I recommended to the Committee on Merchant Marine and Fisheries and they have included in this bill, H. R. 8555, provision for a direct 6-percent differential in favor of the construction of ships in Pacific coast shipyards for vessels to enter into the foreign trade and commerce of the Pacific coast and the equivalent of this 6-percent differential through a three-fourths of 1 percent reduction in the interest rate charged for construction loans on ships constructed on the Pacific coast for domestic trade, coastal or intercoastal, home ports of which will be on the Pacific coast. This principle is agreed as necessary by representatives of the shipping and shipbuilding industry, whose primary interests are on the Atlantic seaboard.

This policy will encourage the rebuilding of shipyards already on the Pacific coast but now used only for ship repairs, thus guaranteeing to the United States adequate ship construction and repair facilities for capital ships, both merchantmen and naval.

The effectiveness of our efforts will depend in some measure upon the administration of such legislation as may be enacted. Upon Congress rests the responsibility of effecting the policy and appropriating the funds. We should now prepare to regain our portion of the world's commerce. We should now stimulate American ship construction in all sections of our coast. If we do not, we cannot hope to overcome the obstacles which will be in our way as international trade increases with improving conditions. Neither can we hope to avoid wasteful expenditure of billions of dollars to provide an adequate naval auxiliary should an international crisis arise. It is the cheapest form of insurance, guaranteeing security to our commerce in time of peace and security to our Nation in time of war.

CONVENTION OF THE NATIONAL LEAGUE OF DISTRICT POSTMASTERS

Mr. EDMISTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered in Martinsburg, W. Va., yesterday on the foundation of the Rural Free Delivery System, made by Assistant Postmaster General J. Austin Latimer.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. EDMISTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. J. Austin Latimer, Special Assistant to the Postmaster General, at the State convention of the National League of District Postmasters, Martinsburg, W. Va., Friday, June 21, 1935:

Mr. President, ladies, and gentlemen, it has been my privilege to attend conventions of the League of District Postmasters in a number of States during the past few years, but this is the first occasion on which I have had the pleasure of meeting with you postmasters of West Virginia.

When your able Representative in Congress, and my good friend, JENNINGS RANDOLPH, extended your invitation to me, I accepted with a great deal of pleasure, as it afforded me not only an opportunity to visit your State for the first time, but to appear on this program with him and your National and State officers.

I come here not only to represent the Post Office Department—possibly the greatest business establishment in the world—but to bring you Postmaster General Farley's personal greetings and best wishes for a very successful convention.

As you know, the Post Office Department is fully alive to the advantages and benefits that accrue both to the Department and to each one of you postmasters through such an organization as this. It is the finest medium for the exchange of ideas beneficial to the Postal Service that we can have, and it is so recognized.

No persons in public life have greater opportunities for service than postmasters and other postal workers. You are not only, in many cases, the only direct representative of the Federal Government in your community, but in your daily contacts with the public you have an opportunity and responsibility which few men and women enjoy. The high purposes of government require that, regardless of the race, creed, or political affiliations of your patrons, you give them complete and equal service. As a district postmaster of Mississippi expressed it in a letter appearing in a recent issue of the Postmasters Advocate—

"A postmaster must be, or at least is expected to be, the best-informed person in the community. They must know human nature, the whims, the heartaches, the joys, the financial standing of their entire community, and in addition must know the addresses of all who have moved away, even though they slip off in the nighttime. They must know the cause for the delay in any mail due their patrons when it is called for. In other words, they must be a living, walking, sitting bureau of general information, never failing, never tiring. In order to do so and be all of the above, the postmaster must avail himself of every possible opportunity for informing himself."

The efficiency and courtesy with which you perform this public service, and the dignity with which you conduct yourselves as officers and men ofttimes is the measure of respect your fellow citizens have for the Government.

Just before leaving Washington, I had a little chat with Mr. Martin Scranage, assistant superintendent of the Division of Postmasters, who hails from Fairmont, W. Va., and who was a personal friend of Postmaster General William Lyne Wilson. "Mr. Wilson was indeed a fine man", he said—"one of the ablest men in West Virginia, a wonderful speaker with a wonderful personality, who took particular delight in helping young men in their careers", and I find the printed life of Mr. Wilson corroborates all the fine things Mr. Scranage had to say of him.

Inasmuch as William L. Wilson is the only Postmaster General from West Virginia, and it is quite possible there are some in the audience here today who knew him personally, perhaps it would not be amiss for me to review a few events in the life of this outstanding statesman, best known as the "Father of the Wilson tariff bill", who placed principles above political expediency and duty above self. The New York Times in an editorial concerning Mr. Wilson's work as Postmaster General, made the statement—

"There is not at this moment a single man in public life in the United States who has rendered more practical, difficult, and enduring service."

During his term as Postmaster General, the rural delivery system was put into operation—the first experimental rural delivery service in the United States being established from Charlestown, Uvilla, and Halltown, W. Va., effective October 1, 1896, with H. C. Gibson and Frank Young the first rural carriers. Rules governing promotion in the Department itself, and in the Railway Mail Service were adopted, the purpose of which was to stimulate and reward merit; and a strong and persistent effort was made to secure from Congress the passage of laws for the correction of abuses in second-class mail matter, and for the consolidation of post offices into districts, thereby bringing a large number of the fourth-class office under civil service; reforms whereby the Postal Service of the country would be improved and made self-supporting.

As an educator, statesman, and high Government official, few men have rendered more outstanding service than William Lyne Wilson.

Because my first connection with the Post Office Department was as secretary to Postmaster General Farley, I am particularly interested in coming to the home town of that distinguished Democrat and American, Newton D. Baker, who served in a similar capacity under Postmaster General Wilson. I know that I am voicing not only your sentiments, but those of the entire country, when I say that Mr. Baker is the most outstanding son of Martinsburg living today. It is interesting to note how closely his life was entwined with the lives of those two great Virginian Wilsons—Woodrow and

William Lyne, and we are safe in assuming that his close association with Woodrow Wilson while a student at Princeton, and his intimate contact with William Lyne Wilson played an important part in preparing Newton D. Baker for the heavy responsibilities later to be placed on his shoulders.

In the State of West Virginia today there are 425 rural routes covering 11,402 miles, and 268 miles of air mail routes, with three scheduled stops. Prior to the reorganization of the Air Mail Service your State was without any air mail facilities whatsoever, and it took 6 hours for mail to travel by train between two stops in your State where now the airplane carries it in just 1 hour.

In the matter of post offices, I find West Virginia has 1,733 offices—more than any of the other States excepting New York, Pennsylvania, Texas, Virginia, and Kentucky.

As you postmasters, of course, know postal receipts reached low-water mark during July 1933, when they amounted to only forty-two and one-half million dollars. In April of this year the receipts were fifty-four and one-half million, an increase of slightly over 28 percent. Inasmuch as it is generally conceded that the fluctuations of the postal revenues are a good index to business conditions, these figures are certainly encouraging.

Mr. Slattery, our comptroller, recently stated to me, "I feel that the Postal Service is definitely out of the depression insofar as revenues are concerned and that recovery measured in terms of postal revenues is well under way."

What does this mean to you and to me? It means that the pay cut has been restored; that furloughs are a thing of the past; that vacancies are being filled as they occur, except at a few offices where it appears there is still a surplus. It means that since last August hundreds of substitutes have been advanced to regular positions, though the Department is not relaxing its efforts in their behalf.

All this could not be accomplished in a day nor in a year. It could not be accomplished without some hardships. It could not have been accomplished without the loyal and continued cooperation of our entire personnel during that trying, discouraging period of the pay cut and the furlough. But now recovery in the Postal Service is well under way, and in like manner recovery throughout this great country in general is under way as the President's great recovery program swings into action.

I say to you, without hesitation and without fear of successful contradiction, that we have today in the White House one of the greatest administrators this Nation has ever known. In the dark days of early 1932, when the skies were overcast and our country seemed on the brink of disaster, a prominent Democratic politician was asked the question, "What is the greatest need of the Democratic Party?" His answer was, "More Democrats." If I should be asked, "What is the great need of our country today", I would answer in all sincerity, "More men in high places like Franklin D. Roosevelt." Let us of the Postal Service be loyal not only to our own organization and our own Department but, regardless of our political faith, loyal to the administration and our beloved President, who is giving every ounce of his energy and effort to leading this country back to happier days. I know that you feel, as I do, a pride in having a part in the administration of President Roosevelt, and that it is a privilege to help him in his program of relief, recovery, and reform. You know and I know that our great leader is not thinking in terms of political parties, but, like two of his great predecessors, Lincoln and Wilson, the serious responsibility of his leadership makes him conscious of his duty to every American, and we rejoice that Franklin D. Roosevelt has faith in the American people and in the God that watches over them.

MEXICO

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, my attention has been drawn to an address delivered in New York at the invitation of Station WOR on their forum hour, May 5, 1935, by Mr. Eduardo Villaseñor, Mexican consul general, stationed in New York City. Since the Mexican Government dares to submit its case to the world and more specifically to the judgment of the American people, I feel obliged to refute the numerous falsehoods and misrepresentations which abounded in the discourse of Mr. Villaseñor.

In the first paragraph of his address the Mexican consul general pretends that there is going on a campaign carried out against Mexico "by the Catholic hierarchy." This is a cowardly lie. It is well known that the organ of the Episcopal Church—The Living Church—in this country has more than once condemned the Mexican attitude on religion as a "major scandal in world affairs." Numerous enlightened, intelligent, and fair-minded Protestant prelates and laymen, Jewish rabbis, and leaders of public opinion have in unmistakable terms, and on occasions too numerous to mention, condemned the assault on God which is now being carried on in the Republic of Mexico. Only a few weeks ago there was published in the city of New York a carefully documented volume entitled "Chaos in Mexico", by Dr. Charles S. McFarland, secretary general emeritus of the Federal Council of the Churches of Christ in America. Dr. McFarland made a careful and extensive visit to Mexico precisely to find out whether religion as such and not merely the Catholic Church was the subject of persecution. He returned a categorical answer on that subject, stating that the assault was one upon the idea of God and religion as such. The American Hebrew has likewise protested against the persecution of all religions in Mexico. Baptists, Methodists, Presbyterians have likewise protested against this persecution. The National Conference of Jews and Christians has gone on record in most emphatic terms condemning the official Mexican persecution of religion. Jewish synagogues have been closed in Mexico. Mormon temples in the State of Chihuahua have been closed for the purpose of public worship. Even the schools conducted by British, French, and American citizens have been given the choice of accepting socialistic and gross forms of sexual education or complete elimination from the Mexican scene.

In the second paragraph of his speech, Mr. Villaseñor makes mention of "historical facts." I challenge him to deny the following historical facts: First. That the first hospital on this continent was the Hospital of Jesus in Mexico City; that the first university was founded under religious auspices in Mexico; that the first medical school was erected; and that the first printing press and first book available on the North American Continent were brought from Spain to Mexico by the first Bishop of Mexico City. The first book printed in North America came from the press of Bishop Zummraya. Mr. Villaseñor is the one who has forgotten history and is now making an attempt to distort the facts.

In the third paragraph of his speech Mr. Villaseñor condemns "sectarian sheets" in the United States for the publicity they have given to the extremes of religious persecution practiced in Mexico. Does he consider the New York Times a sectarian sheet? This newspaper printed an authentic report of the murder and assault on innocent men, women, and children at Guadalajara, Mexico. Does he consider S. L. A. Marshall, of the North American Newspaper Alliance, a "sectarian" when he says that in Mexico religious freedom has ceased to exist? And, finally, does he regard Robert Hammond Murray, who has written a splendid series of articles in Today and has published several letters in the New York Times, as a partisan and "sectarian" when he describes the facts of the present persecution in Mexico? None of these gentlemen can be charged with having any tinge of Catholic bias.

In the fourth paragraph of his speech Mr. Villaseñor criticizes books which have been published on this subject. The two books that have been referred to most frequently and favorably by the American press are: First, Chaos in Mexico, by Dr. Charles S. McFarland; and, second, Blood-Drenched Altars, by Bishop Kelley, of Oklahoma. As far as I am aware, not a single fact related in either of the two books has ever been effectively refuted by the Mexican Government.

Mr. Villaseñor does give a summary in brief of the amendment to article 3 of the constitution of Mexico. This statement proves the contradiction to the principles of the natural law upon which the Constitution of the United States was predicated. It reads as follows:

1. Education shall be provided by the state.
2. Education shall be socialistic, divorced from all religious doctrines, and shall combat fanaticism and prejudice in such a way that school activities will create in Mexican youth a rational concept of the world and social life.
3. Only Federal, State, and municipal authorities shall have the right to give primary-, secondary-, or normal-school education.
4. Religious groups of ministers will be forbidden to interfere directly with primary-, secondary-, or normal-school education.
5. The formulation of educational programs shall be entirely under the state control.
6. No private school may function without State authority.
7. Primary education for children shall be compulsory and provided free by the state.

What Mr. Villaseñor fails to note is that this series of laws in itself is a persecution and a species of tyranny.

Mr. Villaseñor asks the following question: "Does nonreligious teaching necessarily imply antireligious education?" To that I answer by revealing the blasphemous version of the "Our Father", that prayer dear to the heart of all who believe in God in His Heaven, which was published in Christo Rey, an official publication of the Government while Garrido Canabal was Minister of Agriculture.

"Our Father, who art not in heaven", for there is neither a God nor any question of sanctity to say nothing of saints—only imbeciles believe in them—"I mock and blaspheme You. May Your kingdom never arrive, pure and upright, and let Your will accomplish itself in burning statues and hanging ministers of religion and in destroying all churches both in the country and in the city."

Apparently Mr. Villaseñor is unaware of the fact that the United States Supreme Court has declared that the parent primarily has the right of education of the child and that the child, in this historic decision, is not a mere creature of the State.

It is a lie that Mexico has had to conquer Catholic resistance at every move toward social progress. Every attack upon the Catholic Church in Mexico during the past 200 years has coincided with a lowering of the standard of living and abridgement of liberty, and has retarded social progress. To give only one example, there was established over 100 years ago one of the most beautiful, a most splendidly equipped and charitably inspired orphanage, by Bishop Cabañas in Guadalajara, Mexico. This saintly prelate begged alms to erect this orphanage for the abandoned boys and girls of Mexico, traveling on foot from the jungles of Yucatan to the arid, desertlike plain of Sonora. Now 100 years after his death, in an institution built by Christian charity and inspired, if any institution in the world was ever inspired, by the love of God, it is not permitted to mention religion or to speak of goodness, conscience, or divine love. If you visit the orphanage of Padre Cabañas today you will find not a single emblem of religion; you will be greeted by no hymn in praise of the Deity. No words of the supernatural life are spoken within the precincts of that charitable institution originally consecrated to the love of God. On the contrary, children are paraded before you singing with pathetic accent the ribald songs of the streets, and the cheap tunes of the jazz age, "I love you, I hate you, I could kill you, kissing you."

The Cabañas orphanage and others like it built through the sacrifice of religious and laymen throughout Mexico in past centuries are now the object of destruction and fanatical attack inspired by those who undertake to speak for the poor and the dispossessed. They show their love for the poor by destroying their orphanages which have served to ameliorate their condition and care for the children of the poor throughout the centuries, when the radicals and their kind were too busily engaged in furthering their own interests at the expense of their fellows to join in giving alms for the relief of the unfortunate.

Toward the end of his address Mr. Eduardo Villaseñor has the audacity to claim that not a single one of the 50,000 federal employees of the present administration have been discharged on account of religion. He disregards entirely the authentic report carried by the Associated Press and other national press services last October—which gave the names and the number of those internes and nurses who had been discharged from their positions in hospitals because of their refusal to take part in an anti-God demonstration of the Mexican Government.

However, in order to give the lie direct to this charge and to put on record something which 20 years ago would have horrified the people of the world, I am going to give the names of two eminent world-renowned artists and scholars who, simply because they failed to march in the atheistic demonstration of the Mexican Government, were discharged from their positions. I refer to Don Frederigo Mariscal, chief architect of the National Palace of Fine Arts in Mexico City, celebrated in artistic circles throughout the world for his genius and honored universally for his noble character. The second was a Protestant, Dr. Alonzo Caso, the most gifted archeologist in the employ of the Federal Government, a gentleman who accompanied the party which exhibited the jewels, found in the State of Oaxaca, on a triumphal tour of the United States. Dr. Caso exhibited the archeological treasures of his native land in the Pennsylvania Station in New York City and in the Union Station in the city of Washington. He has many friends in the United States and also in Europe and South America. Here were two outstanding artists and scholars whose names I furnish for your records and who are known everywhere for their genius and scholarship. They were dismissed from their positions because of their refusal to join in a demonstration against the sacred majesty of God. This was one of the most criminal blows struck at the ideals of art, culture, and religion in the whole history of mankind.

On the last page of his address the Mexican consul general states that the Mexican Embassy in Washington gave a statement to the press on February 28, 1935, denying that the Government of Mexico has ever authorized any Federal board of education or any single one of its teachers throughout the Republic to compel anybody, either teacher or pupil, to sign the pledge which appeared in American newspapers. Once more I refer to the book by Dr. Charles S. McFarland. His researches verified the oath. I also refer you to the text of the oath administered in the State of Michoacan to teachers throughout the State and countersigned by the federal inspector of education:

QUESTIONNAIRE

Name _____ Age _____
Civil condition _____
Normal school graduate or not _____
Name of institution _____

I. Declaration of adherence to article 3 of the constitution (socialistic education).

II. Declaration of purpose to inculcate doctrines of socialism of the Republic.

III. I declare my purpose to teach without reservation the postulates and principles as they are proposed by the National Government.

IV. I declare absolutely that I do not profess either the Catholic faith or any other religion.

V. I declare absolutely that I will combat by all possible means the efforts of the Catholic clergy and all other ministers of religion.

VI. I declare absolutely that I will not practice any act of religion, interior or exterior, be it of the Catholic Church or any other religion.

Place and date _____

_____
(Signature of teacher)

The inspector of federal education who affixes his name must ascertain that the above signature is the one employed by the teacher in all his official business.

_____
(Signature of inspector)

There are photostatic copies of these oaths in Washington and in Baltimore showing the names the teachers have signed and also the name the inspector of education has signed.

In other words, Mr. Villaseñor will have to furnish us with something better than mere denials of these facts that have been vouched for by the highest authority and reported by eye witnesses of these events which clearly establish the opposition of the Mexican Government to religious liberty and the love of God.

H. R. 7810, TO AMEND THE NATIONAL BANNKRUPTCY LAW

Mr. WOOD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill H. R. 7810, a bankruptcy act which I introduced.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. WOOD. Mr. Speaker, the following statement is submitted with respect to H. R. 7810, in the nature of an act to amend the national bankruptcy law.

Let me explain at the outset that the bill I have introduced is not an amendment to any bill heretofore introduced by the gentleman from North Dakota [Mr. LEMKE] nor designed in any way to interfere with the operation of the Frazier-Lemke Act; but, on the other hand, to make

it possible for that act to be more generally availed of by those desiring to obtain its benefits.

One of the objects of the bill is to derive for the Government a return for the expense being incurred by the Government in administering the bankruptcy law. The bill, if passed, will enable the Treasury to get its share of a large volume of expenditures flowing in other directions. When the national bankruptcy law was passed in 1898 the creditor class, which was responsible for the drafting of the law, desired to make the expense of the administration thereof as low as possible. To that end it was provided in the law that the United States should obtain the benefit of a docket fee paid to the clerk of the court. No matter how long the estate remained in court, nor how many orders were entered therein, nor how much money was disbursed in the proceeding, the return to the Government could not exceed the docket fee. The clerk received a salary and paid his fees into the Treasury. So the entire sum of $10 in each and every proceeding was the sum total of the amount realized by the Government. For example, a case was recently argued in the Supreme Court of the United States arising under section 74 in which the Government realized only the docket fee of $10, and the referee was paid $20,000. The referee is now claiming an additional compensation of $110,000, but there is no way by which the Government can claim for itself more than the original $10. In one case pending in Maryland, a holding corporation owns large blocks of stocks in several transcontinental railway systems. The assets amount to several hundred millions of dollars, and the costs taxed in favor of the Government under section 77 of the present law will be $130. In the many bankruptcy proceedings pending in the United States, thousands of dollars are being paid out in the fees or receivers, trustees, referees, attorneys, bondholders' committees, reorganization managers, and investment bankers, while the amount received by the Government which provides the machinery by which the desired results are accomplished is a mere pittance. In the meantime the Government is called upon to pay the salaries of judges, of deputy clerks, and other officials, and to pay out large sums of money by way of stationery and other expenses. Subdivision (a) of the proposed bill will remedy this state of affairs.

Subdivision (b) is administrative of the provisions contained in subdivision (a).

Subdivision (c) is of especial importance in cases arising under sections 74 and 75 where the principal assets are usually covered by mortgages in excess of the value thereof. The effect of subdivision (c) is to make the allowances for costs, especially attorneys' fees, also wages deemed preferential under section 64 (b) payable out of the estate prior to the mortgage on the assets.

Subdivision (d) provides for the payment of certain costs in the circumstances therein stated out of the United States Treasury. Subdivision (d) is the only provision in the bill which calls for an expenditure of public funds. It is believed that the amount which may be paid into the Treasury under subdivisions (a) and (b) of the act, will be largely in excess of the amount paid out under subdivision (d) and may be more than sufficient to pay the total expense incurred by the Government in administering the bankruptcy law in its entirety, leaving a surplus to the Government.

Subdivision (e) is applicable only to individuals. It is to the interest of society that insolvent individuals be financially rehabilitated. This principle is the justification of the national bankrutcy law. Under the present law an insolvent individual is given permission to file proceedings under sections 74 or 75, but in many cases is entirely without funds with which to obtain this relief. The result is that attorneys confronted with the problems of existence and interested in earning a living are not giving attention to the bankruptcy law; hence insolvent debtors are not able to obtain adequate professional assistance and are practically denied the benefit of the present bankruptcy laws.

Subdivision (f) is important with respect to claims for personal injuries, including injuries resulting in death, and claims for workmen's compensation. The general bankruptcy law was written from a commercial point of view and did not make any provision for the allowance of such claims against the estate of a bankrupt. An effort was made to remedy this omission in section 4 of the act of June 7, 1934. But as written that section seems to mean that if a person is injured, that thereafter the wrongdoer is adjudicated a bankrupt and the injured person thereafter dies the claim is not provable. In other words, the death must occur before the adjudication in order to make the claim therefor provable.

As to other damages, that is, damages for personal injury other than workmen's compensation, under clause 6½ of section 4, a cause of action for negligence under that clause is not provable as a claim against the estate of a bankrupt unless a suit was pending against the bankrupt at the time the petition was filed. Under the act of June 18, 1934, such claims were not provable in any proceeding in bankruptcy which had not been finally closed, but which had been pending for more than 6 months.

Subdivision (g) fixes a time within which claims arising under section (f) may be provable.

Subdivision (h) is applicable to claims of the character specified in subdivision (f); that is, claims for personal injuries, death arising therefrom, and workmen's compensation. These claims are made payable in full under the proposed bill prior to outstanding liens or mortgages.

Subdivision (i) is intended to cover an attempted evasion of subdivisions (f) and (h). If such an attempt is made by filing a suit in equity in which provision is not made for the payment of the claims now being discussed, then such omission is made an act of bankruptcy. So that it would be possible, in case of such evasion, to then have the debtor adjudicated a bankrupt and thus make subdivisions (f) and (h) fully operative.

Subdivision (j) makes it clear that the provisions of the bill are retroactive.

No attempt has been made in this statement to argue the justice or the propriety of the proposed bill. That task will be reserved until the committee to which the bill is referred shall have made its report thereon.

APPLICATIONS FOR LOANS UNDER HOME OWNERS' LOAN ACT OF 1933

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (H. J. Res. 332) to provide an additional period of time within which to file applications for loans under the Home Owners' Loan Act of 1933.

The Clerk read as follows:

House Joint Resolution 332

Joint resolution to provide an additional period of time within which to file applications for loans under the Home Owners' Loan Act of 1933

Resolved, etc., That the first sentence in subsection (c) of section 4 of the Home Owners' Loan Act of 1933, as amended, is amended to read as follows:

"(c) In order to provide for applications heretofore filed, for applications filed within 60 days after this amendment takes effect, and for carrying out the other purposes of this section, the Corporation is authorized to issue bonds in an aggregate amount not to exceed $4,750,000,000, which may be exchanged as hereinafter provided, or which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or for the redemption of any of its outstanding bonds; and the Corporation is further authorized to increase its total bond issue for the purpose of retiring its outstanding bonds by an amount equal to the amount of the bonds to be so retired (except bonds retired from payments of principal on loans), such retirement to be at maturity or by call or purchase or exchange or any method prescribed by the Board with the approval of the Secretary of the Treasury: *Provided*, That no bonds issued under this subsection, as amended, shall have a maturity date later than 1952."

Mr. SNELL. Mr. Speaker, reserving the right to object, I should like to know if there is not someone on the majority side who is going to object to consideration by unanimous consent of such an extended resolution?

Mr. BLANTON. The only change which the resolution makes in the present law is to extend the time from 30 days to 60 days.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman from New York withhold his objection to permit me to make a statement?

Mr. SNELL. Certainly I will withhold the objection to permit the gentleman to make a statement, but I assure the gentleman I am going to object.

Mr. McLAUGHLIN. Mr. Speaker, the only change this resolution will effect will be to extend the period within which applications may be filed from 30 days to 60 days. The bill passed by Congress became effective on May 28 and provided that applications might be filed for 30 days after the effective date of the act. This time expires on June 27. I have heard from my part of the country that people who might possibly desire to make applications for loans are not aware of the fact that the time expires so soon. My purpose in introducing this resolution is to have the time extended to July 27 in order that those who are not informed and who are not aware of their rights may have that opportunity to file their applications.

An article appearing in this morning's paper indicates that there is plenty of money left to take care of these applications. At the time the act was passed we expected 160,000 mortgagors would file applications, but up to the 13th of this month only 33,545 applications had been filed. It was expected that the entire sum of $1,750,000,000 would be used, but, as a matter of fact, the applications filed up to this time will take but $1,100,000,000. So there is ample money to take care of further applications, and my desire is simply that we afford the people of the country who want to take advantage of this act ample time within which to file their applications.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. McLAUGHLIN. I yield.

Mr. BLANTON. Every word in the resolution is the present law except the one change from 30 days to 60 days. Is not this correct?

Mr. McLAUGHLIN. That is correct.

Mr. BLANTON. But in order to comply with the technicalities of drafting legislation the gentleman had to repeat the language of the present law in his resolution.

Mr. McLAUGHLIN. I thank the gentleman for his contribution. That is the only change brought about by the resolution.

Mr. SNELL. Mr. Speaker, this is an important piece of legislation and has been on the statute books only 20 days. If an amendment of the law is necessary, the amendment should be considered by the proper committee and go through the regular channels.

Mr. Speaker, I object to taking up the matter in this way.

ADJOURNMENT OVER

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. The gentleman from Colorado asks unanimous consent that when the House adjourns today it adjourn to meet on Monday next. Is there objection?

There was no objection.

TEXAS CENTENNIAL EXPOSITION

Mr. DIES. Mr. Speaker, I call up House Resolution 264.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 131, a joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebration to be held in the State of Texas during the years 1935 and 1936, etc. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. TABER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently there is not a quorum present.

CALL OF THE HOUSE

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 101]

Andrews, N. Y.	Dorsey	McClellan	Ransley
Arends	Doutrich	McGroarty	Reece
Bacon	Ferguson	McLaughlin	Rogers, N. H.
Bankhead	Fish	McLean	Russell
Brown, Ga.	Flannagan	Martin, Colo.	Ryan
Brown, Mich.	Focht	May	Sadowski
Buckley, N. Y.	Fulmer	Mead	Schaefer
Bulwinkle	Gambrill	Merritt, Conn.	Schneider
Cavicchia	Gassaway	Miller	Sears
Celler	Gifford	Mitchell, Ill.	Seger
Chapman	Gildea	Montet	Shannon
Clark, Idaho	Goldsborough	Moritz	Sisson
Clark, N. C.	Gray, Pa.	Murdock	Smith, Conn.
Cochran	Haines	Nichols	Smith, Va.
Collins	Hancock, N. C.	O'Connell	Stubbs
Cooley	Hartley	Oliver	Tobey
Cooper, Ohio	Hook	Patman	Tolan
Costello	Kerr	Perkins	Turner
Cummings	Kopplemann	Peterson, Fla.	Underwood
Dear	Lamneck	Pettengill	Whelchel
DeRouen	Larrabee	Peyser	Wilcox
Dickstein	Lea, Calif.	Plumley	Wilson, Pa.
Dingell	Lemke	Polk	
Dirksen	Luckey	Ramsay	

The SPEAKER. Three hundred and thirty-seven Members have answered to their names, a quorum.

On motion of Mr. DIES, further proceedings under the call were dispensed with.

TEXAS CENTENNIAL EXPOSITION

Mr. DIES. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN]. I shall consume only a few minutes of the time of the House.

Mr. Speaker, this is a rule to permit consideration of Senate Joint Resolution 131, which has passed the Senate, and which authorizes the appropriation of $3,000,000 for participation by the United States in the Texas Centennial Exposition. The State of Texas has already raised approximately $9,000,000. The legislature appropriated $3,000,000, and the city of Dallas raised $6,000,000. We are asking the Federal Government to cooperate in this great exposition to commemorate the historic period of the State of Texas to the extent of an authorization of $3,000,000.

Mr. Speaker, this is not a local matter, because the heroic fathers who established the Republic of Texas came from practically every State in the Union. It is therefore a national matter; and as such, we come to the House asking its cooperation.

There is not in the State of Texas or in the House of Representatives a man more familiar with the history of Texas than my colleague the gentleman from Texas [Mr. LANHAM], nor is there a spokesman so ideal and so fitting for this particular occasion than he. [Applause.] I therefore yield to my very dear friend and our most distinguished colleague [Mr. LANHAM] such time as he may require. [Applause.]

Mr. LANHAM. Mr. Speaker, the rule now before us makes in order a measure to provide for Federal participation in a celebration in which every American may justly take pride. Accordingly, that participation should be adequate to effectuate the purposes which inspire it. The exposition to be held in Texas is not an ordinary one; it is distinctly unique. In the history of our country there has been no celebration similar or analogous to it. It marks the observance of the centennial anniversary of a successful American struggle for independence. It commemorates the formation of a republic which was subsequently and amicably absorbed by another republic. Indeed, I doubt if there can be found a counterpart of the history which prompts our present contemplation.

Unless you are familiar with various features of that history and its consequences, you cannot understand the considerations which urge the adoption of this authorization

for an appropriation of $3,000,000. The time at my disposal is too brief for their thorough discussion, but I wish as tersely as I may to bring to your attention four phases of this proposal:

In the first place, I would impress upon you that the history to be celebrated is in no way provincial. It is definitely and comprehensively American. Secondly, I would acquaint you with the important significance of that history to the United States in the acquisition and development of practically one-third of its territory. [Applause.] I would show you, in the third place, what the State of Texas has done and is doing to make this centennial celebration a success, and, fourthly, some of the ways in which the Federal Government may appropriately participate.

In the early part of the last century Moses Austin, a Connecticut Yankee, an outstanding American with a vision of the possibilities of our new Nation, conceived the idea of an American colony in Texas, then a vast area under the domination and control of Mexico. Because of the handicaps he encountered and the hardships he endured in that undeveloped empire, he passed away before his work was completed. It remained for his son, Stephen F. Austin, under difficulties insurmountable to a spirit less intrepid, to carry on the enterprise successfully and to become by popular acclaim "the father of Texas."

The families that constituted that first colony came from various States of the American Union as that Union then existed. Subsequent colonies were of similar American origin. These rugged pioneers were not mere adventurers. Some of them had served in the Congress of the United States. Some had occupied high judicial and professional positions. They were broad-minded Americans, typical of the best character of their respective sections, carrying with them to their new home American principles and American ideals.

Their lot became a hard one, but time has sweetened for our country the uses of their adversity. Indignities were heaped upon them. They were harassed by the Mexican Government very much as the Thirteen Original Colonies had suffered at the hands of the mother country. Though the odds against them seemed overwhelming, they declared boldly their independence of Mexico. Nothing could daunt the spirit of such sturdy patriots. Of the 24 States then in the American Union 17 were represented among the signers of that declaration: Massachusetts, New Jersey, Pennsylvania, New York, Illinois, Missouri, Virginia, Tennessee, Alabama, Louisiana, North Carolina, South Carolina, Georgia, Kentucky, Florida, Arkansas, and Mississippi.

Time does not permit me to recite in detail the valorous deeds which led to the establishment of the independence these brave Americans had declared, but I know you will pardon the mention of one or two glorious examples. You have all heard, but perhaps do not recognize as your own hallowed heritage, the story of the Alamo. That sacred shrine was held by less than 200 men under the command of William Barrett Travis, of Alabama. They were not native Texans. Most of the native Texans of those days were Indians and Mexicans. They were Americans from your States, your illustrious forefathers. They were surrounded by the overwhelming forces of the enemy. While there was still opportunity to get a message through the lines, Travis sent forth a letter. It was addressed to all Americans in the world, for these beleaguered heroes were Americans fighting in the cause of liberty. These are the words of that immortal message; hear them and see if you can surpass them anywhere in the treasured annals of any land, these stirring words sent from this scene of martyrdom to your people:

Fellow citizens and compatriots, I am besieged by a thousand or more of the Mexicans under Santa Anna. I have sustained a continual bombardment and cannonade for 24 hours and have not lost a man. The enemy has demanded a surrender at discretion, otherwise the garrison are to be put to the sword if the fort is taken. I have answered the demand with a cannon shot, and our flag still waves proudly from the walls.

[Applause.]

I shall never surrender or retreat.

Then I call on you in the name of liberty, of patriotism, and everything dear to the American character to come to our aid with all dispatch. The enemy is receiving reinforcements daily and will no doubt increase the three or four thousand in 4 or 5 days. If this call is neglected, I am determined to sustain myself as long as possible and die like a soldier who never forgets what is due to his own honor and that of his country. Victory or death.

[Applause.]

And within the walls of that Alamo every one of that heroic band attested the sincerity of those words with his life's blood. They were Americans all, Americans worthy of the name; Americans who came from your country; Americans like David Crockett, of Tennessee, who with his rifle, "Old Betsy", which had been given him by the Young Men's Club of Philadelphia, took abundant toll from the enemy [applause]; Americans like James Bowie, of Georgia, originator of the famous Bowie knife. [Applause.] Would that I had time to name them all and tell you whence they came! Would that I had time to speak of Goliad, where another massacre occurred through the perfidy which marked the campaign of Santa Anna, that self-styled "Napoleon of the West"; or of old Ben Milam, of Kentucky, who in the early stages of the conflict shouted the challenge: "Who will go with old Ben Milam into San Antonio?"

Within 2 months after the fall of the Alamo a small but unyielding band of American patriots faced at San Jacinto the oncoming hordes of the foe. With the opposing armies in position, "Deaf" Smith announced that he had cut down the bridge which could serve as the enemy's only source of retreat. That was to be the finishing fight in this struggle for American independence. There on the 21st day of April 1836 these soldiers of freedom from all our States, unmindful of the fearful odds against them, rushed forth shouting the slogan which inspired them, "Remember the Alamo! Remember Goliad!" They were led by the immortal Sam Houston, that distinguished son of the Old Dominion, whose career is without a parallel in history. The superior numbers of the enemy were of no avail. Those stalwart Americans under Houston could not be vanquished. Their success was phenomenal, but their victory complete. The Alamo and Goliad had been avenged and in our beloved America a new republic was born.

It is said that, with his cherished dream of an empire in the great Southwest, this startling triumph led the dejected Aaron Burr to exclaim, "I was 30 years too soon!"

It has been truly said, "Thermopylae had its messenger of defeat; the Alamo had none." [Applause.] In a similar way some day a coiner of epigrams may suitably and tersely epitomize the battle of San Jacinto, but its significance to America seems to transcend the power of words.

And so in 1836 this continent of ours boasted another American Republic. It had its flag, its Constitution, its Congress. For 9 years it survived with a history in keeping with its glorious origin. It was recognized by four foreign governments; and the old French Embassy, constructed largely of materials brought from France, still stands in the capital city. Who was its first President? David G. Burnet, of New Jersey. Who was its last President? Anson Jones, of Massachusetts, who, in my opinion, was more responsible than any other American for the admission of Texas into the Union. Another of our great Presidents was Mirabeau B. Lamar, of Georgia, the founder of our system of education. The lack of proper educational opportunities had been one of the dominant causes of the revolt against Mexico. For our system in Texas, Mirabeau B. Lamar gave a slogan which I think all men might well bear in mind:

Cultivated mind is the guardian genius of democracy. It is the only dictator that free men acknowledge and the only security that free men desire.

[Applause.]

I must hurry on, but again I would remind you that men of such stamp and caliber, coming from your States, were responsible for this wonderful history. There is so much that could be told. Why, at the Battle of San Jacinto the pieces of artillery upon which these unconquerable Americans relied were two cannon, called "The Twin Sisters", which had been contributed to the cause by the citizens of Cincinnati. [Applause.] Every section of our Nation shares with glory and honor in the outstanding accomplishment which we Americans would celebrate.

Now, what has been the result of this history—and if you will read it you will find it as glorious as any that has been recorded, and it is yours, peculiarly yours?

With the admission of Texas into the American Union 389,166 square miles were added to the domain of Old Glory, and this territory included parts of five other States as they now exist: Louisiana, New Mexico, Oklahoma, Kansas, and Colorado.

The Mexican Government did not officially recognize the independence of Texas, which had been wrested from Santa Anna, the dictator, and it served notice upon the United States of America that the admission of this new republic as a State would be regarded as a cause of war. The boundaries were not definitely fixed and the disputes which arose from this controversy led to the War with Mexico. Out of that conflict, attributable directly to that struggle for independence on the soil of Texas, our country brought within its borders the States of California, Nevada, Utah, Arizona, and parts of Colorado, Wyoming, and New Mexico.

If you will look upon this map you will see outlined in blue that portion of our country which was acquired directly and immediately as the result of the Texan victory; and if you will look upon this vast expanse of western territory, here also enclosed in blue, you will find the other States I have enumerated which are now proudly American because of the service your fathers rendered in Texas in a gallant fight for freedom. In other words, the land added to the United States, land now rich in men and material, by the patriotic heroism of Americans in Texas, is greater in area than that acquired by the terms of the Louisiana Purchase. But there is a more important and significant difference than mere size. There could never attach to an acquisition by barter and sale the scintillating glory in which we bask because of the fact that they who have given us our birthright shed their blood in wresting from tyranny the right of Americans in one-third of our territory to live under our free institutions. [Applause.]

Now, in 1903 an exposition was held in St. Louis commemorative of the centennial anniversary of the Louisiana Purchase, and I think you will find that the Federal Government appropriated for that celebration more than $6,000,000. We are now asking for only one-half that sum for a centennial celebration of this glorious and peculiarly American history, based not upon the gains of purchase but upon the accomplishments of patriotic Americans from all over our land who brought us a greater gift bought by their sacrifice in preserving the teachings and traditions of American ideals.

We want you and the people of your States to become familiar with this history. We want you to know about Texas and this great western empire to which I have referred. The more we know of our country the more we love it. It is all ours. And we want the foreign governments to participate, because they, too, had a part in our origin and development. Texans can never forget the brave and liberty-loving men of Spanish blood who aided so loyally in establishing the independence of that new Republic of Texas. North, South, East, and West may feel equally at home in that beautiful Lone Star State.

Now, what has Texas done to make this celebration a success? In the first place, it was impossible for the Legislature of Texas to make an appropriation for this purpose without an amendment to our constitution. Accordingly, a constitutional amendment was submitted to authorize this expenditure and it was carried by a very substantial majority. In pursuance of that authority the legislature has appropriated $3,000,000 for this centennial celebration. During the depression Texas has suffered like other States, and I am sure you will agree readily that it has not been niggardly in doing its part to commemorate this glorious chapter of American history.

Naturally there will be celebrations at several of our shrines, but the principal exhibits are to be shown in Dallas because there we have one of the largest State fairs in the Nation, comprising 170 acres, with many permanent buildings already available for some purposes of the exposition. The value of this property has been appraised at $3,500,000. Through an issue of bonds the city of Dallas has contributed an additional $3,500,000. And then, the Central Exposition Corporation has authorized bonds in the sum of $2,500,000. I am advised that these have been sold, with the exception of $500,000, and that the entire amount will be available in 60 days. In money and land and buildings, therefore, Texas is devoting about $13,000,000 to this centennial celebration. I have no desire whatever to make any comparison in a disparaging sense, but I believe it will be found that the money and property available in advance for the Louisiana Purchase Exposition, exclusive of the Federal appropriation, was not so great.

We come now to consider some of the ways in which the Federal Government may appropriately participate. It is practically impossible at this time to foresee and enumerate them all because of the comprehensive nature of the events we are to celebrate. In their various aspects they are military, naval, civil, agricultural, industrial, historical, and so forth.

The resolution provides for a Federal commission to be composed of the Vice President, the Secretary of State, the Secretary of Commerce, and the Secretary of Agriculture. They are able, honest, and faithful men who may be depended upon to keep the expenditures within proper bounds and to devote the funds under their supervision to purposes appropriate to the celebration. Because of the many phases of the history and development and progress involved I think they should be allowed some latitude in the exercise of their discretion.

In the first place, there will be the matter of Federal exhibits and proper building for their display. In the archives in Washington there must be many documents and other material connected with the history of that early period. Then there will be the costs of administration and transportation and other necessary incidental items which must arise with reference to appropriate exhibits.

Let me remind you that Texas is the only State in the Union that ever had a navy. This was during the war for independence and the days of the Republic. So effective was that navy that in that epochal conflict neither Mexican soldiers nor supplies were ever landed on our shores along the extensive coast of the Gulf. When the Republic was admitted into the Union the navy came with it. It seems, therefore, that it would be most appropriate to have during the centennial some proper naval display at ports of the Texas coast.

No exposition in this country has ever fittingly shown the story of cotton. In the ramifications of the industry cotton has produced, every part of our land has an abiding interest. In the southwestern section where the fleecy staple abounds, the Department of Agriculture may well exemplify every phase of the growth, cultivation, harvesting, manufacturing, and marketing of this basic commodity and demonstrate the possibilities of improvement from each of these important angles.

Similar considerations urge attention to the livestock industry in which the West and Southwest are so peculiarly interested. In my home city of Fort Worth is held annually the Southwestern Exposition and Fat Stock Show, with much equipment and many facilities available to promote progress in this industry which plays so large a part both in our subsistence and our trade.

At San Antonio, the city of the Alamo, is one of our largest military posts. Some appropriate military celebration may be devised in honor of the sacred shrine that city boasts, and Goliad and San Jacinto may well call for similar commemoration of our martial history.

In no exposition have the colored people of our country had an opportunity to show the development of their race and the contributions they have made to America. Within a radius of 600 miles of the exposition live 4,500,000 negroes. They have had much to do with many phases of southern industry and agriculture. Those in control are arranging a building for their exhibits, the plans of which have been designed by Negro architects, and the interest of the colored people is manifested by the fact that they have underwritten

a part of the expense of this undertaking. There will be an appropriate hall for the concerts of their choral societies and other artists. If you have never heard their singing, you have a treat in store for you. With reference to the exhibits and other features of this phase of the celebration the Federal Government could appropriately find ways to participate.

In the field of educational exhibits the national government could be most helpful in teaching the people of our country the wonderful history to which I have alluded. Americans fought in Texas that their children might have educational advantages, and their further solicitude for the women and children of our land is exemplified in the fact that Texas gave to the Nation its first homestead law, affording a protection and security upon which the prosperity and happiness of our people must always depend. [Applause.]

Mr. Speaker, I could talk at great length. I have not had time to deal with the mechanical arts or the various elements of progress and development since the establishment of Texan independence or of the many commercial advantages which may come to all the people from the celebrations planned. I have sought briefly to call attention to four considerations: First, that this is an American exposition and that there has never been anything like it in the history of our country. Secondly, that in its consequences it has brought to the United States, through the struggles and sufferings of free Americans who loved our institutions, more territory than was acquired by the Louisiana Purchase. Thirdly, I have tried to show that the State of Texas is seeking to do its full part in a proper commemoration of the history which is our mutual heritage.

Mr. SWEENEY. Mr. Speaker, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. SWEENEY. The gentleman, in my opinion, is making a very fine historical speech. The gentleman has made reference to the amount of money the State of Texas is going to contribute. How much money will the State of Texas get from the Public Works Administration fund, and how much of that financial obligation will they assume?

Mr. LANHAM. It will get no more than its proper allotment from that fund. I do not know how that can affect the purpose of this celebration. If it is to take men off the relief rolls and give them employment, and if it has that effect and some of the money should be used in the exposition——

Mr. SWEENEY. I make the observation because I believe in times like these there are many more practical ways of spending money than for a sentimental purpose.

Mr. LANHAM. Oh, I think one trouble with us is that we have not been given, as we should have been given, to this thing of sentiment. [Applause.] Let us remember the sources from which we sprang. Let us remember the fathers who by their patriotism have made us great. Let us remember the many battles they won and strive to be worthy successors of them. [Applause.]

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I can join with my distinguished and worthy friend from Texas [Mr. LANHAM] in glorifying the deeds of those who founded the Texas Republic. It is true, Texas has contributed some of the most colorful pages in American history. No one would deny credit to anyone who was responsible for the founding of Texas, but we are not here today to measure in dollars our patriotism or sentiment. I am not opposing the rule which will bring this resolution before the House. I am not opposing legislation that provides a contribution on the part of the National Government to this great celebration to be held in the Lone Star State next year. I believe the Government should contribute toward that exposition, but in the interest of the taxpayer, in the interest of the American people who must pay these bills, I think Congress must consider well the amount we appropriate. How much are we going to give for this exposition? I assumed an obligation when the Speaker appointed me a year ago as a member of the Texas commission, and also as a member of the Committee on Foreign Affairs, which considered this bill; this obligation requires me to make a report to Congress. At no time has it come under my observation when any figures have been presented which would merit an appropriation of $3,000,000.

It is true, in these extravagant days this appropriation may be car-fare money, but it is not going to be car-fare money to the American people as the days go by; when we are obliged to renew nuisance taxes; when we are obliged to place new tax burdens on the American people. Waiving aside sentiment, I believe when anyone comes to Congress and asks for $3,000,000 they ought to show where that money is going to be expended. What will the Government get? What form will the Government's contribution be? No one knows. No one even knows in what city in Texas the money will be spent.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. JOHNSON of Texas. My friend realizes that this is an authorization bill and that the Committee on Appropriations, when it makes the appropriation, will go into a hearing with reference to what these various items should be.

Mr. MARTIN of Massachusetts. That is an easy road to ruin. You come here and say this is only an authorization, and we pass it easily. Then a little later you come and say Congress has authorized this amount, and the Appropriations Committee should appropriate the amount of money stipulated. I, too, want to protect those two valiant men from Texas on the Appropriations Committee. I do not want to place the gentleman from Texas [Mr. BUCHANAN] in the unfortunate position of being obliged to curtail the appropriation for his own State. [Laughter and applause.] I do not want to make it embarrassing for that other great watchdog of the Treasury, Mr. BLANTON, to be obliged to say that Texas cannot have this amount of money. [Laughter and applause.]

Mr. JOHNSON of Texas. Will the gentleman yield further?

Mr. MARTIN of Massachusetts. I yield.

Mr. JOHNSON of Texas. The gentleman realizes that my distinguished friend, the ranking minority member of the Appropriations Committee, Mr. TABER, of New York, is another one of those watchdogs?

Mr. MARTIN of Massachusetts. Yes; but unfortunately he is in the minority and his way will not prevail.

Mr. MILLARD. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. MILLARD. The gentleman mentioned the great watchdog of the Treasury, Mr. BLANTON. Does the gentleman know that when the San Diego Exposition bill was being considered the gentleman from Texas [Mr. BLANTON] said that $100,000 was enough for any exposition? [Laughter.]

Mr. MARTIN of Massachusetts. I will say for the gentleman from Texas [Mr. BLANTON] that he is a good watchdog and he is performing a great service. He is doing well. I expect his strong voice will yet ring out here in support of my proposal that the amount be reduced.

I am a little more liberal than most of the Members on this side and perhaps some on the other side. I would give a million and a half. That is very liberal. Seriously, I say in perfectly good spirit, San Diego came here a while ago and asked for Federal recognition for its exposition. They had appropriated and raised $12,000,000. We gave them, I think, $350,000. I correct myself. We did not give $350,000. We appropriated that amount for a Government exhibit. That is a vast difference. We did not give California a single nickel.

Mr. BLOOM. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. BLOOM. That is the same thing they are asking for here.

Mr. MARTIN of Massachusetts. We do not know it.

Mr. BLOOM. Well, the gentleman does know it.

Mr. MARTIN of Massachusetts. No; there is no evidence to show it.

Mr. BLOOM. But the resolution calls for that. This is for a Government exhibit.

Mr. MARTIN of Massachusetts. And that is all it says. There is nothing mandatory about appropriating it for a Government exhibit. Will the gentleman accept an amendment prohibiting that anything be spent except for a Government exhibit?

Mr. BLOOM. As far as I am concerned, it is not my resolution, but that is what this resolution calls for.

Mr. MARTIN of Massachusetts. I do not yield further, because there is nothing in the resolution which says it will only be spent for an exhibit. Permit me to continue. There was a world's fair out in Chicago. I see the gentleman from Chicago [Mr. SABATH] is interested. The best that Mr. SABATH could get was $1,000,000. When he came back the next year he had difficulty in getting an additional $250,000.

Mr. SABATH. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I do.

Mr. SABATH. Now, the gentleman knows that the Chairman of the Committee on Appropriations has stated many times to our committee that he is not bound by any amount that is authorized.

Mr. MARTIN of Massachusetts. And I admire him for making that statement.

Mr. SABATH. As I have the utmost confidence in the gentleman from Texas, that he will not vote out any more than is absolutely necessary, especially in this case, I know he will hold it down to the very last penny.

Mr. MARTIN of Massachusetts. How does the gentleman know it?

Mr. SABATH. Of course, we all have the utmost confidence in the gentleman from Texas [Mr. BUCHANAN]. He will see that not any more is appropriated than is absolutely necessary.

Mr. DIES. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. DIES. The gentleman is aware of the fact that to celebrate the Louisiana Purchase the Federal Government contributed more than $6,000,000?

Mr. MARTIN of Massachusetts. Two wrongs do not make a right. That was 30 years ago. Perhaps money was easier in those days. Perhaps there was not in evidence then the great threat of heavy taxation in the immediate future. That must be considered when we make appropriations at the present time.

Mr. LEHLBACH. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. LEHLBACH. Section 7 of this resolution authorizes an appropriation of $3,000,000 and authorizes the commissioners to expend this money, to use that money and any other money subsequently authorized or appropriated or to make any expenditure or allotment deemed necessary by it to fulfill properly the purposes of this joint resolution, and to allocate such sums to the Texas Centennial Commission and the Texas Centennial Central Exposition for expenditure by such bodies in any part of the State of Texas as the commission deems necessary and proper in carrying out the purposes of this joint resolution. So there is nothing there about Government exhibits at all.

Mr. MARTIN of Massachusetts. The resolution is so wide open you could drive a pair of Texas steers right through it.

Mr. KLEBERG. I listened with some interest to the repetition of the history of Texas, which history, of course, I, too, know; and I was interested a moment ago when the gentleman from Massachusetts suggested an amendment limiting the expenditure of Federal funds only to a Federal exhibit at the exposition. I am wondering if the gentleman cannot find in his heart a sufficient Americanism to recognize that were $3,000,000 expended in the erection of monuments alone to keep alive the worship of the heroes who gave this country to us, the spending would not be for a better purpose.

Mr. MARTIN of Massachusetts. I can appreciate the splendid spirit prompting the gentleman's statement, but we are fast getting into the era when we cannot afford a champagne appetite. The erection of monuments and beautiful buildings is not justified unless it puts people to work; this is especially true at a time when people are hungry and when we are going to be called upon continually to spend millions and even billions of dollars for the relief of the American people. We must conserve carefully our resources.

Mr. Speaker, I am not opposing the rule. I hope the rule will be adopted, but I do hope when we go into the Committee and consider this legislation we will give the taxpayers "a break" for once this year.

Mr. DIES. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was adopted.

Mr. McREYNOLDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 131, providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 131, with Mr. GILLETTE in the chair.

The Clerk read the title of the Senate joint resolution.

By unanimous consent, the first reading of the Senate joint resolution was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Tennessee is recognized for 1 hour and the gentlewoman from Massachusetts is recognized for 1 hour.

Mr. McREYNOLDS. Mr. Chairman, does the other side desire any general discussion of the bill?

Mrs. ROGERS of Massachusetts. Yes; Members on this side wish to be heard.

Mr. McREYNOLDS. Mr. Chairman, I hardly thought it was necessary to have further discussion, but Members on the other side seem to want it. I think the gentleman from Texas has fully presented the matter. The report of the committee was practically unanimous.

Mr. Chairman, I feel that there is an exceptional difference between the exposition and some others that have been held. As has been said, the city of Houston and the State of Texas are raising some $9,000,000 or $10,000,000 for the exposition. It is not a State exposition but is really a part of the history of the great West.

Mr. Chairman, I now yield to the gentleman from Texas [Mr. JOHNSON] 10 minutes.

Mr. JOHNSON of Texas. Mr. Chairman, I was impressed with the concluding remarks of my friend and distinguished colleague [Mr. LANHAM] in answer to the question whether this was not too much money to be spent for sentiment. I believe the trouble with our country at this time and for some years has been that we have grown so cynical and have been so actuated by the spirit of sordid commercialism that we have lost sight of the spirit of idealism and patriotism which actuated our fathers.

Mr. Chairman, this is not to be a commercial exposition; this is not an exposition prompted by an organization in some city or town in order to seek notoriety for their town or to bring business to that section. The celebration which will begin in June of 1936 commemorates the one hundredth anniversary of the independence of Texas. It is not commercial but historic, and is to commemorate the heroic and successful struggle of a small band of patriots against an enemy vastly superior in numbers. The idea of this celebration did not originate in Texas. The first suggestion that we have this celebration in 1936 came from a distinguished citizen of the State of New York—Mr. Theodore H. Price—who happened to be visiting in Texas. Being familiar with the history of our great State, he suggested in a speech he made there some 10 years ago that in 1936 we have a centennial exposition commemorating the birth of Texas. In response to the suggestion of this gentleman from New York, our people 10 years ago began to dream dreams of

this great exposition. For the past 10 years there has been activity among the various citizens of Texas in organizing for the celebration of this great event. Until 2 years ago the constitution of our State did not permit the State to make contributions of this kind.

Two years ago, however, the legislature submitted to the people of Texas for their vote the question of whether or not the constitution of the State should be so amended as to authorize the legislature to make this appropriation; and the people of Texas by a popular vote adopted the amendment and an appropriation of $3,000,000 was made by the legislature for this centennial. I mention this that you may know it is not a small group who favor this exposition but that it is sponsored by the people of the entire State, who at the polls registered their willingness to tax themselves even in these hard times to have this exposition. The city and citizens of Dallas, as already pointed out, have also made liberal appropriations. So this celebration is not in response to a sudden impulse of a few but has been planned for years and has the endorsement of our entire State.

Mr. Chairman, we shall celebrate next year an event by which the United States secured 30½ percent of the present domain of the entire continental United States, taking into consideration the territory that came into Texas under the annexation and that which came as a result of the annexation of Texas and the war that followed in making effective the annexation.

When Texas was admitted into the Union under a resolution adopted by this Congress, the Mexican Government gave notice to our Government that if the treaty annexation was adopted by the Congress that would be tantamount to a declaration of war. The Congress of the United States in 1845 passed the resolution of annexation, and, as a result, the Mexican Government immediately recalled their Minister from Washington and severed all diplomatic relations with the United States. They began to make contentions about where the boundary line was, claiming that the boundary line should not be the Rio Grande but should be the Nueces River. As a result, war followed, and in that war Texas participated and the citizens of other States participated. There was annexed, because of this war, that vast territory which was shown on the map exhibited by the gentleman from Texas [Mr. LANHAM]. The territory which came to this country through the annexation of Texas and cession from Mexico as a result of the War with Mexico, caused by the annexation of Texas, comprises 30½ percent of the present entire domain of the continental United States, and is larger than the entire United States in 1790.

Mr. Chairman, I have here some figures prepared from the Statistical Abstract, which gives the territorial expansion of the United States. In 1790 the territory of the United States comprised 892,135 square miles. The Louisiana Purchase in 1803 was 827,987 square miles. The acquisition of Florida in 1819 was 58,666 square miles. The annexation by the treaty with Spain in 1819 was 13,435 square miles. The annexation of Texas in 1845 was 389,166 square miles. The Oregon annexation in 1846 was 286,541 square miles. The Mexican cession in 1848 was 529,189 square miles. The Gadsden Purchase in 1853 was 29,670 square miles; making a total area of the continental United States 3,026,789 square miles.

Adding the area of Texas acquired by annexation with that ceded by Mexico increased our domain 918,355 square miles. Is not the celebration of an event which resulted in the acquisition of one-third of the domain of the United States worthy of recognition by the Federal Government?

Mr. Chairman, no State in the Union can have a celebration which will commemorate the acquisition of territory which amounted to nearly one-third of the entire domain of the United States. No other State in the American Union can have a celebration where it celebrates the annexation of a republic. When this resolution was heard by the Foreign Affairs Committee of the House we had a most interesting and instructive hearing. At the conclusion of that hearing the motion to report this resolution did not come from the Democratic members of that committee but came from gentlemen on the other side, namely, the gentleman from Massachusetts [Mr. TINKHAM] and the gentleman from New York [Mr. FISH]. It was so reported. I think the gentleman from Massachusetts [Mr. MARTIN], who has made some observations here in opposing the resolution, was not at the hearing, and I believe if he had been present and had heard the testimony in reference to the resolution he would have been heartily in favor of it, as the other members of the committee are who were there and heard the testimony at that time.

The people who founded Texas were not marauders. They were not buccaneers. They were men; they were brave men.

They were not only brave men, but among them were those who had held high positions in other States before their migration to Texas. Richard Ellis, the president of the constitutional convention, was a former associate justice of the Supreme Court of Alabama. George Campbell Childress, the author of the Texas declaration of independence, was a brilliant lawyer from Nashville, Tenn. A. H. Latimer was an able lawyer and a near relative of Hon. Henry Latimer, once United States Senator from Delaware. Sam Houston, the commander in chief of the Texas revolutionary forces, and afterward President of the Texas Republic, served in the Congress of the United States from Tennessee, and was once Governor of that great State. David Crockett, one of the martyrs of the Alamo, served in Congress from Tennessee. Samuel P. Carson, one of the signers of the Declaration of Independence, served for 8 years in the Congress of the United States from North Carolina, as did Robert Potter, also from North Carolina. Thomas J. Rusk studied law in the office of John C. Calhoun, in South Carolina, and was afterward chief justice of the Texas Supreme Court and later United States Senator from Texas. David G. Burnet, president ad interim of the Republic of Texas, was born in Newark, N. J., and his brother, Jacob Burnet, was a member of the Supreme Court of Ohio and afterward United States Senator from Ohio, and another brother was mayor of Cincinnati.

Moses Austin, one of the earliest pioneers, was from Connecticut, and his son and successor was Stephen F. Austin, born in Virginia, and whose statue and that of Sam Houston may now be seen in Statuary Hall of this Capitol. Anson Jones, the last President of the Republic of Texas, and whose efforts were largely instrumental in the annexation of Texas by the United States, was born in Great Barrington, Mass.

May I say that the constitutional convention met in the town of Washington on the Brazos, near the home of our friend the Chairman of the Appropriations Committee, Mr. BUCHANAN.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. JOHNSON of Texas. Mr. Chairman, this celebration is not alone ours. We want the people of the United States. We want the people in all the States to know that they had a part in this great chapter of the most colorful history in all the world. We want them to come to the State where that history was made and rejoice with us that the heroic sacrifices of their fathers made possible the empire of the great Southwest.

We want the people to know that the time has not come when we are willing to vote money only for commercialism. They talk about unemployment; this money will be spent to put people to work. The money to be expended under this resolution will give people jobs just as much as a great deal of the other legislation we have passed, and this money is not going to be turned over directly to Texas or to State officials down there, but will be expended under the direction of the members of a Federal commission, as provided in the resolution.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. CARTER. How does the gentleman know what this commission is going to do with the money? The gentleman says they are not going to turn it over to the people down there, but as the gentleman from New Jersey pointed out a few minutes ago, they have the authority to do that.

Mr. JOHNSON of Texas. Of course, here is what will be done: This money will be expended by a Federal commission, and this commission is composed of the Vice President, the Secretary of Commerce, the Secretary of State, and the Secretary of Agriculture. These four men represent the Federal Government in expending this money.

Mr. CARTER. Under this bill they have authority to allocate such sums as they desire to the Texas Centennial Commission.

Mr. JOHNSON of Texas. Yes; the commission will have that authority.

Mr. CARTER. Would the gentleman subscribe to an amendment that would limit this committee in the expenditure of this money to the establishment of an exhibit of the United States Government there?

Mr. JOHNSON of Texas. I think that is the purpose for which the money would be expended, and let me say to the gentleman, I am going to offer an amendment, which has been suggested by the gentleman from Texas [Mr. BUCHANAN], and under this amendment we expect to establish in the city of Austin a museum to preserve the historic relics of Texas, and there is to be an appropriation for that purpose. This celebration is going to be State-wide, and while the main exposition is to be held in Dallas, there will be celebrations throughout the State. There will be a celebration at San Antonio, at the Alamo, where these men gave their lives in defense of liberty. There will be one at Houston near the battlefield of San Jacinto.

Mr. CARTER. I have no objection to the United States Government going, perhaps, into several cities and putting up a proper exhibit——

Mr. JOHNSON of Texas. That is the reason we cannot restrict or limit the language.

Mr. CARTER. But your bill goes much further than that.

Mr. JOHNSON of Texas. To what portion of the bill does the gentleman refer?

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I yield to the gentleman from Texas 5 additional minutes.

Mr. CARTER. Page 6, line 4, the language provides that this commission consisting of four members, as the gentleman has enumerated, may allocate these funds to other commissions, and this money certainly would not be used to ones that will hold the celebrations throughout the State

Mr. JOHNSON of Texas. I may say to the gentleman that the Federal commission can provide any such limitation as they want or think proper. These organizations are the ones that will hold the celebrations throughout the States and the Federal commission that will allocate this money. We may assume they will exercise this right in the interest of the Federal Government to make these allocations in an appropriate manner, so that the expenditures will be in harmony with the interests of the Federal Government and provide for an exhibit by the Federal Government itself.

Mr. CARTER. It is not my point that the expenditures will not be in harmony with the interests of the Federal Government. I think they should be expended for a Federal exhibit. This was the limitation put in the last bill of this kind that passed this House, and I think it is a very proper limitation.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. BLOOM. The provision referred to allocates such sums for expenditure by such bodies in any part of the State of Texas as the commission deems necessary and proper in carrying out the purposes of this joint resolution and the joint resolution provides for the participation of the United States in the Texas Centennial Exposition and the celebrations to be held in the State of Texas. So under this language the money is only to be spent for the purposes of this joint resolution.

Mr. CARTER. The joint resolution covers the entire purpose of this commission, of course.

I do not want to take the gentleman's time unduly, but there is one other question I should like to ask.

Mr. JOHNSON of Texas. I yield to the gentleman from California.

Mr. CARTER. I notice on page 3 the resolution provides for the appointment of a commissioner and one or more assistant commissioners.

Mr. JOHNSON of Texas. I may say to the gentleman that we have a committee amendment limiting that to not more than three assistants.

Mr. CARTER. I think that is a very commendable amendment.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. MILLARD. Does not the gentleman think there ought to be enough public-spirited gentlemen in the State of Texas who would contribute their services to this great cause instead of having four positions of this kind, one at $10,000 and three at $7,500?

Mr. JOHNSON of Texas. One or more of these men will probably be sent down there from Washington, and I do not know that Texas people will get all of these jobs, because there has to be one or more who are experienced in work of this kind.

Mr. MILLARD. They are to be appointed by the President?

Mr. JOHNSON of Texas. Yes; the commissioner general is so appointed and he selects his assistants.

Mr. THURSTON. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Texas. I yield to the gentleman from Iowa.

Mr. THURSTON. I am very much in sympathy with the purposes of this resolution. It is entirely fitting that our Government should recognize the annexation of the Republic of Texas, but would the gentleman be willing to reduce the appropriation from $3,000,000 to $2,000,000?

Mr. JOHNSON of Texas. Let me say in reply to the gentleman that I think the Appropriations Committee, of which the gentleman is a member, will do that if they think it is necessary. The gentleman knows how jealously they guard appropriations, and while some comment was made about the Chairman of the Appropriations Committee being from Texas, I think those who know the Chairman of the Appropriations Committee [Mr. BUCHANAN], all realize that he is so conscientious with the Government's money that he would not let that sway him in any way.

In fact, as one gentleman said, speaking of Mr. BUCHANAN—someone asked if he thought he could get an appropriation, and the reply was, to use his own language, "Old Buck is pretty stingy with the Government's money." [Laughter.]

Mr. LANHAM. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. LANHAM. May I call this to the attention of my colleague, that because of the great ramifications of Texas history—military, naval, civil, industrial, agricultural, representatives from foreign governments—it is perhaps impossible in advance to know every little item of expense that may arise, but that the commission may be depended upon not to make allocations not in accordance with the resolution.

Mr. JOHNSON of Texas. I think so. I think the commission can be trusted to exercise its sound judgment.

Mr. REILLY. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. REILLY. I have been very much interested in this matter, and I want to ask the gentleman how much has been appropriated by the Federal Government for former expositions?

Mr. JOHNSON of Texas. I have not that data before me, but for Chicago there was a million and a half. They had two expositions, and I think the money appropriated for both exceeds the amount asked for here. You must remember that we have had no celebration of this character. As my colleague has said, this is a patriotic event. The Louisiana Purchase was celebrated in 1903, and represented the acquisition of that territory; that was a barter and sale. This is a celebration of the acquisition of territory that was won by the blood and sacrifice of American citizens. I think there is quite a difference.

Mr. REILLY. What was the amount appropriated for the San Francisco exhibition?

Mr. LANHAM. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield.

Mr. LANHAM. They have had several exhibitions. Let me say that I attended the exhibitions at San Francisco and San Diego, and I have enjoyed them all. There would have been no exhibition in any place if it had not been for this western territory.

Mr. JOHNSON of Texas. Let me say that the acquisition of Texas made it possible for California to be a State.

Mr. COLDEN. Will the gentleman yield?

Mr. JOHNSON of Texas. Yes.

Mr. COLDEN. Instead of scattering this exhibition about the State of Texas, why not have it held in Los Angeles? [Laughter.]

Mr. LANHAM. Let me say that Texas was a republic for 9 years before the acquisition of California, and California became a republic for only 9 days.

Mr. JOHNSON of Texas. Mr. Chairman, I yield back the balance of my time.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, this is a bill to authorize the appropriation of $3,000,000 to celebrate the achievements of the men who fought to free the land now comprised within the State of Texas from the Empire of Mexico and later made it one of the United States.

The gentleman from Texas [Mr. LANHAM], who spoke at some length in favor of the rule, and the gentleman who just closed, if my understanding of their remarks be correct, and we all agree with what they had to say, praised the deeds of the liberty-loving souls, the determination and the steadfastness of certain "rugged individuals" who so brought Texas into the Union. Listening to them, we did not hear anything about any "planned government" which accomplished that great feat. The reason is clear. Their achievements were those of individuals, not of a group which crushed initiative, which frowned upon, and sought to prohibit the progress of the individual, not of a planned government which knew neither patriotism nor kindliness, but, in reality, only the advancement of the planners, which, under the guise of sympathy for the downtrodden or the average man, in the end, reduced him to a condition of servitude.

It is well that we remember their acts, that we emulate the spirit which inspired them, that to our respective States we render the loyal protection of local self-government for which they fought and died. Much has been, more will be, said in praise of the spirit which moved them, of the sacrifices which they made, of the great material good which has come to us through their acts.

If gentlemen are really asking for this appropriation of the taxpayers' money for the purpose of causing us to remember the principles which motivated these patriots to whom they so fittingly refer, to follow in their footsteps and to battle for our rights as individuals and as local governments entitled to govern themselves, it might be well to remember that the last Congress, and this Congress to almost as great an extent, has surrendered the rights so dearly won, to the executive branch of our Government; that we this session have time and again shown ourselves to be false to the principles for which those whom you now praise so highly, whom you love for their great deeds, gave their efforts; to remember that we, day after day, as a body, shirk the responsibility put upon us and that we are, through legislation, granting to a small group the powers sought to be exercised by the ruler of Mexico, whose yoke these men would not carry.

From the majority side and especially by the gentleman from Texas, that great statesman who so frequently reminds us of our duty to economize, who does not seem to be here at present, during this session, day following day and week after week, we on the Republican side have been reminded that the President received from the people, in the election of 1932, a mandate to carry out certain policies; that mandate had been confirmed in 1934.

We, as Republicans, have not forgotten the platform, the campaign promises, of the Democratic Party, of its candidate for the presidency. We recall that those promises have not been fulfilled. We are told from day to day that it was, and is, our patriotic duty to support the administration in all things. Time and again we have seen Members on the majority side whipped into line by bitter denunciation of their attempts to voice their individual convictions, to vote in accordance with their judgment. We have noted, not with surprise, but with sorrow, the scorching party lash which has beaten into subjection the would-be independent individual members of a great party. We realize that they are still hypnotized by the magnitude of the popular vote received in 1932, which they, as well as certain other gentlemen, have erroneously construed as an individual tribute to their candidate, but which was, in fact, in part due to dissatisfaction with the power obtained by the so-called "vested interests", in part to the shameful "smearing" of the Nation's then President, but to a far greater extent, to the fact that, prior to that campaign, party platforms, campaign promises, were, by the people, construed to be declarations of principle, a pledging of service in accordance with those declarations. To the fact that the voters believed, relied upon, that platform, those promises.

Misconstruing the causes of that victory, the party has betrayed those who gave it their support, and today we have, not a Democratic Party but a party of so-called "new dealers", an entirely different thing.

We on this side well know that you of the Democratic Party will, on every occasion, whenever you have an opportunity so to do, if you follow your course in the last and, so far, in this Congress, with but one exception, vote for the must measures, for the bills which have the administration's endorsement. This support of the administration one might say is given almost unconsciously, surely blindly, for many, many times, upon reflection, you must realize your error, and it is only when some group desires an appropriation of public funds or an increase of political positions that you venture to make your protests audible.

To our friends on the Republican side I make the request that today you join with me in supporting this President of ours in his efforts to economize; that we call the attention of the gentlemen who desire this appropriation of $3,000,000 to the fact that they are repudiating their party platform, in that this bill will further increase expenditures above revenues.

We all know that, since 1932, many, many laws have been passed, hundreds, yes, thousands of rules and regulations have been promulgated, under the cloak of which hundreds of thousands of dollars in fees have been collected by Federal and other employees, all under the codes, all without authority of law. If the record be read correctly, practically all of the important laws so passed, all of the regulations and rules so made by bureaucrats, were passed upon the theory that a great emergency existed, that our country was in great distress, that children were starving and going naked, were cold, that the women were suffering from a lack of the necessities of life in the hamlets and the cities of our land, that men were out of jobs.

So, acting upon the thought that there actually existed a great national emergency, some of you joined with others not now here and passed all this legislation which permitted a government contrary to the principles of our Constitution, this legislation which the Supreme Court has so recently said was unconstitutional. The legislation was passed, and the oft-repeated excuse or reason for its passage, for the abdication by Congress of its power and its duty to legislate, for the shirking of a plain duty, was that it was necessary to prevent a revolution. The use of that term is no longer popular. It served its purpose. We no longer hear it. Its power of intimidation has gone. Its falsity has been demonstrated and it has been cast aside.

Beyond question, the Members of Congress voting for that legislation were sincere. Equally true is it that they were thoughtless, that the true condition of our country, the natural resourcefulness of our people, their ability to overcome

adversity was given no consideration whatever, or was underestimated.

Today we are asked to celebrate what? To celebrate the deeds of a planned society, the accomplishments of a planned economy? Oh, no! We are asked to celebrate the deeds of individuals, of those gentlemen who accomplished something because of their rugged individualism, men who acknowledged no master minds, neither in Mexico nor elsewhere.

Before we celebrate, why not for the moment support the President and some of the concededly good declarations of the Democratic platform? Why not get onto the Democratic bandwagon once and help them out? Always here, when we criticize, they have asked us to offer some constructive suggestion. Today the suggestion is offered that they follow their President in some of his statements. Here is one that might be taken into consideration when we are asked to appropriate this money and know, as we do, that we are continually borrowing and creating new deficits. In July of 1932, President Roosevelt, then Governor, said:

> Let us have courage to stop borrowing to meet continuing deficits. Stop the deficits.

Later, in October, he made this statement:

> Now the credit of the family depends chiefly on whether that family is living within its income. And this is so of the Nation. * * * If, like a spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing up to the limit of the people's power to pay, and continue to pile up deficits, it is on the road to bankruptcy.

Support your President? There are many things in which the Republicans would be only too happy to support him. The balancing of the Budget is but one. The decreasing of Federal expenditures is another. The lessening of the number of Federal officeholders is another. The creation of a sound currency, the reestablishment of confidence, and so on down the list, almost endless; but these suggestions, like the promises of your platform, of your candidates, you blithely disregard and happily go on your way, scattering the taxpayers' money broadcast over the land—no; not over the land—usually in those localities which Democratic votes can be gathered on election day.

Appropriate money to celebrate? What are we celebrating? What do you want to celebrate? Not long ago you gave the President $4,000,000,000, and for what purpose? We all know—to relieve distress, to grant unemployment insurance, to establish an old-age pension, to create jobs—all given for the announced reason, and can it be that you had another, that it was necessary, in order to relieve distress, that people might not go hungry, that families might not be disrupted, that homes might not be lost?

Is there any reason why a State should not first put its own house in order? Has Texas a law which prevents the employment of children? Has it a law which limits the hours which a woman may be required to work, the maximum hours under which men may be employed? Has it unemployment insurance? Has it an old-age-pension law down there which will match the Government's share of the money which it just appropriated under the social-security bill?

You are asking for Federal aid to assist you in doing all of these things, and before you do your part you come here with words of praise and with fine phrases and ask the rest of the country to appropriate money taken from the taxpayers to assist you in celebrating, in putting on a show, an exposition. That is all very well and great lessons may be so learned. But in times of adversity—and you have told us endless number of times that these are days of suffering and of sorrow—why celebrate something that happened years and years ago? Do you think for one moment that, if those whose deeds you are commemorating, whose examples you seek to call to mind by this appropriation, were here today that they would join you in asking for an appropriation to celebrate, or would they, as they did in those days when they lived and fought and died for humanity, direct you in no uncertain terms to use that money, your efforts, for the relieving of suffering, for the teaching of the principles of constitutional government?

Were they here, might they not ask you whether you were celebrating the fact that today we have the greatest number of unemployed in the history of our country? Might they not inquire whether you were celebrating the fact that today we have the largest public debt that the Nation ever knew, and call to your attention the fact that we are going more rapidly into debt, day by day, than the country ever went before?

When celebrating, will you call to the mind of the public this rapid increase in the debt which it must some time pay with interest? Will you mention the fact that the greatest number of experiments ever tried—some still persisted in—have proven to be failures; that today the Nation has on its pay roll the largest number of jobholders that ever existed? Are you celebrating the fact that during the last and the present sessions Congress has discarded those principles of government which existed when these men gained the independence of Texas and put her into the Union? Have you forgotten that if they were here today, in order to attain and maintain the freedom for which they fought, they would be forced to repudiate our National Government and those administering it if the policies now advocated by the advisers of the administration be adopted?

Our constructive suggestion today is that you support the President, that you avoid waste, that you economize, that you reduce Federal expenditures, cut out all needless expenditures, quit going into debt, attempt to assist in balancing the Budget, and thus indicate your belief in your party platform, redeem the promises of your Presidential candidate.

Only $3,000,000. It is not very much as national expenditures go. It may be but a drop in the bucket, but drops like these cause the overflow. You gave San Francisco a little over a million dollars; you gave Philadelphia something over two million; Chicago a little more than a million, for expositions. You of Texas are now asking for three million.

It has been reported that a Member of this House, then a party power, now since risen to a distinguished position at the other end of the Capitol and in the Nation, once said that if the North was to receive a ham, Texas would take a whole hog—perhaps not an elegant expression. Perhaps it should not be here repeated. Nevertheless, a plain, understandable illustration of what you are seeking to do, of what you do, not once in a while but very, very frequently, when you take money from the taxpayers of the North, using it for the benefit of the States which, by their lack of industry or of achievement, have failed to create like wealth subject to taxation.

To my friends on the Republican side, let me repeat: For once let us join together as one solid group and attempt to uphold the hands of the President in his effort, if he makes that effort, to cut out the waste of public money, to get the country back again where its expenditures will be no greater than its income.

Celebrate? Yes; all in due time; but let us postpone all celebration until distress has been alleviated, the condition of the farmer relieved, taxes reduced—it was just a few days ago you voted a continuation of extraordinary taxes.

Let us with national affairs do as we do with matters which affect us individually—celebrate when the victory has been won. Let your celebration in Texas wait until prosperity has returned, and we can all join with you in heartfelt sincerity. Let us deny this application for $3,000,000 to put on a show, to give an exposition, until the workingman has a job and the unfortunate are assured of at least a decent living. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.

Mr. JOHNSON of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. SHANLEY].

Mr. SHANLEY. Mr. Chairman, when this joint resolution came before the Committee on Foreign Affairs for the first time I was deeply impressed by the purpose of this exposition. We in Connecticut are celebrating the three hundredth anniversary this year. In 1635 the first settlement of that small State was made. That small State of 4,000

square miles is almost a mite compared to the 400,000 square miles of Texas.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SHANLEY. I yield.

Mr. MARTIN of Massachusetts. I was wondering how much money the Federal Government gave to Connecticut for its exposition?

Mr. SHANLEY. Connecticut appropriated over $100,000 from its own State.

Mr. MARTIN of Massachusetts. I am talking about the Federal Government.

Mr. SHANLEY. We asked $10,000 from the United States, because it is a purely personal, local, and State celebration. It is not an exposition in any sense. We are not inviting foreign nations.

For 300 years we have been either a Commonwealth or a State. This request of the Texas Centennial Commission is a request to celebrate for an area that is probably one of the largest the world has ever seen. It is a request that is comparable to that of the Louisiana Purchase Commission. With the distinguished Members of the minority I had my doubts as to the $3,000,000 appropriation. I was not convinced until I heard comparable appropriations for other great expositions. I felt that if the State of Texas was willing to spend $9,000,000 itself, and that we had spent $6,000,000 for the celebration of the Louisiana Purchase, that $3,000,000 would be a wise and sanguine investment. I felt that Texas would utilize that $9,000,000 and the $3,000,000 to do more good for Texas and incidentally for the country than any other appropriation we have made.

I am not unmindful of the conditions all over the country. I am not unmindful that we cannot stop all efforts of this type. Will we wipe out the Connecticut celebration; will we wipe out the Texas celebration; will we wipe out the San Diego celebration simply because there are other appropriations? I believe that this appropriation of $3.000,000 will, as gentlemen who have preceded me have said, be scrutinized by the Committee on Appropriations. I believe that that money will be allocated, and that before the Appropriations Committee gets through with it, it may be less than $3,000,000. I am willing to pass this bill. I am willing to vote for it and willing to present it to the Appropriations Committee, that they, in the larger picture of this country, will be able to justify it if justification is necessary.

I am gratified to say in this three hundredth anniversary of the State of Connecticut that that little Commonwealth has given much to this Nation. We gave the first fundamental orders; the first organic constitution in the history of the world came out of Connecticut. We gave you in the South your cotton gin. We gave you Nathan Hale, and to Texas we gave Moses Austin. It is a pleasure to be able to say that that gentleman came from forbears in the State of Connecticut.

Mr. BOYLAN. Will the gentleman yield?

Mr. SHANLEY. I yield.

Mr. BOYLAN. Will the gentleman give us the date of the commencement of the manufacture of wooden nutmegs in Connecticut?

Mr. SHANLEY. I do not think we have ever given up that practice, we made so much money out of it. We ought to.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. EKWALL].

Mr. EKWALL. Mr. Chairman, I want to say that there is no delegation from any State for which I have a higher regard than the delegation from Texas. They are all very fine gentlemen. They are all good American citizens. They are all here trying to do the best they can during this session for their country.

I am not rising in opposition to the amount of this appropriation with any feeling at all of unfriendliness to the great State of Texas nor to the great delegation from Texas, because I have the highest regard for both. In fact, whenever I collaborate with my Texas colleagues I am reminded of the words of that great Irish poet, Thomas Moore:

Long, long may our hearts with true friendship be filled
Like a vase in which roses have once been distilled.
You may break, you may shatter the vase if you will,
But the scent of the roses will cling round it still.

[Applause.]

That is the way I feel about these gentlemen from Texas. But it seems to me that the amount involved in this bill is entirely too great. I sympathize with their aspirations. I know that they are all good horse traders down there and they always ask for plenty with the idea that, of course, if they have to cut it down to one-third or one-half, at least they have not lost the whole amount.

The gentleman from Texas [Mr. LANHAM] remarked that Texas had been carved out by reason of the heroism of the men of Texas. I agree with him. They were a mighty fine group of real men and patriots in those days, as are the Texans today, and they did a fine job of it.

The gentleman says we got the Louisiana Territory by barter and trade. I know he is not complaining because we out-traded France when we got the Louisiana country by spending $15,000,000, but they are asking for one-fifth of that amount now for an exposition.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. EKWALL. I am sorry I cannot yield; I have not the time.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 2 additional minutes to the gentleman from Oregon.

Mr. EKWALL. I yield to the gentleman from Texas.

Mr. LANHAM. I would like to ask the gentleman regarding this great territory bought by the blood of Americans from all over the country, greater than the territory acquired through the Louisiana Purchase, if the gentleman does not think we ought to be willing to spend in celebration of the one hundredth anniversary of that victory half as much as we spent celebrating the anniversary of the acquisition of the Louisiana Territory?

Mr. EKWALL. What disturbs me right now is where the watchdogs of the Treasury are. Where is BLANTON? Where is MCFARLANE? I have looked in vain for these gentlemen since this resolution was brought up. Time and again I have seen these gentlemen object to meritorious bills for $100, $200, $500, and $1,000. Then they go back to their constituents, sum up the total amount, and show where they have saved millions of dollars to the taxpayers. I want to read from the RECORD a statement of our genial friend, the sage of Abilene, made when the gentleman from California had up the question of an appropriation for the San Diego fair. Here is what the gentleman from Texas [Mr. BLANTON] said on January 21:

Mr. Speaker, I reserve the right to object. The gentleman from Tennessee [Mr. MCREYNOLDS] knows that this resolution authorizes an appropriation of $350,000 for an exposition at San Diego. I am not prejudiced against expositions. I think they are not only entertaining but instructive, but they are becoming very expensive. Can we not have an understanding with the gentleman from Tennessee, the chairman of the committee, and with those who are especially interested that we shall strike out $350,000 and limit this authorization to—

To what?—

to $100,000.

[Applause.]

If we could have that understanding, I would be willing to go along; but $350,000 is a sum entirely too large at this time for us to spend on the exposition in San Diego.

That is the manner in which the gentleman from Texas spoke to us at that time. The question now is why cannot the gentlemen from Texas accept a reasonable amount? Why can they not accept, say, $1,000,000? The exposition at San Diego is an international exposition. It was allowed $350,000, but the gentleman from Texas wanted to cut it down to $100,000, yet that is an international exposition. As the gentleman from California [Mr. COLDEN] has expressed it, they want to spread this entirely over the State of Texas, and goodness only knows how many thousand square miles there are in Texas.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield for a question?

Mr. EKWALL. I yield.

Mr. JOHNSON of Texas. The gentleman should not charge up against Texas the statement of my colleague the gentleman from Texas [Mr. BLANTON] in objecting to $350,000. He should give Texas credit that I, a Texan, reported out that San Diego resolution for the full $350,000.

Mr. EKWALL. Yes; that was a mighty fine gesture.

Now, I am going to again wax poetic and read from Don Juan these lines:

'Tis sweet to hear the watchdog's honest bark
Bay deep-mouth'd welcome as we draw near home;
'Tis sweet to know there is an eye will mark
Our coming, and look brighter when we come.

[Applause.]

Let us now be the watchdogs of the Treasury.

We are finally approaching, in this session, the time when we can see the lights of our respective towns and villages off in the immediate distance; we are going home pretty soon. Let us go home with a record of having tried to save the taxpayers some money and yet having done substantial justice to the State of Texas—not only to the State of Texas but to the entire country, for I do not speak disparagingly of the State. We honor the State of Texas; it is a great State, but do not forget that we in the State of Oregon, at Champoeg, in 1843, cast the vote which saved the entire Northwest for the United States, rather than voting it into the British Empire. So I do not yield to these gentlemen all the honor of having saved a great area of territory for the United States. But I would remind them that we must think of the interests of the people of this country many of whom are without work, without food and with little of this world's goods to sustain even life itself. It seems to me we ought to consider the taxpayers in this country a little, because we have spent billions of dollars. We should begin to economize.

I am opposed to this bill authorizing an appropriation of $3,000,000. I place great faith in the judgment of the gentlemen and gentlewomen making up this body as to the right amount to spend for this purpose. We should not simply take the recommendation of the committee or pass the buck to them. I think we ought to reduce this authorization here and now at this time to a reasonable amount, say, $1,000,000, or at the outside, $1,500,000. I think this should satisfy these gentlemen, and I believe the country would be satisfied; but for more than this I am not willing to vote.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. EKWALL. I yield.

Mr. DIES. I understand the gentleman's position, but will he tell us how he voted on the $4,800,000,000 bill?

Mr. EKWALL. I will tell the gentleman how I voted, and why I did so. I voted for that bill, although I did not believe in the entire bill. I had to vote that way so that the people in my district and in the country at large could get needed relief, and the only way they could get relief was by our voting for the most tremendous sum of money the taxpayers of this country have ever been asked to pay. That is the reason I voted for that bill. I had to vote for the $4,000,000,000 appropriation in order to get food and clothing for the people of this country who were out of work and walking the streets. That is why I voted for it and I would vote for it again. However, may I say that I would rather have voted for a disintegrated bill where an independent and separate vote might have been had on the items included in the bill, so that a lot of things might have been eliminated that should not have been in the bill.

The gentleman from Texas talks about sentiment.

I cast a sentimental vote when I voted for the $4,880,000,000 works relief bill, and I did it through sentiment because I had a feeling for the poor and unfortunate people of this country, who need and must have help.

[Here the gavel feel.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, I was intensely interested in the splendid talk made by the gentleman from Texas recounting the wonderful history of that State and of the Southwest. I was more interested in the remarks made by the gentlemen who gave the amount of money appropriated by various Congresses for expositions held in commemoration of various events. There was $6,000,000 appropriated to commemorate the Louisiana Purchase, $1,500,000 for the Chicago Exposition, and $1,000,000 for San Francisco, and so forth.

Mr. Chairman, Michigan is celebrating her one hundredth anniversary next year. We came down to Washington requesting something for Michigan. We did not ask for $6,000,000; we did not ask for $1,000,000; we did not ask for $200,000. We did not ask for $1! All we asked was that the Post Office Department issue a stamp commemorating the one hundredth anniversary of the adoption of the constitution of the State of Michigan. While this Government was willing to give $6,000,000 to Louisiana, $1,000,000 to San Francisco, $1,500,000 to Chicago, $350,000 to San Diego, and while you will undoubtedly give $3,000,000 to Texas, I want to place into the RECORD the fact that the Republican State of Michigan could not get a postage stamp from the present Democratic administration. [Applause.] Despite repeated requests by letter; despite the fact that several bills were introduced making such requests; despite the further fact that other States were granted a stamp issue commemorating a similar event, the Post Office Department refused to issue a stamp commemorating the one hundredth birthday of the greatest State in the Union—a Republican State—Michigan.

Mr. McREYNOLDS. Mr. Chairman, I am advised that no more time is desired on the other side, and I therefore ask that the Clerk read the bill.

The Clerk read the bill as follows:

Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes

Whereas there is to be held in the State of Texas during the years 1935 and 1936 an exposition and celebrations commemorating the historic period of Texas history and celebrating a century of independence and progress; and

Whereas the State of Texas, the city of Dallas, Tex., and the Texas Centennial Central Exposition, a corporation, are making $9,000,000 available for such exposition through appropriations and bond issues; and

Whereas such exposition is commemorative of a heroic and successful struggle to establish the independence of a Republic, and this accomplishment resulted from the efforts of patriotic Americans of all sections of our country and led to the acquisition of territory extending far beyond the borders of Texas; and

Whereas the Republic of Texas continued for 9 years after the establishment of its independence and prior to its admission to the Union as a State, and foreign Governments sent their diplomatic representatives to the Republic of Texas; and

Whereas such exposition and celebrations are worthy and deserving of the support and encouragement of the United States; and the United States has aided and encouraged such expositions and celebrations in the past: Therefore be it

Resolved, etc., That the President of the United States is authorized and requested, by proclamation or in such manner as he may deem proper, to invite all foreign countries and nations to such proposed exposition with a request that they participate therein.

Mr. BURNHAM. Mr. Chairman, a parliamentary inquiry. Is the Clerk reading the bill, Senate Joint Resolution 131, or the amended bill from the Senate?

The CHAIRMAN. The Clerk is reading from the engrossed copy of the Senate joint resolution.

Mr. BURNHAM. Do we have copies of that bill here?

Mr. JOHNSON of Texas. I may say to the gentleman that it is identical except for the amendments set out in italics.

Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JOHNSON of Texas. Would it be in order to ask unanimous consent to consider the various committee amendments to the bill and not read the entire bill?

Mr. TABER. Mr. Chairman, in the first place what are the committee amendments?

Mr. JOHNSON of Texas. Has the gentleman a copy of the House bill as amended?

Mr. TABER. I have a copy of the Senate bill.

Mr. JOHNSON of Texas. The House bill is the same as the Senate bill, except in italics throughout the House bill there are various committee amendments.

Mr. TABER. Where does the first one appear?

Mr. JOHNSON of Texas. In section 2, line 10, the words "and hereinafter referred to as the 'Commission.'" I am just trying to expedite things.

Mr. TABER. I have an amendment which I desire to offer at the appropriate place.

The CHAIRMAN. Does the gentleman from Texas wish to propound a unanimous-consent request?

Mr. JOHNSON of Texas. Mr. Chairman, I understand that there are no amendments to be offered to this bill until section 7 is reached; I therefore ask unanimous consent that the bill may be considered as read and printed in the RECORD down to and including section 6.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The portion of the bill referred to is as follows:

SEC. 2. There is hereby established a Commission, to be known as "The United States Texas Centennial Commission" and to be composed of the Secretary of State, the Secretary of Agriculture, and the Secretary of Commerce; which Commission shall serve without additional compensation and shall represent the United States in connection with the holding of an exposition and celebration during the observance of the Texas Centennial in the State of Texas during the years 1935 and 1936.

SEC. 3. There is hereby created a United States Commissioner General for the Texas Centennial Exposition and celebrations to be appointed by the President with the advice and consent of the Senate and to receive compensation at the rate of $10,000 per annum and one or more assistant commissioners for said Texas Centennial Exposition and celebrations to be appointed by the Commissioner General with the approval of the Commission herein designated and to receive compensation not to exceed $7,500 per annum, respectively. The expenses of the Commissioner General and such staff as he may require shall be paid out of the funds authorized to be appropriated by this joint resolution.

SEC. 4. The Commission shall prescribe the duties of the United States Commissioner General and shall delegate such powers and functions to him as it shall deem advisable, in order that there may be exhibited at the Texas Centennial Exposition by the Government of the United States, its executive departments, independent offices and establishments such articles and materials and documents and papers as may relate to this period of our history and such as illustrate the function and administrative faculty of the Government in the advancement of industry, science, invention, agriculture, the arts, and peace, and demonstrating the nature of our institutions, particularly as regards their adaptation to the needs of the people.

SEC. 5. The Commissioner General is authorized to appoint such clerks, stenographers, and other assistants as may be necessary, and to fix their salaries in accordance with the Classification Act of 1923, as amended; purchase such materials, contract for such labor and other services as are necessary, and exercise such powers as are delegated to him by the Commission as hereinbefore provided, and in order to facilitate the functioning of his office may subdelegate such powers (authorized or delegated) to the Assistant Commissioner or others in the employ of or detailed to the Commission as may be deemed advisable by the Commission.

SEC. 6. The heads of the various executive departments and independent offices and establishments of the Government are authorized to cooperate with said Commissioner General in the procurement, installation, and display of exhibits, and to lend to the Texas Centennial Commission and the Texas Centennial Central Exposition, with the knowledge and consent of said Commissioner General, such articles, specimens, and exhibits which said Commissioner General shall deem to be in the interest of the United States and in keeping with the purposes of such exposition and celebrations to place with the science or other exhibits to be shown under the auspices of such Texas Centennial Commission or the Texas Centennial Central Exposition or the Commission of Control for Texas Centennial Celebrations, to contract for such labor or other services as shall be deemed necessary, and to designate officials or employees of their departments or branches to assist said Commissioner General. At the close of the exposition, or when the connection of the Government of the United States therewith ceases, said Commissioner General shall cause all such property to be returned to the respective departments and branches from which taken, and any expenses incident to the restoration, modification, and revision of such property to a condition which will permit its use at subsequent expositions and fairs, and for the continued employment of personnel necessary to close out the fiscal and other records and prepare the required reports of the participating organizations, may be paid from the appropriation authorized herein; and if the return of such property is not feasible, he may, with the consent of the department or branch from which it was taken, make such disposition thereof as he may deem advisable and account therefor.

With the following committee amendments:

On page 2, line 10, after the word "Commission", insert "and hereinafter referred to as the Commission."

Page 2, line 11, after the word "the" where it occurs the first time, insert "Vice President, the."

Page 3, line 8, after the word "and", strike out "one or more" and insert in lieu thereof "not to exceed three."

Page 3, line 13, after the word "the", insert "salary and."

Page 3, line 16, after the word "resolution", insert "for a period of time covering the duration of the exposition and not to exceed a 6 months' period following the closing thereof."

Page 4, line 23, after the word "lend", strike out "to the Texas Centennial Commission" and insert "to the Commission and to the Commission of Control for Texas Centennial Celebrations."

Page 5, line 8, after the word "Commission", insert "or the Commission of Control for Texas Centennial Celebrations."

Page 5, line 19, after the word "subsequent", strike out the words "expositions and" and insert the word "expositions", and after the word "fairs", insert "and other celebrations."

The committee amendments were agreed to.

The Clerk read as follows:

SEC. 7. The sum of $3,000,000 is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and shall remain available until expended. Subject to the provisions of this joint resolution and any subsequent act appropriating the money authorized herein, the Commission is authorized to make any expenditures or allotments deemed necessary by it to fulfill properly the purposes of this joint resolution and to allocate such sums to the Texas Centennial Commission and the Texas Centennial Central Exposition for expenditure by such bodies in any part of the State of Texas as the Commission deems necessary and proper in carrying out the purposes of this joint resolution. And, subject to the provisions of this joint resolution and any subsequent act appropriating the money authorized herein, the Commission is authorized to erect such building or buildings, or other structures, and to provide for the landscaping of the site or sites thereof; to rent such space as the Commission may deem adequate to carry out effectively the provisions of this joint resolution; and to provide for the decoration of such buildings or structures, and for the proper maintenance of such buildings or structures, site and grounds during the period of the exposition. The Commission may contract with the Texas Centennial Commission and/or the Texas Centennial Central Exposition for the designing and erection of such building or buildings, structure or structures, and for the rental of such space as shall be deemed necessary and proper. The appropriation authorized under this joint resolution shall be available for the operation of the building or buildings, structure or structures, including light, heat, water, gas, janitor, and other required services; for the selection, purchase, preparation, assembling, transportation, installation, arrangement, safe-keeping, exhibition, demonstration, and return of such articles and materials as the Commission may decide shall be included in such Government exhibit and in the exhibits of the Texas Centennial Commission or the Texas Centennial Central Exposition; for the compensation of said Commissioner General, Assistant Commissioners, and other officers and employees of the Commission in the District of Columbia and elsewhere, for the payment of salaries of officers and employees of the Government employed by or detailed for duty with the Commission, and for actual traveling expenses, including travel by air, and for per diem in lieu of actual subsistence at not to exceed $6 per day: *Provided*, That no such Government official or employee so designated shall receive a salary in excess of the amount which he has been receiving in the department or branch where employed, plus such reasonable allowance for travel, including travel by air, and subsistence expenses as may be deemed proper by the Commissioner General; for telephone service, purchase or rental of furniture and equipment, stationery and supplies, typewriting, adding, duplicating, and computing machines, their accessories and repairs, books of reference and periodicals, uniforms, maps, reports, documents, plans, specifications, manuscripts, newspapers and all other appropriate publications, and ice and drinking water for office purposes: *Provided*, That payment for telephone service, rents, subscriptions to newspapers and periodicals, and other similar purposes, may be made in advance; for the purchase and hire of passenger-carrying automobiles, their maintenance, repair, and operation, for the official use of said Commissioner General and Assistant Commissioners in the District of Columbia or elsewhere as required; for printing and binding; for entertainment of distinguished visitors; and for all other expenses as may be deemed necessary by the Commission to fulfill properly the purposes of this joint resolution. All purchases, expenditures, and disbursements of any moneys made available by authority of this joint resolution shall be made under the direction of the Commission: *Provided*, That the Commission, as hereinbefore stipulated, may delegate these powers and functions to said Commissioner General, and said Commissioner General, with the consent of the Commission, may subdelegate them: *Provided further*, That the Commission or its delegated representative may allot funds authorized to be appropriated herein to any executive department, independent office, or establishment of the Government with the consent of the heads thereof, for direct expenditure by such executive department, independent office, or establishment, for the purpose of defraying any expendi-

ture which may be incurred by such executive department, independent office, or establishment in executing the duties and functions delegated by the Commission. All accounts and vouchers covering expenditures shall be approved by said Commissioner General or by such assistants as he may designate except for such allotments as may be made to the various executive departments, independent offices, and establishments for direct expenditure; but these provisions shall not be construed to waive the submission of accounts and vouchers to the General Accounting Office for audit, or permit any obligations to be incurred in excess of the amount authorized herein: *Provided*, That in the construction of buildings and exhibits requiring skilled and unskilled labor, the prevailing rate of wages, as provided in the act of March 3, 1931, shall be paid.

With the following committee amendments:

Page 6, line 6, after the word "expended", insert "for the purposes of this joint resolution and any unexpended balances shall be covered back into the Treasury of the United States."

Page 6, line 14, after the word "Commission", insert the words "or the Commission of Control for Texas Centennial Celebrations."

Page 7, line 4, after the word "Commission", strike out the words "and/or" and insert the words "or the Commission of Control for Texas Centennial Celebrations or."

Page 7, line 18, after the word "Commission", insert "or the Commission of Control for Texas Centennial Celebrations."

Page 9, line 3, after the word "Commission", insert the words "without release of responsibility."

The committee amendments were agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 5, line 22, after the word "of", strike out "$3,000,000" and insert "$1,500,000."

Mr. TABER. Mr. Chairman, personally I have the greatest admiration for the State of Texas and for its Representatives here. Many of them are my close friends, and I admire them very much.

I am going to picture the embarrassing situation that the Representative from Texas, the great Chairman of the Committee on Appropriations, will be in when it is put up to him to keep down the amount authorized in this bill. Surely you would not expect a man with a record such as he has to do anything else. Why should you embarrass him by not meeting the responsibility that is yours here and now?

It has been customary to appropriate for expositions where they are being held throughout the country a reasonable amount for Government exhibits, and to that principle I subscribe.

But since the depression begun, and practically since expositions began to be held more generally through the country, it has been customary for this Congress to keep the expense of those exhibitions down.

It is true that over 30 years ago there was an appropriation of over $5,000,000 for the Louisiana Exposition, but that, as I say, was 30 years ago. Now, in recent years the only one I can find is the exhibition at Chicago, where they appropriated $1,192,000 for 2 years' exhibition. This year we appropriated $350,000 for an exposition at San Diego, and there for that international exposition people have raised at their own expense $12,000,000—as much, practically, as you raised for this in Texas.

Why cannot you accept the amendment that I have offered? I think a million and a half dollars is a fair amount.

Mr. CONNERY. Will the gentleman yield?

Mr. TABER. I yield.

Mr. CONNERY. How much was appropriated for the exposition at Philadelphia?

Mr. TABER. Two million dollars.

Mr. CONNERY. The gentleman from Michigan said they could not get an appropriation. I favored that and I favor this.

Mr. TABER. I think a million and half dollars is a fair and reasonable amount for this purpose.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. TABER. I yield.

Mr. JOHNSON of Texas. Chicago had two expositions. Does the gentleman know how much was appropriated for the first exposition at Chicago?

Mr. TABER. I have not those figures.

Mr. JOHNSON of Texas. There was an exposition at Los Angeles and San Francisco.

Mr. TABER. The San Franisco Exposition several years ago had an appropriation of $1,192,000.

Mr. BURNHAM. For the exposition at San Diego 20 years ago the Government did not contribute.

Mr. TABER. I understand that is true, but I was talking about San Francisco.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MICHENER. Mr. Chairman, I move to amend the amendment by striking out "$1,500,000" and inserting in lieu thereof "$1,000,000."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MICHENER: Amend the amendment by striking out "$1,500,000" in the Taber amendment and insert in lieu thereof "$1,000,000."

Mr. MICHENER. Mr. Chairman, as I understand this matter, no estimates have been made, no arrangements have been perfected to spend the $3,000,000. They simply come in here with a resolution, hit and miss, asking Congress for $3,000,000.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. Not now. If that is the case, it seems to me that we can well economize in our recognition to the extent of allowing only $1,000,000 for this celebration. You do not know today where you are going to celebrate in Texas, you have not determined upon what you are going to do in the various cities, you have no central point where your exposition is to be held, you are simply asking Congress for $3,000,000 to be used in such celebration as you may determine upon at a later date.

Mr. McREYNOLDS. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. Yes.

Mr. McREYNOLDS. The gentleman recognizes the fact that this is only an authorization.

Mr. MICHENER. That is the point. It is only an authorization.

Mr. McREYNOLDS. All these things will have to be shown before the Committee on Appropriations.

Mr. MICHENER. I do not believe that any committee of the House should authorize the expenditure of $3,000,000 until at least it has some evidence before it as to when and where and how specifically this money is to be expended. I may be a crank on these things, but when the Chicago resolution was up, a similar resolution, I moved at that time to strike from the resolution $250,000. That amendment was agreed to by an almost unanimous vote, because they did not show that they needed that amount of money. In other words, they were permitted to cut their cloth according to the amount of cloth they had to cut, and that is what Texas should do. You are asking for $3,000,000. You hardly expect to get $3,000,000, but you are going to cut your celebration to fit the amount of money that you can get from Congress.

Much has been said here today about economy in these times. I am not going to take any more time. I respect Texas, I love Texas, I would do anything in the world for my good friend, FRITZ LANHAM, and the other Members, and they know it, but when they are wrong I do not hesitate to say I think so. If this thing were outlined, if we knew where and when and how this money is to be spent, I would vote for it, but under the conditions I cannot. I believe $1,000,000 is sufficient to permit these people to carry on a dignified and proper and a real celebration.

Mr. DOCKWEILER. Mr. Chairman, I rise in opposition to the amendment. Let us assume that they attend this great celebration in Texas to the extent of the admissions recorded at Chicago, where 42,000,000 admissions were recorded. Assuming that you pay on an average of $1 admission, then the Federal Government would receive 10 percent of those gate receipts in taxes, so that the Federal Government would receive $4,000,000 for its contribution of $3,000,000. [Applause.]

Mr. COLDEN. Does the gentleman recall at any time that Los Angeles ever received an appropriation from the Federal Government for an exposition of any kind?

Mr. DOCKWEILER. I regret that it has never received any; but we would if we had such an exposition.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. TRUAX. Does the gentleman favor and condone the amusement taxes and other nuisance taxes? Does the gentleman think we ought to continue to levy these nuisance taxes so that the Federal Government might be reimbursed for these appropriations?

Mr. DOCKWEILER. We just continued those nuisance taxes.

Mr. TRUAX. Not by my vote. With 22,000,000 people starving except for Government doles, with a quarter of a million farmers about to be foreclosed because of the Supreme Court decision, with 4,000,000 World War veterans denied their bonus, and with a national debt of more than $30,000,000,000, it is time that Federal authorizations and appropriations for unnecessary and extraneous projects should be stopped. I expect to vote "no" on the bill. If a motion to recommit is offered which provides for reducing the authorization from $3,000,000 to $1,500,000, I shall vote "present" on that motion, since I will not vote for either amount.

Mr. DOCKWEILER. For the next 2 years.

Mr. SUMNERS of Texas. Mr. Chairman, I regret very much to take your time at this late hour in the afternoon. I very much hope that I may have your attention because this is a rather important matter. In the first place, I say to my friend from Michigan [Mr. MICHENER], that the plan has been determined upon in Texas, and the place where the chief celebration is to be held has been determined. It happens to be the city which I have the honor to represent. We do not have big cities in Texas. It is a pretty heavy strain upon any community to act as host for a great celebration such as this will be. The city of Dallas, where the chief part of the exposition is to be held, is a city of 300,000 people. That city is putting up in cash around $6,000,000 and giving the use of its fair grounds.

I was not surprised at what was said by one man who rose here, but there were many Members who got up here at whom I was surprised. Now, this is not a Democratic celebration. It is not a Texas celebration. Nothing like this, Mr. Chairman, has occurred in the history of this Republic from the time it began. I do not want to repeat what has been said, but we purchased Louisiana with money. There were no great centers of activity there that thrilled and charmed the souls of men. This is not a celebration of Texas. These were not Texas men who did this thing which we are to celebrate. Red-blooded men came from every section of this great Nation.

I should like to have my friend from Massachusetts [Mr. MARTIN] read the farewell address of Anson Jones, the last President of Texas, a great man whom Massachusetts contributed to that great republic. The words of that address ring through the pages of human history. Tell me that the people of Massachusetts are not willing to make a reasonable contribution to commemorate and celebrate the independence of that government and of that people, whose highest office was surrendered by a son of Massachusetts in order that Texas might become, by its own free will, one of the States of this Union.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SUMNERS of Texas. In just a moment.

Mr. MARTIN of Massachusetts. The gentleman asked me a question and I should like to answer it.

Mr. SUMNERS of Texas. Very well.

Mr. MARTIN of Massachusetts. I think if we give you a million and a half that Massachusetts and every other State in the Union will be liberally contributing.

Mr. SUMNERS of Texas. I know you do. Anson Jones would not have thought it. He was willing to give his life for Texas. [Applause.] The gentleman will be ashamed of his speech some day. When he comes down to Texas and I entertain him, as I hope I may have the privilege to do, and he realizes what we are celebrating, he will be ashamed of the speech he made. When he goes through that great State and sees the footprints of Anson Jones, the gentleman will be ashamed of his speech.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DIES. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. Now, I can understand this situation. I can understand the temper of some Members of the House, but my little city has put up $6,000,000 to help commemorate the deeds of Anson Jones and the rest of these noble men who gave freedom to Texas and gave Texas to this Republic. My city of Dallas, that community of 300,000 people, is putting up its money to do honor to your sons, more than it can afford. I could call the roll of the States and they would all answer on this roll of fame and glory. They were not men who put up the money to buy a territory as Louisiana was bought. I have nothing to say about that, but we gave $6,000,000, I believe, to celebrate the coming in of that Territory, acquired by purchase. Texas was not got that way. Men from Louisiana helped. Men gave their blood for Texas, sacrificed their lives. They died at San Jacinto, Goliad, and the Alamo. They did not sell Texas to the Union. They bought Texas with their lives and gave it to the Union. It is not as though we located one place or could locate one where we are to celebrate. Do you mean to tell me that we are not to go to Goliad? Take the Nation to Goliad and let them see how red-blooded men were willing to serve and die for their country! Is that not worth a few dollars to this Nation now, when men are soft? Take them to the Alamo! It is worth it to this Nation to take the people of this country to that holy shrine and let them see how men died for a great principle in this hour when people are soft! [Applause.] Take them to San Jacinto, where DICK KLEBERG'S granddaddy fought! Take them where the sons of your own States did these deeds of service, or might, and of sacrifice!

When you come to look at this and study it as a practical proposition, I am candid when I say I do not know how much it will take for the Nation to make a contribution and a fair exhibition. I do not know that. You do not know it, but we do know we have to begin next year. We have two checks on that fund. We have the check of the Commission, and we have the check of the Appropriations Committee. I want to tell you "old Buck" and the rest of the members of that committee have got the nerve to do what is right. [Applause.] But we do not want any niggardly sum.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MARTIN of Massachusetts. Why pass the buck to "Buck"? [Laughter.]

Mr. SUMNERS of Texas. We are not passing the buck to "Buck." We are settling this matter in a tentative way at least.

I heard some of these gentlemen from California sort of mouthing about this. They should be ashamed of themselves. If it had not been for San Jacinto, if it had not been for the Alamo, if it had not been for the sacrifices of your sons in Texas, the flag of Mexico might be floating over that country now. We liberated California—not "we", but the men who were contributed by every State of this Nation did that job.

We want you to come down to Texas—not to see what Texans did but to see what the sons of your States did and give our people an opportunity to show their appreciation for your contribution. This is not ours. I am not asking for anything for Texas. This is the Nation's job, and we want $3,000,000, and we do not want any chinchy thing done about this. We want a celebration of a nation that

shows itself fit to be the sons of the people who made Texas free. [Applause.] We do not want any men of this generation splitting 15 or 20 cents when it comes to commemorating the deeds of heroism of those people—the history of which makes our country great. This Nation needs to look upon the deeds of these men who held it high duty to serve.

Now, let us see if this is not a fair deal which is proposed.

Do you mean to tell me you are not willing to commemorate and celebrate this achievement? No; you will not say that. There is not a man or woman here who is fit to be here who will say that. I make that statement deliberately.

[Here the gavel fell.]

Mr. McREYNOLDS. I yield 2 additional minutes to the gentleman from Texas.

Mr. SUMNERS of Texas. I take that back, I do not like that statement, I take it back. My community of 300,000 people is putting up $6,000,000 to commemorate this achievement of what your fathers did down there. We are putting up over $6,000,000, our 300,000 people are taxing themselves $6,000,000 to commemorate the deeds of the men who bought this territory with their lives and gave it to you.

The things and places that are holy about Texas are scattered all over the State. We do not know whether $3,000,000 will be enough or not, but we in my city put up $6,000,000 and the State put up $3,000,000. Is it too much to ask that you at least provide a maximum amount of $3,000,000 with a check on it in the first instance of the commission and in the last instance of the appropriating committee? [Applause.] That is all.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan to the amendment offered by the gentleman from New York.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 39, noes 86.

So the amendment was rejected.

Mr. BUCHANAN. Mr. Chairman, I offer two amendments, which I have already sent to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: Page 6, line 5, after the word "Commission", insert "the board of directors of the Texas Memorial Museum."

And on page 6, line 13, after the word "thereof", insert "to grant toward the Texas Memorial Museum such sum as may be specifically provided for that purpose by the act making the appropriation authorized by this joint resolution."

Mr. BUCHANAN. Mr. Chairman, I understand these amendments are acceptable to the committee.

Mr. JOHNSON of Texas. Mr. Chairman, the amendments are acceptable to the committee.

The amendments were agreed to.

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent that all Members who have spoken on this joint resolution may have the privilege of revising and extending their remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

All accounts and vouchers covering expenditures shall be approved by said Commissioner General or by such assistants as he may designate, except for such allotments as may be made to the various executive departments, independent offices, and establishments for direct expenditure; but these provisions shall not be construed to waive the submission of accounts and vouchers to the General Accounting Office for audit, or permit any obligations to be incurred in excess of the amount authorized herein: *Provided*, That in the construction of buildings and——

Mr. MAVERICK. Mr. Chairman, I move to strike out the last word.

Mr. MAVERICK. Mr. Chairman, we are discussing today an appropriation of money by the Congress of the United States for celebrations of the Texas centennial. No amount of money which Congress might appropriate for these celebrations could be too much, for Congress should see to it that the great history of Texas shall be emphasized as a never-failing source of inspiration for all Americans and for all time.

I shall not burden you with a long talk on the history of Texas, but I want you to realize the importance of that history in relation to the general history of the whole United States of America.

Because our Nation originated in the eastern seaboard and in the Thirteen Colonies, those Thirteen Colonies have been considered as the most important foundations of our history, and I believe that is correct. However, I submit that Texas is next in importance. While the Thirteen Colonies were being formed, the might of Spain covered all of South America and Mexico and Texas, and from Texas east to Florida, and from Texas west to California. Texas became a republic in 1836, after a bloody revolution.

Preceding the formation of the Republic of Texas, we see the might of Spain, its soldiers and priests, its martyrs and statesmen. We are prone to belittle people of other nationalities; we are prone to brag about our own greatness, and yet, while being conscious of our own greatness, we must recognize greatness in others. We should not forget the greatness of Spain and of Mexico, for those two nations are really the background of Texas.

Texas has been under six flags; let us take them in order. First, Texas was under the flag of Spain; for a brief period it was under that of France; back again it came to the flag of Spain; and then in 1821, after a revolution, came the flag of Mexico. Mexico's break with Spain is one of the most dramatic episodes in world history. The great priests and martyrs—Hidalgo and Morelos—form its beginning. The Generals Nicolas Bravo, Guadalupe Victoria, and others not quite so glorious, brought it to a conclusion. Then, over in Texas, the Anglo-Saxon population, mostly Americans, led by Stephen F. Austin, moved into the great State of Texas. Later they revolted against the Government of Mexico and set up an independent republic. This was one of the strangest and most colorful of revolutions, as I shall tell you later. Then under Gen. Sam Houston, as President, who was formerly a Member of the United States Congress, and Governor of Tennessee, Texas became a part of the United States of America. Later it seceded from the United States of America and became a part of the Confederate States; and then back again it came to the Stars and Stripes. This accounts for the six flags of Texas—no other portion of the United States has had this history.

Yes, Texas has had a colorful history—romantically colorful—colored by the blood of its martyrs, and by the brave men and women who created civilization and culture in an uncharted and dangerous wilderness.

Consider the various factors in the Texas revolution. The State had altogether not over 35,000 men, women, and children. Texas was then almost twice its present size and over this vast territory armies were assembled to revolt against a nation with a population of some 7,000,000, a disparity of 200 to 1; it is really true that there is no parallel to this in world history. And nothing in all the history of heroism and sacrifice for a real cause can exceed the Battle of the Alamo. On the 23d of February 1836, the first alarm was given of the approach of the Mexicans on the Alamo. William Barrett Travis and James Bowie were there, as were 180 other heroes. For 10 days or more these men battled a force of 2,500 Mexicans under the dictator, Santa Anna. Enthusiastic historians say 4,000 Mexicans, the Mexicans say 1,500, calmer historians estimate the 2,500 as approximately correct. But we do know that the Texans were faced by veteran soldiers, outnumbered 10 or 20 to 1, with superior equipment—in fact, the Texans had practically none, finding all but two of their cannon spiked and useless.

One of those in the Alamo was Davy Crockett, who had been a Member of the Congress of the United States from Tennessee, and who was a very famous man in his own right, long before he came to Texas. He was the originator of the famous saying, "Be sure you are right, then go ahead."

These brave men had little chance. They sent requests for help, which were never received, or if received, they were ignored, except for a small band of men from Gonzales under Bonham. To show the psychology of the time, I offer for the RECORD a letter sent by Lt. Col. William Barrett Travis, which is as follows:

COMMANDANCY OF THE ALAMO,
Bexar, February 24, 1836.

Fellow citizens and compatriots, I am besieged by a thousand or more of the Mexicans under Santa Anna. I have sustained a continued bombardment for 24 hours, and have not lost a man. The enemy has demanded a surrender at discretion; otherwise the garrison is to be put to the sword if the place is taken. I have answered the summons with a cannon shot, and our flag still waves proudly from the wall. I shall never surrender or retreat. Then I call on you in the name of liberty, of patriotism, and of everything dear to the American character, to come to our aid with all dispatch. The enemy are receiving reinforcements daily, and will no doubt increase to three or four thousand in 4 or 5 days. Though this call may be neglected, I am determined to sustain myself as long as possible, and die like a soldier who forgets not what is due to his own honor and that of his country. Victory or death.

W. BARRETT TRAVIS,
Lieutenant Colonel Commanding.

P. S.—The Lord is on our side. When the enemy appeared in sight we had not 3 bushels of corn. We have since found in deserted houses 80 or 90 bushels and got into the walls 20 or 30 head of beeves.—T.

The battle concluded Sunday morning, on March 6, 1836. All of those who were in the Alamo were killed, with the exception of Mrs. Dickinson, her little child, a Negro slave belonging to Travis, and a few Mexican women.

The Battle of the Alamo is well covered in many books, but the vast and wide implications of the history of the Alamo should be known by the people of the United States. What did it do? First, it showed that human beings can make sacrifices—and that there is such a thing as patriotism. This ought to be a lesson today. I do not mean that we should go out and offer ourselves to be shot or killed for the sake of gaining some point, although I believe that there are many hundreds of thousands of Americans that would be willing to do it, if they thought they would accomplish anything by it. By saying that there is such a thing as "patriotism", I mean that there is such a thing as patriotism now. The example of the Alamo should not be lost to us. If a man will willingly lose his life for the liberty of his people and for posterity, certainly now a man should be willing to lose his political life in standing up for the things that are right and just. The thing that faced the Texans was political tyranny; what we face now is a tyranny of the special interests, against the Government of the United States; and against these special interests, or the tyranny of those special interests, all of us must stand today.

The second thing that the Battle of the Alamo did was to start the momentous events which brought the great State of Texas as a part of the Union of the United States, and I call to your attention that Texas then had within its boundaries a part of Oklahoma, Kansas, Colorado, and New Mexico. Besides that, of course, the whole West became a part of the United States. As a result of the Battle of the Alamo there came to the United States its greatest mineral and oil and agricultural wealth; likewise millions upon millions of acres of great forests, also of grazing land, which with its cattle, has gone far toward making up one of the most powerful nations on the face of the earth.

During the time that Texas was a republic—from 1836 to 1845—she was twice invaded by Mexican armies. Texas, herself, attacked portions of Mexico during her 9 years of existence. In fact, the Republic of Texas lived for 9 years battling internal enemies among the Indians and battling Mexico, and it was a wonder that she preserved herself, having no well-founded financial system, and having nothing whatever to protect her except the resolute desire of the free-born Texans to live like human beings. That spirit that made them revolt against the dictator of Mexico, to preserve themselves, and to finally merge with the United States of America, was a brave spirit and the same spirit that we must have if we are to attack the problems of this depression and finally gain self-respecting lives as free-born American citizens.

It is not possible at this time to realize the daring of these Texans. Texas built a navy and decided to do some conquering on her own behalf—but briefly, the sad story of the Texas navy is this: The "authorities" managed, in the early part of 1836 to pick up a small navy of three vessels, namely, the *Invincible*, Capt. L. Brown; the *Brutus*, Captain Hurd; and the *Independence*, Captain Hawkins. The *Invincible* carried 8 port guns and 1 pivot 9-pounder; the *Brutus* of like force; the *Independence* of 8 guns. Later, the *Liberty*, with 3 guns, was added to the fleet. These boats captured a number of Mexican vessels. The *Independence* was captured by the Mexicans; the *Invincible* struck on breakers near Galveston Harbor and went to pieces. The *Brutus* ran aground during a battle with the Mexicans.

In 1838–39 the Texas navy was augmented by purchase of vessels: The *San Jacinto*, the *San Antonio*, the *San Bernard* and the *Colorado*. In 1839 the steamship-of-war, *Zavala*, purchased by Gen. James Hamilton, was added; also the *Charleston*. Due to the deplorable condition of the navy, the President of the Republic directed in 1842 that the vessels be placed in ordinary or be sold. They were placed in ordinary, and so remained until the annexation of the Republic to the United States.

There also occurred the Santa Fe Expedition, an ambitious enterprise of the Texans, but rather more foolhardy than otherwise. This expedition left Brushy Creek, about 15 miles above Austin, on June 21, 1841, with a military escort, commissioners from the Republic of Texas, and about 50 merchants and traders. For about 6 weeks the journey was pleasant enough, through a wild country which afforded plenty of game for food, and an abundance of water and grass for the horses and cattle. Then they entered a mountainous, arid region, and soon the last of the cattle were slaughtered and provisions ran short. To obtain food for more than 300 men was a difficult task. After wandering for some time, and being attacked by Indians on numerous occasions, some of the expeditions turned back. After experiencing much hardship, about 90 of the men reached a sheep ranch on the Rio Gallinas in New Mexico, where they were provided with food. Others of the party proceeded to San Miguel. Governor Armijo, of New Mexico, hearing of the approach of the Texans, set about to immediately alarm the people that the Texans were coming to conquer the country. When the expedition resumed its journey it was met by a force of Mexican soldiers, and captured. Governor Armijo and a force of 600 met the Texans on the way to Santa Fe, and they were taken to Santa Fe as prisoners. On October 17, 1841, the unhappy Texans were started on the long journey to Mexico City on foot. From the moment of their surrender the prisoners were treated with great cruelty by Armijo's soldiers, and the march from San Miguel to the border of New Mexico at El Paso was one of almost constant torture. Many of the men, who found it difficult to keep going, were shot down in their tracks and their bodies left by the wayside. At the border they were turned over to troops of the national government and marched to Mexico City.

Some of the members of the party who claimed citizenship of other countries appealed to their respective diplomatic representatives for aid, and through the effort of the foreign ministers at the Mexican capital these were released in the course of a few months. The Mexican Government reluctantly released those who could claim the protection of the United States or of European Governments, but the rest were kept confined in military prisons for 4 months. Waddy Thompson, of South Carolina, was sent to Mexico by the United States Government to procure the release of the citizens of this country. On June 16, 1842, most of the Texans were released by order of Santa Anna. Jose Antonio Navarro, one of the Texan commissioners, was kept in prison at the capital until December 1844. He was moved to Vera Cruz, from which place he escaped and returned to Texas in 1845.

And Texas was invaded by Mexico in 1842; and San Antonio was captured on the 11th day of September in that year by a Mexican Army under Gen. Adrian Woll, a Frenchman in Mexican service. He took 53 prisoners, who were thereafter known as the "Bexar prisoners", for San Antonio was then, and is now, a part of Bexar, now Bexar County, and the Twentieth Congressional District.

The Texans captured were marched barefooted through cold and heat, over cactus deserts, high mountains, through great forests and plains, through cities and towns to the Castle of Perote, a great prison and fortress between the cities of Jalapa and Puebla in Mexico, a distance of 1,200 miles, where they were held for 10 months. I have visited this huge prison—a cold, stern place of beautiful Spanish architecture, and there I saw the cell block of my grandfather, Samuel A. Maverick, one of the "Bexar prisoners."

The suffering of the Bexar prisoners cannot even be understood at this late date. The men were famished, starved, kept without news while their wives shifted for themselves in the vast, wild, Indian-infested prairies of Texas; and yet it stands as a fact, they never lost hope—continued to make the sacrifice through all these hardships and never lost their sense of humor. There were many tragic instances of death and suffering; they were serious men, but, as I said, they never lost their sense of humor. One of the instances was their celebration, in chains at Perote, of Texas' independence.

Familiar with the refinements of civilization they asked the Mexican authorities for good whisky and eggnog—but got horrible tequila—distilled from cactus—and goat milk; with this concoction they proceeded to celebrate, rattling their chains of slavery, taunting their Mexican captors and singing rowdy songs of the day. Some day I may be criticized for this, but the diaries of the prisoners attest to the truth of it. I trust my relative behaved with the dignity of a Congressman on that occasion.

Yes, Texas, and San Antonio will always really be a symbol of something worth while.

"Patriotism", according to Dr. Samuel Johnson, is sometimes "the last resort of the scoundrel"—and it is likewise the most precious thing to a decent human being. But I think it fair to say that there is a changing concept of patriotism. Wars are, or should be, over. Pioneering, as we once understood it, is over. But the war to make the world a decent place to live in, the pioneering of science, government, progress, has just begun. Those who are willing to be the new soldiers and pioneers will have a harder enemy to meet—the special interests, the exploiters, the gods of Greed and Hate—and they will use persecution, ridicule, hate. The enemies of civilization will use crooked finance, combines, the ridicule and falsity of a controlled press—and all of this will take far more courage than facing bullets. A bullet gives us peace, but the modern form of warfare lets us live in unhappiness, so I repeat we need more courage now than before.

Forgive me, however, for my philosophizing. Let me get back to the Alamo, to San Antonio, and to Texas.

Mr. Chairman, I believe that the Federal Government should recognize the Alamo, of San Antonio, Tex., as a monument of patriotism for future ages. I say this not because it is within my district, nor because I was born within a block of the Alamo, but because I believe the Alamo to be fully as important as the Battles of Lexington and Concord, and because I believe it obvious that it should be recognized as a national monument by all the people of the United States.

Of course, the Alamo is owned by the State of Texas, and Texans are very proud and jealous of it; they would probably object to passing title to the Federal Government. However, there is no reason why the Federal Government should not have, surrounding the Alamo, certain lands and properties in order to give it more fitting recognition. You know, we people down South come up East to see the historical points here, and we would like very much for the eastern people to come down South and see what we have there. Not only should they acquaint themselves with the great history of our Republic in Texas and how we came into the Union, but they should also see the civilization brought by the Franciscan Friars, the Spanish officials, and others who colonized and Christianized that area. Many Spanish colonial missions were established in Texas, and the most beautiful mission of all in the entire continent of North America is in San Antonio, Tex.

It is Mission San Jose, established near San Antonio in the year 1718. The rock carving there is not surpassed anywhere else in the world. It is in a good state of preservation and it is worth going all the way to San Antonio to see. There are other missions in San Antonio besides the Alamo and San Jose—the Missions Conception, San Juan de Capistrano, San Fernando, and San Francisco de las Espada.

I ask unanimous consent to place in the RECORD a brief list of the missions of Texas:

THE TEXAS MISSIONS

1. San Francisco de los Tejas,[1] 1690, near Crockett, Tex.
2. Santisimo Nombre de Maria,[1] 1690, southwestern part of Cherokee County.
3. San Francisco de los Neches,[1] 1716, near Alto, Tex.
4. Purisima Concepcion,[1] 1716, Angelina River.
4. San Jose de los Nazones,[1] 1716, about 30 miles from Concepcion.
6. Nuestra Senora de Guadalupe,[1] 1716, at Nacogdoches, Tex.
7. Nuestra Senora de los Dolores,[1] 1717, at San Augustine, Tex.
8. San Miguel,[1] 1717, at Robeline, La.
9. San Antonio de Valero,[2] the Alamo, San Antonio, 1718.
10. San Jose de Aguayo,[2] 1720, Bexar County, near San Antonio.
11. San Xavier de Naxera,[1] 1722, Bexar County, near San Antonio, between San Jose and the Alamo; exact site unknown.
12. Espiritu Santo,[2] 1722, near Victoria, then to San Antonio River.
13. Purisima Concepcion de Acuna,[2] 1731, San Antonio, Bexar County.
14. San Francisco de la Espada,[2] 1731, Bexar County, near San Antonio.
15. San Juan Capistrano,[2] 1731, Bexar County, near San Antonio.
16. San Francisco Xavier,[1] 1746, San Gabriel River.
17. San Ildefonso,[1] 1749, on the San Gabriel River.
18. Candelaria,[1] 1749, on the San Gabriel River.
19. Nuestra Senora del Rosario,[1] 1754, near Goliad, Tex.
20. San Marcos,[1] 1755, on the San Marcos River.
21. Nuestra Senora de la Luz,[1] 1756, Atascosito, Chambers County.
22. Nuestra Senora de Guadalupe,[1] 1757, on Guadalupe near New Braunfels.
23. Santa Cruz or San Saba,[1] 1757, near Menardville on the San Saba.
24. San Lorenzo,[1] 1762, 70 miles southeast of San Saba.
25. Nuestra Senora del Refugio,[1] 1793, at Refugio, Tex.

In connection with the Texas centennial in 1936—every American should take a trip through the South. If you can, go by the Tennessee Valley Authority and see the greatest achievements of present American history—go by New Orleans, where you will also see some Spanish colonial civilization, besides French civilization—drive through Texas, and spend 2 or 3 days in San Antonio, which is one of the two or three most beautiful cities in America. If you have time, drive down into Mexico, where you will see many more beautiful cities, come back by San Antonio, drive out through the west through New Mexico, where you will see some of the most beautiful mountain scenery in the world, and also a great deal of some Spanish civilization, and then go through Arizona into southern California. You can then realize the might and greatness of the State of Texas and also realize the might and greatness of much of our southern part of the United States, of Texas, and of the West.

And then, when we realize the greatness of our continent and of our national history, let us get busy considering how we are going to set this country back on its feet, kill this awful depression, and to conserve, through national action, our natural resources, put people to work, and make it so one can live in decency and fair comfort, a good standard of living, with education, sanitation, and proper housing.

Mr. Chairman, I ask unanimous consent to insert in the RECORD a compendium of Texas history from earliest times until it became a part of the United States. This compendium has been prepared for me by the Honorable J. Marvin Hunter, of Bandera, Tex., one of the foremost authorities on southwestern history in America. He is publisher of the Frontier Times. He began to print the Frontier Times 12

[1] No traces of the buildings left.
[2] In fair state of preservation.

years ago, and he has collected together thousands of stories about the history of Texas and the great Southwest. The service that he has rendered the country is very great, and it should be recognized.

I find since coming to Congress that the CONGRESSIONAL RECORD is really read very widely by all classes of our citizens, but particularly students, teachers, and those doing research work. I have largely made this effort today for the permanent record of history, and now offer for printing the compendium of my distinguished fellow Texan, Hon. J. Marvin Hunter:

A COMPENDIUM OF TEXAS HISTORY COMPOSED BY HON. J. MARVIN HUNTER

The first white man who saw Texas was probably Alvarez de Pineda, who, in 1518, 20 years after Columbus, made a map which delineated Matagorda Bay, which he named La Bahia del Espiritu Santo.

In 1527 the Spanish King commissioned Panfilo de Narvaez to command a fleet which explored the country north of Tampico and east of Florida. Alvar Nunez Cabeza de Vaca accompanied this expedition. The fleet was lost in the Gulf of Mexico, and Cabeza de Vaca, with some of the crew, was cast upon the coast. After 8 years' wandering they reached a Spanish settlement in Mexico, and in due time reached Spain.

In 1538 Hernando de Soto reached Florida, and after 3 years in the country which is now the Gulf States, he reached and crossed the Mississippi River. De Soto died near the mouth of the Red River. His survivors traveled westward 150 leagues, which, from their description, has been identified as the eastern Cross Timbers of Texas.

In 1540 Francisco Vasquez Coronado set forth from Mexico with 250 horsemen and 70 Spanish infantry, accompanied by a number of priests, and passed through the Grand Canyon of the Colorado, through New Mexico, and entered Texas, their route being across a portion of the Staked Plains.

In 1682 a company of Spaniards under Espejo visited the upper Rio Grande and established missions at El Paso and Santa Fe.

In 1685 the coast of Texas was visited by Robert Cavelier de La Salle, who sailed from France with 4 ships and upward of 300 persons, to plant a colony at the mouth of the Mississippi. The fleet sailed too far to the westward, and entered Matagorda Bay. La Salle crossed the bay and ascended the Lavaca River, where he erected Fort St. Louis, since known as "Dimmit's Point." In March 1687 he was cruelly assassinated by one of his own men.

The first Spanish mission in east Texas was established in 1690 on the Neches River.

The first Spanish Governor of Texas was Don Domingo Teran de Los Rios, who was appointed in 1691.

In 1692 a village called San Fernando (now San Antonio) was begun near the head of the San Antonio River.

The Mission San Antonio de Valero was commenced on the Rio Grande in 1703 and removed to the San Antonio River in 1715 and to the plaza in the city in 1718.

In 1714 the Mission Nuestra Senora de Guadalupe was started on the Guadalupe River.

In 1715 was also commenced the missions at La Bahia, Nacogdoches on Ayish Bayou and at Adaes, on the east side of the Sabine.

San Antonio was erected into a presidio November 28, 1730, and the next year citizens for the new city were brought from the Canary Islands. The transportation of 16 families, consisting of 57 persons, cost the royal treasury $72,000.

On March 5, 1731, was laid the foundation of La Purisima Concepcion, and a short time later the missions Las Espada, San Juan, and San Jose were commenced.

The foundation of the Alamo was laid in 1744.

In 1778 the foundation of the old stone house in Nacogdoches was laid, and in 1790 the Mission of Our Lady of Refuge, Refugio, was commenced. This was the last mission undertaken by the Franciscans in Texas. For a century they had labored for the civilization of the Indians. Some of their mission churches have disappeared. Other massive structures still stand, monuments to the religious zeal and enterprise of their founders.

Under the right of prior discovery by La Salle, the French still laid claim to Texas. By a royal charter, dated September 14, 1712, Louis XIV granted to Anthony Crozat the whole of Louisiana, including all the territory drained by the Mississippi. In 1718 the territory of Louisiana passed to the control of the Company of the Indies, of which John Law, the celebrated financier, was the leading spirit. In the latter part of this year, war broke out between France and Spain. As soon as this was known, St. Denis, who was in command at Natchitoches, collected a few soldiers for the invasion of Texas. The French expelled the Spaniards from Nacogdoches, and advanced as far as San Antonio. The controversy as to the ownership of Texas was kept up by different parties for more than a century.

In 1729 a number of powerful Indian tribes formed a coalition for the expulsion of all the Europeans from the country between the Mississippi and the Rio Grande. In 1732, Governor Bustillos organized a military expedition and chastised the savages, and secured peace to the settlements.

In 1762 France transferred her Louisiana possessions to Spain.

In 1800 Spain retroceded Louisiana to France, and in 1803 Bonaparte sold it to the United States.

At the close of the eighteenth century Texas had a population estimated at about 6,000, of which one-third were in San Antonio; and there were permanent settlements at Goliad, Nacogdoches, and other points.

The increasing prosperity of the American Republic and the claim that Texas was included in the purchase of Louisiana, excited the jealousy of the Spaniards, who adopted a proscriptive police.

In 1800 Philip Nolan, Ellis P. Bean, and 18 others left Natchez, Miss., to hunt wild horses in Texas. Arriving on the high prairies, between the Trinity and the Brazos, Nolan halted and erected a block house. Lieutenant Musquez and about 100 Spanish soldiers attacked the house, and Nolan was killed. Bean was captured and sent to Mexico in irons.

In 1806, Lt. Zebulon M. Pike, of the United States Army, while on an exploring tour toward the headwaters of the Rio Grande, was discovered by the Mexicans, arrested, and sent home under an escort. The next year Colonel Freeman, sent out by President Jefferson to explore the Red River country, was also discovered by the Mexicans, arrested, and sent home.

In 1805 Governor Don Antonio Cordero advanced from La Bahia (now Goliad) to the Sabine with a military force to hold the country.

In 1812 Lt. Augustus W. Magee took possession of Nacogdoches. September following, with about 300 followers, he captured Goliad without a fight. Magee died February 1, 1813, and was succeeded in command by Samuel Kemper. This small army took the name of the Republican Army of the North, and started for San Antonio, where the Spaniards had been reinforced and numbered about 2,000. On the 5th of March, 1813, after severe fighting, the Spanish commander surrendered his sword to Kemper. A month later another Spanish army, said to number about 3,000, and after a siege, was defeated by the Republicans.

In 1819 Dr. James Long organized at Natchez an expedition for the invasion of Texas. He crossed the Sabine in June of that year. At Nacogdoches he organized a provisional government and sent detachments of soldiers to occupy the trading posts in eastern Texas. At Goliad Long was betrayed and taken to Mexico City. Later he was liberated, and soon afterward assassinated in that city.

Moses Austin, then a resident of Missouri, heard glowing descriptions of Texas, and resolved to apply to the proper authorities for permission to introduce 300 families into Texas. In pursuit of this scheme he visited San Antonio. At first he was ordered to leave the Province; and as he left the office of Governor Martinez he met Baron de Bastrop, an old friend he had known in Louisiana. Through the influence of Bastrop the Governor was induced not only to rescind the order for Austin's banishment, but to join the municipal officers of the city in recommending his project to General Arredondo at Monterey. Austin hastened back to make arrangements for introducing his colonists. Shortly after reaching Missouri, Austin died, leaving, however, a dying injunction that his son, Stephen F. Austin, should carry forward his plans.

Stephen F. Austin was in New Orleans when he heard of the success of his father's application, and he immediately started for Natchitoches, where he met the Mexican commissioner, Don Erasmo Seguin, sent there with the decree of Arredondo, and who was accompanied by Don Juan Veramendi. These Mexican gentlemen accompanied him to San Antonio, arriving there August 13, 1821, and he was cordially received by Governor Martinez. After examining the country, and choosing the region between the San Jacinto and Lavaca Rivers for a location, Stephen F. Austin returned to New Orleans. The schooner *Lively* was purchased and loaded with provisions, farming utensils, etc., and with 18 persons on board, sailed from New Orleans for Matagorda Bay November 20, 1821, and was never hear from afterward.

The same day the *Lively* left New Orleans Austin started for Texas by land, being joined at Natchitoches by 10 companions. The party reached the Brazos River the last day of the year. Austin hastened to the coast to meet the party of the *Lively*. For nearly 3 months he waited, when, receiving no tidings of the missing vessel, he finally gave her up for lost.

Introducing the 300 families required by the first contract, Austin, under the colonization law of April 1825, entered into another contract for 500 more. In 1827 he took a third contract for 100 families, and the next year a fourth for 300.

On the 18th of April 1825 Hayden Edwards took a contract for the introduction of 800 families into east Texas.

In 1826 Joseph Vehelin obtained a charter to colonize a large scope of country and was requested to introduce Swiss, Germans, and French.

At the same time David G. Burnet obtained a grant to colonize the region north of Vehelin's colony.

In 1829 Lorenzo de Zavala obtained a grant to colonize the country bordering upon the Sabine.

Martin de Leon obtained two contracts, the first in 1825 to introduce 41 families and the second in 1829 for 150 more, all to be located near the Guadalupe River. The territory still higher up the river was granted to Green DeWitt in 1825.

On the coast between the San Antonio and Nueces Rivers, Hewitson and Powers introduced some colonists, having in 1828 obtained a contract for 200 families. The same year McMullen and McGloin contracted to introduce a similar number into San Patricio County. Most of these latter colonists were Irish.

In 1830 Sterling C. Robertson and Alexander Thomson entered Texas with some colonists, but some difficulties arose with the Mexican authorities, and most of these families settled in Austin's

colony. Sterling C. Robertson was ordered to leave the province, but in April 1934, by decree he was reinstated as empresario, and succeeded in introducing some 300 families.

B. R. Milam was given a colonization grant, but disposed of his contract to Baring Bros., London, England.

General Filisola obtained a charter for colonizing the territory north of that given David G. Burnet, and the Red River country was given to John Cameron. Contracts were also awarded to Frost Thorn, Stephen J. Wilson, and Padilla and Chambers, but no steps were taken to settle the territory. West of the Nueces, in the State of Coahuila, Beale, and Grant introduced a few English colonists. After 1825 a large number of immigrants came to Texas on their own responsibility, selected homes and obtained titles to their land, under the provision of a general colonization law.

The law of 1824 guaranteed to foreigners settling in Texas security for their persons and property. Ten coast leagues and 20 leagues bordering on the United States were reserved from location. Under Austin's first contract, by previous agreement, the colonists were to pay 12½ cents an acre. This, however, was never collected.

The early inhabitants of Texas endured many privations. Meat could be procured by hunting, but families were sometimes for weeks without bread, and sugar and coffee were luxuries seldom obtainable. The men dressed mostly in buckskin, the women in such fabrics as could be obtained.

In Austin's colony, up to 1828, Austin himself exercised the functions of empresario. He held the rank of lieutenant colonel in the Mexican Army. He also held the office of supreme judge.

One of the first acts of the Mexican National Congress, assembled under the constitution of 1824, was the erection of former provinces into states similar to those of the American Union. Texas was connected temporarily with the neighboring State of Coahuila. The legislative body of the united state was called a congress, and was composed of 12 members, of whom Texas was entitled to 2. A representative, if not a native of Mexico, must have resided 8 years in the country, and was required to be worth $8,000 or to have an income of $1,000 annually. Popular elections were held on Sunday, the people not voting directly for the congressmen but for electors, who subsequently elected them.

On the 6th of April 1830, President Bustamente issued a proclamation prohibiting any further immigration into Texas from the United States. In 1831 customhouses were established at Nacogdoches, San Antonio, Copano, Velasco, and Anahuac. By decree of April 7, 1832, foreigners (meaning Americans) were forbidden to carry on a retail trade in the country, and a considerable body of troops were sent into Texas.

The first serious difficulty between the colonists and the military occurred at Anahuac, when Colonel Bradburn proclaimed martial law and arrested a number of citizens for whom he had conceived a dislike, and confined them in the barracks. By another military decree all the ports of Texas were closed, except Anahuac. It was not expected that Anglo-Americans, with their inborn love of liberty, would tamely submit to such outrages. Meetings were held and measures devised to effect the release of the prisoners in the stockade. A company was organized under the command of Francis W. Johnson, who demanded the immediate release of their fellow citizens. Bradburn refused to accede to the demand. General Piedras was approaching from Nacogdoches with reinforcements, and as soon as he ascertained the true state of affairs, superceded Bradburn (who immediately left for New Orleans) and released the prisoners. At this juncture, news arrived of a revolution in Mexico. Santa Anna had pronounced against Bustamente, and proclaimed anew the Constitution of 1824. A public meeting at Turtle Bayou June 13, 1832, gave a cordial assent to this republican movement. This placed the Americans in Texas in harmony with the Liberal Party of the Nation.

In the month of May, the assailing party at Anahuac needing cannon, went to Velasco to get two which were at that place, but Colonel Ugartechea declined to let the cannon pass Velasco. Volunteers were called for to capture the garrison, and 112 men responded. The cannon were placed on board the schooner *Brazoria*, in charge of Captain Russell, and floated down the river. Captain John Austin conducted the remainder by land. These, when they arrived at the mouth of the river, were formed into two companies. Captain Brown, with one company, took position near the beach. Captain Austin, under cover of darkness approached within a few rods of the fort, carrying palisades of plank for protection, and, working in silence, threw up temporary breastworks. The battle commenced about 12 o'clock at night, June 25, 1832. Just after daylight a shower of rain fell damaging the ammunition of the assailants. The party on the vessel kept up the fight, and the riflemen were especially successful in picking off gunners who mounted the parapet to fire the cannon. After 10 hours' fighting a white flag was raised in the fort, and the garrison surrendered. In the fight the Mexicans lost 35 killed and 15 wounded. The loss of the Texans was 8 killed and 27 wounded.

The attachment of Texas to Coahuila was inconvenient, unnatural, and in many respects, disadvantageous to Texas, which now had a population equal to that of the smaller states of Mexico. A convention was held in San Felipe de Austin in April 1833, and a constitution was drafted by Sam Houston. It was adopted and submitted to the national authorities for approval. Judge David G. Burnet drew up an able memorial, showing the disadvantages under which Texas labored, and the necessity for a separate state government. The government refused to grant the Texans' request.

In 1834 Coahuila was convulsed with a revolution, which still more forcibly illustrated the necessity of separating Texas from Coahuila.

Perhaps Texas might have become and remained a Mexican State had the Mexicans maintained a republican form of government. But the Republic had disappeared, Santa Anna had abandoned the liberal party, and was making strides toward absolute power. The constitution of 1824 had been swept away, and the mass of the people disarmed.

The revolution in Mexico was completed on the 3d of October 1835. The state of chaos in Coahuila left Texas comparatively without civil government. At this period, when the public mind was unsettled, Austin, who had been in prison in Mexico reappeared in Texas, having been released from his long confinement.

Gonzales has been denominated the Lexington of Texas. A cannon had been given the citizens for defense against the Indians. Colonel Ugartechea, in command at San Antonio, sent Captain Castanado, with 150 men to seize this gun and carry it to San Antonio. The Texans rallied under Capt. Albert Martin, and resolved to retain it. By the 1st of October the Texan force at Gonzales had increased to 168. John H. Moore was elected colonel. The Texans manned the cannon and went out to attack Castanado. The fight opened with the discharge of the cannon, when the Mexicans precipitately retreated toward San Antonio, and the Texans returned in triumph to Gonzales.

On October 8, the Texans, under Captain George Collingsworth, attacked and captured Goliad, taking 25 prisoners, several pieces of artillery, 300 stands of arms, and about $10,000 in money.

On the 6th day of November 1835 the independence of Texas was declared, and on the 12th a provisional government was organized, with Henry Smith for Governor; James W. Robinson, Lieutenant Governor; and Sam Houston, commander in chief of the regular army.

The Texans, who, had, on the first alarm of war, gallantly repulsed Castanado, were not prepared for a regular campaign, and many of them soon returned to their homes. Those remaining in camp were without a recognized leader. In the contingency General Austin was selected as commander in chief.

At San Antonio the Mexican garrison had been strengthened by the arrival of General Cos and numbered about 1,000 men. This city was Austin's objective point. With his army he crossed the Guadalupe River and on the 20th of October he arrived at the Mission La Espada, 9 miles from the city. He sent a detachment of 92 men, under Colonels Bowie and Fannin, to reconnoiter and if possible select a camping ground near the city. On the morning of the 28th this detachment found themselves confronted on 3 sides by 400 Mexican soldiers. After some severe fighting the Mexicans retreated to the city, leaving their 6-pounder on the field. In this engagement the Texans had one man killed. The Mexicans' loss was not accurately known, but 16 dead bodies were lying near the abandoned cannon, which had been fired but 4 times.

On November 28, General Austin, who had been appointed Commissioner to the United States, resigned the command of the army, and was succeeded by General Burleson.

On December 5 the Texans, under General Burleson, Colonel Neil, Col. Ben Milam, and F. W. Johnson, began an assault upon the city of San Antonio, which continued for several days, during which time Colonel Milam was killed. General Cos, the Mexican commander, on the morning of the 9th of December, surrendered the city and the Alamo to the Texans.

On December 10 the executive council passed a decree ordering an election of delegates to a general convention. The 22 municipalities were to elect 56 delegates; the election to be held on the 1st of February 1836, and the convention to meet in Washington-on-the-Brazos on the 1st of March.

It was soon discovered that the executive council was too unwieldy for prompt action. A rupture occurred, and on the 11th of January the council, by a unanimous vote, deposed Governor Smith, and installed Lieutenant Governor Robinson as Governor. The Governor declined to surrender his office, and a wordy controversy ensued, which was protracted until the meeting of the convention in Washington-on-the-Brazos.

The delegates to the convention assembled on the 1st of March. Richard Ellis was elected president and H. S. Kimble, secretary. On the second day of the session a declaration of independence was unanimously adopted. By the 15th a constitution had been prepared, and on the 16th a government ad interim was inaugurated, with David G. Burnet for president and Lorenzo de Zavala vice president. Sam Houston was appointed commander in chief of the forces in the field. The convention adjourned on the 17th, and a few days afterward President Burnet and the members of his cabinet removed to Harrisburg.

Texas was now the only Mexican province that disputed the authority of Santa Anna, and he immediately began preparations for its subjugation. He sent his main army across the Rio Grande at Presidio, and thence to San Antonio, while a supporting column advanced along the coast from Matamoras to Goliad. Santa Anna arrived at Saltillo, Mexico, toward the last of January 1836. On the 16th of February he was at Guerrero. The advance of the army reached the heights of the Alazan, overlooking the city of San Antonio, on the 22d of February. On the approach of the Mexicans Col. W. B. Travis, with 144 men, retired to the Alamo.

Santa Anna sent a summons to the garrison to surrender. This was answered by a cannon shot from the battery. Travis had 14 cannon but only a limited supply of ammunition. A blood-red flag, proclaiming "No quarters", floated over the church in the city.

On the 24th Travis dispatched couriers to San Felipe and to Goliad for help. The Mexicans bombarded the fort without effect.

The siege was kept up for several days. On March 2 Capt. John W. Smith with 32 citizen-soldiers from Gonzales, forced their way through the Mexican lines and entered the fort. On the 3rd Col. J. B. Bonham, who had been sent to Goliad for reinforcements, returned and rejoined his companions in the fort. On Sunday morning, March 6, the 13th day of the siege, the Alamo fell, every man dying at his post. The only persons spared were Mrs. Dickinson and her little daughter, Mrs. Alsbury and child, and a Negro belonging to Travis. The garrison numbered about 180. The loss of the enemy was 521, with a like number wounded. Santa Anna's assaulting force numbered between 4,000 and 6,000.

On March 17 Fannin, with several pieces of artillery and about 400 men, was en route to Victoria, from Goliad, and when on Coleta Creek was attacked by the Mexicans under Urrea. Urrea received heavy reinforcements, including a park of artillery. Without adequate protection against the enemy's cannon, destitute of water, and surrounded by an army five times as large as their own, the Texans saw no alternative but to surrender. A white flag was hoisted, and terms of capitulation agreed upon.

The prisoners were marched back to Goliad and confined in the old mission. Most of these prisoners were from Georgia, and constituted what was known as the "Georgia battalion." On the night of March 26 a messenger arrived from Santa Anna with orders for their execution. This order was faithfully executed the next morning, Palm Sunday, March 27. Without warning the privates, in four columns, were simultaneously marched out in different directions, each one strongly guarded. When at a short distance from the fort, at a given signal, all were halted and shot. The most of them were killed instantly. Some, who were only wounded, were dispatched with sabers, and a few, by feigning death, escaped it. After the privates had been put to death the officers and wounded were murdered in the fort. All the bodies were left unburied, though partially burned in a brush fence. Eight physicians and attendants were spared; 27 made their escape; 330 were slain.

After the capture of San Antonio and Goliad, Santa Anna considered Texas subjugated, and intended to return home, leaving his generals to reestablish Mexican laws and institutions, but Almonte and Filisola, two of his ablest generals, reminded the President that all the Texans thus far encountered were recent volunteers from the United States, and that the real strength of the colonists was unimpaired. Feeling the force of these observations, Santa Anna prepared to push three columns into the heart of the country.

Gen. Sam Houston arrived at Gonzales on the 11th of March, and found 500 men in the army, most of whom had been in the campaign of 1835. That same evening he received news of the fall of the Alamo, and the expected advance of Santa Anna. As his force was inadequate to cope with the enemy, he ordered a retreat. This was commenced about midnight March 12, the families removing with the army. The Texans crossed the Navidad River on the 14th, and the Colorado on the 17th. When he crossed the Colorado, Houston's army had increased to 600 men. He remained on the east side of the river, at the old Atascosita Crossing (Columbus) until the 25th, and recruits continued to arrive until he had an army of 1,200 to 1,500 men. On the 26th the Texans took up the line of march for San Felipe, where instead of crossing the river, Houston changed his course up the stream, and camped in the Brazos bottom from the 29th of March until the 12th of April. On the day Houston encamped on the Brazos, Santa Anna started the bulk of the central column from San Antonio, and with his personal staff arrived at Columbus on the 5th of April. Leaving the heavy ordnance and most of the infantry to follow he hastened on and reached San Felipe on the 7th. A small company of determined Texans, under Capt. Mosely Baker, disputed the passage of the river, and Santa Anna turned down to seek another crossing. He arrived at Cole's on the Bernard on the 9th, rested on the 10th, and sent out a foraging party to procure supplies of corn, etc.

On the 12th Santa Anna reached Richmond, and captured a ferryboat. On the 15th, late at night, the Mexicans reached Harrisburg. After remaining there 2 days, he marched his advanced column down to New Washington, and on the morning of the 20th he started a small boat, loaded with provisions, up to Lynchburg, where he intended to cross his army and march eastward. The boat fell into the hands of the Texans and furnished an acceptable supply to hungry soldiers. That morning Santa Anna's scouts notified him of the arrival of Houston's army at Lynchburg. About the middle of the day the Mexican scouts came in sight of the camp of the Texans and by the middle of the afternoon the whole force, with the commander, had arrived and camped within a mile of the Texans.

Toward evening the artillery of the Mexicans, supported by the cavalry, was deployed in front and a little to the right of the Texans' camp. General Sherman, in command of the Texas cavalry, marched out to repel the threatened attack. The discharge of the Texan cannon, and the gallant charge of Sherman, checked the advance of the enemy.

About 9 o'clock on the morning of April 21, 1836, General Cos arrived with 500 additional troops, swelling Santa Anna's force to about 1,600 men. To meet this army Houston had only 783 men. Erasmus (Deaf) Smith was dispatched to Vince's Bridge, across a bayou. The whole Mexican army had crossed this bridge, and knew of no other chance to retreat. About 4 o'clock in the afternoon, the Texans attacked Santa Anna's forces, rushing impetuously upon the foe, shouting "Remember the Alamo!" "Remember Goliad!"

The Mexicans were not expecting an attack at that late hour in the day. Many of them were taking their evening siesta. Even Santa Anna was asleep. Before their lines could be formed the Texans were over their breastworks, taking their cannon. The battle lasted only a few minutes, but the victory was complete. As "Deaf" Smith had destroyed Vince's bridge, the Mexicans could not escape. The Texans lost 8 killed and 25 wounded. The loss of the Mexicans was 630 killed, 208 wounded, and 730 prisoners, including the President of Mexico. The Texans captured all of the artillery and camp stores of the enemy and the military chest containing $12,000 in specie.

After the decisive battle of San Jacinto, things moved rapidly toward the successful establishment of the Republic of Texas. On July 23, President Burnet issued a proclamation ordering an election for President, Vice President, and members of Congress. The people were also to vote on the adoption of the constitution, which had been framed by the convention in March, and also on the question of annexation. The unsettled state of Mexico secured Texas from danger from that quarter. Santa Anna was still held a prisoner, but after the meeting of Congress in October his irons were removed, and after the adjournment of that body, General Houston released him and sent him, at his own request, to Washington, D. C.

At the election held in September, Sam Houston was elected president and M. B. Lamar, vice president. The constitution was adopted by an almost unanimous vote, and the vote was equally strong for annexation. Congress met at Columbia on October 3. On October 22 Generals Houston and Lamar were duly installed in their respective offices.

Thus closed the revoluntionary period of Texas, the darkest and the brightest period in Texas history.

At the election held September 3, 1838, Mirabeau B. Lamar was elected president, and David G. Burnet, vice president.

In 1841 Sam Houston was elected President and Edward Burleson, Vice President.

In 1844 Anson Jones was elected President, and Kenneth L. Anderson, Vice President. President Jones convened an extra session of Congress on the 16th of June 1845, and this body promptly passed a bill assenting to annexation with the United States. A convention met in Austin on July 4, 1845, on the same day Congress passed the annexation bill. This, with a new constitution, was submitted to a vote of the people October 13.

On the third Monday in December a general election was held for State officers and members of the legislature. That body assembled in Austin, and on the 19th of February 1846, Anson Jones, the last President of the Republic of Texas, handed over the executive authority to J. Pinckney Henderson, first Governor of the State of Texas. On December 29, 1845, President Polk signed the bill extending the laws of the United States over Texas; and the same day Governor Henderson was inaugurated, the Postal Service of the Union was extended over the State, and the customhouses and other public property of the late Republic relinquished to the United States. Thus annexation was consummated, and the Lone Star, the emblem of the youngest born of republics, was merged in the constellation of the American Union.

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I do not want 5 minutes; I just want to express my deep appreciation to the members of this committee for the recent vote and to say that all those who voted against us did so for what they considered a good reason; but you come down to Texas, and we will forget all about that vote, and we will show you where the sons of your own States enacted a drama upon that stage as heroic as devotion and courage and capacity ever placed within the opportunity of any generation.

The Clerk concluded the reading of the Senate joint resolution.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GILLETTE, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration Senate Joint Resolution 131, pursuant to House Resolution 264, he reported the same to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded upon any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I move to recommit the Senate joint resolution.

The Clerk read as follows:

Mr. MARTIN of Massachusetts moves to recommit the Senate joint resolution to the Committee on Foreign Affairs with instructions to report the same back forthwith with the following amendment:

"On page 6, line 4, strike out '$3,000,000' and insert '$1,500,000.'"

Mr. McREYNOLDS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 39, noes 86.

Mr. MARTIN of Massachusetts. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. The previous question having been ordered, if the House were to adjourn now, this vote would be the first order of business on Monday, would it not?

The SPEAKER. That is correct.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 88, nays 188, answered "present" 2, not voting 151, as follows:

[Roll No. 102]

YEAS—88

Amlie	Ekwall	Kinzer	Reilly
Andresen	Engel	Lemke	Robsion, Ky.
Andrew, Mass.	Fenerty	Luckey	Rogers, Mass.
Andrews, N. Y.	Fiesinger	Ludlow	Sauthoff
Arends	Focht	McKeough	Schneider
Blackney	Ford, Miss.	McLeod	Scott
Boileau	Fuller	Maas	Short
Bolton	Gehrmann	Mapes	Snell
Brewster	Gilchrist	Martin, Mass.	Stewart
Buckbee	Goodwin	Michener	Taber
Carlson	Gwynne	Millard	Tarver
Christianson	Halleck	Mitchell, Tenn.	Taylor, Tenn.
Church	Hancock, N. Y.	Mott	Thom
Colmer	Harlan	O'Brien	Thomas
Cooper, Ohio	Hess	O'Neal	Treadway
Crawford	Hoffman	Patterson	Turpin
Darrow	Holmes	Pearson	Wigglesworth
Deen	Hope	Peterson, Ga.	Wolfenden
Ditter	Hull	Powers	Wolverton
Dondero	Jenkins, Ohio	Rabaut	Woodruff
Duffey, Ohio	Kenney	Reed, Ill.	Young
Eicher	Kimball	Reed, N. Y.	Zioncheck

NAYS—188

Ashbrook	Cullen	Hildebrandt	McFarlane
Ayers	Cummings	Hill, Ala.	McGehee
Barden	Daly	Hill, Knute	McGrath
Beiter	Delaney	Hill, Samuel B.	McLaughlin
Biermann	Dies	Hobbs	McReynolds
Bland	Dingell	Hook	Mahon
Blanton	Dobbins	Houston	Maloney
Bloom	Dockweiler	Huddleston	Mansfield
Boland	Doughton	Imhoff	Martin, Colo.
Boylan	Doxey	Jacobsen	Mason
Brown, Ga.	Driver	Jenckes, Ind.	Massingale
Brunner	Duffy, N. Y.	Johnson, Okla.	Maverick
Buchanan	Dunn, Pa.	Johnson, Tex.	Merritt, N. Y.
Buck	Eagle	Johnson, W. Va.	Montague
Buckler, Minn.	Eaton	Jones	Nelson
Burdick	Eckert	Kee	O'Connor
Caldwell	Faddis	Keller	O'Day
Cannon, Mo.	Farley	Kennedy, Md.	O'Leary
Cannon, Wis.	Ferguson	Kennedy, N. Y.	Patton
Carpenter	Fitzpatrick	Kerr	Peterson, Fla.
Cartwright	Flannagan	Kleberg	Pfeifer
Cary	Fletcher	Kloeb	Pierce
Castellow	Ford, Calif.	Kniffin	Pittenger
Chandler	Gasque	Knutson	Plumley
Chapman	Gavagan	Kocialkowski	Quinn
Citron	Gillette	Kramer	Ramspeck
Coffee	Gray, Ind.	Kvale	Rankin
Colden	Green	Lambertson	Rayburn
Cole, Md.	Greenway	Lambeth	Reece
Collins	Greever	Lanham	Richards
Connery	Gregory	Lea, Calif.	Richardson
Cooper, Tenn.	Griswold	Lee, Okla.	Robinson, Utah
Costello	Guyer	Lesinski	Rogers, Okla.
Cox	Haines	Lewis, Colo.	Romjue
Crosby	Hamlin	Lloyd	Rudd
Cross, Tex.	Hart	Lundeen	Ryan
Crosser, Ohio	Harter	McAndrews	Sadowski
Crowe	Hennings	McCormack	Sanders, La.
Sanders, Tex.	South	Thurston	Weaver
Schaefer	Spence	Tinkham	Welch
Schulte	Starnes	Tonry	Werner
Secrest	Steagall	Turner	West
Shanley	Sullivan	Umstead	White
Smith, Va.	Sumners, Tex.	Utterback	Whittington
Smith, Wash.	Taylor, Colo.	Vinson, Ky.	Wilcox
Smith, W. Va.	Taylor, S. C.	Wadsworth	Williams
Snyder	Thomason	Wallgren	Wilson, La.

ANSWERED "PRESENT"—2

Sweeney	Truax

NOT VOTING—151

Adair	Dietrich	Larrabee	Randolph
Allen	Dirksen	Lehlbach	Ransley
Arnold	Disney	Lewis, Md.	Rich
Bacharach	Dorsey	Lord	Robertson
Bacon	Doutrich	Lucas	Rogers, N. H.
Bankhead	Drewry	McClellan	Russell
Beam	Driscoll	McGroarty	Sabath
Bell	Duncan	McLean	Sandlin
Berlin	Dunn, Miss.	McMillan	Schuetz
Binderup	Edmiston	McSwain	Scrugham
Boehne	Ellenbogen	Marcantonio	Sears
Brennan	Englebright	Marshall	Seger
Brooks	Evans	May	Shannon
Brown, Mich.	Fernandez	Mead	Sirovich
Buckley, N. Y.	Fish	Meeks	Sisson
Bulwinkle	Frey	Merritt, Conn.	Smith, Conn.
Burch	Fulmer	Miller	Somers, N. Y.
Burnham	Gambrill	Mitchell, Ill.	Stack
Carmichael	Gassaway	Monaghan	Stefan
Carter	Gearhart	Montet	Stubbs
Casey	Gifford	Moran	Sutphin
Cavacchia	Gildea	Moritz	Terry
Celler	Gingery	Murdock	Thompson
Claiborne	Goldsborough	Nichols	Tobey
Clark, Idaho	Granfield	Norton	Tolan
Clark, N. C.	Gray, Pa.	O'Connell	Underwood
Cochran	Greenwood	Oliver	Vinson, Ga.
Cole, N. Y.	Hancock, N. C.	O'Malley	Walter
Cooley	Hartley	Owen	Warren
Corning	Healey	Palmisano	Wearin
Cravens	Higgins, Conn.	Parks	Whelchel
Crowther	Higgins, Mass.	Parsons	Wilson, Pa.
Culkin	Hoeppel	Patman	Withrow
Darden	Hollister	Perkins	Wolcott
Dear	Kahn	Pettengill	Wood
Dempsey	Kelly	Peyser	Woodrum
DeRouen	Kopplemann	Polk	Zimmerman
Dickstein	Lamneck	Ramsay	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Cole of New York (for) with Mr. Randolph (against).
Mr. Halleck (for) with Mr. Patman (against).
Mr. Marshall (for) with Mr. Lewis of Maryland (against).
Mr. Hollister (for) with Mr. Frey (against).
Mr. Ransley (for) with Mr. Russell (against).
Mr. Granfield (for) with Mr. Dorsey (against).
Mr. Tobey (for) with Mr. Mead (against).
Mr. Wolcott (for) with Mr. Sabath (against).
Mr. Bacon (for) with Mr. Scrugham (against).
Mr. Parsons (for) with Mr. Somers of New York (against).
Mr. Culkin (for) with Mr. Celler (against).
Mr. Seger (for) with Mr. Kopplemann (against).
Mr. Lord (for) with Mr. Dear (against).
Mr. Gifford (for) with Mr. Corning (against).
Mr. Wilson of Pennsylvania (for) with Mr. McSwain (against).
Mr. Andrew of Massachusetts (for) with Mr. Palmisano (against).
Mr. Bacharach (for) with Mr. Bankhead (against).
Mr. McLean (for) with Mr. Buckley of New York (against).
Mr. Cavicchia (for) with Mr. Dickstein (against).
Mr. Lehlbach (for) with Mr. Evans (against).
Mr. Merritt of Connecticut (for) with Mr. Gambrill (against).
Mr. Perkins (for) with Mr. Mitchell of Illinois (against).

General pairs:

Mr. Warren with Mr. Crowther.
Mr. Greenwood with Mr. Allen.
Mr. Cochran with Mr. Higgins of Connecticut.
Mr. Arnold with Mrs. Kahn.
Mr. Boehne with Mr. Rich.
Mr. Oliver with Mr. Stefan.
Mr. Burch with Mr. Withrow.
Mr. Woodrum with Mr. Hartley.
Mr. Vinson of Georgia with Mr. Gearhart.
Mr. Parks with Mr. Doutrich.
Mr. Drewry with Mr. Fish.
Mr. Sandlin with Mr. Dirksen.
Mr. Fulmer with Mr. Burnham.
Mr. Sears with Mr. Englebright.
Mr. Robertson with Mr. Marcantonio.
Mr. Hancock of North Carolina with Mr. Carter.
Mr. Kelly with Mr. Gildea.
Mr. Wood with Mr. Sisson.
Mr. Pettengill with Mr. Duncan.
Mr. Moritz with Mr. Daly.
Mr. Claiborne with Mr. McClellan.
Mr. Brown of Michigan with Mr. Binderup.
Mr. Lucas with Mr. Lamneck.
Mr. Adair with Mr. Stack.
Mr. Healey with Mr. Gray of Pennsylvania.

Mr. May with Mr. Brooks.
Mr. Rogers of New Hampshire with Mr. Edmiston.
Mr. Polk with Mr. Disney.
Mr. O'Connell with Mr. Larrabee.
Mr. Beam with Mr. Casey.
Mr. Meeks with Mr. Bell.
Mr. Brennan with Mr. Clark of North Carolina.
Mr. Miller with Mr. Nichols.
Mr. Bulwinkle with Mr. Cooley.
Mr. Berlin with Mr. Cravens.
Mr. Montet with Mr. O'Malley.
Mr. Darden with Mr. Moran.
Mrs. Norton with Mr. Dempsey.
Mr. Ramsay with Mr. DeRouen.
Mr. Sirovich with Mr. Gasque.
Mr. Dietrich with Mr. Murdock.
Mr. Goldsborough with Mr. Owen.
Mr. Driscoll with Mr. Ellenbogen.
Mr. Dunn of Mississippi with Mr. Fernandez.
Mr. Higgins of Massachusetts with Mr. Hoeppel.
Mr. Sutphin with Mr. Terry.
Mr. Thompson with Mr. Walter.
Mr. Smith of Connecticut with Mr. Raubert.
Mr. Schuetz with Mr. Stubbs.
Mr. Wearin with Mr. Whelchel.
Mr. Tolan with Mr. Underwood.
Mr. Gingery with Mr. Peyser.

Mr. DOUGHTON and Mr. DINGELL changed their votes from "yea" to "nay."

Mr. COLMER changed his vote from "nay" to "yea."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. RUSSELL, is unavoidably absent. If present, he would vote "nay" on the motion to recommit.

The doors were opened.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed, and a motion to reconsider was laid on the table.

A similar House resolution (H. J. Res. 293) was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7672) entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate no. 18 to the foregoing bill.

"GRASS ROOTS" CONVENTION AT SPRINGFIELD, ILL.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech which I made over the radio last Sunday.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KNUTSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech which I made over the radio last Sunday:

Less than 2 weeks ago I had the privilege of attending a great patriotic gathering. I refer to the so-called "grass roots" convention at Springfield, Ill., where some 20,000 men and women voluntarily assembled for the purpose of holding conference with each other. They were there for the further purpose of figuratively sitting at the feet of the great Lincoln in order that from the memory of his character and wisdom they might obtain guidance for their own course in another critical period of the Nation's history.

There were close to 8,000 accredited delegates, my home State of Minnesota sending some 300 to the prairie States conference.

Had the invitation been more general and the preliminary preparations covered a longer period of time, I doubt if the Illinois capital could have held all that would have come.

I have seen many political conventions and gatherings of a various nature but I have never seen anything so impressive as the "grass roots" conference.

The times, the critical condition of our national affairs, the necessity of meeting a situation with courage and with wisdom, all conspired to make of this unofficial conference something a great deal out of the ordinary. Throughout the history of the gathering pervaded the spirit of the martyr President. Lincoln's tomb is in Springfield. Illinois was his home State and one cannot move in that region without discovering something which recalls his simple but magnificently successful life. However, the greatest monument ever reared to Lincoln is the memory that remains of his life. The greatest lesson he extends today is the courage, the sanity, and the honest naturalness with which he grappled with the problems of his own time. They, too, were unusual. There was no charted course to guide him except the letter and spirit of the American Constitution. With that went the history of our people, the traditions that have acquired the force of law, the devotion with which men and women in every crisis have given their all—first to establish the conditions of the American Nation, and then to maintain them.

During the time I was in Springfield I visited the little log settlement of New Salem, where Lincoln spent his early manhood. I shall always be glad that I did this. From that visit I received an insight into the history of Lincoln, into the meaning and purpose of his life, that I think I never would have obtained elsewhere.

The little hamlet, resting in the bend of the Sangamon River, is an exact replica of the frontier settlement in which Lincoln mastered surveying, in which he sold calico and brown sugar over the counter of his little store, where he gazed at the stars, and where he grieved over the loss of his first sweetheart, Ann Rutledge. The place has been restored by William Randolph Hearst, who, in doing so, has contributed richly to the traditional history of our country.

Gazing at these log buildings, and looking into the window of the little store in which Lincoln worked, one gathers the immensity of the solitude in which this great natural genius must have dwelt. Here is the spirit of American frontier life in which Lincoln battled his own way. Here were the grass roots of his own time. The people who dwelt there with him were simple people. They were the Nation's advance guard, reflecting the emotions of their times and struggling with a poverty which made them sympathetic with all the aspirations of the human soul. Lincoln was a part of all this. In these conditions he reflected upon the mysteries of life, and with an analytical power never excelled, studied and evaluated the issues of the day.

The problems of every age are new and peculiar to their time. Yet there is a relationship between all of them, and there is a unity in history that cannot be avoided. In our American history we can no more determine upon a course, or make a political decision without regard to the past than can a man forget the influences which have made him what he is at the moment, and then start all anew as if the past had never been.

It is this unity which made the influence of Abraham Lincoln so all-pervasive at this remarkable gathering. Here were the representatives of a great political party, born out of the travail of the struggle for human freedom. That party had, under the leadership of Lincoln, fought a great war, first that the Declaration of Independence concept, that all men are created equal, should be made a reality, and secondly that the Nation built up under the Constitution should survive. For almost 60 years, with slight intermissions, the party organization of which Lincoln was a chief founder, has borne the responsibilities of a great National Government during a period of unprecedented national progress.

This particular conference found the party in a period of defeat. Found it chastened by misfortune. Yet found it equally devoted and as unselfishly so as when Lincoln led it to its first embattled victory.

Another great Illinoian was a spokesman for the gathering. Frank O. Lowden has a record of probably having been the greatest Governor this country has yet produced. The study of his administration is a triumph of efficiency. Today he emerges like Cincinnatus of old, from his farm home—America's elder statesman, devoted to his country, and willing to give of the latter years of his life to the preservation of its best qualities. Lowden is of the West. He has long understood its problems, and his championship of western agriculture is of long standing. Like Lincoln, Lowden is a self-made man. Born in Minnesota he early emerged from the poverty which remained with Lincoln as a badge of distinction up to the time he entered the Presidency.

With something of the Lincolnian power of keen analysis, Governor Lowden applied the scalpel to the new deal, and when he had finished he had a shouting audience enthusiastically acclaiming the sound common sense with which he had examined our present-day programs.

The "grass roots" convention was not an official body. It had no authority to speak for the Republican Party. On the other hand, it represented the prairie States section of the Union, and this viewpoint, as expressed in a tentative platform, voiced the liberal and wise point of view of the Middle West. It was out of this section that the fire and enthusiasm of the early Republican Party found its voice, its inspiration, and its leadership. It is natural that again from this section, where the American home folk still dwell, there should come the new dedication to duty and patriotic service.

Party lines have been loosened greatly in this day of the radio and of quick interchange of thought and views. Nevertheless, party organization is essential and while the Republican Party may have been beaten, it has not lost its splendid courage and its high ideals. This was demonstrated at the Springfield meeting.

The platform commits the party to a forceful stand for social justice, for liberal policies, for social security, for the protection of American agriculture, and for an adequate tariff policy which will protect the man on the farm and in the shop.

It places the Republican Party in the position of intelligent and constructive criticism of the new-deal politics, which, after 2 years of reckless brainstorming experimentation, finds unemploy-

ment continuing, of governmental expenditures increasing, and an insidious opposition to the constitutional provisions of the Government without which there can be no real America for you and me.

Instead of a philosophical acceptance of the unanimous decision of the Supreme Court, we find the administration in our Nation's Capital obstinately discussing the advisability of a centralized bureaucratic government in Washington, which would wipe out State lines and obliterate the local character of our Government, under which union has been possible and progress made possible.

It was a notable fact at this conference that it was a woman who "stole the show." Mrs. Simmons, a Democratic farm woman from Missouri, made the speech which probably stirred more genuine enthusiasm than any other, not even excepting the masterly address given by Frank Lowden.

Another notable feature of the convention was the presence there of several thousand Jeffersonian Democrats. They came to pledge their support to the Republicans in making a fight to retain our constitutional form of government. They made it plain they did not come as converts to Republicanism. They remain Democrats. But, first and foremost, they are American citizens.

It was the Democratic following of Stephen A. Douglas that made possible the success of Lincoln's program. It would be a singular duplication of history if it were the Democrats of today who, by patriotic disinterestedness, make it possible to retain our orderly process of government and sustain the Constitution for which Webster argued and Lincoln fought.

The declaration of principles adopted at the Springfield gathering is the most momentous ever to be ratified at any unofficial political gathering in all the history of the Republic. They declare unequivocally for the rights of the States and against undue encroachment on the part of the Federal Government. They reaffirm our beliefs in the rights of the individual, and they pledge the Republican Party to carry out the principles of Lincoln, Garfield, McKinley, Blaine, and Theodore Roosevelt. These principles have restored the confidence of the American people in representative government.

"GRASS ROOTS" RESOLUTIONS—DECLARATION OF REPUBLICAN PRINCIPLES INCLUDES PLEDGE TO FIGHT FOR PRESERVATION OF STATE RIGHTS

The text of the report of the Resolutions Committee to the Republican "Grass Roots" Conference follows:

Declaration of principles:

The conference of Republicans of the Middle Western States offers reverent gratitude to Almighty God for the wisdom, courage, and faith of our forefathers, who established on American soil and, through sacrifice and far-sighted vision, have maintained the eternal principles of human rights and human liberties.

We renew our faith in those principles and solemnly rededicate ourselves to the perpetuation for our posterity of the blessings which have accrued to us from their establishment and maintenance.

HOLD STATE RIGHTS VITAL

These American principles are the basis of Republican creed and Republican policies, and we translate these principles into some, but not all, of the policies which we favor. We make no pretense of attempting to write a platform, but we urge the consideration of the matters herein stated by the proper representatives of the Republican Party.

Republican creed:

We believe in the Constitution of the United States.

We believe that the constitutional separation of the powers of government into legislative, executive, and judicial should be maintained.

We believe that the maintenance of the independent sovereignties of the Federal Government and the several States, as guaranteed by the Constitution, is vital to the maintenance of our American system of government, and we reaffirm the wisdom of our forefathers, who reserved to the States their power over matters of intrastate and local concern and delegated to the Federal Government certain power over specified matters of national concern.

PRAISES ECONOMIC SITUATION

We believe in the maintenance of our American political and economic systems as established by our forefathers and developed over a century and a half of unparalleled progress.

We believe that they are sufficiently flexible to meet all of the needs of a complex civilization, while preserving those enduring principles derived from the accumulated experience of mankind.

We believe that our present troubles are not due to any inherent defects in our American system, and can be effectively dealt with within the framework of our Constitution.

We believe that a free press, open discussion, and honest criticism are essential to the preservation of free institutions.

We believe in individualism and in individual enterprise, as opposed to communism, socialism, fascism, or any other form of collectivism, no matter in what form it masquerades, whether as a "new deal", a "planned economy", or otherwise.

FREE ENTERPRISE FAVORED

We believe that our American system of free enterprise is the one, above all others, capable of providing the great mass of the people with a substantially higher standard of living and greater economic security, without loss of freedom, through an ever-widening distribution of property ownership among American families.

We believe that the successful functioning of the American system demands that the competitive system be maintained and fostered and that individual initiative be encouraged.

We believe that once economic freedom is destroyed, political liberty must suffer the same fate, and that aside from its contribution to material progress, there is a moral value to liberty which justifies any sacrifice to preserve it.

We recognize and approve the principle of collective bargaining, the representatives of labor to be of labor's own choice. We are opposed to the employment of women in industry, that their health and welfare may be safeguarded. We are firmly committed to the principles that wages in America must be kept consistent with American standards. We recognize that the maintenance of the American standard of living of the wage earner is an essential element of national recovery.

OLD-AGE RESERVES FAVORED

We recognize that the security of our citizens demands Government aid in the establishment of old-age and unemployment reserves.

We are grateful for the valiant and sacrificing service of our men of all wars and pledge ourselves to see that justice is accorded them.

We believe that the resources of our country and the enterprise and industry of our citizens are such that the existence of an immense and permanent class of dependents is as unnecessary in the future as in the past; that Americans will continue to demand work at decent wages, not the dole of public charity, and that this demand can be generally and promptly met once American industry is freed from the uncertainties of indefensible experiments and the attempt to force American life into new and alien molds.

We believe in the equality of economic opportunity for all men, irrespective of race or color, in accord with the humanitarian beliefs of Abraham Lincoln.

We believe it to be our duty to accept the challenge of the defeatists who would repudiate our country's past, and betray its future, and to appeal to our countrymen to rally to the defense of American institutions.

ECONOMY IN GOVERNMENT

Governmental policies:

Guided by the principles expressed in our Republican creed, we advocate the following:

1. The immediate adoption of a policy of economy and thrift in Government with due allowance for essential relief expenditures as opposed to the present spending policy of waste and extravagance.

2. The prompt attainment of a balanced Budget, not by the misleading method of double bookkeeping but by the honest method of bringing the expenses of the Government within the limits of its income.

3. A sound currency based on gold and definitely stabilized by Congress so that individual enterprise may have confidence in the future value of the dollar, in terms of which every man's plans for his present or future must necessarily be made. This is a necessary foundation of enduring national recovery.

Every effort should be made to extend this stabilization so that it will be international in character.

4. The immediate withdrawal of Government from competition with private industry.

5. The maintenance of the vitality and free growth of American industry through the preservation of the competitive system, protected against monopoly by the vigorous enforcement of antitrust laws so that small businesses may be preserved and the door of equal opportunity kept open to all.

6. The rigid enforcement of all laws, civil and criminal, to prevent and punish dishonest or unfair practices in business, industry, and finance; this is essential to the conduct of legitimate business and the protection of our people.

STAND FOR AGRICULTURE

7. National recognition of the needs of agriculture. Agriculture is a fundamental industry of the United States. No high standard of living can be attained or long enjoyed which is indifferent to agriculture. The farmer combines in one the functions of capital, management, and labor. He constitutes that class, the decline of which throughout the history of all nations has been followed by national disintegration. Any program for national security must inevitably start with agriculture. We hold that no economic advantage of agriculture thus far attained shall be surrendered.

The farmer is, of right, entitled to a fair and proportionate part of the national income and to receive a parity price for the products of his farm in domestic markets. Recognizing these facts, we endorse the enactment of such legislation, approved by the farmers themselves, as will accomplish such purposes. While it is recognized that agricultural products will suffer certain price fluctuations, the same as in the case of other business, we hold that the stabilization of the farm market will go further than anything else toward the stabilization of all business and the elimination of recurring panics and depressions with their tragedies of bankruptcy and unemployment. We endorse the statement of Governor Lowden in this conference that so long as we have a protective tariff for the benefit of industry we should give to agriculture corresponding benefits for that portion of the products

of the soil which goes into domestic consumption. We further recommend research by the Government looking to the creation of new outlets in industry for agricultural products. The machinery of Federal land bank loans should be used to refinance farm mortgage debts at low rates of interest.

"WORK FOR THE WORKERS"

8. Work for the workers. With men out of work, as now, the capital structure of the Nation is not only being impaired, but undermined. Willful, wanton, and reckless spending of our people's moneys are likewise undermining the physical assets of our nationals. The vitality and the integrity of our economic laws grow out to the formula of nature's processes. Naturally, there is an economic fraternalism between the farm, industry, and all workers. Working together that great trinity can make, and always will make for the peace, happiness, and an ever-increasing prosperity of all our people. Radicals and reactionaries always have and probably always will make for unbalancing the advantages of the working together of this healthy trinity. It is for this reason the policies of such trouble makers never can prevail to the proving point of such process. The Republican Party, since Lincoln, progressively gave the workingman the full dinner pail, a living wage, and a saving wage. We now pledge ourselves to the encouragement of an economic fraternalism between the trinity of farm, workers, and industry that will enable the workers to earn and receive work for the workers at protective wages.

9. The breaking down of arbitrary restrictions that throttle world commerce, such as quotas and exchanges restrictions. They, and not reasonable tariffs, are the real enemies of world trade.

10. Continued protection to farm and home ownership, and continued provision, in cooperation with State and local governments, for those that are in need until private enterprise absorbs the present army of unemployed. We urge these policies as means of ending the depression. By their adoption the wheels of commerce and industry will begin to turn, and relief rolls will be reduced, the unemployed will find work at fair wages through private enterprise, and hope and happiness will reenter the American home.

EAGLE PASS & PIEDRAS NEGRAS BRIDGE CO.

Mr. WEST. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2326) to authorize the Secretary of War to sell to the Eagle Pass & Piedras Negras Bridge Co. a portion of the Eagle Pass Military Reservation, Tex., and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the immediate consideration of the bill?

Mr. TRUAX. Mr. Speaker, I object.

INTERPARLIAMENTARY UNION

Mr. McREYNOLDS submitted a conference report (Rept. No. 1282) on the bill (S. 2276) to authorize participation by the United States in the Interparliamentary Union.

LIBRARY COMMITTEE

Mr. KELLER. Mr. Speaker, I ask unanimous consent that I may be permitted to make new reports on those bills reported by the Library Committee and to which members of the Claims Committee objected.

The SPEAKER. The gentleman from Illinois asks unanimous consent to submit supplemental reports on various bills reported by his committee. Is there objection?

There was no objection.

A CONGRESSIONAL RECORD DIGEST—EIGHT-PAGE SUMMARY FOR BUSY READERS—DIGEST ON INDEX PLAN PRACTICAL

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, I am informed that the daily RECORD covering the second session of the Seventy-third Congress averaged about 94 pages. Many of us have experienced considerable difficulty in going over a RECORD of this size every day. For some time I have been thinking of the advisability of a daily index to the CONGRESSIONAL RECORD, and I am assured by those who know that it can be done. I would suggest that an 8-page digest of the RECORD be made daily.

DAILY DIGEST AND INDEX NECESSARY

For sometime Members of the House and Senate and other readers have found it impossible to read all of the CONGRESSIONAL RECORD. The 60 RECORDS allotted daily to each Congressman for distribution reach only a small number of his constituents, and only a small percentage of that group find time to read the RECORD.

We can perform a fine educational service by distributing, say, 500 or more copies of an 8-page daily digest to 500 homes in each congressional district of this country. We would not disturb the regular detailed CONGRESSIONAL RECORD. Let that go on as in the past.

OFFICIAL REPORTER'S STAFF TO BE INCREASED TO COVER DIGEST SERVICE

A digest can be prepared from the official transcript, or directly from the debates themselves at the time they occur. Speed would be facilitated by having the RECORD digest reporters on the floor at the time of the debates. A well-trained news reporter might qualify for such a position. If the reporter is uncertain as to the main point of any speech, he can easily determine that by communicating with the Member whose speech he is condensing. I have the assurance of those who are in a position to know, that this service can be performed for the Congress and the public without difficulty.

In past years reporters of great newspapers and news services have occupied chairs at the desk of the House and ably condensed and digested the proceedings day by day. What has been done can be done. We all have long waiting lists for RECORD requests we cannot fill. Suppose you had available tomorrow 500 more copies of a digest of the CONGRESSIONAL RECORD in addition to the regular complete RECORD quota. At once your waiting list is supplied, and you have copies to spare for distribution—this to the great benefit of the general public.

A DAILY CONGRESSIONAL RECORD INDEX

Another project worth considering is the publication of a daily CONGRESSIONAL RECORD index with each publication of the RECORD. RECORDS are now indexed every 2 weeks, and I have found, from my own experience and from talking with other Members of the House that the bimonthly index is not available when we want it. It is good as far as it goes but it is not sufficient. The speeches we wish to locate must be found at once. A daily digest would give us the necessary information in each RECORD from day to day, and for more detailed information on any speech we could refer to the daily index and the complete daily RECORD.

8-PAGE DIGEST PRACTICAL

Members generally agree that the digest should not be over 8 pages. From the Printer's standpoint the condensation should be made in 4, 8, or 16 pages, so that there will be no waste of paper. It might be well to experiment with the digest, having it 8 pages at first, and longer or shorter later on should Members prefer. Any such condensation would save the busy man's time and perform an invaluable service to thousands of citizens who now have no access to the daily proceedings of Congress.

DIGEST AND INDEX PLAN FAVORED BY THE PUBLIC

The office of the Congressional Digest should be in the Capitol Building, in the office of the Official Reporters. After the digest has been completed, the manuscript is delivered to the Government Printing Office and printed the same night, simultaneously with the full RECORD. It will be delivered daily in the same manner our present daily RECORD is now delivered. Our constituents favor this plan. It will aid us in serving the people who elected us to Congress, and congressional information will be carried to a much wider circle of citizens.

I present this matter for the consideration of the Members of the House.

PERMISSION TO ADDRESS THE HOUSE

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. REED of Illinois. Mr. Speaker, within a few weeks this session of the Seventy-fourth Congress of the United States will pass into history. At times during its life differences of opinion on policies of our National Government have been abundantly expressed in debate on the floor of this House. Few measures have received unanimous approbation. Some have been approved or disapproved by slight

majorities; others by an overwhelming vote of the membership of this body. The success or failure of its major acts will be determined only with the passage of time and, fairly or unfairly, justly or unjustly, partially or impartially, will be passed upon and judged by the American people.

The party in power will be held responsible and either lauded or condemned for its legislative accomplishments. The sins of commission can always be explained; the sins of omission have no defense. This truth applies equally to those affiliated with the majority party and those allied with the minority. While the burden of proposing constructive legislation in a Congress whose Membership is of the same political thought as that of the administration, is as a practical proposition, almost confined to the membership of that conviction, it is within the power and becomes the duty of the minority Members, if they perceive omission or neglect on the part of those in power to provide adequate enactments of law for the benefit of the public generally, to step into the breach and suggest or propose what they think is for the best interests of the Nation. Without going into the merits or demerits of its labors, when this session of the Seventy-fourth Congress adjourns, it will no doubt leave upon the statute books laws affecting agriculture, banks, labor, relief of the unemployed, national defense, war profiteering, and social security.

Up to the present time, however, it has failed to seriously consider the deplorable condition of thousands of small industries located in all parts of the 48 States, Territories, and possessions which before the depression were the lifeblood of our commercial existence. Hundreds of our factories have been forced to close because of their inability to get funds for working capital. Thousands are in need of adequate machinery and equipment. All require rehabilitation of their plants. Loans for these purposes are difficult to obtain through the Reconstruction Finance Corporation and almost impossible through private capital or banks. In the administration of banks our Governments, both State and National, have gone from one extreme to the other. In 1932 our banks were suffering from frozen assets; now they are afflicted with frozen cash. To turn this cash then into the channels of business should be our concern. Idle factories cannot resume operations without the necessary capital, nor can many going concerns continue without financial help. At the present time there is a demand for goods of all kinds, but in order to create markets for them the purchasing power of the people must be increased. The outstanding factor in getting out of this depression is to put men and women back to work where the results of their labor will create wealth. Nonproductive relief is but temporary and not lasting. Relief to idle factories, encouraging them to resume operations on a productive basis will again, in my judgment, start us on our way to create the wealth necessary to provide decent living conditions and some of the luxuries in life to which every American worker is entitled.

Hon. Jesse H. Jones, Chairman of the Reconstruction Finance Corporation, testified before the House Committee on Banking and Currency which was conducting hearings on the bill to extend the functions of that Corporation. In answer to a query as to whether there was not plenty of money in banks to loan to local industry and if they would not lend it if they thought they had a chance to get the money back, he said:

> A bank might feel that a loan is good in time, but commercial banks are not supposed to loan for 3, 4, 5, or 6 years.

Being asked if he thought banks were inclined to invest available money in Federal bonds rather than industry, Mr. Jones said:

> No; they would rather lend it to industry if they could get notes that would justify it, and would not be criticized by the departments supervising them, State or National, and when the borrower might pay it back in a year or two.

On April 15 of this year Secretary of Commerce Roper made public the report on small industries submitted to him by the Business Advisory and Planning Council for the Department of Commerce. After months of study of the small industries situation throughout the country the Council submitted to the Secretary the following specific recommendations:

> The Council strongly recommended an immediate study by the Reconstruction Finance Corporation, Federal Reserve Board, and Securities and Exchange Commission in cooperation with the investment bankers of the country, to the end that facilities be offered sound, small industries for the acquisition of needed capital.

After describing the needs of small industries based on surveys made on behalf of the Council by the Bureau of the Census of the Department of Commerce the report said:

> "With the continued restoration of business activity the need of small industry for intermediate and long-term capital has become increasingly urgent. There seems to be little doubt that a large number of the smaller manufacturing concerns have been able to withstand the effects of the long-drawn-out depression in part through sharp curtailment of expenditures on repairs of building and equipment and in part through the reduction of inventories of raw materials, parts, and supplies to a hand-to-mouth basis. Not only is existing equipment wearing out at a rapid rate, but it is also becoming obsolete. The necessity for buying raw materials, etc., in limited quantities prevents concerns from acquiring them at satisfactory prices. Both factors operate to increase manufacturing costs and to reduce profits.
>
> It is clear that the capital structure of American industry as a whole has been impaired by these and other factors and the ability of the industrial concerns, in particular, to borrow from the banks for working-capital purposes has been correspondingly lowered. In this connection the committee has been greatly impressed by the fact that the bulk of the advances and commitments made by the Federal Reserve banks have been for periods of more than 1 year.
>
> The inability of the smaller concerns to modernize their machinery and equipment explains in no small measure the continued depression in many of the capital-goods industries.
>
> As a matter of fact, long-term financing for small industry has always been difficult. It is not simply a depression problem. Through private investment bankers it has been available only to concerns of sufficient size and standing to warrant the investment banker in bringing out an issue as small as, for instance, $1,000,000. So it may be said this facility has been practically denied to smaller concerns. Such enterprises have been obliged to develop their capital structures gradually out of undistributed capital. They have not received the benefits of recourse to the capital markets for their long-term requirements.
>
> Since small industry plays a very important part in the economic life of the Nation, and since its activities contribute so much to those of the larger plants, it would seem the part of wisdom to provide the smaller, sound industrial concerns with the long-term credit facilities they require. This would make for safer commercial banking as well as for cheaper and better financing for industry as a whole.
>
> This is and should be a natural function of the investment banker acting as the channel for the safe investment of private funds in small enterprises.
>
> At the moment this channel is blocked by the too rigid requirements of the Securities Exchange Act; by a general fear of the future on the part of investment bankers; and by the waiting attitude of the investing public.
>
> The need exists and is of paramount importance to recovery. Mainly it is an investment need rather than a credit need. It should be filled.

Mr. Speaker, having this situation in mind and believing that small industries have been the forgotten man in the maze of legislative proposals offered for the consideration of the present Congress, I have introduced H. R. 8250, which has been referred to the Committee on Banking and Currency. The enactment of this bill will create what shall be known as the "United States Industrial Loan Insurance Corporation" with a capital stock of $1,000,000,000 to be subscribed by the Secretary of the Treasury on behalf of the United States.

The allotment of time during which I am permitted to speak does not permit a detailed explanation of this bill, but, generally speaking, the Corporation will be authorized to guarantee to Federal Reserve banks or State or national banks—whether members of the Federal Reserve System or not—payment of the principal and interest upon notes or evidences of indebtedness held by such bank or banks and issued for industrial purposes, which may be for raw materials, finished products, products in course of production, new equipment, the construction, repair, or remodeling of industrial plants, or additional working capital for such enterprises. The paper issued by any one borrower and covered by guaranties of the Corporation will at no time exceed $500,000, and must mature on or before the expiration of 5 years.

The powers and duties vested in or imposed upon the Corporation will be exercised by its executive officers at the direction of a board of 12 directors. These directors will be appointed by the President of the United States by and with the advice and consent of the Senate. One will be appointed from each Federal Reserve district, and not more than seven shall be members of any one political party. None of the directors will be permitted, directly or indirectly, to engage in banking, the making of loans, or the buying and selling of mortgages, securities, or other evidences of indebtedness, nor may they actively engage in any manner in any other business, vocation, or employment during their incumbency in the office of director of the Corporation. In each Federal Reserve district there will be a technical advisory committee composed of persons who have had at least 10 years of practical industrial executive experience, appointed solely on the basis of merit and without regard to political affiliations, and whose duties will be to investigate and report on all applications for loans and the security therefor, appraise the value of industrial property, the assets, machinery, and equipment of borrowers if necessary, and advise the officers and directors of the Corporation from an impartial standpoint as to the true status of assets, plants, security, orders for goods, accounts receivable, machinery, equipment, or anything of a technical nature which would be beneficial in determining the advisability or inadvisability of guaranteeing the loans of the various applicants.

The board of directors will be required to make an annual report to the President of the United States of the operations of the Corporation and publish from time to time such additional reports of its operations as it deems advisable.

This bill further provides that payments by an industrial concern on the principal of any note or evidence of indebtedness eligible for guaranty by the United States Industrial Loan Insurance Corporation, as well as expenditures not to exceed $500,000 out of surplus earnings for labor or materials for new construction, repairs, remodeling, or equipment of a manufacturing plant, shall be deemed allowable deductible items in determining the net income of such concern under the Revenue Act of 1932.

Mr. Speaker, in my judgment, the enactment of legislation of this character will give hope and encouragement to employers of labor; it will release into circulation idle excess currency now resting peacefully in the vaults of our State and national banks; it will establish permanent credit facilities for small industries; it will promote sounder banking practices and establish cooperation between small banks and small industries; it will enable the latter to modernize their machinery, equipment, and buildings; it will revive the building trades; it will not only provide immediate employment for the unemployed but it will protect the industrial worker who is now employed. In short, this legislation will encourage home production and home consumption. For thousands it will mean jobs, not temporary and irregular, but permanent and lasting. It will help industrial America to help itself.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MILLER, at the request of Mr. DRIVER, indefinitely, on account of physical disability.

To Mr. SEARS, for 1 week, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 7672. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes; and

H. J. Res. 147. Joint resolution authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 147. Joint resolution authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 14 minutes p. m.) the House adjourned to meet, in accordance with its previous order, on Monday, June 24, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

392. Under clause 2 of rule XXIV, a letter from the Chairman of the Federal Power Commission, transmitting a report on rates charged for electric power in the State of Nevada, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LLOYD: Committee on the Judiciary. H. R. 8480. A bill to authorize the acquisition of land on McNeil Island; without amendment (Rept. No. 1278). Referred to the Committee of the Whole House on the state of the Union.

Mr. ANDREWS of New York: Committee on Military Affairs. H. R. 3435. A bill to amend section 2 of the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to prohibit persons who have been subsequently separated from the service under other than honorable conditions from bearing the official title and upon occasions of ceremony wearing the uniform of the highest grade held by them during their war service; without amendment (Rept. No. 1279). Referred to the House Calendar.

Mr. DRIVER: Committee on Rules. House Resolution 273. Resolution for the consideration of H. R. 7349; without amendment (Rept. No. 1280). Referred to the House Calendar.

Mr. LEWIS of Colorado: Committee on Rules. House Resolution 274. Resolution for the consideration of H. R. 8057; without amendment (Rept. No. 1281). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 8587. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; without amendment (Rept. No. 1283). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 8127) for the relief of Blanche I. Gray; Committee on Claims discharged, and referred to the Committee on Foreign Affairs.

A bill (S. 735) for the relief of Wiener Bank Verein; Committee on Claims discharged, and referred to the Committee on Foreign Affairs.

A bill (H. R. 6393) for the relief of William F. Bourland; Committee on Claims discharged, and referred to the Committee on Indian Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H. R. 8597) to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty

provisions in relation thereto; and to promote safety at sea"; to maintain discipline on shipboard; and for other purposes; to the Committee on Merchant Marine and Fisheries.

Also, a bill (H. R. 8598) to provide for the inspection and regulation of vessels engaged in the transportation of inflammable, explosive, and like dangerous cargoes in navigable waters of the United States; to the Committee on Merchant Marine and Fisheries.

Also, a bill (H. R. 8599) to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a Marine Casualty Investigation Board and increase efficiency in administration of the steamboat inspection laws, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. COLLINS: A bill (H. R. 8600) to authorize and direct the Secretary of the Interior to make a lease for the Agua Caliente or Palm Springs Band of Mission Indians of California; to the Committee on Indian Affairs.

By Mr. ROGERS of Oklahoma (by departmental request): A bill (H. R. 8601) to provide for the enrollment of Indians of the Klamath Indian Reservation in the State of Oregon, and for other purposes; to the Committee on Indian Affairs.

By Mr. STUBBS: A bill (H. R. 8602) making it illegal to employ any alien while there are American citizens unemployed, who are qualified, able, and willing to work, and fixing the penalty for willful and knowing violation thereof; to the Committee on Labor.

By Mr. HARTER: A bill (H. R. 8603) to foster industry and fair competition, to promote and encourage employment, and to prevent the dumping of foreign merchandise on the markets of the United States; to the Committee on Ways and Means.

By Mr. HUDDLESTON: A bill (H. R. 8604) to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. KRAMER: A bill (H. R. 8605) to abolish interest on loans to veterans secured by adjusted-compensation certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. DOCKWEILER: A bill (H. R. 8606) to amend the act entitled "An act to amend the act entitled 'An act for the retirement of employees of the classified civil service, and for other purposes', approved May 22, 1920, and 'acts in amendment thereof'", approved July 3, 1926, and May 29, 1930; to the Committee on the Civil Service.

By Mr. GEHRMANN: A bill (H. R. 8607) providing for payment to the State of Wisconsin for its swamp lands within all Indian reservations in that State; to the Committee on Indian Affairs.

By Mr. SCHNEIDER: A bill (H. R. 8608) to require that 70 percent of the grain used in manufacture of beer sold in the District of Columbia be barley malt; to the Committee on the District of Columbia.

By Mr. SCHAEFER: A bill (H. R. 8609) authorizing the county of St. Clair, in the State of Illinois, and the State of Illinois, or either of them, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point on Broadway between Florida and Mullanphy Streets in the city of St. Louis, Mo., and a point opposite thereto in the town of Stites, in the county of St. Clair, State of Illinois, and connecting with St. Clair Avenue Extended in said town; to the Committee on Interstate and Foreign Commerce.

By Mr. STEAGALL: A bill (H. R. 8610) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. STARNES: A bill (H. R. 8616) to establish an Alien Registration Board in the Department of Labor, to ascertain the status of foreign-born persons in the United States, to safeguard the status of registered foreign-born persons in the United States who are found to be entitled to be here, to grant temporary permission to persons held subject to deportation for them to leave without expense to the United States, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. MITCHELL of Tennessee: A bill (H. R. 8617) restricting the appointment of employees by Members of Congress, the President, the Vice President, Cabinet members, Judges of the Supreme Court, Federal judges, and other Government employees in certain cases; to the Committee on Expenditures in the Executive Departments.

By Mr. GASQUE: Joint resolution (H. J. Res. 333) to amend the Emergency Relief Appropriation Act of 1935 to authorize grants to community hospitals; to the Committee on Appropriations.

By Mr. DICKSTEIN: Resolution (H. Res. 271) to authorize an investigation of smuggling of aliens into the United States and a study of the land-border patrol of the Immigration Service; to the Committee on Rules.

Also, resolution (H. Res. 272) to authorize the study of existing laws and preparation of separate codes of laws relating to (1) immigration, (2) deportation, (3) naturalization, and (4) expatriation; to the Committee on Rules.

By Mr. McLAUGHLIN: Joint resolution (H. J. Res. 332) to provide an additional period of time within which to file applications for loans under the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, regarding the gasoline tax; to the Committee on Ways and Means.

Also, a memorial of the Legislature of the State of New York, regarding Old Champlain Canal; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of New York, regarding the antilynching bill; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of New York, regarding unemployment insurance; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of New York, regarding immigration legislation; to the Committee on Immigration and Naturalization.

Also, memorial of the Legislature of the State of New York, regarding Pulaski Memorial Day; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of New York, regarding a pension for George S. Ward; to the Committee on Pensions.

Also, memorial of the Legislature of the State of New York, regarding the regulation of transportation in interstate commerce; to the Committee on Interstate and Foreign Commerce.

Also, memorials of the Legislature of the State of New York; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DORSEY: A bill (H. R. 8611) granting a pension to Henrietta V. W. Owen; to the Committee on Pensions.

By Mr. DRISCOLL: A bill (H. R. 8612) granting an increase of pension to Mary E. Fultz; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 8613) for the relief of Isham Franklin; to the Committee on Military Affairs.

By Mr. HARTLEY: A bill (H. R. 8614) for the relief of the Bolinross Chemical Co.; to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H. R. 8615) to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners"; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8942. By Mr. ANDREWS of New York: Petition of the Legislature of the State of New York favoring the repeal of

the charter of the North River Bridge Co. in Public Act 350, Sixty-seventh Congress, 1922; to the Committee on Interstate and Foreign Commerce.

8943. Also, petition of the Legislature of the State of New York, favoring necessary legislation and cooperation of Public Works Administration for construction of freight tunnel between the States of New York and New Jersey; to the Committee on Interstate and Foreign Commerce.

8944. Also, petition of the State of New York, urging legislation to make Columbus Day a national holiday; to the Committee on the Judiciary.

8945. Also, petition of the Legislature of the State of New York, urging legislation for the benefit of the milk and dairy industry; to the Committee on Interstate and Foreign Commerce.

8946. Also, petition of the State of New York urging passage of Rudd bill (H. R. 6); to the Committee on the Post Office and Post Roads.

8947. By Mr. GOODWIN: Petition of William H. Pretsch and others, of the city of Kingston, N. Y., and vicinity, protesting against the words "devices" and "treatment" in definition of the word "drug" being included in the Copeland Federal Food and Drug Act, Senate file 5; to the Committee on Interstate and Foreign Commerce.

8948. Also, petition of the Legislature of the State of New York, urging allocation of funds by Secretary Ickes for slum clearance in Borough of Brooklyn, N. Y.; to the Committee on Ways and Means.

8949. Also, petition of the Legislature of the State of New York, urging enactment of legislation to humanize immigration laws for reuniting persons and families; to the Committee on Immigration and Naturalization.

8950. Also, petition of the Legislature of the State of New York, urging legislation for the relief of George S. Ward, a citizen of New York; to the Committee on Claims.

8951. Also, petition of the Legislature of the State of New York, urging repeal of current taxes on sales of gasoline; to the Committee on Ways and Means.

8952. Also, petition of the Legislature of the State of New York, favoring legislation to commemorate General Pulaski's birthday; to the Committee on the Judiciary.

8953. Also, petition of the Legislature of the State of New York, referring to legislation for regulation in interstate commerce by motor carriers; to the Committee on Interstate and Foreign Commerce.

8954. Also, petition of the Legislature of the State of New York, recommending public works for the benefit of the city of Cohoes, N. Y.; to the Committee on Ways and Means.

8955. Also, petition of the Legislature of the State of New York, favoring passage of the social-security bill; to the Committee on Ways and Means.

8956. Also, petition of the Legislature of the State of New York, urging legislation to prevent lynching; to the Committee on the Judiciary.

8957. By Mr. MURDOCK: Resolution of the Utah State Federation of Labor Executive Council, urging the reestablishment of silver as full legal-tender money of the United States at its par or face value; to the Committee on Coinage, Weights, and Measures.

8958. By Mr. TOLAN: Memorial of the Legislature of the State of California to the President and the Congress of the United States, to enact House bill 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor of the House of Representatives to expedite consideration favorable to said bill; to the Committee on Labor.

8959. Also, memorial of the State Legislature of California, requesting the President and the Congress to enact Senate bill 1952, which proposes to protect the unclassified postal employees people, extending to them a civil-service status; to the Committee on the Civil Service.

8960. Also, memorial of the Legislature of the State of California, urging the Congress of the United States to enact House bill 5359, by Mr. FORD of California, which provides for the creation of a National Civil Academy; to the Committee on Education.

8961. Also, memorial of the Legislature of the State of California, urging the Committee on Labor of the House of Representatives of the United States to expedite favorable consideration of House bill 468, by Mr. RANDOLPH, which proposes the rehabilitation of employable blind citizens of the United States; to the Committee on Labor.

8962. By Mr. TRUAX: Petition of the Open Hearth Lodge, No. 148, A. A. I. S. and T. W., Warren, Ohio, by their corresponding representative, Harry Cavender, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8963. Also, petition of the Milk Drivers and Dairy Employees, Local Union 361, Toledo, Ohio, by their business agent, E. J. Haumesser, urging support of the graduated tax on cigarettes; to the Committee on Ways and Means.

8964. Also, petition of Mahoning Lodge, No. 177, Amalgamated Association of Iron, Steel, and Tin Workers, Niles, Ohio, by their secretary, R. D. Selway, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8965. Also, petition of Millinery Workers Union Local, No. 44, Cleveland, Ohio, by their secretary, Agnes Willison, urging support of the Wagner labor-disputes bill, the Black 30-hour-week bill, the Guffey coal-regulation bill, and the Mead bill; to the Committee on Labor.

SENATE

SATURDAY, JUNE 22, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock m., on the expiration of the recess.

THE JOURNAL

On request of Mr. BANKHEAD, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, June 21, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. BANKHEAD. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Overton
Ashurst	Coolidge	King	Pittman
Austin	Copeland	Logan	Pope
Bachman	Costigan	Lonergan	Robinson
Bailey	Dickinson	Long	Russell
Bankhead	Dieterich	McAdoo	Schall
Barkley	Donahey	McCarran	Schwellenbach
Bilbo	Duffy	McGill	Sheppard
Black	Fletcher	McKellar	Shipstead
Bone	Frazier	McNary	Smith
Borah	George	Maloney	Steiwer
Brown	Gerry	Metcalf	Thomas, Okla.
Bulkley	Glass	Minton	Trammell
Bulow	Gore	Moore	Truman
Burke	Guffey	Murphy	Tydings
Byrd	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hatch	Norbeck	Wagner
Caraway	Hayden	Norris	Walsh
Chavez	Holt	Nye	Wheeler
Clark	Johnson	O'Mahoney	White

Mr. VANDENBERG. I announce the unavoidable absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness, and ask that the announcement stand for the day.

Mr. DIETERICH. I announce the unavoidable absence of my colleague the senior Senator from Illinois [Mr. LEWIS].

Mr. NORRIS. I desire to announce the unavoidable absence from the city of the senior Senator from Wisconsin [Mr. LA FOLLETTE], and I hope this announcement may stand for the day.

Mr. ROBINSON. I announce that the Senator from Utah [Mr. THOMAS] is detained from the Senate on important public business, and that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from Maryland [Mr. RADCLIFFE] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Wyoming [Mr. CAREY], the Senator from Vermont [Mr. GIBSON], the senior Senator from Delaware [Mr. HASTINGS], and the junior Senator from Delaware [Mr. TOWNSEND] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

SENATOR CARTER GLASS, OF VIRGINIA

Mr. McKELLAR. Mr. President, this week four great universities—Yale, Princeton, William and Mary, and Wesleyan—and Tufts College, of Massachusetts, have seen fit to confer the degrees of doctor of laws upon our esteemed colleague the senior Senator from Virginia, CARTER GLASS.

These honors have been worthily bestowed. These four great universities and this outstanding college in New England have honored themselves in thus honoring Senator GLASS.

Mr. President, I have known Senator GLASS more or less intimately for 25 years. He was one of the leading Members of the House when I first went to that body 25 years ago. He was the author of the Federal Reserve law, enacted in President Wilson's first administration. There was hardly a word in it that was not discussed on the floor of the House, Senator GLASS piloting the bill through to a successful conclusion.

In the House he made a wonderful record for himself and for the people he represented. Much is now being said about his independence of thought and action. He was just as independent 25 years ago as he is today. Honest, sincere in his every contention, in his every action, he held the highest esteem of all those who knew him, both inside and outside the House of Representatives.

Later on he was appointed Secretary of the Treasury by President Wilson to succeed Mr. McADOO, and made another great record as Secretary of the Treasury. He became a United States Senator on February 2, 1920, and has been a Member of the Senate since that time. We all know his record in this body.

It has been my good fortune, Mr. President, to serve with Senator GLASS on the Committee on Appropriations of the Senate, of which he is the distinguished chairman. In my association with him there, although I had known him well before, I have learned what a great and noble man he is. In every instance he does what he believes to be right. He is a Democrat—every inch of him. He is an American—every inch of him. Over and above all, he is a man and a gentleman—every inch of him.

Mr. President, it is indeed gratifying to Senator GLASS' friends in and out of Congress to know that these great honors have come to him. It is almost, if not quite, unprecedented that one man should receive these highest of honors from five great institutions of learning within the month. Such unusual distinctions rarely fall to the lot of any man. He deserves them all because of his services to his home people, to his State, and to the Nation to which he has so long and faithfully given the best that is in him.

I ask unanimous consent that there may be printed in the RECORD, as a part of my remarks, an editorial which appeared in the Washington Post of June 20 concerning the bestowal of these distinguished honors upon Senator GLASS, together with certain statements referring to him.

There being no objection, the editorial and statements were ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 20, 1935]

CAUSA HONORIS

This week two of the country's leading universities, Princeton and Yale, have separately conferred the degree of doctor of laws upon Senator CARTER GLASS, of Virginia. These honors are a well-deserved tribute to the courage, integrity, and ability of a man who during long years in the service of his State and his Nation has won enduring place in the long line of illustrious leaders which the Old Dominion has given to this country.

The senior Senator from Virginia is one of those rare individuals who knows how to defend his convictions fearlessly without becoming either a doctrinaire or an obstructionist. He has the happy faculty of compromising without capitulating, and of maintaining his independence without disavowing party allegiance, and thus sacrificing influence in helping to frame legislative policies.

It is therefore particularly fitting that Senator GLASS should be singled out for these signal academic honors at a time when the too rare qualities of practical statesmanship have been put to an exceptionally severe test. There are other Members of the Senate whose learning, forensic skill, and idealism make them peers of Senator GLASS. But few, if any, Senators have had as long or as successful career in fighting political opportunism, in maintaining fundamental traditions, and in forwarding truly progressive legislation.

It is not alone as a "dauntless leader of the independent force of public opinion", as the Yale citation puts it, that Senator GLASS holds a unique position in the political world of today. As a notable representative of his State, and as an outstanding national figure he himself symbolizes the value of the Federal system of government, which he so well understands and has done so much to preserve.

Professor Nettleton said at Yale University:

"Recognized officially as the senior Senator from Virginia, recognized throughout the Nation as a dauntless leader of the independent force of intelligent public opinion; a representative of the people, 'who never sold the truth to serve the hour', or the party, or the populace. Representative at Washington in nine successive Congresses, Secretary of the Treasury under President Wilson, Senator of the United States, thrice confirmed by popular vote and public demand, he recalls the Roman courage and constancy, and the integrity of the ancient phrase, 'Senatus, populusque Romanus.' This year the National Institute of Social Science conferred upon him its gold medal 'in recognition of distinguished services rendered to humanity as one of the leaders in the planning and creation of the Federal Reserve Banking System * * * and as one who has through a long life consistently and unsparingly devoted his abilities and energies to public service.

"'Tis, finally, the man, who, lifted high,
Conspicuous object in a nation's eye—
Who, with a toward or untoward lot,
Prosperous or adverse, to his wish or not—
Plays, in the many games of life, that one
Where what he most doth value must be won,
Whom neither shape of danger can dismay,
Nor thought of tender happiness betray;
Who, not content that former worth stand fast,
Looks forward, persevering to the last,
From well to better, daily self-surpast
Vir amplissimus."

President Angell, in conferring the degree, said:

"Statesman and patriot, instant in the defense of your country's welfare and honor, implacable foe of sham, dishonesty, and cowardice in public life, able and fearless leader whose sage counsel has for more than a quarter of a century contributed wisdom to our national policies. Yale University, in grateful recognition of your eminent service to the Nation, confers upon you the degree of doctor of laws and admits you to all its rights and privileges."

Princeton University, in awarding the degree of doctor of law to Senator GLASS, announced:

"CARTER GLASS, United States Senator from Virginia for 15 years, Secretary of the Treasury under President Wilson. A thorough student of banking and finance, his extensive knowledge and concern for the public good were revealed in his authorship and defense of the Federal Reserve Bank Act, which became law through the staunch support of Woodrow Wilson in the face of vigorous opposition from those who now acclaim its virtues. A debater of rare ability, understanding his subject and human nature; a courageous statesman, governed only by his judgment and conviction, and neither influenced not intimidated by the new political device—the barrage of inspired letters and telegrams."

President John Stewart Bryan, of William and Mary, said:

"In time of crumbling standards he has stood like a rock in a wasted land. An eternal foe to ignoble compromise, undeterred by demagogery, unblinded by fallacy, unswerved by speciousness, with the courage of a soldier, the certainty of a scholar, the wisdom of a philosopher, and the devotion of a patriot, he has brought to his high responsibilities the statesmanship that became a Secretary of the Treasury, a Senator of the United States, and a son of Virginia."

Address of Governor Cross in presenting CARTER GLASS for the degree of Doctor of Laws at Wesleyan University on June 16, 1935:

"From the very beginning of American exploration, Senator GLASS' Commonwealth has been associated closely with our own. So it may be seen in the magnificent seventeenth-century charts of the New World, whose finely engraved, superbly hand-colored pages bear such delightful designs of Indian war canoes and gallant English ships, stockaded villages and trim green forests, with all manner of wild life—the turkey and the heron, furry bears and foxes and antlered deer, and still more engaging creatures of the deep—that one cannot cavil at the poetic license of their geography.

"Only the other day I looked at one of these maps, printed in the very year when our Commonwealth was founded—just three

centuries ago. There we were, by the grace of art, almost side by side—Connecticut and the Old Dominion—Anglia Nova et Virginia. In our long association we have sometimes even run the risk of being confused, one of us being taken for the other. An English gentleman, for example, making in 1713 a gift of Sir Walter Raleigh's History of the World to the university in New Haven, wrote on the flyleaf that he was thus sending Sir Walter back to the Virginian shores.

"From the time the Colonies were settled our zeal for education and for culture has formed a strong common bond between the Senator's Virginia and our Connecticut. So has the zeal for tobacco culture. Perhaps it is the general use in both our States of that favored weed—so conducive to quiet meditation and leisurely talk—that accounts for our common tempo, our ideal of an even pace, which others call conservatism. For this ideal there is a phrase in the Latin, once so dear to southern statesmen and Yankee wits: Festina lente, which a modern college student translates: Go as fast as you can without going 'hay wire.'

"But towering above all these mutual interests, material and intellectual, is another tradition that has sprung from the good earth of Virginia and Connecticut, binding us together in community of spirit. This is the tradition of devoted public service. In all generations able, high-minded citizens of both our Commonwealths have given themselves freely, bravely, and honorably to the Nation and to the State.

"We of Connecticut stand uncovered before Virginia as the long roll is called of her great and faithful servants—Washington, Jefferson, Marshall. But I need not read the roll, for the names still ring today in proud and affectionate memory—in our memory as in years.

"There is no man living who deserves so well a place in the immortal company of these kindred souls as he who is here today, as their ambassador and our most welcome guest. The long career of CARTER GLASS has been preeminent for the integrity, the conspicuous intelligence, the unsparing industry, and the militant courage with which he has shouldered the responsibilities laid upon him. He has stood for good government in a time when government was a task never so perplexing, never so back breaking. He is a Virginia public servant. There can be no warmer praise.

"I have the honor to present, for the degree of Doctor of Laws, the Honorable CARTER GLASS."

Dr. George W. Davison, president of the board of trustees of Wesleyan University, presented the degree of doctor of laws to Senator CARTER GLASS in the following words:

"Worthy son of Virginia, which has given so many notable men to the service of our country—in all your public life you have exemplified that independence of thought and courage in action which are the fundamentals of representative government.

"Justum et tenacem propositi virum non civium ardor prava jubentium—A just man tenacious of purpose not yielding to popular clamor for that which is wrong."

CARTER GLASS

Citation pronounced by John A. Cousens, president of Tufts College, in awarding an honorary degree commencement June 17, 1935.

"Slowly evolving through 800 years, the idea of representative government, proud contribution of the English-speaking peoples to political science, has alone made possible on a truly national scale the practical application of the theory of democracy. That there shall be available to serve the state high-minded citizens, courageous, unselfish, faithful to lofty ideals, unswerving in their allegiance to the right, as God gives them to see the right, is of supreme importance. Happy his immediate constituents, fortunate his fellow countrymen, represented in the Congress of the United States by the senior Senator from Virginia, CARTER GLASS, fearless leader, whose statesmanship makes him a superb exponent of democracy's essential need, doctor of laws."

ELECTRIC RATE SURVEY IN NEVADA

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to law, a compilation completed through the electric rate survey of the domestic and residential rates in effect in the State of Nevada on January 1, 1935, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Oklahoma, which was referred to the Committee on Claims:

A concurrent resolution memorializing and requesting the Congress of the United States to pay to Zoe A. Tilghman, the widow of William (Bill) Tilghman, on account of the killing of said William (Bill) Tilghman by Federal prohibition officer

Whereas on November 1, 1924, a Federal prohibition officer (Wylie Lynn) shot and killed William (Bill) Tilghman, a State peace officer who had arrested the said Wylie Lynn for creating a disturbance; and

Whereas the House of Representatives of the United States, after a full investigation, reported that "the facts and circumstances point to a wanton and deliberate murder" (CONGRESSIONAL RECORD, Feb. 16, 1933); and

Whereas Congress voted and paid to the widow of Henry Virkula $5,000, whose husband was also killed by Federal officers, while he was in the act of fleeing from the law; and

Whereas this sum was paid within 3 years after his death, and although more than 10 years has passed since the killing of officer Bill Tilghman, and in spite of the acknowledgment of the justice of this claim by the House of Representatives of the United States nothing has been done in the way of payment to the widow of "Bill" Tilghman; and

Whereas the payment in the case of the man killed while fleeing from the law and withholding said payment from the widow of the man killed in upholding the law appears unjust and tends to encourage law-breakers and radicals and to discourage good and faithful officers and to cause good citizens to lose respect for the law and is a reflection on the Government and against public policy: Now, therefore, be it

Resolved by the Senate of the Fifteenth Legislature of the State of Oklahoma (the house of representatives concurring therein), That the Congress of the United States is respectfully memorialized and urged, in view of their having recognized the justice of this claim, that said Congress delay no longer in applying the remedy hereto to give the widow of said "Bill" Tilghman such reparation as may be just and equitable.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Agriculture and Forestry:

Whereas, after painstaking study and careful deliberation, the Senate and the Assembly of the State of New York, on the 8th day of April 1933, duly passed chapter 158, laws of 1933, known as the "milk-control law of New York State", in order to protect from unfair competition and to preserve from serious injury the dairy industry of this State, determined upon such study to be the paramount industry within the State in respect to both numbers engaged and capital invested; and

Whereas the Supreme Court of the United States has in the case of *People* v. *Nebbia* (291 U. S. 502) sustained the constitutional validity of an intrastate price structure under control and regulation of a State agency designed to accomplish the purpose hereinabove set forth; and

Whereas, as a result of the determination of the Supreme Court of the United States in the case of *Seelig* v. *Baldwin et al.*, handed down March 4, 1935, the State of New York is powerless to afford the dairy industry of New York State the protection from the competition of price cutting in milk produced in other States, to the detriment and threatened destruction of the producers of milk in the State of New York: Now, therefore, be it

Resolved (if the senate concur), That the public welfare and livelihood and property of those engaged in the production of milk and milk products in the State of New York being imperiled by the existing and threatened continued influx into the markets thereof of cheap milk produced in neighboring States, comprising what may be termed the "New York Milkshed", such condition existing and threatened is hereby declared by the Legislature of New York State to be a matter of vital and urgent concern, State and local, and the correction thereof to be a State and local purpose of national as well as local concern, the remedying of which requires prompt and effective action to prevent the sale within the markets of the State of New York of milk purchased from producers outside the State at prices under those provided to be paid to New York producers of milk to compensate them for the requirements placed upon them by the State of New York to assure the production of an adequate supply of good, clean, wholesome, sanitary milk, for the attainment of which goal legislative action by the Congress of the United States in aid of the State of New York and other States which may find themselves in like situations is deemed essential;

The people of New York State, by its senate, assembly, and Governor, do hereby earnestly petition and memorialize the President and the Congress of the United States, in behalf of New York State and other States producing milk and dairy products in large quantities, that legislative action be taken by the Congress of the United States for the public welfare, protection of industry, and proper regulation of interstate commerce in milk to that end.

It is respectfully urged that such legislative action by the Congress of the United States, in the light of the conditions revealed to exist in respect of interstate commerce in the milk and shed areas or marketing districts within the United States; and further, that the Congress, within such areas as defined, vest the States with power to control such commerce between the States in respect of milk to the extent of providing that upon shipment into and arrival within a State for sale therein of such milk, the same shall be subject to the laws of such State as if said milk had been produced therein.

By such action the Congress will vest in the sovereign control of the several States, within well-defined areas and subject to proper Federal action in respect thereof, the protection of a vital industry in which conditions demand such protective measure.

Such act, if and when adopted by the Congress of the United States as a measure designed to bring orderly marketing agreements and control into an industry facing chaos and unbridled competition, will effectually remove the danger of utter destruction and disintegration from the paramount industry of New York State and others similarly situated, will properly fix the responsibility in the areas so defined, and will permit of and foster

interstate compacts within such milk-marketing areas—all to the end that social and economic rehabilitation be attained in such vital industry; and it is further

Resolved (*if the senate concur*), That copies of this resolution be transmitted to the President of the United States, the Secretary of Agriculture, the Secretary of the Senate, the Clerk of the House of Representatives, and to each Member of the Congress duly elected from the State of New York, and that the latter be urged to use their best efforts to accomplish the purpose of this resolution.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on the Library:

Whereas the heroic feat of Christopher Columbus in discovering the Western Hemisphere in the year 1492 is recognized throughout the world as one of the outstanding accomplishments of all time in the world of science and exploration; and

Whereas several of the United States, including the State of New York, have recognized Christopher Columbus as a great benefactor of the people of the United States by declaring October 12 to be a State holiday in such respective States and by providing for other means of paying tribute to the name of Columbus; and

Whereas it is the sense of the Legislature of the State of New York that national honor should be paid to him in recognition of his great feats of exploration, navigation, and scientific research: Therefore be it

Resolved (*if the senate concur*), That the Congress of the United States be, and it hereby is, memorialized to enact such measures as may be necessary to provide for the observance of October 12 as a national holiday to be known as "Columbus Day"; and be it further

Resolved (*if the senate concur*), That a copy of this resolution be transmitted to the Clerk of the House of Representatives and the Secretary of the Senate and to each Member of Congress and to each Senator elected from New York State.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Post Offices and Post Roads:

Whereas there is pending in the House of Representatives a bill known as the "Rudd bill", House No. 6, authorizing the Postmaster General to construct underground pneumatic tubes for the transmission of mail between the general post office in Brooklyn and the Floyd Bennett Field, Barron Island, Brooklyn, and the five postal stations lying parallel to Flatbush Avenue between these two points, namely, Stations Times Plaza, B, Flatbush, Kensington, and Vanderbilt; and

Whereas the construction and operation of such underground pneumatic tubes would be of great convenience to the people of Brooklyn and would greatly expedite the delivery and dispatch of air mail in a borough of the city of New York, in which is located some of the most enterprising industrial establishments in the United States: Therefore be it

Resolved (*if the senate concur*), That the Congress of the United States be respectfully requested to expedite the passage of House bill no. 6, and that a copy of his resolution be transmitted to the Secretary of the Senate, the Clerk of the House of Representatives, and to each Senator and Member of Congress from New York State.

The VICE PRESIDENT also laid before the Senate petitions of sundry citizens of the United States, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana [Mr. LONG and Mr. OVERTON], which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a letter from the Club Social Puertorriqueño, of New York City, N. Y., endorsing a resolution adopted by the Committee Pro-Puerto Rican Economical and Political Legislation, of New York City, favoring the adoption of a suggested legislative plan looking to the economic recovery of Puerto Rico, which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

REPORTS OF COMMITTEES

Mr. SHIPSTEAD, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S. J. Res. 72) authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President, reported it with an amendment and submitted a report (No. 929) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 3120) to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners", reported it without amendment and submitted a report (No. 930) thereon.

He also, from the same committee, to which was referred the joint resolution (H. J. Res. 237) for the establishment of a trust fund to be known as the "Oliver Wendell Holmes memorial fund", reported it with amendments and submitted a report (No. 931) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 2399. A bill to permit citizens of the Philippine Islands to receive instruction at the United States Military Academy (Rept. No. 932); and

S. 2434. A bill for the relief of George W. Hallowell, Jr. (Rept. No. 933).

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 2034) to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes, reported it with amendments and submitted a report (No. 928) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the joint resolution (H. J. Res. 201) giving authority to the Commissioners of the District of Columbia to make special regulations for the occasion of the Seventieth National Encampment of the Grand Army of the Republic, to be held in the District of Columbia in the month of September 1936, and for other purposes incident to said encampment, reported it with an amendment and submitted a report (No. 935) thereon.

He also, from the same committee, to which were referred the following bills and joint resolution, reported them severally with amendments and submitted reports thereon:

S. 2830. A bill to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909 (Rept. No. 936);

S. 2831. A bill to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes (Rept. No. 938); and

H. J. Res. 280. Joint resolution for the designation of a street or avenue in the Mall to be known as "Maine Avenue" (Rept. No. 937).

Mr. KING also, from the Committee on the District of Columbia, to which was referred the bill (H. R. 7526) to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters", reported it without amendment and submitted a report (No. 939) thereon.

He also, from the Committee on the Judiciary, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1381. A bill to amend the act approved February 13, 1925, entitled "An act to amend the Judicial Code and to further define the jurisdiction of the Circuit Courts of Appeals and of the Supreme Court, and for other purposes" (Rept. No. 942); and

S. 1382. A bill to provide for the taking of depositions in criminal proceedings, and for other purposes (Rept. No. 943).

Mr. BILBO, from the Committee on the District of Columbia, to which was referred the bill (S. 2939) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox, reported it without amendment and submitted a report (No. 940) thereon.

Mr. McCARRAN, from the Committee on the District of Columbia, to whom was referred the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia", reported it with amendments and submitted a report (No. 941) thereon.

STEAM HEAT FOR FEDERAL RESERVE BOARD BUILDING

Mr. CONNALLY. From the Committee on Public Buildings and Grounds I report back favorably, without amendment, the bill (H. R. 7652) to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes, and I submit a report (No. 934) thereon.

Mr. President, this is a measure to permit the Secretary of the Treasury to furnish steam to the new Federal Reserve Board Building, and until the bill shall be enacted the construction work cannot proceed. It is rather an urgent matter, and I ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER (Mr. HARRISON in the chair). Is there objection?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior through the National Park Service be, and he is hereby, authorized to furnish steam from the central heating plant for the use of the Federal Reserve Board on the property which has been acquired by it in squares east of 87 and east of 88 in the District of Columbia: *Provided*, That the Federal Reserve Board agrees to pay for the steam furnished at reasonable rates, not less than cost, as may be determined by the Secretary of the Interior: *Provided further*, That the Federal Reserve Board agrees to provide the necessary connections with the Government mains at its own expense and in a manner satisfactory to the Secretary of the Interior.

SEC. 2. That hereafter the rates to be paid for steam furnished to the Corcoran Gallery of Art, the buildings, old and new, of the Pan American Union, the American Red Cross Buildings, and such other non-Federal public buildings as are or hereafter may be authorized to receive steam from the central heating plant shall be determined by the Secretary of the Interior.

SEC. 3. That all acts and parts of acts which may be inconsistent or in conflict with this act are hereby repealed to the extent of such inconsistency or conflict.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee had presented to the President of the United States the following enrolled bills:

On June 20, 1935:

S. 1180. An act to amend section 4865 of the Revised Statutes, as amended.

On June 21, 1935:

S. 314. An act for the relief of Vito Valentino; and

S. 1052. An act for the relief of the Washington Post Co.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POPE:

A bill (S. 3122) to add certain lands to the Boise National Forest in the State of Idaho; to the Committee on Agriculture and Forestry.

By Mr. ROBINSON:

A bill (S. 3123) to provide for the relief of public-school districts and other public-school authorities, and for other purposes; to the Committee on Banking and Currency.

By Mr. HARRISON:

A bill (S. 3124) for the relief of M. L. Goldfarb;

A bill (S. 3125) for the relief of J. A. Hammond;

A bill (S. 3126) for the relief of Capt. Henry T. Korner; and

A bill (S. 3127) for the relief of O. W. Waddle; to the Committee on Claims.

A bill (S. 3128) for the relief of Daniel Yates; to the Committee on Military Affairs.

A bill (S. 3129) for the relief of the dependents of Max Grady Sullivan, deceased; to the Committee on Naval Affairs.

By Mr. BACHMAN:

A bill (S. 3130) granting the consent of Congress to the State of Tennessee and certain of its political subdivisions to construct, maintain, and operate a toll bridge across the Tennessee River at or near a point between Dayton and Decatur, Tenn.; to the Committee on Commerce.

By Mr. BLACK:

A bill (S. 3131) to extend the times for commencing and completing the construction of a bridge and causeway across the water between the mainland at or near Cedar Point and Dauphin Island, Ala.; to the Committee on Commerce.

By Mr. DAVIS:

A bill (S. 3132) for the relief of Mary Ellen Tiefenthaler; to the Committee on Claims.

By Mr. NYE:

A bill (S. 3133) for the relief of William R. Kellogg; to the Committee on Claims.

A bill (S. 3134) to provide for the appointment of an additional district judge for the district of North Dakota; to the Committee on the Judiciary.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. POPE submitted an amendment intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, line 7, to insert the following:

"There is hereby authorized to be appropriated the sum of $2,000,000 for applying such methods of eradication, control, and prevention of the spreading of the white pine blister rust as in the judgment of the Secretary of Agriculture may be necessary to accomplish such purposes: *Provided*, That no part of this appropriation shall be used to pay the cost or value of trees or other property injured or destroyed."

EXTENSION OF CERTAIN TAXES—AMENDMENT

Mr. COPELAND submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

At the end of the resolution add the following:

"SECTION —. The tax imposed by section 603 of the Revenue Act of 1932 shall not apply to toilet soaps sold by the manufacturer, producer, or importer after the date of the enactment of this resolution."

AMERICAN NATIONAL INSTITUTE AT PARIS—CHANGE OF REFERENCE

Mr. COPELAND. Mr. President, sometime ago I introduced a bill (S. 2550) to incorporate the American National Institute (Prix de Paris) at Paris, France, which was referred to the Committee on the Library. There has been no adverse report on the bill from that committee, and I ask unanimous consent that the Committee on the Library be discharged from the further consideration of the bill and that it be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

DEPORTATION OF ALIEN SEAMEN

Mr. COPELAND. Mr. President, I desire to make a request, to which I call the attention of the Senator from Utah [Mr. KING]. I had a visit the other day from a representative of the Department of State regarding the bill (S. 379) to provide for the deportation of certain alien seamen, and for other purposes, the bill having been introduced by the Senator from Utah. I asked that his views be put in the form of a letter. I ask unanimous consent that at the end of this brief observation the letter may be printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the Senator's request? The Chair hears none, and it is so ordered.

The letter referred to is as follows:

DEPARTMENT OF STATE,
Washington, June 18, 1935.

The Honorable ROYAL S. COPELAND,
United States Senate.

MY DEAR SENATOR COPELAND: I refer to our personal conversation in your office last week, at which time, during a discussion of the bill S. 379, introduced by Senator KING, entitled "A bill to provide for the deportation of certain alien seamen, and for other purposes", you requested that I send you a letter indicating briefly the views of the Department of State in relation to the bill in question. I accordingly submit the following brief statement.

The bill in practically its present form has been pending before Congress for many years, being urged principally by Mr. Andrew Furuseth, representing the Seamen's Union. The Department of State is heartily in favor of preventing the entry into this country of aliens not properly admissible under our laws and of sending out of the country aliens, whether seamen or not, who are here in contravention of our laws, and it would favor any proper measure for the accomplishment of those purposes which might be found necessary and consistent with our international responsibilities.

As this Department and the Department of Labor have pointed out to the appropriate committees, the bill S. 379 is objectionable

from the point of view of our international relations, it would add greatly to the cost of administration, it is unnecessary for the purpose of keeping out of the country seamen not entitled to admission into the United States and the machinery it provides for that purposes is already provided for in more effective form by the Immigration Act of 1924. Both this Department and the Department of Labor have suggested a substitute for the measure which would be unobjectionable from the standpoint of our foreign relations and would increase the effectiveness of existing law but that suggestion has unfortunately not been adopted. I think it is important that you should be aware of the foregoing in the event that it should be sought to bring the bill S. 379 up for consideration in the Senate.

Sincerely yours,

JOHN FARR SIMMONS,
Chief, Visa Division.

"HOW CAN WE STAY OUT OF WAR?"—ADDRESS BY SENATOR NYE

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by my colleague [Mr. NYE] on May 22, 1935, on the subject, "How Can We Stay Out of War?"

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Great and important as are many issues confronting the American people these days, nothing is of quite so urgent standing as answer to the question of "How can we stay out of war?" The experiences of the last war have caused us to vow many times that we would never let an experience like that be visited upon this earth again. The backs of nations are still burdened with the costs of that last experience. As a result of it, nations are quite unable to balance budgets or meet the direct obligations which are upon governments. All in all, experience should be the light followed by civilization these days.

Though we may all feel that everything possible should be done to stay out of that which would constitute repetition of the 4 years of waste and destruction which we know as the World War, the facts are that we have taken few, if any, steps to make more difficult our being drawn into more war. The world today seems to be actually blinding itself to the experience of other days and is being led by a something that causes nations at the present hour to engage in the maddest armament race which civilization has ever witnessed in peace time. Never before has the world, in time of peace, spent as tremendously in preparation for more war as is true at the present time. The record of our own country is one of constantly increasing costs of preparation for more war, with consequent added financial burdens ever since the "war to end war." Today a round billion dollars measures the annual need of our Army and Navy as compared with $341,000,000 in 1915, just before our entry into the World War.

This burden of military preparedness is best described by the assertion that it is costing us more to maintain our Army and our Navy and those preparing for more war each year now than it cost to run every establishment of our Government, including the Army and the Navy back in 1915.

This mad armament race in which we are participating carries with it at once a threat. There has not been a time in all the history of the world when such armament races have been followed by or culminated in anything other than war. The years leading up to the World War found nations preparing even less insanely than they are preparing now in the name of national defense. One man during those years made himself the richest man in all Europe through his program of selling to all Europe the same identical instruments of warfare—always, of course, in the name of national defense. What it led to is now a matter of momentous record. Certainly, experience tells us that it behooves the world, or any nation in this world, to be building every possible barrier against being drawn into more war.

There is no cure-all for war. I have no plan that would absolutely prevent more war and do not know of anyone who pretends to have such a plan. But I do insist that if we will but treat with experience and follow the dictates of that experience there is much that can be done to reduce materially the danger of our country being drawn into more war; and it is these things that I shall undertake to discuss during these brief minutes this evening.

It is altogether fair to look upon international agreements as essential in accomplishing a reduction in the dangers of more war. Understanding between nations is much to be desired and will contribute largely to the elimination of threats of war which are constantly lurking in the path of civilization. But we should face facts, and, if we do, we will at once acknowledge that reduced armaments by international agreement is going to be a long time in accomplishment. Investigation has all too clearly revealed that the armament makers in this world have exercised a powerful influence at disarmament conferences. The record of the pending munitions investigation reveals letters written by those connected with our own American delegation at the Geneva conference to the munitions makers back here at home telling them not to worry about what is going to be done; that nothing is going to be done that is going to hurt their business.

These manufacturers of munitions find large profit in programs which continue these armament races and they are known to actually breed hate, fear, and suspicion among nations to the end that there can be a continuation of the market for their wares. It is not likely that these industries will abandon easily such influence as they have exercised in times past to prevent international agreement. When nations can accomplish the sending of disarmament conferences delegations which owe no allegiance to the munitions business and who cannot be influenced by other than a desire for a continued peace upon earth, then can we hope for international agreement.

These facts, it seems to me, call upon us to make large effort to clean up our own yard here in America to the end that there may be less likelihood of the American makers of armament continuing a power that enables them to influence in any degree any world effort to accomplish peace and understanding. So long as there continues available to them large profit in so-called "preparedness for war", that long will these "merchants of death" do everything possible to prevent any such understanding as would make room for reduced armaments.

American armament makers have actually sought to stir up American fears of other countries to the end that there could be larger appropriations occasioned in Congress for the cause of national defense. One such industry is known to have appealed to newspapers to publish war-scare stories about Japan so that there could be evidence to send to Representatives in Congress of a public demand for larger preparation on our part here in America. Our American munitions makers send their salesmen throughout the world selling American munitions supplies to other nations, including those some consider most apt to be our foes in the event of another war. Of course, selling to these other lands enables them to convince our own Government of the need for larger preparedness through the purchase of like supplies. All in all, this urge for profit has clearly blinded men to the things which their madness leads to, and we in America ought to be strongly insisting upon any and all legislative steps which would take profit from programs of national defense. Whether this can be done by Government regulation of the private industry or whether there must be resort to a program which would have the Government produce its own national-defense machinery, is neither here nor there—we should be insisting upon whatever would remove that vicious motive which has armament makers arming all the world with the same, identical instruments in the name of national defense.

While men are prevailed upon to do mad things to win profits out of preparing for war, it ought to be noted that these same men and interests have learned that there is one thing that pays larger profit than preparation for war, and that one thing is war itself. In other words, there are those who have learned to know that profit in their business flows most freely when blood is actually flowing thickest upon fields of battle. The profits which men cut for themselves out of 4 years of World War is pretty generally known to the American people. The World War created in America alone 22,000 new millionaires, men and women who could not have had those fortunes except as men were bleeding and dying upon fields of battle. It is but natural, then, that there would be those who would today say that "perhaps what this country needs to get out of this depression is another little war." The masses of people will remember that it was war that gave us the depression; but the point I am trying to make is this: That there ought to be resort to such means as will destroy whatever prospect exists in minds today that there can be profit for anyone in the event of another war. I am satisfied that destruction of this prospect of profit would contribute largely in the elimination of danger of our being easily drawn into more war.

Our munitions committee has labored long in the preparation of a bill to take profit out of war and has reported that bill to the Senate. It is pending in the Committee on Military Affairs. In the main, that bill is a revenue bill fixing the rates of taxation to apply automatically with the declaration of war. These rates are so high upon corporations and individuals that all income, so far as the individual is concerned, beyond $10,000 a year would be subject to a tax of 100 percent. There are those who insist that this legislation is too drastic and that men and business are not apt to rally to the needs of their country in the event of war if they are so restricted. To such critics it ought to be said that, while this bill would place heavy restrictions upon incomes, we ought not to forget that war places heavier restrictions upon those who are called into the active service of their country, and no one ought quibble about the sacrifice that will be called for from all in the event of another war.

Attention should also be called to the fact that one of the purposes of this bill is that of eliminating the inflation which large governmental borrowings occasion in time of war. This war-profits bill, had it been in effect during our participation in the World War, would have raised more money than the Government expended during those 2 years to maintain Government and to prosecute the war. In other words, this bill would enable us to pay for war while it was being fought and would not be saddling upon the backs of unborn generations burdens which have not been of their own creation. It seems to me that this is a highly desirable accomplishment.

History records, and will one day soon more clearly record, what things were done prior to our entry into the World War to weaken the American spirit of neutrality. When this history is boldly faced, those who face it are confronted at once with the knowledge that the desire for profit and business prove stronger than the desire for neutrality and the avoidance of participation in somebody else's war. On this question Senator CLARK, of Missouri, and myself have given much thought and have introduced resolutions aimed to strengthen our neutrality laws and make them immune to such influences as were brought into play by selfish hands prior to our entry into the World War. On next Monday night the Senator and I will discuss these issues more at length before an audience in

Carnegie Hall in New York. But at this point I should like to refer to the three resolutions as being a very necessary part of any program looking to our ability to stay out of more war. The three resolutions are known as "Joint Resolutions Nos. 99, 100, and 120", and are pending before the Foreign Relations Committee of the Senate, which committee, we hope, is going to give consideration to these measures within the next week or 10 days.

One of these resolutions has to do with the issuance of passports in time of war and virtually requires of people who insist upon entering a war zone doing so at their own risk and without any assurance that our Army, our Navy, and our marines are going to rush to their assistance if they find themselves in difficulties.

A second resolution deals with the exportation of American-made munitions of war to nations engaged in war. This resolution would have the effect of causing those nations that wanted American supplies to come to America and get them and take their own chances in getting them to the destinations desired. This would avoid jeopardizing our commerce and our flag through the carrying of supplies to a belligerent nation and would have the further effect of putting the United States on a cash-and-carry basis as respects other nations which might be engaged in war.

The third resolution, and perhaps by far the most important of them all, is the one forbidding the issuance of credit and loans by any American individual or corporation, including banks, to any belligerent nation or the nationals of any such belligerent nations. When America fully understands the part which credit and loans played in our being drawn into the last war, there will be even larger readiness than already exists for the approval and adoption of this particular kind of resolution.

In conclusion, let me point out that this larger program, aimed at keeping America out of war, is a program which calls upon America for the surrender of nothing which it has, but only that which it might selfishly want if war were to come upon this earth again. It does not weaken in any respect our national defense; rather, it strengthens it by creating less need for the increasing expenditures in the name of national defense. It seems to me that the interest of all Americans could well be afforded in this general cause if Americans are really anxious to avoid that experience of 16 and 20 years ago, which has left us with frightful burdens, many broken homes, many scars, and many wounds as yet unhealed.

"BREAK THE LOG JAM!"—EDITORIAL FROM OMAHA WORLD-HERALD

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD an editorial appearing in the World-Herald of Omaha, Nebr., of June 14, 1935, entitled "Break the Log Jam!"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Omaha World-Herald of June 14, 1935]

BREAK THE LOG JAM

There was a rather dismal picture of new-deal discouragement at Washington painted by Paul Mallon in his report to this newspaper. To a considerable extent it is duplicated by reports from other close observers of the Washington scene, made either through the press or by word of mouth.

Its gist is given in these words, quoted from an unidentified labor writer:

"When I asked them ('the liberal element of the "new dealers"') about present policies, they generally expressed the opinion that these would not do much good. And when I found some particular policy for which they had any hope, they said its value would be only temporary."

There is very obviously trouble and disappointment attending the heroic efforts that have been made to lift the country out of the quicksands in which the incoming Roosevelt administration found it.

It is important for the administration, and for all citizens, whether friends or opponents of the administration's policies, to identify what is at once the heart and the cause of the trouble. We believe it is not difficult to find. We do not believe it is impossible to attack it in a practical and definitely helpful way.

The Roosevelt administration, it should first be recognized, has splendid achievements to its credit.

It assumed an awful responsibility on taking charge at a time when the Republic was near the nadir of fear and despair. And promptly, boldly, successfully, it met that responsibility.

The bank panic was stopped. Our banking system was saved, and the confidence of the people in it was restored. Today the banks are loaded with money and with unprecedented credit facilities that are only awaiting the customers to put the labor and capital of the Nation to work on its inexhaustible natural resources.

National prohibition, that futile attempt to regiment all Americans in their modes and manners, that bestrode the Nation like an Old Man of the Sea, was quickly lifted off its neck.

The rising wave of criminality and lawlessness, carrying gangsters, racketeers, organized and violent defiance of society on its crest, was beaten back and down. What had seemed an insoluble problem, menacing destruction, proved to be subject to solution, once it was courageously and vigorously attacked.

A prostrate and bankrupt agriculture was lifted to its feet, put back on the highway to prosperity, and is today the chief factor in economic revival. Had the effort to accomplish this failed, the consequent disaster would have been incalculable.

The racketeers of Wall Street, the peddlers of phony or unsound securities, who had bilked the people of billions of their savings, were brought under the strict control of law.

Numberless homes and farms throughout the Nation, threatened with foreclosure, were saved to their occupants.

The menace of fluctuating currencies across seas, threatening further deflation and a lower standard of living, was effectively put down by monetary policies that still have saved us a sound currency—the soundest and safest in the world today.

These are among the services that should have sufficed to crown any administration with a shining glory. Logically, they should have resulted in our country leaping forward toward a condition of well-being and progress such as it had never known before.

To the extent hoped for, the extent expected, they did not. While there has been progress, it has been halting and uncertain. The Nation creeps on hands and knees—forward, it is true, but hesitant, fearfully.

We should be able by this time to know rather clearly the reason. The situation can be envisaged by any observer.

The trouble is that more than 20,000,000 of the American people are still on relief, and that the calls for relief do not diminish. The trouble is that millions of once willing workers, able bodied, can find no employment in private industry. The trouble is that the banks and other fiduciary institutions are jammed with money and available credits that can no more find employment than labor can. Nobody wants to "hire the money." If money isn't hired, labor can't be. And so the Government, out of the people's pockets, has to feed the hungry and provide the idle with "made" work. The expense of this is prodigious. The threats of heavily increased taxes to meet it are terrifying to investment, enterprise, extension. Accordingly we are in a preposterous log jam, one that holds back a dammed-up flood of work and enterprise that if released should carry security and progress to every corner of the Republic.

It is an absurd situation, one that shames our national intelligence. President Roosevelt must be able to see it. The Congress must. They must ask themselves seriously what responsibility they may have for its existence, what their duties are toward it.

This newspaper that gave Mr. Roosevelt hearty support for election, that has applauded his many brave and valuable services does not hesitate to express the belief that a very considerable share of the responsibility for a continuance of this situation will rest with the President and the Congress.

The trouble is that American enterprise is scared stiff. To put it bluntly, it is afraid of government; what it may do next; when it is going to put an end to bold experiments, noble in motive, that vitally affect every activity, every industry, every contemplated investment, and cloud the future with uncertainty.

Money is like that. It is cowardly. It goes dead, piles up, of no use to anyone, when it is afraid of the morrow.

And so the problem becomes a very practical one. Assuming that it is desired to save the system of private enterprise, of a free society, it is desirable—indeed, it is imperative—to encourage the citizens to put their money to work. Money at work will put men to work. Money and men at work will provide taxes, rather than absorb them, as public work does. Money and men at work will start business humming, create markets, sustain prices, bring better wages—start the whole economic machine to humming again. It isn't humming now. It is idling on a low feed.

The World-Herald believes in reform, too. It believes in social progress and betterment, in a new and better deal for the masses of the people on whose well-being prosperity must rest. But it doesn't believe in cramming the sinful patient with so many medicines, subjecting him to so many major operations, that the patient will die. Get him well first, give Nature a chance, and then, if he need reforming—as our industrial system has needed and still needs it—proceed with the reforming when he is strong enough to stand the shock.

Increasingly the emphasis is on the need for recovery first. Experience has proved it, is proving it more emphatically day by day. We might double the number of laws, each new law further discouraging private enterprise, and get nowhere. Presently we should begin going backward.

The new deal has come to a critical period for itself and for the country. It can triumph over this crisis, as it has over others. Triumph will consist in actively aiding the breaking of the log jam of private enterprise. Stubbornly to pile it up higher is dangerous, and can end only in calamitous failure.

The administration at Washington can serve itself, and grandly serve the Nation, by bringing to a halt the making of new laws, by giving the country a breathing spell and a chance to find and adjust itself, and by encouraging, in every proper way, American enterprise to put American dollars and American labor to work.

The 20,000,000 still on relief, the billions of idle capital and credit, are the sufficient reason for such a course. They are also danger signals, that he who runs may read.

WHAT OF THIS PROMISE TO SHARE OUR WEALTH?

Mr. LONG. Mr. President, I send to the desk and ask the clerk to read in his much more distinct voice, and in his clearly enunciating style a letter which I have sent to the White House. I ask the clerk to read it, and I crave indulgence that it be read sufficiently slowly that Senators may grasp its contents.

Mr. McNARY. Mr. President, what is the nature of the request?

Mr. LONG. I have merely asked the clerk to read a letter which I sent to the President.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

WASHINGTON, D. C., *June 22, 1935.*

Hon. FRANKLIN DELANO ROOSEVELT,
President of the United States,
The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: Your last message to Congress regarding taxation of wealth, and expressing disapproval of concentrated wealth in the hands of a few, so far as concerns your promise, presents nothing new, for such was your promise prior to your nomination and election, and even after your inauguration. We are now, and have been, however, as far away from the realization of your promise as though it had never been made or remade, and only the force of your administration has brought about the defeat of the several proposals which have been made to Congress, the effect of which would have written your pledge into law.

Now it may be that your continuous and oft-repeated promise to redistribute wealth, and the equally consistent performance of your administration in suppressing and defeating all moves in that direction, may account for the fact that some of your leaders in Congress are quoted as regarding your message as intending nothing very unusual.

All the words and phrases urging the redistribution of wealth, as used by Jefferson, Madison, Webster, Emerson, and by such lesser lights as myself, are found in your message. Such is the voice we hear. But the hand at the voting throttle, whenever the issue for the redistribution of wealth has come to the Congress under your administration, has operated the same as would the hand of the Astors, the Rockefellers, the Morgans, or the Mellons. Although nearly all of those usually found in the vanguard of the liberal movement in the United States Senate voted for my proposals of May 12, 1933, to limit the size of inheritances and incomes, the voting strength of your administration on the other side gave it a crushing defeat. Nonetheless, on March 5, 1934, when the N. R. A. was in some kind of a public conference assembled, you delivered a speech again deploring the maldistribution of wealth and power, which caused me to direct to you a letter, as follows:

"UNITED STATES SENATE,
"*Washington, March 5, 1934.*

"Hon. FRANKLIN D. ROOSEVELT,
"*President of the United States,*
"*Washington, D. C.*

"DEAR MR. PRESIDENT: I have a copy of the speech delivered by you this morning over the radio. In it you said:

"'We undertook by lawful, constitutional processes to reorganize a disintegrating system of production and exchange * * *. The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a maldistribution of wealth and power.'

"Many of us are happy, Mr. President, that you again take occasion to pronounce against maldistribution of wealth in the hands of the few brought on in this country through the means as you indicate.

"We are clearly of the view that you would wish the lawmakers of this Congress to correct the maldistribution of wealth, but possibly there are some who might not be so convinced, notwithstanding your expressions, unless you so advised.

"Can it be announced, in following up your declaration of today, that you would desire this maldistribution of wealth and power corrected by this Congress?

"Assuring you that such a pronouncement made open to this Congress would gladden the hearts of the millions suffering from such maldistribution, I am, my dear Mr. President,

"Yours sincerely,

"HUEY P. LONG,
"*United States Senator.*"

Though such a letter was delivered to you, it received no further mention. We have had two more Congresses since that time. In all of them the proposals made tending toward the redistribution of wealth continued to receive the disapproval of your administration in Congress.

During the past few weeks the Supreme Court of the United States held, as previously stated by me and others, that the legal groundwork supporting most of the activities of this administration was irregular and illegal. The last few days have seen it charged against, and later stated by, your administration that you, for the first and only time in your career, personally and officially commanded and directed the remittance by the Government of a sum of $1,700,000 owed by the Astors, Franklins, and Roosevelt as liquidated and settled damages; that the consideration for such remittance of $1,700,000 was that a new ship should be built by such private interests for their own private account, on which three-fourths of all the money the ship was to cost would be loaned by the Government, all to be guaranteed against loss by the Government with a subsidy mail contract to be furnished to the ship of such private owners by the Government—the same in connection with transactions heretofore ruled to be illegal by the Comptroller General.

We are all politicians; I am one myself. In times of turbulence we look about to see the moves that we may have never intended to make or which we may have considered making later to promote the fortune of persons and parties intrusted to our hands. And so, notwithstanding the fact that 48 hours previously a "share our wealth" amendment had been defeated in the United States Senate, I was not astonished, much less offended, that you should make some pronouncement which would meet with the approval of the public. What should that move be? I should have judged in advance that the effort to excite popular acclaim should not be one of experiment, but should very properly be along such proven lines as had never failed to create a furore of popular acclaim in the hearts of the distressed American people. So, had I been in your place, would I have asked myself, What should that move be? Certainly, placed in your stead, nothing less than the tried and true declaration for a redistribution of wealth, which swung a nomination, then an election, and ever thereafter served failing and waning causes and purposes, would have occurred to my mind.

So, Mr. President, I have more than the usual grounds of acclaiming the message which you sent to the Congress this week. I care not what undisclosed and irrelevant motive may inspire any promise that may be made by one either in or seeking public office if that promise be kept; and I am more than willing—yea, more, desiring—that whatever person in power who wishes to save the lives of 125,000,000 people affected by the maldistribution of wealth, in order that he may save his own political stakes, shall have all glory and all profit therefrom, undiminished.

But, Mr. President, your leaders say that—as was the fate with previous gestures of this kind—nothing is in sight in the way of action over your late pronouncement against concentrated wealth in the hands of the few. Some publications would cause us to believe that, as the promise at the Chicago convention fell one way and performance thereon went the other way, that again your heartening message will lend stimulant to the weakening hearts—also a stir up and down in the stock market—but that food to sustain such stimulation will be withheld. If such be true, the sure death of more is all the more certain.

Now, Mr. President, I would like to encourage you to do two things. They are:

(1) Put the proper force, as you can exert with the turn of you hand, behind the move to redistribute the wealth of the United States, and by this time next week the laws will be on the books and we will be on our road to doing it.

(2) As a result of keeping this oft-repeated promise, reelect yourself President of the United States.

In doing this, I submerge every personal feeling and political reaction which honestly and honorably would affect me.

You will bear in mind that not one vote which I have cast since you were elected President of the United States has been contrary to your pledges made to the people before your nomination and election and sometimes after your election. Nonetheless, because I have voted for what you promised and declined to vote the contrary, though the facts have been heralded to the world that you gave your political control into the hands of those who opposed your nomination, and most of whom declined to vote for you in the election in my State, that matters and counts for naught with me. You can leave your spoils of war in the hands of those who undertook to prevent your successful campaign; you can continue to oppose me in the Louisiana political arena with all the weapons and sinews which your Public Treasury now affords to my enemies; nonetheless, if you will redistribute the wealth of the United States so that every man and his family shall rest in a home owned by them, free of debt; so that each child shall have the right to complete education and training; so that there will be employment and earnings sufficient to guarantee a respectable comfort to all families; so that those who have passed beyond the reasonable age of labor are given a fair pension by the Government—supporting these things by decentralizing wealth and breaking up the concentrated fortunes for which you declare—then every atom of support and strength which I may have is at your beck and call, and loud will be my praises for the good which you may do to this country, even though it be for the keeping of a promise now of extremely long standing, which was made to affect the last nomination and election.

Now, there are many who credit you with having taken over the share-our-wealth movement. Even some say that my use in the undertaking has become emasculated because of your stronger and more capable support, and are even moved to say that the wind was swept from my sails by your pronouncement. I hope that such is true. It helps the political fortunes of one to have it shown that he has spent effort and thereby accomplished the wreck and ruin of persons and politicians who elected him to the offices which he has heretofore held.

I say that because I have heard some say that when you went to unusual courses in the work that spelled doom and exile to the Tammany politicians who made you Governor of New York that you brought many independent people to your support. My elimination from politics would be the immediate and sure result of your enactment of the share-our-wealth legislation. You would thereby have another complete case for the public's admiration, which, cited in contrast with my support of your cause and policies, might give you a measure of added prestige. I assure you that I would nonetheless welcome the general and full result. Therefore, so that all may know, so that the Congress may not further quibble, will you make known now just what your stand

is on the following principles of the share-our-wealth undertaking, viz:

1. Do you wish the Congress to limit the amount of wealth one man should be permitted to own, and what is the outside limit you would set?

2. Do you wish the Congress to provide for such a redistribution of wealth as will give to every family a homestead where they may have the fair comforts of life up to not less than one-third the average family wealth in America free of debt?

3. Do you wish the Congress to provide that every family shall have such a share of our national income to live on as will give to every family not less than one-third the average family earning?

4. Do you wish to limit the size of inherited fortunes and of incomes; and, if so, what are the limits you suggest?

5. Would you favor this money being also used to secure every child in a full right to education and training, including the professional or vocational education and training in college?

6. And would you allow this money for the redistribution of wealth to be used so that all those above 60 years of age who have not a fair earning can draw a pension, and in what amount would you fix such a pension?

In case you indicate your favor and desire for one or all of the above, which you need not embarrass yourself to make to or through me, I assure you that, if your cohorts do not desire to do so, legislation for the same will be proposed and submitted to Congress within 48 hours, and your support of the same will secure its enactment before a week shall have expired.

Assuring you of my esteem and thanks for courtesies heretofore or hereafter granted, and with other good wishes, I have the honor to remain,

Your sincere friend,

HUEY P. LONG,
United States Senator.

Mr. LONG. Mr. President, the letter which I directed to the Chief Executive, a copy of which I presented and which has been read at the desk, I hope will make unnecessary much further explanation from me.

Following the pronouncement of our Chief Executive, several newspaper articles almost require that I should say something with regard to the effect which this pronouncement has on measures which I have advocated here and which I am advocating before the people of the United States in order that the proper support in the States may be had to enact into law several principles which I have proposed. Most of them have been voted on by the Senate from time to time in one form or another.

Mr. President, there is such newspaper comment as this—I have before me a newspaper supporting the present administration, the Washington Daily News of Thursday, June 20, 1935. The headline of that paper reads:

F. D.—

Meaning President Roosevelt—

F. D. tax plan steals issue from "wealth sharers."
Well-timed message is believed to have burst LONG's balloon.
Republicans quick to recognize potency of new challenge raised by President.

There are further articles along that line, to some of which I may take occasion to refer in a moment.

There is likewise such comment as appears in the article I hold in my hand, published in what I should call an anti-administration paper, the Washington Post, of Friday, June 21, 1935. It reads in this way:

The President has lost popularity with left-wing elements. He has been frequently taunted by "Kingfish" LONG for failing to live up to his redistribute-the-wealth promises, and the Louisianan earlier this week let it be known he would make a Nation-wide tour this summer preaching his share-the-wealth gospel. Also, during the last week, President Roosevelt has been charged by a former personal appointee of being partial to such rich friends as Vincent Astor and Kermit Roosevelt.

All these things were mentioned by those who regarded the message as inspired by politics. The President has now cleared his record, it is contended, and has taken the wind out of the sails of the Huey Longs. The reaction on Capitol Hill indicated that the reaction to the message throughout the country should be favorable to the President.

Also, Mr. President, my friend Mr. Will Rogers, writing in the New York Times in its issue of Friday, June 21, 1935, has this to say:

I would sure liked to have seen Huey's face when he was woke up in the middle of the night by the President, who said, "Lay over, Huey, I want to get in with you."

Yours,

WILL ROGERS.

[Laughter in the galleries.]

The PRESIDING OFFICER (Mr. KING in the chair). No demonstrations are permitted in the galleries. If they shall be repeated, the Chair will have to order the galleries cleared.

Mr. LONG. I am sure my friend Mr. Rogers would have considered that his column purchasers owed him additional money if he knew the mirth he had excited in the galleries of the Senate by his article.

I also have before me the Washington Times of Thursday, June 20. The article is headed:

Hot fight due over "share wealth." 1936 campaign issues set in message on taxes.

I do not know whether I shall regard that as a friendly gesture either to myself or to the President, or to Democrats or Republicans; but I am wondering whether there is not some inspired motive for saying that this is the 1936 campaign issue when the campaign promise was made in 1932. So I shall refer to that a little more extensively in the course of my remarks.

Just another mention along this line, Mr. President. I quote from the New York Herald Tribune, which contains a cartoon on its editorial page headed "Castle-Building Substituted for Public Works." If I may describe this cartoon, I will simply say that it undertakes to show castles, one of which bears an emblem attributed to me, and another one an emblem attributed to the President. On one side it carries a mile post pointing in the direction of the castles which says "HUEY LONG's share-the-wealth home for voters. Magic carpet, limited, leaves on the hour"; and at the other entrance it says: "Roosevelt share-the-wealth home for voters. Fairyland express, one-half hour service."

I then wish, just generally, to read a comment from the paper published by the railroad brotherhoods, called Labor, from the issue of June 25. It says this:

"F. D." urges heavier taxes on big incomes, inheritances.

Down in the body of the article it says:

Earlier in the week the Senate had shouted down a share-the-wealth plan offered by Senator HUEY LONG, of Louisiana, and LONG, fearing he could not make a favorable showing, declined to ask for a roll call.

At about the same time the House put through a bill extending the nuisance taxes which net the Treasury a little over $500,000,000 a year. Congressional leaders, who thought they knew what they were talking about, said that would end tax legislation for this session.

Then came the President's message. "In principle" he agrees with LONG that concentration of wealth menaces the political and economic safety of the Nation, but on the question of how far Congress should go at this time, the two men are probably far apart.

I desire to find out, if I can develop it in a moment, whether the President and myself are near together or far apart; that is, what may be the status of the President and myself.

There are some newspapers' comments which I see reproduced in some of the papers which might be pertinent. I read the New York Times comment as reproduced by the New York Herald Tribune. The headline of the article in the Herald Tribune is:

Press comment on Roosevelt's tax-rich plan.
Attempt to steal LONG's thunder seen in surprise message to the Congress.
Political tone is noted.
Plea called social philosophy, not fiscal program.

Then there follows as the first quotation from the press the comment of the New York Times, and the New York Times article states:

It is impossible not to perceive the trail of politics over the President's message on taxation. Mr. Roosevelt himself clearly traces it when he calls some of his recommendations "too complicated and difficult to be debated in the time remaining for the present session of the Congress." That is a pretty plain intimation that he is looking forward to the next session and the next Presidential election. * * *

It is not unfair to infer that he hopes to cut into the political forces behind Huey Long and Dr. Townsend by means of his own more rational proposals. They may not be financially sound, or capable of actual realization but politically they ought to serve very well in 1936.

I skip from that article and read this:

If the issue is carried into the next Presidential campaign—

And so forth. I again wish to ask, and I will develop it a moment later, Is it intended to infer that after going through the blood and rain of 1932 on this issue the newspapers are to be allowed to represent that this is another gesture for a campaign 4 years later with the same warmed-over promise that we had 4 years before?

I have here the Baltimore Sun's comment in this article, as follows:

In general, the President writes in a manner that sets all Washington agog with talk of "redistribution of wealth", and causes HUEY LONG to shout "Amen"! on the floor of the Senate. But the President also writes that "if a government is to be prudent its taxes must produce ample revenues without discouraging enterprise." And that would have caused Calvin Coolidge, if alive, to shout "amen" just as loudly.

I must confess that I have never had the learning or the letters afforded to me to give me the power, which I envy in others, to write with expressions from which duplicate meanings might be gleaned, or in which all meanings may be hidden, and therefore I am not in a position to criticize the comments. My undertaking along this line is in necessarily unveneered and unvarnished language so that all may know and understand what I propose, and what I would do if my bills were enacted into law. So I wish to have my intention well understood, in spite of impoverishment of language, of which I plead guilty, and which I cannot deny.

The Buffalo Courier-Express is listed here as saying the following:

Is a tax program for "wider distribution of wealth", to which HUEY LONG says "amen", a program to evoke support or suspicion of its economic soundness?

Then they list the Oklahoma City Oklahoman with this comment:

If a national share-the-wealth program is illogical and visionary when advocated by a Senator from Louisiana, it can hardly be rendered sensible and meritorious when advocated by the President of the United States.

I have about concluded reading the comments, and I will now come to what has occurred.

When this message came to the Congress I naturally could not help emitting expressions of my approval for the phrases and clauses, and for what the message contained. However much it may have failed to be specific in purpose and intent and how many other reasons, causes, and purposes might have been read into it, different from my own desires, as was indicated by some of these newspapers, nonetheless my illiterate mind found a response in my shout of "Amen"! which came from the heart, indicating that I approved of such clauses and purposes as may have been stated.

The same afternoon, I believe it was, I picked up the newspapers to read the comments of the leaders of the Democratic Party in both Houses of Congress, and I read in the comments as to the positions of our leaders that the message was not taken as an indication that there is to be legislation in this Congress to decentralize wealth, and I read the next day or two that the message is not taken as indicating the intention ever substantially to interfere with the big fortunes of the country.

Today I read further. I see printed in the Washington Post of this date, June 22, that there is a petition being circulated by Members of the Senate who are urging the consideration of the tax desires of the President, and that is what it states the petition contains.

The petition circulated by Senator LA FOLLETTE read simply—

And it quotes the petition as follows:

We believe that the tax program presented by the President to the Congress should be disposed of before this session adjourns. We are willing to stay in session until action is taken upon this vitally important question.

That closes the quotation from the petition. I read again the first clause of the petition:

We believe that the tax program presented by the President.

What tax program presented by the President? There has been no tax program presented by the President. I fear that my distinguished colleagues in this body have failed to read the pronouncements of their leaders, and probably some have not read the message itself.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BLACK. I desire to say to the Senator that I have read the message itself, and I think I understand it to be a tax program, a program which I have favored for many years, and which I strongly favor now, and I do not think it is quite proper to state that Senators have not read the President's message.

Mr. LONG. Perhaps the Senator can tell me; what is the tax program?

Mr. BLACK. If the Senator cannot understand it from the plain language, then it is useless for me to attempt to explain it to him, and I will not waste my time in trying to do so.

Mr. LONG. Mr. President, I voted with the Senator as long as he voted for proposals along the line of redistributing wealth, and the only time that the Senator and I have ever been apart in our votes on that issue was when the Senator did not vote for my amendments, one of which was offered as far back as 1933.

My question is, What is the tax program of the President to decentralize wealth? What is it? What are the income taxes he proposes? Does anyone know? If so, I pause that I may be given information, which I cannot glean from the President's message, and I confess it may be due to my illiterate understanding.

What is the tax program which the President presents? What is the inheritance-tax program he presents? What is there in it? What is the tax? I have not seen it. I cannot find it in the press. I can receive no information. And I am not alone, I judge from what I have read in the columns of the newspapers, in my confusion of understanding as to what is this tax program contained in the President's message.

Is it a tax on wealth? We had such a tax pronouncement beginning with 1932. We had such a tax pronouncement in the convention at Chicago in the month of June of that year. We had such a tax pronouncement in other messages which came to the Congress. We had such a tax pronouncement in a speech made by the President on the 5th day of May 1934. We had such a tax pronouncement in a speech made in the year 1933 by the President at Chestertown, Md. We had such a tax pronouncement in a speech delivered by the present President of the United States at San Francisco during his campaign for the Presidency. We had such a tax pronouncement, if I may be permitted to say it, in a speech also made by our candidate for the Presidency, now the President, in Columbus, Ohio.

We had more than that; we had the definite promise of the President of the United States a little over 3 years ago to the effect that the Democratic Party was going to do what was necessary to give the people of the United States an opportunity to "share in the redistribution of wealth." That was in a speech delivered in June 1932, and I am standing here in June 1935.

Mr. President, I hope I shall not offend those who feel as I felt. I should like to know. I am seeking information. I am not undertaking to disparage motives, purposes, or what one may propose. I want to know what is the tax proposal of the President of the United States?

I remember when I came to Washington in 1928. After I had been nominated for Governor of my State, and before I had either been formally elected or inaugurated, I came to the city of Washington and tried to help out my people in a flood-control movement, and when I reached Washington I picked up a newspaper and I read:

Senator Ransdell endorses President Coolidge's flood-control program.

I called my friend, Senator Ransdell, or some one of his aides, over the telephone and I said to him, "What is Mr. Coolidge's flood-control program? Have you got it?" He said, "I have not got it. He has not yet transmitted it to Congress." I said, "What is it?" He said, "I do not know

exactly what it is yet." "But", I said, "you are quoted in the newspapers as endorsing Mr. Calvin Coolidge's flood-control program. I want to know what it is. I want to know whether I should endorse it. I want to know whether I should recommend to the Congressmen of the lower House that they should vote for it, but I should like to know what it is." He said to me, "I do not know." And the next day, when Mr. Coolidge gave his program to us, Mr. Ransdell said, "We cannot take this. It will not do. It will wreck the whole country."

So I do not want to be in the position of my illustrious and more learned predecessor in endorsing something I do not know.

I ask again of my learned colleagues—I ask again of those whose science as lawmakers is superior to mine—their knowledge in all of the sciences is far beyond mine—I ask them all, I ask them one and all, I ask them singly, I ask them collectively: What is the tax program for the redistribution of wealth in the United States? What is the program and is there a program?

In order that I might clarify that matter I have written to my friend in the White House—and he is my friend—I have written him a letter, and I have propounded to him just those same questions that were propounded to me on the floor of the Senate. I have propounded to him:

> Do you propose to redistribute wealth in accordance with your measure; and if so, (1) what would you establish as the limit to the size of any individual fortune to be affected by these tax laws?

That is no. 1.

> Shall there be a limit on the size of big fortunes, and what shall be that limit?

That is one of the very respectable questions which I ask of him again.

No. 2 is:

> Shall there be guaranteed to or shall there be otherwise supplied or preserved to the families of the United States any such thing as the home comforts of life up to anything like a third of the average family wealth?

I have very respectfully proposed that as one of my questions to the President of the United States.

What is the third question which I have asked of the President of the United States? I have asked him: Does he wish the Congress to provide any assurance that a family income shall represent anything like a third the average family income, so that all may live in the land wherein enough is produced that all could be fed, clothed, and sheltered?

What is the third question? I have asked him:

> Do you want to limit the size of incomes and of fortunes which can be inherited; and if so, what limit do you wish to prescribe?

That is a very respectable question, as I believe my colleagues will agree.

Then I asked him further: Would he be willing that education might be supplied through the funds we acquire from decentralizing wealth and curbing the big fortunes?

I asked him next: Would he allow this money to be used so that an adequate pension might be paid to all those whose earnings are not sufficient after they have reached the age of 60 that they can live in respectable comfort?

Those are the questions I have propounded. Six of those questions.

I now say to my friend the President, who is my friend—a man who does you no harm is your friend; he has never done me any harm; he may have tried to do me some harm, but he has not done me any harm—so I say to my friend: "Now, if that is your idea, if you wish these things done, if you will answer these six simple questions stating that you want the wealth decentralized, stating what the limit is to be, if your cohorts or yourself do not wish to prepare the legislation, within 48 hours I will assure you that the legislation will be prepared and presented to Congress, and that within less than 1 week it will have been fully and completely enacted into law if you put the support of your administration back of it."

That is the proposal now which I hope will meet with approval in the bosoms of my friends desiring the effective passage of legislation to accomplish what they themselves evidently gleaned to be, and which I hope I properly glean to be, the intent of the message sent to the Congress by the President of the United States.

However, bear this in mind, Mr. President. I introduced a bill in the Senate in 1933. I wish to turn to that bill a moment. Here it is. I presented as an amendment to the revenue bill a bill to limit the size of inheritances way beyond anything like a respectable limit. That was when I was trying to establish something to serve that there should be a policy against an unlimited accumulation of wealth in the hands of one man.

Mr. SCHWELLENBACH. Mr. President——

The PRESIDING OFFICER (Mr. KING in the chair). Does Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I yield.

Mr. SCHWELLENBACH. If the Senator is so capable of limiting the size of inheritances in the United States as a whole, why has he not, as the dictator of the State of Louisiana since 1928, done something about limiting the size of inheritances in that State?

Mr. LONG. We have a law which has been in effect there since 1812.

Mr. SCHWELLENBACH. Yes; I happen to know about that.

Mr. LONG. There are no big fortunes in Louisiana.

Mr. SCHWELLENBACH. There are no big fortunes in Louisiana?

Mr. LONG. No.

Mr. SCHWELLENBACH. It is a fact, is it not, that the Louisiana law with reference to taxation of inheritances does not provide for any increase of taxation upon those in the upper brackets as compared with those in the lower brackets?

Mr. LONG. The Senator asks me that question because he does not know anything about the Louisiana law. I will tell the Senator in a moment what the Louisiana law is. The law of Louisiana is the law of France, and it has been that since 1812.

Mr. SCHWELLENBACH. Does the Senator say that, with all his dictatorial powers down there, and control of all the people in his State, of which he has boasted so many times in the Senate——

Mr. LONG. Mr. President, I have done no such thing.

Mr. SCHWELLENBACH. That with all that power he has no power to change the law of Louisiana, and therefore the State of Louisiana does not have an inheritance-tax law which compares in liberality with that of the progressive States of the Union?

Mr. LONG. There is no progressive State in our country, or any other country, which has as good inheritance-tax laws as has the State of Louisiana. I will now inform my friend from the State of Washington that he will never have as good an opportunity to learn about that law as he has now. Louisiana has the Napoleonic Code Law. Louisiana has those laws which kept the wealth of France decentralized and which is yet decentralized. Louisiana has what is known as the "civil law of forced heirship"; and had the United States had such a law, as France has had, we would never have had such a thing as centralized wealth in America. Under the laws of Louisiana, beginning with the year 1812, under the code later written for 1825, and under the code later written in 1870, when a man dies he is not allowed to give anybody a big inheritance. The inheritance must go in accordance with the law of forced heirship, which makes all descendants forced heirs, and the fortunes must be equally distributed among all heirs, and the law provides that there shall never be an advantage of more than one-third in favor of or against any heirs.

Mr. BONE. Mr. President, will the Senator explain to me how that breaks up big fortunes?

Mr. LONG. Oh, my goodness!

Mr. BONE. Will the Senator be courteous and yield?

Mr. LONG. Why, certainly I yield. I beg the Senator's pardon. I will now explain.

Mr. BONE. Will the Senator permit me to ask him a question?

Mr. LONG. Let me answer the question already asked.

Mr. BONE. I have not finished the question.

Mr. LONG. All right. Do not ask me two questions now, because I am simple-minded.

Mr. BONE. I am painfully conscious that there may be some truth in the Senator's statement. If a man died in Louisiana and left an estate of $100,000,000, and that estate should be divided among four children, I wish the Senator to explain to the Senate how that would break up a big fortune.

Mr. LONG. I shall be glad to explain the two questions in one. A man never can get $100,000,000 in Louisiana under our law. That is no. 1. No. 2 is that in Louisiana, beginning in 1812, when a man died his property, if he had five children and a dependent mother and father, went into that many parts. When those 7 died, if they had 4 heirs each, it went into 28 parts. When those 28 died, if they had children, it went into perhaps 100 parts. So that the policy of the law established in France, which Louisiana followed, and which the financial capitalists have been trying to repeal for 100 years in the State of Louisiana, forbids, makes impossible the accumulation of any big fortunes in the hands of the few; and the proof of that is that it has never occurred in France; and it has never occurred in Louisiana, and never will.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HATCH. I merely wish to ask a question for information. I am interested in what the Senator says about the laws of descent and distribution. Do I understand that a man cannot make a will in Louisiana?

Mr. LONG. He can make a will, but he cannot affect the law of forced heirship by the will. In that regard the will would be null and void.

Mr. HATCH. Property descends in that way?

Mr. LONG. Yes. It has got to go that way. It cannot be affected by will. That law has to be observed. That is the law of France, and the law which Napoleon adopted, or which, in a way, was adopted really before Napoleon—the law that prevented such a thing as the accumulation of surplus wealth in the hands of any one man or any few men.

In order that I may illustrate to my friend, let me say that in the year 1914 I was a law student at Tulane University. I wrote Congressman John T. Watkins, who had been a Representative from the district in which I had lived. He had been a Representative, but he had been taken out of our district, and Mr. Aswell was then the Representative; but I knew Representative Watkins very well and very favorably. I had helped him in a campaign once. So I wrote him a letter in 1914. I had been that day to my law school in Tulane University, where Mr. Charles Payne Fenner had made a drawing on the blackboard showing the law of forced heirship and descent in Louisiana and how fortunes were distributed as a result of it instead of how fortunes became concentrated.

I wrote a letter to Representative John T. Watkins—and if anyone has his files that letter and his reply thereto may be found there—in which I said to him, "The wealth of the United States is becoming concentrated in the hands of the few. Why do you not propose to the Congress of America a law of forced heirship such as Louisiana has and such as France has that will save the United States from the concentration of wealth in the hands of the few?" I wrote him that letter in the fall of 1914. That was 21 years ago. I received a reply from Representative Watkins in which he said to me, in effect, "I agree with all you say; I think you are right, but—" he said, "I still believe that the laws relative to the inheritance of property should be left to the States."

Whereupon I replied to his letter, saying, "That will never correct the difficulty, because any man may domicile himself in whatever State he may choose that has an inheritance tax law to suit him. This is a national problem and has to be dealt with in a national way." Representative Watkins never introduced any bill of the kind, and no one else ever introduced such a bill. As I have said, that was in 1914. In 1916 the Industrial Relations Commission came out with a report, and there it began to become more or less a national issue, and it began to be realized that something had to be done to prevent the wealth from accumulating in the hands of a few people. I wish to show to my learned friends here that this is not a new matter in my life; I would not have them question my sincerity where cause does not exist.

Mr. MINTON. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. MINTON. I do not seek to embarrass the Senator.

Mr. LONG. The Senator could not do so.

Mr. MINTON. I do not know a thing about the law of Louisiana or of the law of many other places, but how would the law of Louisiana have prevented the accumulation of the Rockefeller fortune, for instance, had Mr. Rockefeller lived in Louisiana?

Mr. LONG. Mr. Rockefeller during his life time might have accumulated his fortune in Louisiana, but he could not have transmitted it all to Mr. John D. Rockefeller, Jr.

Mr. MINTON. He could have transmitted it to whatever children he might have had or to his father and mother, if his father and mother had been living then.

Mr. LONG. Yes, sir.

Mr. MINTON. It would have been broken up only in that way.

Mr. LONG. That would be one case out of a million. There might be one man who would become so wealthy in his lifetime, but there would not be a hundred, and as to that one the law would guarantee correction.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LONG. I yield for a question.

Mr. SCHWELLENBACH. The impression which is generally abroad is that the Senator is in complete control of the State of Louisiana. Is not that correct?

Mr. LONG. I cannot help that impression, but I will say it is not true.

Mr. BONE. Mr. President, will the Senator yield?

Mr. LONG. Just a moment; let me answer the questions which have been asked.

Mr. BONE. I should like some further information on the matter of inheritance taxes.

Mr. LONG. I will give the Senator the information in just a moment, but let me get through with the other questions propounded. I would not have my friends think this is a new work to me. Here is a document that is extracted from the columns of the New Orleans Item of March 1, 1918. That was before I ever heard of the United States Senate in any way that might mean I would be here, and before I ever held any kind of office in the State of Louisiana. It was when I lived in the very fine little city of Winfield, La., which, as everyone knows, is a place to inspire good thoughts and good intentions in most of us. I will recommend to any friend I have who wants to acquire, in a profound way, rational thought in politics that he reside in Winfield, La., for a period of 16 years.

Mr. O'MAHONEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Wyoming?

Mr. LONG. I yield.

Mr. O'MAHONEY. It would hardly be necessary for a person to go to Winfield; one who desired to acquire such wisdom could sit here in the Senate and listen to the Senator from Louisiana, could he not?

Mr. LONG. Oh, no; he does not know whether he is going or coming, listening around here, although what the Senator says might be true in some respects.

Mr. O'MAHONEY. I was referring to listening to the Senator from Louisiana.

Mr. LONG. Oh, while I am speaking; certainly that is true. I made a terrible mistake, and thank my friend, and beg his pardon. I am slow in catching these points, as the Senator knows.

Mr. President, I was saying on March 1, 1918, I wrote a letter to the New Orleans Item, which I should like to read. It appeared in the New Orleans Item on March 1, 1918, and, as this is now 1935, that was 17 years and some months ago. The letter reads as follows:

THE EDITOR OF THE ITEM—

This is one of those "Vox Populi" letters—

The EDITOR OF THE ITEM: A conservative estimate is that about 60 or 70 percent of the entire wealth of the United States is owned by 2 percent of the people. Sixty-eight percent of the whole people living in the United States own but 2 percent of its wealth. From the year 1890 to 1910 the wealth of this Nation trebled, yet the masses owned less in 1910 than they did in 1890, and a greater percent of the people lived in mortgaged and rented homes in 1900 than in 1890, and more lived in rented and mortgaged homes in 1910 than did in 1900. Reports from the Committee on Industrial Relations, appointed by the President, showed that wealth is fast concentrating in the hands of the few.

But the greatest cause for industrial unrest is that of education. Authorities on education tell us that 80 out of every 100 people in the United States never enter high school; only 14 out of every thousand get a college education; 690 out of every thousand never finish the fourth grade in school. Does such a condition give the ordinary man his proper return of the Nation's prosperity? What do you think of such a game of life, so brutally and cruelly unfair, with the dice so loaded that the child of today must enter it with only 14 chances out of a thousand in his favor of getting a college education and with 986 chances against his securing the lucky draw? How can this Nation prosper with the ordinary child having only 20 chances in a thousand of securing the first part of the game?

This is the condition, north, east, south, and west; with wealth concentrating, classes becoming defined, there is not the opportunity for Christian uplift and education and cannot be until there is more economic reform. This is the problem that the good people of this country must consider.

HUEY P. LONG.

I hope my friends——

Mr. SCHWELLENBACH. Mr. President——

Mr. LONG. Just a moment. I hope my friends will understand that I considered this problem in quite a favorable light many years ago.

Mr. President, if I may now proceed with my explanation, I proposed in this United States Congress on the 12th day of May 1933 to fix a limit on these fortunes. I proposed that no one should inherit more than $50,000,000, which, I think, was an outrageous limit to set, but that nonetheless we ought to start somewhere with a limit of some kind. I was trying to establish the principle. I proposed that no person should be permitted to transmit to an heir, by natural law, or rather by what we call an artificial natural law, or by will, more than $50,000,000 as an inheritance for which the heir did not work.

I proposed as to incomes that $1,000,000 should be the maximum earning allowed to any man, and above that amount the Government should step in and take practically all of it, if not all of it.

What happened to those proposals? That bill received 14 yeas with 4 pairs in favor of it, making 18, and the nays were 50. That was the vote of the Senate on the outside absurd limit.

I called upon my friends in this body at the time, as my remarks in the Senate will show, and told them this was the promise of the Democratic Party. I showed to my Republican friends that Mr. Herbert Hoover had pronounced in favor of the decentralization of wealth in the last speech he made in Madison Square Garden during the campaign. Nonetheless, I called upon the President's supporters and upon the President himself, and I called upon those on this side of the Chamber, to carry out the pledge which had been made to the American people on the 12th day of May 1933.

What became of my plea for help? Here was the disposition made of it in the Senate of the United State: We had 14 votes in favor of it and 4 votes paired in favor of it, making a total of 18, and 50 votes against it and 4 paired against it, making a total of 54 against it. That is what became of it on that day.

A little later other proposals were made to increase the income taxes and to increase the inheritance taxes. Some of them I proposed, some of them others proposed, but the reason why I was proposing this particular schedule was because a few months after I came to the United States Senate in 1932, I introduced a resolution relating to the then pending bill, known as the first Hoover "balance the Budget bill", the first one I had ever heard of that was called a "balance the Budget bill." The great cry that was heard in the United States in those days was that we had to "balance the United States Budget."

A revenue bill was pending in the House of Representatives wherein it was undertaken to provide for a sales tax, but our forces cut it out of the House bill. Those of us who were at that time fighting for the principle that, instead of having a sales tax which would descend on the backs of the little men of the country, there should be a tax which would go on the backs of the big-fortune holders and the big-income makers, renewed our fight and undertook to reform the bill in both Houses. I think I made the first attack in this body on that scheme.

The leaders on both sides were trying to put through Mr. Hoover's sales tax—the leaders on both sides of the Chamber in the House of Representatives were trying to put through Mr. Hoover's sales tax. We had the Democratic Party and we had the Republican Party trying to put a sales tax on the backs of the people in order to balance the Budget of the United States Government. We had to fight that proposal with the mavericks of all sorts and description, one of whom was myself. We were laying down a regular barrage that we were not going to stand for this concentration-of-wealth disaster to heap upon the backs of the needy a tax to restore the welfare of the country, if it ever was to be restored.

I introduced a resolution, the first one introduced here, providing that the Senate Finance Committee, which at that time was considering the bill, should provide that the income of any man should not exceed $1,000,000 in 1 year, and that no one should be allowed to inherit more than $5,000,000. That proposal was denounced on both sides of the Chamber. That proposal is the reason why the nomination in Chicago went to Franklin Delano Roosevelt. If it had not been for that proposal in that resolution to limit incomes and inheritances, there would have been another nominee for the Democratic Party out of one of the Houses of Congress, just as surely as I am standing on the floor of the Senate at this moment.

That proposal was voted down. About five or six of us voted for it. The Senator from Nebraska [Mr. NORRIS] shouted "aye." The junior Senator from Arkansas [Mrs. CARAWAY] shouted "aye." Some five or six or seven of us voted for that resolution providing that the limit of incomes should be $1,000,000 a year and that the limit on inheritances should be $5,000,000 to any one person without working for it.

Soon after that time much acclaim was given to that proposal. It was the only plan proposed up to that time to limit fortunes in America. There was no other such proposal in the Congress at the time. It attracted wide-spread attention. I say again, the only proposal made for the decentralization of wealth was that one, which contemplated also such increases in inheritance and income taxes as we might manage to put into the bill.

Soon after that time our President, or the gentleman who is now our President, and who at that time was not yet the nominee of his party, gave his private and public assurance that he thought something had to be done along that line, and from what he said and wrote, I thought that ought to be done. However, I came back after the election, after the President had declared himself from the rostrum of the Chicago convention, and worked out a schedule and submitted it by which I merely took the taxes then existing and scaled them up to where no earning in excess of $1,000,000 a year was permitted to be retained by anyone. The amendment would have permitted inheritances up into big millions, maybe 50 of them. My resolution of about April 1932 limited inheritances to $5,000,000, but I extended the limit up to where

it was possible for a man to have inherited maybe $50,000,000 in the proposal I tried to carry in 1933. But the fate of that bill was that it received an avalanche of Democratic opposition and was defeated.

Later on, on the 5th day of March 1934, the N. R. A. had a meeting, and at the N. R. A. meeting the following was said by the President of the United States in the course of his speech:

> We undertook by lawful, constitutional processes to reorganize a disintegrating system of production and exchange. * * * The reorganization must be permanent for all the rest of our lives in that never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a maldistribution of wealth and power.

Mr. President, I wrote a letter, as I have previously shown here, in which I called on the President of the United States to "Come along! Send your message to Congress! Let us have your bill; or, if you have not a bill, will you say to the Congress of the United States that you will support a bill that I have?" I had already introduced one, which had been defeated. Before President Roosevelt's term I had submitted a resolution which had been defeated. Then I wrote him and asked him to come along and support this bill, or send us another bill, but nothing was even heard from that.

Now we are together again. Another Congress has met, and another Congress has adjourned, and another Congress is about to adjourn. Now we receive another declaration in which we are told that the President of the United States proposes that there shall not be any surplus fortunes; but the leaders say there is not going to be any bill. The Congress is going to adjourn. There is nobody who tells us what the inheritance taxes ever are going to be. There is nobody who tells us what the income taxes ever are going to be. There is nobody who tells us what the limit is going to be on the big man's fortune. No one even says there is to be any limit. There is no man who tells us what the guaranty is going to be for the little man, or if there will be a guaranty for him. There is no man who tells us one thing or the other. There is no bill. There is to be no Congress. Everything is to adjourn, and we are to go home and be left with a promise that has stood here before the American people since the year 1932! And then are we to ask them to feel better because someone has hinted at another promise?

Talk about going into another Presidential campaign with this promise! This is either to be done now or the people are not going to be fooled about it another time on the same promise.

I wish to say that I am here ready now and at all times to support not only the bills which I myself have introduced, but I am ready to support the bills that anyone else introduces to redistribute wealth. I am ready to support the President's schedule, or I am ready to support the schedule of anybody else, or I am ready to present my own schedule. If the President will send his bill in here, I will vote for it. If he does not send it in here, and he has someone else or there is anyone else who has a bill to put in here, I will vote for that. If he does not send any, and nobody else sends any, then I have bills of my own. I am asking him, "What is the law you want? What is the law you propose? Is there going to be any law? If you do not want any law of your own direction, will you support one containing these things? If you have a policy, then what are your limits, if you have any limits? What are your purposes, if you have any purposes?"

The only answer we get is an empty gesture that comes in 1932 that "I am in favor of this"; a promise that comes in 1932, from the rostrum of the Chicago convention, that "We will do this"; an empty gesture that comes from Chestertown, Md., that "We should do this"; another gesture that comes from San Francisco that "We are going to do this"; an empty gesture that comes from the N. R. A. conference on the 5th day of March 1934 that "We would be better off if we were to decentralize wealth"; and now, after all that has been done, and they have voted down bill after bill and amendment after amendment, and we have had 3 Congresses and 1 extra session of another Congress, and the present one is going to adjourn, then we come in again—no bill, no law, no specifications as to what we ever are going to have, or when we are going to have anything and use the same verbs and phrases and nouns and pronouns and adjectives that were used 4 years before; and now they say that we are fixing the people up so as to give them some more promises for another campaign 2 years from now! Two more years!

"Just wait awhile. We are going to get around to it. Just sit right there. We are not going to tell you what we are going to bring you. We have not got that figured out yet. We are not even going to tell you exactly what we are going to promise you. We have not got that figured out yet; but we are remaking the promise to share the wealth, and we are going to take the wind out of the sails of everybody else who has a bill or ever has had a bill to spread the wealth that we have been defeating all these years and all these days." Whoever has come here with a bill proposing to decentralize wealth, specifying the means and the purposes and the details of it, is to be emasculated by the empty wind that comes out of the White House. It has been coming out of there every season when it is necessary to quiet a political flurry, according to the dispatches that come in here in these newspapers, if they can be credited or believed.

I do not undertake to assail the President's motives. I do not undertake to assail the President's purposes. I do not undertake to draw any line of support or of opposition to him. I should like to be with the President for a bill. I should like to support the President in the enactment of our law. I would support the President's bill if he has one to do anything. I would rather support the President's law. But if the President has no bill, and the President has no law, then I want to try to get the President either to support my bill or to support somebody else's bill, and to stop the avalanche of a Democratic majority from crushing the life out of every other bill or amendment that comes in here that undertakes to share our wealth and to prevent the concentration of wealth in the hands of the few.

In other words, do not give us this voice of Jefferson and this hand of Mellon any more. We have had the voice of Thomas Jefferson, and we have had the hand of Andrew Mellon. The voice of Thomas Jefferson comes out of the White House just as though he were living there: "We ought to decentralize wealth. We ought to give every boy a chance to be educated. We ought to give everybody a home. We ought to see that every family has earnings enough to live on as long as this country has plenty." That voice of Jefferson has been coming out of the White House for more than 3 years; and at the same time, every time anything gets on the throttle to steer things one way or the other, it is the same kind of hand that Andrew Mellon would have put there; it is the same kind of hand that J. P. Morgan would have put there; it is the same kind of hand that John D. Rockefeller would have put there; it is the same kind of hand that the Astors would put there.

Let us have a bill! The Democratic Party is on trial. The whole administration is on trial. Let us have your bill!

What have been these promises to the American people? I will read from another message from the President of the United States. I do not have to content myself with just this year's promises. I can give you promises that he made in 1935, or I can give you promises that he made in 1934, or I can give you promises that he made in 1933, or I can give you promises that he made in 1932. Just take your choice. Call the year of your choice, and I will read you a promise from any one of the years you wish.

Here is one from 1934. I have read you from 1932, and I have read you from 1933, and I have read you from 1935. Now I will read you from 1934:

> We must dedicate ourselves anew—

Says the President, in the message which he sent to Congress on June 8, 1934—

> We must dedicate ourselves anew to a recovery of the old and sacred possessive rights for which mankind has constantly struggled—homes, livelihood, and individual security.

If you will show me a thing that has got the people any more homes along that line, I want to see it. The Home Owners' Loan Corporation? It may have loaned them some more money, but it placed them in more debt than they already owed. Livelihood? There is more unemployment now than there was when this message came in here. There are more people on the relief roll today than there were when this message came in in 1934.

So, Mr. President, let me make this suggestion: I do not care whether the President takes the Huey Long share-our-wealth idea away from me or not. On the contrary, I would rather he would do it. I will leave every principle for which I have ever fought, from the day I was a country lawyer and before that time, on my front porch or on my back porch while I sleep.

They can be stolen or they can be carried away with my good will and with my commendation for whoever desires to enact them into law; and if I should ever see him carrying them away, instead of yelling "Stop thief!" I will praise him and glorify his name here if he will cause them to be put into law. He need not worry about me. Let him take the things I have stood for; let him put these things into the law; but do not go out here and say you are going to steal a man's clothes unless you want to wear them. Do not go out and tell the people you are going to go to the dance and are not going to help pay the fiddler something. Come in here with the bills! Come in here with the laws! If you have any law, let us have it. If you want a law, tell us what you want. If you do want to prepare a law, let me write one for you, then change it as you will, or let someone else write one for you and pass it. Let us have a bill. Let us not go out here to the American people with this promise that we have made in 1931, and 1932, and 1933, and 1934, and make it again in 1935, and then tell the American people we have no proposal, and we are going to adjourn the Congress of the United States because it takes so much time to study this question.

It "takes time to study the question", does it? How long does it take? I can sit right here at this desk and write every one of these laws in less than an hour's time. The President of the United States, I was told, said he could write them in 30 minutes' time; and I heard another very important official of the administration say he could write them in 20 minutes' time. They can every one be written between now and tomorrow morning. It does not take any time; it takes votes. We do not need any time; we need votes. That is all we need here; and the man who has them, or can give them to us, is the President of the United States, if his administration goes with him and stands back of his program, as it always has and always will. We do not need laws; we need votes. That is all we need. All in the God's living earth we need is two-thirds of the votes of the Senators on this side of the Chamber. That is all we need. Give us two-thirds of the votes on this side of the Chamber. If you will give us just two-thirds of them, we will get enough votes on the Republican side to put these laws into effect. I do not think you will have a desertion of a third, or a fifth, or a sixth, or a seventh, or an eighth, or a tenth, if these laws come in here to be enacted, carrying out the President's pledge and with his backing.

As an answer to these newspapers and to these editorial writers and to these political wiseacres who say that the assumption of the President of the United States of the share-our-wealth policy means the elimination of me in politics, to those who say that if Roosevelt champions the Huey Long share-our-wealth program he thereby eliminates me from all political life, let me say that he could not do me a greater favor nor could he do anything which I desire nearly so much as to eliminate me from the political arena of the United States and of the State of Louisiana. The day a law shall be enacted that will decentralize wealth, when every man will have work to do, when every family will have a home, when everyone will have the things he needs to eat and to wear and the shelter to cover his head, in a land oversupplied, the day that condition comes to pass, my use in the American public life will have ceased, and nobody quicker than I myself will tell the American people that I am a useless article in the United States Senate. That day I will proclaim I am positively worthless to the further cause of the American people; from the day wealth is decentralized, from the day when the big fortunes of this country are broken up, and there is guaranteed to the man at the bottom a living; that day I will not be needed in the public life of the country, and that will mean my sure elimination—oh, that it would hasten in coming!

Mr. President, I said this much in a book which I once had to write. Others were writing so many books about me that in self-defense I finally had to write one about myself—and I may say that I never made any money out of it. In that book I said this, and I will close by saying it again; it is found on the last page of the book I wrote, page 340:

> In 1932, the vote for my resolution showed possibly a half dozen other Senators back of it. It grew in the last Congress to nearly 20 Senators. Such growth through one other year will mean the success of a measure, the completion of everything I have undertaken—the time when I can and will retire from the stress and fury of my public life, maybe as my forties begin—a contemplation so serene as to appear impossible.

Mr. President, I quote that from this book. If there shall be a fulfillment of that undertaking, which began with the very beginning of my public life, and even before that, if there should be a fulfillment of that one undertaking, if that decentralization of wealth shall come about, no one will be so happy and so contented in my retirement from public life as myself, none so gladdened that at last, in a land flowing with milk and honey, everybody will have enough to eat, everybody will have clothes to wear, and all the comforts of home and shelter over their heads. God speed that day!

(During the delivery of Mr. LONG's speech he secured permission to have printed at the conclusion thereof certain interruptions, which are as follows:)

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SCHWELLENBACH. The Senator states that the reason why the State of Louisiana has not changed its laws in reference to inheritance taxes is that there is no possibility of large inheritances in the State of Louisiana. Is that correct?

Mr. LONG. That is one thing. Does the Senator want me to tell him something else? If so, I will say that in my term as Governor I did propose to raise our inheritance taxes, but, through the influence of newspaper editorials against it, I was not able to raise them. The contention was made that it was not necessary to do so in Louisiana by reason of the laws we had. However, for the Senator's information, I will say that I proposed, as will be verified by the journals of the House of Representatives of Louisiana, even higher income taxes than Louisiana had.

Mr. SCHWELLENBACH. If the Senator will yield for another question——

Mr. LONG. Yes.

Mr. SCHWELLENBACH. My understanding is that during the time the Senator was Governor of Louisiana he did not have complete and absolute control over the legislature.

Mr. LONG. Nor have I now, either.

Mr. SCHWELLENBACH. The Senator has freely stated here that he can go down to Louisiana and call the legislature in session, and that a law will be passed as he wants it.

Mr. LONG. If the Senator will find that, I will give him $10.

Mr. SCHWELLENBACH. It is a fact, is it not, that the Senator goes to Louisiana repeatedly and calls the legislature into session and writes the bills and conducts the proceedings on the floor of the legislature?

Mr. LONG. That is not so, either.

Mr. SCHWELLENBACH. It was very commendable of the Senator, I think, in 1918, as a private citizen, representing "vox populi", to be interested in the redistribution of wealth at a time when he had no influence of any sort on legislation, and I think that it is very commendable of him to come here to the Senate——

Mr. LONG. I do not yield for a speech. The Senator can make a speech in his own time. If he has a question to ask me, that is all right.

Mr. SCHWELLENBACH. I am going to ask a question.

Mr. LONG. I do not yield for anything but a question. If the Senator has a question to ask, I am glad to yield.

Mr. SCHWELLENBACH. My question is simply this: Why did not the Senator during the period of time when he had the power as he had power, in the State of Louisiana, do something about the redistribution of wealth by the passage of a law providing for a capital levy in that State, by the passage of a law providing for an income tax, by the passage of a law providing for old-age pensions? The Senator asked the President about old-age pensions.

Mr. LONG. Just a moment. Is that the question?

Mr. SCHWELLENBACH. Why did not the Senator do something about some of those problems in his own State instead of coming here and talking about them in the United States Senate?

Mr. LONG. For the Senator's information, I will say that I wrote the income-tax law of the State of Louisiana. That is answer no. 1.

Mr. SCHWELLENBACH. What were the increases?

Mr. LONG. Just a moment. I want to get through with the various questions the Senator has already asked.

The PRESIDING OFFICER. The Senator from Louisiana refuses to yield further.

Mr. LONG. When I became Governor of Louisiana I found a constitution containing inhibitions against an income tax, which prevented the enactment of such a law without the constitution being amended. My predecessor, Mr. John M. Parker, the Roosevelt leader in Louisiana at this time—but who did not vote for Mr. Roosevelt in either the primary or the general election—was the Governor when there was held the constitutional convention which wrote into the constitution of Louisiana an absolute prohibition against a man ever being taxed on his income where there was anything to show that he paid any other kind of a tax. In other words, there could be none. So, in order to put an income-tax law on the statute books of Louisiana, I had to go into the Legislature of Louisiana and first secure a constitutional amendment, which required a two-thirds vote in both houses and then a majority vote of the people. We continued that effort in that State for 6 years until it was finally passed by 68 out of a hundred vote, with only 1 vote to spare, in the house. Thus we managed to have submitted to the people of Louisiana an income-tax law. Such a law today is on the statute books, and this is the first year of the income tax. That is no. 1.

Now as to inheritances. Because there are no concentrated fortunes in the State of Louisiana and cannot be, because of the best laws of inheritances in all the world, the civil law, taken from the Napoleonic Code, which will not permit concentrated fortunes. They are not practicable, feasible, possible, and cannot be accumulated by will or otherwise.

No. 3: We did propose unsuccessfully an increase in the inheritance taxes of Louisiana while I was Governor of the State of Louisiana. The newspaper editorials will be found which were potential in securing the defeat of the effort. Not all the laws I have proposed in Louisiana have been enacted, Mr. President, but nearly all of them have, I am glad to say, in one way or another, and I hope, for the good of the State, more of them will be enacted in the future.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I yield for a question only.

Mr. BONE. I merely wish to ask for information about the tax matter.

Mr. LONG. I yield for a question, but please do not take my time.

Mr. BONE. I do not want to take the Senator's time, but I want information.

Mr. LONG. Very well.

Mr. BONE. The proposal the Senator has made here relating to Federal taxation, of course, would put all the money into the Public Treasury. Will the Senator tell me how if a man in Louisiana, for instance, a man like John D. Rockefeller, should leave $500,000,000 to a son or to two sons he could possibly by such a transaction in that State put any money into the Public Treasury where it would be useful for public purposes; in other words, it would not be taxed if he left it to his children in Louisiana, and that would not break up the fortune; it would merely be passed on to children.

Mr. LONG. It is hardly possible under the Louisiana law.

Mr. BONE. That is what I wanted to get clear. I hope I am not doing the Senator an injustice.

Mr. LONG. It is hardly possible under the Louisiana law to do it. It is not possible under the law of Louisiana, and it would not have been possible under the law of the United States, if we had had these laws in effect for 50 years, for a man ever to own more than one or two million dollars under any circumstances. It could not have been done. It would have been impossible.

Mr. BONE. Why?

Mr. LONG. Because of the laws of forced heirship and descent, except in extraordinary cases. France is the only example I know of.

Mr. BONE. But the Louisiana law does not take the money. The man can pass it on to his heirs.

Mr. LONG. I do not want the law to take the money if I can help it.

Mr. BONE. Oh, I thought the Senator did.

Mr. LONG. Oh, no. I want the law merely to take the money so it may be distributed into the hands of all the people. I had rather have the law make its own distribution than to have the money brought into the Government's hands. The United States would be far better off today if, instead of having sat silently by and by overt acts brought about the calamitous condition of the concentration of wealth in the hands of the few, on the contrary it had diffused the wealth through the years. We then would not have had any such problem as faces the country today, and the country that did it has not such a problem today.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator From Louisiana yield to the Senator from Washington?

Mr. LONG. No; I decline to yield.

The PRESIDING OFFICER. The Senator declines to yield.

After the conclusion of Mr. LONG's speech—

FARMERS' HOME CORPORATION

The Senate resumed the consideration of the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes.

The PRESIDING OFFICER (Mr. MOORE in the chair). The question is on agreeing to the committee amendment as amended.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Capper	Glass	McKellar
Ashurst	Caraway	Gore	McNary
Austin	Chavez	Guffey	Maloney
Bachman	Clark	Hale	Metcalf
Bailey	Connally	Harrison	Minton
Bankhead	Coolidge	Hatch	Moore
Barkley	Copeland	Hayden	Murphy
Bilbo	Costigan	Holt	Murray
Black	Davis	Johnson	Neely
Bone	Dickinson	Keyes	Norbeck
Borah	Dieterich	King	Norris
Brown	Donahey	Logan	Nye
Bulkley	Duffy	Lonergan	O'Mahoney
Bulow	Fletcher	Long	Overton
Burke	Frazier	McAdoo	Pittman
Byrd	George	McCarran	Pope
Byrnes	Gerry	McGill	Robinson

Russell	Smith	Tydings	Wheeler
Schall	Steiwer	Vandenberg	White
Schwellenbach	Thomas, Okla.	Van Nuys	
Sheppard	Trammell	Wagner	
Shipstead	Truman	Walsh	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. SHIPSTEAD. Mr. President, I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 20, line 3, after the word "shall" to strike out the words "have power to", so as to read:

(e) The Corporation shall select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, within the provisions of the civil service laws and the Classification Act of 1933, as amended.

Mr. BANKHEAD. Mr. President, I have no objection to the amendment.

Mr. BLACK. Mr. President, I thought it was very generally agreed when this bill was previously under consideration that the Corporation should be left free, so far as its attorneys and experts were concerned, to employ them without regard to civil service.

I share the views of the Senator from Minnesota with reference to the other employees; but it is my judgment that so far as experts and attorneys are concerned the Corporation should be left free, and not be required to employ them through civil service. If the pending amendment does not have that effect, I hope the Senator will write it in such a way that it will not necessarily apply to attorneys and experts.

Mr. SHIPSTEAD. Mr. President, there may be merit in what the Senator says. However, why should not an attorney come under the civil service? We have them under civil service in other departments of the Government. We have attorneys who are under the civil service and are rendering good service.

Mr. BLACK. I may state to the Senator that I have observed a good many efforts on the part of departments to secure attorneys through the civil service. I happen to know that some departments have been very seriously handicapped by reason of the fact that they were required to secure attorneys through civil service.

I share the Senator's views with reference to the clerical employees; but I believe it is not in the interest of the civil service, nor in the interest of the public in general, to limit any agency to its employment of attorneys through the civil service agency. It is impossible for a board here in Washington to look over the papers prepared by a man and determine whether or not he is qualified to act as an attorney.

I happen to have made investigation with reference to one effort to obtain attorneys, and I chance to know some of those who stood high and some of those who stood low; and at that time I reached the conclusion, so far as I was concerned, that until some different method of selecting attorneys by the Civil Service Commission was possible of adoption, I did not favor the selection of attorneys through civil service. I believe the Corporation can obtain attorneys who will better perform the required service if it is not limited by their records, as they appear on paper.

For instance, I happen to know that a man who had had a great deal of experience as a clerk in certain capacities was rated very high on the civil-service list as an attorney. I know other lawyers who had had practical experience, not necessarily directly on the identical line desired, but who could have rendered expert service, who stood so low on the list that it was impossible to employ them.

I certainly hope the Senator from Minnesota will not insist upon including attorneys in his amendment.

Mr. SHIPSTEAD. There is merit in what the Senator says. Will the Senator from Alabama [Mr. BANKHEAD] accept such a suggestion?

Mr. BANKHEAD. I am in accord with the suggestion of my colleague. I think attorneys ought to be excluded.

Mr. SHIPSTEAD. Would it be sufficient, in the opinion of the Senator from Alabama, if we should strike out the word "attorneys" in line 5?

Mr. NORRIS. Mr. President, it seems to me the Senator ought to strike out the word "attorneys" on the amendment; not in the bill. The amendment which the Senator offers includes the word "attorneys."

Mr. FLETCHER. I suggest, as the language to be inserted, "except attorneys and experts."

Mr. NORRIS. The Senator from Minnesota is looking at the language in the bill; is he not?

Mr. SHIPSTEAD. I have not the printed amendment before me.

Mr. BANKHEAD. If the Senator were to strike out the word "attorneys", the Corporation would not have any specific authority for the employment of attorneys.

Mr. FLETCHER. Why not put in the amendment, after the word "employees", the words "except attorneys"?

Mr. SHIPSTEAD. How would it do, in line 5, to put in the word "except" before the word "attorneys"?

Mr. BLACK. I suggest to the Senator from Minnesota, instead of the way he has his amendment written, that he use language such as this:

The Corporation is authorized to appoint attorneys, and, subject to the civil-service law, such officers, examiners, other experts, and employees as may be necessary for carrying out its duties under the act.

Mr. SHIPSTEAD. That will carry out the intent.

Mr. McNARY. Mr. President, I understand the language offered by the Senator from Alabama does not make it mandatory, as desired by the Senator from Minnesota.

Mr. BLACK. I do not understand the question.

Mr. McNARY. The Senator from Minnesota desires mandatory language that the Corporation shall employ agents and employees under the Classification Act of 1933. As I understood the language of the Senator from Alabama, it is only discretionary language which he now suggests.

Mr. BLACK. No, Mr. President; I was not changing the Senator's amendment at all, except where he proposes the appointment of officers, attorneys, and so forth, under the civil service. I was leaving the word "attorneys" out of the group and placing it up above, so as to provide:

The Corporation is authorized to appoint attorneys and, subject to the civil-service law, such officers, examiners—

And so forth—exactly as the Senator has it in his amendment. If that amendment should be adopted, the only difference would be that in the appointment of attorneys it would not be necessary to appoint them subject to civil service. It would not at all affect the remainder of the Senator's amendment.

Mr. SHIPSTEAD. In my opinion, the word "shall" should be used, rather than the word "authorized."

Mr. BLACK. I was reading from the amendment the Senator offered.

Mr. SHIPSTEAD. I am not offering the printed amendment.

Mr. BLACK. I thought the Senator was offering his printed amendment.

Mr. SHIPSTEAD. I am proposing to amend the bill by striking out in line 3 the words "have power to" and substituting the word "shall."

Mr. BLACK. The language would then be "shall select."

Mr. SHIPSTEAD. "Shall select."

Mr. FLETCHER. Mr. President, the sentence would then read:

The Corporation shall select from the civil-service list employees—

And so forth. Why not insert after the word "employees" the words "except attorneys and experts"? How would it read then? I think that would cover what the Senator has in mind.

Mr. SHIPSTEAD. I suggest that the Senate proceed with its consideration of the bill; and meantime, if the Senator from Alabama [Mr. BLACK] will join me, we will prepare the amendment.

Mr. KING. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. KING. I am a little curious to know why the Senator desires to make the provision mandatory. Why is not the Senator satisfied to give the Corporation authority to select such officers, agents, and attorneys as it may deem necessary, and select from the civil-service lists such of them as may be prescribed in the bill? Why make it mandatory? Is it not sufficient to authorize the Corporation to select such officials as it may need?

Mr. SHIPSTEAD. I wish it to be certain that it shall be done. That is the reason why I am offering the amendment.

Mr. KING. Does the Senator believe that any Federal agency which is set up will not appoint a great many agents and attorneys and a great many employees? In fact, they will be limited only by the amount we appropriate; and here there is no limitation as to the amount which shall be devoted for the payment of salaries of employees, nor as to the number of employees. So it is not necessary to say that the Corporation shall name attorneys and agents, because they will do it anyway. I should be very glad to see a restriction that they should not appoint too many, and limit the number; but we cannot do that.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. McKELLAR. Are the provisions of this bill to be permanent?

Mr. SHIPSTEAD. Yes.

Mr. McKELLAR. We have created a great many temporary projects for which we are providing civil-service appointments. We are going to have so many civil-service employees that they will be a long time without work if these places shall ever be abolished.

Mr. SHIPSTEAD. I am very desirous of having the civil service apply to every service of the Government, except the heads of the Government.

Mr. McKELLAR. We have now probably 100,000 employees working temporarily. If they are all under civil service, what are we going to do with them after their temporary service shall have ended?

Mr. SHIPSTEAD. Mr. President, if I may have an opportunity to confer with the Senator from Alabama [Mr. BLACK], I shall present the amendment a little later.

Mr. BANKHEAD. I suggest that the Senator withdraw his amendment for the moment.

Mr. SHIPSTEAD. I withdraw my amendment temporarily.

Mr. DIETERICH. Mr. President, I offer the amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 26, line 21, after the word "land", it is proposed to insert the following language:

Or judgment for tort or a statutory offense or for contractual obligations in which enter the elements of fraud or deceit.

Mr. BANKHEAD. Mr. President, I have talked with the Senator from Illinois about that matter, and also with the Senator from Kentucky [Mr. LOGAN], who was responsible for this part of the bill. The amendment is acceptable to the Senator from Kentucky [Mr. LOGAN].

Mr. McNARY. Of course, it will require confirmation by a vote of the Senate.

Mr. BANKHEAD. I did not understand the Senator's remark.

Mr. McNARY. I said the acceptance of the amendment will require confirmation by a vote of the Senate.

Mr. BANKHEAD. Certainly it will have to be approved by the Senate. I merely said that it was acceptable to the Senator from Kentucky [Mr. LOGAN].

Mr. McNARY. Very well; but I have not located the place where the amendment is to come in.

The PRESIDING OFFICER. The Chair will state that the amendment comes in on page 26, line 21.

Mr. McNARY. What is the insertion?

Mr. DIETERICH. Mr. President, the bill as now drawn allows a $2,500 exemption, and makes it a covenant running with the land, in the case of any lien the holder might place against it or for any judgment on account of debts. The amendment simply means that in the event of a judgment for a wrongful act the $2,500 exemption shall not apply.

Mr. BORAH. Mr. President, I am still unable to locate the place where it is proposed to amend the bill.

The PRESIDING OFFICER. The amendment comes in on page 26, line 21.

Mr. DIETERICH. At the end of section 5.

The PRESIDING OFFICER. For the information of the Senate, the clerk will state the amendment.

The LEGISLATIVE CLERK. On page 22, line 21, after the word "land", it is proposed to insert the following: "or judgment for tort or a statutory offense or for contractual obligations in which enter the elements of fraud or deceit."

Mr. KING. Mr. President, I ask the clerk to read the amendment into the bill with the context of the bill, so that we may know how it will be coordinated with the bill.

The PRESIDING OFFICER. The clerk will read as requested.

The legislative clerk read as follows:

This provision shall not affect the lien of the Corporation for the money loaned for the purchase of the land or equipment for the land or judgment for tort or a statutory offense or for contractual obligations in which enter the elements of fraud or deceit.

Mr. KING. Mr. President, I should like to ask the Senator a question. I understand the purpose of the amendment is to subject the homestead or the homesteads that may be created under the bill to judgment for tort or fraud or for deceit or for some statutory or criminal offense.

Mr. DIETERICH. That is correct. The provision as reported gives the particular landowner a greater exemption than he would get under the State law. He is given an exemption of $2,500. The amendment, proposed to be inserted following the text of the section which provides that the exemption shall not affect the lien of the Corporation for the money loaned, merely provides further that the exemption shall not apply to any judgment for tort or any wrongful, willful act of the purchaser of the land.

Mr. BORAH. I cannot understand what the Senator desires to accomplish by this amendment.

Mr. DIETERICH. I will try to make myself clear to the Senator.

Mr. BORAH. It has been difficult to hear what has been said.

Mr. DIETERICH. Section 5 now provides, among other things, that—

No land purchased from the Corporation herein created up to the value of $2,500 shall ever be encumbered with any lien or obligation, either statutory or contractual. Such land shall not be subject to any debt, or debts, or obligations of any kind of the owner, except taxes.

Then it is provided that this shall be a covenant running with the land. The amendment simply provides that the $2,500 exemption shall not apply against a judgment for tort or a statutory offense or a judgment in which enter the elements of fraud or deceit. It is evident that the provision as it now stands gives greater exemptions than are allowed by most States.

Mr. BORAH. I think I understand what the Senator desires.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment as amended.

The amendment, as amended, was agreed to.

Mr. BANKHEAD. Mr. President, I should like to know if there are any other amendments of a minor character to be offered? If so, we may dispose of them this afternoon. I should like to make such progress as we can. I understand, however, that there are some amendments, such as the amendment of the Senator from Utah [Mr. KING], which is supposed to be intended to emasculate the bill, which should go over until Monday.

Mr. GORE. Mr. President, I desire to offer an amendment, and hope the Senator from Alabama will accept it.

I send the amendment to the desk. It comes in at the bottom of page 16 after the word "otherwise."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 16, line 25, beginning with the words "or otherwise", it is proposed to strike out down to and including the word "forestation", in line 2 on page 17, as follows:

Or otherwise made available for rural rehabilitation, and prevention of soil erosion, reforestation and forestation.

Mr. GORE. Mr. President, I should like to say to the Senator from Alabama that the amendment proposes to strike out two or three items, including reforestation, rehabilitation, and soil erosion. I am inclined to think that the rehabilitation work ought to be transferred to the corporation created by this act; that such corporation should be given supervision of it; but I do not think that the soil-conservation work should be transferred to this institution; and I do not think that the money appropriated under the relief act for soil conservation should be transferred to this Corporation. The plans now under way are separate and distinct, and are under different organizations. I have discussed that phase of the matter with the regional manager for Texas and Oklahoma. I am particularly concerned with soil conservation. A large number of Senators and Members of the House waited on the Secretary of Agriculture and urged him to request the President to allot as much as $150,000,000 for the next 2 years to be devoted to the prevention of soil erosion, the amount to be taken out of the $4,800,000,000 appropriation. Following that, a large delegation of Senators and Representatives waited on the President urging him to set aside $150,000,000 for the next 2 years for use in connection with soil conservation. Up to date only $25,000,000 has been set aside for that purpose, and 90 percent of the work has to be done by those on the relief rolls.

In my judgment, the Soil Conservation Service is the most important work the Government is undertaking. I think that is indispensable; I think it has sense in it; I think the result will justify the effort if it is managed with judgment and prudence.

I do not know so much about this proposed legislation. I sometimes fear it may break down the whole social and economic structure in the South. The tenantry system, while it may have many evils, is a system that does exist, and whatever does exist has reason for existence. It is the result of the play of economic forces. It is easy to tear down an existing system; it is not so easy to set up another system in its place. I think the enactment of this bill may have the effect of tearing down the existing tenantry system. I am not certain that it will succeed in substituting another system in its stead. It may mean ruin for both.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Arkansas?

Mr. GORE. I yield.

Mr. ROBINSON. It is the hope of some of us, at any rate, who are supporting this proposed legislation, that it will destroy at least some features of the present tenant system. It is our belief that there is necessity for that sort of policy.

Mr. GORE. I appreciate that.

Mr. ROBINSON. The tendency during recent years has been to put the cultivation of land in the control of tenants. The tenantry system has grown so rapidly that it has assumed an alarming aspect. I do not see how the effort to put people on land the ownership of which they are to acquire so as to provide homes for themselves can possibly accomplish a destructive or harmful result. Of course, it may cause inconvenience to some persons, but the aim is very desirable.

Mr. GORE. I appreciate the aim; it is humanitarian and benevolent; it has all the virtues of a golden dream. I hope it will have some of the virtues of a reality, although I doubt that. The existing system is a matter of historic evolution and development. All the existing economic conditions and all the economic forces in operation have brought it about. It has evils that ought to be corrected. They ought to be corrected, however, in pretty much the same way, as a matter of evolution and development. I am not certain that we can artificially clap down just any sort of system on any community and have it work with any degree of success. I do not think we can. Human society is rather an organism than a machine. We cannot mold and remold it into any form like sculptor's clay. I did not mean to embark on this phase, but I feel certain that this scheme will prove a bitter disappointment to the Senator from Arkansas and others who are sponsoring it.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. GORE. Yes, sir.

Mr. ROBINSON. Let me say to the Senator from Oklahoma that I do not expect revolutionary results from this bill should it be enacted and carried into effect. I think there are some who have an erroneous opinion as to what may be expected as the result of the legislation. There are some who think it is contemplated that all persons who are not owners of homes shall be afforded an opportunity to acquire farm homes. Manifestly that is an impracticable policy. The object of the pending legislation, as I understand, is to afford a process of selection under which those who are believed to possess the capacity and the disposition to build and maintain homes may have an opportunity of doing so through the assistance which the Government would be able to afford by virtue of the enactment of this legislation.

Mr. President, I think I agree with the Senator from Oklahoma in the implied statement he made that there are a great many persons who may be regarded as possible beneficiaries under the measure who will never be able to acquire farm homes under the terms of the legislation. That is true for various reasons. There are some persons who are so shiftless, so improvident by nature and by training, that even though the most liberal opportunities should be afforded them they would be unable to avail themselves of them. I think we may just as well recognize that fact.

But in spite of all such considerations there is a large number of individuals who are capable of availing themselves of the opportunities afforded by the bill who would promptly demonstrate their capacity to pursue such course in the management of their own affairs as that some such provision might be given them as would result in their ownership of homes. To my mind, as I said when the bill was before the Senate on a former occasion, that is one of the most helpful purposes that any legislation we could enact might be calculated to accomplish.

Mr. McNARY. Mr. President, I am not sure that I wholly understand the purpose of the amendment of the Senator from Oklahoma.

Mr. GORE. I shall state it in a moment.

Mr. McNARY. If it should result in aiding progress in the great work of reforestation, I should be inclined to support the proposal made by the Senator from Oklahoma.

Mr. GORE. I do not believe that moneys set aside for soil conservation and reforestation ought to be transferred to the corporation created by this measure, because they are in charge of different bureaus and in charge of those who are especially trained for that purpose.

Mr. McNARY. Inasmuch as this is a very important matter affecting, as it does, the work of different bureaus, I ask that the amendment may go over. I understand the Senator from Arkansas desires to submit a unanimous-consent request.

Mr. GORE. I have no objection to that. I should like to have Senators examine the amendment and look into it.

While I am on my feet I wish to make one further observation in regard to what the Senator from Arkansas said. It is difficult to help some people without rendering them helpless. That is a peculiar reaction in human nature. Sometimes it tends to change the sturdy oak into the clinging vine. I am not insensible to the defects in our system of tenantry. I think these evils ought to be corrected. Part of these evils have become chronic. Part of our system is imperfect. There

are many, many instances where the sons of farmers, who intend to follow farming as a vocation, engage temporarily in tenant farming or rent land temporarily as tenants with a view ultimately to acquiring a home—a perfectly normal process, a healthy process. But there are some who fail in that endeavor and who can never realize that purpose.

I also appreciate the fact that it is harder to help the tenant farmer than any other class, because, however good his character, he is without resources or he would not be a tenant. He does not have the basis of credit; he cannot borrow; he cannot finance himself. He cannot prime the pump. He cannot get off his back. He cannot start. There is the trouble. I realize that this scheme is to enable him to get up steam and to get under way. But I doubt if we can build a house, fit it with furniture, and equipment of that sort, and hand it over to someone as a sort of turnkey job and expect him to appreciate it and make use of it as he would if he had by thrift and economy, self-denial, and self-reliance, laid some sort of foundation upon which to erect this superstructure.

I think it is the duty of Government to maintain conditions of fair competition so that our citizens may engage in the struggle for existence, and may engage in the struggle with a reasonable prospect of success. I think the Government ought to remove obstructions, artificial and even natural obstructions, which lie in the pathway of the citizen, which stand between him and success. The duty of Government is to maintain conditions under which the people can survive and succeed, removing obstructions, maintaining opportunity so the man who tries may triumph, if I may say so.

That is one philosophy. The other is that the Government should go further and should do more than adopt a negative policy, providing opportunities under which the struggle for existence may be waged with a reasonable hope of success. Some believe the Government ought to go further, that the Government ought to render affirmative help, that the Government ought to do for the citizen what ordinarily the citizen ought to do for himself. As I remember, Jefferson himself was pretty particular on that point, and said that the county should do nothing for the individual which the individual could do as well or better for himself; that the State should do nothing for the county or the individual which the county or the individual could do as well or better than the State; that the General Government should do nothing for the State, county, or individual which the State, county, or individual could do as well or better than the General Government.

I still believe that self-denial, self-reliance, and self-respect are the virtues which made this country great, are the virtues which made America great. I still believe that those virtues, and those virtues alone, can keep America great.

It is said that conditions have changed, that circumstances have altered. Of course that is true. It is said that new conditions have given rise to new problems. Of course that is true. It is said that new problems call for new solutions. Of course that is true.

But may it not be equally true that the spirit which solved the old problems may still be the best spirit with which to solve the new problems, and even though new solutions may be required, that after all those solutions rest upon the same principles and must be inspired and guided by the same virtues as of old?

I still think that the law of gravity is almost as efficient as when our fathers came to the wilds of the New World. I still think that the multiplication table has some reasonable precision in its results and is as sound a principle for our computations in solving new problems as in solving old problems.

I still have some respect and reverence for the Ten Commandments as embodying at least the rudiments of morality and of ethics; and I am not certain that the "new day" has brought principles which can with any degree of safety be substituted for the principles which guided our fathers in founding this Republic.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which is a modification of one that was offered heretofore.

The PRESIDING OFFICER. The Senator from Minnesota offers a modified amendment which will be stated.

Mr. KING. Mr. President, I hope the Senator will not ask for its consideration now.

Mr. BANKHEAD. Let me say that this is the amendment which we had up before, providing for civil-service examinations.

Mr. KING. I understand it, but I am inclined to differ from the amendment.

Mr. BANKHEAD. Very well.

Mr. ROBINSON. Mr. President, I understand that the Senator from Utah desires the amendment to go over.

Mr. KING. Yes.

Mr. ROBINSON. If that is satisfactory to the Senator from Minnesota, I suggest that that be done.

Mr. NORRIS. Let the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 20, beginning at line 3, it is proposed to strike out all of the first sentence of subsection (e), and in lieu thereof to insert the following words:

The Corporation is authorized to appoint attorneys, and shall, subject to the civil-service laws, employ such officers, examiners, and other experts and employees as may be necessary for carrying out its functions under this act, and to fix their compensation in accordance with the Classification Act of 1923, as amended.

Mr. KING. I ask that the amendment go over.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. ROBINSON. I ask unanimous consent that when the Senate completes its labors today it take a recess until 12 o'clock noon on Monday, and that after today no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment that may be pending or that may be offered.

The PRESIDING OFFICER. Is there objection? The Chairs hears none, and it is so ordered.

Mr. LONERGAN. Mr. President, from the Department of Agriculture I have procured information which I regard as valuable in the consideration of the pending bill. I therefore ask unanimous consent to have it inserted in the RECORD as a part of today's proceedings.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C., June 22, 1935.

Federal farm mortgage loans outstanding on February 28, 1935

Number of Federal land-bank loans	617,761
Amount of these loans outstanding	$1,944,975,900
Number of land-bank commissioner loans	369,853
Amount of these loans outstanding	$644,855,638
Total of land-bank and commissioner loans:	
Number	[1] 987,614
Amount outstanding	$2,609,861,538

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF AGRICULTURAL ECONOMICS,
Washington, D. C., June 22, 1935.

MEMORANDUM FOR THE SECRETARY

DEAR MR. SECRETARY: Attached is a table based on the 1930 Census, the latest data available for all States, showing the average size and the average value of farms.

With a little more time it would be possible to adjust the average value per farm for changes in land values down to March 1935, as shown by our land-values index.

The data are also available for a few States on the basis of current releases issued by the Bureau of the Census. To compile these also would require a little more time, but it is uncertain as to whether the data for only a few States would meet the requirements in this instance.

Sincerely yours,

C. W. KITCHEN,
Acting Chief of Bureau.

[1] This number represents in part a duplication, in that both commissioner loans and land-band loans are in a large number of cases on the same farm. Hence the actual number of farms upon which Federal loans have been made is less than this figure of 987,614.

	United States Census, 1930	
	Average size of farms	Average value per farm—land and buildings
	Acres	
United States or total	156.9	$7,614
Alabama	68.2	1,952
Arizona	742.7	12,999
Arkansas	66.2	2,261
California	224.4	25,203
Colorado	481.6	10,497
Connecticut	87.4	13,226
Delaware	92.8	6,896
Florida	85.2	7,179
Georgia	86.4	2,259
Idaho	224.3	10,012
Illinois	143.1	15,553
Indiana	108.4	7,796
Iowa	158.3	19,655
Kansas	282.9	13,735
Kentucky	80.8	3,538
Louisiana	57.9	2,590
Maine	119.0	4,981
Maryland	101.3	8,244
Massachusetts	78.3	10,205
Michigan	101.1	6,853
Minnesota	166.9	11,471
Mississippi	55.4	1,818
Missouri	131.8	7,018
Montana	940.3	11,109
Nebraska	345.4	19,274
Nevada	1,185.6	18,626
New Hampshire	131.5	5,190
New Jersey	69.3	11,776
New Mexico	981.5	6,619
New York	112.5	8,234
North Carolina	64.5	3,018
North Dakota	495.8	12,199
Ohio	98.1	7,720
Oklahoma	165.8	6,096
Oregon	300.1	11,438
Pennsylvania	88.8	6,977
Rhode Island	84.1	10,388
South Carolina	65.8	2,401
South Dakota	438.6	15,455
Tennessee	73.3	3,025
Texas	251.7	7,260
Utah	206.7	8,145
Vermont	156.5	5,861
Virginia	98.1	5,016
Washington	190.9	10,911
West Virginia	106.5	4,138
Wisconsin	120.3	9,526
Wyoming	1,469.3	12,919

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION,
Washington, D. C., June 22, 1935.

MEMORANDUM FOR THE SECRETARY

MY DEAR MR. SECRETARY: As per your request by telephone, I am transmitting herewith the estimated acreage held out of cultivation due to operation of the adjustment programs for the crop years 1934 and 1935. The estimates for the crop year 1935 are only rough approximations. These figures do not include estimates for sugar where producers are operating in accordance with marketing quotas set up under the Jones-Costigan Act.

	1934	1935
	1,000 acres	*1,000 acres*
Wheat	7,700	5,100
Corn	13,030	12,000
Cotton	14,548	12,600
Tobacco	612	582
Peanuts	(1)	(2)
Rice	190	190
Total	36,080	30,472

[1] No program. [2] No reduction effected.

Very truly yours,

F. F. ELLIOTT,
Chief, Production Planning Section.

Mr. LONERGAN. Mr. President, since the receipt of these communications the following memorandum was sent to me this afternoon from the Secretary of Agriculture:

The Rural Resettlement Administration, by reference from Secretary Wallace's office, has telephoned the following rough figures on the present number of farm families on relief:

End of March 1934 (estimated), 600,000.

Present time on account of drought (estimated), 1,000,000.

It is expected, however, that, since the drought is now on the down trend, shortly there will be approximately 800,000 farm families on relief in the United States.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

NOMINATION PASSED OVER—POSTMASTER

The PRESIDING OFFICER (Mr. MOORE in the chair). If there be no further reports of committees, the calendar is in order.

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. Mr. President, the Senator from Oklahoma [Mr. GORE] is not present. I ask that that nomination go over until the Senator may be here.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

The legislative clerk read the nomination of Richmond B. Keech, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia.

Mr. KING. I ask for favorable action on the nomination.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters on the calendar be confirmed en bloc, with the exception of the nomination of William E. Emick to be postmaster at Temple City, Calif. I ask that that nomination be retained on the calendar and go over.

The PRESIDING OFFICER. Without objection, the nomination referred to will be passed over; and the remaining nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. ROBINSON. Pursuant to the agreement heretofore entered into, I move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 2 o'clock and 30 minutes p. m.) the Senate, in legislative session, and under the order previously entered, took a recess until Monday, June 24, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 22 (legislative day of May 13), 1935

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Richmond B. Keech to be a member of the Public Utilities Commission of the District of Columbia.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Capt. John Edward Nolan to Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Harris Fulford Scherer to be captain, Cavalry.

Louis Ellis Massie to be first lieutenant, Air Corps.

Stuart Phillips Wright to be first lieutenant, Air Corps.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICER

Francis Guy Ash to be brigadier general, Adjutant General's Department, National Guard of the United States.

POSTMASTERS

CALIFORNIA

David Angus Vogt, Bridgeport.
Harrison P. Gower, Death Valley.
Walter Neipp, Earp.
Harry R. Wendelken, Idyllwild.
Edythe C. McGowan, Julian.
Dudley Wakefield, Moffett Field.
Flora E. Dahl, Mokelumne Hill.
Elvin M. Mitchler, Murphys.
Hetty C. Bryans, Pixley.
Elizabeth M. Taylor, Tulelake.
Myrtle M. Knouse, Westminster.
John F. Wallahan, Yermo.

MASSACHUSETTS

John H. Gilboy, East Brookfield.
Chestina B. Robbins, East Templeton.
James R. Mansfield, Haydenville.
John F. Mack, Housatonic.
Genevieve V. Dion, Linwood.
Alliston S. Barstow, Marshfield.
Frank C. Sheridan, Maynard.
Robert H. Howes, Southboro.
Helen K. Hoxie, Sunderland.
Enlo A. Perham, Tyngsboro.
William J. Bell, Warren.
Sara H. Jones, West Barnstable.
William E. Brennan, Whitman.
James F. Healy, Worcester.

MISSOURI

Felix P. Wulff, Argyle.
Jesse D. Burwell, Browning.
Thomas Wert Gwaltney, Charleston.
Garnett S. Cannon, Fornfelt.
Leonard D. Smith, Fremont.
Thomas A. McQuary, Galena.
Buren Napper, Holcomb.
Edgar G. Hinde, Independence.
Frank M. Story, Kahoka.
Myrtle Rauls, Marquand.
Anna B. Wood, Rosendale.
Fay B. Swicegood, Weaubleau.

NEW HAMPSHIRE

Frank Doudera, Dixville Notch.

NEW JERSEY

Edward Brodstein, Asbury Park.
Martin A. Armstrong, Maple Shade.
Leroy Jeffries, Ocean City.

OKLAHOMA

James H. Sellars, Jr., Binger.
Jean C. Petty, Caddo.
Frank J. Kamphaus, Canute.
Louis F. Dievert, Covington.
Weltha Guilford Heflin, Erick.
Hannie B. Melton, Hastings.
James Q. Tucker, Hollis.
Charles H. Hatfield, Hydro.
Thomas F. Green, Meeker.
Roy Rine, Nash.
Earl C. Lucas, Newkirk.
Shelby T. McNutt, Ringwood.

UTAH

Richard R. Francis, Morgan.

SENATE

MONDAY, JUNE 24, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, June 22, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed the joint resolution (S. J. Res. 131) providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 7205. An act to amend the Ship Mortgage Act, 1920, otherwise known as "section 30" of the Merchant Marine Act, 1920, approved June 5, 1920, to allow the benefits of said act to be enjoyed by owners of certain vessels of the United States of less than 200 gross tons; and

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes.

CALL OF THE ROLL

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Logan	Radcliffe
Ashurst	Costigan	Lonergan	Reynolds
Austin	Davis	Long	Robinson
Bachman	Dickinson	McAdoo	Russell
Bailey	Dieterich	McCarran	Schall
Bankhead	Donahey	McGill	Schwellenbach
Barbour	Fletcher	McKellar	Sheppard
Barkley	Frazier	McNary	Shipstead
Bilbo	George	Maloney	Smith
Black	Gerry	Metcalf	Steiwer
Bone	Glass	Minton	Thomas, Okla.
Borah	Gore	Moore	Townsend
Brown	Guffey	Murphy	Trammell
Bulkley	Hale	Murray	Truman
Bulow	Harrison	Neely	Tydings
Burke	Hatch	Norbeck	Vandenberg
Byrd	Hayden	Norris	Van Nuys
Byrnes	Holt	Nye	Wagner
Caraway	Johnson	O'Mahoney	Walsh
Chavez	Keyes	Overton	Wheeler
Clark	King	Pittman	White
Connally	La Follette	Pope	

Mr. MCNARY. The senior Senator from Kansas [Mr. CAPPER] has been called away on account of the death of one of his associates and will be absent until Wednesday. I ask that the announcement stand for the day.

Mr. ROBINSON. I announce that the Senator from New York [Mr. COPELAND], the Senator from Illinois [Mr. LEWIS], and the Senator from Wisconsin [Mr. DUFFY] are unavoidably detained from the Senate, and that the Senator from Utah [Mr. THOMAS] is absent on important public business. I request that this announcement stand for the day.

Mr. AUSTIN. I wish to announce that the Senator from Wyoming [Mr. CAREY], my colleague the junior Senator from Vermont [Mr. GIBSON], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. VANDENBERG. I announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent on account of illness, and I ask that this announcement stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

BRIG. GEN. AARON SIMON DAGGETT

Mr. WALSH presented a letter of appreciation from Brig. Gen. Aaron Simon Daggett, which was ordered to lie on the table and to be printed in the RECORD, as follows:

WEST ROXBURY, MASS., *June 22, 1935.*

MY DEAR SECRETARY HALSEY: I thank you, with all my heart, for sending me a copy of the Senate resolutions, adopted June 14, 1935, congratulating me on reaching my ninety-eighth birthday, and other reasons.

I never expected to receive such an honor.

Oh, that I were worthy of it!

Sincerely and gratefully yours,

A. S. DAGGETT.

CLAIM OF COLT'S PATENT FIREARMS MANUFACTURING CO. (S. DOC. NO. 76)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, together with an accompanying letter from the Acting Director of the Bureau of the Budget, transmitting, pursuant to law, a deficiency estimate of appropriation for payment of a claim of the Colt's Patent Firearms Manufacturing Co., amounting to $812.91, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES FOR DISTRICT OF COLUMBIA (S. DOC. NO. 77)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, together with an accompanying letter from the Acting Director of the Bureau of the Budget, transmitting, pursuant to law, a supplemental estimate of appropriations for the District of Columbia, for the fiscal year 1936, amounting to $4,521.13, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS AND SUITS AGAINST THE DISTRICT OF COLUMBIA (S. DOC. NO. 78)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, together with an accompanying letter from the Acting Director of the Bureau of the Budget, transmitting, pursuant to law, a supplemental estimate of appropriations required for the payment of claims against the District of Columbia settled by the Commissioners of the District of Columbia pursuant to law, amounting to $2,541.05, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

MAY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation reporting, pursuant to law, relative to the activities and expenditures of the Corporation for May 1935, including statements of authorizations made during that month, showing the name, amount, and rate of interest or dividend in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

TEXAS CENTENNIAL EXPOSITION

Mr. CONNALLY. Mr. President, I ask the Chair to lay before the Senate the amendments of the House of Representatives to Senate Joint Resolution 131.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 131) providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes, which were, on page 2, lines 9 and 10, after Commission", to insert "and hereinafter referred to as the Commission"; on page 2, line 10, after "the", to insert "Vice President, the"; on page 3, line 7, to strike out "one or more" and insert "not to exceed three"; on page 3, line 12, after "The", to insert "salary and"; on page 3, line 15, after "resolution", to insert "for a period of time covering the duration of the exposition and not to exceed a 6 months' period following the closing thereof"; on page 4, line 19, to strike out "Texas Centennial Commission" and insert "Commission and to the Commission of Control for Texas Centennial Celebrations"; on page 5, line 13, to strike out "expositions and" and insert "expositions"; on page 5, line 13, after "fairs", to insert "and other celebrations"; on page 5, line 25, after "expended", to insert "for the purposes of this joint resolution and any unexpended balances shall be covered back into the Treasury of the United States"; on page 6, line 5, after "Commission,", to insert "the Board of Directors of the Texas Memorial Museum, or the Commission of Control for Texas Centennial Celebrations"; on page 6, line 13, after "thereof", to insert "to grant toward the Texas Memorial Museum such sum as may be specifically provided for that purpose by the act making the appropriation authorized by this joint resolution"; on page 6, line 20, to strike out "and/or" and insert "or the Commission of Control for Texas Centennial Celebrations or"; on page 7, line 8, after "Commission", to insert "or the Commission of Control for Texas Centennial Celebrations"; and on page 8, line 17, after "Commission", to insert "without release of responsibility,".

Mr. CONNALLY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Slovak League of America, favoring the enactment of House bill 8163, known as "the Kerr bill", relative to the deportation of aliens, which was referred to the Committee on Immigration.

He also laid before the Senate petitions of sundry citizens of the United States, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana (Mr. LONG and Mr. OVERTON), which were referred to the Committee on Privileges and Elections.

Mr. TYDINGS presented a petition of sundry citizens, being deputy collectors of internal revenue for the district of Maryland, Baltimore, Md., praying for the enactment of the bill (S. 1952) extending the classified executive civil service of the United States, which was ordered to lie on the table.

Mr. FLETCHER presented the following concurrent resolution of the Legislature of the State of Florida, which was ordered to lie on the table:

Senate Concurrent Resolution 20

Be it resolved by the Senate of the State of Florida in session assembled (the house of representatives concurring):

Whereas under $6,000,000 worth of commodities have been shipped into the State during the last year, principally packing-house products from Chicago and other midwestern areas, and distributed by officials in charge of rehabilitation of relief classes; and

Whereas the fishermen of the State of Florida had been overlooked, and have been unable to dispose of any of their products to any of the above mentioned agencies: Be it therefore

Resolved, That the senate and house concurring, respectfully and earnestly request the President of the United States to direct the Federal agencies purchasing commodities for distribution to relief clients within this State and other southeastern parts, a proportionate part of the fish production within this State; be it

Resolved, That a copy of this resolution under the great seal of the State of Florida be forwarded to the President of the United States, Hon. Franklin D. Roosevelt, and a copy to each of the Senators and Representatives in Congress from Florida.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 4505. A bill granting the consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada (Rept. No. 945);

H. R. 6988. A bill authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45 (Rept. No. 946);

H. R. 7044. A bill authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex. (Rept. No. 947); and

H. R. 7870. A bill to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters (Rept. No. 948).

Mr. WAGNER, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3038) to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La., reported it with an amendment and submitted a report (No. 950) thereon.

Mr. HATCH, from the Committee on the Judiciary, to which was referred the bill (S. 2617) to amend the Judicial Code to permit defendants in criminal cases to waive trial by jury, reported it without amendment and submitted a report (No. 949) thereon.

Mr. KING, from the Committee on the Judiciary, to which was referred the bill (H. R. 29) to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty, reported it without amendment.

Mr. VAN NUYS, from the Committee on the Judiciary, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1892. A bill to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance (Rept. No. 952);

S. 2303. A bill to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended and supplemented; and

S. 2744. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto (Rept. No. 953).

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (S. 2369) to amend an act entitled "An act to provide for the repatriation of certain insane American citizens", approved March 2, 1929 (45 Stat. 1495), reported it without amendment and submitted a report (No. 951) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 3059) to authorize the acquisition of land on McNeil Island, reported it without amendment and submitted a report (No. 954) thereon.

MUNITIONS INDUSTRY—NAVAL SHIPBUILDING

Mr. NYE, from the Special Committee on Investigation of the Munitions Industry, submitted a preliminary report relative to naval shipbuilding, which was ordered to be printed, with illustrations, as Report No. 944.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 3135) to authorize the purchase of the *Winnie Mae* by the Smithsonian Institution; to the Committee on Commerce.

A bill (S. 3136) for the relief of J. A. McAlister; and

A bill (S. 3137) for the relief of Pauline McKinney; to the Committee on Claims.

A bill (S. 3138) granting a pension to Sarah E. Wilkerson (with accompanying papers); to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 3139) to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes"; to the Committee on Mines and Mining.

A bill (S. 3140) to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. FLETCHER:

A bill (S. 3141) granting a pension to Clifton D. Cochran; to the Committee on Pensions.

By Mr. AUSTIN:

A bill (S. 3142) for the relief of John W. Sargent and John L. Sargent; to the Committee on Claims.

By Mr. BARBOUR:

A bill (S. 3143) for the relief of the Passaic Valley Sewerage Commissioners; to the Committee on Claims.

By Mr. SMITH:

A bill (S. 3144) to authorize the Secretary of the Treasury to prepare a medal with appropriate emblems and inscriptions commemorative of Gen. Robert Edward Lee; to the Committee on Military Affairs.

By Mr. TYDINGS:

A joint resolution (S. J. Res. 151) making provision for a national celebration of the bicentenary of the birth of Charles Carroll of Carrollton, wealthiest signer of the Declaration of Independence; to the Committee on the Library.

HOUSE BILL REFERRED

The bill (H. R. 8554) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1935, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1935, and June 30, 1936, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. LONERGAN submitted an amendment proposing to increase the appropriation under the Veterans' Administration for hospital and domiciliary facilities from $20,000,000 to $20,228,500, intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

CIVILIAN CONSERVATION CORPS CAMPS IN TENNESSEE

Mr. McKELLAR. I submit a resolution and ask to have it read. It merely calls for certain information from the Secretary of the Interior, and I ask unanimous consent that it may be considered at this time.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S. Res. 159), as follows:

Resolved, That the Secretary of the Interior be, and is hereby, respectfully requested and directed to furnish the following information to the Senate:

1. How many C. C. C. camps there are conducted by the Department of the Interior in Tennessee;
2. The personnel of the central office or offices in Tennessee, with the residences of each of the personnel and salaries paid;
3. The personnel of the several camps, together with the residences of each of such personnel, with salaries paid; and
4. The number of boys in each of said camps from Tennessee and the number from outside States.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

PRODUCTION, TRANSPORTATION, AND MARKETING OF WOOL

Mr. ADAMS and Mr. STEIWER submitted the following resolution (S. Res. 160), which was referred to the Committee on Agriculture and Forestry:

Whereas wool is one of the major agricultural products of many sections of the United States and is used in many industries and provides a substantial part of the commerce of the country; and

Whereas proper methods of marketing wool are essential to the establishment and maintenance of the prosperity of the industry; and

Whereas existing methods of marketing the wool crop have proved unsatisfactory to the wool producers of America: Therefore, be it

Resolved, That a special committee of three Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete investigation of the production, transportation, and marketing of wool. The committee shall report to the Senate, not later than the beginning of the second

session of the Seventy-fourth Congress, the results of its investigations, together with its recommendations, if any, for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

INSPECTION OF NAVY YARDS, ETC.

Mr. TRAMMELL submitted the following resolution (S. Res. 161), which was referred to the Committee on Naval Affairs:

Resolved, That the Committee on Naval Affairs, or any subcommittee thereof duly appointed by the chairman of the committee, hereby is authorized to visit for the purposes of inspection United States navy yards, air stations, and other naval activities between July 15 and December 31, 1935, the expenses incurred in pursuance hereof, not to exceed $3,000, to be paid from the contingent fund of the Senate.

COMMITTEE SERVICE

On motion of Mr. ROBINSON, and by unanimous consent, it was

Ordered, That the Senator from West Virginia [Mr. HOLT] be assigned to service on the following committees: Education and Labor, Immigration, Naval Affairs, Post Offices and Post Roads, and Mines and Mining.

UNITED STATES MUNITIONS INVESTIGATION—ADDRESS BY SENATOR NYE

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered over the radio on October 3, 1934, by the Senator from North Dakota [Mr. NYE] on the subject of United States Munitions Investigation.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

We are coming to learn that, after all, war may not be as unpreventable as pictured. Fast forging their way to the front are facts indicating that war and preparation for war are in many respects not much more than incorporated murder, with the makers of the machinery of war the incorporators.

However far-fetched the foregoing statement might seem, it is not an exaggeration to say that the manufacture and sale of the munitions of war is an unadulterated, unblushing racket—a world racket of large proportions overshadowing completely the rackets of which we have so many. This one is none the less obnoxious because of the partnership of governments and officials in it.

I say these things not at all thoughtlessly, but only after much deliberation of the results of 3 weeks of public hearings by the Senate committee investigating the munitions industry. These 3 weeks of hearings have seen industrialists, capitalists, and salesmen under oath telling cold-blooded stories of what they have done for and to our Government and for their own enrichment. These have been the stories of men calloused to a degree that finds them defending programs and policies which cannot do other than revert, in the event of our country's entry into another war, to the injury of our country, our flag, and those who will rush to their defense. The committee listened daily to men striving to defend acts which found them nothing more than international racketeers bent upon gaining profit through a game of arming the world to fight itself. So successful has been the racket of these industrialists to create and satisfy the desires of nations for an adequate national defense that they virtually have the world marching straight to the hell that another war will be. And the whole motive behind this is what? Not patriotism! Not love for one's country! Only profit, profit, profit.

In preparation for this broadcast I have waited to refrain from expressing heated conclusions. But I'll swear that no one with other than ice cubes in his veins could have heard the testimony and seen the facts which have been made of record through these 3 weeks of hearings and refrain from speaking his mind in no uncertain way. Truth as respects the munitions industry is so simple, as truth always is simple, that there cannot well be any hedging in speaking it.

Let it be understood that in speaking tonight I do not undertake to speak for the Senate committee, for I am here only as one who heard the testimony from the lips and records of leading representatives of the American munitions industry. As chairman of the committee I could not now ignore the splendid cooperation which has been devoted to the ascertainment of the facts by the entire membership of that committee. Not once has there been any indication that any part of the committee was averse to ferreting out the whole truth. I think no congressional committee has ever served as unitedly as has this committee investigating the munitions industry, and it is my wish to pay compliment to my committee colleagues, Senators GEORGE, of Georgia; VANDENBERG, of Michigan; CLARK, of Missouri; BARBOUR, of New Jersey; BONE, of Washington; and POPE, of Idaho. We were especially fortunate in our choice of a staff to coordinate the findings of a larger staff of accountants and research men, and to Stephen Raushenbush and his assistants we owe large credit for the results thus far accomplished.

What the hearings thus far reveal is but a scanty part of the whole story that will be told when the study of the industry is finally completed. Hearings will be resumed early in December. Continuation of the work after January will depend upon the wishes of the Senate respecting the appropriation of more money to complete it.

Though the investigation thus far has but scratched the surface, it has removed scabs and revealed nasty sores to the light of day where all the world may observe the grave symptoms of a disease that now and then assumes proportions threatening civilization in its entirety. That disease is commonly called "war." Many have looked upon it as one of the incurable diseases, a plague which mankind must tolerate. Now we are given to see that this plague is often man-made, its causes traceable in instances directly to men. I venture to guess that the munitions investigation (the first of its kind ever dared or undertaken anywhere in the world) is going to leave fewer doctors declaring the disease incurable and become the education and experience which will find many more doctors looking to the development of remedies and the elimination of filthy breeding spots which will at least lessen the danger of renewal of the disease in plague proportions. Indeed, we may even hope now for segregation, control, and cure of the disease.

The investigation has brought forth painful yelps from some individuals and groups. Some governments and more officials have complained of the committee's program and policy, have said that the study was not sufficiently observant of the niceties or diplomacy at all times, and that the committee has tread upon toes without the exercise of proper discretion, caution, and guard.

An investigation of the arms question without treading upon official and semiofficial toes would be no investigation at all. Of necessity we have had to deal with the secret courses pursued by the manufacturers and sellers of instruments of war. For years these makers and their salesmen have been weaving their way into governments, deceiving, frightening, corrupting as their welfare and profit dictated. Because of the manner in which they have woven themselves into the very frabic of governments, the industry has won a status of sacredness and secrecy which has enlarged in its opportunity to thrive in a way to return good profit to its owners. Rackets thrive best when nourished by dark secrecy, and when governments lend hands to the racketeers the sky is the limit as respects the flow of profits and blood money.

I repeat that there is no racket to compare with that of the sale of munitions of war. Governments have fought, at great cost, the beer, liquor, white slave, dope, and kidnap rackets. The munitions racket, one whose victim is all civilization, has governments as its partners, unconsciously on the part of governments, perhaps. Doubly difficult, then, becomes the task of destroying or controlling the racket—a racket wearing the cloak of respectability by reason of its association with and in governments.

That such a partnership exists is one of the clear conclusions growing out of the present investigation. It must, therefore, be apparent that nothing short of wide and sweeping disclosures of the truth will ever awaken the world to a degree that will win reform to check the mad race now on toward more war. It is my sincerest hope that the pending investigation may be permitted the time and money to develop the whole truth, however embarrassing it may be to governments or individuals.

I cannot undertake to tell all that has been developed by the investigation of the munitions industry to date. But let me recite some of the disclosures which are not to be denied.

That the munitions industry knows no flag is well revealed by their partnership and working agreements with industries and individuals swearing allegiance under different flags. The Electric Boat Co., of Groton, Conn., maker of Uncle Sam's submarines, sells its patents and designs and license to manufacture to, among others, Vickers in Great Britain, who build Britain's submarines. Between them there are agreements as to the division of the world into sections in which each may sell, agreements involving the sharing of profits, with the once mystery man of Europe, Sir Basil Zaharoff, seemingly the master mind in the very profitable game of arming countries against each other with the same instruments and secrets of combat. While Zaharoff may once have been a mystery man, he stands naked of mystery today and is known now as nothing more than a man whose great wealth has come through his ability to cash in on the hates and suspicions of nations, an ability greatly aided by the honors which competing nations and rulers have bestowed upon him.

The great American Du Pont concern, considered the industry which will be of greatest utility to our country in the event of another war, has its tie-up with the great Imperial Chemical Industries of Britain and with like institutions in other lands. Between them is constant exchanging of secrets in the development of instruments intended to give one country an advantage over others in the event of war. During the course of the hearings 2 weeks ago a spokesman for the Du Ponts undertook to justify their sales and profits during the World War by painting a frightful picture of the purposes of Germany and the great cause of the Allies. He didn't hesitate in agreeing that had it not been for

the Du Pont service to the Allies, the United States might very easily today be a German province. There was much of irony in the disclosure the following day that the Du Ponts had entered into contracts which would make their products available to Germany, just as there was irony in the confession of the American Electric Boat Co. that it was American patents that entered into the building of the German submarines which did our American cause so much damage during the World War.

The investigation has revealed that the munition industry employs spies in foreign armies to learn of new developments in armaments, not for the benefit of their own country but for their own benefit in producing and selling like supplies to all the world. That the munitions industry has organized and sponsored war scares to the end that markets might be created for the supplies from their laboratories and shops is very definitely a part of the record of the investigation.

Most revolting is that part of the record revealing that our makers of munitions do not refrain from selling to both sides engaged in a war. Some of them sell to governments which are trying to put down rebellions and, at the same time, to the rebels who are seeking to overthrow the government, as in Cuba.

In this connection the armament race between Peru and Columbia offers a tale most revealing of munition makers' advantage through government cooperation. Not so long ago Peru decided it wanted a more adequate national defense, a desire that the munitions makers had no small hand in creating. Peru appealed to the United States for help in providing this national defense, and we sent to Peru a commission of experts made up of admirals and commanders of our Navy. As a result of this cooperation, Peru bought some submarines from the American Electric Boat Co. A little later, Peru's neighbor, Colombia, grew fearful about this show of military strength. Colombia was sure it needed a national defense against such armament as Peru had annexed, and the Colombian officials appealed to the American Navy for help in planning a national defense of its own. Again Uncle Sam graciously responded and sent a naval expert to that unhappy country to advise with them. Recommendations were made for a plan of defense against submarines, which recommendations again reverted to the advantage of armament manufactures. This story reveals only one of many instances of the part which governments and munitions makers play in starting and then maintaining armament races between countries.

The committee investigation reveals the munitions makers to be spending fortunes in maintaining lobbies to urge armament programs, and the correspondence of these industries shows millions of dollars being paid for commissions and bribes to public officials and those who stand close to public officials.

The record of the investigation contains evidence of the effort made by the munitions industry to block embargoes, make difficult the accomplishment of agreement in disarmament conferences and of their disregard of treaties. We know now that when our country issues an embargo against the shipment of arms to the Chaco, for example, the American manufacturer arranges that business goes on as usual.

To me the most repulsive of all the testimony taken during the committee hearings was that revealing the part our American military forces take in demonstrating and helping to sell American-made munitions to other countries, countries perhaps which might some day be our foes in war. Heads of our Army go abroad and, according to the record, recommend American-made munitions and improved methods intended to make these foreign military forces better fighting units. Our generals, so the record stands, even participate in the recommending of the height of collars to be worn by the soldiers of foreign armies.

In 1928 a number of American naval vessels were equipped with a new type of gun, which, it was presumed, was giving our Navy a great advantage. The gun was the product of an American concern, sold to the Navy at a splendid profit, of course. But this gunmaker was having difficulty in selling the same gun abroad. One day the good ship *Raleigh*, one of the American ships equipped with this new gun, showed up in Turkish waters. On board, with the consent of the Navy, came the salesman of the American gun manufacturer and officers of the Turkish Navy. The guns were demonstrated for the benefit of these foreign officials and the American manufacturer won a fine order for like guns for the Turkish military forces. Shall we say our Navy is a salesman's sample case?

I am sure that before this investigation is finished there is going to be large appreciation of the gravity of commercial situations which finds our military patents, secrets, designs, and specifications available to and peddled all over the world. Surely there must already be appreciation, as a result of investigation disclosures, combined with previously known facts, of the huge profit flowing to those who make and sell the things entering into national-defense programs and the waging of war. These costs and profits constitute a burden upon civilization which grows heavier year by year.

One American aircraft producer is shown with an original capital investment of $1,000. Largely through the cooperation of naval experts and engineers, this company developed an air-cooled engine. In 1926 this company enjoyed 100 percent of its business from the United States Navy. The returns from this venture down to and including 1932, on the basis of the $1,000 investment, was 1,143,725 percent, and this is not inclusive of the capital increase in the value of the original 5,000 shares of stock. Who but the Government was responsible for this great profit? Be it remembered that this gain is a peace-time accomplishment.

The 4 years of the World War paid another American munitions concern something more than an average of 100 percent per year upon its investment. This war profit paid its executives handsome salaries, millions in bonuses, and annual dividends averaging about 50 percent per year. With the balance the corporation went looking for investments which would be profitable. By reason of its war profits, that company today owns or controls scores of lesser corporations. In such corporations in which it has made investment of $200,000 or more in each, it now has a total investment of well over $350,000,000. Only a small part of this could be theirs but for the fact that they reaped rich profits from the conflict that was taking so many lives. While the blood flowed most freely upon the fields of battle their profits rolled in the larger.

We have learned that foreign missionaries can be and are very helpful in the sale of the munitions of war. The president of one American munitions maker has a missionary brother down in South or Central America who delights in demonstrating his brother's products to generals and ministers of war, and advising on the best means of sales. In this case, encountered by the committee, it is difficult to determine just which is this man's side-line, his work as a missionary or his work as a bomb salesman. I am happy that experiences of this kind are very clearly not the rule, but the exception, in the missionary field.

Missionaries, Government officials, Army and Navy officers, international affiliations, smuggling and spying, cash commissions, teasers and bribes, the breeding of fear and suspicion, the growth of national defense into threatened offense, take these, piece them together, each in its place, and we have the picture and machinery which men paint and build to enrich themselves through the sale of munitions of war. Little wonder, as my colleague, Senator VANDENBERG put it, "Little wonder Peace walks on crutches." Yes, indeed; little wonder that the cause of peace remains a constant invalid while war and threat of war struts in greater health than it has ever known before.

Now we begin to understand how and why this world, only 15 years removed from the last terrible war, with all its consequent burdens and sorrow, is spending more money getting ready for more war than it ever spent in peace time before. We begin to see why our own country sets the pace in this preparedness game by having increased its annual military maintenance costs since 1913 by 197 percent, while Italy, Great Britain, France and Russia have ranged from 30 to 44 percent. Now we learn a little of what is behind these everlasting and annual programs of loud national defense talk. Now perhaps we see more clearly that this mad race in armaments is pushed and encouraged by those who profit through the sale of armaments.

Do the facts uncovered by the investigation anger you as they do me? It is but natural that they would, because we and our children must foot the bill. It goes against the grain when we discover that the cause of national defense the world over has been seized upon as the disguise of greedy hands bent alone upon winning profit—profit which is the greatest when blood flows thickest.

Well, what are we going to do about it? Were time mine, I should willingly tell what I see as possible means of remedy. Those means must needs deal with the taking of profit out of war and preparation for it. The most effective way to do this is to make the Government the sole munitions maker and to write now, not after we've gone to war, law which will fix the rates of taxation to apply upon incomes automatically with a declaration of war. Make these rates double existing rates on incomes up to $10,000 and 98 percent on all income over that amount. Do that and then observe the number of jingoists diminish; see then what strength will come to effort to stay out of war; do that and then enjoy seeing those who profit from them paying the costs of wars in a larger way.

If we fail utterly to curb the munitions industry, let us resign ourselves to continued programs of arming boys with guns to defend the country against foes our industrialists have armed with like guns, with gas masks to defend themselves against the gasses our munitions makers have made and sold to other lands and with steel helmets to protect the heads of the boys against shrapnel and shell our profit-hungry manufacturers have sold to our possible foes.

It would be unfair to say that munitions makers were wholly responsible for wars, for they are not. But it can be said with large justification that the danger of more war can be very greatly reduced by simply removing the element of profit from preparedness and the prospect of any profit for anyone from war.

CURB ON WAR PROFITS—ADDRESS BY SENATOR NYE

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that there be printed in the RECORD an address delivered over the radio on April 15, 1935, by the Senator from North Dakota [Mr. NYE] on the subject "Curb on War Profits."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Strange contradictions confront the world. These contradictions would be less difficult of understanding were it not for the fact that they arise in the face of firm contrary resolutions of such recent making as to cause us at times to wonder if we are in our right minds. Indeed, there is an abundance of evidence disclosing that civilization is of unbalanced mind. Perhaps it is unfair to thus indict all people of the world. It might be that only the leaders of this age are deserving of that classification. But at

once we are confronted with the question, "Who makes and keeps these leaders, if it isn't the people?"

In any event, we find a world of people unalterably opposed to more war and convinced that another war would be the undoing of more races than one. There is wide acceptance of the belief that the world could not possibly carry the burden of another war. Yet, though this belief exists, the governments of these people are madly racing in preparation for more war. Only a few years since the war to end war we find all the powers with larger military budgets than were ever known in peace time. Our American increase in military expenditure has been greater than that of any other land, and we will next year spend on our Army three times as much as we were spending the year before we went into the "war to make the world safe for democracy and to end war."

I stand with those who want to see our country amply provided with such preparation as will find us with an adequate defense against attack by foes who would make so bold and foolish as to attack our shores or borders. Plainly, any preparation beyond that ceases to be "national defense." Those who constantly harp about the inadequacy of our national defense are no more satisfied with our defense of today than they were with our defense in 1915, when we were spending but a third of what we are spending now in the name of national defense. Next year we will spend on preparedness for war more money than it was costing the United States in 1914 to run all its establishments of government, including the Army and Navy. Who will answer, when will our defense be adequate?

As a matter of fact, the issue of national defense has become the disguise of profit-hungry men who like nothing better than these armament races between nations. Arming a nation and the world has become a racket that either does not recognize the consequences or remembers that war pays their racket better returns than does national defense.

When a year ago the Senate authorized an investigation of the munitions industry, few dreamed that the study would result in the flood of disclosures unearthed. For nearly a year the committee named to conduct the inquiry has labored, conducted something more than 100 public hearings to make record of its findings, and is now about to report in the Senate its findings, along with legislative recommendations having to do with one particular phase of its study. This does not mean that the investigation is about completed. Much work remains to be done and will be approached as fast as the committee can afford the means and time necessary.

In the public mind the investigation has been primarily one of war-time profit of those industries engaged in the production of war machinery. The actual duties of the investigating committee have been concerned with much more than that. A very large part of its consideration has had to do with the peace-time profit and activities of the same industry. And that consideration has brought conviction that it is quite as important to take profit out of preparedness as to take profit out of war.

For instance, who can recall during the past 10 years the advent of the annual military appropriation bills that was not preceded by a small or large war scare? The appeal is at once made for more adequate preparedness to defend ourselves. As a result, Army and Navy budgets have grown steadily until we find ourselves supporting billion-dollar military programs in times when we cannot balance budgets.

The annual scare about war between Japan and the United States proves very profitable to some. Incidentally those who profit are generally found selling war supplies to Japan as well as to the United States. The munitions racket sells to one and all alike. And in this racket the arms makers have the cooperation of their own Government. Our Army and Navy, for instance, help American armament makers accomplish sales of their supplies in other lands, and officials of our military declare this to be good policy. They say what comes to this: We must encourage larger foreign use of American-made national defense items, so that the American industry can have the capacity to produce what we need if and when those nations to which we have sold decide to use our own instruments against us. However, the munitions racket is not so impressive as when it engages in furnishing munitions for both sides engaged in armed conflict.

One American munitions firm recently sent its salesman, a Mr. Jonas, to Cuba, with instructions to sell munitions to the rebels who were trying to overthrow the Cuban Government. For such sales this salesman received a handsome commission. But a better commission prevailed for him when he sold the same sort of supplies to the government that was trying to put down the rebellion. We can readily understand what this salesman meant when on the day after Christmas in 1933 he wrote another salesman as follows:

"We certainly are in one hell of a business, where a fellow has to wish for trouble so as to make a living. It would be a terrible state of affairs if my conscience started to bother me now."

Mr. Jonas expressed it well. It is a hell of a business, a business that has no room for conscience. The private business of making and selling munitions is one warranting tremendous regulation if not destruction. At least it is time that people were awakening to what probably is largely influencing the mad armament races under way today.

Look at the maddest of all peace-time naval races between our own country and Japan! What might be behind that? Is it possible that the private shipbuilders have any hand in provoking it? Two weeks ago one shipbuilder was made to admit that he had written and urged a newspaper publisher to print stories about the danger of war between Japan and the United States so that there could be newspaper clippings to send to Members of Congress who were slow in approving the appropriations for more and more ships for our Navy.

Assuredly such disclosures warrant programs looking to the control and regulation of this private racket in peace time. Perhaps it calls for the stamping out of this private industry and for Government manufacture of its own national-defense machinery.

But at the moment the committee is confining its effort quite alone to legislative means of taking profit out of war, and it is that to which I wish to devote my remaining minutes tonight.

Does America want to take the profit out of war? If we really want to accomplish that prevention, I believe it possible, and if we do that I am sure that we will at once accomplish large prevention against our being drawn into more war.

The World War witnessed the creation of 22,000 new millionaires in America alone. Individuals and corporations reaped lavishly of profit, while our boys were giving their all in trenches for cause of flag and country. Eugene Grace of the Bethlehem Steel Corporation, for example, awarded himself a bonus of $2,800,000 in addition to his salary during the 2 years we were engaged in the World War. It is not easy to forget who is having to pay the bill of the Bethlehem company for war supplies, a bill that included this private bonus for its president. Nor can we forget that it was this same corporation that helped meet the cost of sending a man to Geneva disarmament conference to wreck the chance of accomplishing any measure of disarmament.

To keep the record straight, let us review a few of the gains which corporations enjoyed as a result of 4 years of war. Before me are figures showing the average annual profit during the 4 years preceding the World War, compared with average annual profit during 4 years of war for a list of American corporations. The Republic Iron & Steel Co. saw its profits grow, as a result of war, from $4,000,000 to $17,000,000 a year, while General Motors climbed from $6,000,000 to more than $21,000,000, United States Steel profits jumped from a peace-time average of $105,000,000 to $239,000,000 during the war, while Bethlehem Steel was moving its profit from $6,000,000 to $49,000,000 a year as a result of war. This same comparison shows the Du Ponts, with an average peace-time profit of $6,000,000 and an annual average war-time profit of $58,000,000.

The profit of the Du Pont Corporation for the 4 war years shows a return upon invested capital of more than 400 percent. Other corporations made even larger showings. Individuals enriched themselves while the world was afire and without defense against those who were reaping profit.

To prevent repetition of that experience is no small task, yet I believe the Senate Committee has on its way a legislative program that will largely turn the trick. Starting on Wednesday the committee will write up its program in legislative order, and it hopes by early next week to have its bill before the Senate for consideration.

In light of the disclosures which the investigation has developed, there is in Congress much proposed legislation to take the profit out of war. This is a splendid sign, and indicates a large will to meet the challenge. A week ago the House of Representatives passed and sent to the Senate the McSwain bill as a proposal to take profit out of war. This bill provides for licensing industries and would fix and freeze prices with the declaration of war, using as a base the average prices prevailing during the years immediately preceding the war. At once one is struck by how this program would have worked had it been in effect when the United States entered the World War. The war had been on for 2 years, and our American price structure had reached high. American industry could have wanted nothing finer than a guaranty of the prices that prevailed during those years just before our entry into war.

The Senate Munitions Committee believe that the House bill is quite inadequate, and that it will fail to protect us against repetition of the frightful practices and costs that prevailed during the last war. The bill which our committee is proposing entertains an entirely different approach. The devices of our proposal are: First, taxation; second, a draft of industrial management; third, commodity control; fourth, control of finances and credit during war; fifth, power to commandeer necessary production.

Let us consider these various devices in their order. The first, that of taxation, is aimed at the cause of excessive profit. Excessive profits are really the effect of a more profound cause, namely, the inflation which always accompanies war. In other words, high prices do not produce inflation; rather inflation produces high prices. Therefore, it is upon us to stop inflation.

If high prices is not the cause, what is the cause of inflation? Inflation proceeds from the method of financing war. War is a great business, and as soon as it begins, a tremendous new industry is called into being. There is at once call for vast munition production, costing billions. In the last war we did not even try to pay for these things, instead we borrowed the money to meet the cost. In the war we spent $33,000,000,000. Of this we borrowed $22,000,000,000. Out of every $10 spent to fight we paid $3 and borrowed $7. Most of that we borrowed is left for our children to pay.

That $33,000,000,000 poured into our economic machine produced inflation. Out of this flood, workers were paid. They in turn spent their larger returns in peace-time avenues for luxuries as well as necessaries. This stimulation brought new competition

to the war-time industry; labor became scarce, prices and earnings rose, executives and managers boosted their own salaries. Then workers demanded higher wages and there followed higher prices, larger profits, and more wage demands. And finally this vicious spiral reaches inflated proportions which naturally invite an economic wreck.

The only way, then, to stop inflation is to stop the borrowing and pay for the war as we fight it. If there must be another war, let us, when we send our men into battle, prepare to meet the bills as they come. That can be done only by taxation. And since we are select in choosing the best, youngest, and healthiest to do our fighting in time of war, we should be equally select in levying the taxes to meet its cost, and those most able to pay should bear the brunt of the taxes occasioned by war.

The legislation which the Senate committee proposes provides a tax upon incomes starting at $500. The bill steps up the rate of taxation so that those earning more will contribute proportionately more in paying for the war. The bill provides a tax of 100 percent upon all income in excess of $10,000 per year after all taxes are paid.

As for corporations, our committee proposal fixes a very heavy war-time tax. No effort is made to limit the profits of a corporation, but after the profit is made it is subject, under the pending bill, to severe taxation. That tax would be 50 percent of the first 6 percent of the profit and 100 percent of all profit over 6 percent.

One cannot study taxation without knowing that corporations and individuals, with their highly paid lawyers and accountants, have learned many ways to escape tax laws. Consequently, we have found it necessary to write into the bill provisions to stop every conceivable device which the experts might resort to to get around the law.

Had the provisions of this bill been in effect during our 2 years' participation in the World War, the income of the Government would have exceeded the expenditures without the necessity of borrowing a penny through the sale of Liberty bonds.

The next device in the bill is the industrial management draft. It does not provide, as some would have you believe, for conscription of man power or labor. It reaches only those captains of industry who so often in the last war engaged in schemes to hold up, defraud, and cheat their Government.

As to the commodity-control features of the bill, these provide for the closing of commodity and stock exchanges and the abandonment of all price speculation during war.

Critics say that if you do away with the profit motive or reduce it, you will not be able to get money to finance the war industries. We need not worry about that. In the last war the Government had to finance these industries, and will have to do it again. Therefore, we have set up in our bill a finance-control commission to meet these needs.

Finally, recognizing that there were strikes of capital during the last war, our bill provides strong powers for the Government which will enable it to commandeer plants and operate them during the war.

Roughly, I have summarized the provisions of the Senate committee's pending bill to take the profit out of war. The objectives, I believe, will be strongly endorsed by every American. Yet some, while seeming to endorse them, are unknowingly or deliberately misrepresenting the purpose of the committee and its bill. Opposition is to be expected. Fantastic, yet laudable, reasoning will be resorted to in an effort to preserve for greed the privilege and opportunity which war has given.

One writer calls the program which I have here outlined "syndicalism, socialism, and communism." The crack-down artist of business says that this plan is but a scheme to use a war emergency to destroy the profit system and shift the country over to communism. Another writer of larger reputation and responsibility declares this program to take the profit out of war a scheme to make the greatest war machine the world has ever known, a program playing into the hands of any war party.

Criticism of the program is invited and expected, but I do wish critics would know what they are talking about before they undertake their declarations. It would be well if they would read the bill before undertaking to tell what is in it. Calling the bill communism will hardly register with people who know that Communists are not in the least interested in regulating the profit system. The real Communist wants nothing quite so much as a war with the same old unrestrained, mad, selfish, grasping after profits that existed during and after the last war. He believes—and I think he is right—that if such a thing were to happen again, this system would destroy itself without a bit of aid from the Communists.

Another objection raised is that the proposed bill will not prevent war. No one ever said it would. I wish such a bill could be written, but I recognize the causes of war to be many and progress against these causes to be slow. Yet I am firmly convinced that if we remove the profit from preparing for war, and then destroy in every American mind the prospect of profit from more war, there will be far less danger of war. A first result will be far fewer the numbers who today are saying, to no one's good, "Maybe what we need to get out of this depression is another little war." Seemingly people forget that the last war gave us the depression, and that another might easily destroy our civilization.

This very day has developed the most surprising of critics of the bill. For years Bernard Baruch has been talking about taking profit out of war. For days he appeared before our committee urging drastic programs to accomplish this. Some of us wondered why he withheld endorsement of the proposal to provide a constitutional amendment which would give Government in time of war the same power over property that it had over life. He insisted that the Government already has this power, in spite of the fact that property dictated the terms when the Government asked its cooperation during the last war.

Today Mr. Baruch issues a statement to the press hedging on the position he took when he was before our committee some days ago. According to his newest statement, he has discovered that our committee plan would take the profit out of war—not just a little of it but practically all of it. Now he says the bill is too drastic; that we would be defeated in another war under such legislation because business wouldn't do its share of fighting and helping to win the war when its profits were so restricted.

May heaven preserve us!

I've expected someone to say that. But, Mr. Baruch, I never expected it to come from you.

So American business won't produce what is needed in war if it can't have its profits! So American business will not go into a war on the same basis that the boys go in when they are called!

Well, if this be true, it is high time America knew it. And double is my conviction tonight of the need of a constitutional amendment that will let the Government in time of war commandeer such business as won't do its part, just as it commandeers the men who must make the fight with blood and life in the front lines. It is high time, in light of Mr. Baruch's statement of today, that the people took their pens in hand and let their representatives know that they really wanted to see profit taken out of war, not just talk about it. Here is a challenge if ever there was one. We see how business is going to attack, try to trim, and make harmless any legislative program that really seeks to take the profit out of war.

Profiteers will make themselves heard by Congress, be sure of that. Will the people try to make Congress hear them as well? If they don't they may expect another war to witness the Du Ponts repeating their demand in the last war for larger profits and refusing for 3 months to respond to the request of their Government to build the additional powder factory the Government wanted built with Government money until larger margins of profit were assured.

We ought to want to learn from history and common sense to protect ourselves against being easily drawn into more war, to protect our society from the terrible maladjustments caused by war, the inflation and then the deflation which follows, the rising prices, the outrageous profits, the crushing burdens of debt to be passed on to our children and theirs. It is these causes which have entered into our Senate committee's consideration which is leading to the legislation we shall at once recommend. And none who know its provisions are going to consider it communism simply because it deals drastically with men and institutions whose patriotism is measured by the profit they can gain from war.

FEDERAL ACTIVITIES IN MARYLAND—ADDRESS BY SENATOR RADCLIFFE

Mr. TYDINGS. Mr. President, my colleague the junior Senator from Maryland [Mr. RADCLIFFE] delivered a commencement address at the University of Baltimore June 8, 1935, entitled "Comments on Some Recent Federal Activities in Maryland." I ask unanimous consent to have the address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

No one doubts that the young Maryland lawyer of today is facing problems unprecedented in character and extent. Never before has he had better opportunities for clear-headed thinking and constructive action. Essentially the factors of history will be part and parcel of his work. I don't mean that theory of history which holds that history is merely a record of events. History reflects and illustrates development. History, in telling us what we have been and how changes have come about, tells us in part what we are. And so you lawyers of Maryland who come to the bar today are, of course, affected by the history and traditions of our State. Your views, or at least your mental processes, are influenced very largely by the experiences, beliefs, and activities of Maryland lawyers of bygone years.

I want for a few minutes to touch, in a somewhat rambling way, upon certain economic, financial, and political conditions in America as they were a few years ago and as they are today. These I would refer to, not as the basis of an argument, but merely as illustrative of certain modern-day problems and methods of handling them.

Either as lawyers or as judges, you would say that the evidence before us conclusively demonstrates certain facts regarding these conditions. For instance, you would admit as proved that in the early part of 1933 this country was in a state of economic, financial, and political distress which was unprecedented. A state of virtual collapse existed. You will recall that public confidence generally was shattered and that faith and hope in our country and in our institutions were slowly ebbing away. I do not have to go into details because the memories of those trying days will always be with us.

I am sure you will assume that President Roosevelt and his associates showed alertness, industry, and resourcefulness in attempting to handle these problems. What verdict would you render as to the degree of success which these efforts have met? You would not ask for specific proof that there has been a marked improvement in business conditions since 1933. Our banks were all closed—

now they are reopened and doing business. Almost every form of industry shows marked improvement. No matter what yardstick is used to measure present economic and financial conditions as contrasted with those of 2 years ago, of course it is true that there has been material progress toward recovery. The fact that we stopped going deeper into the hole of depression and have made headway in a return to normal conditions is certainly a matter of great significance.

Has that progress been a satisfactory one? Were the methods utilized suitable for the grave emergency situation and should these methods be continued in their present form or be modified? These are practical problems which we must face and for which we must find an answer.

In considering the nature of the remedial measures used, several points must, of course, be borne in mind. One is that the emergency required prompt action. When a ship is storm-wracked or sinking, steps for its safety must be taken quickly. Since in such cases there is not the usual time for deliberation, an extra allowance for mistakes is customary and justifiable. The case was an emergency one, and consequently the measures adopted must be considered, not necessarily as part of a permanent policy, but largely from the standpoint of their temporary efficacy in helping to solve pressing problems.

Stress must also be laid upon a comparison of the mental attitudes of the people. The psychological stimulus of action, as opposed to inaction, in times of distress is well recognized. People harassed by a burden of troubles and devoid of hope and faith are dangerous, as history has shown upon so many distressing occasions. If the new Administration diverted people's minds from their troubles to any marked extent and created hope again through the suggestion and inauguration of new measures and new activities, then the Administration, in accomplishing that much alone, has produced good results. There is no doubt of the fact that our people found again a spirit of hope and confidence and that such a return was a most helpful factor after the gloomy days of the first 2 months of 1933.

I hope in contrasting conditions as they were in 1933 with what they are today, I can avoid the irritation of a convalescent. While an invalid is seriously ill, he often suffers bravely and cheerfully, and is patiently and confidently ready to give a real test to methods of treatment. However, when he is well on the road to recovery, frequently he complains of everything done or suggested for his benefit.

When we attempt to gauge the results obtained in the recovery program, we realize that our task is so involved in conflicting principles and activities that our job is not an easy one. We can, of course, describe conditions as they were, and then again as they now are, with a feeling of considerable assurance. The decision, however, as to how much these changes were the result of cause and effect and how much one condition merely followed another, involves a problem which is an exceedingly difficult one to solve. The program outlined by the new Administration was a creative one. Is it not also true that no alternative plan of a comprehensive and concrete nature was urged?

We have had a measure of experimentation during the last 2 years. Some of the results we accept as satisfactory, some we disapprove of. In determining what we want to do, we have the advantage now of the results of experiments in many matters, when before we had theories only. We have, therefore, better evidence before us than we had previously. Certainly we are not Bourbons in that we hold we can learn nothing new. Surely some lessons must be learned from the depression. It would be a sad commentary upon our people if we had to admit that the depression, with all of its terrors, losses, and catastrophes has taught us nothing, has suggested no possibilities of improvement.

Many of our people have studied thoughtfully the situation and the methods utilized to handle it. I should like to comment for a few minutes upon some of these methods of analysis. Hasn't there been a tendency to study the questions too much from the standpoint of special individuals or classes? Haven't we also been too ready to assume that the problems of the State of Maryland were, for instance, the problems of the State of Nevada, or of Colorado, or of Texas, that a method of handling an industry in Maryland must necessarily be a suitable one for regulating it in some other section of the country? During my work as a regional advisor of public works a year or two ago, I came in close contact with sections in my region where the economic problems were totally different from anything which prevailed in Maryland. Of course different yardsticks were necessary.

However, it is certainly true that the well-being of our country demands that all sections should enjoy a fair degree, at least, of prosperity. For instance, the East cannot be prosperous if the West is financially distressed, or if the South is staggering under excessive burdens.

When you, as lawyers, are preparing your case for trial, you want evidence that is direct, specific, and not general. When you are considering the effect of the depression in Maryland and of the results obtained in attempting to overcome it, your best evidence is to study what has happened in Maryland and not what has been done in some other state.

Frequently we hear the charges of inefficiency and extravagance made against the Federal Government. Isn't it helpful for us when we attempt to pass upon that question to consider first of all what has been the experience in Maryland? Well over $100,000,000 have been spent or loaned in Maryland by the Federal Government during the last 2 years. Has that assistance from Washington been necessary? Has it been wisely directed? Has it been helpful? Our relief situation, while not as serious as in some states, was and still is a distressing problem. Approximately $18,000,000 a year have been spent in Maryland in order to meet that situation.

It has been suggested that there has been extravagance in the handling of that fund in Maryland. If so, the blame must be laid upon our own officials and not upon Washington, because the relief fund is handled by Maryland officials and not by those in Washington. The officials of Maryland not only handle the fund, but estimate how much is necessary for relief purposes.

Has anyone suggested that Maryland could have, without oppressive taxation or dangerous attempts at borrowing money, been able to handle this relief situation? You will remember the difficulties met in getting the Maryland Legislature during the last session to raise even a small percentage of that amount which was necessary. Officials of Maryland implored Washington to come to the assistance of Maryland by contributing the greater part of the money which these Maryland officials insisted was needed, and Washington is giving the money asked for. You can well realize whether any other method of financing the relief situation in Maryland could have been found.

In 1932 and 1933 some of our banks and other kinds of financial institutions were in sore straits. Help was needed by these institutions or they would have failed. Is there evidence available to show that either the State of Maryland or the city of Baltimore or private sources could have furnished the funds necessary for these institutions? Many of our building-and-loan associations were frozen by inactive loans. The Federal Government has furnished the funds to help these associations, and, in doing so, has saved many thousands of people in Maryland from losing their homes. Incidentally, the city of Baltimore has collected much over $1,000,000 in back taxes because these loans were made by the Federal Government. The result has been a helpful boost in handling our Baltimore tax situation.

This is not the time to stop to go further into details. It is a proper question for you gentlemen, trained in the law, to decide whether or not the activities of the Federal Government for the relief of Maryland were necessary and if they have been helpful; also whether substitute methods of handling the situation could have been found if the Federal Government had not shouldered the principal burden.

If you believe that the Federal Government has been helpful in Maryland, that the expenditures here have, in the main, been necessarily made and, on the whole, been conducted fairly reasonably, have you sufficient evidence before you to show that the payments or loans by the Federal Government in Tennessee or North Dakota have been unnecessary and improper? It is difficult enough for you to understand the situation in your own state. An analysis becomes exceedingly difficult, if not impossible, when you attempt to study conditions with which you do not have close contact and where, consequently, the evidence you have is necessarily so remote and incomplete.

As I have said, general and sweeping statements are frequently made as to extravagancies and inefficiency in Washington. But it is admitted by everyone that many of the departments in Washington, handling considerable bulk of the operations of the Federal Government, have been effective and economical. Since this is the case, does not the law of averages preclude such generalizations of inefficiency?

Perhaps you may say that the mistakes which have been made in Washington preclude also any sweeping generalization as to the complete success of the recovery program of the Administration. You have some warrant for that, but in stating your conclusions you should observe a true sense of proportion and of relative values. If you do this, you cannot fail to agree that the marked improvement in business conditions, in addition to other desirable results, justifies a favorable verdict, on the whole, upon the remedial program of Washington, and demonstrates clearly that President Roosevelt has put up a winning fight against the depression.

Some of our problems have been accentuated by recent decisions of the Supreme Court of the United States. How are we going to handle these problems, both from a legal and a business standpoint? Many of us, I fear, are inclined to prejudice our judgments by our approach to the subject. We insist, as advocates of either the new deal, rugged individualism, conservatism, or liberalism, as the case may be, that we must come at the matter from some particular angle. We insist upon wearing a label and try to adhere to what that label stands for. You don't handle your mental processes in business matters handicapped by such absurd shackles. You try to work out a problem in your business or in your profession according to special factors. You don't, as a lawyer or business man, insist that you must handle each business matter from the viewpoint of a "new dealer" or of a conservative. As a matter of fact, if you tried to live up to any such classification, it would possibly have a significance in your mind totally different from what it would have in the opinions of your neighbors.

When some of us suggest that we must return to the old times, what do we mean by that statement? History shows us that at any period in the life of our country, or of any other country, there is a certain amount of change in process,—always there is movement. Nobody can assume that some changes will not come about in the future. Someone in the Bible said: "Ye are the people and wisdom shall die with you." The founders of our Constitution would have combated very strenuously the application of such language to themselves. They did not believe that their judgment was conclusive for all time. They took special pains to provide machinery for amendment of the Constitution. Washington and Madison, for instance, would have been the first to have objected to unqualified

praise of their work or to the theory that their judgment in framing the Constitution was final in every respect.

Certainly amendments to the Constitution of the United States should not be made until the most careful deliberation and consideration have been given to them, not only concerning the intrinsic merit of the proposed changes, but also as to their probable effect upon the general basic structure of the Constitution, after due regard is paid to the doctrine of the "wisdom of the ancients." However, many changes have, of course, been made in the Constitution since its adoption. The suggestion, therefore, that other changes should be made does not warrant any loose statements to the effect that someone is trying to make an assault on the Constitution.

We would be equally as foolish if we were given to adopting new panaceas without careful thought and study. No one questions that the fanatic is a menace. There is an equal danger, however, from the man who fails to see the light when it is brought to him. The man who believes that no improvement is possible is as great a menace as the harebrained enthusiast, and doubtless as much so as the unscrupulous demagogue.

You recall that the old-fashioned histories devoted most of their contents to the accounts of battles and wars and very little to the economic and social life of the people. Do you believe that our country ever faced more serious problems or greater dangers of any character than those which existed in March 1933? Certainly you must assume that if emergency measures have ever been essential and justifiable in the past they were needed then.

Emergency measures are not new in our government. The World War illustrated that fact. The people of the country have acquiesced often in emergency legislation which may or may not have been constitutional. That happened, for instance, during the Civil War. Lincoln is justly regarded as a defender of our Constitution, yet it is significant that on one occasion the Chief Justice of the United States, who, by the way, was a Marylander, criticized the President in one of the most severe opinions ever submitted from the bench. You will recall that President Lincoln had, as a war measure, suspended the writ of habeas corpus. Chief Justice Taney, in the case of Ex parte Merryman, declared that this suspension was a violation of the Constitution of the United States and, in doing so, expressed his views in very vigorous language.

Incidentally, I should like to add that in my opinion no other president in our history, not even President Lincoln, has ever met adverse criticism and harassing problems of administration with more poise, cheerfulness, self-control, and equanimity than has President Roosevelt. In the light of that fact, I believe that criticism of his discussion of the recent Supreme Court decision is quite lacking in sense of proportion at least.

Often in our history, as I have said, emergency measures have been adopted and actual extensions by legislative action of our Constitution have been made. In the end, matters have usually righted themselves, either by the elimination of such emergency activities, by subsequent judicial approval, or by constitutional amendment. Certainly no thoughtful person can believe that in this present situation the people of the United States will fail to dispose of such pending questions of constitutionality just as satisfactorily and efficiently as our forefathers have done before us.

It may be that we are too ready to assume that the Administration should have anticipated certain conclusions reached later by the court. Frequently we refer in these days to the Dred Scott decision. In doing so, let us bear in mind that apparently the master minds of that period and of the generation preceding, Webster, Clay, Calhoun, and other great constitutional lawyers, did not foresee the Dred Scott decision.

In the beginning of this talk I commented on the fact that you, as Maryland lawyers, have certain heritages. Let me dwell on one of them for a moment. I have reference to the attitude of the people of Maryland some years prior to the Civil War and during its early stages. At that time Marylanders believed that both the people of the North and the people of the South were too intense and partisan in their feelings, and that prejudice, and not good judgment, prevailed in those sections. They insisted that a method of adjustment of the general problems which for many years had hung over our country was possible through peaceful means. It is to the everlasting credit of Maryland that constantly efforts were thus being made by our people to compose the differences between the North and South and to avoid or to end the war by wise counsel rather than by the sword.

So I believe that, in the study and determination of the problems which now engross the people of our country, much of that same old spirit of tolerance, of fair play, and of mutual regard for the wishes and views of other people, will characterize the citizens of Maryland. If we are consistent with the policy of our fathers, we will avoid sweeping statements either of condemnation or of excessive praise. We will try to keep away from unsound legal processes, but we will not exclude from our thought and considerations any facts or suggested solutions, irrespective of whether they support any particular brand of political philosophy or any specific theory of economic and financial activity.

Some of the discussion recently in regard to the N. R. A., on the other hand, illustrates a spirit of intolerance of judgment and lopsidedness of criticism. Problems growing out of maladjustment between production and distribution, out of increase of monopolistic tendencies and of anti-trust regulations, were acute. The N. R. A., which was unusual and far-reaching in its operations, was designed to play an important role in the handling of such matters. Thoughtful people have been inclined to agree that some of the results of the N. R. A. have been beneficial,—some of them have been probably unsatisfactory. Yet how seldom did we hear a discussion in Maryland which was even-tempered on the subject. We heard glowing statements of unqualified praise, or denunciation of the N. R. A. as being vicious. Our Maryland forefathers of 75 or 100 years ago, in considering the important problems of the day, showed more poise and more orderly processes of reasoning. If they had been summarizing the purposes and results of the N. R. A., they would have formed doubtless a much better judgment in recognizing its strong points and in decrying its weak ones. After analyzing the situation they also would have suggested what should be retained and what should be modified or omitted. In this discussion I am referring to economic aspects of the N. R. A. and not to constitutional questions involved.

If you lawyers from Maryland live up to the heritage of your Maryland forefathers, you will take a leading part in shaping the policies of Maryland in the handling of the vexatious economic and legal problems which now absorb our attention. You have, as I stated before, a glorious opportunity to do helpful and constructive work for your state and for your nation. Let me urge you to stand steadfast, not necessarily for any particular views, because these may properly be subject to change. I would urge you, however, to stand steadfast for sound processes in the collection of evidence, in its analysis, and in the forming of your opinions.

THE TAX PROGRAM

Mr. CLARK. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial from the New Orleans Item on the subject of the Present Tax Program.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New Orleans Item of June 22, 1935]

IF DONE, 'TWERE WELL IF IT WERE DONE QUICKLY

It is possible that among the many memorable messages that President Roosevelt has sent to the Congress historians will record that of Wednesday, calling for increased inheritance and gift taxes on great bequests, higher taxes for vast personal incomes, and a higher tax on net corporate incomes, as being the most important.

If these recommendations are adopted, our country is at the beginning of a new era. For we would no longer go on the theory that national development, progress, and prosperity result from accumulation of huge fortunes and excessive expansion of the greatest corporations.

The multi-multi-millionaire and the billionaire would fade out of our society, not immediately, but at any rate inevitably. The chief heir to every great fortune will not be the children of the accumulator or possessor of it, but the Government, and hence the whole people.

The President proposes to break up the vaster fortunes of the country by taxation, and to apply the proceeds to retiring the national debt, thereby relieving small and large taxpayers of that much of the heavy taxation that this debt imposes.

Generally speaking, our views were expressed by a Congressman who discussed the message on Thursday. He does not believe in soaking either the rich or the poor. Comparatively few have vast fortunes. These are naturally known to the Government through their income returns. So there can be no question of the ability of a Government controlled by popular vote to take part of their gains this way. The same applies to inheritances.

The question is one solely of a national policy and philosophy of government. Whatever is permanently best for the most people should be done in any representative government.

That the Nation and States and cities must come to taxation of future securities of the sort now exempt seems to us beyond question. We cannot continue to issue these public bonds and other securities in enormous quantities and exempt them from taxation. They can be multiplied until a vast part of the real wealth and income of the country would be represented in tax-exempt securities. This would eventually mean a class of privileged persons investing their money in tax-exempt securities and living on their incomes without any due contribution to government for the protection and privileges the taxpayers afford them.

We believe there are no tax-exempt securities in Great Britain. We do not recall what the situation is in other countries.

The reaction on the stock market to the President's proposal was not as serious as might have been anticipated. The real value of securities do not depend very much on their concentration in the hands of the few.

In normal times it might be possible to liquidate over a period of months all the securities held by the Rockefellers, for example, without unduly depressing the market.

If the Federal Government were made the heir to a great part of the Ford fortune, a more difficult problem in liquidation might arise. But the answer on ways and means of collecting Government revenue through superincome taxes, and through what the British call "death taxes", is to be found in a record already established in England.

The British, confronted by the problem of unemployment after the war, put on inheritance, gift, and income taxes to such an extent that the British Government has derived a vast part of its great revenue from these sources. They did not do this in order to break up great fortunes. Their people stood for these taxes out of the necessities of the case.

In theory, the old laws of primogeniture and entail survive in England. In practice a supertax is collected, and heavy "death duties" are dividing and redistributing the great fortunes.

So far as general business and recovery are concerned, we incline to believe, now that President Roosevelt has come forward with these recommendations, that Congress had better stay in session long enough to shape and adopt them. The very rich have been in a sort of apprehension ever since 1929. If the Federal Government is to make itself an heir by great inheritance taxes and the like, it is better to go ahead with it and let everybody know the most that the administration contemplates as early as possible.

There is no need for dragging an issue of this kind into a political campaign, where rival sets of politicians are seeking office on rival promises of confiscation and on futile promises of making every man rich. This just can't be done, though the Federal Government can gradually retire its bonds out of supertaxes on great incomes and on increased inheritance taxes.

Those bonds were issued to carry on a war of arms and a succeeding war on destitution and national decay. By means of that first war, some of the great fortunes of the country were accumulated. This made the war against national dissolution necessary. We trust that coming legislation will prevent this ever happening again.

When our own Government was set up on this side of the Atlantic by revolting English colonists, a policy was adopted against "entailing"—or perpetuating—great fortunes in single families. In Great Britain the oldest son inherited the ancestral estate and the ancestral fortunes, and the younger children of the wealthy families had to scramble for themselves. This country established a policy against the time-honored practice of passing down lands, which represented wealth, to one member only of the holder's family, for many succeeding generations. Wealth is now represented by a great many other things than land. But there is nothing new in the principle of preventing an accumulation of wealth through the generations as snowballs expand into boulders as they roll down hill.

Our civil law was inherited from the French. The code Napoleon provided that every man's accumulation must be divided among his wife and all his children. This disperses large fortunes to a large degree. We cannot see that it has worked to the detriment of society in Louisiana. On the contrary, we think the result of it is good.

For some time we have had a feeling that it does not matter so much in what direction we move as a nation, so long as we get things settled, get the rules of the game understood, and can adjust ourselves to the idea that we are not going to wake up tomorrow to embark on some further course.

It is not going to make a great deal of difference to Mr. John D. Rockefeller, Sr., what is done with his great fortune. We are not sure that it is going to make any great difference to Henry Ford. But it is important to the country, if new rules are to be adopted, that these be formulated and put in force as soon as possible, so that the country can begin to build permanently in the direction in which it is to move.

GOVERNMENT OWNERSHIP AND OPERATION OF RAILWAYS

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution favoring Government ownership and operation of railways, adopted by the Railway Labor Executives' Association at a meeting held in Washington, D. C., June 19 and 20, together with a letter of transmittal thereof.

There being no objection, the letter and resolution were ordered to be printed in the RECORD, as follows:

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D. C., June 22, 1935.

Hon. BURTON K. WHEELER,
United States Senator, Senate Office Building,
Washington, D. C.

DEAR SENATOR WHEELER: At the meeting of the Railway Labor Executives' Association, held in the Hamilton Hotel, Washington, D. C., June 19 and 20, the attached resolution favoring Government ownership and operation of the railways of the United States was adopted.

The Brotherhood of Locomotive Engineers and Switchmen's Union of North America did not join in this action.

I thought you would be interested in the attitude of the organized railway employees, especially so in view of the fact that you now have pending a Government ownership bill.

Respectfully yours,

G. M. HARRISON, *Chairman.*

Whereas it has become increasingly clear, since the beginning of the depression, that a fundamental revision of the public policy respecting the railways of the United States is necessary. Isolated problems have been given the attention of Congress and of the regulatory bureaus concerned with railway affairs; emergency measures of several kinds have been taken, dealing with different aspects of railway difficulties; new regulatory agencies have been established, old agencies have been revamped, and new duties have been given to existing bodies. But the continuance of the basic abuses of the industry and the reappearance of old problems under new forms as regulation was evaded indicate that none of the proposals adopted have reached to the causes of the general railway distress; and

Whereas study of the many problems of the industry shows conclusively that the responsibility for most of its major difficulties is to be found in the fact that the railways have come under the practically complete domination of the banking and financial interests of the country. Control by these interests, which center in a few powerful Wall Street banking houses, is exerted largely through their representation upon the boards of directors of the railway corporations. In many cases ownership by financial institutions of large amounts of railway bonds has given to them the power to control railway managements. Because of the wide distribution of railway stocks among individual investors, it has also been possible for banking institutions by ownership of a relatively small proportion of the total railway capital to exert an unduly great influence upon railway managements. By these and other means, such as the creation of highly questionable holding companies, the bankers have riveted their control upon this, our most vital industry; and

Whereas railway financiers had, during the decade preceding the depression, pursued in an especially reckless manner their general policy of taking for themselves as large a proportion of railway revenue as possible, while they loaded the industry down with a heavy and unjustified burden of debt. The growth of competing transportation agencies and the need for improved managerial methods to meet that competition were neglected by the railways under the urge of this purely financial control. The demand for increased returns to railway financiers and the efforts to unify specific properties along the lines which haphazard intercorporate relationships dictated resulted in relocations of facilities and various types of unifications and mergers which had no relationship whatever to the transportation needs of the country. Hundreds of thousands of railway workers were thus thrown out of employment and a large number of communities throughout the country were destroyed to increase the returns to the wholly irresponsible groups controlling the railways. These short-sighted policies, planned only to produce immediate gains for railway financiers, inflicted upon the industry very serious injury; and

Whereas the effects of the depression, which would have been serious even had the industry been properly financed, were under the circumstances disastrous. Railway revenues naturally declined, until the net income was in many cases barely sufficient to meet the swollen fixed charges brought about by pre-depression finance. The railway industry, which had been so rich a harvest for these financiers and which merited their forbearance and protection, was now not only to be abandoned, so far as further financing was concerned, but was to feel a demand for a continuance of payments to its security owners, which has brought the industry to the verge of complete collapse. Necessary new financing has been denied. Refinancing of maturing obligations has been denied. Railway managements throughout the country have been forced to reduce expenditures for operating purposes not only to the minimum but far below the lowest level consistent with proper operations. Railway facilities have been allowed to deteriorate to the point where the efficiency of railway service has been seriously impaired and where its safety has been greatly reduced. Railway workers absolutely necessary to a proper maintenance and operation of the railways have been thrown out of employment in order that the money which should have been paid in wages might be diverted to satisfy the demands of the railway financiers. The conditions thus brought about, already grave enough, will become even more dangerous unless they are immediately corrected. Railway roadbeds and equipment, already badly undermaintained, must show in future months in still greater degree the results of these years of neglect; and

Whereas it has become clear that neither railway revenues nor new private financing within any reasonable time in the future will permit the restoring of proper conditions upon the railroads. Any future increase in revenues will certainly be diverted as past revenues have been, to the satisfaction of the demands of railway financiers. The United States Government has, during the depression, taken over the duties and the responsibilities of these financial groups to the railway industry. Refinancing of maturing obligations and the financing of necessary maintenance and improvement of equipment has had to be undertaken by the Federal Government. Whatever advantages may come to the industry as a result of such public financing will certainly be taken by private financial groups if they are permitted to do so. It is evident that the industry will be dependent upon public financing for a long time to come; as a result of that financing, the holdings of private financial groups will increase in value; and

Whereas a multiplicity of abuses which developed in the industry as a result of private ownership and operation had brought about in the half century preceding the depression a complex and chaotic body of regulatory laws, both State and National. These laws were in large part designed to check the abuses of private financing and operation of the roads. Of necessity, they were almost entirely negative in character. The railway corporations, by the diversion of railway revenues for the employment of an army of attorneys, persistently sought methods by which governmental regulation could be evaded or could be turned to the advantage of railway corporations. The real purposes of regulation were thus defeated; and

Whereas the railway industry faces the necessity not alone of restoring its equipment and service to normal, but also of adapting itself to the new conditions brought about by the development of other transportation facilities. The chaotic operating and management conditions caused by the peculiarities of financial relationships must be corrected. All of these conditions will require constructive and positive measures in the public interest; and

Whereas governmental regulation by its very character is unfitted for such positive and constructive measures and there is every

reason to believe that the financial interests controlling the railways will endeavor to thwart rather than to foster the public interest in the era of reorganization which confronts the industry; and

Whereas public ownership and operation of the railways under the Federal Government will permit the integration of the railways in the manner most conducive to safe, efficient, and economical operation. Federal financing under Federal ownership will cost much less and can be much more wisely directed than either private or public financing under private ownership and operation. The necessary coordination of railways with other types of transportation can be done in a manner to safeguard public interests only if there is complete governmental control of the railways. The immediate rehabilitation of railway facilities, which is absolutely essential to the safe and efficient operation of the railways, is not possible excepting through Federal financing, and will be very difficult unless with Federal financing there is also Federal ownership and operation: Therefore be it

Resolved, That the Railway Labor Executives' Association hereby declare themselves as favoring the immediate taking over of the railways of the United States by the Federal Government and the creation of agencies within the Federal Government to manage and operate the railways.

FARMERS' HOME CORPORATION

The Senate resumed the consideration of the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oklahoma [Mr. GORE]. Two amendments, that of the Senator from Oklahoma [Mr. GORE] and that of the Senator from Minnesota [Mr. SHIPSTEAD], went over.

Mr. McNARY. Mr. President, first, I desire to make a parliamentary inquiry. I think the amendment offered by the Senator from Oklahoma was the one pending at the conclusion of the session on Saturday last.

The VICE PRESIDENT. Both amendments to which the Chair has referred went over. The Senator from Oklahoma offered his amendment prior to the Senator from Minnesota offering his amendment. That is the reason the Chair said the question was on the amendment of the Senator from Oklahoma. The clerk will state the amendment offered by the Senator from Oklahoma.

The CHIEF CLERK. In the committee amendment, on page 16, line 25, beginning with the words "or otherwise", it is proposed to strike out down to and including the word "forestation", in line 2 on page 17, as follows:

or otherwise made available for rural rehabilitation, and prevention of soil erosion, reforestation, and forestation.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma to the committee amendment.

Mr. McNARY. Mr. President, I am sorry that I do not discern at this time the presence in the Chamber of the Senator from Oklahoma. I wish to ask a question of the Senator from Alabama. As I recall, the appropriation for the governmental activities referred to in the clause proposed to be stricken out is carried in the $4,800,000,000 appropriation passed here a few months ago. That work now has been placed in charge of Dr. Tugwell, as I recall. Is this an effort to take the work and the appropriation away from Dr. Tugwell and cast them into the lap of the board to be created by this bill?

Mr. BANKHEAD. I could not hear what the Senator said.

Mr. McNARY. Will this take the supervision and control of the work away from Dr. Tugwell and repose it in the board to be created under the provisions of the bill?

Mr. BANKHEAD. I have no objection to eliminating the words "prevention of soil erosion", but the words were included in the bill at the suggestion of Dr. Tugwell. The insertion of the words is agreeable to Dr. Tugwell, but I have no objection to striking out the words "prevention of soil erosion."

Mr. McNARY. I am not speaking of soil erosion. I am not particular whether the language referred to is in the bill or not. My inquiry was developed by a suggestion of the Senator from Oklahoma. I am merely wondering if the Forest Service is to be deprived of reforestation work, and if this is an effort to take away from their jurisdiction the work of reforestation and place it under the jurisdiction of the board to be created by this bill.

Mr. BANKHEAD. It is not. It is simply a question of the source from which the funds may come. It does not interfere in any way with the administration of the work of the prevention of soil erosion, forestation, or reforestation.

Mr. McNARY. Is some of this work, particularly that relating to soil erosion and reforestation, left with Dr. Tugwell? If the money is taken away as proposed, would not the work then be placed within the jurisdiction of the board to be created by the bill?

Mr. BANKHEAD. The provision does not give the board any power whatever over soil erosion, forestation, or reforestation. It is simply a permissive plan for the allocation of money under the Work Relief Act which might be devoted to this purpose.

I do not know why soil erosion was suggested to be included, but I can well understand why reforestation ought to be left in the bill, because under the amendment of the Senator from Wyoming [Mr. O'MAHONEY] the bill authorizes the creation and development of farms in the forests, subject to approval of the Secretary of the Interior.

Mr. McNARY. In view of the great work which has been done and which is now being done by the Forest Service, I am anxious to know are we to duplicate that work now by transferring to this proposed corporation funds which have heretofore been appropriated by the Congress? In other words, is the corporation to do the same work in the matter of reforestation that the Forest Service is now doing and has been doing so very well?

Mr. BANKHEAD. No. The corporation is to deal solely with the acquisition of farms for tenants and others who are specified in the bill.

Mr. KING. Mr. President, will the Senator from Oregon yield for a question?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Utah?

Mr. McNARY. I yield.

Mr. KING. May I suggest to the Senator from Oregon that, as I interpret the language of the bill, the proposal is to deduct from the funds which in the $5,000,000,000 bill were allocated for reforestation and the prevention of soil erosion, $300,000,000. This sum, under the bill, is to be transferred to the corporation which is to be organized under the measure before us and to be employed by it to carry out in part the project—I was about to say, the fantastic project—which it is organized to develop. If this amendment prevails, then $300,000,000 which were to have been employed for reforestation and other purposes will be deducted from the amount allotted for such purposes.

Mr. McNARY. I think that is true, and that would bring about a duplication of the work by two separate governmental agencies.

Mr. ROBINSON. Mr. President, that is not the way I understand the provision. My impression, from a casual reading, is that this provision merely has relation to the transfer of funds which have been allocated under the Work Relief Act.

Mr. BANKHEAD. That is correct.

Mr. ROBINSON. There was a certain fund allocated to rural rehabilitation, prevention of soil erosion, forestation, and reforestation, and out of that fund so allocated the President may transfer a sufficient amount to pay this subscription. That is all I understand to be involved in the provision.

Mr. McNARY. If that be true, it is a depletion of the amount of money allotted for this purpose, to be transferred to the proposed corporation for expenditure in connection with its activities.

Mr. ROBINSON. In one sense that is true, but the Senator will also recall there is a provision in the Work Relief Act giving the President power to transfer from one allocation to another a percentage of the whole fund; so it perhaps would not be of controlling importance.

Mr. McNARY. I have an interest merely to prevent duplication of governmental activities, and further, I do not think there should be a depletion of this work by the transfer of these funds to the corporation to be set up under the bill. Inasmuch as the question has been raised by the Senator from Oklahoma [Mr. GORE], I think it would be well to let it go over until he is present. As a matter of courtesy I make that request of the Senator from Alabama.

The VICE PRESIDENT. The Senator from Oregon asks unanimous consent that the amendment go over until such time as the Senator from Oklahoma [Mr. GORE] may be present.

Mr. ROBINSON. Mr. President, I should not wish to see entered, as I do not think the Senator from Oregon would, an agreement which would make it impossible to dispose of the bill. I do not know where the Senator from Oklahoma is detained. I suggest that the amendment be passed over for the present. To such an arrangement I would have no objection.

Mr. McNARY. That is what I am asking.

The VICE PRESIDENT. The Senator from Oregon asks unanimous consent that the amendment offered by the Senator from Oklahoma be passed over temporarily. Is there objection?

Mr. ADAMS. Mr. President, before we leave the amendment of the Senator from Oklahoma, I desire to invite the attention of the Senator from Oregon to one phase of the amendment.

The VICE PRESIDENT. Does the Senator from Colorado reserve the right to object to the request of the Senator from Oregon?

Mr. ADAMS. Only for the purpose of calling the attention of the Senator from Oregon to a particular clause in the Work Relief Act which is broader than the language contained in the bill now before us. There was an allocation under the Work Relief Act of $350,000,000 not merely for soil erosion and reforestation but for other purposes. I read the clause:

> Sanitation, prevention of soil erosion, prevention of stream pollution, seacoast erosion, reforestation, forestation, flood control, rivers and harbors, and miscellaneous projects.

We heard much said during the debate to the effect that the phrase "miscellaneous projects" covered many things. If we take away from this allocation of $350,000,000 money to be used in the farm-tenant program, we are going to take funds away from flood control and the other projects. While the matter is under consideration, I merely wished to bring that clause to the attention of the Senator from Oregon.

Mr. McNARY. I appreciate the supplemental remarks of the Senator from Colorado.

Mr. GORE entered the Chamber.

The VICE PRESIDENT. The Senator from Oklahoma is now present. Does the Senator from Oregon desire to continue consideration of the amendment offered by the Senator from Oklahoma?

Mr. FLETCHER. Mr. President, I think the point raised, that the amendment should go over because the Senator from Oklahoma was not present, is not now well taken, because the Senator is present.

I simply desire to say that, so far as I am concerned, I do not want to see the Forest Service work taken out of the jurisdiction of the Department of Agriculture. I do not want to see that work interfered with, and if this provision of the bill does interfere with it, I should feel inclined to oppose it.

Mr. ROBINSON. Mr. President, will the Senator from Florida yield?

Mr. FLETCHER. Certainly.

Mr. ROBINSON. I do not understand that this provision transfers the Forest Service from the Department of Agriculture to any other department, nor do I understand that it makes any transfer of any service as now assigned. Its only effect, as I attempted to say a few minutes ago, is to empower the President to authorize payment of the subscription to the capital stock of the corporation proposed to be created from the fund provided in the Work Relief Act which was allocated to these various purposes. It would tend to deplete that fund.

Mr. KING. Mr. President, I think the Senator from Arkansas has stated generally the effect of this amendment. I agree with him that it does not contemplate, as I read it, the transfer of any part of the work of the Forest Service to the organization which under the terms of the bill is to be created. But, as was stated a moment ago by the Senator from Colorado [Mr. ADAMS] the measure which was passed, known as the "$5,000,000,000 work-relief joint resolution", carries several hundred million dollars for soil erosion, flood control, sanitation, removal of pollution from interstate streams, and so forth. This bill authorizes the President to divert a part of that fund to carrying out the purposes of this measure. The sole discretion in the matter, as I read the bill, rests with the President, and if this bill were passed tomorrow the President could immediately subtract from the $5,000,000,000 fund $300,000,000, and allocate it to the corporation which is being created by the bill under consideration.

I may be in error, but I cannot help but believe that the thought was entertained by some of the proponents of this measure that there would be opposition to a direct appropriation of $300,000,000 to be added to the $50,000,000 provided as the initial capital of the corporation, and that to soften or remove this opposition resort would be had to the $5,000,000,000 fund, and $300,000,000 subtracted from it to be made available for use by the corporation which this bill creates.

Undoubtedly this bill would have met increased opposition if there had been a direct appropriation of the amount indicated. It is about enough to appropriate $50,000,000 as the first subscription to the capital stock of the corporation, but it would have been much more objectionable to have added $300,000,000 more as a direct appropriation from the Treasury to be met, of course, by increased taxes and increased borrowings. I have no doubt that it was believed that we were reconciled to the enormous appropriation of nearly $5,000,000,000 for relief and for divers and sundry purposes indicated in the bill, and that to utilize $300,000,000 of that stupendous sum to aid in carrying out the purposes of the measure under consideration would not be regarded as of any great importance. In other words, having committed to the Government the expenditure of this enormous sum of nearly $5,000,000,000, it would not meet with any particular opposition to divert $300,000,000 to be used to carry out this unsound adventure, provision for which is found in the bill under consideration.

I confess that I have been somewhat surprised at the lack of interest evinced by Senators in the bill before us, and I have marveled at the lack of opposition to a measure which confessedly so inadequately deals with the broad question of providing farms for the millions of tenant farmers of the United States if it is regarded as a proper function of the Government to undertake this stupendous task. I think it is conceded by some Senators that the measure is doomed to failure; that similar schemes in this and other countries have proved futile; but the habit is being developed of accepting with but little opposition almost any measure that is presented for consideration. Executive departments and agencies and "brain trusters" prepare bills and bring them to Congress where they are offered, and where it is expected they will meet with immediate favor and be passed without amendment or opposition. Not infrequently the statement is made that opposition will be unavailing and, therefore, it is better to expeditiously dispose of bills that are drafted by various persons in executive branches of the Government.

Formerly proposed legislation was prepared by Members of Congress after investigation and consideration. That procedure has been departed from very largely, and now-a-days we accept, usually without much question, the bills that are handed to us by executive agencies and by representatives of various organizations and groups.

Mr. President, in my opinion it would be for the best interest of the country to adopt a different policy in connection with the preparation and consideration of proposed legisla-

tive measures. Certainly it would be in keeping with the duties and responsibilities of Congress if the stupendous sum of $4,880,000,000 carried in the so-called "relief measure" was required for the purposes therein indicated, then it is unfair to deduct from it the $350,000,000 which I assume will constitute a part of the amount that may be expended under the terms of the pending measure. If $350,000,000 and additional sums are to be used in this adventure, it seems to me that we should frankly confess that fact and make direct appropriations or authorizations, and take the necessary steps to levy taxes in order to meet the expenditures.

An examination of the bill shows the latitude which is permitted to the corporation. Not only is it to have $350,000,000 but it is authorized to issue an unlimited amount of capital stock and to issue bonds to the extent of $1,000,000,000. There are no adequate checks or restrictions such as it would seem should be made where such enormous sums are to be expended by a corporation which is to be organized under the pending bill. As I read the bill there is no limit as to the capital stock which may be issued and there are no proper restrictions in connection with the issue of bonds amounting to $1,000,000,000 and in the expenditure of funds derived therefrom.

Mr. President, I shall support the amendment offered by the Senator from Oklahoma [Mr. GORE]. I am opposed to deducting from the funds provided for sanitation, flood control, and other important purposes, either the $50,000,000 provided in this bill for the initial capital or $300,000,000 to aid in executing the purposes of this proposed legislation.

Mr. GORE. Mr. President, I am glad to be assured of the support of the Senator from Utah; and I wish to add that the Senator from Arkansas [Mr. ROBINSON] is entirely correct when he says that the pending bill does not provide that the Reforestation Service or Soil Conservation Service shall be transferred from the Department of Agriculture to this new tenant corporation. He is entirely correct about that. It does not direct such transfer. It does not even authorize the transfer of the Reforestation or Soil Conservation Service from the Department of Agriculture to this corporation. That is not the point. It does, however, authorize the President to transfer the money which has heretofore been set aside for the Reforestation and Soil Conservation Service from that Service to the corporation being created by this bill. The Service remains where it was. The Reforestation and Conservation Service remains with the Department of Agriculture. It is the money only that is being taken away from the Service. I must confess that we feel some little solicitude about the money as well as the Service.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Oklahoma yield to the Senator from Florida?

Mr. GORE. I do.

Mr. FLETCHER. What is the use of continuing the Service where it is if there is not to be any money to operate it? That is the thing to which I object.

Mr. GORE. Mr. President, that is just the point. As Senators know, the $4,800,000,000 act was broken down into eight general categories, designating eight general schemes or projects to which the money could be devoted. The eighth and last carried some $350,000,000, but in that general classification or category were some five or six different kinds of services or projects to which that particular appropriation could be applied. Five or six general objects were to be covered by the $350,000,000 carried in that category. Among them were, I believe, sanitation, rehabilitation, reforestation, and soil conservation.

Up to date only $25,000,000 have been set aside for the Soil Conservation Service. As I stated on Saturday, delegations of Senators and Representatives waited both on the Secretary of Agriculture and on the President, requesting that $150,000,000 be allotted to the Soil Conservation Service for 2 years. So far only $25,000,000 has been set aside for that purpose. I understand that a requisition has been presented to the proper authorities requesting a much larger allotment. The exact amount I do not know. So far it is confidential. I have been unable to ascertain it. What action will be taken it is also impossible to ascertain, but Senators all appreciate the importance of the Soil Conservation Service, the Senator from Alabama [Mr. BANKHEAD] no less than the rest of us, and no less than the most ardent of us; and I hope the Senator will accept the pending amendment.

Mr. BANKHEAD. Mr. President, in view of the evident misunderstanding of the purpose of this part of the committee amendment, and as I regard it as of no particular value to the bill—it was put in at the suggestion of the very people who are going to administer the soil-erosion program—in view of the discussion and misunderstanding and misapprehension about it, I am perfectly willing to have the amendment of the Senator from Oklahoma adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I ask that the amendment which I have on the desk be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 20, beginning at line 3, it is proposed to strike out all of the first sentence of subsection (e), and in lieu thereof to insert the following:

> The Corporation is authorized to appoint attorneys and shall, subject to the civil-service laws, employ such officers, examiners, and other experts and employees as may be necessary for carrying out its functions under this act and to fix their compensation in accordance with the Classification Act of 1923, as amended.

Mr. LONG. Mr. President, is there any provision that any of these officials must be confirmed by the Senate?

Mr. SHIPSTEAD. No; there is no provision to that effect.

Mr. KING. Mr. President, I may say to the Senator from Louisiana that there is a provision in the bill, as I understand, that those receiving salaries in excess of $4,000 shall be confirmed by the Senate.

Mr. SHIPSTEAD. Not in this amendment.

Mr. KING. No; not in this amendment.

Mr. SHIPSTEAD. But in the bill itself.

Mr. KING. That may be.

Mr. LONG. Mr. President, whose amendment is this? Is it the amendment of the Senator from Minnesota?

Mr. SHIPSTEAD. My amendment is now pending.

Mr. LONG. Whose amendment is it which was just read?

Mr. ROBINSON. The amendment of the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I do not intend to take up the time of the Senate to discuss this amendment, because I think it is unnecessary to do so. I have modified the amendment to comply with the objection of the two Senators from Alabama.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SCHWELLENBACH. Mr. President, I offer the amendment which I send to the desk to the committee amendment, and ask to have it stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 22, line 18, after the word "thereof" and the period, it is proposed to insert a new sentence as follows:

> No separate tract of property shall be bought at a price in excess of the value shown by the appraisal as herein provided for.

Mr. SCHWELLENBACH. Mr. President, I understand that the Senator from Alabama has no objection to the amendment.

Mr. BANKHEAD. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, I offer an amendment to the committee amendment. On page 20 of the committee amendment, lines 22 and 23, I move to strike out the words "without regard to the provisions of any other law governing the expenditure of public funds." Let me read a portion of the preceding sentence. Before doing so let me suggest that it must not be forgotten that this bill provides for a corporation, upon which is conferred enormous power with almost unlimited authority. There are no provisions ample and satisfactory to guide it or to restrain it in its activities. It may spend the $50,000,000 of capital stock authorized and also $300,000,000 provided in the bill. It may also issue unlimited capital stock following the $50,000,000 issue, and then issue bonds to the extent of $1,000,000,000.

It seems inconceivable that Congress would pass a measure of this character and confer such unrestrained power upon a corporation controlled by three directors. No one can determine the amount which will be expended, nor where and when expended. I repeat, because that fact should be emphasized, that Congress, in my opinion, is failing in its duty when it gives a charter to a corporation authorizing it to perform public functions and private activities and to expend enormous sums, the aggregate of which may not be determined.

A few years ago Congress was cautious in making appropriations. It was meticulous in its demands to know how public funds were to be expended, but it seems that the habit has grown so upon us of making enormous appropriations, too often without adequate restrictions and reservations, that even the suggestion that we halt for the purpose of providing proper limitations meets with no support, but, upon the contrary, with opposition.

I now read a portion of the preceding sentence:

> The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine the necessary administrative and other expenditures under this act and the manner in which they shall be incurred, allowed, and paid.

Following this language of the bill are the words which I have moved to strike out, namely:

> Without regard to the provisions of any other law governing the expenditure of public funds.

Mr. President, I am amazed that a measure should have been submitted for our consideration which contains the words which I have moved to eliminate. Why should this corporation proceed without regard to the provisions of laws governing the expenditure of public funds? It would seem from the language of the bill that this corporation, which is to be created and which will expend hundreds of millions of public funds, will not be subjected to whatever laws are found upon the statute books governing public expenditures. The funds to be expended by this corporation come out of the Treasury of the United States; they are wrung from the taxpayers of the United States; and yet it is proposed that the three directors who are to control this proposed corporation may expend hundreds of millions of dollars without supervision or restraint or without being subject to the provisions of laws dealing with public expenditures.

Recently an act was passed by Congress creating a corporation to handle and deal with funds and expenditures in connection with Federal prisons. It was provided in that law, as I recall, that the corporation should be subject to examination provided for under the act of Congress providing a national Budget system and in an independent audit of Government accounts. Senators will recall that under that act there was created an establishment of the Government to be known as the General Accounting Office. It was to be independent of the executive departments and under the control and direction of the Comptroller General of the United States. Senators know that this important provision found in the Budget Act has saved the Government many millions of dollars. It has had a most salutary effect upon executive organizations and upon spending branches and agencies of the Federal Government. I am unwilling that this corporation which it is proposed we shall create shall not be brought under the scrutiny and supervision of the General Accounting Office and the Comptroller General of the United States.

As stated, I have offered an amendment to strike out the words:

> Without regard to the provisions of any other law governing the expenditures of public funds—

And the amendment which I offer will contain the following provision:

> That all expenditures of said Corporation shall be in accordance with the laws generally applicable to the expenditures of the several departments and establishments of the Government. All claims and accounts of said Corporation shall be submitted to the General Accounting Office as provided in the Budget and Accounting Act of 1921.

I think it would be most unfortunate to relieve this proposed corporation of the obligation to have its proceedings and expenditures examined by the General Accounting Office and the Comptroller General of the United States. Certainly it would be reassuring to the taxpayers to know that a corporation which has such unlimited authority to expend hundreds of millions of dollars was subject to examination as to its accounts and expenditures by an independent agency provided by the Federal Government. I cannot believe that there will be opposition to the amendment which I have submitted; and I take the liberty of inquiring of the Senator from Alabama whether he will not accept the amendment. If so, I shall not further discuss it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. LONG. This amendment merely provides that the corporation shall be subject to accounting?

Mr. KING. Subject to the same scrutiny and examination as other agencies of the Government and corporations which it has created for various purposes. In other words, this amendment brings this proposed corporation under the terms of title 3 of the National Budget System Act. Title 3, among other things, requires that the General Accounting Office and the Comptroller General of the United States shall examine all claims and demands and accounts whatever in which the Government of the United States is concerned, either as debtor or creditor, and shall settle and adjust the same in the General Accounting Office.

Mr. LONG. Who is objecting to that?

Mr. KING. I am trying to find out.

Mr. LONG. I myself should like to find out.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. BANKHEAD. Of course, the Senator from Utah is opposed to the whole program——

Mr. KING. If the Senator puts his consent to the amendment on that ground, I do not know that I am concerned about it.

Mr. BANKHEAD. I have not said anything about consent. I desired to state why the provision referred to was put in the bill. It is immaterial to me whether it remains in it or not.

The corporate organization proposed to be set up was fashioned after the Home Owners' Loan Corporation, and a provision similar to that under discussion is in the act setting up that Corporation. Where a corporation such as the Home Owners' Loan Corporation, or such as the corporation proposed here, is engaged in a program in the field, I assume the theory is that there are many items and transactions which cannot well be handled if they are required to go through the General Accounting Office.

I followed this program really because, as I have stated, it is the same as the structure of the Home Owners' Loan Corporation, and the Federal land bank is operating under

the same program, as is the Federal farm agency. But if the Senate thinks that everything ought to go through the General Accounting Office, I have no objection to it.

I am simply following the precedents set by the Congress in establishing other organizations and corporations. That is the only reason why this provision is here; it was believed to be in line with what the Senate has decided as to corporations of a similar nature, and that it was advisable to have this provision in the law.

Mr. BLACK. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. BLACK. Since the Senator from Utah is offering this amendment, may I ask him whether or not in his judgment, if the law should apply as he suggests, it will result in any way in handicapping the activities or retarding the necessary expedition with which matters frequently have to be decided?

Mr. KING. I have no hesitancy whatever in saying, "No; it would not affect it at all." It calls for scrutiny, examination of claims and accounts, and only such examination as is provided by the General Accounting Office, found in the Budget law. I have before me the Budget law, and it provides for the General Accounting Office, and for the examination of certain accounts.

Mr. BLACK. I can state to the Senator, so far as my own attitude is concerned, that there are some agencies which do not come under the General Accounting Office, a large part of whose activities should be subject to examination by that office. Simply for the purpose of offering a cooperative suggestion, I am wondering whether there should be any limitation as to the type of examination or the amount involved in the particular transaction which should be scrutinized by the Accounting Office, with a view to preventing any unnecessary delay, and unnecessary burden upon the Accounting Office.

Mr. KING. Mr. President, I am merely accepting the spirit and theory of the general accounting law, which applies to all the departments and most of the independent establishments of the Government. I may say to the junior Senator from Alabama [Mr. BANKHEAD], in answer to the statement made by him respecting the Home Owners' Loan Corporation, that I am certain that its accounts and expenditures, sooner or later, must come under the provisions of the General Accounting Office.

Mr. LONG. It already has been, Mr. President.

Mr. KING. That is my understanding.

Mr. LONG. The Chairman of the Home Owners' Loan Corporation himself appeared before a committee here and made the most vigorous kind of comment on what had occurred in connection with the home loan business.

Mr. KING. I do not desire to take up time if the Senate is willing to accept my amendment. I call for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the committee amendment.

Mr. LA FOLLETTE. I ask for a division.

On a division, the amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I desire to offer an amendment. On page 23, line 13, after the word "sell", I propose to insert the words "or lease", and on line 14, after the word "contracts", to strike out the period and to insert the words "*Provided, however,* That no such lease shall be for a period of more than 5 years."

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 23, line 13, of the committee amendment, after the word "sell", it is proposed to insert the words "or lease", and on line 14, before the period, to insert the words "*Provided, however,* That no such lease shall be for a period of more than 5 years", so as to read:

(6) To enter into contracts to sell or lease its properties, and to make conveyances under the terms of such contracts, *Provided, however,* That no such lease shall be for a period of more than 5 years. The Corporation may lease any farm which has been repossessed by it, pending a resale of said farm.

Mr. LA FOLLETTE. Mr. President, when the bill was under consideration some weeks ago it provided an unlimited grant of authority to make leases, and upon the suggestion of the senior Senator from Nebraska [Mr. NORRIS] that permissive authority was stricken from the bill.

The situation which this amendment is designed to cover is that of individuals who may not have had successful agricultural experience but who have other qualifications which would indicate that they are capable of making a success of the operation if they are given sufficient assistance in the technical problems of farming.

In order to meet the objection, which I think is well founded, to the Authority to make indeterminate leases granted by the original bill, I have endeavored, by the inclusion of the proviso that no lease shall be for more than a period of 5 years. That, I think, will meet the objections of those who did not wish to see the Authority unlimited.

I sincerely hope the amendment will be agreed to. I have conferred with the Senator from Alabama [Mr. BANKHEAD] in charge of the bill, and with the Senator from Nebraska [Mr. NORRIS], who were primarily concerned with the previous amendment, and I find that they have no objection to the amendment I have now offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BORAH. Mr. President, I invite the attention of the Senator from Alabama, in charge of the bill, to page 22, the matter which we discussed briefly on Friday. I refer to the provision beginning on line 9, as follows:

(4) The Corporation shall limit the loan made to any purchaser to the amount that will provide a farm to be limited in area to the size of an average farm in the State where the land is located as determined by the preceding Federal census, and not to exceed in cost the price of property of similar size and value in the same section or area.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON. It is my understanding that an amendment offered by the Senator from Washington [Mr. SCHWELLENBACH] was agreed to, limiting the price which may be paid to the appraised value.

Mr. BORAH. I did not know that.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. ADAMS. Mr. President, the Chair is not putting the question on the entire committee amendment as a single amendment?

The PRESIDING OFFICER. That is the pending question.

Mr. ADAMS. I should like to make an inquiry of the Senator in charge of the bill in reference to what seems to me would be a most unfortunate provision. I refer to the provision regarding interest. The provision of subsection (d) on page 25 provides that—

The rate of interest to be charged by the Corporation upon indebtedness owed to it shall be at as low a rate of interest as the Government shall secure the money.

It does not limit it to the rate of interest which the Corporation pays for its money but to as low a rate of interest as that for which the Government shall secure the money.

The money which will be used during the first year will come from the money provided by the Work Relief Act. The relief money may come from taxes and not from bonds. If it comes from taxes, the Government will pay no interest on it. In other words, then the Corporation will be required to lend the money without any interest.

If the money which the Government obtains and turns over to the Corporation comes from its borrowing, there are at least 20 rates of interest at which the Government gets its money. Some of its short-time borrowings have been at a rate as low as one-fourth of 1 percent. Other borrowings of Government money have been at 3½, 4, and 4¼ percent. The rate of interest varies in accordance with the money market and in accordance with the maturity date of the

security issue and in accordance with its character. So this provision is utterly unworkable.

It seems to me the sane thing to do is to frame the provision in such a way that the practice may be followed which is pursued in the case of the Home Loan organization and in the Federal land-bank organization, where the rate of interest is fair and just, and is not left in the situation which will exist under the provisions of this bill, which is an impossible situation.

We are loaning, in the case of some of these agencies, at the rate of 3½ percent. There was a controversy on the floor over that. The Home Owners' Loan Corporation is making loans at very reasonable rates. In this bill we are proposing to lend money to the tenant to buy property at as low a rate as that for which the Government can get the money.

The most we can expect the Corporation to get out of its loans will be a fraction of 1 percent. We are putting the tenant in competition with the farmer who owns his property. We are permitting the tenant to buy property without submitting any margin of security, and then his interest rate is practically nothing.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. VANDENBERG. I think there is a further vice in this particular language, which we encountered particularly in connection with merchant-marine loans. This is the vice: In the first instance, the Government will borrow its money on, let us say, 90-day commitments, and will get the benefit of a rate as low as one-half of 1 percent. Finally, however, the loan will be refinanced on a bonding basis, and the Government will pay 3 percent or 3½ percent for its money. I am speaking now in terms of experience we have had under the merchant marine laws. The bonds will be issued on at least a 2½-percent or 3-percent basis under the existing circumstances. However, under the language in this bill I agree with the Senator from Colorado [Mr. ADAMS] that we would have precisely the situation we had under our merchant marine laws. The borrower would have the benefit of the Government's short-time rate all through the period of his loan, when subsequently the Government itself must pay the long-time rate. Therefore the Government definitely and specifically is losing money on the loan.

Mr. ADAMS. Ultimately the Government has to pay a long-time rate.

Mr. VANDENBERG. That is correct.

Mr. ADAMS. The short-time rate, as the term indicates, is a short-time obligation. Sooner or later it has to be converted into a long-time obligation, and a higher rate has to be paid by the Government.

Mr. VANDENBERG. Will the Senator yield for another question?

Mr. ADAMS. I yield.

Mr. VANDENBERG. We corrected a similar situation in respect to merchant-marine construction loans by adding some such language as this:

> But at not less than 3½ percent in the case of the merchant-marine loans.

Perhaps that rate is too high under present circumstances, but I agree with the Senator from Colorado that there ought to be a floor put under this rate of interest.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BANKHEAD. Let me suggest to the Senators who are discussing this subject that we previously had this question before us, and the suggestion made by the Senator from Michigan [Mr. VANDENBERG] was really adopted as to one phase of the matter. Of course, practically all this money is intended to come from bond issues, and I assume that the rate of interest contemplated by this section will be the rate which will have to be paid on the bond issue; that is, the rate at which the money will be loaned will be the same as the rate for which the money is obtained under the bond issue.

Mr. ADAMS. It will be a Government issue, not the Corporation's.

Mr. BANKHEAD. It can be changed from "Government" to "Corporation."

Mr. ADAMS. The difficulty then is that the Corporation does not pay anything for the money it gets from the Government. On the first $100,000,000 it does not pay anything.

Mr. BANKHEAD. I understand there is an amount which would not be covered by a bond issue. I do not know what the Government will pay for that. It is a comparatively small item, and that money is already appropriated.

Mr. ADAMS. I desire to suggest an amendment so that the discussion may be concentrated. I move, on page 25, line 5, following the word "shall", to strike out "be at as low a rate of interest as the Government shall secure the money", and that there be inserted in lieu thereof "not to exceed 3½ percent."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado.

Mr. LA FOLLETTE. Mr. President, it seems to me that under present circumstances that is a high rate.

Mr. ADAMS. That is to be the maximum. The provision is that it shall not exceed 3½ percent.

Mr. LA FOLLETTE. I misunderstood the Senator. I understood him to suggest that the rate should be 3½ percent.

Mr. ADAMS. No.

Mr. McNARY. Mr. President, may the amendment be again stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 25, line 5, after the word "shall", it is proposed to strike out the words "be at as low a rate of interest as the Government shall secure the money" and to insert in lieu thereof "not to exceed 3½ percent."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado to the committee amendment.

The amendment to the amendment was agreed to.

Mr. ADAMS. Mr. President, I desire to submit a few observations on the committee amendment as a whole, which seem to me rather essential. That it is desirable from the national standpoint to substitute ownership for tenancy is obvious. It needs no discussion. There is no question that revolutions and rebellions do not arise from the owners of land, and that wherever ownership can be established we ought to establish it. But from that premise it does not follow that the Government of the United States should provide the funds to make the change from tenancy to ownership.

In the pending bill it is to be noted that the money which is to be used to convert tenancy into ownership comes, in the first year at least, from moneys appropriated for relief purposes. Some of us felt that the $5,000,000,000 appropriation was a little large, but those who insisted upon the $5,000,000,000 appropriation are most urgent that we take part of that money and divert it from the relief purposes over to the purchase of farms.

I know from recent experience that in the western section of the country, where applications have been made for projects, the kind of projects in which the West is interested, permanent projects, increasing the wealth of the country, we have been met with the statement that the permanent projects of that kind do not meet with the standard and the rule laid down under the Work Relief Act; that we did not appropriate enough money; that the money must be expended on a basis of not to exceed $1,150 per man where wages and material must be provided for in connection with a project. So those things which my section of the country has dreamed would come to it under the Work Relief Act cannot come to it. If we adopt the pending measure, it will result in reducing the amount available for work relief, and it will lower the standard by whatever amount is diverted.

This bill, if I read it correctly, proposes to loan the full value of the farm which is to be purchased. That is the intention. It is proposed to take care of the man who is a tenant, and to provide him a farm at Government cost, he

to owe the full amount of the purchase price, but to contribute no down payment, no equity. In that respect it is different entirely from the Home Owners' Loan and the Farm Loan Acts. We have loaned our credit to help men save property in which they had an equity. So far we have pursued the policy that where a man had an equity in his home, representing down payments, representing work, representing labor, the Government would save his home and save his farm from foreclosure. We are now taking the other step, and are going to say that every tenant shall have a farm. That, however, is not all.

Mr. KING. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. KING. In addition to the amount loaned on the farm, the full appraised value, as I read the bill, credit is to be extended for the purchase of machinery and other personal property.

Mr. ADAMS. I was about to reach that point. The bill provides that in addition to the farm the tenant will get livestock, equipment, implements, machinery, furnishings, and then there follow these very broad words: "Supplies and facilities." What "supplies and facilities" may mean after he has been supplied with livestock, equipment, implements, machinery, and furnishings I do not know, but that is what he is to be given, and the full purchase price is to be furnished by the Government.

The purpose of the bill is commendable. The farm provided under the bill is to be of the size and fertility, and so stocked and equipped, as reasonably to indicate returns which will permit the repayment of the purchase price.

Mr. President, there is a little mathematics connected with this subject to which I should like to invite attention.

Mr. HATCH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from New Mexico?

Mr. ADAMS. I yield.

Mr. HATCH. The Senator has been discussing the question of loans. I have not been present during the entire debate on this bill, and I have just noticed some language on page 23 to which I should like to invite the attention of the Senator from Colorado and obtain his viewpoint thereon. In line 2, on page 23, the words "make loans or grants or both" appear. Is it proposed under the bill to make grants?

Mr. ADAMS. The Senator is asking a question which I cannot answer; and it is not the only question about this bill I cannot answer. I cannot understand why the Corporation to be created should make grants.

Mr. HATCH. May I intrude on the time of the Senator from Colorado to ask the Senator from Alabama if that is proposed under the bill?

Mr. BANKHEAD. There may be growing out of the work-relief program some phases, such as rural rehabilitation, in which grants are involved. Of course, in the long run, no grants are intended, and they are not to be made unless there is something along that line under the present emergency.

Mr. HATCH. As I have said, I was unavoidably detained during the explanation given by the Senator from Alabama. I do not want to take up the time of the Senator from Colorado, but those words indicate to me that the policy will be inaugurated by the Corporation of purchasing land and then making gifts of such land.

Mr. BANKHEAD. That is not intended.

Mr. HATCH. It is not intended?

Mr. BANKHEAD. No.

Mr. ADAMS. Mr. President, I am speaking under a time limit.

Mr. HATCH. Very well; I will not interrupt the Senator further.

Mr. ADAMS. It is provided in the bill, roughly, that the tenant shall be provided with what is an average farm at not to exceed the average cost of such a farm in his neighborhood, adequately equipped.

The Senator from Connecticut [Mr. LONERGAN] put into the RECORD day before yesterday a most interesting tabulation which shows that the average value of the average farm in the United States is $7,614. It also shows that the average acreage of farms in the United States is 156 acres. I think those who are supporting this bill have failed to recognize that there is a difference as between agricultural conditions in the various sections of our country. This tabulation, which appears at page 9919 of the RECORD, shows these facts: That the average farm in Colorado has 481 acres and that its average value is $10,497; that the average farm in California has a value of $25,000; that the average farm in Wyoming has 1,469 acres and a value of $12,919; in Nebraska 345 is the average acreage, and the average value is $19,274.

It is proposed to provide for some tenants average farms——

Mr. BANKHEAD. Farms which will not exceed the average.

Mr. ADAMS. Very well. The average value is in excess of $7,000. Suppose we cut that value down to $5,000, and are only going to expend the first year, according to the statement made on the floor the other day, $50,000,000, that money to be allocated by the President. If we spend $50,000,000 in the first year, we will take care of 10,000 out of 2,266,000 tenants. In other words, we take care of less than one-fourth of 1 percent of the tenants of the United States. Yet this bill is being advanced as a great measure designed to solve the deplorable tenancy situation in the United States.

Within 3 years the bill contemplates that there may be spent an additional $300,000,000, seven times as much as during the first year. With such an expenditure we would be able to take care of 2.6 percent of the tenants. What are those who expect to go home and say to the tenants, "We passed a great bill to relieve your deplorable situation", going to reply to the 99 percent who are not taken care of in the first year? Mind you, 99¾ percent of the tenants will not be taken care of the first year. In other words, this bill is a gesture. If we believe sincerely in taking care of the tenancy evil in this country—and it is an evil—let us meet the problem squarely; let us put up the money; let us take care of them and not merely appropriate sufficient to take care of one-fourth of 1 percent the first year.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Utah?

Mr. ADAMS. I yield.

Mr. KING. An appropriation adequate, however, to meet the entire situation would run into the billions.

Mr. ADAMS. If we bought farms for all tenants at the average price, the amount would be $20,000,000,000. If we bought them $5,000 farms, it would be $13,322,000,000. However, I say to the Senator from Utah that if we are going to enter upon such a program, let us not do so on that kind of a basis, saying as we do in the opening of this bill that we are going "to create a Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy", when we are going to correct such economic instability for one-fourth of 1 percent in the first year and for 2½ percent within the limit of the subsequent appropriations.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield further to the Senator from Utah?

Mr. ADAMS. Certainly.

Mr. KING. Does not the Senator believe that this is largely intended to meet a situation in 2, 3, or 4 of the Southern States where, by reason of the cotton policy which we inaugurated at the last session under the Bankhead cotton bill, as a result of which many of the tenants were driven from the farm, we are now to take care of those tenants who were thus driven from the farm?

Mr. ADAMS. I cannot attempt to answer that question, but I will say that statistics show that in the State of the Senator in charge of the bill the average farm has 68 acres and its average value is only $1,952, while in the adjoining State of Mississippi the average acreage is 55 and the average value is $1,818. In other words, an entirely different economic situation prevails in that section than prevails in other parts of the country. In Kansas, for instance, the

average farm value is $13,735; in Iowa it is $19,655; Illinois, $15,553; in South Dakota, $15,455.

If we are going to establish a man upon a farm, it must be an economic unit upon which he can make a living, and while we are proposing to provide him with a farm, with the equipment, with the supplies, and the facilities we are not proposing to provide him with any capital. I do not know how it may be in Alabama or other States, but in my State one cannot operate a farm without capital with which to buy seed, and so forth.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Oklahoma?

Mr. ADAMS. I yield to the Senator from Oklahoma.

Mr. GORE. Does the Senator know how the Government will ever be able to say to one tenant, "Yea; you may have a farm", and to another tenant, "Nay; you may not have a farm"?

Mr. ADAMS. I will say to the Senator from Oklahoma that it cannot be done. That is the problem. Either the bill we are passing is merely a futile gesture or it is an entering wedge upon a program which will literally destroy the ability of the United States to borrow money. We have passed within a week or two bills involving additional taxes; additional indebtedness has been incurred. We have appropriations to be met by borrowing. Our indebtedness is now approximately $40,000,000,000. Then, when we go out into the markets and borrow we are going to meet trouble. A tax bill is predicted which may lessen our capacity to sell bonds.

The PRESIDING OFFICER. The time of the Senator from Colorado on the amendment has expired.

Mr. ADAMS. Then, I will take my time on the bill.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. ADAMS. Certainly.

Mr. NORRIS. I am at a loss, listening to the Senator, to determine whether he thinks we ought to take the whole plunge and go the whole length or whether we ought to defeat the bill entirely.

Mr. ADAMS. I can readily answer the Senator. In my judgment, it is not the function of the Federal Government to buy farms for anybody. I think we have gone the full way in that direction in what we have already done. In other words, if we say that it is the obligation of the Federal Government to provide a farm for every tenant and finance him, I have in my State, as every other Senator has in his State, men who will say, "I want a home"; and there will be an equal demand on the Federal Government to provide him with a home, as our country rests upon the homes as well as upon the farms. I have in my State young men working in foundries and in factories who would like to have a factory or a manufacturing plant of their own. I do not know how we are going to draw the line and say we will finance the farm tenant, but we will not finance the man who desires a home, who desires to operate an industry, who desires to own a store. I think I might say to the Senator from Nebraska not only is it an unwise policy, one financially destructive, but I do not know where, in the Constitution of the United States as it stands today, we can find authority to take money out of the Treasury and use it for the private welfare of an individual.

Mr. NORRIS. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Colorado yield further to the Senator from Nebraska?

Mr. ADAMS. Certainly.

Mr. NORRIS. I am not trying to belittle the Senator's argument by the question I have asked and by the question which I wish now to ask.

Mr. ADAMS. The Senator need not restrict himself.

Mr. NORRIS. I realize just as fully as does the Senator that it is an enormous proposition; yet I should like to get back to the fact whether it would be better for us to do nothing or try to do something, even though we admit that we are not doing as much as we should like to do. I am fearful, I am worried a great deal about the facts which have been accumulating for years, showing that farm tenancy is increasing at a rapid rate; and I confess that, in my anxiety to stop it, I am willing to do some things which under ordinary circumstances I would not think of doing. What would the Senator do? Is there something we can do instead of this to stop the rapid tendency toward farms being tilled by tenants and the owners living somewhere else?

Mr. ADAMS. If I may I shall answer in two aspects. The fact that a situation is deplorable does not necessarily in and of itself impose upon the Federal Government the obligation to remedy it. The fact that a purpose may be noble does not of itself impose upon the Federal Government an obligation to carry it out.

In the State of Nebraska practically every acre of tillable land was at one time in private ownership. All the Midwest Mississippi Valley country was once privately owned. It is the most fertile section not only of this country, but almost of the world. Despite that situation we have seen tenancy increase. What is the cause of it? There are economic causes, agricultural causes. A man cannot hold a farm without marginal resources unless economic conditions are fundamentally sound. What I thought the present Congress and the preceding Congress had been endeavoring to do was to correct the underlying economic causes so that the man on the farm could live. If such a condition could be maintained, we would not have a farm tenancy problem in the State of Nebraska or in the Northern States.

Mr. NORRIS. Is there some other way? Has the Senator in mind some other remedy which would bring about that desirable condition?

Mr. ADAMS. We have tried to remedy several conditions. We have tried to put the farmer on a parity with industry.

Mr. NORRIS. But we have not done so.

Mr. ADAMS. No; but we have tried. We cannot do it merely by putting upon his back an obligation to pay for a farm upon which he cannot make a living under existing conditions. If we could establish conditions upon a sound basis we would have no trouble with the tenant. He would get a farm.

Throughout my section of the country many foreclosures have taken place. In the Senator's State of Nebraska foreclosures have taken place by insurance companies, loan agencies, and banks. They are more than eager to sell and dispose of the farms they hold. All the farms are now in some form of private ownership. The man who does not own his farm in 99 out of 100 cases makes a failure of it. I know in my own State, Colorado, there is no one so eager to get rid of the tenancy situation and to establish ownership as those who own farm property and try to operate it from town.

My theory is that we should improve tax conditions, make it easier for a man to live, take off his back some of the tariff burdens and some of the tax burdens. By such means we will solve the farm tenant's problem.

I do not know a thing about the South so far as this problem is concerned. I am talking about the section of the country with which I am familiar, where the Senator from Nebraska lives and where I live. I feel that this bill would not meet that condition, but would clearly put us in a position where we would have to have a remedy to undertake to cure what is impossible under unsatisfactory economic conditions. We are asked to buy a man a farm and livestock and equipment, and put him on it without capital, and then if there should be a bad year or a drought or low prices he would be perfectly helpless and the Government would have to go into the farming business.

That, in substance, is what I have to say about the bill. The actual number of farmers to be helped is infinitesimal. The first year the number would be one-fourth of 1 percent, with the possibility in 3 years of 2½ percent of those who nominally come under the bill. In other words, it is a program so small that it is not worth considering. It is a futile gesture. If I considered such a program as is proposed to be sound, I should be willing to go along with it.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Oklahoma?

Mr. ADAMS. Certainly.

Mr. GORE. It seems to me there is only one argument in favor of the pending bill. We enacted a good deal of economic legislation, benevolently intended, passed with the best possible intentions to help the farmers in the South and other sections. The Senator from North Carolina [Mr. BAILEY] argued and demonstrated, I believe, a few days ago that in the South the uneconomic legislation which we have already enacted has driven 300,000 tenants and share-croppers in the South from the farms to the towns, has driven 300,000 tenants and share-croppers from the farms to the relief rolls in the towns and in the cities, 30,000 in the State of North Carolina alone. No one anticipated this result, no one desired this result, but that was the unforeseen reaction to uneconomic legislation.

The pending bill is intended in a way to reverse that tendency and to remedy that mischief, to set in operation another set of economic measures to counteract the mistakes we have already made. Since the Government has virtually evicted these tenants who now have no farms to cultivate and has sent them to the relief rolls, does not the Senator think that might possibly be considered as an excuse if not a reason for the Government's doing something of this sort and trying to undo its mistaken policy insofar as the tenant farmers are concerned?

Mr. BLACK. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. Certainly.

Mr. BLACK. I do not want it to be assumed, by sitting silent when a statement is made such as that which has just been made, that the Senate acquiesces in it. It seems a little peculiar to me to suggest that the tenant farmers of the South, for instance, have been sent back to the relief rolls on 10- and 12-cent cotton when they would gladly, and in a lordly way, sustain themselves on 4-cent cotton. It seems a little strange to me to suggest that the farmers of the Nation have been sent to the relief rolls on $1 wheat when they could sustain themselves in luxury, and with their rugged initiative and their magnificent ability, on 25-cent wheat. It seems a little strange to me to argue that the farmers have been sent to the relief rolls in America by corn at 75 cents and a dollar a bushel, when corn was so cheap before the depression began that they burned it for fuel in the West, and in many places sold it at 9 and 10 cents a bushel.

It may be possible that in these economic laws there is something of exploitation which is frequently manufactured by those who want to support conditions as they are. There may be something in these economic laws which leads us to believe that 4- and 5-cent cotton will keep men off the relief rolls, that 10- and 12-cent cotton will place them there; that 8-cent corn will keep them off the relief rolls, but 75-cent corn will send them to the relief rolls; that 25-cent wheat will necessarily send the people out to live on their farms, with their rugged initiative standing out uppermost to show how great they are, but when they get a dollar a bushel for their wheat they must go out with hat in hand begging for relief. That may be true, but I cannot agree to such logic.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. ADAMS. Gladly.

Mr. GORE. The Senator from Alabama has made a perfectly splendid stump speech. It ought to secure the desired reaction upon the part of those to whom it is addressed.

Mr. BLACK. I was addressing it to the Senator from Oklahoma with little hope that it would avail anything.

Mr. GORE. Then I doubly appreciate it. The only fault with the Senator's speech is that it has no reference to the facts. I mention that merely as an incidental infirmity. I would not suggest that as any serious matter to consider in connection with so eloquent an outburst, but I know of cases where landlords, under the A. A. A. and the Bankhead Act, have discharged their tenants and have sent them to town or let them go their way, and have taken their benefits and rental payments and hired farm labor at 50 cents a day and have cultivated the remaining portions of their land. If that commends itself to the Senator from Alabama, I, for one, do not agree with him. I deplore such consequences as that, and the Government ought not to lend its sanction to policies which work such mischief among the tenants of the country who are entitled at least to justice, if not to favor.

Mr. BLACK. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Colorado further yield to the Senator from Alabama?

Mr. ADAMS. I yield.

Mr. BLACK. The bad thing about the remarks I made, so far as the Senator from Oklahoma is concerned, is that they are the facts, they are the evidence; and those who seek to attack the program which has been brought about are the ones who ignore the facts and who ignore the evidence.

It is easy enough for a man living in luxury or in comfort, or who may be prompted by some malevolent desire to injure an individual holding office, to criticize every part of a program. I shall wait until my time comes to discuss this question further; but I wish it distinctly understood what the facts are, as may be ascertained by any one who will investigate and as the farmers of the country have shown by their votes, and as every man who has gone out among them knows. I went into 61 counties in Alabama last summer. I am not talking from hearsay. I am talking from absolute knowledge of the way those farmers live, and what has happened to them; and I deny that so far as the farmers of Alabama are concerned, any evidence can be secured that they have been sent to the relief rolls on 12-cent cotton when they were rolling in luxury in the good old days of 5-cent cotton.

I shall wait until the time of the Senator from Colorado is up before replying further.

Mr. LONG. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Louisiana?

Mr. ADAMS. I do.

Mr. LONG. I wonder if anybody is going to contend that under present prices 12-cent cotton is a living.

Mr. BLACK. If the Senator from Colorado will yield to me, I do not claim that 12-cent cotton under present prices places agriculture on a parity with industry; but I claim that agriculture is a lot further toward parity with industry on 12-cent cotton than it was on 5-cent cotton. I claim that agriculture is a lot further toward parity with industry on 75-cent corn and $1 corn than it was on 8- and 10-cent corn.

Mr. LONG. Does the Senator mean that we shall have to take either Roosevelt or Hoover, and that we can not have anything better?

Mr. BLACK. I think we shall take Roosevelt again, and not take LONG, if that is what the Senator means. [Laughter.]

Mr. LONG. We shall see about that.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired on the amendment and on the bill.

Mr. ADAMS. Mr. President, I wish to offer an amendment. On page 26, line 8, beginning with the words "No land", I move to strike out the remainder of the sentence.

The PRESIDING OFFICER. The Senator from Colorado offers an amendment to the committee amendment, which will be stated.

The CHIEF CLERK. On page 26, line 8, in the committee amendment, it is proposed to strike out the following words:

No land purchased from the Corporation herein created, up to the value of $2,500, shall ever be encumbered with any lien or obligation, either statutory or contractual.

Mr. GORE. Mr. President——

Mr. ADAMS. Mr. President, I wish to say a word in reference to this particular amendment, and then I shall be glad to yield to the Senator from Oklahoma.

We are endeavoring to set up a tenant under a purchase from the Government by which he will owe the entire purchase price of his farm and its equipment. The tenant who becomes a landowner, in order that he may operate the farm, will in many instances be compelled to provide capital for feed and for various purposes. We are putting into the bill, however, a provision which will destroy any possibility of the former tenant securing any credit. We are providing that he may never voluntarily encumber the property he purchases, even after he has completed his payments. It is one thing to protect him against involuntary obligations, against his debts, against judgments, and executions; but we are here forbidding the former tenant who becomes the owner from securing credit based upon his ownership of the land, and we make this a permanent disability. It seems to me that limitation should go out, especially when we follow that provision in the bill with a provision that—

Such land shall not be subject to any debt, or debts, or obligations of any kind of the owner, except taxes—

and then go on to make that obligation run with the land.

I shall be glad now to yield to the Senator from Oklahoma, if he so desires.

Mr. GORE. Mr. President, I merely wish to state that I do not desire the issue between the Senator from Alabama [Mr. BLACK] and myself to be misunderstood. I am concerned about the tenant farmer who has been obliged to leave the farm, who has no farm products of any sort to sell—no cotton to sell either at 5 cents or at 10 cents; no corn to sell either at 8 cents or at 80 cents; no wheat to sell either at 25 cents or at $1—the tenant farmer who is now on the relief roll.

I do not for one moment suggest that the rental payments and the benefit payments made to farmers in the South and other sections have not brought substantial benefits to them; that the increased prices have not been of substantial benefit to the farmers, particularly to the landlords, and in some instances to the tenants themselves. There are two kinds of payments, rental payments and benefit payments, one of which is shared with the tenants; but 300,000 tenant farmers in the South have recently left the farms, and in the United States as a whole I believe some 850,000 tenants have left the farms and gone elsewhere. Many of them have gone to the relief rolls. That is the point I was emphasizing.

Mr. ADAMS. Mr. President, there is one group of persons who will secure great benefits in addition to the tenants if the bill shall pass and its provisions shall be carried through into an enlarged scale, and those will be the owners of land who have land to sell.

This measure might well be called a "landowners' bill." It is designed to enable the owner of undesirable farm land—that is, land that it is undesirable for him to own—to dispose of it to the Government, and then to enable the Government to dispose of it to the farm tenant under such conditions that the farm tenant, supplied with stock, equipment, machinery, and so forth, may live upon it without making any payments for 1, 2, or 3 years.

We are going to have good farmers and poor farmers. The better farmers today are the owners. The poorer farmers are among the tenant class. We propose to put the poor farmer on a good farm, under conditions where he will get the entire crop, as he will under this bill, and he will let his taxes go, let his payments go, and the Government will be a lenient landlord to him, and we shall have a condition which will be most deplorable financially to the Government.

So I think the bill is unsound in departing from sound governmental policies. I think it is unsound from the point of having the Government engage in activities which it is beyond the power of the United States, under the Constitution as it now stands, to engage in. I believe that the bill, limited to its present scope, is a bill which will mislead. It will cause the tenants of the country to think a bill has been passed which will enable them to get farms, when, as I say, only 10,000 farmers out of two and a half million will have farms made available to them; and the Lord be merciful to those who are responsible for this bill when they go home, if it shall be passed, and meet the 99¾ percent of the farmers who think they should be taken care of but who cannot be brought under the bill.

Furthermore, the immediate financing of the bill is taken out of relief funds, which will prevent the construction of projects which the people of the land desire. It seems to me the bill will impair the borrowing capacity of our country, and that in the future it may become somewhat difficult for us to make further loans. I really think this body, having already been rebuked upon several occasions by the Supreme Court, might be a little bit scrupulous in passing upon measures of at least doubtful constitutionality.

Mr. LONG. Mr. President, I happened to come into the Chamber while the Senators from Oklahoma and Alabama were engaged in a little controversy, and to get the backwash of the remarks of my friend from Alabama, my fellow southerner. I think we have both picked cotton a little and know something about it. I have hoed a little cotton—not any more than I had to hoe—and I never picked any more than I had to pick, when the purchasers were paying about 15 and 16 cents a pound for it. It is too hard work for me. Then we were allowed to pick and plant all the cotton we wanted to, and things cost much less than they do now when we had 15-cent cotton. I cannot, however, fail to supplement the remarks of my friend from Colorado [Mr. ADAMS] with this additional statement, which we all know to be true:

I should like to know what is our policy. I should like to vote for any policy that is consistent. Is it the policy to restrict production or to encourage production? We have just gone out for another year and signed up everybody not to raise stuff to eat. We have just gone out and signed up the cotton farmers not to raise cotton to pick. In my old country in Louisiana, where the grass was higher than my head, they killed the cows on the ground that there was a drought, although the grass was so high that I could not get to my own place; they killed the cows and laid them out there because there was nothing for them to eat, no water to drink, or anything of the kind!

What I should like to find out occasionally is this: What is the policy? If we are going one way, we are likely to get somewhere. It may not be the best place in the world, but eventually, if we keep going in any one direction, with any one policy, we are likely to get to the end of the rainbow. But when we go out in the month of March and sign up a man not to plant any cotton, and to take his colored labor in the South off his own pay roll and put them on the relief roll—and that has been done; I can give the Senate all the names and dates it wishes to have me send to get to prove that that is true, and I do not understand that it is disputed—when we have restricted planting, and have restricted acreage, and have signed up farmers and paid them a bounty not to plant, and a bounty to plough under, and a bounty not to raise this and not to raise that, and now we propose to go back to the same man and lend him a wad of money to go into the farming business, what is this thing we are doing? That is what I want to find out. What is it? I do not know. I realize that I have not the literacy that Senators are more or less supposed to have; but what is it we are doing? Are we going to sign up a farmer in 1935, this very year, not to plant cotton, and put him on the relief rolls, and then loan him money to go back and plant cotton after we have moved him off his farm, and go back next year and pay him again not to raise cotton?

Perhaps that is consistent. My friend from Alabama is a smart man. I do not disagree with him politically on many things. I think he thinks about as I do on most things. He does not vote as I think all the time, and I do not either. [Laughter.] I should like, however, to be able to tell these people, when I go back, "We are going to do this", or "we are going to do something else." I should like to vote for a consistent policy. If this is farm relief, all right; but now the Senator from Alabama brings up another point.

We have decided that the share-tenant business is bad; and so, of the 100 percent, we are going to provide for one-fourth of 1 percent and leave 99¾ percent without a dime. How is that going to look? I go out there and I get on the stump with those people and I am trying to get their votes—and, God knows, I need them—and I say to them, "See what I have done for you." I am good at that myself. I always try to let them know what I have done for them. I have done so little that I state it twice so that they will not forget it.

"See what I have done for you. I voted for a law that means that every living man here has a right to go and get a loan from the United States Government, if he owns a farm, giving a mortgage, and he can give the farm to the Government the next year."

I would never go and tell a farmer that I fixed it for him to go in debt on his farm unless I had it explained to him that he could go off and let the Government take it the next year. So I would say, "I voted for a bill to give you money to own a farm one-fourth of 1 percent, and there are 99¾ percent out there who cannot get a copper cent."

Manifestly the only thing for me to do is to get out of the country; and I give my colleagues some good political advice. Do not ever put one of these Mother Hubbard things out that is going to accommodate just 1 percent. Unless it is a fine thing, we are making a proposal which, from the Government's standpoint, is disastrous.

I do not propose to vote for the pending bill. I would not think of voting for a thing like this. Do you think I would vote for a bill which would mean that I would go back and tell the people that the best they could hope for would be to have one-fourth of one man out of every hundred to get a loan, and that 99¾ of them would not get loans? Do you think I would do that? I have better sense than to do that. I had better sense than that before I ever went to school, and the Senate has better sense.

I will come back to another thing, repetition as it is. What is the policy? Is the policy not to plant and not to raise, or is it the policy to plant? We cannot go both ways at the same time. I want to say to my learned friends of the Committee on Agriculture that the time has come when they, with their good sound sense—and they have as good as anybody—are going to have to adopt a farm policy for the Senate, and not depend upon one bill coming from one source at one time and another bill coming from another source the next time, and perhaps another one coming from some Member of the Senate.

If we continue this policy for a few years more I hesitate to say where the agricultural condition will finally lead us. Some days ago I mentioned a town, and I will mention it again, the town of Arcadia, La., where they put the colored folks on the relief rolls because they cut the acreage down and they gave the poor colored man about $4 or $5 a week relief. In order that the white man there who has been working his colored labor will be able to make enough cotton to take care of himself and his family, and not to divide what is made off the land between himself and the colored people, they have taken the colored people and moved them into town, where they have no gardens, where they do not raise any turnips, they do not raise any radishes, they do not raise any snap beans, they do not raise a thousand other things they might cook and eat, but they put them in town a few miles off the farm and give them $4 or $5 worth of store-bought grub and sign up the foreman and the owner under some contract.

Now, we go back to the colored man—and that is the man who is generally the tenant—there are more colored people tenants than of any other class of people in my part of the country. There are plenty of white people who are tenants, but I am using the colored merely for the illustration. You go back to that man today and say, "We are going to lend you some money to put you back on relief."

"How much cotton can I raise?"

"If you raise any cotton, we will have to cut down the amount John Smith is allowed to raise, because we moved him away from Old Sparta last year so that the cotton that is to be raised in that country would not have to be divided between all of you."

So if you move the same man back down there and put him on the farm you must necessarily restrict the amount of cotton that the old man who had him hired there last year was raising, because why did you move him off last year if you were going to move him back there, unless you are going to abandon your cotton-restriction program?

There is another thing that statistics show. I do not believe in hiding these facts. I would vote for this bill if I thought it was anything right. I have a liberal record in the Congress. I have voted for every liberal measure that has been offered since I have been here that was sensible or half sensible, which I thought, according to my limited mentality, was sensible or half sensible. But I do not want to think of going back and telling these people that law after law, as to which I must admit some of doubtful constitutionality has been enacted, and that I have done nothing except to propound and to propose and to support this kind of legislation for the relief of agriculture or industry, or anything else.

What is the condition of these farmers today? I say to my friend from Alabama that a paper in New Orleans which is very much opposed to me, thank God, published an editorial as to our farm program a while back, and it showed that, taking the price of cotton as it existed under Hoover, and taking the price of cotton as it existed under Roosevelt, the farmer could buy less for a bale of cotton under Roosevelt than he could buy for a bale of cotton under Hoover.

I am no Hoover man. God help us if we get down to the point where we have to make a choice between what we have right now and what we had under Hoover. I would certainly go fishing on that day. [Laughter.]

I am not advocating any Hoover policy. I hope my friend from Alabama does not charge that to me. He makes the suggestion that he would take Roosevelt instead of LONG. Do not be too hasty about that, because I might have a good parade to offer before we get through. I never bar myself from anybody away in advance. I am always open to propositions as they occur in these changing cycles of time. So that I do not want a good politician like my friend from Alabama to make too many attempts to put me in or out of the picture.

If the figures to which I have referred are true and we can buy less of the necessities of life with a bale of cotton now than we did last year, or the year before, or the year before that, the point I am making is that, although you may put men on the relief and although you may be appropriating enough money out of the Federal Treasury to cover up that situation, nonetheless, in the essence of affairs, things are bound to be getting worse and worse as time goes on, and some day everybody is going to have to pay for it.

There have been benefits from this extra $10,000,000,000. I certainly would not be one of those who would say that if a billion dollars was put out among the people it would not buy something. I certainly would not deny that somebody ought to have gotten some good or that everybody ought to have gotten some good, having mortgaged themselves for ten or fifteen billion dollars, which they are going to have to pay some day. But I would like to see a policy for the farm people of this country that meant that more or less every man could farm who wanted to farm; that would mean that if the people desired to have the right to buy farms, they would not have to be one of the elect out of one-fourth of a hundred percent.

As was said here the other day by my friend the Senator from Nebraska, when we were debating another bill——

The PRESIDING OFFICER. The time of the Senator from Louisiana on the amendment has expired.

Mr. LONG. I should like to speak on the bill. Have I 10 minutes on the bill?

The PRESIDING OFFICER. The Senator has 15 minutes on the bill if he desires to use it.

Mr. LONG. I hope I will not use it all. The Chair, by his expression, seems to agree with that statement. [Laughter.]

My friend the Senator from Nebraska said, when we had another bill before us the other day—I have forgotten what bill it was—

There is that much good in the bill.

That is true. There may be some little good in the bill, but there is also harm in the bill when we go to the people who have been suffering 4 or 5 years and undertake to tell them that we are going to give them some relief. When we tell them that we are going to pick 1 out of 400 and give him something, and turn 399 down, which we have to do, as I understand the figures given here by the Senator from Colorado, we do not do them good. We do them absolute harm, because they have to enter into some kind of a political jigger as to which one of the 400 is going to get the particular money that is spent.

I do not care how you write this thing; you can put all the civil-service protection around it you want to, it is going to be politically administered. Such a law always will be. You cannot have a thing administered by public officials that is not politically administered. But if you provide for everybody evenly, then politics cannot get into it. When you provide for 1 out of 400, politics becomes disastrous in the administration of the Government's relief program.

I should like to have an answer to the question I again propound. What is the policy we are following? Do we propose to continually restrict production? If so, let us do it. Do we propose to give the farmers the right to raise not more than eight or nine bales of cotton, where the very people on the cotton farms have not clothing enough on their backs today to cover them? Are we to put them back under a restriction proposition, or are we going to adopt some kind of a reasonable farm program?

There has been entirely too much bitterness in the Senate if anybody proposes anything different from what comes from the Government departments. It is almost a crime; it is looked upon as almost a reprehensible thing in itself, when one of the "brain trusters" walks onto the floor of the Senate and shakes his head to an amendment, for a Senator to persist. I have seen them run right down the aisle by me and shake their heads, and thereupon give advice and admonition either to the Senator in charge of the bill, or to some other Senator, that it would be against the policy of the department to have this or to have that amendment.

I know that when one of these bills comes in any amendments are looked upon with a ferocious belligerency which almost spoils the friendly contact and almost destroys the right to give one another advice and suggestion here in undertaking to pass legislation.

I would rather say to my friend from Alabama, or to my friend from Colorado, or my colleague from Louisiana, "Let us take your parish"—we call them parishes in Louisiana—"or take your county", as they call them in the other 47 States, "or let us take my parish." We are allowed to raise so many bales of cotton in Wynn Parish, my home parish. So many people have been compelled to leave the farms. We are going to be allowed to raise only so many thousand bales of cotton.

Whether the number be 100, 200, 300, or 1,000 farmers, they have left the farms because the limit of cotton we are allowed to raise here is so much, and there is no work there for those hands; and so we had to put them on the relief rolls, and locate them in town. And now we are going to say to those people, "We are getting you money from the Government. For what? To move you back out onto the farm. For what? To raise more stuff in this parish? No, not to raise any more stuff, because we have limits there which the parishes have got to respect, otherwise it will conflict with the program of limiting what is to be produced." It all runs into an impossible situation under the restrictions which have been imposed; so that even in the cotton fields the cotton pickers have not enough clothes to clothe them even in the summertime, let alone in the wintertime.

I am not going to vote for any more of this kind of legislation. I would not have voted for this bill the last time we had it before us. I am not afraid to vote against it, either—not a bit at all. I have too much sense to put my head in this kind of a halter. I would not think of supporting this kind of legislation and going back to my people in the State of Louisiana and telling them I voted for a share-tenant bill when I voted for a thing like this.

Let me say that. It is bad enough to have had experience which was not pleasant. Experience is a dear teacher. There is an old saying that experience is a dear teacher, but it is a terrible thing when you have had to pay the cost of experience that it still does not teach you anything. We have been going at this thing for 3 years, gentlemen of the Senate. We did not start it under Mr. Roosevelt entirely. We started some of it under Mr. Hoover. Mr. Roosevelt did not start the relief roll. That was started under the R. F. C. under Mr. Hoover. He started the relief roll, and he started some of these farm programs, most of which we would not pass for him at the time. If experience is a dear teacher, how much worse is it if the experience which has been bought at such a terrible cost still does not teach us a thing upon God's earth? I pause for a Senator on this floor to tell me how we are to make consistent two policies of this Congress, one of which is to limit the production and move people away from the farms, and the other of which is, with the limited production prevailing, to move the same people back on the farm again and tell them, "You are going to buy this place with Government money."

Mr. KING. And have to borrow the money.

Mr. LONG. He will not borrow the money. Here is what these people will do. I know them. I have been messed up with them. I remember when the Federal land bank started in Louisiana. I was appointed attorney in my territory for the Federal land bank. That was so much better than what we are now proposing that the two measures are not even close. In that case there was no limitation of production, there were no relief rolls, and all that sort of business. I saw that what those men were doing, in 9 cases out of 10, was picking up some little fellow not worth a 5-cent piece and have him buy a place that belonged to them, which they wanted to get rid of, and borrow all the money he could from the Federal land bank with which to buy the place. They would pay the man for buying the place, and then they would move him off of it.

The big landowner down there was doing another thing. He would pick up some colored man or some white man and say to him, "I do not want to sign that note, because I would be personally responsible for it, but you want to buy a place. Now, you just come here and make application to buy this place, and then move right off after you get the money that you are going to pay me, and that is the end of that."

They are going to sell the Government more land. The Government is already making them do it. This bill would compel them to commit a fraud, because we are only permitting them to raise a certain amount of produce in a community, and we are giving them more money with which to raise that limited amount.

Here is what they are going to do with this little old "pie dough" money. I know these "birds"; I know what they will do. They will call a little colored man down there who has been removed from the farm and placed on the relief roll, and they will say to him, "Come here, Mose; sign your name." [Laughter.] "They are going to move you on this ground. Sign your name." And he signs his name, and that is all the colored man is going to get out of it, and they are going to sell about 30 acres of land down there which otherwise they could not sell, and which has already probably been mortgaged for double what they could get for it under the hammer, and the United States will be filched, conservatively speaking, to the extent of from 50 percent to 75 percent more money than it should take to buy land they are going to pretend to sell to the little colored man. If

land is going to be sold to one, let us sell it to all. Let us permit them all to have a farm. Do not let us go down there and give 1 man out of 400 a farm. Let them all have one. If we permit all to have farms, then let us make one further provision; let us not limit the production and say "We have too much produce", and make contracts to limit the amount which is going to be raised on those places, and then still try to put people back on the farms, when those who are there now are not allowed to raise enough to support themselves in anything like respectable poverty.

I do not care whether we pass the bill or not. It will not be much worse than we are doing in some other respects. I am not going to vote for it.

The PRESIDING OFFICER (Mr. MOORE in the chair). The question is on the amendment of the Senator from Colorado [Mr. ADAMS].

Mr. NORRIS. Mr. President, may we have the amendment of the Senator from Colorado again stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 26, line 8, after the word "payable", it is proposed to strike out the following words:

No land purchased from the Corporation herein created up to the value of $2,500 shall ever be encumbered with any lien or obligation, either statutory or contractual.

Mr. KING. Mr. President, I shall vote for the amendment, though I have no doubt it will receive the earnest support of the Senator from Alabama. Those of us in the West have had some experience with reclamation and irrigation projects. Men have come from the East and from other sections, and entered upon lands which were to be cultivated under the reclamation projects. As stated by the Senator from Colorado it is necessary that they obtain capital in order to maintain their families and establish homes. I have seen many persons who have gone upon the arid lands for the purpose of developing them, and establishing homes. After they had exhausted their small capital, perhaps $1,000 to $2,000 or $3,000, they have had nothing left other than the land itself.

In many cases before title was obtained from the Government, the settlers could not obtain credit, and were compelled to abandon the land and sustain the losses to which they had been subjected. When they obtained title they were then permitted to mortgage the land and obtain credit with which to continue their operations. I concede that some persons who may take advantage of this bill, if they were permitted to incumber the same, might act improvidently and execute mortgages for the purpose of obtaining credit when possibly they might have "pulled through", to use the language of the street, without mortgaging and possibly losing their homes.

However, generally speaking, if those who acquire farms and are industrious and frugal will not mortgage their farms unless under such circumstances as will enable them to foresee emancipation from their obligations and to make reasonably sure that they are going to make a success of the venture.

So, notwithstanding there will be some evils resulting and some loss of property from debts improvidently incurred, I think the advantages which will result from permitting them to obtain credit, as indicated by the Senator from Colorado, outweigh the disadvantages and dangers which may result.

The Senator from Louisiana [Mr. LONG] has presented some facts which I think are worthy of consideration. In my opinion, if this bill becomes law, efforts will be made by landowners to dispose of some of their holdings to the Government—holdings which have not been profitable to the owners. I think there is ample evidence to sustain the proposition that the policy of the Government, in restricting the production of cotton and some other agricultural commodities, has resulted in increasing the number of tenant farmers, particularly in some of the cotton States. My recollection is that when the so-called "Bankhead cotton bill" was under consideration at the last session of Congress the statement was made that it would result in restricting production; that it would disastrously affect tenants and the so-called "small croppers." When the Department of Agriculture put into operation its policy of materially restricting the production of cotton, thousands of small farmers and tenants were the principal sufferers. The tenants were driven from the farms and many of them onto the relief rolls.

I have heard it stated by persons familiar with the facts that there are thousands of tenant farmers now on the relief rolls who had it not been for the unsound and unwise policy of the Government with respect to the limitation of the production of cotton would have been engaged in agricultural pursuits to their advantage as well as to the advantage of their landlords. The philosophy of the Department of Agriculture seems to have been that the creation of wealth is a mistake; that it is imperative that cattle and livestock be destroyed, and that the production of wheat and corn and cotton and other commodities be materially restricted.

It has been the accepted doctrine that wealth results from production; from the creative genius and thrift and the industry of the people; but our present philosophy seems to be that scarcity produces wealth. There are in the United States today millions of people who do not have a sufficient supply of food and clothing, and yet under the prevailing philosophy this policy of restriction is to be continued. Millions of acres of land have been withdrawn from production, and millions of dollars paid the owners by way of bounties and subsidies. The owners have been paid large sums not to farm their land. I have heard of many cases where landowners have received large payments from the Government for withholding land from cultivation though they did not intend to cultivate it. A friend of mine told me a few days ago that he had received five payments but had refused to cash the checks because the lands had not been cultivated and he did not intend to cultivate them.

I am told that hundreds of millions of dollars have been distributed by the Department of Agriculture to landowners in the execution of what I regard as an unsound and absurd plan, but we are to continue this policy, as I am advised, of paying the landowners enormous sums of money for not planting crops. Fields are to lie idle; productive lands are to remain fallow; weeds are to grow where crops should be produced; and paralleling this absurd policy is the plan embodied in this bill to purchase lands which perhaps have been productive and attempt to establish and place former tenant farmers upon the same in order that crops may be produced. On the one hand, the Government lavishly dispenses its bounties to landowners, subsidizing them for not producing crops, and at the same time purchases their lands, or other lands, some of which doubtless are fallow, and places persons upon the same in order to grow crops. There is no logic or consistency in the course which has been pursued; and this measure, in my opinion, is confirmative of the folly of the course which has been pursued by some of the executive agencies of the Government. Crops have been destroyed and pigs have been slaughtered.

Scarcity has been urged as a necessity and now to mitigate some of the evils resulting from this course, we are asked to authorize an appropriation of hundreds of millions of dollars and to provide for a bond issue of $1,000,000,000. Undoubtedly the Bankhead cotton bill is largely responsible for this unjustifiable experiment which, as I have stated, is doomed to failure. There have been too many doctrinaires, impracticable and theoretical persons engaged in formulating and executing some of the policies of the Department of Agriculture.

Mr. President, I condemn the doctrine that our country can become prosperous by destroying wealth.

Mr. McKELLAR. Mr. President, does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. I cannot, of course, speak authoritatively about individual cases, but the Senator from Utah must realize that farmers are making very much more out of

their crops since this plan was evolved and put into effect than they previously made, and they are very greatly satisfied with it.

Mr. KING. I am not in agreement with the statement made by the Senator. Undoubtedly there are some persons who have been benefited by the course to which I have referred. But I respectfully insist that by and large the policy pursued has proven disadvantageous and has retarded recovery. The contention is made by some that we must establish parity between industry and agriculture, and the agricultural prices in 1926 are frequently referred to as the goal to be achieved. There is no doubt that a number of years ago the agricultural products of the United States exceeded in volume and in value those produced during the past 2 or 3 years.

Mr. President, cotton farmers of the United States, when they were producing from 15,000,000 to 18,000,000 bales per annum and shipping abroad 60 percent of their production, were far better off than they have been under the policies which have been enforced by the Agriculture Department during the past 2 years. Our total exports a few years ago reached the high level of $8,000,000,000, and our foreign trade amounted to as much as $13,000,000,000. With tariff restrictions and unwise and unsound domestic policies, our foreign trade has been reduced until during the past year it amounted to considerably less than $4,000,000,000.

What we need in the United States is greater production and greater consumption. The Senator from Louisiana [Mr. LONG] referred to the fact that in the United States there were many persons who lacked sufficient cotton clothing, and, if I understood him correctly, he contended that there should be an increase in the production of cotton and of agricultural crops. It seems to me that all must accept the view that what is needed in the world today is increased production, which will be followed by increased consumption. It is true that by this policy of destroying cattle and other products there has been an increase in prices. Senators know that prices in a number of commodities, among them meat, have reached such levels as to restrict consumption. We read in the papers of buyers' strikes because of the alleged abnormally high prices of such commodities.

Mr. President, there are those who believe that by ignoring the economic laws and policies which have made our country great we can surmount all difficulties and reach the summits of prosperity, indeed, of affluence. Coupled with the philosophy of some of the doctrinaires who are in part responsible for some of our recent policies, there are those who are carrying on aggressive campaigns for the socialization of business and of industry. There are those who would destroy the foundations of our economic and political system and plunge our Government into the arms of a national capitalistic state or an enervating and destructive socialistic regime.

There are some in important places in the Government who are loudly clamoring for a modification of our Government; who are demanding that the power of the Federal Government should be greatly augmented; that the rights of the States should be reduced to a vanishing point and that individuals should be subjected to a regimentation destructive of initiative and of that proper individualism essential not only to individual, but to State and national growth and progress.

Mr. President, I believe in our form of government; that the fathers of this Republic were wiser than some of the doctrinaires and faddists who are trying to force their philosophy upon the American people. The philosophy of Jefferson and the principles of Washington and Lincoln have builded the greatest nation the world has ever seen. This Republic, if it follows the teachings of the fathers, and adheres to Democratic principles and Democratic ideals, will continue to lead the world and will be the standard-bearer of liberty and progress among all the nations.

Mr. SHIPSTEAD. Mr. President, as I understand this bill, the corporation proposed to be created by it may loan a sufficient amount of money to pay the appraised value of the farms proposed therein to be purchased. Under the amendment of the Senator from Colorado [Mr. ADAMS], indebtedness also may be incurred and liens may be filed against the land so purchased in addition to the mortgage. There was one thing about this bill which I thought had merit, and that was that the land would be exempt from lien of any character except the mortgage held by the corporation.

Knowing a little something about farm conditions during the last 40 or 50 years, I cannot understand how any man can borrow money to the full appraised value of his farm, then borrow whatever more he can, and mortgage his farm even beyond its appraised value, carry the fixed charges, and make sufficient money to provide a decent living upon that farm. He will have a very hard time to do so if he is permitted to do no more than to borrow sufficient money to pay the full appraised value of the farm; but if we let him borrow any more we will load him down with fixed charges and overhead which, over a period of time, will tie him to the farm for the remainder of his life; he will not be able to get away if we permit him to incur such an amount of indebtedness. Far better than that would be the position of a renter. At least in my section of the country he would be far better off as a renter than to be saddled down with fixed charges that can be piled upon him by this increased indebtedness even beyond the full appraisal of the land. If I were a farmer, I should not for 5 minutes undertake to settle on a farm where I had to borrow the full value of the farm and then borrow sufficient with which to buy machinery, cattle, horses, and seed. The farmers had a hard time when they acquired their land free as homesteads, but they made a success; they had virgin soil; their local township, county, and State taxes were very low. Now they are very high. The farmer must not only pay the interest on this mortgage but he must pay the local, county, and State taxes. So, it seems to me the amendment of the Senator from Colorado will make it possible to saddle down the farmer even more than was ever contemplated by the bill or was contemplated by those who levy taxes upon farm lands.

Mr. NORRIS. Mr. President, I was out of the Chamber when the Senator from Colorado offered his amendment, but, as I understand, the Senator seeks by his amendment to strike from the bill the following language:

> No land purchased from the Corporation herein created up to the value of $2,500 shall ever be encumbered with any lien or obligation, either statutory or contractual.

If I do not have the correct idea of the amendment, I should be glad to have the Chair inform me.

The PRESIDING OFFICER. The Senator from Nebraska is correct.

Mr. NORRIS. Then, Mr. President, I want to speak on that amendment.

As I see it, if this amendment shall prevail it will be a blow against successful operation of the proposed law. The effect of the bill now is that these farms purchased by the corporation shall be exempt from levy by execution, by mortgage, or by any other means. Ordinarily, I presume, in every State in the Union there is provision for the exemption of the homestead from debts. This bill would extend that provision and make it impossible to mortgage the homestead. That is a provision which it seems to me is wise. A homestead never ought to be mortgaged or allowed to be mortgaged except, perhaps, for a part of the purchase of the land itself.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield to the Senator from Colorado.

Mr. ADAMS. If the Senator will permit me just in a word to explain the purpose of the amendment, let me say that I was thinking in offering the amendment of the farmer who had bought from the Government his property and paid for it but struck a bad year or had a bad crop and needed to borrow money to replenish, for instance, his livestock or perhaps for living expenses. Under this bill he could have no credit, that is, so far as his land is concerned.

Mr. NORRIS. No; he could not.

Mr. ADAMS. The amendment was designed merely to permit him voluntarily to secure credit which he might desperately need.

Mr. NORRIS. I think I understand the Senator's motive. It is a perfectly honorable one, a perfectly worthy one, and, at first blush, it looks to be the right thing to do; but the homestead laws in nearly every State are to a great extent perverted and nullified by the fact that the owner of the homestead can give a mortgage and thus relieve himself from the protection which the homestead law is intended to supply. There would be instances, as the Senator from Colorado has said, where it would probably work to the owner's benefit if he had a right to mortgage his homestead, but ninety-nine times out of one hundred the homestead is lost, not in the payment of a judgment, but in the payment of a mortgage. The permission given by law to put a mortgage on a homestead has been the means, in practical effect, of taking away the benefits which otherwise would have accrued because of the exemption allowed for a homestead under the law.

In my judgment every man who has had any experience with litigation believes that an exemption law for the homestead is absolutely justifiable, although there might be cases where, in the event of a drought or crop failure, it would be of benefit to some particular homesteader if his homestead could be subject to mortgage. As a general rule, that principle does not apply, and that is the reason for all homesteads being allowed, by the laws of the various States, to be free from execution for any debt excepting a mortgage. This provision goes one step further.

I presume it has been the experience of other Senators, as it has been mine, to have seen title to land in whole counties or whole communities in a new country such as the West, where the land was being settled, changed completely through the foreclosure of mortgages on homesteads. The Federal law granting homes, under which most of the great West was settled, exempted such homesteads from execution for debt, but the first thing that happened, as a rule, when the farmer proved up his homestead, was that he placed a mortgage on it. Then when the mortgage came due, five-sixths of the time or nine-tenths of the time he lost his homestead by virtue of that mortgage.

Such an experience demonstrates conclusively to my mind that we ought to have some provision of this kind in the bill. I will admit, for argument's sake, that it does not make any difference whether one is in favor of the bill or not, even if he is opposed to it, it seems to me he ought to be opposed to the amendment. Even if a Senator is opposed to the bill he ought to be at least willing to go so far as to help make the bill as effective as possible if it should become the law.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. NORRIS. I yield.

Mr. DICKINSON. What about discrimination? Here is one man living on a Government-purchased homestead on one side of the road. Across the road is another man living on a privately procured piece of land as to which he has only the exemption provided for in the State law. Would it not create a discrimination as between citizens of the same community?

Mr. NORRIS. It would give an advantage to the man who got his homestead through the operation of this bill. What the States ought to do, what I have believed in for years, is to make it impossible for a man to mortgage a homestead. Let a man have a homestead exempt from mortgaging, as we now make it exempt from execution for the payment of ordinary debts. Let it be also exempt from mortgaging, so that no matter what happens his home may be free, and he will have a foundation upon which to make a fresh start if any calamity should overtake him.

Mr. DICKINSON. Mr. President, will the Senator yield further?

Mr. NORRIS. Certainly.

Mr. DICKINSON. I have just received a letter from the Federal Housing Corporation. They are advertising to the public at large urging them to make applications to repair their homes. In red letters along the edge of the letter they list the various kinds of repairs which the Federal Housing Corporation will finance, such as new bedrooms, new tile, different types of floors, and various other kinds of repairs. That is an invitation by the Government to a person to mortgage his home to pay for the repairs on the installment plan.

Mr. NORRIS. That is much the same as mortgaging a homestead to buy it from the Government. I am not going to be led into a discussion of whether the procedure to which the Senator from Iowa calls attention is a good one or bad. Much can be said on either side. It is sufficient to say, as I see it, that it has nothing whatever to do with the question now pending to strike out the exemption feature.

I appeal to Senators, whether they believe in the bill or not—and I admit there are many appealing arguments against it—if we are going to pass the bill let us have one which will be a real homestead law, which will protect the homestead against execution for the payment of any debt. It is not a hardship upon the creditor. The man who lends money, the man who sells something on time to one of these homesteaders, knows in the beginning what the law is. He knows that the man has a homestead which is exempt from execution, and that it cannot be taken for the payment of debts; that he cannot get a mortgage on it.

Conceding that both parties are honest, if I were running a store and a man wanted to get credit from me for groceries or hardware, I would rather give credit to the man who could not mortgage his homestead than to give it to the man who could, because I would know that no matter what happened he would have a nest egg left, and something upon which he could base his hope for the payment of his debts. On the other hand, if he could mortgage his homestead he might, if he wanted to do so, defeat the payment of an ordinary debt for groceries or hardware. Assuming an honest homesteader, and most of them will be honest men who want to pay their debts, when a homesteader contracts for groceries or hardware he will be considered a better risk because he will be bound always to have something upon which he can make a start in case calamity overtakes him, and he will not be thrown out in the cold with his family. It will be known to the hardware dealer and the grocer that this man will have his farm left no matter what may happen. If he is honest he is going to pay, and he will have the ability to pay because he will have a farm upon which, under ordinary circumstances, he can make some money with which to pay his debts.

Mr. DICKINSON. Mr. President, will the Senator yield further?

Mr. NORRIS. Certainly.

Mr. DICKINSON. If a purchaser had liquidated his claim to the Government and had received title in fee from the Government, I wonder whether or not the Government could continue to impose a covenant running with the land that it should not be subject to mortgage?

Mr. NORRIS. It may be the Senator has raised a constitutional question. It would be queer indeed if we should enact a law wherein a constitutional question was not raised somewhere along the line. It may be that some court would hold it to be unconstitutional. I would be in favor of it just the same. I would give the court an opportunity to be right and to say that the provision was constitutional. I believe the court would so say. Of course, that is only my opinion. The opinion of the court might be different. A different opinion might be rendered if some other man were to pass upon the question. However, it is done with the best of motives, namely, to save men's homes. If the courts afterward say, "You tried to save the homes of these men, but you have not done it, and we shall not allow you to do it", at least the responsibility will have been taken off our shoulders.

I desire to say to the Senate that, in my judgment, if we pass this bill, we ought to leave this language in the bill. Much as I respect the judgment of the Senator from Colo-

rado [Mr. ADAMS], I think in this instance he is absolutely wrong.

Mr. ROBINSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield.

Mr. ROBINSON. I am in sympathy with the thought which the Senator from Nebraska expresses. The question arises in my mind, however, as to the practical application of the language which the Senator from Nebraska is now discussing. I should like also the attention of the Senator from Alabama [Mr. BANKHEAD].

The language is:

No land purchased from the Corporation herein created up to the value of $2,500 shall ever be encumbered with any lien or obligation, either statutory or contractual.

The particular words to which I now refer are the words "up to the value of $2,500." How would that provision be worked out?

Let me use an illustration. Take the case of a home which has acquired a value of, say, $6,000. What would be the privilege of the home owner in that case? Could he execute a mortgage, and, if so, how would it be executed?

Mr. NORRIS. Possibly. I am acquainted with one State, and I think most States have similar provisions, where in their exemption laws they provide——

The PRESIDING OFFICER. The time of the Senator from Nebraska on the amendment has expired.

Mr. NORRIS. I do not desire to speak on the bill while this amendment is pending, because I expect to use that time later.

Mr. ROBINSON. I will take the floor on the amendment for the purpose of enabling the Senator from Nebraska to give thought to that suggestion.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. ROBINSON. It is a practical question which I am asking, and I should like to know the views of the Senator from Alabama regarding it.

Mr. BANKHEAD. Mr. President, the usual procedure, as indicated by the Senator from Nebraska, is that where a State law gives an exemption in value, as most of them do to a certain amount, and the value of the homestead exceeds that amount, the equity court, or whatever court has jurisdiction, works out the matter so that in the event of a sale of the home the amount of the exemption is preserved for the homesteader.

Mr. ROBINSON. Two thousand five hundred dollars of the proceeds would be preserved for the home owner?

Mr. BANKHEAD. Yes; $2,500 of the proceeds would be preserved.

Mr. NORRIS. Mr. President, I did not quite hear the statement of the Senator.

Mr. BANKHEAD. I say, the usual system in the States is that a limitation both in area and particularly in value is established as a homestead exemption. Where the value of the homestead exceeds the exemption, the court, on a sale, carves out the amount of the exemption for the benefit of the homesteader to put into another home.

Mr. ROBINSON. The language, however, provides that no land purchased from the Corporation shall ever be encumbered with any lien or obligation, either statutory or contractual, up to the value of $2,500.

Mr. BANKHEAD. That protects the land up to that value from an incumbrance. It does not prevent an incumbrance, but up to that amount the land is not covered by the incumbrance, and the homesteader is protected in that amount.

Mr. ROBINSON. I know there are States where there is a value which is exempt to the home owner.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ROBINSON. Certainly.

Mr. NORRIS. It is necessary, I think, that a maximum amount be fixed; otherwise there might be an injustice. Various things might happen to make one of these homesteads worth $100,000, and it would be manifestly unfair to keep all that amount exempt; so I think there ought to be a limitation in the bill.

Mr. ROBINSON. I agree to that; but it does not appear to me that I have made clear the thought I was trying to express.

There is a provision that the land shall not be encumbered "with any obligation or lien."

Mr. BANKHEAD. Up to $2,500.

Mr. ROBINSON. It comes back again to the question, "up to $2,500."

Mr. BANKHEAD. Yes; and, in excess of that amount, it can be encumbered.

Mr. ADAMS. Mr. President, will the Senator yield with reference to this language?

Mr. ROBINSON. Yes.

Mr. ADAMS. The language is not limited to the purchaser from the Government. It says:

No land purchased from the Corporation * * * shall ever be encumbered.

Mr. ROBINSON. That is what I have been trying to say—that there is a prohibition against encumbering the land. No lien can be created up to the value of $2,500. It is a very difficult thing to express; but the point I am making is that the land cannot be mortgaged at all, under this language, so far as the value of $2,500 is concerned.

Mr. BANKHEAD. There cannot be a lien up to that amount.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. ADAMS] to the amendment of the committee.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Logan	Radcliffe
Ashurst	Costigan	Lonergan	Reynolds
Austin	Davis	Long	Robinson
Bachman	Dickinson	McAdoo	Russell
Bailey	Dieterich	McCarran	Schall
Bankhead	Donahey	McGill	Schwellenbach
Barbour	Fletcher	McKellar	Sheppard
Barkley	Frazier	McNary	Shipstead
Bilbo	George	Maloney	Smith
Black	Gerry	Metcalf	Steiwer
Bone	Glass	Minton	Thomas, Okla.
Borah	Gore	Moore	Townsend
Brown	Guffey	Murphy	Trammell
Bulkley	Hale	Murray	Truman
Bulow	Harrison	Neely	Tydings
Burke	Hatch	Norbeck	Vandenberg
Byrd	Hayden	Norris	Van Nuys
Byrnes	Holt	Nye	Wagner
Caraway	Johnson	O'Mahoney	Walsh
Chavez	Keyes	Overton	Wheeler
Clark	King	Pittman	White
Connally	La Follette	Pope	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. The question is on the amendment offered by the Senator from Colorado [Mr. ADAMS] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. HATCH. Mr. President, on page 23 of the committee amendment, line 2, following the word "loans", I move to strike out the words "or grants, or both."

The VICE PRESIDENT. The Senator from New Mexico offers an amendment to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. On page 23, line 2, after the word "loans", it is proposed to strike out the words "or grants, or both."

Mr. BANKHEAD. I have no objection to that amendment.

The amendment to the amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I offer to the committee amendment the amendment which I send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 20, line 24, after the word "person", it is proposed to insert "outside the civil service law."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming to the committee amendment.

The amendment to the amendment was agreed to.

Mr. O'MAHONEY. To the committee amendment I offer another amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 20, line 25, it is proposed to strike out "$4,000" and insert "$6,000."

Mr. KING. Mr. President, I ask to have that amendment restated.

Mr. McKELLAR. Mr. President, I move to reconsider the vote by which the amendment on page 20, line 24, was adopted. The proviso as printed in the bill reads:

That the appointment of any person receiving a salary of $4,000 or more per annum from the funds of the Corporation shall be subject to the confirmation of the Senate of the United States.

Under the amendment offered by the Senator from Wyoming, any one in the civil service would not be subject to confirmation; and that would virtually nullify this provision, because these employees would be appointed only from those in the civil service. I hope that amendment will be reconsidered.

The VICE PRESIDENT. The Senator from Tennessee moves to reconsider the amendment offered by the Senator from Wyoming to the committee amendment. The amendment which it is proposed to reconsider will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 20, line 24, after the word "person", there have been inserted the words "outside the civil-service law."

Mr. McKELLAR. I ask unanimous consent that the vote by which that amendment to the committee amendment was agreed to may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote by which the amendment to the amendment was agreed to is reconsidered. The question is on agreeing to the amendment offered by the Senator from Wyoming to the amendment of the committee.

Mr. O'MAHONEY. Mr. President, I raised no objection to the reconsideration of the vote, because I thought it was very advisable that there should be a statement in the RECORD of the purpose of the amendment, and of the effect of the bill as it now stands.

Earlier in the day we adopted an amendment, offered by the Senator from Minnesota, which provided that attorneys might be appointed without reference to the civil-service laws. Every other employee in the commission, under the terms of the bill as reported by the committee, and under the terms of the amendment offered by the Senator from Minnesota, must be appointed from the civil-service register. In other words, the civil-service law is made applicable to all appointments under the bill with the exception of attorneys.

The provision which the amendment which I have offered seeks to amend reads as follows:

Provided, That the appointment of any person receiving a salary of $4,000 or more per annum from the funds of the corporation shall be subject to confirmation by the Senate.

I submit that that provision amounts to a change of the civil-service law, because it means that no person, whether he passes a civil-service examination or not, if he is appointed to a place carrying a salary of $4,000, may be appointed unless he is confirmed by the Senate.

It will wreck the entire civil-service system. As that operates now, in the scientific and professional branches of the service, for example, a man acquiring a civil-service status is appointed at $3,800 a year, let us say. He earns a promotion. His promotions may go up to about $4,400, under the Classification Act of 1923.

This amendment means that no civil-service employee could be promoted to a $4,000 position, or to any position carrying a salary above that, without obtaining confirmation by the Senate, and I do not believe it is the intention of the Senate to provide that the civil-service law should be wrecked in that manner.

I think there can be no objection at all to confirmation by the Senate of persons who are outside of the civil service, but when we undertake in this bill to provide that civil-service employees must obtain confirmation by the Senate, then we are undermining the entire civil-service system, and we might just as well understand it.

Mr. KING. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. KING. May I inquire how it would undermine the civil-service system? A man could retain his position in the civil service.

Mr. O'MAHONEY. The object of the civil-service law was to build up a personnel in which a man or a woman could be promoted from one place to another as the result of efficiency.

We all know, from our familiarity with the executive departments of the Government, that there are numerous employees, probably thousands, drawing salaries of $4,000 or more, who are occupying subordinate positions. They do not occupy key positions; they occupy subordinate positions. This provision would mean that those in charge of the Commission would be deprived of any reasonable authority to make promotions within the service.

Mr. KING. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. KING. Suppose a person is on the civil-service register and has a position; and, because of his efficiency, those who have charge of the organization to be set up would like to have his services, they suggest his name; and it is sent to the Senate by the President of the United States. It would seem to me that the fact that he has a civil-service status would practically insure his prompt confirmation by the Senate, so that it would not be a disadvantage but rather an advantage to the man, and would probably insure his appointment and his promotion, perhaps, to a position better than that he was occupying.

ALASKAN COLONIZATION BY F. E. R. A.

Mr. VANDENBERG. Mr. President, I desire to take advantage of the pending amendment to put into the RECORD some additional information regarding the Alaskan experiment, about which the Senate has requested a report from Director Hopkins. I had hoped that the report of Director Hopkins would be available today, because it has some bearing, as a matter of fact, upon the proposed legislation now pending before the Senate.

It has been stated that the pending bill is the first proposal that has ever been made for the Government to provide all the land and equipment for a farmer and all his working capital, the net result being, of course, that he will be 100 percent in debt and will lack anything upon which to build credit for subsequent operations which, as the Senator from Minnesota has said, is an utterly untenable and ridiculous proposition. In my humble judgment, nothing sillier has ever been proposed.

I was about to say that it is not the first time such a thing has been proposed, for that is the precise basis upon which this crazy Alaskan adventure has been undertaken.

Last Friday the Senate passed a resolution asking Mr. Hopkins for certain information. I do not complain that the information is not as yet forthcoming, because there has scarcely been time for an adequate inquiry to produce the information. But I desire to call attention to some of the supplemental information which is available as a result of more recent publications in the newspapers.

For example, I refer to the Associated Press report of this morning under a Seattle date line, from which I read the opening sentence:

Alaska's Matanuska Valley was pictured as a "dusty, mosquito-infested country" instead of a promised land by 31 California transient workers after their return here from the Government's colonization project.

I drop down in the article to the following quotation:

All but three of the returning transients had asked to leave the Matanuska, a spokesman said. He added 178 more of the 400 tem-

porary F. E. R. A. workers there had "begged to come back" but were told there was insufficient room on the homeward-bound ship.

"Three women colonists begged me to give them my identification tag", said William Peck, one of the returning men, "so that they could clip their hair, put on men's clothes, and get back to the States." They wanted to get back here and work to send their families enough money to break away, too.

Mr. President, I ask that the entire clipping may be printed in the RECORD at this point in my observations.

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WORKERS CLAIM ALASKAN COLONY IS NO PARADISE—RETURNING TRANSIENTS HIT CONDITIONS AND CLIMATE

SEATTLE, June 23.—Alaska's Matanuska Valley was pictured today as a "dusty, mosquito-infested country" instead of a promised land by 31 California transient workers after their return here from the Government's colonization project.

Their chorus of dissatisfaction came on the heels of criticism from some 40 or 50 of the colonists themselves, whose charges of inefficiency were passed on to Washington and resulted in a Senate demand for a report on conditions.

Project Manager Don Irwin asserted that the disaffected colonists' charges were "greatly exaggerated."

Reports were circulated in Palmer, however, that Eugene Carr, a personal representative of Relief Administrator Harry L. Hopkins, had been appointed to "take charge" and was on his way there from Seattle.

It also was announced at Palmer that N. Lester Troast of the Indian Affairs Office, who had been assisting Irwin, had been recalled to Washington.

Work at the colony was at a Sabbath standstill today and the 1,000 colonists were saddened by the first death among their number, Donald Henry Koenen, 4, son of Henry Koenen, formerly of South Range, Wis., succumbed to measles and pneumonia and was buried yesterday.

All but three of the returning transients had asked to leave the Matanuska, a spokesman said. He added 178 more of the 400 temporary F. E. R. A. workers there had "begged to come back" but were told there was insufficient room on the homeward-bound ship.

"Three women colonists begged me to give them my identification tag", said William Peek, one of the returning men, "so that they could clip their hair, put on men's clothes, and get back to the States.

"They wanted to get back here and work to send their families enough money to break away, too."

Statements similar to the charges of the disaffected groups were made by several members of the returning contingent.

"They had carpenters helping in the kitchen, kitchen workers bossing logging gangs, and tractor men doing the carpenter work", said E. R. Skaggs, one of the 31.

"When we left", said Murl H. Montgomery, another returning transient, "there was only one cabin where they need 200. It's a crime for those families with tiny children to face the winter with prospects like that. I only wish I could testify before a Senate investigating committee."

Mr. VANDENBERG. Mr. President, I call attention to other newspaper information of the same character, indicating that if something is not done very promptly to restore these people to continental United States, or at least to civilization, there will be a major tragedy and a major calamity under the aegis of this amazing governmental experiment.

I have in my hand a copy, which I procured this morning, of the contract under which these unfortunate people have bound themselves in making this trip to the Alaskan experimental field, a field, by the way, which is many miles from a railroad, and to which no roads have been constructed.

Under the terms of this contract these poor people are provided with ample transportation facilities to reach Palmer, Alaska, but there is absolutely no way by which they can get back, and that of itself adds to the challenge of the moment, in view of the charge that this colony of 2,000 people is disease infested and contagion threatened.

I desire particularly to call attention, in passing, to two clauses of this contract under which these people have bound themselves to this Alaskan adventure. I read from the third paragraph in chapter 6 of the contract:

The colonist further agrees that he and the members of his family will abide by all Corporation administrative directions and supervision in connection with control of crop production, processing, marketing, distribution, crop rotation, soil management, sanitation, and other measures for the welfare of the community.

The other measures for the welfare of the community are defined in the first paragraph of this chapter, which I now quote:

The Corporation will build and equip such educational, cultural, recreational, health, work, and business centers in the community as the life of the community may require, and make the same available to the colonist and members of his family and other members of the community, and will furnish social and economic direction, supervisory and consultation services to the colonist, members of his family, and other members of the community on terms of mutual agreement and accord.

In other words, there is no one single element in the life and livelihood of the members of this community which is not contracted into the exclusive jurisdiction of the Corporation, namely, the Alaskan Rural Rehabilitation Corporation, which puts on this amazing experiment. So that we have in net essence a complete commune under the American flag at Palmer, Alaska. That is bad enough in its ethical contemplation; but when on top of that, in the face of a complete surrender of every possible individual function and every individual reliance, we find, as indicated in the special dispatch from Palmer, Alaska, to the Washington Star of June 20, 1935, that the responsible governmental Corporation has provided nothing in respect to the facilities which has been promised, and that these people are left stranded 5,000 miles from home in the face of threatening calamity, I submit that the information which the Senate has sought is not only highly important but it ought to be forthcoming with the least possible delay.

In connection with these observations I ask unanimous consent that there be printed in the RECORD the article from the Washington Star to which I have referred and a copy of the contract.

The VICE PRESIDENT. Without objection, it is so ordered.

The matters referred to are as follows:

[From Washington Star of June 20, 1935]

DESERTION THREATENS AS WORK LAGS IN ALASKAN EXPERIMENT—TOOLS WHICH WERE TO HAVE BEEN READY FOR COLONISTS HAVE NOT ARRIVED, AND ONLY ONE HOUSE HAS BEEN STARTED

By Arville Schalefen

PALMER, ALASKA, June 20.—It is now confessed by officials that the magnitude of the task of settling 200 families in the Matanuska Valley was not realized when undertaken, and, recognizing the tremendous amount of work remaining to be done, authorities here are making desperate efforts to get more help.

Already the administrative personnel of the colonization division—as differentiated from the construction division, manned mainly by California transients—has been bolstered. Howard Lyng, of Nome, has been added as assistant to General Manager Don Irwin, and Ed Croning, of Anchorage, as purchasing and disbursing agent.

To date the transient laborers and some of the colonists have been in the valley more than a month and have not made a dent in work promised the settlers.

MUCH WORK TO BE DONE

Trouble ahead is revealed by a brief summary of the work to be done. The colony must:

Construct a community center, a monumental task in itself, considering available facilities.

Erect homes for all colonists (except for a few who happened to draw tracts with houses on them). Just one cottage is now started.

Erect shelters for livestock.

Provide a water supply for settlers' homes and livestock.

Clear 12 acres of land for each colonist.

Build thirty-odd miles of new roads in the valley, plus 12 miles connecting Palmer with the Anchorage road, now ending at Eklutna; and this includes a $150,000 bridge.

Prepare and harvest community garden and field crops for settlers and livestock during the winter.

Most of these tasks have not even been started and others just barely touched. For instance, the road program, under the Alaskan Highway Commission, is about a month behind. Director Irwin concedes that conditions are serious and other officials privately admit the situation is most alarming.

The colonists themselves the becoming apprehensive. Some of them talk about cutting loose and going into the woods and building their own shelters, even if they must give up their colony tracts to do it.

Others of the new settlers are sick and tired of delays, bickering, and mismanagement. Irwin says that four families have asked to be sent home, but rumors around the camps are that more than 30 are ready to quit. Those with serious complaints are asked to sign affidavits that conditions were misrepresented to them by case workers back home. Then the Alaska Rural Rehabilitation Cor-

poration will investigate the charges and may provide transportation, according to Irwin. Nothing is definitely promised, however.

Transportation, more than any other colonization problem, was overlooked. In the first place, just two bands of steel, representing the Alaska Railroad, connect this wilderness with the rest of Alaska, there being no highway. It is a small system whose trains chase themselves around innumerable curves. The entire railroad has only some 70 cars and there are some 12,000 and more tons of freight coming into the colony.

RAILROAD SWAMPED

Approximately 4,000 tons have come into Palmer to date and it has kept the railroad practically swamped. Costly freight that never should be left uncovered has had to be dumped off and piled around Palmer to make cars available for more shipment. Bad weather could ruin thousands of dollars' worth of equipment.

Complicating the problem, materials have been shipped out of the United States that will not be needed for months.

"I've wired the shipping agent at Seattle time after time what we needed and had to have", Director Irwin declares. "I've told him ahead of time, so we'd have things here when needed."

What has happened? Two hundred kits of tools, such as hammers, axes, saws, levels, and planes for cutting house timber and erecting cottages should have been here when the colonists arrived. They are still missing. Authorities here bought up all available tools at Anchorage and Seward, and these, with what the colonists brought along, are all that there has been to work with. Sixty-nine horses arrived a month ago. They were to be hooked to wagons to haul timber out of the woods and supplement the overtaxed trucks on other haulage, but no wagons have come. The colonists finally borrowed six in the valley and that is all they could get.

But among the things which have arrived are eight carloads of cement which won't be used for months, retorts for a cannery whose site is not even staked out, radiators for a school house which still is just a blueprint, and onion graders for a prospective marketing cooperative, although onions are just beginning to shoot sprouts through the fertile soil.

Speaking of soil, it was most disheartening last week for 11 colonists to discover that, through error by surveyors, they had been allotted tracts which were mostly gravel covered only by moss, instead of the rich earth they so loudly lauded when they looked at it around Palmer. Irwin, who has stuck with the colonists through many annoying and unanticipated problems, immediately ordered new tracts for the unfortunate "gravel-pit owners", as they designated themselves.

Once again fisticuffs have been resorted to in the new colony, and this time the results were serious.

The latest difficulties involving personalities occurred in camp 6, one of eight temporary home camps scattered throughout the valley. The camp is split wide into two factions, so bitter toward each other that their members refuse to work with opposing members.

COLONISTS SETTLE DIFFERENCES

What to do about sawing logs caused the trouble. A group headed by Camp Councilman George Conners from Douglas County, Wis., wanted to go into the woods and cut down logs for their own houses and later get a sawmill. Other groups wanted to join camp 5 in operating a sawmill now there.

Conners was voted out as councilman because of his views and replaced by Ernest Porterfield, of Michigan. After the meeting the men stood around arguing until John Bradley, of Douglas County, told Al Covert, of Michigan, to "keep your mouth shut, so Conners can talk."

"You keep your mouth shut," Covert answered, "or I'll shut it for you!"

It happens that Covert and Bradley hold adjoining tracts, and Bradley said: "If we're going to have an argument, let's settle it now."

They grappled and fell (with Bradley on top). The Bradley faction stood at one side, yelling, "Let him have it, John! Let him have it!"

And someone on the other side answered, "Yeah, they're both 21; let them go."

WIFE GOES TO RESCUE

Mrs. Covert, in tears, jumped on Bradley as he held her husband down, but men in the crowd pulled her away. Bradley said he wouldn't hit a man while he was down, but he kept Covert pinned down so long that the Michigan man finally suggested, "Why don't someone serve cake and coffee?" And in a few minutes the two agreed to shake hands.

Since then, however, the Conners faction, badly outnumbered by the Porterfield faction, has refused to join in general colony sawmill operations, in which all men colonists are divided into work crews according to whatever they're fitted for, and declare they will build their own houses. They have asked for a team and wagon with which to get out logs.

"I don't care if we get only a shack," Bradley said. "I don't need a mansion this year, anyway. The only thing is that people back home think we are working in harmony, and I wish we could."

AROUSES LITTLE SYMPATHY

LANSING, MICH., June 20 (A. P.).—Complaints from Michigan farmers pioneering at Palmer, Alaska, aroused little sympathy at emergency welfare headquarters today.

Roswell G. Carr, director of rural rehabilitation, who directed the enrollment and transfer of the Michigan contingent, said its members "went into it with their eyes open."

Carr said complaints were to be expected, as the pioneers were entering a new land and facing unavoidable hardships. Those who complain because they are not given their food and clothing, he explained, were told before they started that they would be expected to buy them with Government loans.

Complaints about food prices, he said, were understandable, since prices in Alaska are high and farmers were moved there to produce the food, of which there is a scarcity.

ALASKA RURAL REHABILITATION CORPORATION—MATANUSKA VALLEY SETTLEMENT AGREEMENT

This agreement made this — day of ———, 1935, between the Alaska Rural Rehabilitation Corporation, whose principal office is at Juneau, Alaska, hereinafter known as the corporation, and ——— ——— of the county of ———, State of ———, whose post-office address is ———, hereinafter known as the colonist, in behalf of himself and family, consisting of the following members: ——— ———, witnesseth: That

Whereas the colonist and his family desire to settle on tillable land in the Matanuska Valley in the Territory of Alaska, in order to obtain subsistence and gainful employment from the soil and coordinated enterprises, establish a home, and enjoy the benefits of the rural community now being formed there; and

Whereas the corporation is a nonprofit corporation and has been organized and established to assist worthy and well-qualified individuals and families to accomplish the above-mentioned purposes and it desires to assist the colonist and the members of his family in doing so;

Therefore be it agreed, for and in consideration of the above premises and the mutual covenants herein contained, as follows:

1. TRANSPORTATION TO ALASKA

The corporation will assume the obligation to the transportation companies of the freight transportation of household and other effects up to 2,000 pounds of the colonist, and the above-mentioned members of his family from the point of departure to Palmer Station in the Matanuska Valley, and advance and pay for the purchase of, and include in said freight and its transportation, such needed household furniture, small tools, and home equipment as shall be agreed upon; same to be ultimately repaid by the colonist at the same low cost and special colonist rates as that charged the corporation. (The expense of travel of the colonist and the members of his family and the carriage of their baggage from the point of departure to destination in Alaska is to be attended to by the emergency relief administration of the home State at no cost to the colonist or members of his family and with no obligation of repayment.)

2. TEMPORARY CAMP

Upon arrival of the colonist and his family at Palmer Station the corporation will make available tents for their temporary shelter and habitation pending construction of their dwelling house and their moving on the land which they expect to make their permanent home.

3. LAND AND HOME IN THE RURAL COMMUNITY

The corporation will make available to the colonist for a farm and home for himself and his family not less than 40 acres of land on terms of payment running over a period of 30 years. (The corporation is in a position to make available to the colonists timbered land as low as $5 an acre and other land at prices in proportion thereto depending upon the location and the extent to which the land has been cleared.)

The Corporation will finance the colonist in building his dwelling house and other permanent improvements on the land. The colonist will repay for the same on an amortized plan over a period of 30 years.

4. FARM MACHINERY AND EQUIPMENT

The Corporation will furnish the colonist farm machinery, equipment, livestock, and other supplies and furnishings on such use-charge, lease, rental, or sale basis as may be agreed upon.

5. SUBSISTENCE

The Corporation will furnish subsistence to the colonist and the above members of his family at actual cost from their arrival at Palmer Station until such time as the products which the colonist and his family raise will enable him directly, or by exchange or sale, to furnish subsistence for himself and family.

6. COMMUNITY ACTIVITIES

The Corporation will build and equip such educational, cultural, recreational, health, work, and business centers in the community as the life of the community shall require, and make the same available to the colonist and members of his family and other members of the community, and will furnish social and economic direction, supervisory and consultation services to the colonist, members of his family and other members of the community on terms of mutual agreement and accord.

FULFILLMENT OF THIS AGREEMENT

The colonist agrees that the relationship established by this contract between him and the Corporation is to assist him and the members of his family to become established in a new home on a self-sustaining and self-supporting basis, and that he will repay all loans made to him by the Corporation in connection with the provisions under the above-numbered headings of this

agreement or otherwise made to him by the Corporation, and pay for all material, supplies, equipment, furnishings, services, and personal, real, or mixed property referred to in the provisions under the above-numbered headings of this agreement or otherwise furnished him by the Corporation, which are rented, leased, or sold to him by or through the Corporation, upon such terms as are agreed upon, and will enter into and perform all obligations and contracts necessary in order to do so, it being understood that interest rates on all obligations shall not be greater than 3 percent per annum from the time they are incurred, and that payment of said interest shall not begin until the 1st day of September 1938, and that payment of installments of the principal on all said obligations shall not begin until the 1st day of September 1940, unless the colonist elects to make such payments at an earlier date.

The colonist further agrees that he and the members of his family will abide by all Corporation administrative directions and supervision in connection with control of crop production, processing, marketing, distribution, crop rotation, soil management, sanitation, and other measures for the welfare of the community, and to cooperate with the Corporation, its representatives, and with the other colonists in building up a successful rural community.

It is mutually agreed by the parties hereto that this agreement is subject to any Federal, State, or Territorial laws now existing or which may be hereafter enacted.

ALASKA RURAL REHABILITATION CORPORATION,
By ——— ——— (name).
——— ——— (title).
——— ——— (the colonist).

Witnesses:
———.
———.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2276) to authorize participation by the United States in the Interparliamentary Union.

PARTICIPATION OF UNITED STATES IN INTERPARLIAMENTARY UNION—CONFERENCE REPORT

Mr. BARKLEY (for Mr. PITTMAN) submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2276) to authorize participation by the United States in the Interparliamentary Union, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment.

KEY PITTMAN,
JOE T. ROBINSON,
WM. E. BORAH,
Managers on the part of the Senate.
S. D. MCREYNOLDS,
SOL BLOOM,
Managers on the part of the House.

The report was agreed to.

FARMERS' HOME CORPORATION

The Senate resumed the consideration of the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY] to the amendment of the committee.

Mr. MCKELLAR. Mr. President, the provision now contained in the bill, is that the appointment of any person receiving a salary of $4,000 or more from the funds of the corporation, shall be subject to confirmation by the United States Senate. I think that is a very wise provision. It applies to civil-service employees and it applies to all those who are not civil-service employees. If it should apply to anybody it should apply to all alike, otherwise we would have a top-heavy organization. Under the Classification Act those connected with the civil service can be paid salaries up to $9,500, if I remember the act correctly. So this organization could be filled with any civil-service employees that any department of the Government wanted to get rid of.

I think if we are going to make the provision apply to anyone we ought to make it apply to all alike. There is nothing sacred about the civil service. Those under the civil service may be better prepared, it is true, but, if so, it makes their appointment just that much more easily confirmed, and if the Senate confirmation is good for ordinary nominees why should it not also be good for those in the civil service? There is no reason why it should not be. If we do not apply it to all alike, mark my word we are going to have this particular agency filled up with employees getting more money than those who manage and control it.

The only salary of $10,000 provided in the bill is to be paid to the appointive members of the board. Of course the other employees will be graduated in pay according to their positions, and it is provided that they shall be graduated accordingly. However, if we allow civil-service employees to be placed in this agency we will have it absolutely filled up with civil-service employees from other departments that want to get rid of them.

Mr. O'MAHONEY. Mr. President, I do not intend to dispute the statements which the Senator is making. What I am calling attention to is that this provision in the bill amounts to an amendment of the present civil-service law.

Mr. MCKELLAR. That law can be amended. Strange as it may seem, Congress has the right to amend that law. We are amending a number of laws in passing this bill, and there is no reason why we cannot amend the civil-service law if we so desire.

Mr. O'MAHONEY. Certainly not; but I desired to call attention to the fact that such would be the effect of the provision as it now stands. I think it advisable that that statement should appear in the RECORD.

I may say to the Senator that there is a further consideration. The efficient management of any body, of any bureau, of any commission, or of any department demands that the persons in charge shall be in complete charge. However, under the system which is proposed here, the corporation to be created will be loaded up with Presidential appointees who will not be subject to the control of their superiors, and I submit that such a condition cannot serve the ends of efficiency and will break down the efficient administration of the provisions of the pending bill.

Mr. MCKELLAR. The President can appoint civil-service employees. There are no restrictions on the President. He has the right to send in the name of a civil-service employee for any place paying a salary of over $4,000.

I submit it would be unfair and unjust for this amendment to be adopted, and I hope it will not be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wyoming to the committee amendment. [Putting the question.] The noes appear to have it.

Mr. LA FOLLETTE. I ask for a division.

On a division, the amendment to the amendment was rejected.

Mr. O'MAHONEY. Mr. President, I offer an amendment to the committee amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 20, line 25, it is proposed to strike out the figures "$4,000" and to insert in lieu thereof the figures "$6,000", so as to make the proviso read:

Provided, That the appointment of any person receiving a salary of $6,000 or more per annum from the funds of the Corporation shall be subject to the confirmation of the Senate of the United States.

Mr. O'MAHONEY. Let me say in this connection that the same statements I made in connection with the previous amendment apply with respect to this amendment. I wish particularly to call attention to the thought that the Senate should concern itself rather with the confirmation of persons nominated to hold key positions, and should not be concerned with the appointment of those who are to hold minor positions.

It is for that reason that I suggest changing the figure from $4,000 to $6,000.

Mr. McKELLAR. Mr. President, I hope the amendment will not be agreed to.

Mr. LONERGAN. Mr. President, in my opinion, if we were engaged in the consideration of a bill to help an industrious and worthy man to acquire from 5 to 10 acres of land to assist him in the support of his family, we should have before us a proposal of merit. Last year 35,000,000 acres were withdrawn from productivity, for which the Federal Government paid the owners in excess of $400,000,000. The figures procured by me from the Agricultural Department last Saturday showed that the estimates of land withdrawals for this year are 30,000,000 acres, and, therefore, there will be paid five-sixths of the sum which was paid last year. Six hundred thousand farmers in the United States are in distress, and the Agricultural Department estimates that the number will be increased to 800,000 during the present summer.

In analyzing the pending bill, which provides for a capitalization of $50,000,000, which may be increased, and also for a bond issue of $1,000,000,000, it is easy to figure that all the applications may come from one State or from a portion of one State. There is no provision for equal distribution among the 48 States. There is no limitation as to the amount which may be advanced to the buyer of a farm. A farm in the great Northwest may cost $30,000, and a farm in New England may cost from $3,000 to $5,000. There are some inequalities in the bill.

Mr. President, the figures I procured at the Department of Agriculture on Saturday last amongst other things show that $2,609,881,538 represents the amount of mortgages under Federal farm mortgage loans outstanding on February 28, 1935.

Mr. KING. Mr. President, will the Senator yield?

Mr. LONERGAN. I yield.

Mr. KING. May I say that in the Judiciary Committee this morning statements were made that in some States farm mortgages were being foreclosed, so it is obvious that farmers will need hundreds of millions of dollars to meet their obligations and to save their farms from foreclosure. Would it not be better to try to protect the farmers who are trying to protect their homes and to raise sufficient food for the United States than to embark upon this unsound adventure, which, judging from all the facts available, is certain to end in disaster?

Mr. LONERGAN. It would, Mr. President, but what I do not understand is that the Federal Government paid $400,000,000 to induce farmers not to plant crops, and now we are setting up machinery with a capital of $50,000,000, which may be increased, and a bond issue of a billion dollars, for the purpose of enabling them to buy farms. On the one side, we tell them not to raise certain crops and pay them not to do it. On the other side, we are offering to aid people to buy farms. The bill contains inconsistencies; there is no demand for it and it should be defeated.

Mr. President, I ask unanimous consent that a table headed "Appendix C—Rental and Benefit Payments Actually Disbursed", which appears on pages 350 and 351 of the publication Agricultural Adjustment in 1934, being a report of the administration of the Agricultural Adjustment Act, February 15, 1934, to December 31, 1934, issued by the United States Department of Agriculture, be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

APPENDIX C—RENTAL AND BENEFIT PAYMENTS ACTUALLY DISBURSED

EXHIBIT 6

Summary statement of rental and benefit payments—all commodities through Dec. 31, 1934—analyzed by State and month

State	Total	July 1933	August 1933	September 1933	October 1933	November 1933	December 1933
Alabama	$18,305,690.64		$12,043.55	$4,113,873.87	$4,766,182.92	$492,097.68	$152,809.23
Arizona	987,399.41			66,397.00	153,277.96	32,461.00	16,058.20
Arkansas	20,281,307.23		105,655.04	3,699,078.13	5,271,162.39	1,129,909.64	461,793.62
California	3,537,661.44			12,001.00	125,463.67	19,287.00	86,601.80
Colorado	4,337,779.31						267,418.40
Connecticut	844,634.44				108,659.34	25,065.95	36,032.70
Delaware	173,983.76						66,431.40
Florida	878,977.86		9,936.00	155,572.00	114,810.20	9,003.09	33,834.85
Georgia	17,650,740.11		7,382.00	2,942,839.45	4,221,802.07	556,279.01	197,918.34
Idaho	5,544,153.19						12,380.80
Illinois	22,812,945.26				156.00	28,721.20	620,690.64
Indiana	16,799,710.26					323,806.06	632,927.16
Iowa	40,040,805.88					90,034.60	91,061.80
Kansas	45,380,040.52				2,475.00	804,876.60	6,632,759.41
Kentucky	5,213,926.68				33,375.00	11,935.40	108,115.40
Louisiana	10,116,560.87			1,831,342.97	2,672,551.00	368,616.61	97,332.33
Maine	2,006.00						
Maryland	1,567,166.69					233,315.90	265,409.40
Massachusetts	547,826.97				56,344.50	8,409.80	13,558.80
Michigan	2,729,252.10					23,225.00	342,525.80
Minnesota	13,099,480.93					54,766.60	474,915.71
Mississippi	19,769,666.47		7,092.66	2,505,451.17	5,726,543.79	1,116,853.64	568,893.31
Missouri	18,808,231.46		12,802.00	665,418.57	947,430.86	337,996.02	586,635.77
Montana	9,265,512.77						
Nebraska	24,509,066.25					102,427.44	909,489.73
Nevada	69,960.81						15,988.80
New Hampshire	25,377.50				906.50	246.80	603.90
New Jersey	182,543.69						6,147.60
New Mexico	1,828,026.01			99,149.00	217,986.50	33,042.40	177,554.44
New York	236,140.14					19,742.18	11,003.45
North Carolina	13,141,978.98		78,903.85	840,644.45	1,671,428.80	168,808.42	70,131.20
North Dakota	24,415,574.23						
Ohio	12,675,393.30				75,504.92	249,735.36	869,363.10
Oklahoma	31,300,311.05		4,414.20	6,129,734.25	4,442,796.13	804,771.49	1,363,805.20
Oregon	4,246,515.29						60,961.80
Pennsylvania	1,618,841.17				217,066.48	78,895.55	122,919.60
Puerto Rico	1,188,639.00						
Rhode Island	2,176.84						
South Carolina	12,432,993.10		123,507.50	1,818,136.37	2,422,830.74	253,444.95	67,010.63
South Dakota	14,997,981.97					24,772.60	674,953.00
Tennessee	8,639,072.29		96,350.57	1,084,908.01	1,720,486.80	283,964.66	171,737.55
Texas	80,341,652.08	$517.00	312,973.25	23,303,095.13	16,200,516.61	2,407,969.25	2,355,806.13
Utah	1,096,736.73						243,930.80
Vermont	40,966.80				1,382.00	35.35	967.10
Virginia	2,675,421.02			27,868.00	91,479.56	276,991.98	63,673.58
Washington	6,462,548.41						16,091.60
West Virginia	299,518.42					12,921.40	30,244.00
Wisconsin	5,052,513.95		924.60		119,663.70	128,387.95	110,797.19
Wyoming	826,086.64						4,025.60
Total	527,501,795.92	517.00	771,985.22	49,295,509.37	51,382,283.43	10,512,818.58	19,113,373.90

APPENDIX C—RENTAL AND BENEFIT PAYMENTS ACTUALLY DISBURSED

EXHIBIT 6

Summary statement of rental and benefit payments—all commodities through Dec. 31, 1934—analyzed by State and month—Continued

State	January 1934	February 1934	March 1934	April 1934	May 1934	June 1934
Alabama	$47,785.29	$15,709.01	$9,245.66	$2,498.76	$1,009,840.69	$2,073,259.83
Arizona	11,326.40	1,136.40	1,376.60	387.10	20.00	132,270.86
Arkansas	107,835.65	36,455.85	17,736.04	4,419.52	789,776.69	2,168,577.23
California	459,279.29	126,566.82	113,228.33	34,425.69	302,358.14	50,466.56
Colorado	873,218.28	180,039.44	111,827.38	39,559.56	21,344.75	21,704.41
Connecticut	18,339.60	8,348.50	2,173.15	199.70	17,726.34	10,898.43
Delaware	1,108.95	6,081.60	2,179.05	1,298.96		668.83
Florida	1,632.60	302.00	42.00	90,995.43	21,437.42	72,150.34
Georgia	41,772.25	21,619.57	15,274.18	778,134.01	2,123,381.68	1,305,873.95
Idaho	1,593,237.40	486,039.39	192,817.23	61,881.98	29,089.02	11,905.55
Illinois	862,423.59	82,171.30	99,061.47	39,388.21	19,223.25	15,787.48
Indiana	256,206.34	67,717.25	43,995.90	17,355.62	8,794.15	91,076.85
Iowa	79,736.43	23,059.90	10,321.87	45,456.36	1,944,461.48	3,013,276.33
Kansas	7,220,689.32	1,330,731.01	610,209.47	214,615.07	133,152.93	114,171.34
Kentucky	50,500.37	4,869.47	6,829.65	2,466.43	726,604.76	1,198,716.54
Louisiana	24,900.05	7,557.62	2,877.81	604.00	643,311.48	1,121,933.05
Maryland	28,711.35	20,784.13	7,275.73	3,015.14	25,982.49	14,078.01
Massachusetts	14,064.00	3,385.20	537.30	168.80	6,611.44	2,705.90
Michigan	155,465.20	40,215.71	15,312.73	10,862.13	5,146.80	2,056.61
Minnesota	537,251.94	146,561.93	69,091.58	29,078.37	61,942.29	953,043.09
Mississippi	134,494.69	22,248.01	15,024.75	2,248.00	480,118.72	2,810,566.18
Missouri	247,661.84	64,822.25	45,353.13	16,950.48	34,282.43	1,099,062.78
Montana	882,578.50	2,326,927.45	471,480.97	557,295.36	109,516.20	63,662.79
Nebraska	2,421,213.97	287,230.00	241,077.57	79,306.81	45,474.13	44,148.57
Nevada	593.10	4,019.00	81.40	156.00		14,932.30
New Hampshire	534.40				95.36	
New Jersey	1,234.34	226.40	412.07		68.40	170.30
New Mexico	157,659.92	12,311.76	7,827.14	3,659.29	63,525.65	148,962.18
New York	18,163.50	3,691.02	1,664.60	1,478.88	1,187.97	289.20
North Carolina	18,639.53	11,578.20	1,802.90	1,544,114.56	2,613,809.33	1,829,098.19
North Dakota	959,374.97	5,416,834.38	2,916,565.01	519,355.93	197,332.57	151,209.04
Ohio	207,971.55	53,092.01	36,247.57	13,128.24	35,113.80	109,900.95
Oklahoma	2,055,268.50	1,296,666.16	245,972.42	75,848.58	26,631.66	513,664.99
Oregon	1,083,122.83	540,624.40	105,186.24	39,352.98	12,453.95	12,511.69
Pennsylvania	184,647.95	11,818.79	12,730.79	34,195.93	24,275.70	9,161.79
South Carolina	26,512.02	5,823.09	1,147.62	849,201.94	1,338,859.93	1,665,485.79
South Dakota	2,145,057.38	423,540.33	157,354.11	97,648.76	54,819.29	94,484.19
Tennessee	41,555.51	10,196.91	6,337.67	1,782.38	65,816.51	834,768.96
Texas	1,667,660.35	551,469.71	187,818.53	56,414.14	1,995,834.84	5,893,694.05
Utah	172,115.97	20,889.55	20,162.55	9,846.74	2,054.53	3,544.69
Vermont	219.60	120.90			108.38	
Virginia	36,598.55	10,803.60	6,815.92	317,279.69	165,090.07	126,137.86
Washington	2,791,792.06	808,600.67	300,436.91	62,866.66	23,814.51	96,756.13
West Virginia	3,144.20	3,921.82	1,654.40	857.60	30,291.20	10,425.57
Wisconsin	77,122.77	16,619.54	4,415.58	11,411.60	15,855.01	116,700.16
Wyoming	197,493.15	62,608.10	13,155.86	6,611.78	1,291.69	1,217.05
Total	27,918,025.45	14,576,036.15	6,132,138.84	5,677,823.17	15,227,887.68	28,025,277.62

State	July 1934	August 1934	September 1934	October 1934	November 1934	December 1934
Alabama	$398,042.44	$484,258.39	$96,420.07	$1,807,889.64	$1,597,247.20	$1,226,486.38
Arizona	44,034.81	112,326.26	14,573.89	64,703.30	298,894.13	38,195.50
Arkansas	521,965.55	702,692.85	351,712.83	1,625,341.88	1,937,549.60	1,349,644.72
California	95,558.16	767,169.67	211,553.60	234,023.28	566,436.34	333,242.09
Colorado	35,071.50	82,856.45	67,689.66	707,976.10	1,253,655.75	675,417.63
Connecticut	23,350.83	33,435.12	24,473.63	11,858.56	419,751.62	104,320.97
Delaware	147.40	848.55	12,969.65	16,388.41	56,151.57	9,739.39
Florida	12,833.90	103,255.75	52,513.31	89,779.01	69,707.48	41,172.48
Georgia	523,386.56	249,895.40	233,806.35	1,516,830.04	1,657,383.50	1,257,161.75
Idaho	16,366.41	27,194.64	42,229.77	616,700.32	1,585,739.72	868,519.96
Illinois	50,282.50	1,038,721.63	5,990,497.68	9,690,562.66	2,290,277.65	1,984,980.00
Indiana	672,404.66	4,212,788.36	4,058,085.35	2,422,009.49	955,502.96	3,036,980.11
Iowa	1,606,363.77	8,380,093.56	12,828,659.43	3,657,782.59	999,330.35	7,271,167.41
Kansas	419,710.99	3,464,196.73	3,876,684.77	14,604,667.55	3,497,288.72	2,953,811.61
Kentucky	277,718.26	367,427.70	206,745.57	1,564,114.08	326,066.93	328,441.12
Louisiana	257,238.64	174,164.27	113,602.87	907,333.82	1,088,589.11	804,605.21
Maine					2,096.00	
Maryland	7,396.52	52,270.43	217,224.47	531,183.66	75,128.11	85,361.35
Massachusetts	1,735.77	150,376.37	18,390.93	26,530.18	239,326.38	5,681.60
Michigan	2,181.23	45,975.88	462,163.47	1,008,671.75	370,732.01	244,717.78
Minnesota	1,427,231.99	1,362,966.82	3,749,247.32	1,663,821.34	957,563.74	1,611,998.21
Mississippi	672,678.69	459,212.81	223,954.69	465,973.70	3,396,306.14	1,162,002.52
Missouri	2,335,740.20	4,093,960.25	3,491,915.76	1,467,098.85	1,221,589.41	2,139,510.86
Montana	81,075.72	142,377.67	116,020.87	1,992,639.47	1,883,691.47	638,246.30
Nebraska	1,008,079.74	4,836,276.84	4,771,663.07	5,117,357.14	2,200,930.76	2,444,390.48
Nevada	3,138.90	7,391.75	2,009.65	10,331.64	489.87	10,828.40
New Hampshire		1,507.73	7,994.76	1,199.45	7,038.00	5,253.60
New Jersey	656.71		98.96	116,391.18	23,061.52	34,076.21
New Mexico	9,833.17	78,416.20	50,502.20	336,333.09	270,846.64	160,416.43
New York	475.81	6,376.12	22,209.02	76,549.33	55,618.80	17,627.26
North Carolina	1,199,876.31	288,203.07	269,685.30	626,786.48	1,291,230.92	617,237.47
North Dakota	132,224.17	197,036.91	468,579.42	5,055,993.70	6,531,187.06	1,870,081.07
Ohio	1,939,840.84	4,864,696.29	679,930.18	676,555.47	820,021.50	2,044,291.52
Oklahoma	1,008,731.03	1,235,666.52	1,356,341.04	5,958,536.36	2,925,209.20	1,856,253.33
Oregon	9,322.76	5,537.49	29,898.64	855,965.63	666,273.93	825,302.95
Pennsylvania	6,252.16	37,263.52	39,946.93	184,641.72	571,591.97	83,432.29
Puerto Rico		1,158,051.50				30,587.50
Rhode Island		36.84		2,140.00		
South Carolina	264,544.05	187,742.78	110,914.66	1,163,898.01	1,251,915.83	882,017.14
South Dakota	165,277.74	3,120,970.29	1,938,958.05	1,582,793.44	3,015,614.43	1,501,738.36
Tennessee	729,623.40	413,915.15	685,167.03	1,021,386.76	949,058.94	522,015.48
Texas	2,821,997.07	2,062,589.01	1,800,251.79	5,549,306.23	9,253,128.08	3,920,610.91
Utah	18,589.73	36,300.41	34,671.60	330,824.08	141,188.13	62,617.95
Vermont		1,600.00	2,236.28	20,661.75	12,247.65	1,387.79
Virginia	153,752.90	579,251.44	121,157.48	255,405.26	201,068.26	242,046.87
Washington	87,850.60	144,127.66	56,482.34	47,151.55	1,179,363.90	847,213.82
West Virginia	17,466.67	36,031.81	24,563.01	42,472.06	46,981.18	38,543.50
Wisconsin	399,144.47	906,586.78	1,801,642.83	168,113.67	320,487.58	854,640.52
Wyoming	968.59	1,686.72	47,878.30	209,229.12	164,365.97	115,554.71
Total	19,460,163.32	46,715,728.39	50,783,918.48	76,103,902.80	58,644,836.01	47,159,570.51

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming to the committee amendment.

The amendment to the amendment was rejected.

Mr. KING. Mr. President, I propose an amendment on page 20, line 11, after the word "Corporation", the last three syllables of the word being on line 11, to insert:

Nor compensation in excess of that received by employees of the Government in like or similar services.

May I say, Mr. President, that to my knowledge a similar amendment has been offered in a number of bills. It merely provides that employees in this organization shall not receive greater compensation than that which is paid in like employment in various activities and establishments of the Government.

Mr. BANKHEAD. Mr. President, I have no objection to that amendment.

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, the amendment is agreed to.

Mr. DICKINSON. Mr. President, when this bill was previously before the Senate I made some observations with reference thereto, and I do not now see that the bill has been improved in any way by the substitution of the committee amendment. I call attention to the fact that on page 16, paragraph 3, there is found the following provision:

(c) The Corporation shall have capital stock in the amount of $50,000,000, and the board, with the approval of the President, is authorized to increase such capital stock from time to time in such amounts as may be necessary to carry out the functions of the Corporation.

I do not believe that Congress ought ever to permit a delegation of power to the President which involves the right of the President to increase the capital stock of a corporation in any amount he may see fit in order to carry out the policies of the corporation. It seems to me that, and that alone, ought to be enough to defeat the bill.

Second, on page 17, line 22, I find the following language:

Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States of any officer or officers thereof.

In other words, there is a direct guaranty on the part of every taxpayer in this country to put Uncle Sam into the real-estate promotion business in whatever section of the country the corporation to be created may see fit to invest in land, and to guarantee, if you please, the entire expenditure as to both interest and principal. I do not believe that there is any authority in the Constitution for Uncle Sam to go into the real-estate promotion business. I do not think such authority may be found under any section of the Constitution. On the other hand, it is my belief that this is just another case where we are trying to read into the Constitution something that is not there. In other words, the result will be the same as in the "chicken" case, and the Supreme Court of the United States will finally determine that such a law is not authorized under the Constitution and may not be enacted.

Reference has already been made to the exemption carried in the bill, and it has been admitted on the floor that if the exemption be granted which is authorized under the bill on page 26, section 5, there will not only be the homestead exemption, which is now permissible in every State in the Union, but there will also be another exemption which will be for the amount of the $2,500 as specified in the bill. Therefore, there may be two men, one living on one side of the road on a farm purchased from the Federal Government and another man living on the other side of the road on a piece of land privately purchased with his own money, one of whom will have a special exemption from debt and, therefore, he may go into debt in excess and say to his creditors, after they have given him credit on the theory that he was the owner of land, "You just cannot do anything about it, because my land is exempt under the law passed by Congress." That would be a discrimination in favor of one citizen as against another citizen.

Mr. AUSTIN. And in favor of the one who would not deserve it.

Mr. DICKINSON. It would be a discrimination in favor of one who would not really deserve a favor.

Secondly, I want to say that socialization programs of this kind never have worked. I think we have had some experience in reclamation which has shown us that the Government is not always able, through its type of leadership, to determine what is or is not cultivable land; to determine when land may be properly irrigated in order to produce crops.

We also find that practically every socialization program of this kind which has ever been attempted has proven to be a failure.

When this bill was previously before the Senate I read, to some extent, from the final report filed June 30, 1931, by the division of land settlement, department of agriculture, State of California. Two projects had been set up, one known as the "Durham land settlement" and the other known as the "Delhi land settlement." I find that these settlements were not a success; they never were a success; and on page 20 of the report, to which I have heretofore referred, I find this is the conclusion of the State of California:

It cannot be gainsaid that there was a serious land colonization problem facing the State at the time the State land settlements were started, and that there is still a definite service to be performed by the State government along colonization lines, but that service apparently can best be carried out through rigid State regulation of those private agencies seeking to colonize the lands of the State for profit, as the demand for settlement develops and conditions affecting agricultural activity warrant.

In other words, there is a direct finding on the part of the State commission that a land settlement of that kind could not be made a success under State supervision. I also find in a final report, reading from the last paragraph, the following:

As to the deeds of trust which have been extinguished at both settlements where the amount was $152,862.98, we have received the sum of $101,063.69, which represents a loss of $51,799.29, or a loss of 33.89 percent.

Respectfully submitted.

ARLIN E. STOCKBURGER,
Director of Finance.

JANUARY 26, 1935.

In order to understand just what is proposed in this bill I think it is well to read the statements of some of those who would naturally be interested in this type of program. I find that M. L. C. Gray, Chief of the Division of Land Economics in the Department of Agriculture, made this statement:

It is proposed that the credit facilities of the Government be made available to farm owners for adjusting the size of farm tracts in certain areas and for promotion of farm ownership in areas where tenancy is prevalent. One proposal is that the Government acquire the present extensive areas of farm lands held by banks and insurance companies and by other classes of landowners who are not interested directly in operating their land and extend long-term credit to tenant operators for the buying of farms of profitable size.

No one objects to that. But, on the other hand, let me suggest that the trouble with most of the tenants in the United States and most of the men who have found themselves in distress on account of land ownership and debts against their land has been due to the fact that they were able to borrow too much money against their land and not too little. It was not the question of being able to secure finances; it was a question of getting so much credit that the borrowers were not able to pay the interest and taxes on their investment. Therefore when economic conditions changed and the depression began and prices declined, when the revenues from a farm decreased from 50 to 60 percent, as they did in many other lines of endeavor, we found that farmers were not able to carry through.

Commenting on this, Harvey Ingham, in the Des Moines Register of Saturday morning, June 22, 1935, states:

One thing is plain to those who have known the farm situation from the early days, and that is that the Government must stabilize the values of lands and keep them stabilized if a lot of landowners

of one year are not to become the tenants the next. The shift in the Middle West in this last period of deflation has been terrific, and not at all at the instance of the banks, insurance companies, and private citizens who have been forced to take over the lands. So long as land is like other property open to purchase and sale for a profit there will be a steady shifting of ownership. It is this, unquestionably, that explains the demand for Government regimentation.

In other words, so long as there is a shifting in values anywhere along the line, it is going to affect land just as it affects every other investment. We have seen stocks go up and down; we know that they do go up and down according to the demand for the commodity manufactured by the particular concern whose stock is affected. So we find in this respect that stocks are just like land. The farmer in the Middle West now is not suffering from lack of credit; he is suffering from too much credit. I used to think a banker was a good friend of mine when he would lend me a little money. I found, after about 3 years of the depression, that he was the worst enemy I ever had. If he had not loaned me the money I would not have been in distress as a debtor, as I proved to be. That is the reason why we find a great many people talking about the present lack of credit.

A while ago I called attention to a Federal Housing Corporation letter. That agency is handing out invitations to the landowner, to the home owner, "Come in and borrow money; put a new bathroom in your house; reshingle it; put new linoleum in your kitchen; put in a new bedroom; add a new porch; put a mortgage on your home." Under the old philosophy we always found that a mortgage was the first step to dispossession of a man's home. Therefore, there should be no mortgage permissible on a home at the invitation and suggestion of the Government.

I think it was Mr. Rubin, after his return from Europe, in relation to the socialization of the affairs of the world, who made this statement:

I would rather live in a country where there is an unequal enjoyment of credit than in a country where there is an absolutely impartial distribution of money. One extreme always yields to the other.

Do Senators appreciate the philosophy?

I would rather live in a country where there is an unequal enjoyment of credit—

Suppose the other fellow does have a little more than you have. Perhaps it is a good thing that he has, but you ought not to be jealous because he may have a little more than you have. Therefore—

I would rather live in a country where there is an unequal enjoyment of credit than in a country where there is absolutely impartial distribution of money.

I think there is a great deal of philosophy in that statement.

Mr. President, in order to present the matter and show what I believe is the socialistic trend in a great deal of the legislation we are now proposing, I ask permission to have inserted in the RECORD a statement made by myself before the Amen Corner Club at Pittsburgh, Pa., with reference to socialistic trends.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Although the Democratic platform was accepted by the Presidential nominee in 1932 without equivocation or reserve, none of the fundamentals endorsed in that platform are being followed at this date.

That platform declared for a drastic reduction in Government expenditure; the abolishment of useless commissions and offices; the consolidation of departments and bureaus; and the elimination of extravagance. None of these promises have been fulfilled.

Let us go back several years and check the activities and proposals of those of the Socialist faith.

In 1921 the Socialist Party, as such, concluded that it might get further by joining a movement with other discordant groups, and adopted a resolution calling for a conference of all such groups to develop a plan of united political action. This conference, known as the "national conference for progressive political action", was held in Cleveland in December of 1922.

In 1924 the conference for progressive political action met in Cleveland and nominated Senator Robert M. La Follette as their candidate for President.

It is interesting to note that the keynote speech by the national chairman of the conference was headlined as: "New deal is text of keynote." In a congratulatory message to Senator La Follette after his nomination, signed by A. A. Berle, Jr., Frederic C. Howe, and others, there was this statement: "We believe that the time has come for a new deal * * *."

Some of the resolutions adopted by this convention of the conference for progressive political action were as follows:

"Public ownership of * * * water power and creation of a public superpower system."

"Strict public control and permanent conservation of all natural resources * * *."

"Promotion of public works in times of business depression."

"Reconstruction of the Federal Reserve and Federal Farm Loan Systems to provide for direct public control of the Nation's money and credit * * *."

"We favor submitting * * * a constitutional amendment providing that Congress may by enacting a statute make it effective over a judicial veto."

Who was the chairman of the resolutions committee that reported these resolutions to that Socialist meeting in 1924? It was none other than Mr. Donald R. Richberg, now "assistant President of the United States."

Other prominent members of the present new deal who played important parts in the program and campaign of the conference for progressive political action are: Mr. Basil Manly, now a member of the Federal Power Commission; Sidney Hillman, a member of the Consumers' Advisory Board in the N. R. A.; Frederic C. Howe, consumer's counsel of the A. A. A.; J. A. Franklin and Rose Schneiderman, both members of the Labor Advisory Board in the N. R. A.; A. A. Berle, Jr., one of the original members of the "brain trust", and Rexford G. Tugwell, now Assistant Secretary of Agriculture.

These Democratic officeholders of today were actively engaged in defeating the Democratic Party in 1924, which was led by John W. Davis and C. W. Bryan.

The views of those connected with the Socialist faith have not changed since 1924. This is shown by the national platform of the Socialist Party in 1932. In reading that platform, I find the following:

"We favor an immediate appropriation of $5,000,000,000 for relief to supplement State and local expenditures and the appropriation of an equal amount for public works, including roads, reforestation, slum clearance, and housing."

I read further and find declarations for "the creation of national, regional, and State boards to determine the best utilization of rural land; Government ownership of the liquor business; abolition of the power of the Supreme Court to pass on the constitutionality of legislation enacted by Congress; complete acquisition of the Federal Reserve Banks by the Government; the operation of the power industry by administration board; the recognition of Soviet Russia."

In all candor, I ask you to compare the program of the present administration with the program above suggested.

Consistent Democrats should be willing to admit that outside influences have taken control of their party. By working from within, this former third party group now dominates the Democratic Party. The party platform of 1932 has been abandoned, although definitely accepted by Roosevelt as the Presidential nominee. The Socialist platform of 1924 has been substituted therefor.

The leadership of the Democratic Party, so far as policy is concerned, is now in the hands of those who were in key positions of the progressive, Socialist Party of 1924.

This is why many of our Democratic leaders are supporting the new deal with lip service only. This is why they give the administration program support with their tongue in their cheek.

This change of program has never been ratified by the sound-thinking Democrats of the South. State-rights Democrats have no place in the present-day program of centralized Federal control and bureaucratic domination.

The Democratic Party of Roosevelt and Farley is not the Democratic Party of Jefferson, or Cleveland, or Wilson, or Al Smith. Through the influence of the Socialist group now holding positions in the present administration, Roosevelt has directed the program of the Democratic Party towards socialistic reform.

Verily, Miss Democracy, through the direction of Roosevelt and under the management of Farley, is being taken for a ride.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. DICKINSON. Very well; I shall take my time on the bill.

The PRESIDING OFFICER. The Senator may proceed.

Mr. DICKINSON. Mr. President, I find in the Annals of the American Academy for March 1935, a statement from Donald Richberg on Constitutional Aspects of the New Deal, from which I quote as follows:

This school of thought argues that the Government must organize and direct the essential industries of a nation for public service, and that for the incentive of private profit we must substitute the obligation of service to the general welfare.

Further quoting:

We could not establish a political determination of what goods shall be produced, what prices shall be charged, and what wages shall be paid, and at the same time maintain those individual rights of property and individual liberties of conduct which are

guaranteed in the Constitution. We could not administer the infinite details of regimenting the lives of millions of citizens and preserve a judicial review of the justice of each separate restraint upon the freedom of the individual. In a word, we could not achieve such a planned economy as is embodied in any program of State socialism without a political revolution and the definite abandonment of our constitutional safeguards of individual freedom.

I quote further:

In various activities of the Federal Government, particularly in the N. R. A. and the A. A. A., we have been seeking to carry forward our constitutional principles of self-government into a political-economic order which will serve the needs of the twentieth century and which can be established under our fundamental law and in harmony with the traditions and purposes of American life.

It has been found that the views expressed by Mr. Richberg are not at this time in accord with the rights under the Constitution and, therefore, I take it that as a prophet of planned economy to eliminate individual initiative Mr. Richberg is no longer going to consider himself an authority. In other words, his reputation seems to have passed with the decision of the Supreme Court in the "chicken" case that the N. R. A. was absolutely unconstitutional.

I also find further that most of these experiments have not resulted in a wholesome development in any line of endeavor. From Mr. David Lawrence's article of a few evenings ago I quote:

The latest of these is the passing of the dream of the "planned economy" experts on the subject of "rural resettlement" and "subsistence homesteads."

It will be recalled that populations were to be moved about, small communities were to be built, and, in short, America was to be remade by the new deal.

I take it many Members of the Senate have learned the truth about what is known as "Red House", a rural section nearby. In a picture in the February number of the Nation's Business we see a large number of houses being built in that locality. I understand that now practically none of those houses are occupied, that the loans cannot be paid, that the amount suggested to be paid is excessive, and the opportunities to make money in that locality do not permit men to carry the overhead expenses of either maintaining or owning a home of such magnitude in that vicinity. In other words, instead of thinking about how much money could be made in that locality, they went ahead and built a large number of houses, and then found there was no one to live in them and there was not enough money to be made in the vicinity to support any of the homes, or, at least, more than a very limited number of them.

I quote further from Mr. Lawrence:

But now, alas, the whole thing is being liquidated as impractical, or to put it more gracefully, the idea is being recast with plans much more modest.

In two years with $25,000,000 to spend only 33 projects were started, involving 1,065 houses either completed or under construction. At present only about 268 of these houses are occupied.

The troubles are manifold. In the first place, sticking a rural settlement in the middle of a vast area and trying to make a community where there is no employment for the inhabitants has been found to be an obstacle. Take Reedsville, W. Va., in which Mrs. Roosevelt had a special interest. Well, they are still trying to persuade a certain captain of industry to have his company put a factory or branch or something there so as to give the town a start.

But town building on the whole has proved a flop. The rumor is that even the left wing Dr. Tugwell does not like the sociological aspects of these communities. They turn into "company towns" if dominated by one industry or they become centers of intensive or excessive reform, with more conservation than work.

* * * * * * *

So the projects turned out to be interesting only to stranded miners or destitute farmers or run-down city persons who were willing to try anything once. Also, the record of repayment to the Government on the loans made for the subsistence homes has been poor, and other discouraging aspects have entered into the picture.

In other words, the people who could occupy those homes were not able to buy the homes, were not able to pay the overhead expenses of the homes, were not able to do the things required of them to be done in order to comply with the requirements of the Government. The only thing the Government could possibly have done was to permit them to occupy the homes without having to pay anything.

I quote further from David Lawrence:

The first news of what happened came officially with a brief bulletin posted on the Department of Agriculture's board recently stating that the Subsistence Homestead Division had to be liquidated this month. This was based, of course, on the expiration of the provisions of the old National Industrial Recovery Act. But then there was in the offing the $4,000,000,000 work-relief program. Dr. Tugwell had been made Rural Resettlement Administrator.

The President too bad earmarked $100,000,000 for the Resettlement Division. But the mathematical bugaboo which limited to only about $1,140 the amount to be spent on each man employed has put a damper on the whole resettlement plan. At a recent meeting of key executives in the administration, the President looked ruefully at Undersecretary Tugwell as he remarked that some of Rex's pet projects would have to go by the boards.

Dr. Tugwell is represented as believing that the best method would be to set up projects of suburban homes or what are called "satellite cities." These would be homes built on an acre of ground and sold to city workers on the edge of a town or city. Experience with this type of project at Houston, Tex., has convinced Dr. Tugwell that it would be useful.

That simply shows the impractical phase of many of the projects which are now being advocated.

It is my belief that there is a great deal of "boring from within." I have shown the socialistic trend of various types of legislation proposed here. The Government is being gradually woven into various socialistic schemes. Now, I am going to refer to one further thing, and that is the suggestion that a man in a position where he receives confidential information may be able to carry on without the Government knowing very much about what his motives are, and in that way he may secure information which will afterward permit him to further a plan of his own.

Only today, as I understand, the report of the Munitions Committee has been filed. It contains a great deal of testimony from Mr. H. S. Raushenbush. I find in an article by Mr. Raushenbush, which is printed in the Socialism of Our Times, such statements as that—

The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the movement as Government officials, starting in small and definitely working on the reasonable hope that in the course of another 10 years we shall have Government control of a much more definite kind over our trusts, banks, and general industries—

And so forth. He also says that—

One good man, with his eyes, ears, and wits about him, inside the Department—whether it be the Interior, where the oil scandal started and the Boulder Dam bill received most active support, or the Treasury, where the taxation scandals breed and the Government tax policies originate—can do more to perfect the technique of control over industry than a hundred men outside.

Mr. President, I have every sympathy with the good work that the Munitions Committee has been doing, but in reading the report I believe we should have the background of this man. Therefore, I ask that this article of his be printed in RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

SOME MEASURES IN TRANSITION

By H. S. Raushenbush

There is reason for optimism at present in considering the transitional state. We can see more clearly the function which liberals and socialists—both those who are essentially scholars and students and those who are politicians—can have in changing the social order.

The very subject "transitional state" implies that we have accepted the alternative of encroaching control in place of the dream of cataclysmic socialism which has engrossed people dissatisfied with the world for so many years. There is an acceptance here of our own realities. The drama of conflict—the last of the great St. Petersburgs of the world—does not represent the world we live in. It is not pleasant to give up that dream of a violent triumph. We are sensitive about it. We hear the charge of cowardliness, of the unheroic quality of compromise. Let us face that and have it done. It is a conflict and extends into all phases of life. In literature people who wish to escape from the world are romanticists. Those who have the same desire but more sense of truth and actuality becomes our realists, bitter that the world is so little like what they want it to be.

To refuse to face the fact that we live in a dynamic world rather than in the Hegelian world of Marx is cowardly. And if we are aware that there is no longer any prophetic destiny in Marx and still (for want of a better cause and because we like or are unable to detach ourselves from the dreams of our youth) preach revolu-

tion and get other men to spend their efforts toward the fulfillment of a prophecy that is not divinely inspired, that is a cowardly compromise. It is playing fast and loose with the rank and file who starve and strike upon the leaders' say-so. Every union compromises when it signs an agreement with the employer. And the Communist unions do it as much as the A. F. of L. unions. We live in a world that can be changed slowly, but it can be changed by people who are willing enough to identify themselves with the small common desires of the people of the country, who are willing to work in realistic ways toward power.

POWER VERSUS SPIRITUAL VALUES

Here I wish to note a dissension from Henri de Man. He claims that the real foe is the capitalist spirit, that the spirit of service and the pride in things well done would have to be substituted as leading motives of social activity for the desires for wealth and power—that freedom, self-determination, and dignity were to be the rallying cries. Here he goes mystic to some extent. These spiritual values move people somewhat. There will always be audiences who applaud appeals to the dignity of man, the pleasure of voting to determine one's lot. But men vote today mainly for their own economic interests and for some sense of power. The bandwagon has human springs. To throw over economic interest and power for more spiritual values seems a bad and forced second choice. According to Stolberg, Christ did exactly that. In the first stages He was a revolutionary patriot—wanted power. When He saw that He could not have that, He said, "Well, then, at least I will possess My own soul—blessed are the meek." He saw that power, such as all human, full-blooded people want, could not be had without compromise, except at one point—death. The revolutionists today are the true Christians. The rest of us are the people who stay alive. And the majority of the people in this country are going to stay alive and think in simple demands of "more" and "more."

To the very extent that we are liberals or Socialists, we have already differentiated ourselves from the mass of the workers and shopkeepers and academically trained people of today. They want such small favors as the political machines can give them—jobs, protection, financial help in time of stress. They are uninterested in schemes or theories of government. They have not the free space to think far ahead. They also have some terrible need to be thought well of by their neighbors, some fear of losing their jobs, that keeps them out of the radical camp. When we say, "Ye shall know the truth and the truth shall make you free", we perform a remarkable act of faith in intellect. It is power that will make people free. We can be a hundred times right and be authors of brilliant books telling how rotten the world is, and have less influence during our whole lives on the welfare of the people of the country than a lieutenant in a Tammany precinct.

Some of us are introverted and turn away from the bustle of politics to our books and dialectic discussions with so much relief that our political efficacy will probably always be amateurish and slight. Others of us have the capacity to be politicians, and in them our hope for the speeding up of the transitional state rests now.

AMERICA PRAGMATIC

The carrying drive of any movement or organization in this country today is simply pragmatic. This side of revolution (Russia, Italy, Germany) we can only take what opportunities we can make ourselves or are suffered for illustrations in socialist practice, to convince both the workers and the middle class that we are right, that the abolition of the profit system is to their interest and will result in higher real wages, greater security, freedom from wars, and other forms of autocracy. Unless we can show workers results from day to day, they will turn to someone who can, or who can promise to. Meanwhile the local machines give them small favors and protection. The Socialist candidate for president gives them only the glory of shaking his hand. Marx has convinced his thousands, but the Ontario Hydro-Electric Commission has convinced its hundreds of thousands. We need more leverage places like the latter. And there are parts of our political life today where we have such a wedge.

The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the movement as Government officials, starting in small and definitely working on the reasonable hope that in the course of another 10 years we shall have Government control of a much more definite kind over our trusts, banks, and general industries; that there will be Government corporations operating and managing, not only the port of New York and Muscle Shoals, but many other developments. There is a chance here for young men, not only to keep the liberal groups informed about the dirty work going on and times and ways to prevent it, but also to look forward to careers of usefulness in executive positions, making the Government control over industry more adequate, pioneering in a field of essential importance.

Government officials in the bureaus and departments at Washington, Albany, Trenton, Harrisburg, and other State capitals are of great importance. The wages are not high. That is one reason why so many of them go over to private industries and favor private industries before they do go over to them—earn their jobs ahead of time. Yet the problem of Government officials is a major problem of immediate socialism. In Germany, after the revolution, the bureaucracy was nationalist and nearly sabotaged the republican government, until it had been replaced. One good man with his eyes, ears, and wits about him, inside the Department—whether it be the Interior, where the oil scandal started and the Boulder Dam bill received most active support, or the Treasury, where the taxation scandals breed and the Government tax policies originate—can do more to perfect the technique of control over industry than a hundred men outside. His reward will be more immediate than if he becomes a teacher. If he finally decides to leave the Government for labor, he will bring something more than a general willingness. He will bring a background.

THE NEED IN POLITICS

With the weakness of the unions today in the industrial field, Congress and the Legislature have become more important. Senator Smoot knows everything that moves anywhere in Washington and so is invaluable to his side. We need a group of men who will do and be the same for the opposition.

Now this is power politics—just as the proposal that we give our help, support, and honors to the men who are politicians enough to know and help the people in their own districts well enough to be elected by them, is power politics. I admit its dangers in the transitional state of affairs. The men who want success only will go Tammany or to the Thompson machine, unable to wait—or become merely cheap politicians.

The very idea of saying to people that you want government ownership of railroads or electric power, not because it is eternally right, but because it is cheaper for the workers and can be so proved, will be hailed by some as a compromise or betrayal of socialism. But as I understand it, Lenin himself summed up each situation by itself and met it as he could, practically and pragmatically, and after that was done sat down to write these long, dry theses of rationalization proving that Engels and Marx would have agreed.

The Amalgamated Clothing Workers' Union compromises with its employers, holds so little (on the face of it) by the doctrine of inveterate struggle between the two classes, that it finances some of the employers when their bankruptcy would throw union members out of work. Still we know that there are some things the Amalgamated will not compromise on.

The spiritual leaders of the liberal and radical movement will see to it that the new power is used for the purposes we have always desired, that the ideals are not forgotten.

I admit that the process is full of pitfalls. So is the whole progress of the transitional state. Properly engineered, a period of high prices, low wages, and unemployment may set us back a long time. Fear of too rapid transition dropped the franc another cent in 1926 and overthrew even a liberal ministry in France. Herriot thought it so important that the radical group should regain the confidence of the country and have a part in stabilizing the franc that he joined the Poincare Cabinet and spent a large part of his last campaign (1928) claiming that he had not been responsible for the drop originally and had nobly helped restore the franc to 4 cents. This was an important thing to the workers of the country, and a nasty position for any honest man to be in, but important because indicative not only of how many tricks the controlling powers have in the bag to make the transitional state difficult, but of the danger of compromising at the wrong time. Still, the business of having leaders at all involves this danger.

There has been more said about the development of a political party that will have some power to effect a transitional state, than about the relative places of industrial, parliamentary, cooperative, and educational action in such a state. It is likely that within 10 years the dominant unions of the country will have exhausted the possibility of their present policy of being respectable at any price. Virtue can be its own streetwalker for only so long. By that time we may expect new leaders and a different drive behind them.

EFFECTIVE TRUST CONTROL

In the field of governmental control of industry, however, possibilities are more definite.

Trust control: There is a considerable movement on now to repeal the Clayton Act in the coal industry, to allow trustification. Once that barrier has been let down we may expect trustification to be allowed in other industries. This process is as important as anything on the American scene today. In return for giving up our beloved system of competition for monopoly, it is not impossible to exact a price; to get some share of control which can then be extended as the need for it becomes evident. In Germany the Government sits in on every trust and in some cases Government-owned corporations are parts of the trust. The antitrust act and the Federal Trade Commission Act were cease and desist acts—the policeman with the club stopping traffic. Actually, our regulation to replace the supposedly automatic safeguards of competition is more complicated and potential. Regulation by public-service commissions, North Dakota's governmental competition in grain elevating, banking, and insurance, and the Federal Government's participation in formulation of banking policy are cases in point.

Very moderate control, under the press of social need, can develop rapidly. The Interstate Commerce Commission started with the duty of eliminating rebates and now has some measure of supervision over the activities of the railroads, their combination, and the distribution of their group earnings. If the courts allow the railroads to add another $11,000,000,000 to the present valuation, we may expect enough indignation from shippers and public generally to lead to further control.

In the Federal Reserve Bank Act we brought under national jurisdiction the banking organizations in which we previously had no say at all. All national banks were required to join this system. A situation was created where many State banks found

it advisable to join. On each Federal Reserve bank we have three directors appointed by the Federal Reserve Board representing the banking policy of the Government. The Board has considerable power, not only in appointment and supervision, but in control of the rediscount rate. In its open-market operations it can exercise some influence over the business cycle. There is nothing in a long line of judicial decisions which prevents a control analagous to that which is exercised by the Federal Government over banks from being applied by a State legislature to any industry which is held to be affected with the public interest * * *.

The Court has even held it easier for a State government to go into business itself than to regulate business. North Dakota's attempts to go into all sorts of businesses were attacked, but upheld. Meanwhile the regulatory attempts involved in the Kansas Industrial Court Act were not upheld.

Once an industry is declared affected with the public interest it is reasonable to have the books opened, then to go on with the clamping down on excess profits, stock dividends, inflated mergers, and to have a positive hand in stabilization of employment, uniform working conditions, minimum wage, supervision of all mergers, establishment of the principle of recapturing excess earnings as in the railroads, to go into a retirement fund through which the State can finally buy out the industry on an annuity plan.

In the electric power industry we have four things to go on:

(1) The desire of the people to keep their natural resources.

(2) The weakness of regulation as to a protection to the people.

(3) The evidence of what unscrupulous influence the industry has been exerting in our schools, press, and political life.

(4) The fact that the State not only has the power to cancel charters, but that the companies must constantly come to it for new grants of privilege, power to condemn land and riparian rights, to merge, etc.

We have made three attempts at control. We have set up municipal plants. Their status is changing, and we should face that fact. Outside of the large cities they can rarely compete in rates and efficiency with the new plants being established by private companies having the benefit of the connected load of wide interconnections. We have tried regulation by State commissions. It has gotten out of hand. A third attempt to control the water power was in the Federal Water Power Act of 1920. Here we have set down the principle that rates shall not exceed a return on the net cost of the money actually invested, that excess earnings shall be recaptured, and that the project may be bought at the end of 50 years by the Government at the net cost.

The fourth attempt is that of having Government corporations, like the Port Authority of New York, operating the power at Muscle Shoals, Boulder Dam, and on the St. Lawrence. With these developments furnishing cheap power, these great sections of the country will realize the advantages of public as opposed to private ownership. We cannot hope to take over the whole $8,000,000,000 industry successfully, even if it were generally thought advisable to do so at the moment. There would be danger of sabotage. But by putting in a preference that power from these developments shall be furnished by State and municipal plants, we can move toward a system of linked-up plants such as the Ontario Hydro-Electric Commission.

While the long-time aim of the liberal and radical groups is the abolition of the profit system for private use, our present strategy should be to make and take every opportunity to prove that there is something better than the profit system. Within the next 10 years we are going to have a chance such as we have not had for the last 40.

Mr. DICKINSON. Mr. President, this being the case, I am convinced that this bill is just another step in a direction which I think is most dangerous, and I do not believe it will be wholesome. I do not believe we can cure tenancy by any such step. Therefore, it is my hope that the bill will be again recommitted to the Committee on Agriculture and Forestry.

Mr. KING. Mr. President, knowing something of the recent policies of the Agriculture Department, I was not surprised at the statement made by the Senator from Connecticut [Mr. LONERGAN] when he referred to the enormous amount of money taken from the Treasury of the United States, or from alleged processing taxes, and paid to persons in the United States for withdrawing land from cultivation.

As I have heretofore indicated, no little evidence has been brought to my attention that some of the land alleged to have been withdrawn from cultivation had not been cultivated or would not have been cultivated. Nevertheless, during the past year a stupendous sum, more than $400,000,000, has been paid to persons for failure to farm lands which they probably would not have farmed and some lands which they would have farmed.

Moreover, as I indicated sometime ago in speaking to one of the amendments, large sums have been paid for bounties and subsidies in connection with agricultural crops and agricultural developments.

The scheme before us—and, in my judgment, it is a very unsound one—will result in failures such as have not been infrequent during the past 100 years in the United States and in other countries. I think the facts warrant many of the statements made by the Senator from Louisiana [Mr. LONG] this afternoon.

We are promising to purchase farms for persons who have been driven from the farm by unwise policies, and promising to loan to them considerable sums, involving them in debt which they cannot pay; and paralleling this scheme we found thousands of farmers who now are voluntarily withdrawing their lands from cultivation, and thousands of others who are unable to meet their obligations, and are being forced into the courts under foreclosure proceedings, or feel compelled to avail themselves of the bankruptcy law.

Mr. President, I am in receipt of an article appearing in The State, a Democratic newspaper of South Carolina, which, while I do not agree with some of the statements contained therein, reveals somewhat the views of some people of the United States. It is entitled:

EATING AT DAD'S TABLE IS A PRIVILEGE PAID FOR BY OBEYING DAD'S WILL

Esau was not the last to trade his birthright for a mess of pottage. Americans are slowly but surely doing it now.

Observe a group of threescore jobless transients standing in front of a mission. A youth appears and barks at them: "All right, men; fall in line. This way." They follow him single file, block after block, to their destination, and there stand in line, silent, listless, to get a shower bath, a bowl of soup, and a bunk.

Observe another line of men, rich planters, poor whites, and colored tenants, patiently waiting their turn to get gin tickets, which are Government permits to have their crop prepared for market.

Farmers in other regions are planting the number of acres they are told to plant.

Manufacturers, until the Supreme Court interfered, were employing the men they were told to employ, keeping the hours they were told to keep, charging the price they were told to charge.

And everywhere in the land, unfortunately, people are answering questions and revealing the details of their misery to establish their right to the Government's charity.

Never before in the history of our race have so many free men swallowed their pride, surrendered their independence, and accepted official direction of their private affairs.

The intent of all this is good and in many instances the result achieved is beneficial. But is that enough?

Beyond doubt, the business of the Nation would be managed more efficiently and the people as a whole would be more prosperous and more secure if one central authority controlled all industry and business as a general controls an army.

But prosperity and security are not the things men value most. Again and again they have been sacrificed to gain liberty.

Caged animals are better fed and better housed than free ones, but they are not better satisfied.

There are still millions of high-spirited Americans who would rather eat crusts in freedom than to gain security and wealth by meekly obeying the impudent underlings of a paternal bureaucracy.

And these must be eternally vigilant and clamorously vocal if they would preserve their heritage and birthright.

Mr. President, undoubtedly there is a strong movement to socialize the industries of our country, and to superimpose upon industry and upon individuals a regimentation which is hateful to men who love liberty and freedom. This bill, in my view, is in line with the policy to which I have referred; and it will fail, as socialistic and other unsound schemes have failed.

The PRESIDING OFFICER (Mr. GERRY in the chair). The question is on agreeing to the committee amendment, as amended.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER (putting the question). The ayes have it, and the committee amendment, as amended, is agreed to.

The question now is on the engrossment and third reading of the bill.

Mr. KING. Mr. President, I have an amendment to offer.

Mr. VANDENBERG. It is too late; is it not? The committee amendment has been agreed to.

Mr. KING. May I inquire what the committee amendment is?

The PRESIDING OFFICER. The committee amendment is to strike out all after the enacting clause and to insert an amendment in the nature of a substitute. The amendment, as amended, has been agreed to.

Mr. McNARY. Mr. President, I was clamoring for recognition when the Chair stated the question which prevents the Senator from Utah from offering his amendment. I ask unanimous consent for reconsideration of the vote by which the committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. Is there objection to reconsidering the vote by which the committee amendment, as amended, was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. KING. Mr. President, I now move to strike out on line 14, page 17, the figures "$1,000,000,000" and to insert in lieu thereof "$200,000,000", so that, if amended, it will read:

> The Corporation is authorized to issue bonds in an aggregate amount not to exceed $200,000,000, which may be sold—

And so forth.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. VANDENBERG. Should not the Senator's amendment be $21,000,000,000 in order to take care of all of the tenants, as indicated by the Senator from Colorado [Mr. ADAMS]?

Mr. KING. If this bill is to be consistent and to care for all of the tenants in the United States it should authorize an expenditure of $21,000,000,000 instead of $1,000,000,000.

Mr. LONG. That is the principle.

Mr. KING. But in view of the fact that consistency and logic are not accepted as our guides, I will have to accept the charge of being inconsistent and illogical.

Calling attention to page 16—and I ask for information—the Corporation is to have a capital stock of $50,000,000. I do not know from the bill where the $50,000,000 is to come from. I had assumed that it was to be taken from the $4,800,000,000 relief appropriation. Yet it is not clear that that is the source from which this sum is to be supplied. I should like to ask the Senator if he will advise me whether the $50,000,000 is to be taken from the appropriation of $4,880,000,000.

Mr. BANKHEAD. That is correct.

Mr. KING. It is certain that it is to come from that?

Mr. BANKHEAD. Yes; under the authority specifically granted by the Senate when the $4,000,000,000 bill was pending.

Mr. KING. Another question: The bill provides that the capital stock of the Corporation may be further increased. There is no limit, as I read the bill, as to the amount of capital stock which may be issued.

Mr. BANKHEAD. There is no authority for the payment of that capital stock. Of course, if bonds are sold and money is brought into the Corporation, it ought to have capital stock to correspond.

Mr. KING. If the Senator will pardon me, I do not think that necessarily follows. This is the language:

> And the Board, with the approval of the President, is authorized to increase such capital stock from time to time in such amounts as may be necessary to carry out the functions of the Corporation.

Mr. BANKHEAD. The Senator knows that there is no authority and no arrangement for the payment for any additional capital stock, therefore there is no way for paying for it except by the proceeds of the sale of bonds. There is no authority for the Treasury to pay it, and no direction for the Treasury to pay it, and therefore it could not do so.

Mr. KING. I hope the Senator is correct, but I find here unlimited authority given to the board of directors, three men, to issue further capital stock. We do not know whether it will be $100,000,000 or a billion. I do not think the language of the bill restricts the stock issue to the one billion, nor is the authorization to increase the capital stock without limit dependent upon the sale of bonds.

In other words, as I read the bill, the capital stock may be a billion or two or more billion dollars; then bonds may be sold for a billion dollars, notwithstanding the authorization apparently is limited to $50,000,000, as found in line 16 on page 16.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. ADAMS. I suggest to the Senator from Utah that it is a most unusual proceeding to provide capital stock out of borrowings. If the capital stock comes from the sale of bonds, we immediately have our capital stock wiped out by a liability equal to the assets. As I read the bill, the capital stock is and must be provided by the President out of the emergency relief appropriation. I think there is no other interpretation possible.

Mr. KING. I hope the interpretation placed upon the bill by the Senator from Colorado is correct; but I am not sure that capital stock must be taken from the $4,880,000,000. Undoubtedly, there is authority given to the board of directors to issue capital stock without limit. It is not limited to one billion; it is not limited to the $300,000,000 which may be expended within 3 years. The board may issue a billion dollars of capital stock, and, as the Senator has stated, bonds will not be sold in order to obtain money for the capital stock. Capital stock is one thing, the bond issue is another; and the bill gives authority to issue capital stock in any sum which the desires of the board may dictate, and, in addition, to borrow a billion dollars.

Mr. President, it seems to me that to give authority to a board to issue bonds and to borrow money as they see fit, without limit, is unwise, unsound, and indefensible legislation.

It had been supposed that Congress controlled the purse strings of the country, but we are getting so now that the purse strings of the country are controlled entirely by executive departments, agencies, and bureaucratic organizations set up in the various Federal establishments.

The least that we can do is to limit the authority to issue bonds to $200,000,000. I ask for a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the committee amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on the committee amendment as amended.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Logan	Reynolds
Austin	Davis	Lonergan	Robinson
Bachman	Dickinson	Long	Russell
Bailey	Donahey	McCarran	Schall
Bankhead	Fletcher	McGill	Schwellenbach
Barbour	Frazier	McKellar	Sheppard
Barkley	George	McNary	Shipstead
Bilbo	Gerry	Maloney	Smith
Black	Glass	Metcalf	Steiwer
Bone	Gore	Minton	Townsend
Brown	Guffey	Moore	Trammell
Bulow	Hale	Murray	Truman
Burke	Harrison	Neely	Tydings
Byrd	Hatch	Norbeck	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Caraway	Holt	Nye	Walsh
Chavez	Johnson	O'Mahoney	Wheeler
Clark	Keyes	Overton	White
Connally	King	Pope	
Coolidge	La Follette	Radcliffe	

The VICE PRESIDENT. Seventy-eight Senators having answered to their names, a quorum is present.

The question is on agreeing to the committee amendment as amended.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. ADAMS (when Mr. WAGNER'S name was called). I wish to announce that the junior Senator from New York [Mr. WAGNER] is necessarily absent, being detained on important committee work.

The roll call was concluded.

Mr. AUSTIN. I announce the necessary absence of the senior Senator from Wyoming [Mr. CAREY] and the senior Senator from Ohio [Mr. BULKLEY]. They have a general pair.

I also announce the necessary absence of the junior Senator from Vermont [Mr. GIBSON] and the junior Senator from Utah [Mr. THOMAS], who are paired on this question. If the Senator from Vermont were present and at liberty to vote, he would vote "nay", and if the Senator from Utah were present and at liberty to vote he would vote "yea."

I also announce that on this question the senior Senator from Delaware [Mr. HASTINGS] is paired with the senior Senator from New York [Mr. COPELAND]. If present and at liberty to vote, the Senator from Delaware would vote "nay", and the Senator from New York would vote "yea."

Mr. ROBINSON. I wish to announce that the Senator from Illinois [Mr. LEWIS], the Senator from New York [Mr. COPELAND], the Senator from Utah [Mr. THOMAS], and the Senator from Wisconsin [Mr. DUFFY] are detained from the Senate on important public business.

I also desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. BULKLEY], the Senator from Illinois [Mr. DIETERICH], the Senator from California [Mr. MCADOO], the Senator from Iowa [Mr. MURPHY], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on important committee work.

The result was announced—yeas 45, nays 32, as follows:

YEAS—45

Bachman	Clark	McCarran	Russell
Bailey	Connally	McGill	Schall
Bankhead	Costigan	McKellar	Schwellenbach
Barkley	Donahey	Murray	Sheppard
Bilbo	Fletcher	Neely	Shipstead
Black	Frazier	Norris	Trammell
Bone	Harrison	Nye	Truman
Brown	Hatch	O'Mahoney	Van Nuys
Bulow	Hayden	Overton	Wheeler
Byrnes	Holt	Pope	
Caraway	La Follette	Reynolds	
Chavez	Logan	Robinson	

NAYS—32

Adams	George	King	Radcliffe
Austin	Gerry	Lonergan	Smith
Barbour	Glass	Long	Stelwer
Burke	Gore	Maloney	Townsend
Byrd	Guffey	Metcalf	Tydings
Coolidge	Hale	Minton	Vandenberg
Davis	Johnson	Moore	Walsh
Dickinson	Keyes	Norbeck	White

NOT VOTING—19

Ashurst	Copeland	Hastings	Pittman
Borah	Couzens	Lewis	Thomas, Okla.
Bulkley	Dieterich	McAdoo	Thomas, Utah
Capper	Duffy	McNary	Wagner
Carey	Gibson	Murphy	

So the committee amendment, as amended, was agreed to, as follows:

Be it enacted, etc., That this act may be cited as the "Farmers' Home Act."

SEC. 2. The powers conferred in this act shall be exercised with a view to checking the increase of tenancy in the United States, and dealing in an adequate way with the problem of farm tenancy in the United States, aiding in rural rehabilitation, and encouraging the ownership of farm homes.

SEC. 3. (a) There is hereby created a Corporation to be known as the "Farmers' Home Corporation" (hereinafter referred to as the "Corporation"), which shall be an instrumentality of the United States.

(b) The management of the Corporation shall be vested in a board of directors (hereinafter referred to as the "board") of 5 members, consisting of the Secretary of Agriculture and the Governor of the Farm Credit Administration as members ex officio, and 3 members to be appointed by the President, by and with the advice and consent of the Senate, and not more than 2 of said 3 members shall be members of the same political party. Each of the three appointive members shall receive a salary at the rate fixed in the bylaws of the Corporation, but not in excess of $10,000 a year, and shall hold office for a term of 6 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of enactment of this act shall expire, as designated by the President at the time of appointment, one at the end of 2 years, one at the end of 4 years, and one at the end of 6 years, after the date of the enactment of this act. The President shall designate one of the appointive members as the chairman of the board. The Secretary of Agriculture and the Governor of the Farm Credit Administration and any of the appointive members who hold another Government office shall receive no additional compensation for their services as members of the board. The members of the board who are first appointed shall be deemed to be the incorporators, and the incorporation shall be deemed to have been effected from the date of the first meeting of the board.

(c) The Corporation shall have capital stock in the amount of $50,000,000, and the board, with the approval of the President, is authorized to increase such capital stock from time to time in such amounts as may be necessary to carry out the functions of the Corporation. Such original capital stock shall be subscribed for by the President on behalf of the United States, and payments for such subscriptions may be made from any sums appropriated by the Emergency Relief Appropriation Act of 1935; and the President is further authorized to transfer to the Corporation, from the sums so allocated, such sums as he may from time to time deem desirable to carry out the purposes of this act. Payments for such stock and other sums to be so transferred shall be made to the Corporation by the Secretary of the Treasury at such time or times as the President may direct and the amount of all payments so received shall be available to the Corporation for administrative expenses under, and also to carry out the provisions of this Act. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States.

(d) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $1,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purpose of this act. Such bonds shall be in such forms and denominations, shall mature within such periods from the date of their issue, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds of the Corporation issued under this subsection, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public-debt transactions of the United States. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes), now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, its loans and income, and its personal property, shall likewise be exempt from such taxation. The Corporation shall have power, however, to make payments to States and governmental subdivisions thereof for the furnishing of such public services and facilities as are customarily provided for out of taxes and assessments, to the farms, farm homes, and farm communities established as provided for hereinafter. The Corporation shall have power to purchase in the open market at any time and at any price, not to exceed par, any of the bonds issued by it. Any such bonds so purchased may, with the approval of the Secretary of the Treasury, be sold or resold at any time and at any price. The Corporation shall make appropriate provision for applying payments received by it to the retirement of the bonds issued under the provisions of this Act.

None of said bonds shall be issued within 1 year after the approval of this act. Within 3 years after the approval of this act not more than $300,000,000 of said bonds may be issued.

(e) The Corporation is authorized to appoint attorneys and shall, subject to the civil-service laws, employ such officers, examiners, and other experts and employees as may be necessary for carrying out its functions under this act and to fix their compensation in accordance with the Classification Act of 1923, as amended. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate hereinabove provided in the case of directors of the Corporation, nor compensation in excess of that received by employees of the Government in like or similar services. Insofar as applicable, the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance

of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this act. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary administrative and other expenditures under this act and the manner in which they shall be incurred, allowed, and paid. All expenditures of said Corporation shall be in accordance with the laws generally applicable to the expenditures of the several departments and establishments of the Government. All claims and accounts of said Corporation shall be submitted to the General Accounting Office as provided in the Budget and Accounting Act of 1921: *Provided*, That the appointment of any person receiving a salary of $4,000 or more per annum from the funds of the Corporation shall be subject to the confirmation of the Senate of the United States.

The Corporation shall, at the close of each fiscal year, make a report in writing to Congress stating in detail its activities, the names, salaries, and duties of all employees and officers in the employ of or under the supervision of the Corporation, and an account of all moneys it has disbursed.

(f) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this act, as may be necessary for the proper conduct of the affairs of the Corporation.

SEC. 4. (a) The Corporation shall have succession in its corporate name, and shall have power—

(1) To sue and be sued in its corporate name in any court of competent jurisdiction, Federal or State.

(2) To adopt and use a corporate seal, which shall be judicially noticed.

(3) To establish, and to assist in the establishment of farms and farm homes, together with the necessary buildings and other structures, livestock, equipment, implements and machinery, furnishings, supplies, facilities, and to assist the beneficiaries of this act in the organization of cooperatives: *Provided*, That any individual farm shall be of such size and fertility and so stocked and equipped as to reasonably indicate returns which will permit the occupants thereof to repay any obligations incurred by them for the purchase thereof, and to maintain a decent standard of living: *And provided further*, That the Corporation shall have power under rules and regulations to be promulgated by the Corporation and the Secretary of the Interior to finance in the same manner the establishment of individual farms and homes upon the public domain or upon lands within any reclamation project.

(4) The Corporation shall limit the loan made to any purchaser to the amount that will provide a farm to be limited in area to the size of an average farm in the State where the land is located as determined by the preceding Federal census, and not to exceed in cost the price of property of similar size and value in the same section or area. No property, real or personal, shall be purchased hereunder save upon an appraisal by competent experts, reported in writing and sworn to and filed and preserved for inspection by the Congress, or any Member thereof. No separate tract of property shall be bought at a price in excess of the value shown by the appraisal as herein provided for. If the services of appraisers of the Federal land bank are available, no farm land shall be bought by the Corporation save upon an appraisal by one or more appraisers of the Federal land bank, reported in writing and sworn to and filed and preserved for inspection by the Congress, or any Member thereof.

(5) In carrying out the provisions and purposes of this act, to enter into contracts, make loans, and to acquire, by purchase, gift, or otherwise any real or personal property or any interest therein, and to improve, develop, maintain, and sell any such property or interest therein. The provisions of section 355 of the Revised Statutes, as amended, shall not apply to lands acquired, or construction work undertaken by the Corporation under the provisions of this act, and title to all land, chattels, and other property, real or personal, acquired under the provisions of this act, shall vest in the Corporation for the purposes of this act.

(6) To enter into contracts to sell or lease its properties, and to make conveyances under the terms of such contracts: *Provided, however*, That no such lease shall be for a period of more than 5 years. The Corporation may lease any farm which has been repossessed by it, pending a resale of said farm.

(7) To pay all expenses incident to the examination and survey of the necessary areas and the acquisition of title to lands to be acquired, including fees for the services of abstractors, title attorneys, and escrows, official certifications and evidences of title, and title insurance policies, recording fees, and options when deemed necessary, to assist the beneficiaries of the program to secure and maintain appropriate insurance policies, and to pay such other expenses as may be determined necessary to the efficient carrying out of the programs herein authorized.

(8) To accept and utilize such voluntary and uncompensated services, cooperate with such Federal and State agencies, and utilize, with the consent of the State, such State and local officers and employees as may be necessary.

(9) To establish such branch and local offices as it may deem necessary, but the principal office of the Corporation shall be in the District of Columbia.

(10) To utilize the service of other corporations and agencies on such terms and conditions as the board may prescribe, and to exercise such other powers as may be necessary or appropriate to the efficient exercise of the powers specifically conferred.

(b) Preference shall be given applicants who are married or who have dependent families, farm tenants, share-croppers, farm laborers, or those who recently were farmers; but the Corporation shall not approve any application for the benefits of this act if it finds that the income of the applicant derived from farm property owned by him is sufficient to support his family and to pay the expenses of operating such property and the fixed charges on his indebtedness in connection with such property.

(c) The Corporation may provide for such amortization periods for the repayment of indebtedness owed to it, and may postpone the date when the initial installment shall be due, as it may deem advisable, but in no event shall the amortization period exceed 60 years.

(d) The rate of interest to be charged by the Corporation upon indebtedness owed to it shall be not to exceed 3½ percent per annum, and may include a reasonable charge to be applied toward the expenses of administering the provisions of this act, not to exceed 1 percent per annum.

(e) The board and the Corporation shall give due consideration to the desirability of avoiding the expansion of production for the market of basic commodities for which the price is lower than the parity price as defined in the Agricultural Adjustment Act, as amended; and shall, so far as practicable, assist beneficiaries of the program to become established upon lands now in cultivation.

(f) Nothing in this act shall be construed to authorize the Corporation to make a loan to any corporation for the purpose of purchasing real property, to sell or otherwise dispose of any real property or interest therein owned or held by the Corporation to any other corporation, or to enter into any contract or agreement with any other corporation with respect to the acquisition by it of any real property or interest therein.

SEC. 5. All contracts of sale executed by the Corporation and all mortgages taken by it shall contain a provision that if a voluntary lien is created by the debtor on any of the property covered by such contract or mortgage, or if an involuntary lien is established on any of such property, the Corporation may declare all unpaid installments of principal and interest (accrued or to accrue) to be immediately due and payable. No land purchased from the Corporation herein created up to the value of $2,500 shall ever be encumbered with any lien or obligation, either statutory or contractual. Such land shall not be subject to any debt, or debts, or obligations of any kind of the owner, except taxes, and every conveyance, lease, or contract executed by the Corporation herein created shall contain a provision that the land shall forever remain free of all liens or encumbrances of whatever kind, and such provision shall be a covenant running with the land as long as it shall be used as a farm homestead. This provision shall not affect the lien of the Corporation for the money loaned for the purchase of the land, or equipment for the land or judgment for tort or a statutory offense or for contractual obligations in which enter the elements of fraud or deceit.

SEC. 6. No purchasers of property from the Corporation shall, so long as the purchase price is not paid in full, without the written consent of the Corporation, sell, lease, mortgage, transfer, assign, or convey any such property included in a contract of sale by the Corporation or in a mortgage to the Corporation: *Provided*, That if he shall have first given the Corporation 60 days' notice of his intention to sell and convey said property, and unless the Corporation, within such 60-day period, does not purchase such property at a price equal to the appraised value thereof, as established by an independent appraisal, such sale shall not be prohibited hereby. If any sale, lease, transfer, assignment, mortgage, or conveyance of such property is made without complying with the foregoing requirements, or if any property is abandoned, the Corporation may declare all unpaid installments of principal and interest (accrued or to accrue) to be immediately due and payable.

SEC. 7. (a) The jurisdiction, both civil and criminal, over lands acquired under the provisions of this act shall not be changed by reason of such acquisition: *Provided, however*, That this section shall not be deemed to affect the jurisdiction of the United States to punish offenses against the United States; the intent of this section being that the several States in which such lands are situated shall not, by reason of such acquisition, lose their jurisdiction, nor the inhabitants thereof, their rights and privileges as citizens, or be absolved from their duties as citizens, of the respective States.

(b) Nothing in this act shall be construed to exempt any real property held by any purchasers from the Corporation, notwithstanding the legal title remains in the Corporation, from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

SEC. 8. The Federal Reserve banks are authorized, with the approval of the Secretary of the Treasury, to act as depositaries, custodians, and fiscal agents for the Corporation.

SEC. 9. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any property, for the purpose of influencing in any way the action of the Corporation or the board upon any application, advance, purchase, or repurchase agreement, or loan, under this act, or any extension thereof, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon issued by the Corporation; or (2) passes, utters, or publishes, or attempts to utter, pass, or publish any false, forged, or counterfeited note, debenture, or other obligation or coupon, purporting to have been issued by the Corporation, knowing the

same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious note, debenture, bond, or other obligation or coupon, issued or purporting to have been issued by the Corporation, knowing the same to have been falsely altered or spurious, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the Corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiners of the board or the Corporation, makes any false entry in any book, report, or statement of, or to, the board or the Corporation, or without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation or draft, mortgage, judgment, or decree thereof shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, secs. 202–207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of the Corporation, which for the purposes hereof shall be held to include advances, loans, purchase and repurchase agreements, extensions and renewals thereof, acceptances, releases, and subtitutions of security therefor, and sales of property to the Corporation.

(e) No person, partnership, association, or corporation shall directly or indirectly solicit, contract for, charge, or receive, or attempt to solicit, contract for, charge, or receive any fee, charge, or other consideration from any person applying to the Corporation for a loan or other assistance, whether bond or cash, except ordinary fees authorized and required by the Corporation for services actually rendered for examination and perfection of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be punished by a fine of not more than $1,000 or imprisonment for not more than 1 year, or both.

SEC. 10. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Several Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. ADAMS (when Mr. WAGNER's name was called). The junior Senator from New York [Mr. WAGNER] is unavoidably detained on an important committee matter.

The roll call was concluded.

Mr. ROBINSON. I wish to announce that the Senator from Illinois [Mr. LEWIS], the Senator from New York [Mr. COPELAND], the Senator from Utah, [Mr. THOMAS], and the Senator from Wisconsin [Mr. DUFFY] are detained from the Senate on important public business.

I also desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. BULKLEY], the Senator from Illinois [Mr. DIETERICH], the Senator from California [Mr. MCADOO], the Senator from Iowa [Mr. MURPHY], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained from the Senate on important committee work.

Mr. AUSTIN. I announce the necessary absence of the senior Senator from Wyoming [Mr. CAREY] and the senior Senator from Ohio [Mr. BULKLEY]. They have a general pair.

I also announce the necessary absence of the junior Senator from Vermont [Mr. GIBSON] and the junior Senator from Utah [Mr. THOMAS], who are paired on this question. If the Senator from Vermont were present and at liberty to vote, he would vote "nay", and if the Senator from Utah were present and at liberty to vote, he would vote "yea."

I also announce that on this question the senior Senator from Delaware [Mr. HASTINGS] is paired with the senior Senator from New York [Mr. COPELAND]. If present and at liberty to vote, the Senator from Delaware would vote "nay", and the Senator from New York would vote "yea."

The result was announced—yeas 45, nays 32, as follows:

YEAS—45

Bachman	Clark	Logan	Russell
Bailey	Connally	McCarran	Schall
Bankhead	Costigan	McGill	Schwellenbach
Barkley	Donahey	McKellar	Sheppard
Bilbo	Fletcher	Murray	Shipstead
Black	Frazier	Neely	Trammell
Bone	Guffey	Norris	Truman
Brown	Harrison	O'Mahoney	Van Nuys
Bulow	Hatch	Overton	Wheeler
Byrnes	Hayden	Pope	
Caraway	Holt	Reynolds	
Chavez	La Follette	Robinson	

NAYS—32

Adams	George	Lonergan	Radcliffe
Austin	Gerry	Long	Smith
Barbour	Glass	Maloney	Steiwer
Burke	Gore	Metcalf	Townsend
Byrd	Hale	Minton	Tydings
Coolidge	Johnson	Moore	Vandenberg
Davis	Keyes	Norbeck	Walsh
Dickinson	King	Nye	White

NOT VOTING—19

Ashurst	Copeland	Hastings	Pittman
Borah	Couzens	Lewis	Thomas, Okla.
Bulkley	Dieterich	McAdoo	Thomas, Utah
Capper	Duffy	McNary	Wagner
Carey	Gibson	Murphy	

So the bill was passed.

ORDER FOR CONSIDERATION OF CALENDAR AND RECESS

Mr. ROBINSON. Mr. President, I ask unanimous consent that when the Senate concludes its labors today it take a recess until 12 o'clock noon tomorrow, and that the Senate now proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Mr. President, I have no objection to the first portion of the request nor have I objection to taking up unobjected bills on the calendar, but I think we should have a time fixed when we should desist from consideration of bills on the calendar. I suggest that hour be fixed at 5 o'clock this evening.

Mr. ROBINSON. Very well. I modify my request accordingly, that until the hour of 5 o'clock the Senate proceed to the consideration of unobjected bills on the calendar, that the hour of 5 o'clock an executive session be held, after which the Senate shall take a recess until 12 o'clock noon tomorrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXTENSION OF CERTAIN TAXES

Mr. HARRISON. Mr. President, I should like to give notice that tomorrow I expect to call up the joint resolution extending the so-called "nuisance taxes" for another year.

THE CALENDAR—BILLS PASSED OVER

The VICE PRESIDENT. The clerk will state the first bill in order on the calendar.

The bill (S. 396) to amend section 1180 of the Code of Laws for the District of Columbia with respect to usury was announced as first in order.

Mr. McKELLAR. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 944) to amend section 5 of the Federal Trade Commission Act was announced as next in order.

Mr. McKELLAR. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 213) to amend section 113 of the Criminal Code of March 4, 1909 (35 Stat. 1109, U. S. C., title 18, sec. 203), and for other purposes, was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1506) to change the name of the Pickwick Landing Dam to Quin Dam was announced as next in order.

SEVERAL SENATORS. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1878) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Mack Copper Co. was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 574) relative to Members of Congress acting as attorneys in matters where the United States has an interest was announced as next in order.

Mr. McKELLAR (and others). Over.

The VICE PRESIDENT. The bill will be passed over.

The resolution (S. Res. 35) authorizing the Committee on the Judiciary to investigate certain phases of the National Recovery Act was announced as next in order.

Mr. McKELLAR. Let the resolution go over.

The VICE PRESIDENT. The resolution will be passed over.

The bill (S. 875) for the relief of Michael F. Calnan was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1162) to regulate the business of making small loans in the District of Columbia, and to amend an act to regulate the business of loaning money, and so forth, approved February 4, 1913, was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 509) to prevent the use of Federal offices or patronage in elections and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends was announced as next in order.

Mr. McKELLAR. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 24) to assure to persons within the jurisdiction of every State the equal protection of the laws by discouraging, preventing, and punishing the crime of lynching was announced as next in order.

Mr. McKELLAR. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 164) for the relief of Donald L. Bruner was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1452) providing for the employment of skilled shorthand reporters in the executive branch of the Government was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 87) to prevent the shipment in interstate commerce of certain articles and commodities, in connection with which persons are employed more than 5 days per week or 6 hours per day, and prescribing certain conditions with respect to purchases and loans by the United States, and codes, agreements, and licenses under the National Industrial Recovery Act was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1589) authorizing the purchase of the United States Supreme Court Decisions and Digest was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The bill will be passed over.

STRENGTH AND DISTRIBUTION OF LINE OF NAVY

The bill (H. R. 5599) to regulate the strength and distribution of the line of the Navy and for other purposes, was announced as next in order.

Mr. KING. Mr. President, personally I have no objection to the present consideration of the bill, but the Senator from New York [Mr. COPELAND], who is necessarily absent, desired me to request, if the bill should be called, that it should go over. He left a memorandum with me asking that I request that the bill go over. In his absence I am compelled to respect his request.

Mr. TRAMMELL. Mr. President, I had very much hoped we could have the bill considered at this time. It has been on the calendar 4 or 5 weeks. It is an important measure, and has to do merely with a matter of administration in order that the line of the Navy may be increased commensurately with the present building program. I very much hope we may have the proposed legislation enacted at this time instead of having to make it a special order.

The VICE PRESIDENT. The Senator from Utah, at the request of the Senator from New York, has asked that the bill go over. It will be passed over.

BILLS PASSED OVER

The bill (S. 2213) to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 626) to amend the Agricultural Adjustment Act so as to include hops as a basic agricultural commodity, was announced as next in order.

Mr. VANDENBERG. Over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2481) to stabilize the bituminous coal-mining industry and promote its interstate commerce; to provide for cooperative marketing of bituminous coal; to levy a tax on bituminous coal and provide for a drawback under certain conditions; to declare the production, distribution, and use of bituminous coal to be affected with a national public interest; to conserve the bituminous-coal resources of the United States and to establish a national bituminous-coal reserve; to provide for the general welfare; and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

LOSSES OF COOPERATIVE MARKETING ASSOCIATIONS

The joint resolution (S. J. Res. 38) for the adjustment and settlement of losses sustained by the cooperative marketing associations was announced as next in order.

Mr. KING. Let the bill go over.

Mr. FRAZIER. Mr. President, will the Senator withhold his objection to enable me to make a brief statement?

Mr. KING. Very well.

Mr. FRAZIER. This is the same as a joint resolution which was passed last year. As originally introduced it applied only to grain cooperatives. I am perfectly willing, if it shall meet with the approval of those who object to the bill, to move to strike out, on page 1, line 9, the words " and/or cotton ", and the same words in lines 6 to 8, on page 2, so it shall apply only to grain cooperatives.

Mr. KING. Mr. President, I may say to the Senator that I have asked for information and for data respecting the measure. I expect to obtain it tomorrow, and I shall then be glad to join with the Senator in asking that the matter may be considered.

Mr. McKELLAR. Mr. President, did I understand the Senator to say he had offered an amendment?

Mr. FRAZIER. I should be willing to offer the amendment stated if it should meet with the approval of those who object to the bill.

Mr. McKELLAR. I have no objection to going that far.

Mr. KING. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

BILL PASSED OVER

The bill (S. 1460) to fix standards for till baskets, Climax baskets, round stave baskets, market baskets, drums, hampers, cartons, crates, boxes, barrels, and other containers for fruits or vegetables, to consolidate existing laws on this subject, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

BILL INDEFINITELY POSTPONED

The bill (S. 2416) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the

United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto was announced as next in order.

Mr. McKELLAR. Over.

The VICE PRESIDENT. The bill will be passed over.

Mr. FRAZIER subsequently said: Mr. President, I ask unanimous consent that order of business 516, being the bill (S. 2416) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, may be indefinitely postponed. It is a proposed amendment to an act which has been declared to be unconstitutional.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be indefinitely postponed.

BILL PASSED OVER

The bill (S. 1227) to authorize the issuance and sale to the United States of certain bonds of municipal governments in Puerto Rico, and for other purposes, was announced as next in order.

Mr. LONG. Over.

The VICE PRESIDENT. The bill will be passed over.

COOPERATIVE AGRICULTURAL EXTENSION WORK

The bill (S. 2228) to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges and agricultural experiment stations was announced as next in order.

Mr. KING. Over.

The VICE PRESIDENT. The bill will be passed over.

Mr. LONG subsequently said: Mr. President, can I persuade my friend from Utah [Mr. KING] to let us take up Senate bill 2228? It is merely a bill to provide for extension work in land-grant colleges.

Mr. KING. We passed a bill the other day giving large grants to the colleges, and I think the measures are parallel. Let the bill go over. I shall look into it.

FRANK FISHER

The bill (S. 1689) for the relief of Frank Fisher was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Frank Fisher, who was a member of Troop E, Second Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 19th day of June 1884: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

NATIONAL ASSOCIATION OF STATE LIBRARIES

The bill (S. 1861) to incorporate the National Association of State Libraries was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Mabel R. Gillis, State librarian of California; Horace E. Flack, executive, department of legislative reference, Baltimore, Md.; Mrs. John Trotwood Moore, State librarian, Nashville, Tenn.; Margaret C. Norton, superintendent, department of archives, State library, Springfield, Ill.; Irma A. Watts, reference librarian, Pennsylvania Legislative Reference Bureau, Harrisburg, Pa.; Joseph Schafer, superintendent, State historical society, Madison, Wis.; Ella May Thornton, State librarian, Atlanta, Ga.; Johnson Brigham, State librarian, Des Moines, Iowa; George S. Godard, State librarian, Hartford, Conn.; Herbert O. Brigham, State librarian, Providence, R. I.; Gilson G. Glasier, State librarian, Madison, Wis.; Edward H. Redstone, State librarian, Boston, Mass.; Harrison J. Conant, State librarian, Montpelier, Vt.; Henry E. Dunnack, State librarian, Augusta, Maine; Louis J. Bailey, State librarian, Indianapolis, Ind.; Harriet M. Skogh, superintendent, general library division, State library, Springfield, Ill.; Alice M. Magee, State librarian, New Court Building, New Orleans, La.; their associates and successors, are hereby created a body corporate of the District of Columbia with the name of "National Association of State Libraries" (hereinafter referred to as the "corporation").

SEC. 2. The objects and purposes of the corporation shall be to develop and increase the usefulness and efficiency of State libraries and other libraries doing the work of State libraries.

SEC. 3. The corporation shall have perpetual succession with power (1) to sue and be sued in its corporate name; (2) to make contracts; (3) to acquire by gift, purchase, devise, bequest, or in any other lawful manner, and to hold, convey, or otherwise dispose of, such property, real or personal, as may be necessary for, or in furtherance of, its corporate objects and purposes; (4) to receive contributions of money from individuals, foundations, or corporations and make expenditures thereof; (5) to adopt a corporate seal and alter the same at pleasure; (6) to adopt and alter a constitution and bylaws not inconsistent with the laws of the United States or of any State; (7) to determine the times and places of its meetings, and the number, tenure, and duties of the officers and committees of the corporation; (8) to elect its officers, who shall conduct the business of the corporation within the powers granted by this act; (9) to determine eligibility for membership in the corporation; and (10) to do any and all acts necessary or appropriate to carry into effect the objects and purposes of the corporation.

SEC. 4. The principal office of the corporation shall be maintained in the city in which the president of the corporation resides, but annual or other meetings may be held in any place in the United States.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

BILL PASSED OVER

The bill (S. 2644) for the relief of the estate of Harry F. Stern was announced as next in order.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

JACK DOYLE

The bill (S. 166) for the relief of Jack Doyle was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights and privileges upon honorably discharged officers and enlisted men who have served in the Army of the United States between April 6, 1917, and November 11, 1918, Jack Doyle shall be held and considered to have been honorably discharged from the military service on September 29, 1920: *Provided*, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

BILLS PASSSED OVER

The bill (S. 1697) providing old-age pensions for Indian citizens of the United States was announced as next in order.

Mr. McKELLAR and Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2027) to regulate commerce in petroleum, and for other purposes, was announced as next in order.

Mr. LONG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2652) to authorize the President to attach certain possessions of the United States to internal revenue collection districts for the purpose of collecting processing taxes was announced as next in order.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 212) to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a Board of Agriculture to supervise the same was announced as next in order.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1476) to provide for unemployment relief through development of mineral resources; to assist the development of privately owned mineral claims; to provide for the development of emergency and deficiency minerals; and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

The bill (S. 2313) to amend the Agricultural Adjustment Act, as amended, with respect to farm prices was announced as next in order.

Mr. LONG. Let that go over.

Mr. SHIPSTEAD. Mr. President, this bill should be indefinitely postponed. The subject matter was dealt with in another bill. I ask unanimous consent that this bill be indefinitely postponed.

Mr. ROBINSON. Is this Senate bill 2313, introduced by the Senator from Minnesota?

Mr. SHIPSTEAD. Yes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and Senate bill 2313 will be indefinitely postponed.

BILLS PASSED OVER

The bill (S. 738) to aid in providing the people of the United States with adequate facilities for park, parkway, and recreational area purposes, and to provide for the transfer of certain lands chiefly valuable for such purposes to States and political subdivisions thereof was announced as next in order.

Mr. KING. I am advised that there are some amendments to be offered to this bill. I ask that it go over.

The PRESIDING OFFICER (Mr. CLARK in the chair). The bill will be passed over.

The bill (S. 2288) to provide for the measurement of vessels using the Panama Canal, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

Mr. KING. I have been requested by the Senator from New York [Mr. COPELAND] to have the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

REPAIRS OR CHANGES TO NAVAL VESSELS

The Senate proceeded to consider the bill (H. R. 4760) to increase the statutory limit of expenditure for repairs or changes to naval vessels, which had been reported from the Committee on Naval Affairs with an amendment, on page 1, line 5, after the word "exceed", to strike out "$600,000 for any two consecutive fiscal years" and insert "$450,000 for any 18 consecutive months", so as to make the bill read:

Be it enacted, etc., That the total appropriation expenditures for repairs or changes to a vessel of the Navy undertaken in a navy yard shall not exceed $450,000 for any 18 consecutive months: *Provided*, That if, during the overhaul of a vessel, the estimated cost for such overhaul having been approved as within the limits herein imposed, accomplishment of essential items will involve expenditures in excess of such limits, the Secretary of the Navy may, and he is hereby authorized, appropriation otherwise being available, to complete the work, and it shall thereupon be his duty to report to the Congress at the next regular session thereof the expenditures from each of the appropriations involving expenditures in excess of the authorized limit for such work: *Provided further*, That such parts of the acts of March 2, 1907, March 3, 1909, and August 29, 1916, contained in section 468, title 5, of the United States Code, as relate to statutory limit of expenditure for repairs or changes on naval vessels, are hereby repealed.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "A bill limiting expenditures for repairs or changes to naval vessels."

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (S. J. Res. 86) authorizing an annual appropriation of $10,000 to enable the United States to become a member of the Pan American Institute of Geography and History, authorizing the President to invite the institute to hold its second general assembly in the United States in 1935, and authorizing appropriation of $10,000 for expenses of such meeting, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 2762) to exempt from taxation, under certain conditions, on the basis of reciprocity, official compensation of a consular officer, nondiplomatic representative, or employee of a foreign country was announced as next in order.

Mr. LONG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

USE OF WATERS OF THE RIO GRANDE

The bill (H. R. 6453) to amend the act of May 13, 1924, entitled "An act providing for a study regarding the equitable use of the waters of the Rio Grande", etc., as amended by the public resolution of March 3, 1927, was announced as next in order.

Mr. KING. Mr. President, we have an international commission which has been functioning for many years, and I understand its jurisdiction would enable it to carry out the purposes of this measure. Let the bill go over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

Mr. CONNALLY subsequently said: Mr. President, I ask unanimous consent to return to Calendar No. 665, being House bill 6453. Objection was made, but I think the Senator making the objection is ready to withdraw it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations with amendments.

Mr. KING. Mr. President, I desire to ask the Senator from Texas a question. Does the bill relate to the waters of the Colorado River, or to the utilization of its waters in the United States or in Mexico?

Mr. CONNALLY. Mr. President, the bill provides for a study preparatory to negotiations with Mexico with relation to the utilization of the waters of several international streams, including the Colorado, Rio Grande, the Tia Juana, and other streams. It does not bind the Government to anything, because a treaty must finally be made. The State Department asks for the legislation. The Committee on Foreign Relations, of which the Senator from California [Mr. JOHNSON] is a member, and the Senator from Nevada [Mr. PITTMAN] is chairman, has given very careful consideration to the matter, and I think we have satisfied all parties that it is a meritorious measure.

Mr. KING. Mr. President, in view of the Senator's statement, and the information which I have obtained, I shall not object to the consideration of the bill. I desire, however, to make a very brief statement which is pertinent to the measure before us.

Many years ago there was created what is known as the "Mexican Boundary Commission", which was charged with the duty, among other things, of determining the rights of the United States and Mexico in and to the waters of the Rio Grande River and of fixing the boundaries of the two Republics. The boundaries of the Rio Grande, by reason of floods, underwent many changes so that it became necessary to redefine the boundaries of the two countries and also to determine the proprietary rights abutting on it. I have not been able to learn the reason for the delay attending the work of this Commission.

Years ago, when I was in the House, there was some discussion concerning its operations, and since I have been in the Senate references have been made to the lack of progress upon the part of the Commission in determining matters committed to its charge.

The PRESIDING OFFICER. The clerk will state the first amendment of the Committee on Foreign Relations.

The first amendment of the committee was, on page 1, line 9, to strike out the words "The Secretary of State, with the approval of the" and to insert in lieu thereof the word "The"; on page 2, line 2, after the word "Mexico", to insert the words "or other Federal agency"; on line 7, after the word "information", to strike out the words "on which to base" and to insert in lieu thereof the words "which may be used as a basis for the negotiation of", so as to read:

Be it enacted, etc., That the act of May 13, 1924, entitled "An act providing for a study regarding the equitable use of the waters of the Rio Grande below Fort Quitman, Tex., in cooperation with the United States of Mexico", as amended by the public resolution of March 3, 1927, is hereby amended to read as follows:

"The President is hereby authorized to designate the American Commissioner on the International Boundary Commission, United States and Mexico, or other Federal agency to cooperate with a representative or representatives of the Government of Mexico in a study regarding the equitable use of the waters of the lower Rio Grande and the lower Colorado and Tia Juana Rivers, for the purpose of obtaining information which may be used as a basis for the negotiation of a treaty with the Government of Mexico relative to the use of the waters of these rivers and to matters closely related thereto. On completion of such study the results shall be reported to the Secretary of State."

The amendment was agreed to.

The next amendment was, on page 2, line 14, after the word "authorized", to strike out "(a)."

The amendment was agreed to.

The next amendment was, in section 2, page 2, line 22, after the word "and", to strike out the words "Mexico or upon a stream or watercourse constituting or crossing the boundary between the two countries and upon the tributaries of any such stream or watercourse where international matters are involved; (b)" and to insert in lieu thereof the word "Mexico", so as to read:

SEC. 2. The Secretary of State, acting through the American Commissioner, International Boundary Commission, United States and Mexico, is further authorized to conduct technical and other investigations relating to the defining, demarcation, fencing, or monumentation of the land and water boundary between the United States and Mexico, to flood control, water resources, conservation, and utilization of water, sanitation and prevention of pollution, channel rectification, and stabilization and other related matters upon the international boundary between the United States and Mexico.

Mr. CONNALLY. Mr. President, I desire to inquire of the Senator from California if he does not have an amendment he desires to offer to the bill at this point?

Mr. JOHNSON. Mr. President, an amendment was prepared, and if the Senator from Texas will offer it, I shall be very glad.

Mr. CONNALLY. I offer the amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment offered to the amendment of the committee.

The CHIEF CLERK. In the committee amendment, on page 3, line 2, after the word "Mexico", it is proposed to insert the words "and is authorized and empowered to construct, operate, and maintain any and all works or projects which are recommended to the President as a result of such investigations and are approved by him as necessary and proper."

Mr. KING. Mr. President, I should like to have an explanation of that amendment.

Mr. CONNALLY. Mr. President, I may say to the Senator that this is an amendment drawn for the purpose of protecting some municipality in California which is now using the water. I do not really understand the details of it; probably the Senator from California can explain it.

Mr. JOHNSON. Mr. President, the amendment was prepared by Mr. Stanley Reed, and is one intended for the protection of all those interested in the Mexican situation in that vicinity; that is all.

Mr. KING. Mr. President, I inquire of the Senator from California whether it would afford any basis for any claim upon the part of Mexico or its nationals in or to the waters of the Colorado River? The Senator knows the upper basin States, of which Utah is one, are profoundly interested in the waters of the Colorado River, and desire to take all necessary steps to protect their rights.

Mr. JOHNSON. Mr. President, there is no such intention, and the amendment would have no such result, in my opinion.

Mr. CONNALLY. Let me state to the Senator from Utah the general purpose of the bill. It is true that the International Boundary Commission has for many years kept records about the flow of the streams, and things of that kind, which is merely preparatory to what we now propose to do by this bill, to providing for an intensive study of the situation with a view to making a treaty with Mexico, so as to settle the question with Mexico. The treaty, of course, will have to be ratified by the Senate. The treaty will have no force unless ratified. The purpose is to bring to a head the thing which the Senator has in mind.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ASHURST. I shall not object, but I wish it distinctly understood that Mexico has no right to any waters in the Colorado River, by treaty or otherwise, and that any water Mexico gets from the United States she gets by an act of grace on the part of the United States.

Mr. HATCH. Mr. President, I wish to make an inquiry of the Senator from Texas regarding the work to be done by the International Boundary Commission. Is it not true that at each session the Congress passes some bill imposing duties on the International Boundary Commission?

Mr. CONNALLY. I do not know whether it does so at every session, but I know it is very often done. Let me say that the International Boundary Commission is now engaged in a very useful function imposed by the Congress, to wit, the absolute fixation of the boundary on the ground, by dikes and channels and other marks, and the International Boundary Commission has really been performing a very fine public service.

Mr. KING. Mr. President, as indicated, Utah and the upper-basin States are determined to take every necessary step to protect their rights, and the rights of their citizens, in and to the waters of the Colorado River. There have been intimations from time to time that Mexico laid claim to a part of the waters of the Colorado River and denied that all said waters had been appropriated and used in the United States. As Senators know, the waters of the Colorado River have their sources in Wyoming, Colorado, Utah, New Mexico, and Arizona. These States and their inhabitants, as well as the States of California and Nevada, and their inhabitants, claim to have appropriated for beneficial use all the waters of the Colorado River. These States and their inhabitants would be unwilling to support any measure that would weaken or jeopardize their rights or would afford any basis for Mexico's claiming any of the waters of the Colorado River.

Several years ago I was informed by a United States ambassador that some conversations had been carried on between the United States and the Republic of Mexico regarding the Colorado River, and that the Mexican Government had indicated that it would abandon any claim which it might have in and to the waters of the Colorado River upon payment of a certain sum which was to be retained by the United States to apply in liquidation of claims of American nationals against Mexico and its nationals. I stated to him that so far as I was advised the States above referred to, as well as their residents, denied that Mexico had any rights in the Colorado River and were unwilling to compose differences if any existed between the two Republics based upon any theory that Mexico had any interest in the Colorado River or its tributaries.

I am sure that the States referred to would protest against any treaty that conceded any rights to the Mexican Government or its nationals in and to the waters of the Colorado River.

Mr. JOHNSON. I may say that I reecho the sentiments just expressed by the Senator from Arizona [Mr. ASHURST], and also the Senator from Utah [Mr. KING]. There is no such purpose in this bill, I am perfectly assured; it is a bill which the people of Texas have sought here for a long period of time, and it has undergone the scrutiny of the State Department and of all the parties in interest.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The next amendment of the committee was, in section 3, page 3, line 3, to insert the words "SEC. 3. (a) The President is further authorized"; in line 5, after the word "Mexico", to strike out the words "as contemplated in section 1 of this act, or which it may be appropriate to construct independently of a treaty with Mexico and for the repair, protection, maintenance, or completion of" and to insert in lieu thereof the words "and to repair, protect, maintain, or complete"; in line 10, after the words "construction or", to insert the word "those"; in line 14, after the word "and" where it first occurs, to strike out "(c)" and to insert in lieu thereof "(b)"; in line 16, after the word "Commissioner", to strike out the words "as the Secretary of State may promulgate" and to insert in lieu thereof the words "or any Federal agency as the President may cause to be promulgated"; in line 23, after the words "requirement as the", to strike out the words "Secretary of State" and to insert in lieu thereof the word "President", so as to make the section read:

SEC. 3. (a) The President is further authorized to construct any project or works which may be provided for in a treaty entered into with Mexico and to repair, protect, maintain, or complete works

now existing or now under construction or those that may be constructed under the treaty provisions aforesaid; and to construct any project or works designed to facilitate compliance with the provisions of treaties between the United States and Mexico; and (b) to operate and maintain any project or works so constructed or, subject to such rules and regulations for continuing supervision by the said American Commissioner or any Federal agency as the President may cause to be promulgated, to turn over the operation and maintenance of such project or works to any Federal agency, or any State, county, municipality, district, or other political subdivision within which such project or works may be in whole or in part situated, upon such terms, conditions, and requirements as the President may deem appropriate.

The amendment was agreed to.

The next amendment was, on page 4, line 1, to change the number of the section from "3" to "4"; on line 2, after the words "act, the", to strike out the words "Secretary of State" and to insert in lieu thereof "President, or any Federal agency he may designate"; on line 6, after the word "section", to strike out the figure "2" and to insert in lieu thereof the figure "3"; in line 19, after the words "discretion of the", to strike out the word "Secretary of State" and to insert in lieu thereof the word "President"; on page 5, in line 2, after "(c) to", to strike out the words "request the withdrawal" and to insert in lieu thereof the word "withdraw"; in line 4, after the words "States as", to strike out the words "the Secretary of State" and to insert in lieu thereof the word "he"; in line 5, after the words "necessary and", to strike out the words "upon receipt of any such request that", and to insert in lieu thereof the word "thereupon"; in line 14, after the words "removed by the", to strike out the words "Secretary of the Interior with the approval of the Secretary of State" and to insert in lieu thereof the word "President"; in line 16, after the word "regulations", to strike out the words "and, in his discretion, to delegate to the American Commissioner, International Boundary Commission, United States and Mexico, any of his functions and powers provided for herein", so as to make the section read:

SEC. 4. In order to carry out the provisions of this act, the President, or any Federal agency he may designate is authorized, (a) in his direction, to enter into agreements with any one or more of said political subdivisions, in connection with the construction of any project or works provided for in section 3 hereof, under the terms of which agreements there shall be furnished to the United States, gratuitously, except for the examination and approval of titles, the lands or easements in lands necessary for the construction, operation, and maintenance in whole or in part of any such project or works, or for the assumption by one or more of any such political subdivisions making such agreement, of the operation and maintenance of such project or works in whole or in part upon the completion thereof: *Provided, however*, That when an agreement is reached that necessary lands or easements shall be provided by any such political subdivision and for the future operation and maintenance by it of a project or works or a part thereof, in the discretion of the President the title to such lands and easements for such projects or works need not be required to be conveyed to the United States but may be required only to be vested in and remain in such political subdivision; (b) to acquire by purchase, exercise of the power of eminent domain, or by donation, any real or personal property which may be necessary; (c) to withdraw from sale, public entry or disposal of such public lands of the United States as he may find to be necessary and thereupon the Secretary of the Interior shall cause the lands so designated to be withdrawn from any public entry whatsoever, and from sale, disposal, location, or settlement under the mining laws or any other law relating to the public domain and shall cause such withdrawal to appear upon the records in the appropriate land office having jurisdiction over such lands, and such lands may be used for carrying out the purposes of this act: *Provided*, That any such withdrawal may subsequently be revoked by the President; and (d) to make or approve all necessary rules and regulations.

The amendment was agreed to.

The next amendment was, on page 5, line 21, to change the number of the section from "4" to "5", and in line 23, after the words "provisions of", to strike out "section 1", so as to make the section read:

SEC. 5. Any moneys contributed by or received from the United Mexican States for the purpose of cooperating or assisting in carrying out the provisions of this act shall be available for expenditure in connection with any appropriation which may be made for the purposes of this act.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

WAIVER OF INDICTMENT IN CERTAIN CRIMINAL PROCEEDINGS

The bill (S. 1313) providing for waiver of prosecution by indictment in certain criminal proceedings was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter all prosecutions for capital or otherwise infamous crimes, in the courts of the United States and the courts of the District of Columbia, shall be by presentment or indictment of a grand jury unless the accused shall, in open court and in writing, and under such rules as the court may prescribe, expressly waive prosecution by presentment or indictment, and consent to the filing of an information against him. In the event of such waiver the prosecution shall, with the approval of the court, be by information, and any judgment rendered and sentence imposed in any such case shall have the same force and effect in all respects as if the same had been rendered and imposed pursuant to a prosecution by presentment or indictment.

PROMOTION OF CIVIL-SERVICE EMPLOYEES

The bill (S. 476) relating to promotions of civil-service employees was announced as next in order.

Mr. KING. Let that bill go over.

Mr. BLACK. Mr. President, I understood the Senator from Utah to state the last time this bill was reached on the calendar that he would look into it.

Mr. KING. To be frank with the Senator, I have not done so. I withhold the objection to permit an explanation of the bill.

Mr. BLACK. The Senator objected before, and I thought he said he did not intend to object again.

It is now contrary to the postal regulations for a civil-service employee to be promoted on political endorsement. I have on my desk the exact terms of the regulation which forbids it. This bill simply provides a method of enforcing that regulation.

Mr. KING. I have no objection.

Mr. ROBINSON. Mr. President, what is the method?

Mr. BLACK. The method of enforcement is that when a civil-service employee is promoted he shall file an affidavit that he has not sought or obtained political recommendations for the promotion. The regulations now provide that he shall not seek or obtain such recommendations. This bill provides that he shall make an affidavit that he has not done so, and, if he has sought promotion in that way, contrary to the regulations, that he shall not be promoted.

If we are going to have promotion by political endorsement, of course, that is perfectly all right. Then let us do away with the regulation and the law, and not have them standing there continuously and constantly violated. If, on the contrary, we wish to have promotion in obedience to law and in obedience to regulation, this bill will provide it.

I have introduced the bill to see whether or not we wish to have real, genuine, honest promotion on merit in the civil service. If we do not wish to have promotion on merit, the fact should be known. Usually, everybody is for promotion on merit, until a law is proposed which provides for promotion on merit, and then somebody is against promotion on merit. I have introduced this measure to find out if everybody is for promotion on merit. If we are not, I favor abolishing the civil-service law.

Mr. CONNALLY. Mr. President, do I understand that this bill requires that the employees referred to shall make affidavit that they have not had any political endorsements?

Mr. BLACK. That they have not sought political endorsements. That is exactly what the regulation says they shall not do.

Mr. CONNALLY. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard.

Mr. CONNALLY. I do not believe in making employees swear that they have not had any influence, because there is more influence inside the departments than anywhere else; and if we pass this bill, nobody but the pets of the bureau chiefs will ever be promoted.

Mr. BLACK. I do not know about that; but I do know, as I stated a while ago, that if we are not going to have promotion on merit we ought to abolish the law. I agree with the Senator that the pets of bureau chiefs ought not to be promoted, nor should those promoted be the pets of Senators or Representatives or political committeemen.

Mr. CONNALLY. That is true; but if we should pass this bill, a Representative or a Senator would not have any influence at all, and all these good jobs would go to persons who stand in with the bureau chiefs.

I dislike exceedingly to object to the Senator's bill, because I usually agree with him; but I do not believe in laws of the Inquisition, bringing in men and putting thumbscrews on them and making them swear that they have not done this, that, or the other.

Mr. BLACK. Let me say to the Senator that if he can devise any other way besides what he calls a method of the Inquisition, I shall be glad to have him do so. This is not a method of the Inquisition; but let us be honest in the Senate, anyhow, and if we are not going to have promotion on merit, let us repeal the law.

Mr. CONNALLY. Of course no law is ever going to work to the extent of 100 percent, the civil-service law or any other; but if this bill should be passed, whenever the departments wished to give a man the "skiddoo", or discharge him, they would find some place where he had solicited somebody's endorsement, and then, having his affidavit that he had not done so, out he would go.

Mr. BLACK. Of course this bill would not prevent any employee from coming before a committee of the Senate, or from having a matter taken up; but I know, and everybody else knows, that, so far as civil service being real, genuine, honest civil service, it is an illusion and a farce.

Mr. CONNALLY. I agree with the Senator.

Mr. BLACK. I favor as soon as possible either having a real, genuine, honest civil service, based on integrity and based on promotion on merit, or repealing it and letting the country know that there is no civil service.

Mr. CONNALLY. Allow me to say to the Senator from Alabama that if he ever anticipates any such system as promotion only on merit, integrity, and character, he will have to wait until he goes up yonder, and walks on the golden streets and through the alabaster halls.

Mr. BLACK. I will say to the Senator that he may be correct. I myself think there is a very excellent civil-service system in England; but that is no reason why the Senate and the House should constantly stand in the way of enforcement legislation when it is written on the books that there shall be no political interference in promotion, and when the regulations of the Post Office Department so prescribe. We have had constant violations of all the laws in this country. We write them and then permit them to be disobeyed; and when we make an effort to have them obeyed we cannot get them obeyed.

Mr. ROBINSON. Mr. President, let me preface my remarks by saying that I should like to see the civil-service law enforced and observed. This difficulty, however, may arise: Someone might recommend an employee within the civil service for promotion, and blame might be attached to such employee when he had not invited the recommendation. I may cite an instance. Within the last 30 days relatives of an employee in one of the Government services wrote me requesting that I suggest certain action on the part of the department in behalf of the employee. Before taking the action I communicated with the individual, and he said that it was done without his knowledge, and that if it were done it would be done over his objection.

I will be frank. There is a regulation of the War Department which forbids an Army officer from seeking political influence to aid in his promotion. Frequently friends of an Army officer who regard him as in every respect worthy of promotion, desiring to help him, volunteer their suggestions to persons in political places; and it is entirely possible, under such conditions, that one who is in no way to blame would be censured and fail to secure recognition which he might otherwise obtain.

Of course, it would not happen often that someone would volunteer a recommendation without the consent of the person supposed to be benefited by it, but I know it has happened a number of times.

Mr. BLACK. Mr. President, I may suggest to the Senator that the circumstances to which he refers would not be touched by this measure? It requires that the person himself must have sought the influence.

Mr. ROBINSON. I understand that fully.

Mr. BLACK. Which is usually the case, of course.

Mr. ROBINSON. If someone's brother writes to an official asking for his brother's promotion, there is such a powerful presumption that it was done with the knowledge or consent of the employee that it would be very difficult for him to convince the official receiving the letter that the contrary was true, although in a particular case it might not be true.

Mr. LONG. Mr. President, will the Senator from Arkansas yield to me?

Mr. ROBINSON. I yield.

Mr. LONG. I merely desire to state, in order to clear my record, that I not only observe this regulation of the Civil Service, but I never write a letter of recommendation for anyone for any office, showing how far ahead of my time I am.

Mr. ROBINSON. The Senator just goes ahead and appoints them, or tells someone that he has to appoint them, and if he does not, he will put him out of office. That is the way the Senator from Louisiana proceeds.

Mr. President, what is the status of the bill?

The PRESIDING OFFICER. The Senator from Texas objected, and the Chair was about to announce that the bill would go over and the clerk should announce the next bill on the calendar.

BILL PASSED OVER

The bill (S. 1952) extending the classified executive civil service of the United States was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

HARRY H. A. LUDWIG

The bill (S. 1225) for the relief of Harry H. A. Ludwig, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding the provisions and limitations of section 6 of the act entitled "An act to amend the act entitled 'An act to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes", approved May 22, 1920, and acts in amendment thereof', approved July 3, 1926, as amended", approved May 29, 1930, the United States Civil Service Commission is authorized and directed to extend the benefits of such act to Harry H. A. Ludwig, formerly an employee of the War Department, Engineer Department at large, in the same manner and to the same extent as if application had been made within 3 months after the effective date of such act of May 29, 1930. The application of the said Harry H. A. Ludwig for the benefits of such act of May 29, 1930, shall be filed with the United States Civil Service Commission within 3 months from the date of the approval of this act.

BILLS PASSED OVER

The bill (S. 2405) to provide for a special clerk and liaison officer was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 373) for the relief of the American Surety Co., of New York, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

LUTHER M. TURPIN AND AMANDA TURPIN

The bill (H. R. 805) for the relief of Luther M. Turpin and Amanda Turpin was considered, ordered to a third reading, read the third time, and passed.

JAMES M. PACE

The bill (H. R. 2708) for the relief of James M. Pace was announced as next in order.

Mr. McKELLAR. I think we ought to have an explanation of this bill.

Mr. VANDENBERG. Let it go over.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

Mr. BURKE subsequently said: Mr. President, I ask the Senator from Tennessee if he will not withhold his objection for a moment.

Mr. McKELLAR. I withhold the objection.

Mr. BURKE. This is a bill to credit the postmaster at Macomb, Ill., with approximately $21,000 covering stamps and cash which were stolen. Burglars with the most up-to-date burglary tools entered the post office in the dead of night and looted the safe. The Post Office Department recommends that payment be made. The House has passed the bill, and there seems to be no reason why this postmaster should not be credited on his accounts with the amount provided for.

The PRESIDING OFFICER. Is there objection to recurring to the consideration of House bill 2708?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit James M. Pace, former postmaster at Macomb, McDonough County, Ill., in his accounts with the sum of $21,476.99, the amount of money and postage stamps lost in the burglary of the post office at Macomb, Ill., on April 5, 1929.

THOMAS J. GOULD

The bill (H. R. 1315) for the relief of Thomas J. Gould was considered, ordered to a third reading, read the third time, and passed.

R. G. ANDIS

The bill (S. 1690) for the relief of R. G. Andis was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General is authorized and directed to cancel the charge, in the amount of $68, entered on the accounts of R. G. Andis, former postmaster at Presho, S. Dak., by reason of his deposit of funds of the United States in the First State Bank of Presho, Presho, S. Dak., and the subsequent failure of such bank.

MATTHEW E. HANNA

The bill (H. R. 4817) for the relief of Matthew E. Hanna was considered, ordered to a third reading, read the third time, and passed.

CLETUS F. HOBAN

The bill (H. R. 1703) for the relief of Cletus F. Hoban was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 760) for the relief of John L. Hoffman, was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

MARION SHOBER PHILLIPS

The Senate proceeded to consider the bill (S. 1935) for the relief of Marion Shober Phillips, which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the words "sum of" to strike out "$5,000" and to insert in lieu thereof "$2,500", and to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Marion Shober Phillips the sum of $2,500, the payment of such sum being in full satisfaction of all claims against the United States by reason of injuries sustained by the said Phillips on May 27, 1934, while assisting Government officers under their orders, in seizing and destroying an illicit liquor distillery: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

E. W. TARRENCE

The bill (H. R. 2987) for the relief of E. W. Tarrence was considered, ordered to a third reading, read the third time, and passed.

RIO GRANDE BRIDGE, TEX.

The bill (H. R. 6630) to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex., was considered, ordered to a third reading, read the third time, and passed.

THE AIR MAIL

The Senate proceeded to consider the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service, which had been reported from the Committee on Post Offices and Post Roads with an amendment to strike out all after the enacting clause and insert the following:

That the following amendments are made to the act of June 12, 1934, as amended by the act of June 26, 1934 (48 Stat. 933, 1243; 39 U. S. C. 469, Supp. VIII): Section 3 (a) is amended to read as follows:

"The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for initial periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile: *Provided*, That where the Postmaster General holds that a low bidder is not responsible or qualified under this act, such bidder shall have the right to appeal to the Comptroller General, who shall speedily determine the issue, and his decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 33⅓ cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof plus one-tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile."

SEC. 2. Section 3 (c) is amended to read as follows:

"If, in the opinion of the Postmaster General, the public interest requires it, he may grant extensions of any route: *Provided*, That the aggregate mileage of all such extensions on any route in effect at one time shall not exceed 200 miles, and that the rate of pay for such extensions shall not be in excess of the rate fixed for the service thus extended."

SEC. 3. Section 3 (d) is amended to read as follows:

"The Postmaster General may designate certain routes as primary and as secondary routes. He shall designate as primary routes at least three transcontinental routes, with such termini as he may deem advisable, and, in addition thereto, such other routes as he may consider in the public interest, but no route less than 1,000 miles in length shall be designated as a primary route: *Provided*, That the present route from Seattle to San Diego may be held and regarded as other than a primary route: *Provided further*, That the eastern coastal route from Newark (or New York City, as the case may be) to Miami, Fla., and the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as primary routes."

SEC. 4. Section 3 (f) is amended to read as follows:

"The Postmaster General shall not award contracts for air mail routes or extend such routes in excess of an aggregate of 32,000 miles, and shall not pay for air mail transportation on such routes and extensions in excess of an annual aggregate of 45,000,000 airplane miles. Subject to the foregoing, the Postmaster General shall prescribe the number and frequency of schedules, intermediate regular stops, and time of departure of all planes carrying air mail, with due regard for the volume of mail carried over each route and for connecting schedules, and he may, under such regulations as he may prescribe, authorize and notwithstanding any other provisions of this act compensate for a special schedule or an extra or emergency trip in addition to any regular schedule over air mail routes or portions thereof at the same mileage rate paid for regular schedules on the contract route or routes, or at a lesser rate if agreed to by the contractor and the Postmaster General, and he may utilize therefor any scheduled passenger or express flight of the contractor between the terminal points or over a portion of any route whenever the needs of the service may so require: *Provided*, That the Postmaster General may, upon

application by an air mail contractor, authorize said contractor for his own convenience to transport air mail on any nonmail schedule or plane, with the understanding that the weights of mail so transported will be credited to regular mail schedules and no mileage compensation will be claimed therefor and the miles flown in such cases will not be computed in the annual aggregate of flown mileage authorized under this section."

SEC. 5. Subsection (a) of section 6 of such act of June 12, 1934, as amended, is amended to read as follows:

"SEC. 6. (a) The Interstate Commerce Commission is hereby empowered and directed, after notice and hearing, to fix and determine by order, as soon as practicable and from time to time, the fair and reasonable rates of compensation within the limitations of this act for the transportation of air mail by airplane and the service connected therewith over each air mail route, and over each section thereof covered by a separate contract, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates of compensation, and to publish the same, which shall continue in force until changed by the said Commission after due notice and hearing, and so much of subsection (g) of section 3 of said act as is in conflict with this section is hereby repealed."

SEC. 6. Section 6 (e) of such act is amended by adding at the end thereof a new sentence to read as follows:

"In arriving at such determination the Commission shall disregard losses resulting, in the opinion of the Commission, from the unprofitable maintenance of nonmail schedules, in cases where the Commission may find that the gross receipts from such schedules fail to meet the additional operating expense occasioned thereby.

"In fixing and determining such rates, if it shall be contended or alleged by the holder of an air mail contract that the rate of compensation in force for the service involved is insufficient, the burden of establishing such insufficiency and the extent thereof shall be assumed by him. In no case shall the rates fixed and determined by the said Commission hereunder exceed the limits prescribed in section 3 (a) of this act."

SEC. 7. Section 6 (b) is amended to read as follows:

"The Interstate Commerce Commission is hereby directed at least once in each calendar year from the date of the award of any contract to examine the books, accounts, contracts, and entire business records of the contracting company, to review the rates of compensation to be paid to the holder of such contract in order to be assured that no unreasonable profit is being derived or accruing therefrom and in order to fix just rates. In determining what may constitute an unreasonable profit the said Commission shall take into consideration the income derived from the operation of airplanes over the routes affected, and in addition to the requirements of section 4 hereof, shall take into consideration all forms of expenditures of said companies in order to ascertain whether or not the expenditures have been upon a fair and reasonable basis on the part of said company and whether or not the said company has paid more than a fair and reasonable market value for the purchase or rent of planes, engines, or any other types or kind, or class, or goods, or services, including spare parts of all kinds, and whether or not the air mail contracting company has purchased or rented any kind of goods, commodities, or services from any individuals who own stock in or are connected with the said contracting companies or has purchased such goods and services from any company or corporations in which any of the individuals employed by or owning stock in the air mail contracting company have any interest or from which such purchase or rents any of the employees or stockholders of air mail contracting company would be directly or indirectly benefited.

"Within 30 days after a decision has been reached by the Interstate Commerce Commission touching such profit a report of its results shall be made to the Postmaster General, to the Secretary of the United States Senate, and to the Clerk of the House of Representatives."

SEC. 8. The first sentence of subsection (c) of section 6 is amended to read as follows:

"Any contract (1) let, extended, or assigned pursuant to the provisions of this act, and in full force and effect on March 1, 1935, or (2) which may be let subsequent to such date pursuant to the provisions of this act and shall have been satisfactorily performed by the contractor during its full initial period, shall, from and after such date, or from and after the termination of its initial period, as the case may be, be continued in effect for an indefinite period, and compensation therefor, on or after March 1, 1935, during such period of indefinite continuance, shall be paid at the rate fixed by order of the Commission under this act, subject to such additional conditions and terms as the Commission may prescribe, upon recommendation of the Postmaster General, which shall be consistent with the requirements and limitations contained in section 1 of this act; but any contract so continued in effect may be terminated for cause by the Commission upon 60 days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor, or by the contractor at its option at 60 days' notice, or by the Postmaster General at his option at 60 days' notice."

SEC. 9. Section 7 (d) is amended to read as follows:

"No person shall be qualified to enter upon the performance of, or thereafter to hold an air mail contract, (1) if, at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has) a member, officer, or director, or an employee performing general managerial duties, that is, an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails: *Provided*, That whenever required by the Postmaster General or Interstate Commerce Commission the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General or Interstate Commerce Commission may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract, or (2) if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time: *Provided further*, That it shall be unlawful for any such officer, director, or regular employee to draw a salary of more than $17,500 per year from any air mail contractor, or a salary from any other company if such salary from any company makes his total compensation more than $17,500 per year."

SEC. 10. Section 13 of such act is amended to read as follows:

"SEC. 13. It shall be a condition upon the holding of any air mail contract that the rate of compensation and the working conditions and relations for all pilots and other employees of the holder of such contract shall conform to decisions heretofore or hereafter made by the National Labor Board, or its successor in authority, notwithstanding any limitation as to the period of its effectiveness included in any such decision heretofore rendered. This section shall not be construed as restricting the right of any such employees by collective bargaining to obtain higher rates of compensation or more favorable working conditions and relations."

SEC. 11. Section 15, as amended, is amended to read as follows:

"SEC. 15. After June 30, 1935, no person holding a contract or contracts for carrying air mail on a primary route shall be awarded or hold any contract for carrying air mail on any other primary route, nor on more than three additional routes other than primary routes. In case one person holds several contracts covering different sections of one air mail route as designated by the Postmaster General, such several contracts shall be counted as one contract for the purpose of the preceding sentence. It shall be unlawful for air mail contractors, competing in parallel routes, to merge or to enter into any agreement, express or implied, which may result in common control or ownership. After June 30, 1935, no air mail contractor shall be allowed to maintain passenger or express service off the line of his air mail route which in any way competes with passenger or express service available upon another air mail route, except that off-line competitive service which has been regularly maintained for at least 4 months next preceding July 1, 1935, and such seasonal schedules as may have been regularly maintained during the year prior to July 1, 1935, may be continued if restricted to the number of schedules and to the stops scheduled and in effect during such period or season: *Provided, however*, That if the Interstate Commerce Commission, after due notice to the Postmaster General and all parties in interest and a hearing thereon, shall be of the opinion that the public interest so requires, it may by order require the suspension or the decrease or may permit an increase in the frequency of such schedules.

"The Interstate Commerce Commission is hereby authorized to hear any complaint filed by the Postmaster General or any interested air mail contractor setting forth that the general transport business or earnings upon an air mail route are being adversely affected by any off-line flights or extra schedules not provided for in the original contract, nor authorized by the Postmaster General, of another air mail contractor or for any alleged unfair practice by another air mail contractor. Upon the filing of such complaint the Commission shall give personal notice to the person complained of, inquire fully into the subject matter of the allegations; and if the Commission shall find such competition or practice, or any part thereof, to be unfair, or that such competitive service, in whole or in part, is not reasonably required in the interest of public convenience and necessity, then the Commission may enter an order requiring such air mail contractor to discontinue or restrict such competition or practice in accordance with the findings and order of the Commission, and the compensation of such air mail contractor shall be withheld while it continues to violate such order."

Mr. BULKLEY. I desire to ask that the bill go over, but I will withhold the objection temporarily.

Mr. MCKELLAR. Mr. President, there are several perfecting amendments which I wish to offer for the Senator from Vermont [Mr. AUSTIN.]

The PRESIDING OFFICER. The amendments offered by the Senator from Tennessee on behalf of the Senator from Vermont will be stated in order.

The CHIEF CLERK. In the committee amendment on page 9, line 16, after the word "route" and the semicolon, it is proposed to strike out the following provisos:

Provided, That the present route from Seattle to San Diego may be held and regarded as other than a primary route: *Provided further*, That the eastern coastal route from Newark (or New York

City, as the case may be) to Miami, Fla., and the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as primary routes.

And in lieu thereof to insert:

Provided, That the present routes from Seattle to San Diego and from Boston via Newark (or New York City, as the case may be) to Miami, Fla., may be held and regarded as other than primary routes: *Provided further*, That the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as a primary route.

Mr. AUSTIN. Mr. President, I understand it is proposed to strike out all the remainder of section 3 after the words "primary route" in line 16?

Mr. McKELLAR. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. SCHWELLENBACH. Mr. President, I could not hear the amendment as it was read by the clerk. Does the amendment make any change?

Mr. McKELLAR. None whatever.

Mr. KING. I should like to have some explanation of this bill. It is a very important one. I do not know whether under the 5-minute rule we ought to take it up for consideration.

Mr. McKELLAR. If the Senator will let us take up amendments which have been offered by certain Senators, I shall make an explanation of the bill.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Tennessee to the amendment.

The next amendment to the committee amendment was, on page 14, line 19, after the word "contractor", to strike out the comma and the words "or by the contractor at its option at 60 days' notice, or by the Postmaster General at his option at 60 days' notice."

The amendment to the amendment was agreed to.

The next amendment to the committee amendment was, on page 17, line 10, after the word "maintained", to strike out "for at least 4 months next preceding" and to insert "prior to."

The amendment to the amendment was agreed to.

The next amendment to the amendment was, on page 17, line 12, after the word "maintained", to strike out "during the year."

The amendment to the amendment was agreed to.

Mr. AUSTIN. Mr. President, I call the attention of the chairman of the committee to line 16, after the comma. Should not the words "on petition of any contractor interested or on its own initiative" be inserted there?

Mr. McKELLAR. If the Senator will send those words to the clerk he can state the amendment, and we can act on it.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 17, line 16, after the word "Commission", it is proposed to insert "on petition of any contractor interested or on its own initiative."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The next amendment, offered by Mr. McKELLAR to the committee amendment, was, on page 17, line 20, after the word "schedules", to insert "and after such hearing it may permit an air-mail contractor to maintain passenger or express service off the line of his air-mail route whether it competes with passenger or express service available upon another air-mail route or not."

The amendment to the amendment was agreed to.

The next amendment to the amendment was, on page 18, line 1, after the word "in", to strike out "the original contract" and to insert "this section."

The amendment to the amendment was agreed to.

The next amendment to the amendment was, on page 18, line 10, after the word "necessity", to insert "and is not permitted by this section."

The amendment to the amendment was agreed to

Mr. McKELLAR. Mr. President, I will state for the benefit of the Senator from Utah [Mr. KING] and for the benefit of other Senators that there was considerable opposition manifested to this bill by a number of Senators who cooperated with the Senator from Vermont [Mr. GIBSON], and we have finally agreed upon amendments which we think are satisfactory. The bill is satisfactory to the Department, and I hope the Senator from Utah will not object.

Mr. BULKLEY. Mr. President, I ask that the Senator let the bill go over until we have the next call of the calendar. I have had some correspondence about it and should like to check up on the effect of the amendments.

Mr. McKELLAR. Will not the Senator permit it to be called up tomorrow sometime? It has to go back to the House for consideration of the Senate amendments. Would the Senator be willing to have it passed and then, if he finds he desires reconsideration for any reason, I should be glad to agree to that.

Mr. BULKLEY. I should prefer that it go over until tomorrow.

Mr. McKELLAR. Very well.

The PRESIDING OFFICER. The bill will be passed over.

Mr. McKELLAR subsequently said: Mr. President, referring to Order of Business No. 718, being the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service, which went over until tomorrow at the request of the Senator from Ohio, I ask unanimous consent that the bill as amended today may be printed in the RECORD, so that all Senators may have an opportunity to examine it and see that it is all right.

There being no objection, the bill, as amended, was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the following amendments are made to the act of June 12, 1934, as amended by the act of June 26, 1934 (48 Stat. 933, 1243; 39 U. S. C. 469, Supp. VIII): Section 3 (a) is amended to read as follows:

"The Postmaster General is authorized to award contracts for the transportation of air mail by airplane between such points as he may designate, and for initial periods of not exceeding 3 years, to the lowest responsible bidders tendering sufficient guaranty for faithful performance in accordance with the terms of the advertisement at fixed rates per airplane-mile: *Provided*, That where the Postmaster General holds that a low bidder is not responsible or qualified under this act, such bidder shall have the right to appeal to the Comptroller General, who shall speedily determine the issue, and his decision shall be final: *Provided further*, That the base rate of pay which may be bid and accepted in awarding such contracts shall in no case exceed 33⅓ cents per airplane-mile for transporting a mail load not exceeding 300 pounds. Payment for transportation shall be at the base rate fixed in the contract for the first 300 pounds of mail or fraction thereof plus one-tenth of such base rate for each additional 100 pounds of mail or fraction thereof, computed at the end of each calendar month on the basis of the average mail load carried per mile over the route during such month, except that in no case shall payment exceed 40 cents per airplane-mile."

SEC. 2. Section 3 (c) is amended to read as follows:

"If, in the opinion of the Postmaster General, the public interest requires it, he may grant extensions of any route: *Provided*, That the aggregate mileage of all such extensions on any route in effect at one time shall not exceed 200 miles, and that the rate of pay for such extensions shall not be in excess of the rate fixed for the service thus extended."

SEC. 3. Section 3 (d) is amended to read as follows:

"The Postmaster General may designate certain routes as primary and as secondary routes. He shall designate as primary routes at least three transcontinental routes, with such termini as he may deem advisable, and, in addition thereto, such other routes as he may consider in the public interest, but no route less than 1,000 miles in length shall be designated as a primary route: *Provided*, That the present routes from Seattle to San Diego and from Boston via Newark (or New York City, as the case may be) to Miami, Fla., may be held and regarded as other than primary routes: *Provided further*, That the southern transcontinental route from Boston via New York (or Newark, as the case may be) and Washington to Los Angeles, shall be designated as a primary route."

SEC. 4. Section 3 (f) is amended to read as follows:

"The Postmaster General shall not award contracts for air mail routes or extend such routes in excess of an aggregate of 32,000 miles, and shall not pay for air mail transportation on such routes and extensions in excess of an annual aggregate of 45,000,000 airplane-miles. Subject to the foregoing, the Postmaster General shall prescribe the number and frequency of schedules, intermediate regular stops, and time of departure of all planes carrying air mail, with due regard for the volume of mail carried over each route and for connecting schedules, and he may under such regulations as he may prescribe authorize and notwithstanding any

other provisions of this act compensate for a special schedule or an extra or emergency trip in addition to any regular schedule over air mail routes or portions thereof at the same mileage rate paid for regular schedules on the contract route or routes, or at a lesser rate if agreed to by the contractor and the Postmaster General, and he may utilize therefor any scheduled passenger or express flight of the contractor between the terminal points or over a portion of any route whenever the needs of the service may so require: *Provided*, That the Postmaster General may, upon application by an air mail contractor, authorize said contractor for his own convenience to transport air mail on any nonmail schedule or plane, with the understanding that the weights of mail so transported will be credited to regular mail schedules and no mileage compensation will be claimed therefor and the miles flown in such cases will not be computed in the annual aggregate of flown mileage authorized under this section."

SEC. 5. Subsection (a) of section 6 of such act of June 12, 1934, as amended, is amended to read as follows:

"SEC. 6. (a) The Interstate Commerce Commission is hereby empowered and directed, after notice and hearing, to fix and determine by order, as soon as practicable and from time to time, the fair and reasonable rates of compensation within the limitations of this act for the transportation of air mail by airplane and the service connected therewith over each air mail route, and over each section thereof covered by a separate contract, prescribing the method or methods by weight or space, or both, or otherwise, for ascertaining such rates of compensation, and to publish the same, which shall continue in force until changed by the said Commission after due notice and hearing, and so much of subsection (g) of section 3 of said act as is in conflict with this section is hereby repealed."

SEC. 6. Section 6 (e) of such act is amended by adding at the end thereof a new sentence to read as follows:

"In arriving at such determination the Commission shall disregard losses resulting, in the opinion of the Commission, from the unprofitable maintenance of nonmail schedules, in cases where the Commission may find that the gross receipts from such schedules fail to meet the additional operating expense occasioned thereby.

"In fixing and determining such rates, if it shall be contended or alleged by the holder of an air mail contract that the rate of compensation in force for the service involved is insufficient, the burden of establishing such insufficiency and the extent thereof shall be assumed by him. In no case shall the rates fixed and determined by the said Commission hereunder exceed the limits prescribed in section 3 (a) of this act."

SEC. 7. Section 6 (b) is amended to read as follows:

"The Interstate Commerce Commission is hereby directed at least once in each calendar year from the date of the award of any contract to examine the books, accounts, contracts, and entire business records of the contracting company, to review the rates of compensation to be paid to the holder of such contract in order to be assured that no unreasonable profit is being derived or accruing therefrom and in order to fix just rates. In determining what may constitute an unreasonable profit the said Commission shall take into consideration the income derived from the operation of airplanes over the routes affected, and in addition to the requirements of section 4 hereof, shall take into consideration all forms of expenditures of said companies in order to ascertain whether or not the expenditures have been upon a fair and reasonable basis on the part of said company and whether or not the said company has paid more than a fair and reasonable market value for the purchase or rent of planes, engines, or any other types or kind, or class, or goods, or services, including spare parts of all kinds, and whether or not the air mail contracting company has purchased or rented any kind of goods, commodities, or services from any individuals who own stock in or are connected with the said contracting companies or has purchased such goods and services from any company or corporations in which any of the individuals employed by or owning stock in the air mail contracting company have any interest or from which such purchase or rents any of the employees or stockholders of air mail contracting company would be directly or indirectly benefited.

"Within 30 days after a decision has been reached by the Interstate Commerce Commission touching such profit a report of its results shall be made to the Postmaster General, to the Secretary of the United States Senate, and to the Clerk of the House of Representatives."

SEC. 8. The first sentence of subsection (c) of section 6 is amended to read as follows:

"Any contract (1) let, extended, or assigned pursuant to the provisions of this act, and in full force and effect on March 1, 1935, or (2) which may be let subsequent to such date pursuant to the provisions of this act and shall have been satisfactorily performed by the contractor during its full initial period, shall, from and after such date, or from and after the termination of its initial period, as the case may be, be continued in effect for an indefinite period, and compensation therefor, on or after March 1, 1935, during such period of indefinite continuance, shall be paid at the rate fixed by order of the Commission under this act, subject to such additional conditions and terms as the Commission may prescribe, upon recommendation of the Postmaster General, which shall be consistent with the requirements and limitations contained in section 1 of this act; but any contract so continued in effect may be terminated for cause by the Commission upon 60 days' notice, upon such hearing and notice thereof to interested parties as the Commission may determine to be reasonable; and may also be terminated, in whole or in part, by mutual agreement of the Postmaster General and the contractor.

SEC. 9. Section 7 (d) is amended to read as follows:

"No person shall be qualified to enter upon the performance of, or thereafter to hold an air mail contract, (1) if, at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has) a member, officer, or director, or an employee performing general managerial duties, that is, an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails: *Provided*, That whenever required by the Postmaster General or Interstate Commerce Commission the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General or Interstate Commerce Commission may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract, or (2) if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time: *Provided further*, That it shall be unlawful for any such officer, director, or regular employee to draw a salary of more than $17,500 per year from any air mail contractor, or a salary from any other company if such salary from any company makes his total compensation more than $17,500 per year."

SEC. 10. Section 13 of such act is amended to read as follows:

"SEC. 13. It shall be a condition upon the holding of any air mail contract that the rate of compensation and the working conditions and relations for all pilots and other employees of the holder of such contract shall conform to decisions heretofore or hereafter made by the National Labor Board, or its successor in authority, notwithstanding any limitation as to the period of its effectiveness included in any such decision heretofore rendered. This section shall not be construed as restricting the right of any such employees by collective bargaining to obtain higher rates of compensation or more favorable working conditions and relations."

SEC. 11. Section 15, as amended, is amended to read as follows:

"SEC. 15. After June 30, 1935, no person holding a contract or contracts for carrying air mail on a primary route shall be awarded or hold any contract for carrying air mail on any other primary route, nor on more than three additional routes other than primary routes. In case one person holds several contracts covering different sections of one air mail route as designated by the Postmaster General, such several contracts shall be counted as one contract for the purpose of the preceding sentence. It shall be unlawful for air mail contractors, competing in parallel routes, to merge or to enter into any agreement, express or implied, which may result in common control or ownership. After June 30, 1935, no air mail contractor shall be allowed to maintain passenger or express service off the line of his air mail route which in any way competes with passenger or express service available upon another air mail route, except that off-line competitive service which has been regularly maintained prior to July 1, 1935, and such seasonal schedules as may have been regularly maintained prior to July 1, 1935, may be continued if restricted to the number of schedules and to the stops scheduled and in effect during such period or season: *Provided, however*, That if the Interstate Commerce Commission, on petition of any contractor interested or on its own initiative after due notice to the Postmaster General and all parties in interest and a hearing thereon, shall be of the opinion that the public interest so requires, it may by order require the suspension or the decrease or may permit an increase in the frequency of such schedules and after such hearing it may permit an air mail contractor to maintain passenger or express service off the line of his air mail route, whether it competes with passenger or express service available upon another air mail route or not.'

"The Interstate Commerce Commission is hereby authorized to hear any complaint filed by the Postmaster General or any interested air mail contractor setting forth that the general transport business or earnings upon an air mail route are being adversely affected by any off-line flights or extra schedules not provided for in this section, nor authorized by the Postmaster General, of another air mail contractor or for any alleged unfair practice by another air mail contractor. Upon the filing of such complaint the Commission shall give personal notice to the person complained of, inquire fully into the subject matter of the allegations; and if the Commission shall find such competition or practice, or any part thereof, to be unfair, or that such competitive service, in whole or in part, is not reasonably required in the interest of public convenience and necessity and is not permitted by this section, then the Commission may enter an order requiring such air mail contractor to discontinue or restrict such competition or practice in accordance with the findings and order of the Commission, and the compensation of such air mail contractor shall be withheld while it continues to violate such order."

PRACTICE BEFORE DEPARTMENTS BY NAVAL AND RESERVE CORPS OFFICERS

The bill (S. 1607) to amend section 109 of the Criminal Code so as to except officers of the Naval and Marine Corps

Reserve not on active duty from certain of its provisions was announced as next in order.

Mr. NYE. Let the bill go over.

Mr. TRAMMELL. Mr. President, may I make an explanation before the bill is passed over?

Mr. NYE. Very well.

Mr. TRAMMELL. The substance of the proposed legislation is that naval and marine officers who are not on active duty shall not be subject to the criminal statutes which prohibit them from practicing before the Government departments. The question arose, and there was a decision that Naval and Marine Corps Reserve officers not on active duty had no right or authority to practice before the departments on account of the general statute, which provides that officers may not prosecute claims before Government departments. The object of the bill is to suspend that feature of the statute insofar as it applies to Naval and Marine Corps Reserve officers not on the active list.

Mr. McGILL. Mr. President, I desire to call the attention of the Senator from Florida to the fact that the law now applies only to Naval and Marine Corps Reserve officers, but does not apply to Reserve officers of the Army.

Mr. TRAMMELL. That is correct.

Mr. McGILL. The bill would place Naval and Marine Corps Reserve officers on exactly the same basis as are Reserve officers of the Army.

Mr. TRAMMELL. That is correct.

Mr. CLARK. Mr. President, it seems to me that the gentleman who rendered the decision did not know what the law was or he would not have made the ruling which he did. Two wrongs do not make a right. The bar should never have been let down with reference to Reserve officers of the Army.

Before the committee investigating the munitions industry we discovered that Reserve officers—in one case a Reserve officer of the Army—were actually contracting with the War Department for the sale of various commodities of war. In the particular case it happened to be poison gases. They were not only doing that but they were sending out catalogs to foreign countries trying to sell poison gases to them and volunteering to go to foreign countries to establish poison-gas factories and to train foreign armies and navies in the use of poison gases, and signing themselves, for instance, "Colonel, Reserve, United States Army." The catalogues contained pictures of the president of the company, the vice president of the company, and other leading officials of the company, all in the uniform of the Reserve Corps.

I say not only that Reserve officers ought not to be permitted to practice before the departments, either of the Army or the Navy, but they should not be permitted to contract with Government departments. Instead of making the regulations more lenient, we should make them more stringent.

Mr. McKELLAR. Let the bill go over.

Mr. NYE. Yes; let it go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (S. 2590) for the relief of James E. McDonald was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

LEWIS WORTHY AND DENNIS O. PENN

The bill (S. 1980) for the relief of Lewis Worthy and Dennis O. Penn was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, in full settlement of all claims against the Government of the United States, to Lewis Worthy, private (1599113), $211.96, and Dennis O. Penn, private (1599044), $213.97, being amount of salary deducted on account of general court-martial sentences June 1918: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

NAVAL WARRANT OFFICERS' RETIRED PAY

The bill (S. 2460) to amend the act of June 6, 1924, entitled "An act to amend in certain particulars the National Defense Act of June 3, 1916, as amended, and for other purposes", was announced as next in order.

Mr. NYE. Let the bill go over.

Mr. TRAMMELL. Mr. President, may I make a brief explanation before the bill goes over? The purport of the bill is that an enlisted man who has been serving in the Navy upon retirement may have a warrant officer's retirement pay. Under the law he can leave the Navy, enlist in the Army, and go through that formality and be retired as a warrant officer as specified in the bill. The bill is to relieve the man who is retiring from the necessity of the perfunctory act of enlisting in the Army and being retired as a warrant officer. He can enlist and retire as a warrant officer through the Army in that way. The bill is merely to do an act of justice for the men and remove all the trouble and necessity for that procedure under the present law.

The PRESIDING OFFICER. On objection, the bill will be passed over.

FOREIGN DECORATIONS FOR NAVAL AND MARINE CORPS OFFICERS

The bill (S. 1975) to authorize certain officers of the United States Navy and officers and enlisted men of the Marine Corps to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered, was announced as next in order.

Mr. NYE. Let the bill go over.

Mr. SHEPPARD. Mr. President, will the Senator permit me to offer a perfecting amendment, an amendment containing the names of officers and enlisted men of the Army who are in the same position as the officers of the Navy and Marine Corps mentioned in the bill, and to have the amendment printed in the RECORD and pending?

Mr. NYE. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the amendment proposed by Mr. SHEPPARD was ordered to be printed in the RECORD, as follows:

At the proper place in the bill insert the following:

That the following-named officers and enlisted men of the United States Army are hereby authorized to accept such medals, orders, diplomas, decorations, and photographs as have been tendered them by foreign governments in appreciation of services rendered:

Gen. Douglas MacArthur; Maj. Gen. Dennis E. Nolan; Maj. Gen. Malin Craig; Maj. Gen. Paul B. Malone; Maj. Gen. Frank Parker; Maj. Gen. Frank R. McCoy; Maj. Gen. Albert J. Bowley; Maj. Gen. Benjamin D. Foulois; Brig. Gen. Frank C. Bolles; Brig. Gen. Casper H. Conrad, Jr.; Brig. Gen. Andrew Moses; Brig. Gen. Thomas W. Darrah; Brig. Gen. Francis LeJ. Parker; Brig. Gen. Guy V. Henry; Brig. Gen. John W. Gulick; Brig. Gen. Robert C. Foy; Col. Joseph A. Baer; Col. Charles Burnett; Col. W. Goff Caples; Col. Edward Davis; Col. Charles W. Exton; Col. James Malcolm Graham; Col. W. Lee Hart; Col. Jacob C. Johnson; Col. Roy C. Kirtland; Col. Osmun Latrobe; Col. E. R. Warner McCabe; Col. Charles H. Patterson; Col. Russell P. Reeder; Col. Francis A. Ruggles; Col. Frederick W. Van Duyne; Col. Richard H. Williams; Lt. Col. Frank M. Andrews; Lt. Col. Lester D. Baker; Lt. Col. Reginald B. Cocroft; Lt. Col. John F. Curry; Lt. Col. Ernest J. Dawley; Lt. Col. Robert H. Fletcher, Jr.; Lt. Col. William W. Hicks; Lt. Col. Donald C. McDonald; Lt. Col. Frederick W. Manley; Lt. Col. Maxwell Murray; Lt. Col. Henry C. Pratt; Lt. Col. John W. N. Schulz; Lt. Col. Martin C. Shallenberger; Lt. Col. Daniel I. Sultan; Lt. Col. Edwin M. Watson; Lt. Col. Barton K. Yount; Maj. George E. Arneman; Maj. Rosenham Beam; Maj. Enrique M. Benitez; Maj. Peter C. Bullard; Maj. Henry B. Cheadle; Maj. Joseph O. Daly; Maj. Herbert A. Dargue; Maj. James A. Dorst; Maj. Asa N. Duncan; Maj. Charles R. Finley; Maj. Abraham Garfinckel; Maj. James A. Gillespie; Maj. Paul R. Hawley; Maj. Charles B. Hazeltine; Maj. Edgar Erskine Hume; Maj. George E. Lovell, Jr.; Maj. Davenport Johnson; Maj. Raymond E. McQuillin; Maj. Joseph J. O'Hare; Maj. James B. Ord; Maj. Alvan C. Sandeford; Maj. Martin F. Scanlon; Maj. James C. R. Schwenck; Chaplain (Major) Aristeo V. Simoni; Maj. Julia C. Stimson; Maj. Robert H. Van Volkenburgh; Maj. Robert LeG. Walsh; Maj. Charles A. Willoughby; Maj. Walter F. Winton; Capt. John R. D. Cleland; Capt. Carl W. Connell; Capt. Virgil N. Cordero; Capt. Robert E. Cummings; Capt. Thomas J. Davis; Capt. Vernon C.

DeVotie; Capt. Fernand G. Dumont; Capt. Ira C. Eaker; Capt. Richard E. Elvins; Capt. Muir S. Fairchild; Capt. James M. Gillespie; Capt. Leslie R. Groves, Jr.; Capt. Albert F. Hegenberger; Capt. Eugene J. Heller; Capt. Jack C. Hodgson; Capt. Arthur B. McDaniel; Capt. William J. McKiernan, Jr.; Capt. Eugene A. Regnier; Capt. Charles McK. Robinson; Capt. Timothy Sapia-Bosch; Capt. Kinsley W. Slauson; Capt. Bernard S. Thompson; Capt. Leonard D. Weddington; Capt. Ennis C. Whitehead; Capt. Royden Williamson; Capt. Ralph H. Wooten; First Lt. Joseph M. Glasgow; First Lt. John L. Hines, Jr.; First Lt. Kenneth C. Nichols; First Lt. Benjamin B. Talley First Lt. Hugh B. Waddell; Staff Sgt. Edward F. Springer; Sgt. Leslie B. Hopkins.

The PRESIDING OFFICER. On request of the Senator from North Dakota [Mr. NYE] the bill will be passed over.

ALLOWANCES FOR ENLISTED MEN'S QUARTERS AND SUBSISTENCE

The bill (S. 1976) to amend the act entitled "An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1927, and for other purposes", approved April 15, 1926, so as to equalize the allowances for quarters and subsistence of enlisted men of the Army, Navy, and Marine Corps was announced as next in order.

Mr. NYE. Let the bill go over.

Mr. TRAMMELL. Mr. President, may I ask the Senator what is his objection to the bill?

Mr. NYE. I have not had an opportunity to give the bill the consideration which I desire to give it. I have already called attention to some amendments which should be offered before this bill and others following it on the calendar are approved. I am not prepared at the moment to offer the amendments.

Mr. TRAMMELL. The bill has been pending on the calendar since May 24, just 1 month today. I respectfully ask the Senator if he thinks it would not be proper for him to state his objections? I think he should state what his objections are to the bill. It is not sufficient merely to say "I object to the bill."

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The Senate is proceeding under a unanimous-consent agreement to consider unobjected bills of the calendar. The Senator from North Dakota has objected, and the bill will be passed over on his objection.

BILL PASSED OVER

The bill (S. 2257) to amend the act entitled "An act to provide additional pay for personnel of the United States Navy assigned to duty on submarines and to diving duty", to include officers assigned to duty at submarine training tanks and diving units, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

PUNISHMENT FOR INCITING DISOBEDIENCE IN MILITARY FORCES

The bill (S. 2253) to make better provision for the government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience was announced as next in order.

Mr. KING. Mr. President, I should like an explanation of the bill.

Mr. TYDINGS. Very well. This is a short bill. The War Department and the Navy Department both favor it. They have asked that the bill be introduced and passed.

The bill simply provides that it shall be unlawful to circularize among the enlisted personnel of the Army and the Navy matter which tells them not to obey their officers. A number of pamphlets are in my office—I am sorry they are not here—which have been sent around the fleet. The pamphlets say that the men should not obey their officers; that they are all brothers; and call attention to several instances where troops in other countries have mutinied against their officers.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. McKELLAR. I have read some of those pamphlets, and to my mind they are very, very bad. This bill ought by all means to be passed.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. CLARK. Is the Senator able to tell me any reason why these regulations should be applied to the Army and Navy and not to the C. C. C. camps? For instance, I have in my possession a paper published at Maryville, in the State of Missouri, by one of the C. C. C. camps under the editorship of the commanding officer of the camp, a Lieutenant Taylor, which is devoted almost exclusively to a laudation of Mr. Lenin and very fulsome praise of the Soviet institutions.

Mr. KING. He ought to be court-martialed.

Mr. TYDINGS. I have seen the pamphlet to which the Senator refers, and I should be very glad to support such a bill affecting the C. C. C. camps.

Mr. McKELLAR. So should I.

Mr. CLARK. However, I certainly am not going to object to the pending bill.

Mr. TYDINGS. This bill came here at the instance of the War Department and the Navy Department. It simply forbids and imposes a penalty for the act of circularizing information which incites or advises men in the Army or Navy not to obey their officers. It is a short bill, and I hope it will be passed.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whoever advises, counsels, urges, or solicits any member of the military or naval forces of the United States, including the reserves thereof, to disobey the laws or regulations governing such military or naval forces, or whoever publishes or distributes any book, pamphlet, paper, print, article, letter, or other writing which advises, counsels, urges, or solicits any member of such military or naval force of the United States to disobey the laws or regulations governing such military or naval forces, shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 2 years, or both.

SEC. 2. Any book, pamphlet, paper, print, article, letter, or other writing of the character described in section 1 of this act may be taken from any house or other place in which it may be found, or from any person in whose possession it may be, under a search warrant issued pursuant to the provisions of title XI of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes", approved June 15, 1917 (40 Stat. 228; U. S. C., title 18, ch. 18).

BILL PASSED OVER

The bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, was announced as next in order.

Mr. VANDENBERG, Mr. CLARK (and other Senators). Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

PENSIONS FOR NEEDY BLIND PERSONS IN THE DISTRICT

The bill (H. R. 5711) to provide pensions for needy blind persons of the District of Columbia and authorizing appropriations therefor was considered, ordered to a third reading, read the third time, and passed.

W. F. LUEDERS

The Senate proceeded to consider the bill (S. 1084) for the relief of W. F. Lueders, which had been reported from the Committee on Claims, with amendments, on page 1, line 6, after "$5,595", to strike out "as compensation" and insert "in full settlement of all claims against the Government", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to W. F. Lueders, of San Antonio, Tex., out of any money in the Treasury not otherwise appropriated, the sum of $5,595 in full settlement of all claims against the Government for permanent injuries received and expenses incurred by reason of having been struck by a United States Army ambulance while riding in his own car in the city of San Antonio, Tex., on the 12th day of May 1930: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services

rendered in connection with said claim, any contract to the contarary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

W. W. M'PETERS

The Senate proceeded to consider the bill (S. 1735) for the relief of the estate of W. W. McPeters, which had been reported from the Committee on Claims, with amendments, on page 1, line 7, after the words "sum of", to strike out "$10,000" and insert "$2,500", and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of W. W. McPeters, late of Madison County, N. C., the sum of $2,500, in full satisfaction of its claim against the United States for the death of such W. W. McPeters, who was fatally injured through the negligence of employees of the Civil Works Administration while said employees were engaged in the construction of a road in Madison County, N. C.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (S. 1152) relating to the carriage of goods by sea was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 133) for designation of a street to be known as "Missouri Avenue" was announced as next in order.

Mr. BULKLEY. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 916) to carry into effect the decision of the Court of Claims in favor of claimants in French spoliation was announced as next in order.

Mr. BURKE. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

GRADING AND CLASSIFICATION OF CLERKS IN FOREIGN SERVICE

The bill (H. R. 6504) to amend an act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America and providing compensation therefor" was considered, ordered to a third reading, read the third time, and passed.

BLANCHE L. GRAY

The bill (S. 2818) for the relief of Blanche L. Gray was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Blanche L. Gray, wife of Paul Judson Gray, late third Secretary, Department of State, the sum of $3,000, being 1 year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

BILLS PASSED OVER

The bill (H. R. 4901) to authorize appropriation to pay the annual share of the United States as an adhering member of the International Council of Scientific Unions and associated unions was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 6673) providing for an annual appropriation to meet the share of the United States toward the expenses of the International Technical Committee on Aerial Legal Experts and for participation in the meetings of the International Technical Committee of Aerial Legal Experts and the commissions established by that committee was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

UNITED STATES COURT FOR CHINA

The bill (H. R. 7909) to amend the act creating a United States Court for China and prescribing the title thereof, as amended, was announced as next in order.

Mr. AUSTIN. Mr. President, this subject matter is under consideration by a subcommittee of the Judiciary Committee, which is giving it special attention. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. KING. Mr. President, I inquire of the Senator from Vermont whether this bill ought not to be referred to the Committee on the Judiciary.

Mr. AUSTIN. Perhaps it should be. It involves the same subject matter, though not the identical bill.

Mr. KING. I shall not make the request, but it seems to me the bill ought to go to the Committee on the Judiciary.

Mr. HATCH subsequently said: Mr. President, I ask unanimous consent to recur to House bill 7909, to amend the act creating a United States Court for China and prescribing the title thereof. A similar bill—in fact, an identical one—is now pending before a subcommittee of the Committee on the Judiciary. I ask that House bill 7909 be referred to that committee.

The PRESIDING OFFICER. Without objection, the Senate will recur to House bill 7909; and the question is on the motion of the Senator from New Mexico that the bill be referred to the Committee on the Judiciary.

The motion was agreed to.

JOINT RESOLUTION PASSED OVER

The joint resolution (H. J. Res. 182) to provide for membership of the United States in the Pan American Institute of Geography and History; and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

RECONSTRUCTION OF ROADS AND BRIDGES IN FLOOD AREAS

The bill (S. 2551) to make immediately available the unexpended balances of certain appropriations for the construction or reconstruction of roads and bridges in the flood areas of Missouri, Mississippi, Louisiana, Arkansas, Kentucky, and Alabama, was announced as next in order.

Mr. LONG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. LONG subsequently said: Mr. President, I objected to Senate bill 2551, not understanding its purpose. I have no objection to the bill, and I ask unanimous consent to revert to it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with an amendment, to strike out all after the enacting clause, and to insert:

That the unexpended balances of the road and bridge flood relief appropriations for the State of Alabama contained in the First Deficiency Act, fiscal year 1930, for the State of Arkansas, Louisiana, Mississippi, and Missouri contained in the act approved February 28, 1929 (45 Stat. 1381), and for the State of Kentucky contained in the act approved May 16, 1928 (45 Stat. 570), shall be and remain available until June 30, 1936, and may be expended for the purposes for which appropriated without being matched by like sums from State funds and without regard to any restrictions or limitations contained in the acts making or authorizing such appropriations.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2583) establishing certain commodity divisions in the Department of Agriculture was announced as next in order.

Mr. KING and Mr. LONG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

ANNUAL LEAVE OF AGRICULTURAL DEPARTMENT EMPLOYEES STATIONED ABROAD

The bill (S. 810) equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States was announced as next in order.

Mr. KING. Let that go over.

Mr. HAYDEN. Mr. President, a measure similar to this has twice passed the Senate. This bill merely provides that persons representing the Department of Agriculture in various places such as Panama, Puerto Rico, Alaska, and Hawaii shall have equal annual leave. In one place the employees have 30 days' leave per year, and the leave accumulates. In Panama, for example, the employees have 15 days' leave. It takes a week to come from there to this country and a week to return and by that time their vacation has expired. The Senate has twice passed a similar bill.

Mr. KING. I have no objection.

The Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the enacting clause and to insert:

That employees of the Department of Agriculture assigned to permanent duty outside the continental limits of the United States, including those in Alaska, may, in the discretion of the Secretary of Agriculture, without additional expense to the Government, be granted leave of absence not to exceed 30 days in any 1 year, which leave may, in exceptional and meritorious cases where an employee is ill, be extended, in the discretion of the Secretary of Agriculture, not to exceed 30 days additional in any 1 year; and, if any such employees shall elect to postpone the taking of any or all of the annual leave to which he may be entitled hereunder, he may, in the discretion of the Secretary of Agriculture, subject to the interests of the public service, be allowed to take at one time unused annual leave which may have accumulated within not to exceed 4 years, and be paid at the rate prevailing at the time the leave is taken.

SEC. 2. All acts or parts of acts in conflict with the foregoing are hereby repealed.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2689) for the relief of the city of New York was announced as next in order.

SEVERAL SENATORS. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1389) to amend section 7, title I, of the Agricultural Adjustment Act was announced as next in order.

Mr. LONG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

APPEALS FROM DISTRICT PUBLIC UTILITIES COMMISSION

The bill (H. R. 3462) to amend an act entitled "An act to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes, approved March 4, 1913", and for other purposes, was announced as next in order.

Mr. McNARY. Mr. President——

Mr. TYDINGS. Mr. President, I shall be glad to make a brief explanation of this bill if the Senator desires it.

Mr. KING. Mr. President, if I may interrupt the Senator from Maryland, let me say that at a recent meeting a number of the members of the Committee on the District of Columbia stated they understood that this bill, after it had been considered by the subcommittee, should be considered by the full committee.

Mr. TYDINGS. The Senator is correct about that, except that he probably has forgotten that when he turned over the bill to the subcommittee he gave us one particular section to reconcile, and said that if we could reconcile it we were authorized to report the bill. On behalf of the committee and both sides of the controversy we finally agreed on the amendment which has been reported, and the committee felt bound to report the bill to the Senate; but it had no idea of going over the head of the full committee in doing so.

Mr. KING. I may say to the Senator that representatives of the District of Columbia came before the committee and said that the differences had not been reconciled, and that they were not in agreement with the bill.

Mr. TYDINGS. I am sure the gentleman who told the Senator that has misinformed him, because the Senator from Wyoming [Mr. CAREY] sat with me on the subcommittee, and we sat one whole afternoon; and finally, when we worked out this amendment, both sides accepted it. It was accepted on behalf of the District of Columbia by Mr. Prettyman and Mr. Roberts, and accepted on behalf of the utilities by someone else. I have forgotten who represented them. I have no objection to the bill going over, however, if the Senator desires.

Mr. KING. That was my understanding; but Mr. Roberts came before the committee the other day and stated that he did not agree to what was done.

Mr. TYDINGS. The amendment which Mr. Roberts desired, the subcommittee never would have reported, and there would have been no use in holding a hearing, because Mr. Roberts wished to have a case go up to the court of appeals so that it could be decided only one way, no matter what the court of appeals found the record to be, and the subcommittee did not feel that that was fair.

Mr. KING. In the light of the objection made by Mr. Roberts, I feel constrained to ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ORDER OF BUSINESS

Mr. McNARY. Mr. President, the hour of 5 o'clock has arrived.

The PRESIDING OFFICER. The hour of 5 o'clock having arrived, the call of the calendar will be suspended.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the next time the calendar is called for the consideration of unobjected bills we shall begin with the next order following the one acted upon at this call.

Mr. LONG. Is not that irregular?

Mr. McKELLAR. No.

Mr. LONG. The reason for my inquiry is that I am interested in some bills that were passed over this afternoon.

The PRESIDING OFFICER. The Senate can do anything by unanimous consent.

Mr. LONG. I object to that.

Mr. LA FOLLETTE. Mr. President, I hope the Senator will not object. There are a great many bills on the calendar. As the Senator knows, they run to many hundreds of numbers beyond the measure we have just reached, and on several previous calls of the calendar we have begun at the beginning, we have gotten about this far through the calendar, when the call has had to be suspended, and there has been no opportunity for the consideration of bills further down the calendar.

Mr. LONG. I withdraw the objection.

The PRESIDING OFFICER. The Senator from Wisconsin asks unanimous consent that at the next call of the calendar the clerk shall begin the call of Calendar No. 839, the next bill on the calendar. Is there objection?

Mr. McNARY. Mr. President, I think that is a very fair request, and I hope it will be agreed to.

Mr. KING. Mr. President, that involves, I presume, the understanding that we are to consider unobjected bills on the calendar?

Mr. LA FOLLETTE. I said unobjected bills.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. McKELLAR. I move that the Senate proceed to the consideration of executive business, in compliance with the order made earlier in the day.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. BYRD, from the Committee on Finance, reported favorably the nomination of John Galleher to be State director, National Emergency Council, for Virginia.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

POSTMASTERS

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. I ask that this nomination go over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

The legislative clerk read the nomination of William E. Emick to be postmaster at Temple City, Calif.

Mr. McKELLAR. I ask that this nomination go over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

The legislative clerk proceeded to read sundry nominations of postmasters in Illinois.

Mr. McKELLAR. I ask that all the other nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

RECESS

Mr. KING. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Tuesday, June 25, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 24 (legislative day of May 13), 1935

POSTMASTERS

ILLINOIS

Helmer D. Carlson, Fox Lake.
Mary B. East, Highwood.
Leslie H. Ullrich, Kenilworth.
Joseph A. Masonick, Lake Bluff.
Helen L. Frank, Lake Zurich.
James A. Thomson, Ravinia.
Edna O. Trumbull, River Grove.
Gertrude M. Molidor, Round Lake.
James Fay Carr, Wauconda.
Herbert L. O'Connell, Wilmette.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 24, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite God, our Heavenly Father, we thank Thee for all the comforting and loving ministries of life, for the promise of each day, for the happiness of home, for friends whom we trust, whose presence is freshness and a sweet pulse of peace. We are most grateful for the revelation of Thy supreme sacrifice which woos us from our selfishness. At Thy command the mightiest powers of earth rise and fall; yet to Thee no falling tear is missed. O Holy Presence, keep aglow the lamps of devotion on the altars of our hearts. We commend unto Thee our President, our Speaker, and the Congress. Help us all to go forward to the tasks of the day in faith, hope, and the spirit of brotherly love; for Thine is the kingdom and the power and the glory forever. Amen.

The Journal of the proceedings of Friday, June 21, 1935, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5917. An act to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. KING, Mr. MCADOO, and Mr. BORAH to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S. J. Res. 131. Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes.

LEAVE TO ADDRESS THE HOUSE

Mr. LEWIS of Maryland. Mr. Speaker, I ask unanimous consent to address the House after the reading of the Journal and disposition of matters on the Speaker's table for 45 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. SNELL. Reserving the right to object, and I think under the circumstances probably I will have to object, I would like to know what the program is for tomorrow and the succeeding 2 or 3 days?

The SPEAKER. The Chair will state that probably the merchant-marine bill will come up tomorrow under a rule.

Mr. SNELL. And that will take 2 days or such a matter?

The SPEAKER. The Chair cannot state.

Mr. O'CONNOR. If we bring in a rule for the consideration of the merchant-marine bill and take it up tomorrow, we hope that we will finish it tomorrow.

Mr. SNELL. And what do you expect to follow that?

Mr. O'CONNOR. I think we have in mind the public-utility holding bill or the T. V. A.

Mr. SNELL. The public-utility holding bill has not been reported yet, and I think we ought to have a reasonable notice before that is taken up.

Mr. TAYLOR of Colorado. Mr. Speaker, the business before the House today is the District of Columbia matters, and it will probably not take more than 2 hours. It seems to me that gentlemen who desire to make extra speeches might get in this afternoon rather than interfere with business tomorrow. We have some time on our hands this afternoon, and I do not feel that they should interfere with important business.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. SNELL. In view of the statement made by the Chairman of the Rules Committee the other day, I object.

Mr. DIES. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. I shall have to object.

Mr. DIES. May I have 1 minute?

The SPEAKER. Is there objection to the request of the gentleman from Texas for 1 minute?

There was no objection.

Mr. DIES. Mr. Speaker, my beloved friend and distinguished colleague, Hon. O. H. CROSS, has formally announced that he will not be a candidate for reelection and that he intends to retire from public life. This announcement came as a surprise and keen disappointment to his many thousands of devoted and admiring friends throughout the country. At the conclusion of his present term he will have served in Congress 8 years. There is no Member of this distinguished body more highly esteemed or more universally loved than Mr. CROSS. By his kind and gentle ways, his tolerant understanding of the frailties of others, his rugged and honest character, and his keen sense of humor he has endeared himself to everyone of his associates, and his retirement will not only be a distinct loss to his associates in Congress but also to his district and the Nation. Few men have reached his period in life with so many achievements to their credit as our beloved friend. Not only was he successful in private life and in his pursuit of the legal profession but he has the unique distinction of never having been defeated for any public office to which he aspired. This is a tribute to his sterling qualities.

Mr. CROSS is essentially a self-made man. He began the practice of law without any money and he went through the trying experiences which confront every young lawyer who is compelled to rely upon his own resources. I shall always remember the story which he told me of his first experience as a practicing attorney. His first fee was $5, which was paid in advance. After he had accepted the employment and his client had left, he went to the grocery store and bought several loaves of bread and a pound of butter, returned to his office, and, behind locked doors, proceeded to place himself on the outside of the bread and butter. Many young men would have given up in despair under the same circumstances, but with perseverance, honesty, and close application to work our friend climbed the ladder of success.

In recognition of his splendid mind he was elevated to the important Committee on Banking and Currency. As a member of that committee he has devoted himself diligently to the problems of finance and currency until he is now regarded as one of the outstanding authorities in this country on the subject of money and finance. Few men have ever mastered this intricate subject so thoroughly as our friend. Ever since his election to Congress he has been intensely interested in this subject. I recall that he was one of the first Members of the House to advocate the remonetization of silver. He was responsible for getting many interested in the subject and, in fact, taught me much of the little knowledge that I have on the silver question. He introduced the first bill in either branch requiring the purchase of silver and the issuance of certificates to pay for it. While he did not serve on the Coinage, Weights, and Measures Committee and could not, therefore, be the author of the bill, his original bill was used by all other Members and formed the background of the silver movement in the House which finally culminated in the passage of the Silver Purchase Act of 1934, of which I had the honor to be the author. I know of no Member of this House who has contributed more to the understanding of this complicated subject than he. Believing that the money question was of transcendent importance and that it was the major factor in producing the depression, he never ceased to exert himself in season and out of season in an effort to impress upon the Membership of the House and Senate the necessity of solving it in the interest of the people. Many of the proposals which he advocated at a time when they were little understood and, in fact, unpopular have been written upon the statute books. Many other proposals which he has advanced in the committee and on the floor will eventually be enacted into law.

It has been my pleasure to have served with him for 5 years, and during all that time I have never known a man more devoted to the welfare of the common man than he. Unlike many men of substantial means, he has been a consistent progressive in the field of legislation. He has at all times been independent and fearless in the advocacy of measures that were designed to do the greatest good to the greatest number. I have known of instance after instance where my friend CROSS voted against his own financial interest because he thought it was right and for the best interest of the plain people.

His genial and happy disposition and his tolerant understanding of the frailties of others has made him one of the most popular Members that ever served in this body. In the cloakroom, Members like to gather around him and bask under the sunlight of his cheerful smile. While advanced in years, he has the viewpoint of youth, and the younger Members enjoy his association as well as those of his own age. The philosophers of old have said that the highest achievement which any man can reach is the mastery of self. Many men have been able to conquer kingdoms; few to conquer themselves. The highest tribute which I can pay to our beloved friend is to say that he has conquered himself. I have never known a man so temperate in all of his habits as Mr. CROSS. The great philosopher Aristotle preached the doctrine of the happy medium. CROSS is a disciple of that doctrine. He is not given to extremes. Believing that all extremes are probably wrong, my friend CROSS can usually be found in the middle between the extremes. Coming from the ranks of the common people, he has never lost that understanding of their needs and that appreciation of their sturdy qualities which distinguishes a great man from a little one.

Some people measure success by the money that a man has accumulated and the fortunes amassed. Some there are who define success in terms of military fame or literary genius. In terms of material accomplishments, my friend CROSS can certainly be classified as a successful man. But many of us believe that there are higher standards of success than this, and it is in terms of real success that we take pleasure in pronouncing CROSS a successful man. It can certainly be said of him that he has achieved success because he lived well, laughed often, and loved much; that he gained the respect of intelligent men and the love of little children; that he looked for the best in others and always gave the best that he had; that he always appreciated life's values and never failed to express it; that he made it a rule not to prejudge others lest he condemn himself. It is because he deeply and unselfishly loves his fellow man that his fellow man loves him.

It is to be deeply regretted that such a man should retire from public service, for which he is so well adapted and qualified. During these uncertain and perilous times men like CROSS are more needed than ever before. Many of us are still in the hope that his people will persuade him to continue his wonderful work in the Halls of Congress. But we can well understand the motives which actuate his retirement. He has certainly earned such retirement by his splendid services.

Congress will not be the same when he is gone. During the trying times through which we have all gone, CROSS has been a guiding light to many of us, and a source of inspiration and encouragement. And as he goes back to private life to enjoy the fruits of a well-spent life, he will carry with him the richest reward which any man may receive on this earth—the consciousness of duties well done, and the esteem, the love, and gratitude of his fellow Members.

While, like many of us, he will not leave behind him a portrait or sculpture in the Rotunda of the Capitol, nevertheless the memory of his kindly ways and constructive service will be enshrined in our hearts, and upon the tablets of our memory his name will be carved as one who served well and faithfully and who loved his fellow man.

And I bespeak the sentiments of my colleagues of both parties when I wish for him that peace of mind which passes all understanding. May the evening of his life be spent in the midst of his loving family and his grateful friends, for whom he has worked so unselfishly and so successfully.

Mr. Speaker, I ask unanimous consent to insert at this point a letter of tribute and appreciation from some of the leading constituents and friends of Mr. CROSS.

Mr. RICH. Mr. Speaker, I reserve the right to object. How long is it?

Mr. DIES. It is not very long.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to is as follows:

BELTON, TEX., *June 20, 1935.*

Hon. O. H. CROSS,
Congressman, Washington, D. C.

DEAR JUDGE CROSS: We have just learned that it is not your purpose to be a candidate for reelection to Congress in 1936. We know that we will miss you and the splendid service and fine cooperation which you have always rendered so willingly for 8 long years. We realize that you have been working under a great strain and tension, brought about by the unusual chaotic condition of our economic affairs which has been honeycombed with dissatisfaction, communism, etc., on every hand, resulting in a spectacle the like of which we have never witnessed before! We know, though, that during the nerve-racking stress and strain of it all you have been true to your convictions, courageous and fearless in the discharge of your duties, and fulfilling your promises to the people who honored you with this important trust. Honesty and sincerity of purpose has actuated you in every movement.

Your illustrious record in Congress speaks for itself and there is nothing that we could say which would raise the high standard of statesmanship which you have already established for yourself in the sacred halls of Congress! Your public and private life has been clean, wholesome, and uplifting, ever pulsating with a warm and kindly interest in your friends, and ever willing to listen to those who needed your helpful guidance, advice, and assistance. Your service in Congress has been an inspiration to us and we are convinced that it will, indeed, be difficult to find a man who can take the torch which you soon will pass to your successor and hold it with the same firm and steady grip which has characterized your service at Washington!

Your efficient service, embracing as it did personal and detailed attention to every letter and inquiry of any importance with the promptness and dispatch of an efficient manager of a modern successful business, your attention to the varied and perplexing problems which we have brought to you from time to time, have all been appreciated more than we can tell you; and it is but natural that you have endeared yourself to us; and it is but a natural course of events that your name has been inscribed for all time to come upon our "tablets of love and memory."

We know that you have devoted all your time, thought, talents, and energies in advocating and encouraging the highest and noblest principles of life and aiding in the enactment of just and righteous laws that will aid in making America a better place in which to live. You have not practiced hypocrisy in your politics; you have not played the part of a demagogue; you have been a real statesman in the true sense of the word, dependable, "faithful as a bridge of stars"—true as steel. We know, too, that you have especially enjoyed the friendship and comradeship of your colleagues in Congress. You will miss these pleasant associations. And while you will miss these pleasant and refreshing contacts, we know, yet when you come back to your own Elevent District, back to Waco, back to Belton, and the other towns in your district, you will come back to friends and loved ones who have known you much longer than your associates in the Capital City; and you will be welcomed back in your own home district by hearts that are just as loving and just as faithful as ever welcomed a statesman home. Yes; you will miss your Washington friends, but remember:

There is no friend like an old friend
Who has shared our morning days;
No greeting like his welcome,
No homage like his praise.
Fame is a scentless sunflower
With gaudy crown of gold,
But friendship is a breathing rose
With scents in every fold.

Your friends,

OWEN P. CARPENTER.
A. G. VICK.
ROY C. POTTS.
R. B. JAMES.
JESSE S. BLAIR.
A. ROY MITCHELL.
E. W. CLINE.
W. E. CLINE.
A. H. POTTS.
E. W. POTTS.
D. C. KEETCH.
C. G. PARKER.
TED WHITLOW.
V. R. MEANS.
MARY DEANE CARPENTER.
A. W. JACKSON.
NATE CARPENTER.

OLD-AGE PENSIONS—CONTRIBUTIONS OF STATES

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. I object.

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. FERGUSON. Mr. Speaker, I do this to call the attention of the House to the Russell amendment that was adopted to the security bill in the Senate. The House tried several times during the consideration of the security bill to place an amendment on the bill whereby the States could receive Federal aid for pensioners without contribution for a period of time. The Senate amendment allows the $15 a month to be paid for 2 years in those States that are unable to meet the financial requirements. I think the House would be justified in keeping this Russell amendment in the security bill, and if the conferees refuse to accept the amendment, I think it is the duty of the House to vote down the conference report and ask the House conferees to recede from their objections to the Senate amendments.

To further call the attention of the House to the value of this amendment, I have addressed the following letter to my colleagues.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., June 24, 1935.

DEAR COLLEAGUE: The following amendment offered by Senator RUSSELL was inserted in the social security bill in the Senate:

"*Provided,* That in order to assist the aged of the several States who have no State system of old-age pensions until an opportunity is afforded the several States to provide for a State plan, including financial participation by the States, and notwithstanding any other provision of this title, the Secretary of the Treasury shall pay to each State for each quarter until July 1, 1937, to be used exclusively as old-age assistance, in lieu of the amount payable under the provisions of clause (1) of this subsection, an amount sufficient to afford old-age assistance to each individual within the State who at the time of such expenditure is 65 years of age or older, who is declared by such public-welfare agency of the State as may be designated by the Governor thereof, under rules and regulations prescribed by the Social Security Board, to be entitled to receive the same: *Provided further,* That no person who is an inmate of a public institution shall receive such old-age assistance, nor shall any individual receive an amount in excess of $15 per month."

I am informed that a majority of the House conferees, Congressmen DOUGHTON, HILL, CULLEN, TREADWAY, and BACHARACH, are opposed to retaining this amendment.

The retention of the Russell amendment is the only thing that will make the social security bill function in many States, until such time as the States can qualify. I earnestly hope that you will support the Russell amendment by contacting the House conferees either personally or by mail, to induce them to retain this amendment. If this amendment is taken out in conference, I hope a sufficient number of House Members will vote against the acceptance of the conference report and demand that the Russell amendment be put back into the bill.

Sincerely yours,

SURPLUS COMMODITIES PURCHASED

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a resolution of the Florida Legislature.

The SPEAKER. Is there objection?

There was no objection.

Mr. GREEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include Florida Senate Concurrent Resolution No. 20. It urges the Federal relief organization to purchase from Florida its proportional part of fish, same to be distributed to relief clients; this contention is just and proper, the resolution follows:

Senate Concurrent Resolution No. 20

Be it resolved by the Senate of the State of Florida in session assembled (the house of representatives concurring):

Whereas under $6,000,000 worth of commodities have been shipped into the State during the last year, principally packing-house products from Chicago and other Midwestern areas, and distributed by officials in charge of rehabilitation of relief classes; and

Whereas the fishermen of the State of Florida had been overlooked, and have been unable to dispose of any of their products to any of the above-mentioned agencies: Be it therefore

Resolved, That the senate and house concurring, respectfully and earnestly request the President of the United States to direct the Federal agencies purchasing commodities for distribution to relief clients within this State and other southeastern parts, a proportionate part of the fish production within this State.

Be it resolved, That a copy of this resolution under the great seal of the State of Florida be forwarded to the President of the United States, Hon. Franklin D. Roosevelt, and a copy to each of the Senators and Representatives in Congress from Florida.

Approved June 4, 1935.

Filed in office secretary of state June 5, 1935.

LEAVE TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes upon the subject of the department racketeers and Treasury raiders in the city of Washington.

Mr. BLANTON. Make it 1 minute.

Mr. HOEPPEL. I cannot tell about the racketeers in 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California to address the House for 5 minutes?

Mr. SNELL. Mr. Speaker, I object.

PROPOSED RENT COMMISSION, DISTRICT OF COLUMBIA

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, a very important bill vitally affecting the people residing in the District of Columbia is scheduled to come before the House this afternoon. I hope Members will stay here and help us keep it off the statute books. I refer to the bill proposing a new rent commission.

We who were here during the war remember the old rent commission, which did not do a scintilla of good, which did not reduce the rents, but raised rents, and cost a lot of money. It took us years to get it off the statute books and to stop expense. It amounted to nothing in the world but placing an army of job seekers on salaries, and they performed no service of any value. It put the Government in the boarding-house business.

We should stop this rent commission bill which is coming up today. We are going to adjourn before very long and go home. In a short time we will be gone from here and our secretaries will be gone from here and thousands of people will be going out of Washington and going to their homes and rents will come down in Washington automatically.

And before we come back in January, if Washington landlords again attempt to hold us up, we will arrange to get quarters over in nearby Virginia or Maryland. We already know too much about rent commissions. We want to stop this bill, that puts another burden on the people here in Washington, and will accomplish nothing worth while, and all of us know that it is unconstitutional. There is no World War on now to create the necessary emergency.

INTERPARLIAMENTARY UNION—CONFERENCE REPORT

Mr. McREYNOLDS. Mr. Speaker, I call up the conference report upon the bill (S. 2276) to authorize participation by the United States in the Interparliamentary Union, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2276) to authorize participation by the United States in the Interparliamentary Union, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment.

S. D. McREYNOLDS,
SOL BLOOM,
Managers on the part of the House.

KEY PITTMAN,
JOE T. ROBINSON,
WM. E. BORAH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2276) to authorize participation by the United States in the Interparliamentary Union, submit the following written statement explaining the effect of the action agreed upon and recommended in the accompanying conference report as to such amendment:

The House amendment provided that all appointments to the Union Conference shall be made by the President of the Senate and the Speaker of the House. The House recedes.

S. D. McREYNOLDS,
SOL BLOOM,
Managers on the part of the House.

The SPEAKER. The question is on agreeing to the conference report.

Mr. SNELL. Mr. Speaker, I could not hear what the Clerk read, but I suppose the amendment from which the House recedes is that amendment providing that appointments to the union conference shall be made by the President of the Senate and the Speaker of the House.

Mr. McREYNOLDS. Yes. We followed the usual custom of letting the President of the local union make the appointments.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

THE ASSAULT UPON THE CONSTITUTION

Mr. CHRISTIANSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech I delivered last Saturday at Worcester, Mass.

The SPEAKER. Is there objection?

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech which I delivered last Saturday at Worcester, Mass.:

Some years ago, in Independence Hall at Philadelphia, I first saw the room in which on July 4, 1776, John Hancock affixed his signature to the Declaration of Independence in letters so large that King George would be able to read it without putting on his spectacles, and in which 11 years later the representatives of 13 jealous and suspicious States argued and labored for nearly 4 months "to form a more perfect union." I was invited to sit for a moment in the chair which Washington occupied while he presided over the Constitutional Convention and to sign my name in a visitors' register placed on the table upon which he must have pounded again and again with his gavel when spirits ran high and debate became acrimonious. My attention was called to a design painted on the upper part of the chair—a half-disc of the sun, with extended rays. It was to that symbol Benjamin Franklin pointed when, after the final draft of the Constitution had been accepted, he rose and said, "I have often and often, in the course of these sessions and in the vicissitudes of my hopes and fears as to their issue, looked at that [sun] behind the President without being able to tell whether it was rising or setting, but now at length I have the happiness to know that it is a rising and not a setting sun."

I feel that it is appropriate on this midsummer day, when we are gathered in conformity with an ancient custom which goes back to the time when our pagan ancestors met on each recurring solstice to rejoice in the return of the sun, to consider again the meaning of the symbol which 148 years ago was the object of Franklin's thought and solicitude. Is the sun of ordered liberty still rising in the American sky?

The American Constitution is today the oldest written constitution in the world. It has served as the model for many other constitutions since adopted. It has been copied both in Europe and in the Americas. At the time of its adoption it was unique; it was based on a new conception of the relationship existing between those who govern and those who are governed.

The framers of the older constitutions had proceeded on the theory that the ultimate power resides in the Government, and that the people have only such rights and privileges as the Government, through the Constitution, is willing to grant or forced to yield.

The men who sat in Philadelphia in 1787 had an entirely different idea. They drew their inspiration from the revolutionary doctrine enunciated in the Declaration of Independence that "all governments derive their just powers from the consent of the governed."

Sovereignty, they held, resides in the people, governmental power originates in the people, and a government therefore can have and exercise only such powers as the people yield. Thus, while other constitutions had been grants from the government to the people, ours was a grant from the people to the Government. Consequently, the Government established by the Constitution was one of limited powers.

It should be noted also that the men who framed the Constitution sat in the Convention as representatives of their respective States, and that the Constitution which they wrote had to be adopted by the States as such before it could become effective. Those States were independent; they were in effect nations, and they had governments which, like the Federal Government that was being set up, were clothed only with such powers as the people had given.

We find therefore that after the Constitution of the United States was adopted this situation existed: First, all powers except those which the people had delegated remained in the people; second, those powers which the people had given to the States remained in the States unless and until surrendered to the Federal Government; and, third, the Federal Government had only such powers as had been surrendered to it by the States or delegated to it by the people. The Federal Government was one of definitely limited and specifically enumerated powers. It is important to remember that it was not a national government, but a Federal system of government that the founding fathers established.

In order to safeguard the liberties of the people, the framers of the Constitution set up a system of checks and balances. They distributed the powers of government among three separate departments—the legislative, the executive, and the judicial. To Congress, and to Congress alone, they gave the power to pass laws. To the President, and to the President alone, they gave the authority to enforce laws. To the courts, and to the courts alone, they gave the responsibility to interpret and apply laws in cases in which the rights of litigants were in question.

There was a reason for this sharp demarcation between legislative, executive, and judicial functions. The framers of the Constitution knew history. They knew that at one time the king's will was law; they knew that he not only legislated, but in many instances heard and decided cases. They knew that the struggle for liberty had in the main been one to transfer the power to make laws from the king to the representatives of the people, and the power to interpret and apply laws from the king to an independent judiciary. The framers of the Constitution were determined to preserve the gains the people had won by hundreds of years of struggle, and therefore they were careful to enumerate the separate powers of the three departments of the Government.

Furthermore, recognizing that the tyranny of the many may be just as oppressive as the despotism of the few, the fathers wrote into the Constitution a bill of rights. They fixed boundaries beyond which the people themselves could not go in transgressing upon the freedom of the individual.

In his "Republic" Plato had declared that the "chief object in the construction of the state is the greatest happiness of the whole and not that of any part." While the authors of the American Constitution also recognized the importance of promoting the "general welfare", they were wiser than Plato in that they knew that the "greatest happiness of the whole" is best served when every man who is a part of the whole is secure in the possession of certain rights and liberties which a capricious temporary majority cannot take away.

The ideal society is one which recognizes that it exists for men and not men for it; which gives to every person freedom and opportunity to achieve to the full measure of his capacity, and which seeks in the development of the individual character the fulfillment of its highest purpose.

The men who built this Nation did not, like some of their decadent sons, inveigh against "rugged individualism." On the contrary, they gloried in it. They followed no cult of mediocrity, they sought no dead leveling of society. They did not waste their time dreaming of an economic order in which every man should have the same amount of income, live in the same kind of house, wear the same kind of clothes, own the same number of acres, and maintain the same bank balance as every other man. They recognized that nature, which never gives to any two trees the same foliage or even to any two blades of grass the same structure and form, does not invest any two men with the same capacity. They knew that some, by reason of greater foresight, more talents, and better self-control inevitably outstrip their fellows. When the founding fathers said that "all men are created equal", they did not refer to equality of ability or wealth or position, but to equality of right and opportunity.

So today, if we follow the fathers and heed the Constitution which they wrote, we shall seek the answer to our social questions, not in a dead leveling of society, but in the removal of artificial handicaps and the withdrawal of special privileges; we shall find the solution of our economic problem, not in tearing down our neighbor's house, but in building one of our own. There is enough sporting blood in the average American to make him willing to take his chance if he is given a fair field where there are no favors.

Our ideal of America was well expressed by James A. Garfield when he said that "while European society is stratified like the rocks in the earth, ours is stratified like the ocean, where from the sternest deeps any drop may rise to glisten on the highest wave that rolls." Such a society we can have under the Constitution, without confiscation, without regimentation, and without destroying our social and economic order.

Thus far, in developing my subject, I have sought to show that the Constitution adopted by the fathers set up a Governmental system in which all powers not granted to the Government were reserved to the people; in which the States were as essential and important as the Nation; in which the powers of government were divided among three departments, none of which might encroach on either of the other two; and in which the individual had rights which no Government, State or Federal, could take away.

Is that system adequate for today, or should it be either scrapped or so modified as to alter its framework substantially?

This is not a political meeting, and I shall respect the proprieties of the occasion by not making a political speech, admitting that adherence to that pledge will somewhat cramp my style.

Personally, I am not ready to concede that there is any present economic or social problem that cannot be solved without fundamentally changing the Constitution. I say "fundamentally", for I freely admit that amendments may properly be adopted from time to time in the future, as they have been in the past, to meet situations due to changing conditions. The very fact that the Constitution prescribes the manner in which it may be amended shows that it was intended that it would be amended. But what I would especially stress is that while we may find it necessary to make occasional adjustments, we should approach with caution all proposals to abridge individual liberty or to alter the essential framework of the Federal system.

Recently there was introduced in the House of Representatives an amazing resolution. It proposed a constitutional amendment providing that "the Congress shall have power to make all laws which in its judgment shall be necessary to provide for the general welfare of the people."

I prefer to believe, as charity should prompt us to do, that the author of that resolution did not realize the full import of the language which he used: "The Congress shall have power to make all laws which in its judgment shall be necessary to provide for the general welfare of the people."

If that amendment were adopted, Congress could pass any law, howsoever it conflicted with provisions of the Constitution, that in the opinion of a majority of those temporarily sitting in the Senate and the House of Representatives would be for the general welfare.

A mere statute, enacted by representatives of the people, might supersede the fundamental law adopted by the people themselves. Accordingly an act of Congress would have greater validity than the Constitution. The net effect, of course, would be that we would have no Constitution.

Every provision of the Bill of Rights would be subject to abrogation. If Congress decided that it was for the welfare of the people to suspend the right of free speech, it could suspend that right. If Congress decided that it was for the welfare of the people to outlaw newspapers whose editorial policy was in conflict with the policy of the party in power, it could destroy the freedom of the press. If a majority of the Members of Congress held the view that has been officially accepted in one part of the world, that "religion is the opium of the masses", they could give effect to that view by prohibiting the free exercise of religion. If they believed that communism is preferable to individual ownership of property, they could confiscate any farm, any factory, and even any home in America.

Under such a provision Congress could usurp every power of the States; it could tear down State boundaries and destroy the Federal system. It could change the tenure and the manner of the election of its own Members. It could divest the courts of their jurisdiction. By the two-thirds vote required to override a veto, it could pass a law depriving the President of his right of veto. It could strip him of his power, or if it wished, make him a dictator. The adoption of the proposed amendment would make it possible for Congress to do in the United States everything that Mussolini has done in Italy, or Hitler in Germany.

If you think I have found in the language a meaning that is not there, let me read it again: "The Congress shall have power to make all laws that in its judgment shall be necessary to provide for the general welfare of the people."

A second resolution now pending in Congress calls for a constitutional amendment providing that "no court of the United States, or of any State, shall declare unconstitutional or void any law enacted by the Congress of the United States. All laws of the United States shall remain in full force and effect throughout the United States until repealed by the Congress of the United States, or until vetoed or repudiated by the action of the legislatures of three-fourths of the States. The tenth amendment of the Constitution of the United States is hereby repealed."

What is the tenth amendment which the author of this resolution would repeal? "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people."

If the tenth amendment were repealed the States would have no rights which the Congress would be bound to respect. The Federal Government, instead of being one of limited powers would become one of absolute power. The States if it suited the whim of a congressional majority, might be made merely geographical units, existing for the sole purpose of electing Congressmen. Such an amendment would not only repeal the last of the 10 articles of the bill of rights, but would place in Congress the power to nullify the other nine. Against the tyranny of any law the citizen could not assert any constitutional right, for no court would have jurisdiction to hear a case in which the constitutionality of any act of Congress was challenged.

It is difficult to believe that even the stress of economic necessity, serious as it is, would ever induce the people even to consider a proposal designed to destroy so completely the American form of Government.

Of late it has become a popular pastime among those who have been frustrated in their effort to reach Utopia by a legislative detour to challenge the right of the Supreme Court to declare acts of Congress unconstitutional. Even the President of the United States, at a press conference that has already become historic, in an unguarded moment gave utterance to some opinions which he may have occasion to regret.

The right and duty of the Supreme Court to consider the validity of the laws it is called upon to interpret and apply arise out

of the very nature of our constitutional system. We have two kinds of law, constitutional and statutory, the one springing from the people themselves, the other from their legislative representatives. The Constitution is, in effect, a power of attorney given by the principal, the American people, to the agent, the Congress of the United States. The acts of an agent, if within the terms of the power, are binding upon his principal; if not within the power, they have no validity. We have a Constitution which is the supreme law of the land, and statutes which are law only insofar as they do not conflict with the supreme law.

A and B are engaged in litigation. A asserts his right under an act of Congress; B asserts his under a provision of the Constitution, with which the statute is in conflict. The case comes to the Supreme Court for a final decision. Shall the Court decide in favor of A, who relies on a mere statute, or in favor of B, who rests his cause on the supreme law of the land? If the Court decides in favor of B it invalidates the statute and sustains the Constitution; if it decides in favor of A it sustains the statute and invalidates the Constitution. When faced with the dilemma of having to invalidate either the statute or the Constitution, what should the court do? To ask the question is to answer it.

There are those who, while chafing under judicial decisions they don't like, do not care to go so far as to deny the Supreme Court the power to declare acts of Congress unconstitutional, but demand that the Constitution be so amended that a two-thirds vote would be necessary for a judicial veto. Pointing to occasional 5-to-4 decisions, they decry the fact that it is possible for "one old man" to nullify the action of a majority of both the House and the Senate, and of the President as well. The argument is so plausible that it wins many supporters, but it is wholly specious.

It is important to remember that the issues upon which courts are asked to pass are not moot questions, but questions involving the rights of litigants. If the Constitution were so changed that it would require a 6-to-3 instead of a 5-to-4 decision to invalidate an act of Congress, the rights of litigants who challenge a statute would be impaired. Thus, in the hypothetical case I have cited, B, who rests his claim on the Constitution, would have to convince 6 of the 9 judges that he was right; A, who relies on the statute, would have to win only 4 to his side. In other words, A might win the case although 5 of the 9 judges thought he was wrong. Surely this would be not only a repudiation of the generally accepted principle of the majority rule, but a gross denial of justice.

There is nothing undemocratic in the procedure under which a majority of one may invalidate an act of Congress. One vote frequently decides the fate of a bill, or of an amendment thereto, in the House and the Senate; and a bill passed by both Houses is often killed by one man, the President of the United States. Those who argue that a two-thirds vote should be required to invalidate an act might with equal consistency demand that it should require a two-thirds vote in both Houses of the Congress to pass it.

Whenever it is thought desirable to amend the Constitution, let those who ask for an amendment submit their proposal in the manner provided in the Constitution to the people from whom the Constitution itself issued. Let there be no amendment by indirection, whether through the device of unconstitutional legislation or by tampering with the composition of the Supreme Court.

As the almost precipitate adoption of the twenty-first amendment showed, it is not impossible or even difficult to make any change in the fundamental law that the people want made.

Ratification might conceivably be accomplished by a majority of one, either in the legislature or in a constitutional convention, in each of 36 States. Those States might be the smallest—those which in 1932 supplied in the aggregate only one-third of the total vote. In each of those States the majority members of the legislature or convention might conceivably be elected by a bare majority, or even by a mere plurality, of the electors. Therefore, inasmuch as those voters who constituted a bare majority in one-half of the legislative districts in States casting one-third of the Nation's vote might decide the issue, it is at least theoretically possible for a little more than one-twelfth of the voters in the United States to change its Constitution.

While it is readily admitted that it is quite improbable that 40,000,000 votes would ever be so distributed that three and one-third million would bring about a change in the fundamental law of the land, the figures I have presented show that organizing the electorate toward that end is not an insuperable task.

Men who are influential in the Nation are at the present time advocating a change in the commerce clause of the Constitution.

Although such a change would not have the sweeping consequences of the proposals I have heretofore enumerated, it would, in view of the preponderance of the Nation's economic interest, hold possibilities for disturbing the balance between the State and national jurisdictions that should suggest caution. Any general shifting of responsibility in relation to intrastate commerce from the State capitals to Washington might lead to consequences that would be regretted.

The submission of the child labor amendment now pending represents the right procedure.

If authority is sought for the enactment of a Federal minimum-wage law, or for the enforcement of codes of fair competition, let each proposal be separately stated in restrictive terms, so that the people may know definitely the extent of the powers they are asked to delegate to Congress.

Then, whatever the decision, whether wise or unwise, we shall all abide by the result, recognizing that this is a country in which the will of the people as expressed in the Constitution is the supreme law of the land.

Some there are who have declared that the "horse and buggy" Constitution adopted in 1787 is outmoded and that we should exchange it for a 1935 model. Those who offer the suggestion and thereby inferentially offer themselves for the role of Constitution maker cannot claim the merit of modesty.

They are bold men who would undertake to write a new basic law to take the place of the one framed by that galaxy of statesmen that by the grace of God or by an unusual fortuity was assembled at Philadelphia 148 years ago this summer.

I am free to confess that no such group of men could be recruited from the House, I question whether it could be assembled from the Senate, and I doubt whether it could be constituted even from Felix Frankfurter's class of precocious sophomores. For one, I would not be willing to exchange the Constitution of George Washington, Benjamin Franklin, and James Madison for any brain child of Donald Richberg, Rexford Tugwell, and Hugh Johnson.

It is said that on the night before his departure for the Far East of his career of conquest, Alexander of Macedon had an interview with his tutor, Aristotle, and that the great Athenian said to his pupil: "You are about to embark upon a great enterprise that will take you into many lands and amongst many peoples, some already celebrated in arts and in arms, some savage and unknown. This last counsel I give you, that whithersoever your victories lead you, do not forget that you are a Greek."

America needs the advice of Aristotle today. Whatever the adventures we undertake, the goals we seek to reach, we have an inheritance to safeguard and to transmit—a system of ordered liberty in which statutes must yield to the Constitution, in which the people are governed by law and not by men, and in which human rights are deemed to be sacred and unalienable.

We who live today are trustees for the future of America. In our responsibility we must not fail.

LEAVE TO ADDRESS THE HOUSE

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent that at the conclusion of District business today I be permitted to address the House for 15 minutes on the subject of the Tennessee Valley Authority, which was dealt with exhaustively by Republicans last week.

The SPEAKER. Is there objection?

Mr. SNELL. I object.

RULES COMMITTEE—LEAVE UNTIL MIDNIGHT TO FILE CERTAIN REPORTS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight to file reports on various rules.

The SPEAKER. Is there objection?

There was no objection.

ISSUANCE OF BONDS, TERRITORY OF HAWAII

Mr. KING. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8270), to enable the Legislature of the Territory of Hawaii to authorize the issuance of certain bonds, and for other purposes.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. Since the distinguished leader on the Republican side is objecting to all requests for time on this side, I believe it is ill-advised to pass important legislation by unanimous consent at this time. Therefore, I object.

TENNESSEE VALLEY AUTHORITY

Mr. MAVERICK. Mr. Speaker, in order that the Republicans may not be deprived of this wonderful speech I intended to make, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAVERICK. Mr. Speaker, on Thursday, June 20, this House was addressed by Hon. DONALD H. MCLEAN, of New Jersey, my colleague, and a fellow member of the Military Affairs Committee. He spoke at length on the subject of the Tennessee Valley Authority, and now I rise to answer the statements that he made that day.

Let me take up the various statements of Mr. MCLEAN, one by one:

First of all, Mr. MCLEAN says that the T. V. A. had no authority to build other than the Norris Dam. The truth of the matter is that its creative act gives the T. V. A. the

broad power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines, and so on. Strangely enough, though Cove Creek Dam is mentioned somewhere in the statute, Norris Dam, which Mr. McLEAN cites, is not mentioned anywhere in it by that name, yet the general power to build dams is unmistakably there. Therefore, the T. V. A. cannot be criticized for building dams.

A great hue and cry is made that Congress needs a report before the work goes ahead. Yet we all know that the T. V. A. has made an annual report. Besides, the President in May 1934 sent up a message transmitting a report on the progress of the work being done there (Doc. 365). This in addition to repeated testimony by the T. V. A. directors before the Military Affairs and Appropriations Committees.

Mr. McLEAN also says that a bond issue of $50,000,000 was to be used as working capital. One of the things that he and the bitter opponents of the T. V. A. oppose is the spending of money for power and the furnishing of power for the public. As a matter of fact, the T. V. A. was launched with an initial appropriation of $50,000,000. But the statute provision for a bond issue not exceeding that amount restricted its use wholly or in part for the generation or transmission of electric power, and so on. Therefore, the general activities were not covered by this bond issue. The T. V. A. has not issued any bonds. As far as the bond feature of the act is concerned, it is a case of the T. V. A. being damned if it does and damned if it does not.

Mr. McLEAN asserts that the T. V. A. organized the Electric Home and Farm Authority. This, of course, is not correct, at least from a technical viewpoint, although the E. H. F. A. was supposed to—and did—help the T. V. A., not to mention manufacturers, dealers, and users of electric appliances, and that means private utilities as well.

As a matter of fact, the Electric Home and Farm Authority has worked out to the benefit of the people of the United States. It does not operate wholly within the Tennessee Valley, but in some cases, operates in portions of Georgia and Mississippi, not within the geographical limits of the valley.

Because the Electric Home and Farm Authority has so far principally boomed the Tennessee Valley is due to the fact that the Tennessee Valley is the only part of the United States that now has the advantage of the T. V. A. Low-cost appliances and "yardstick" electric rates go hand in hand. However, the whole problem of rural electrification will be carried out soon and, as we know, that general subject will be dealt with in a national way. Even if the Electric Home and Farm Authority were a subsidiary of the T. V. A.—which it is not—what of it? I see nothing wrong in it, and if there happens to be another corporation which is doing something for the benefit of the people, so much the better. The T. V. A. is cooperating with the Rural Electrification Authority, of course, and with the power companies, as I presume will be done in the other parts of the United States in connection with rural electrification. On the whole, rural electrification and appliances for farms and homes are so important that no technicality should keep us from having the benefits of this happy combination.

Complaint is made that the C. C. C. men are used in soil-erosion work in the Tennessee Valley. What of it? The C. C. C. men are supposed to be used where they can benefit their country, and if they can benefit their country in Tennessee, or Mississippi, or any other State, can they not be used there the same as they are used in New York, or in the State of New Jersey? There is no reason why they should not be used where they are necessary.

Also, enemies of T. V. A. say it has given no plan to Congress. When I first came to Congress, they were talking about the Tennessee Valley and were holding hearings before the Military Affairs Committee. Day after day, week after week, and month after month we have been hearing plans of the Tennessee Valley Authority until I, for one, am convinced that the T. V. A. is the busiest new-deal agency by a "dam site." I do not know how they could give any more plans than they have. I have before me numerous pamphlets and information releases; also, a particular report with illustrations furnished the Military Affairs Committee, and, I believe, to the Appropriations Committee, and I can hardly see how they can make any fuller or more explicit reports.

Then Mr. McLEAN states that, inasmuch as he has not gotten all the information he needs, he must go to other places to get his facts. So he goes ahead and reads Fortune Magazine and various other magazines to find out what the Tennessee Valley Authority is going to do, when there is no indication that they are doing all the things they are written up as doing. For example, he lists several dams to cost something like $85,000,000, which he lists as immediate expenditures of the T. V. A., although such dams are still only on paper in future planning for the valley. It is true that the T. V. A. has considered a Hiwassee Dam, a French Broad Dam, and an Aurora Dam, and these dams may someday be built, but they are certainly not in the current T. V. A. expenditures.

Then, in this same speech, the T. V. A. is charged with ignoring the matter of national defense, not to mention the Engineer Corps of the Army. Let us talk about this thing in a sensible way. It is true that the T. V. A. started out as a national-defense proposition, because of the "white elephant" nitrate plants wished off on it. Then, if we were to conjure with words, we might say that its big contribution to national defense is to defend the soil of our country; I mean in such things as soil erosion, to prevent dust storms, and to keep our rivers from running away with the soil. It is national defense to improve navigation; it is national defense to keep our rivers from overflowing; and it is national defense to have good rivers properly harnessed, high-power transmission lines in network array for emergency service, nitrate plants ready to make munitions, and manganese and other natural resources ready to be drafted for war purposes. But, brushing aside the technicalities, the truth of the matter is that the Tennessee Valley project is not only one where we spend it on national defense—that is to say, to go to war with or to fight with—but it is one that has peace-time contributions to the public welfare.

The T. V. A. has gone far beyond its original purposes, I must admit, and I hope that it will go still further beyond, and that we will give it the legislative power to do so. If we can save farms from being washed away, why not do it? If the saving of farms is not included in the national defense, should we not save them for our economic defense? My idea is that we should go ahead and do everything we can for the benefit of our country, no matter whether the doing be classed as national defense or regional renovizing.

Mr. McLEAN praises the Army engineers and then he complains that the Wheeler Dam is being built without authority. I cannot understand how these engineers could start to build there a navigation lock, now completed, if Wheeler Dam is in violation of the law. The War Department will operate all locks along the T. V. A. navigation dams, just as it does now at Muscle Shoals, because it retains jurisdiction over all navigable streams. Incidentally, the Corps of Engineers is designing the Pickwick Landing Dam, and the T. V. A. had the cooperation of the Reclamation Bureau in designing the Norris Dam.

Much fuss has been made over the fancied lack of cooperation by T. V. A. with other Government agencies. If this were so, the Authority could not work out its many problems in the manner it is now doing. Most of its activities find precedence in the old-line Federal departments. For example, its forestation, soil-erosion, and flood-control programs are long-familiar pursuits of the Interior and Agriculture Departments. Moreover, methods being developed in the Tennessee Basin tend to produce a large-scale proved pattern which can be applied to the national picture as a whole. I do not have to remind my colleagues that recurring

floods and dust storms are the bitter lessons of national neglect. In this phase alone the T. V. A. should not be too bitter a pill for doctor-hating interests to swallow.

Mr. McLEAN seems to resent deeply that the T. V. A. has not sold any fertilizer. He did not explain, however, that the experimental plant at Muscle Shoals has, under T. V. A. operation, turned out thousands of tons of a much-needed phosphate fertilizer. Nor did he say further that, through the cooperation of State and local agriculture agents, this fertilizer is being shipped to more than 500 farms, from Virginia to Mississippi, for practical demonstration.

To be perfectly frank, the Tennessee Valley Authority does not know exactly what their fertilizer policy will be in the future. What is wrong with that? They are utilizing every resource they can of the rivers and of the lands there, and if there does not happen to be a war where they can use nitrate there is no reason why they should not thoughtfully and carefully work out a policy in the matter of fertilizer. But fertilizer is a strong subject; let us not get too deep in that.

Mr. McLEAN cites the T. V. A. made town of Norris as costing $3,500,000 and gets "statisticritical"—there is a coined word for you—making comparisons with that and other places over the United States where dams have been built and where it has been necessary to have construction camps. In this he has given you the correct amount. He, however, wholly neglects to break down this cost to include a construction camp, two public parks, a forest preserve, a demonstration farm—and the famous cows which I may bring up later in the argument—a school, roads, and lands needed for erosion control—some 2,800 acres all told. I have not all the facts before me, but in addition to this I happen to know that the difference over the original T. V. A. estimates was due to costs of materials and labor being increased by the late lamented N. R. A.—recently slain, mostly by our dear friends, the Republicans.

He mentions likewise that Norris Dam completed would only need 20 or 30 men to operate, but wholly evades the point that Norristown is intended to be a permanent settlement where there will be certain small manufacturers, or big ones for all I know, the development of home industries and home crafts, and so on, to carry it on. There is no reason why a village of that size should not be maintained in almost any fertile and cheap-power center of the United States.

Further, Mr. McLEAN implies that the Tennessee Valley Associated Cooperatives is a poor investment—that Uncle Sam has received poor returns on the $300,000 loaned this locally incorporated group by the F. E. R. A. Well, maybe, in a material way this is true, yet if bringing self-help to some counties where as much as 70 percent of the people were on relief is a poor dividend, I will have to try to tune in again for better tips by that post-depression financial sage of the radio, the "Old Counselor" of Halsey, Stuart & Co. Personally, I think providing people facilities to can what they would ordinarily waste in season and buy back in cans out of season is not an illogical—or an uncanny—phase of the valley's effort to get the people to help themselves.

Last but not least, much ado has been made over the so-called "report" by Comptroller General McCarl on alleged irregularities in T. V. A. accounts and what not. To begin with, this is not a report but is a preliminary bill of exceptions filed by the Comptroller General with the T. V. A. with the understanding that they will get together and try to iron out their differences. The newspapers played the story up big, but the biggest story as I see it, is how certain enemies of the T. V. A. in Congress got hold of it in the first place. However, I do know how this group got it out. No copy of the letter was sent to Congress. It is only by hearsay that I know that the letter covered 400 single-spaced typewritten pages of accounting details. When I further hear that two full pages are devoted to the disappearance and recovery of two typewriters from the Washington T. V. A. office, I do not want to make further inquiry because by so doing I may embarrass some of my colleagues on the Hill who have also misplaced a typewriter or two of late.

The whole incident boils down to the case of an exceptional McCarl believing that the T. V. A. should not be excepted from bureaucratic redtape. Maybe the T. V. A. should be just another Federal bureau, but if we believe the T. V. A., its construction jobs—in which it believes it is setting a criterion in economy and dispatch—would have been seriously crippled by the delays of routine thumbing at McCarl's office. Besides, the details really involve engineering judgment as well as accounting practices. And the stew made over non-low-bid awards! Yet, after all the records are examined, it is found that 95 percent went to the low bidders anyway, and the remainder involved safety and responsibility factors in which the T. V. A. refused to take a chance.

But the point I want to drive home is that the T. V. A. is not supposed to be under the Comptroller General's rule of thumb. It was purposely set up otherwise. This policy was emphasized by the President in his message to Congress proposing the establishment of the T. V. A., and the conference committee of the House again stressed this provision in reporting the bill for its final passage. As the President so ably briefed it, the T. V. A. is "a corporation clothed with limited powers of government, but possessed of the flexibility and initiative of private enterprise."

And that, gentlemen, is one reason why it has been able to set the pace it has.

Even the press is beginning to realize that the McCarl report is not what the T. V. A. enemies tried to puff it up to be. In this connection, I ask permission to introduce three editorials on the subject, one from the Baltimore Evening Sun, which originally assailed T. V. A. on the basis of McCarl's exceptions; another from the Engineering News-Record, a McGraw-Hill publication which speaks for the profession; and the third from the Knoxville News-Sentinel, of the Scripps-Howard group:

[From the Evening Sun, Baltimore, Wednesday, May 22, 1935]

AN ANSWER COMES

Last week Senator AUSTIN offered 26 pages of itemized charges against the management of the T. V. A., claiming these to be excerpts from a much larger report on the management of the T. V. A., which had been made by Comptroller General McCarl. There is not space to go into the charges in detail. Sufficient to say that in general they charged dishonesty and inefficiency in the handling of funds and gross mismanagement. In suggesting at the time that the charges should be met and answered, we did no more than to reflect the opinions of most honest people.

Well, the charges have not been answered in detail. Nevertheless, at the T. V. A. hearing yesterday they received an answer which will be sufficient for most people. We quote from the account of the hearing:

"Mr. McCarl, for whom a hurry call was sent out * * * proceeded to disown not only the Cassidy digest (the one offered by Senator AUSTIN) but also the audit report on which it was based.

"'I don't want to discuss the audit report', he told the committee, 'because to me it isn't official and it is not before you.'

"Chairman MCSWAIN told the committee yesterday that Mr. McCarl looked upon the audit report as only 'a bill of exceptions' and believed the T. V. A. directors would be able to explain satisfactorily all the exceptions it raised. * * * Mr. McCarl concurred in this view."

Asked whether he had found any evidence of fraud, Mr. McCarl replied:

"I want to say 'no.' This is a serious thing. You're dealing with a public trust. This is all premature. * * * I certainly have found no fraud."

This is a blanket denial that he had uncovered fraud, made by the man who has been cast unwittingly in the role of chief witness for those who oppose the operation of the T. V. A. Therefore, it is essential that we give as prominent space to the answer as to the original charges.

[From the Engineering News-Record, June 6, 1935]

PROPER ANSWER

Reports of the audit of T. V. A. operations that were presented before the Military Affairs Committee of the House last week by Comptroller General McCarl gave an unbelievable and, as the sequel proved, a scandalously misleading impression that the T. V. A.'s operations lack integrity and efficiency. It is therefore gratifying to learn that Arthur E. Morgan, Chairman of the Authority, answered the Comptroller General's charges point by point and thoroughly. One of the basic charges was that the wartime riot of expenditure for Wilson Dam, the Muscle Shoals nitrate plants, and associated properties was falsely written down on the T. V. A.'s books. This is an old canard. It would have been easy for the Comptroller General to verify the fact that the book value

represents sober, present-day, usable value. computed from the recorded construction quantities and actual present-day unit costs; yet, forgetting the responsible character of his office, he put forward figures implying that the T. V. A. had juggled its books to change an investment of more than $130,000,000 to less than half that value. Engineers are interested also in the exceptions taken by the audit to purchases of construction equipment, where in many instances a bid other than the low bid was found to be best—quite within the law and within good engineering practice, but apparently not to the Comptroller General's taste. If governmental accounting rules stand in the way of considering quality of product and range of performance in comparing bids, then it is time that the rules were modernized.

[From the Knoxville News-Sentinel, Sunday, June 2, 1935]

ACCUSING THE T. V. A.

Among other things, Comptroller General McCarl accused the T. V. A. of letting of contracts without competitive bidding, reimbursement of traveling expenses of prospective employees, allowance of overtime to annual employees, allowance of charge for personally-owned motor vehicles without prior authorization, payment of pay rolls without administrative approval.

When President Roosevelt conceived the T. V. A., he said that it would "have the power of the Government and the initiative of a private corporation."

Because it has tried to realize the President's ideal, it has not had as much respect for redtape as the average Government bureau, and, therefore, it has demonstrated an efficiency which has won it success.

The T. V. A. has bought on a merit basis, if it has not always gone through the formality of advertising for bids. When it has wanted to interview a man possibly suited to a particular job, it has paid his expenses on the trip, just as a private business does; that's the way to get competent men, and the T. V. A. has gotten them.

Its submanagers, knowing that their superiors wanted them to get results quickly, didn't always bother their superiors, who they knew had confidence in them, by asking advance approval of everything they wanted to do; again this is the custom of efficient private corporations.

The essential thing is that T. V. A. should get its officials and employees on a merit, rather than a political, basis and that its policies should be sound. This has been true. Given that fundamental basis, T. V. A. should not be bound with unnecessary regulations.

Enemies of T. V. A. will want its hands tied with redtape; its friends will not.

Mr. McCarl's accusations only prove the soundness of T. V. A.'s practices. Here is a case where Government in business has proved businesslike.

We suggest that the watchdog of the Treasury bark up another tree.

Mr. Speaker, I have answered some of the things that have been said, and I hope in a respectful way—at least as respectfully as those who have said them. There is a tremendous amount of propaganda coming before this House and over the Nation to thwart the Tennessee Valley Authority and to defeat the utility holding company bill. I am not now speaking on the holding-company bill, but on the Tennessee Valley Authority.

We read in the anti-new-deal newspapers that it is socialism; we read that it is this and it is that; we read that it is everything in the world. But whatever they call it, let me tell what it is: The purpose of the Tennessee Valley Authority, according to its present possibilities—and this is my opinion, not the interpretation of a law nor the interpretation of some formula that was made during the war time so we could win the war—is that the Tennessee Valley Authority is the greatest social program of this administration or any other administration in the history of the United States. Personally, I believe that it comes nearer meeting our economic questions and our economic problems than any other undertaking of the American people.

How in the world is a private company going to enter into a field and have soil-erosion work? Does it protect the public investment in its dams? If you will look into the hearings you will see where I asked the representatives of the Aluminum Co. of America, who desire to be wholly excluded from this act, what would they do in reference to soil erosion. Of course, they had to answer that they would do nothing whatever. How much reforestation is the Aluminum Co. of America going to do? How much is any private corporation going to do? Of course, none.

Anyone who knows anything at all knows that the only way that this can be accomplished is through governmental enterprise. If we are to save our farms and keep our country from being washed away, we must have a national program, as of course it cannot be done either by private interests or private business, or by treaties of several different States, due to the fact that they would never make a treaty. Moreover, how are we going to preserve our forests? How are we going to make these forests so that we will have lumber in the future? How are we going to conserve our land? How are we going to make it so that they too do not wash away? In all these questions—in soil erosion, in reforestation, and conservation problems of all kinds—comes consideration of the fertility of the land, the ability to produce, the ability to bring forth corn and oats and other things, and if we do not do this our country will be so sterile that we cannot grow anything on it.

Now we will get to the subject of navigation, and when you are on navigation you are on flood control. And the only way you can have flood control and navigation is as a public proposition. You can navigate in the wide-open ocean, the Pacific, or the Gulf of Mexico, or the Atlantic, but you cannot navigate up and down rivers unless you have certain artificial works. These transcend State lines. They are big projects and cannot be done by private industry and, therefore, this navigation must be done by the Government. And in doing this we keep our land from being blown and washed away.

So now we get down to the most controversial subject, the fact that we are using money in order to get money back. It is a crime for the Government to spend money economically and make a good investment. It is all right for the power companies to make investments where they gouge the people out of their money, create a superstructure of holding companies to milk the investor, with salaries from each one of them to "gyp" the general public; but whenever the Government goes out and makes a sound investment, as they are making in the Tennessee Valley, where they will build power plants and sell power cheaper, pay better wages, and then get a return on the money, this, of course, aggravates and absolutely angers the Power Trust because they do not want the people to know that the Government can produce cheaper electricity than the Power Trust can and pay better wages and give better service. It is all in our philosophy of government. It is all an economic policy; an economic policy which the Democratic Party must face.

In speaking of such a great program as this, the enemies of this bill, and the conservation program of the Government, make long speeches about the T. V. A. cows—the foolishness of buying good cows to improve the breed down in those six or seven States. All I can say is, that when such a great, substantial work is considered, which will literally raise the standards of millions of people, that talking about cows is gnat snapping, fly slapping, and flea catching. Let us look at it as a big problem.

We were elected to serve the people. We were not elected for the purpose of getting profits for the power companies. Moreover, the country cannot stand it any longer.

T. V. A. ACTIVITIES AND ACCOMPLISHMENTS TO DATE

Mr. Speaker, in view of the fact that the Tennessee Valley Authority program is a particularly complicated one—due to its multiple and dovetailing phases—I have asked for, and have received from the Washington office of the Authority, a comprehensive word picture of T. V. A. activities to date, which, for the information of my colleagues and the public at large, I ask unanimous consent to insert in the RECORD:

In its 2 years of existence the Tennessee Valley development has recorded a progress that is commanding world attention. Yet it is a national job in particular. For, as President Roosevelt told the valley people on the occasion of his November 1934 visit to that area of activity, what is going on here is "an example which will be a benefit not only to yourselves but to the whole 130,000,000 Americans in every part of the land."

OUTSIDE BENEFITS

Preliminary benefits of this development to other areas are already manifest.

At least half of the $45,000,000 spent for materials to date has been spread outside of the valley—profiting business in 35 States, from New England to the Pacific coast. A considerable portion of T. V. A.'s total pay-roll disbursement of $17,000,000 has likewise found its way into national circulation.

By employing 15,000 persons locally the Authority is indirectly relieving unemployment in outside industrial centers which for-

merly drew many valley people unable to eke a livelihood at home. Every individual employed by T. V. A. means income and subsistence for three or more other persons.

Approximately 10,000 T. V. A. employees are engaged in construction and associated work. Norris and Wheeler Dams are now three-quarters and one-half completed, respectively, and a beginning has been made on Pickwick Landing Dam.

Meanwhile Wilson Dam is being operated for the immediate convenience of thousands of households and places of business in three States—Mississippi, Alabama, and Tennessee—which appreciate the advantages of cheap power. In addition to acquired facilities, about 200 miles of rural transmission lines have been erected and more are projected. More than 300 municipalities—from Oklahoma to Florida—have inquired into the possibilities of T. V. A. service.

At Muscle Shoals Nitrate Plant No. 2 a demonstration plant has gone into experimental production looking to new and better types of fertilizer materials which may ultimately be a direct gain to every farmer in the country. At the same time the Government is assured of a national-defense asset maintained in stand-by condition.

GENERAL

The Tennessee Valley Authority Act was approved May 18, 1933. The three directors of the T. V. A. held their first meeting June 14, 1933, at which time they constituted its sole personnel. Today a definite start has been made in the development and control of the Tennessee River and its tributaries for navigation, flood control, utilization of surplus power, and other purposes.

DAMS

Besides operating Wilson Dam at Muscle Shoals and building Norris, Wheeler, and Pickwick Landing Dams, the Authority is conducting surveys looking to the full utilization of the Tennessee River's unified Federal hydroelectric development.

Construction of the Norris Dam (named for Senator GEORGE W. NORRIS) began October 3, 1933. The Wheeler Dam was authorized by President Roosevelt October 13, 1933. The Pickwick Landing Dam was authorized November 21, 1934.

The Norris Dam will cost about $34,000,000, and the Wheeler Dam, without power installation, about $20,000,000. The Norris Dam is on the Clinch River some 25 miles northwest of Knoxville, Tenn., and about 80 miles above the point where the Clinch River joins the Tennessee. The Wheeler barrier is on the Tennessee River, in Alabama, about 15½ miles upstream from the Wilson Dam. The Pickwick Landing Dam, to cost $22,000,000, will rise near Shiloh Battlefield, in Tennessee, about 10 miles north of the Mississippi-Alabama State line. It will require about 3 years to build Pickwick Dam. Norris and Wheeler Dams will be completed in 1936.

These dams will not only help to regulate the flow of water on the upper Tennessee, in the interests of navigation and flood control both, but will serve also to provide additional power when needed.

POWER

In order to find an outlet for this present and potential horsepower, the T. V. A. is embarked on an elaborate electrification program. It has adopted power policies and established rate schedules as a "yardstick" for both public and private operation and has drafted exemplary rules and regulations governing the marketing of its power.

It has purchased or otherwise acquired private lines in certain areas in Mississippi, Alabama, and Tennessee to take care of the present power output of Wilson Dam. Purchase of approximately $3,000,000 of property from the Alabama Power Co., Mississippi Power Co., and Tennessee Electric Power Co., in January 1934 gave T. V. A. immediate urban and rural markets in that area. On June 1, 1934, the T. V. A., on payment of $850,700, acquired properties of the Mississippi Power Co. in certain counties in northern Mississippi.

In early February 1934 the T. V. A. began serving its first municipal customer—Tupelo, Miss. Today it is serving a total of 36 municipalities as well as rural homes in 14 counties in Mississippi, Alabama, and Tennessee.

Northeastern Mississippi is the center of T. V. A.'s rural electrification program—the first Federal venture of this nature. Here interested farmers have formed cooperatives to take advantage of T. V. A. power and rates. In one instance farmers in the county of Alcorn, Miss., are collaborating with the residents of the city of Corinth (that State) in making electric rate reductions average approximately 40 percent locally through a cooperative known as the "Alcorn County Electric Power Association."

Fourteen communities of northern Alabama, having attempted, without success, to purchase existing distribution facilities of the Alabama Power Co. in July 1934, formally signified willingness to join in a plan whereby T. V. A. would buy these plants and for a time operate them, pending amortization by the municipalities involved. These communities are: Florence, Sheffield, Tuscumbia, Courtland, Decatur, Falkville, Hartselle, Moulton, Red Bay, Russellville, Town Creek, Cherokee, Leighton, and Austinville. Due to legal and other obstructions which threatened to delay indefinitely the acquisition of the existing properties, the Authority, on December 14, 1934, withdrew its request that the Tri-Cities (Florence, Sheffield, and Tuscumbia) longer defer their original plans to build. But a Federal court restraining order has prevented them from so doing.

After negotiations extending over a period of several months, an agreement was reached in July 1934 between the T. V. A. and the National Power & Light Co. whereby the latter's electric property in eastern Tennessee (Tennessee Public Service Co.) was to be acquired, under certain conditions, by the T. V. A. for $6,000,000, with the idea of ultimately turning the properties over to the various municipalities involved for public operation. This is in line with the Authority's policy to avoid duplication of existing power systems wherever possible. Involved in this deal were Knoxville and 26 other communities. The agreement was approved by the power company stockholders, and by the Knoxville City Council, but litigation caused the deadline for the transaction to expire November 1, 1934, without the same being consummated.

Knoxville, Chattanooga, and Memphis are among the 27 municipalities which have voted on municipal ownership looking toward the use of T. V. A. power. Only five have registered in the negative.

APPLIANCES

In late May 1934 Tupelo saw the initial valley demonstration and sale of low-cost electrical appliances intended to go hand-in-hand with low rates in furthering the use of electricity. This phase of activity is under the Electric Home and Farm Authority. Created by Executive order, the E. H. F. A., with the cooperation of some 40 leading manufacturers of electrical appliances, plus 3 private power companies and 300 independent dealers, is making inexpensive electric ranges, refrigerators, water heaters, and farm pumps (other items to follow) available on long-term credit to the many persons—particularly rural—who, up to the present time, have been unable to afford such labor-saving devices. Prices are 25 to 35 percent lower. Many of these appliances have been placed on the national market, but for the time being E. H. F. A. financing is confined to low-power-rate areas, affecting 375,000 home users of electricity in parts of Alabama, Georgia, Mississippi, and Tennessee. (The E. H. F. A. neither manufactures nor sells appliances.)

SOIL EROSION

The building of dams would be transitory gestures unless coupled with reforestation and other steps to check destructive soil erosion in the contributing basins. The effective storage capacity of dams is prematurely affected by the washing of silt into the reservoirs. This filling-in process, as far as some sections of the Tennessee Valley are concerned, goes on at the rate of as much as 1 percent a year. The T. V. A. land program aims to protect the public investment in its dams, which will play such an important role toward controlling flood waters and adding to the navigation and power possibilities of the river system.

Terracing demonstrations in Alabama, Georgia, and Tennessee have made many farmers erosion conscious and have led to the local initiation of cooperatives to promote soil recovery and conservation. Some 13,000 acres have been terraced to date. Such efforts offer an economical method of halting the Tennessee River and its tributaries from "running away with the soil" to the detriment of navigation and efficiency of dams.

Cooperating in the general program are 6,400 C. C. C. boys who have constructed 200,000 brush, log, bag, or stone dams, and have placed matting on 5,000,000 square yards of eroded lands. The latter method has been found less costly and equally efficient, besides requiring one-third the time Tree nurseries have been established and millions of trees planted, including the blight-resistant Asiatic chestnut, to replace the doomed American variety. Also, a start has been made in cultivation of tree crops.

FERTILIZER

In line with land rehabilitation the T. V. A. is specifically authorized to develop new and better types of fertilizer materials. This it is doing, besides formulating better plans for fertilizer distribution In November 1934 a pilot plant at Muscle Shoals went into experimental production of a phosphate product, a substance sorely needed by the soil. Some 20,000 tons of this material has since been made and is now being distributed to more than 500 valley farmers for demonstration work in cooperation with State and local agricultural agents. The objective is to develop processes that will cheapen plant food and increase its application by the farmers of the Nation, to whom dust storms and floods have become a very vital menace.

NATIONAL DEFENSE

A primary responsibility of the Authority is in relation to national defense. Its creative act specifies that nitrate plant no. 2 at Muscle Shoals shall be kept in stand-by condition in event of an emergency. This is being done. Experiments now being made there in connection with phosphate fertilizer will contribute substantially to the national-defense program. Studies also are being made for the development of deposits of manganese, another material valuable in war. The valley is rich in mineral resources of especial military use. It is near the center of population and within short haul of many industrial centers.

NAVIGATION

With the completion of Pickwick Landing Dam, a 7-foot channel will have been created from the mouth of the Tennessee River at Paducah, Ky., to Guntersville, Ala., a distance of 358 miles. Approximately 157 miles of this water highway, from Pickwick Landing Dam to Guntersville, will have a 9-foot channel. The ultimate objective is a 9-foot channel from the Ohio River to Knoxville, Tenn., a river route of 652 miles. These long-needed navigation facilities that will be instrumental in opening the rich mineral and other natural resources of the valley to the mutual advantage of residents and an outside world.

FLOOD CONTROL

Closely allied with navigation and power development is flood control. The energy of Wilson Dam, for example, depends upon

water fluctuation. At the present time low water may mean a decrease to one-seventh of its rated energy. The Norris Dam will tend to correct this by releasing water in dry season and storing it at other times. In doing so it will help reduce the flood menace in the Tennessee Valley, which now does $2,000,000 damage yearly. An integrated system of dams, such as planned by the T. V. A., will, in addition to opening new sources of power when needed, have indirect bearing on the flood hazard on the Mississippi River as well.

TRAINING

Because jobs on the dams go to the local jobless, the Authority employs more workmen than would otherwise be needed. These men, mostly from regions where agriculture yields meager returns, are employed half time with opportunity to benefit themselves by the training—also educational—courses provided for their spare time. They learn how to carry on useful occupations when they return to their homes. Such instruction not only results in more efficient work on the dams but, at the end of the construction period, will provide skilled workers for neighborhoods which heretofore have had none.

NORRIS TOWN

The T. V. A. built town of Norris, near the dam of the same name, comprises a distinctive and practical community. Here are housed families of workers on the dam or allied projects. The 350 dwellings are electrically equipped—more than one-third of them include electric heat—and represent stone, frame, or cinder-block construction. Rents range from $12.50 to $45 a month, with the lower brackets predominating. There is a school and cooperative store. Within the town confines are parks and a forest preserve, also community gardens, a demonstration farm, training center, and the construction camp proper. The latter is planned to fit into the industrial life of the community after the dam is completed.

There is a much smaller community at Wheeler Dam, and another small town is being built at Pickwick Landing Dam. The Muscle Shoals properties include three residential groups built prior to T. V. A. occupation.

COOPERATIVES

On January 24, 1934, there was incorporated in Knox County, Tenn., the Tennessee Valley Associated Cooperatives, which is interested in sponsoring cooperatives for the benefit of the valley people. It was allocated $300,000 by the Federal Emergency Relief Administration with which to begin operations. To date it has launched about a dozen cooperatives affecting some 8,000 families. Some of these activities are in mountain communities where as many as 70 percent of the people were on relief. The projects embrace fruit, berry, and vegetable canning; seed-potato cultivation, flour grinding, dairying, and handicraft textiles.

These and other activities in the Tennessee Valley afford visual evidence of a multiphased regional development which gives promise of not only returning national dividends on the war-time $127,000,000 investment at Muscle Shoals but, at the same time, points the way toward America's "planned future." For, as President Roosevelt says, "If we are successful here we can march on, step by step, in a like development of other great natural territorial units within our borders."

DISTRICT OF COLUMBIA LEGISLATION—COMMERCIAL AIRPORT

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3806) to establish a commercial airport for the District of Columbia; and pending that, I ask unanimous consent that general debate be limited to 1 hour, one-half the time to be controlled by the gentleman from New York [Mr. COLE] and one-half by myself.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. SMITH of Virginia. Reserving the right to object, I would like to have some time on this matter.

Mrs. NORTON. I do not think there is anyone on this side who has requested time or who objects to the bill. The gentleman from New York [Mr. COLE] is in charge of the time on the other side.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the lady from New Jersey [Mrs. NORTON].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3806) to establish a commercial airport for the District of Columbia, with Mr. THOMASON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. RANDOLPH], chairman of the subcommittee.

Mr. RANDOLPH. Mr. Chairman, I wish to preface my remarks upon the pending legislation by saying that personally I believe the time has come in America when we, as Members of Congress, should cease to vote huge appropriations of billions of dollars for warships and obsolete fighting equipment at the expense of the aviation of this Nation. We should encourage commercial aviation as a second line of our defense in this Republic. I bring this to the attention of the membership at this time simply to state that America must not lag behind in its appropriations for defense from the air, in view of the huge appropriations which we seem determined to continue to make.

That brings me to a discussion of the aviation needs of the Capital City of this land. Your subcommittee of the Committee on the District of Columbia conducted hearings over a period of weeks upon the Gravelly Point airport measure. This committee heard a great many witnesses who came before it, speaking in favor of the Gravelly Point air site, the Washington-Hoover Airport as it now exists, and a great many other sites for airports in the District of Columbia and adjacent territory. Out of those hearings there came a belief on the part of the committee that what was advisable at this time was for the Congress of the United States to enact legislation which would bring the airport situation to the attention of the people of the District of Columbia in a way that definite action might be taken at this session of the Congress.

At this point permit me to say that the committee had no definite idea as to any particular site. I am certain that the members of the subcommittee and the District Committee today do not come here in connection with this legislation in favor of or against any certain airport site which was to be considered.

I should like at this time to turn to page 50 of the hearings on the airport bill and read a few sentences which were expressed by Rex Martin, the Assistant Director of the Bureau of Air Commerce of the Department of Commerce. I asked Mr. Martin this question:

Before you leave the stand, going back to your tour of Europe in the last few months, I would like for you to state for the committee how far, in your opinion, we lag behind, here at the National Capital, in comparison with other capitals of the world, from the standpoint of aviation facilities.

Mr. Martin replied:

It would be like comparing a chicken yard with a Texas range in size, mostly. While Tempelhof and Le Bourget are not extraordinary, they are bigger. They have no airport at The Hague, in Holland. They have a very fine one at Amsterdam, a very good one at Rotterdam, and the airport at Brussels is superior in every way.

Think of it! The airport of little Belgium is superior in every way to ours. He said further:

The airport at Croydon, England, is superior by far. The one that they are presently using at Rio de Janeiro is, I think, better, though it is not well located. The new one that they have there will be extraordinary. The airport in Rome is better. The one in Venice is not better.

Then he goes on to say:

Any number of cities of Europe have better facilities than we have—Munich and Stuttgart; even the little town of Friedrichshafen has a better airport.

Then Mr. Nichols, a member of the subcommittee, asked Mr. Martin:

There are many cities in the United States that have airports superior to Washington's, are there not?

And he said:

Quite a number.

Now, that is the testimony given by Mr. Martin, Assistant Director of the Bureau of Air Commerce, as shown by the hearings.

I now come to the testimony, very briefly, of Edward V. Rickenbacker, who is one of the leading aviation authorities of this Nation. This is what he said upon the stand, speaking of the present facilities at Washington:

It is without doubt one of the most hazardous airports in this country for the number of schedules coming in and out with the type of equipment that is being used, and I think it is truly remarkable that there has not been a serious accident. In fact, it is one of my worries 24 hours of the day every day. It is almost expected all the time. I would not be surprised at any time to hear of a very fatal collision. It would not be news to me.

I bring these two opinions to you from high authority about the need of an airport with adequate facilities for the District of Columbia now. We believe that in this pending legislation we have presented a way whereby we shall not have one group arguing for a certain airport and another group arguing for another site, but that we shall create a commission to choose a site for the establishment and development of a commercial airport for the District of Columbia.

This commission is to consist of seven members, as follows: First, the Director of Aeronautics of the Department of Commerce, Mr. Vidal; the Second Assistant Postmaster General, in this case Mr. Branch; a Member of the House of Representatives, who shall be the chairman, to be appointed by the Speaker of the House; a United States Senator, to be appointed by the President of the Senate; an appointee of the air transport companies serving the city of Washington, and let us remember in this connection that there are nine schedules running in and out of Washington every day and that the number is going to be increased in the very near future; one member from the Board of Commissioners of the District of Columbia, to be selected by the Board; and Amelia Earhart Putnam, internationally known aviatrix. Some one may ask why we have selected a woman to act on this commission. I may say, because I see the gentlewoman from New York [Mrs. O'DAY] and the gentlewoman from New Jersey [Mrs. NORTON] in the Chamber at the present time, that we believe that women have taken their place not only in some avenues of endeavor, but in practically all the avenues of worthwhile endeavor in America today, so we felt that this woman should be given an opportunity of serving the District of Columbia and the Nation as well.

The members of this commission will receive no salary but provision is made to reimburse them for actual expenses incurred in the discharge of official duties. This commission is to be empowered and instructed to make a survey of the best possible sites in the District of Columbia, keeping in mind always the large amount of testimony from various commissions which have investigated this question over a period perhaps of the last 10 or 12 years. It is further provided that the action of a majority of the members of the commission shall constitute the action of the commission. After a site has been selected the duties of the commission automatically cease. Within 30 days after the first commission has concluded its service by selecting a site, there is to be appointed a second commission, to be known as the "Washington Airport Commission", to provide for the actual administration of the site which has been chosen.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I yield 5 additional minutes to the gentleman from West Virginia.

Mr. RANDOLPH. The President of the United States, by and with the consent of the United States Senate, is hereby authorized and directed to create a commission to establish and operate this public airport for the city of Washington and the District of Columbia.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Oklahoma, a member of the subcommittee.

Mr. NICHOLS. I think the gentleman omitted one phase of the proceedings, and that is that the second commission, appointed by the President of the United States, will have as its duty the acquisition of the site recommended by the first commission. In other words, the first commission does not acquire a site; it simply selects the site. It is the President's commission, appointed for a term of years, which acquires and purchases the site, and administers it after its acquisition.

Mr. RANDOLPH. I thank the gentleman from Oklahoma; he is entirely correct. I may say further in this connection that the committee which is to select the site, of course, takes into consideration the prime factors, that is the time of completion, the cost of the enterprise, the safety of the field, and its proximity to the city of Washington.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. COLDEN. Is this airport to be used by private air transportation companies?

Mr. RANDOLPH. It is to be for the use of commercial enterprise; every type of air transportation.

Mr. COLDEN. Why should the District of Columbia and the Federal Government furnish an airport for the use of commercial companies? Is it done in any other city?

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. NICHOLS. As a matter of fact, airports are furnished in nearly every instance by the cities, towns, or municipalities in which they are located, and in no case do the transport companies build them. The cost of maintaining the airports, however, is taken care of out of revenues derived from charges on transport companies for the use of the field, rentals, and hangar space. Over a period of years they even show a profit.

Mr. RANDOLPH. I thank the gentleman. Does that answer the inquiry of the gentleman from California?

Mr. COLDEN. I should like to say to the gentleman that at one time I was a member of the City Council of Los Angeles. We were inveigled into buying an airport on the theory that it would be self-supporting; but it proved to be a failure.

Mr. NICHOLS. That might be true.

Mr. RANDOLPH. How long ago was that?

Mr. COLDEN. That was in 1928 or 1929. It has proved to be a disappointment and a costly item to the city of Los Angeles.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. FITZPATRICK. The acquisition of an airport should be looked at also from the standpoint of national defense should it not?

Mr. RANDOLPH. Yes. We feel that not only are we serving the District of Columbia but also the Nation's Capital when we provide ample airport facilities.

Mr. FITZPATRICK. Which could be used for the protection of the National Capitol if necessary.

Mr. RANDOLPH. That is right. I thank the gentleman from New York.

Mr. COLDEN. If the gentleman will yield further, I should like to add in this respect that the Los Angeles Airport has been a failure. Private companies refused to use it and built their own airport, which they maintain themselves.

Mr. RANDOLPH. There has been, of course, a rapid development of aviation within the period since the city of Los Angeles had its experience. Even in my little city in West Virginia we have a municipal airport. This is true, of course, in all the largest cities of the United States.

To continue with the make-up of this commission: The members are to be selected by the President, three in number. The first commissioners are to be appointed for a term of 2 years, 4 years, and 6 years, respectively, the President having the right, of course, to designate the chairman of the commission.

The said commission, or a majority of them, shall have the power to elect a manager for the airport hereinafter to be acquired and all officers and agents thereof and to make needful rules and regulations, subject to the laws and to the rules of the Department of Commerce regarding aviation.

[Here the gavel fell.]

Mr. COLE of New York. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. LUCAS. Will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Illinois.

Mr. LUCAS. Will the gentleman state to the Members of the House the necessity for these two commissions?

Mr. RANDOLPH. I may say to the gentleman that the District Committee members felt they wanted a commission

simply to act from the standpoint of the selection of a site, with no entangling alliances connected therewith. This commission would receive, as I previously stated, no salary, and would act only until the selection of the site had been made.

Mr. LUCAS. Following that, under section 4 it is stated within 30 days after the selection of the site by the first commission there shall be a second commission appointed, to be known as the "Washington Airport Commission." There is delegated to the President of the United States authority to create and select this commission. Do I understand the gentleman to say that he believes the second commission would be involved in any entangling alliances in connection with the selection of this airport?

Mr. RANDOLPH. No; I do not mean that. The first commission, if and when set up, would only function until the actual site was picked; then that commission's power would automatically cease.

There may be a question in the minds of the Members as to the necessity for these two commissions, but we believe there should be a permanent commission functioning in Washington, D. C., for the control and regulation of airport facilities. Section 8 of the legislation provides that a sum not to exceed $2,500,000 shall be made available for the purchase of the land and improvements.

[Here the gavel fell.]

Mr. COLE of New York. Mr. Chairman, I yield 15 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I introduced this airport bill, and I stand here this morning in the peculiar position of being opposed to a bill which bears my name. If the Members will look at the bill as now presented to the House, they will find that the committee struck out everything after the enacting clause and inserted an entirely new bill.

In this new bill the committee erects a double-headed monster in the form of two commissions to decide, first, where the airport shall be built, and then the other to build and operate the airport. May I say at the outset that I favor a proper, safe airport for the District of Columbia. I have been interested in this matter for several sessions of Congress. It has been investigated by, I would say, at least six committees of the Congress as to where the airport should be placed. The agency in Washington that knows more about where an airport ought to be built than the individual Members of Congress, who can give this matter but little time, is the National Capitol Park and Planning Commission, which has been set up for the purpose of determining just this sort of question.

There are only two sites that have ever been given serious consideration. One is what is known as the "Gravelly Point" site, which is under water. It has to be filled in. This site is favored by the National Capital Park and Planning Commission and a large number of other agencies, the names of which I shall give you presently. They have constantly and repeatedly urged the adoption of this site. The other site is the Washington-Hoover Airport, the existing airport across the Fourteenth Street or Highway Bridge. Ultimately, when an airport is selected for the District of Columbia, I believe it will be one of these two sites. The committee reports against the Gravelly Point site. I think this Congress should prohibit by proper amendment to this bill the selection of the Washington-Hoover site, and I will tell the Members why. Every time an effort is made to erect an airport in the District of Columbia, a gentleman by the name of Soloman appears and monopolizes the time of the committee. Mr. Soloman is an officer of the Washington-Hoover Airport Co. The Washington-Hoover Airport was sold under deed of trust some years ago for something like $600,000. The airport company state that they had a lot of money in the project prior to that time, which brought their total cost up to $1,600,000. This may be entirely true, and I do not question the statement, because I do not know. However, when it was put under the hammer and knocked down at public auction, it brought six-hundred-and-some-odd thousand dollars. Whenever a question is raised about purchasing the site from this company, the white elephant they have on their hands, the price mentioned is anywhere from $1,600,000 on up.

Mr. EAGLE. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Texas.

Mr. EAGLE. Yet the plot of ground over there is not big enough to land a good apple cart on?

Mr. SMITH of Virginia. I have not got to that feature as yet.

If we set up an unofficial commission with the power to buy this property, and they will have this power under the present bill unless a limitation is put therein, there is the possibility—and I may say the strong probability—that the present Washington-Hoover Airport will be selected and we will be buying that land for $17,400 per acre.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. FITZPATRICK. Would the gentleman favor eliminating both Gravelly Point and the Washington-Hoover Airport?

Mr. SMITH of Virginia. If the committee will agree to such an amendment, I will conclude my argument immediately and withdraw my opposition to the bill.

Mr. FITZPATRICK. Personally I believe that neither of the places mentioned are suitable for an airport.

Mr. SMITH of Virginia. Understand that the subcommittee is not favoring the Washington-Hoover Airport. They are giving full power to the commission to make the selection. My fear is not of the subcommittee. My fear is of this unofficial commission that is going to be set up to spend two and a half million dollars of our money. If we are going to spend two and a half million dollars, let us investigate the matter and make our own selection and say where the airport should be located.

I now want to tell you about the size of the Washington-Hoover Airport. The previous hearings on the Washington-Hoover Airport show that it is not large enough, and that it is unsafe and cannot be made safe unless it is enlarged and unless it takes in a part of the Arlington Experimental Farm.

This bill contains a provision making it mandatory upon any department of the Government to turn over to them any part of their land which may be needed to make a sufficiently large airport at this point. If they select the Washington-Hoover Airport they have got to have a large slice out of the Arlington Experimental Farm.

Now, let us see what the Department of Agriculture says about this. Here is a letter written to the committee during a former hearing by the Secretary of Agriculture, Mr. Hyde. When they wrote to him and asked whether the Arlington Experimental Farm could spare a portion of its land in order to make this a competent airport, he replied:

> As there is no other portion of Arlington Farm suitable in topography and soil character for much of this type of this experimental work, its abandonment for that purpose on short notice would irreparably damage the plant research programs of the Bureau of Plant Industry and seriously interfere with related work of the Bureau of Chemistry and Soils.

Then, in conclusion, he states:

> If Congress should authorize the transfer of this 50-acre portion of Arlington Farm for other uses, the question of relocation and the provision of funds necessary to accomplish this would be immediately precipitated and even if authority and funds for relocation were available, several years would be required for the physical transfer to a new site without serious loss to the public of results of experimental work now under way.
>
> In view of the existing situation, this Department could not look with favor on the transfer of the land in question.

It is absolutely essential that they should have a portion of Arlington Experimental Farm in order to build an adequate airport on this property for which it is proposed to pay $17,400 an acre.

Mr. EAGLE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. EAGLE. In the event that 50 acres of the Arlington plat be added to the present little patch there, would not the great concrete highway which runs through there disrupt and interrupt the traffic?

Mr. SMITH of Virginia. No; the heaviest route in the United States, which is U. S. No. 1, runs right along beside the present airport and is a constant menace and will always be a constant menace to those who travel by plane, as well as those who travel otherwise; then the Military Road bisects the field, and traffic lights are maintained to warn of approaching planes.

Mr. EAGLE. I may say to the gentleman that I so completely share his view that in flying up from Texas this week-end I declined to leave at a time that would put our ship down here after dark, because I knew it would be unusually dangerous.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. The committee in its report did recommend that Military Road be closed immediately, did it not?

Mr. SMITH of Virginia. I am not speaking of Military Road. There is one road just to the side of it and one road that runs right through the middle of it. They will have to close Military Road, which is the road used to get to the Experimental Farm, in order to establish an airport there that will be safe under any conditions.

Now, what I want the committee to do, when we reach the consideration of the bill under the 5-minute rule, is to put in an amendment that will change the personnel of this commission. I would also like you to put in an amendment that will cut out the clause which would permit this unofficial commission to take away from the Department of Agriculture a part of the Arlington Experimental Farm, far more important to the people of this country than the matter of whether they ever have an airport in the city of Washington or not. I should also like for the committee to put into the bill an amendment limiting this commission to $1,000,000 for the purchase of the land for this airport. You know you can go out here and get plenty of land for an airport for $1,000,000. If you limit it to $1,000,000, then you cut out this Washington-Hoover Airport Co. that is trying to sell its property to the Government for $17,400 an acre.

May I say on behalf of Arlington County, where this property is situated, that I have a resolution which I should like to put in the RECORD, from the county board of that county, which is the governing board of the county, in which they petition the Congress not to permit the Government to purchase this airport and deprive them of a very large chunk of taxes which they get every year from this property. I think the committee will feel that this local community, where this project is being placed, ought to be entitled to some consideration, particularly when you realize that it is a drain upon their taxes of $7,500 per year if you take this property out of taxation by selling it to the Government.

I now want to call attention further, if I have the time, to a matter with respect to the Gravelly Point site, and I am not making an argument for Gravelly Point. As I said in reply to the question of the gentleman from New York [Mr. FITZPATRICK], if this committee will agree to an amendment excluding both the Gravelly Point site and the Washington-Hoover Airport site from this bill, I will withdraw my objection to it this minute, but I do not believe the committee is going to pass a bill which leaves it in the power of an unofficial commission to permit this Washington-Hoover Airport Co. to sell their white elephant to the United States Congress for $17,400 an acre.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. FITZPATRICK. As I understand, if this bill passes, they will not have to come back to Congress.

Mr. SMITH of Virginia. No; if this bill passes, this unofficial commission selects the site and their say is final. The only thing left for commission no. 2 to do is to build the airport and operate it.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Illinois.

Mr. LUCAS. Can the gentleman give the Members of the House any basic or fundamental reason why two commissions should be set up here to negotiate this matter?

Mr. SMITH of Virginia. I cannot. I am violently opposed to that and I hope the committee will not adopt the amendment reported by the committee when it is offered to the House.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I am very much interested in the selection of a proper site for an air mail terminus. I can recollect very vividly when we initiated the first transcontinental air line that we had great difficulty in setting up landing fields from the Atlantic to the Pacific. At that time the Government sent out high-pressure salesmen to interest parties in the selection and establishment of air fields, and for many years afterward complaints were made that the Government either refused to land on the field or that the company or individual that set up the field was anxious to dispose of it to the Government. This advance selection of airport sites has not always proved advantageous in view of later developments.

If we decide to abandon the present facilities for an airport 20 miles away, we might have a white elephant on our hands 5 years from now, due to the ever-changing transportation service.

The present field is certainly a hazardous one. It is so regarded by the experts of every country. It is particularly hazardous for ships flying into the field, and should be changed and changed at once.

I have no objection to the bill or the details of the bill before us, but I really believe that the proper procedure for Congress to follow would be to establish an airport where it is now located.

From all opinion it is the best located airport of any city in the United States, and I have flown into a number of them. It is the best location because it is just across the river from the city. It is near the post office and within 5 minutes of the business center.

These airplanes carry passengers, express, and mail, and if there is delay in the transportation and delivery after the plane has landed that must be taken into consideration.

The Washington-Hoover Airport is the most convenient location, and its improvement can be brought about without much delay by eliminating the Military Road running through the center, eliminating the temporary bathing beach and filling up the adjacent lagoon, and turning over to the airport a portion of the Government's experimental farm land.

A. C. C. camp could go into the Washington-Hoover Airport and put it in condition within 60 days for flying under maximum safeguards.

Mr. McFARLANE. Can we not change the name of that airport?

Mr. MEAD. Call it the "new deal" airport. [Laughter.] If we select a site 10, 15, or 20 miles away, we will have to put up with this hazardous situation until the construction of the other airport is completed. If we improve the present airport, we will have the best located airport in the United States and one that is free from hazards.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COLE of New York. Mr. Chairman, I yield 3 minutes more to the gentleman.

Mr. MEAD. Mr. Chairman, we have an excellent site, and we will not have to worry about the price because, as I understand it, the commission created by the terms of this legislation has the authority to condemn the land.

I want to make this one closing observation. The size is ideal; it can be improved, and it affords an opportunity for Washington to have a real airport. We talk about airports

in other cities and in other countries; it must be remembered that this is only one of three or four airports that we have in the city of Washington. We have the Army airport, the marine airport, one or two private airports, but the Washington-Hoover Airport improved, as I have suggested, will make a splendid airport, unequaled in many respects by that of any other city in the United States, because of its being so close to the very heart of the city of Washington.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes.

Mr. McFARLANE. Does not the gentleman believe that as long as we have this name attached to this airport, there is going to continue to be a hazard. Its name ought to be changed, and I suggest that this committee change the name of the airport and relieve us from that hazard.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes.

Mr. FITZPATRICK. Would it make much difference in getting to and from an airport if it took 2 or 3 minutes longer, provided you have better landing facilities?

Mr. MEAD. Two or three minutes would be all right, but I understand the other sites are more than 2 or 3 minutes further away.

Mr. FITZPATRICK. We investigated sites here and there was a difference of only 2 or 3 minutes in locating a site that was cheaper and more reasonable.

Mr. RANDOLPH. Permit me to suggest that some 48 sites have been presented to various committees for consideration.

Mr. MEAD. Mr. Chairman, I took this matter up with a number of the men who fly into the airport, who use the airport, and this is what they say: If the Military Road were taken out and part of the experimental farm turned over by the Federal Government to the airport, so that they could clear the ground and move the hangars back, it would be a very excellent field and would probably cost only one-quarter of the maximum included in this bill. [Applause.]

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. NICHOLS].

Mr. NICHOLS. Mr. Chairman, the discussion of this bill has gone off on the wrong premise. The gentleman from Virginia [Mr. SMITH] has injected into this a proposition that would lead you to believe that this is a consideration for the location of a site, as between Gravelly Point and the Washington-Hoover Airport. That is strictly and entirely not the situation. The merits of the two sites are simply two things that will enter into the consideration of this first-named commission. They will consider every site, and the testimony in the hearings shows that there are some 45 in close proximity to the District of Columbia available for airports for the District of Columbia. The gentleman rather impugns the motive of somebody. Let us see what this commission is; let us see if there is any danger from this commission. Who are they? No. 1 is the Director of Aeronautics of the Department of Commerce. Where is the man who is going to rise and say that he has some selfish interest as between one and another airport? He will be a member of the commission. No. 2 is the Assistant Postmaster General. He is in charge of air mail. Who is the man or woman in this House who will say that he has a selfish interest in the selection of a site for an airport? He is to be a member of the commission. No. 3 is a Member of the House of Representatives, who shall be chairman, to be appointed by the Speaker of the House. Where is the man who is going to say that he has a selfish motive in the selection of this site, which can be selected from all the world—a Member of your own body, to be picked by the Speaker? No. 4 is a United States Senator, who is appointed by the President of the Senate. Is he going to be a "fixed" member of this commission?

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. Yes.

Mr. DOCKWEILER. Will anybody have time to explain to the committee members why it is that the Government is buying and why it is that the District of Columbia is not buying this airport?

Mr. NICHOLS. I shall answer that, but let me finish with this first. The fifth member of the commission is to be an appointee of the air-transport companies serving the city of Washington. Who is more interested in an adequate airport, one which will be located properly, one which will furnish every facility for landing, than the companies who pay for the support and upkeep in rental of this airport?

Do you think they are going to be swayed as between a location in Virginia and one in Maryland, or do you think they are going to protect their business interest, whose interests are identical with the interests to be served by this airport? Another member of the commission is a member of the Board of Commissioners of the District of Columbia. Who is going to impugn his motives? Where is the man that is going to say that he is a "fixed" member of the commission? Then there is Amelia Earhart Putnam. Certainly she knows how to fly an airplane and she has been in and out of airports. Who is there among the Membership who will assert that she will be a "fixed" member for the selection of an airport?

Let us go on. There will be two more, one a member of the Park and Planning Commission of the District of Columbia. This will be offered as a committee amendment and I trust it will be adopted. A member of the Park and Planning Commission of the District of Columbia. Is he going to be a fixed member of the commission, in favor of some particular site?

Another, a member of the board of trade, who represents the business interests of the District of Columbia. Will he go on the commission, fixed against one site or another? If it is possible to select a fairer commission, a fairer cross-cut of the representatives who are interested in this important matter, I do not know how it can be done. The only interest of the subcommittee in the consideration of this bill was to select a commission of which no one could be suspicious after they had selected a site.

In answer to the question asked by the gentleman from Illinois [Mr. LUCAS] as to why it was necessary to create two commissions, permit me to say it is necessary to create two commissions so that there will be obviated every chance of someone suggesting graft or frame-up. The first commission is a nonsalaried commission. It selects the site. We do not leave it in their hands to purchase the site and spend the money. We take it out of their consideration. They are discharged. They are no longer in the picture. Then we ask the President of the United States to appoint a commission of three who shall serve for a term of years at a per diem and expenses, not only to purchase a site but to operate and maintain the site. If any Member can think of a fairer plan, let him suggest it.

The gentleman from California asked, "Why should the Government pay anything on this airport?" The Government should pay its proportionate part of the construction and maintenance of this airport principally because it will receive equal benefits from it with the District of Columbia. A further reason why the Government should pay part of it is that this airport will be located in the Capital of the United States, a Capital that is rapidly becoming the Capital of the world, and in this Capital City of this Nation there should be an airport second to none in the entire world.

The Government does not land its air mail down on the Government landing field. You can take a bucket of water and stick an airplane down in that flat across from Gravelly Point. The Government is not going to lose any money. They put up the money, and then after 10 years the District of Columbia pays them back 50 percent of the money with 3-percent interest. Then the District of Columbia and the Government contribute equally, 50 percent each, to the maintenance of the airport. The Government and the District of Columbia share equally, 50 percent each, in the revenues that come from the airport. I know the gentleman from Texas, TOM BLANTON, is going to ask me if there is

going to be any profit. I do not know whether there is going to be any profit or not.

Mr. BLANTON. There will not be any.

Mr. NICHOLS. Very well; probably not.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. DOCKWEILER. In the gentleman's own home town there is an airport.

Mr. NICHOLS. No. I am a country boy. I live in a town of only 3,000 people.

Mr. DOCKWEILER. Well, we have one and we support it ourselves and we paid for it. I cannot vote for this bill, because I do not see that the Government's contribution is necessary.

Mr. COLDEN. And the taxpayers pay the bill, too, if it is not self-supporting.

Mr. NICHOLS. The gentleman says his city built an airport and paid the expense of it. I presume that somebody in that city thought they needed an airport. Because they needed it they took the money from the city and paid for it and built it, and they should have done so. Now, does Washington, with the ever-present problem of national defense looking her in the face——

Mr. DOCKWEILER. Oh, she has the Army and the Navy.

Mr. NICHOLS. I did not yield to the gentleman, but when it rains the Army and the Navy land their airplanes at the Washington-Hoover Airport today. The Army and Navy field is down in the flats. It is on made land. The water has never settled out of that land. It is still seepy and boggy. You can land an airplane and take a tub of water and stick it tight to the ground on the Army and Navy field. This airport should be located in a field that is high and dry and not in a spot of made land taken from the bottom of the river, as was the present site of the Army airport.

Mr. McMILLAN. Will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. McMILLAN. What would happen to Gravelly Point, if it was selected, on that score?

Mr. NICHOLS. I do not care to go into that, but the hearings are full of the testimony of experts on the subject. The testimony is that it will take from 1 to 40 years in the first place to complete it; that it will take from 1 to 5 years for it to settle and for the water to seep out of it. I have no interest in where the airport is. I do not care. But we sat for 3 weeks on this subcommittee listening to every available witness, and we have come here to you with a bill giving our best and mature judgment.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. NICHOLS] has expired.

Mr. COLE of New York. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. NICHOLS. Now, Mr. Chairman, there is just one real consideration in this bill, as I see it, and that is the question of whether or not the Congress thinks that the District of Columbia should have an adequate airport. No one who testified before our subcommittee even suggested that we had ample commercial landing facilities. No one who has ever landed either on the Washington or the Hoover field under present conditions, with Military Road splitting that field in two, will say that we have adequate landing facilities. Regardless of whether you like it or not, aviation is going forward. This country is rapidly becoming air-minded. The leading cities and communities in these United States are providing facilities with which they can take care of the march of progress, which is now being led by the rapid strides made in aviation.

The most rapid mail transportation today is carried on by means of airplanes. We should furnish the Post Office Department of this Government a place in the city of Washington where commercial ships can land the air mails. Private companies, if you please, have contracts from your Government and from my Government, to carry the mail. The Government does not provide them with landing facilities at the Army and Navy fields. The Government pays the private companies to carry the mail and it is up to the company to put the mail down at its own expense.

Visitors who come to the city of Washington on business, which they think should be expedited to the extent of their flying here, have the right to expect and know that they will be set down in an airplane in the city of Washington at a port where every care has been taken to protect their safety.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. RANDOLPH. It is the gentleman's opinion, then, that any airport constructed in the District of Columbia would serve not only the District of Columbia but also the Nation?

Mr. NICHOLS. Certainly, and it would serve every governmental department here.

I want to close with this statement. As I said before, this is a matter that has been before the House for at least two sessions; not this bill, but the question of an airport for Washington. This subcommittee sat for weeks and weeks and heard everybody whom we thought could throw any light on the subject. I sincerely hope the Committee of the Whole will pass this bill. No one has cried a great deal about expense. If you want to impugn the motives of this commission, all right; if you think there is a fairer commission that can be selected, let us try it; but if you want an airport for the city of Washington vote for this bill.

[Here the gavel fell.]

Mr. COLE of New York. Mr. Chairman, I yield the balance of my time to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, there is only one feature of this bill to which I object, and that is the feature requiring the Government of the United States to pay half of the expenses of purchasing this field and of maintaining it, and for it to provide all of the money and then wait 10 years before half of it is paid back. We have two fields of our own here in the District of Columbia, two landing fields owned by the United States Government, bought by the United States Government, and maintained by the United States Government, one for the Army and one for the Navy, and we do not need any interest in this field. This is a District of Columbia city field, just like the city field we have at Abilene, Tex.—and we have one of the finest landing fields in the United States in my home city, a double A–1 field where planes land regularly every day, mail planes, Army planes, passenger planes, private planes, every kind of plane. It is an all-weather field. When the people in the district of my friend from South Carolina want a field they buy and build it. When our friends from New York want fields they build them, they pay for them, and they maintain them.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry not to yield, but I want to use my few minutes myself.

Mr. Chairman, why should our taxpayers back home put up the money for this municipal Washington field? Our distinguished friends on this committee are very generous with the American taxpayers' money. They take it all out of the Public Treasury. None of it is to be paid back for 10 years. For 10 years the people of the District get the benefit of it and then begin paying back so much a year for 4 years.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Not now; I am sorry I haven't the time. When the gentleman goes home I want him to tell his people back home that for 75 years they have been taxed not only for their own civic enterprises at home but they were taxed also to bear 50 percent of the cost of the local civic government here in Washington, respecting all the public improvements in Washington, until in late years we stopped it. During those years the people in the 48 States paid 50 percent of the water system, the light system, the school buildings, the playgrounds, the bridges—the million-dollar bridge out here on Connecticut Avenue and the $3,500,000 Key Bridge. They helped to pay for all these civic improvements here, embracing 1,200 parks in Washington used for the pleasure and benefit of the people of Washington. The people back home do not get any benefit of these things unless they make a trip to Washington and visit here for a

few days. I am getting tired of seeing the taxpayers back home mulcted and almost ruined by overtaxation when they can hardly pay their own expenses, when they are already overburdened with taxes, when they have to pay all of their own civic expenses back home.

We should strike out the provision requiring the Government to pay any part of this expense. I am with our distinguished friend, the gentlewoman from New Jersey in providing Washington with an airport. She wants a nice airplane field here, and so do I; but I want to let the people of Washington pay for their own field.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mrs. NORTON. If the gentleman will help me get a bill through Congress giving the franchise to the people of Washington I will go along with him in some of his efforts.

Mr. BLANTON. Franchise for what?

Mrs. NORTON. A franchise to vote, of course.

Mr. BLANTON. What, against the Constitution! A bill was passed through Congress in 1871 giving the people of Washington the right to vote, but the Supreme Court held they did not have that right under the Constitution, and in 1874 Congress took it away again; but in the meantime they got into debt so far that it almost bankrupted the Nation to pay them out. We paid them out then but we provided also that if any official of the District of Columbia ever again should borrow another dollar he should be put in the penitentiary for a long term of years.

Why did Congress do that? They did it because they did not want this Nation's Capital to get into debt.

Mrs. NORTON. Does not the gentleman know that the Government has given 30 percent of the vast public-works fund as grants to the people throughout this country?

Mr. BLANTON. And the people of Washington have gotten their full proportion of all P. W. A. grants, and have already received their 30-percent donations.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that it shall be in order to consider the substitute committee amendment as an original bill.

Mr. BLANTON. Mr. Chairman, reserving the right to object, the gentlewoman from New Jersey means to consider the committee substitute amendment as an original bill for the purpose of amendment. In other words that it shall be read by sections and amendments shall be in order at the end of each section?

Mrs. NORTON. Yes.

Mr. SMITH of Virginia. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SMITH of Virginia. At the conclusion of the reading of this amendment, will it then be in order to vote upon the adoption of the amendment?

The CHAIRMAN. The Committee will have to vote upon the committee substitute amendment.

The Clerk read the committee amendment, as follows:

Strike out all after the enacting clause and insert: "That there is hereby created a commission to choose a site for the establishment and development of a commercial airport for the District of Columbia; said commission to consist of seven persons, as follows: The Director of Aeronautics of the Department of Commerce; the Second Assistant Postmaster General; a Member of the House of Representatives, who shall be chairman, to be appointed by the Speaker of the House of Representatives; a United States Senator, to be appointed by the President of the Senate; and an appointee of the air transport companies serving the city of Washington; one member from the Board of Commissioners for the District of Columbia, to be selected by said Board; and Amelia Earhart Putnam, internationally known aviatrix. Said commission shall receive no salary, but shall be reimbursed for actual expenses of travel incurred in the discharge of official duties herein prescribed."

Mrs. NORTON. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mrs. NORTON: On page 4, line 18, strike out the word "seven" and insert in lieu thereof the word "nine."

On page 5, line 2, after the semicolon, strike out the word "and."

On page 5, line 3, after the word "aviatrix", strike out the period, insert a semicolon and the following language: "an appointee of the National Capital Park and Planning Commission and an appointee of the Board of Trade of the District of Columbia."

Mrs. NORTON. Mr. Chairman, the latter amendment is offered in order to give the people of the District of Columbia greater representation on this commission and is the sole purpose of the amendment.

Mr. SMITH of Virginia. Mr. Chairman, I offer a substitute for the committee amendment, which I send to the desk.

The Clerk read as follows:

Substitute amendment offered by Mr. SMITH of Virginia: On page 4, line 18, after the word "persons", strike out down to the period on line 3, page 5, and insert the following: "To be appointed by the President."

Mr. SMITH of Virginia. Mr. Chairman, the difference between this amendment and the original bill is that instead of naming various and sundry individuals, officials, and others, as is done in the bill, the selection of the committee is left to the appointment of the President of the United States. That is all it does. It strikes out all of that part which says that so-and-so, Amelia Earhart, and somebody else shall be appointed to the commission, and directs the President of the United States to appoint the members of the commission.

The CHAIRMAN. The question is on the adoption of the substitute amendment offered by the gentleman from Virginia.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the committee amendments offered by the gentlewoman from New Jersey [Mrs. NORTON].

The committee amendments were agreed to.

The Clerk read as follows:

SEC. 2. Said commission is hereby instructed and empowered to make a survey of possible and practical sites and to study testimony submitted in the various congressional hearings conducted on this subject. Said commission is further instructed and empowered to choose a site for the establishment and development of a commercial airport, taking into consideration as prime factors, the questions of time of completion, cost of the enterprise, safety, and the proximity to the community to be served.

SEC. 3. After a site has been selected by the said commission (and it is hereby ordered that the action of a majority of the members of the commission shall constitute the action of the commission), the duties and powers of the commission for the selection of said site shall end.

SEC. 4. Within 30 days after the selection of the site by the commission, which shall be known as the "Washington Airport Commission", as above provided for, the President of the United States, by and with the consent of the United States Senate, is hereby authorized and directed to create a commission to establish and operate a public airport at Washington, D. C., to consist of three persons, to be appointed by him, and the first commissioners so appointed shall hold office for the terms of 2 years, 4 years, and 6 years, respectively, and until their successors shall have been appointed and qualified, and thereafter every commissioner appointed to succeed said commissioners shall be appointed for the full term of 6 years, and the President shall designate which one of said commissioners shall be chairman. Any vacancy created by death, resignation, or dismissal, or otherwise, shall be filled for the period of such vacancy only, and all such appointments shall be confirmed by the Senate of the United States. Said commissioners shall receive no salary, but shall be reimbursed for actual expenses of travel incurred in the discharge of official duties, and shall reside within 10 miles of the Capital of the United States.

SEC. 5. Said Commission, or a majority of them, shall have power to elect a manager for the airport hereinafter to be acquired, and all other officers and agents thereof, and to make all needful rules and regulations, subject to the law and to conform to the rules of the Department of Commerce regarding aviation.

SEC. 6. The said Commission is hereby authorized and empowered to acquire the property selected by the Washington Airport Commission first provided for in this act, together with all rights, privileges, and easements incident to same, and if, after private negotiation, a satisfactory price therefor cannot be agreed upon, then the said Commission is hereby authorized and required to give notice that said property is needed for public purposes and that the same will be condemned, and accordingly the same shall be condemned, and the condemnation proceedings shall conform as nearly as may be to the proceedings authorized and set up in the act of Congress approved May 18, 1933, known as "An act to create the Tennessee Valley Authority", and said

provisions of said act are hereby incorporated into and shall become a part of this act.

Mr. DOCKWEILER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not want to be misunderstood because of the remarks I made heretofore as being opposed to the District of Columbia getting an airport. I think I realize as fully as any member of the committee that the District of Columbia needs a commercial airport, but I have not been convinced after listening to the arguments made this morning that the United States Government should contribute the amount that it is proposed to contribute by this bill to the erection of this airport, the building of it and its continued maintenance throughout the years. This final commission is authorized to contribute for the Government one-half of the expense of the airport.

Mr. Chairman, it is no argument to tell me that because the city of Sacramento, which is the capital city of my State, desires an airport the State of California should build an airport in the city of Sacramento because that is the city of official business. It is no argument for national defense that this airport should be built or paid for in any way by the Government. The Government is intensely defended here in the city of Washington with its Marine airport, its Army airport, and its Navy airport. So far as that swamp land is concerned, the last time I flew to the city of Washington, the pilot refused to land in this commercial field, but did land at the Army or Navy field across the way.

Mr. Chairman, the United States Government is going to make a sufficient contribution to this airport that it should be selected at the commercial airport. There are a great many acres in this agricultural field that is spoken of, which the United States Government proposes to give. If such a plan is followed there are 14.25 acres available in the experimental farm. If the present airport is worth $16,000 per acre, multiply this 14.25 acres by $16,000 and this agricultural land is probably better than where the airport is at present situated. The area in Military Road amounts to 4.82 acres. The area in the lagoon amounts to 10.67 acres. The property between the lagoon and Military Road amounts to 8.10 acres. I have recited enough acreage here that on the basis of $10,000 an acre would amount to more than $500,000 as the contribution on the part of the Government.

Mr. Chairman, if the District of Columbia wants an airport, which it should have, the United States Government should not be made to contribute just because the Capitol is located here. There is no city from my experience and travels in the last few years during the depression that is so blessed by God as the city of Washington, D. C.; yet the folks here do not seem to know it. If they do not appreciate this fact, they better leave the District of Columbia and ride through the countryside and see the poverty and distress which exists in the country, and I am not speaking for ballyhoo purposes or for the newspapers at home when I make that statement.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in the discussion of this bill somebody, it seems to me, has received some advance information. I did not know that the commission, which this bill creates, was going to select the Washington-Hoover Field. I do not think anybody knows it and, of course, it is ridiculous to say that they do, but you continually hear this bill discussed with respect to the merits of the Washington-Hoover Airport. This is beside the question and is ridiculous. They talk about the expense to the Government in taking the Experimental Farm. There was no testimony before the subcommittee by anyone that they would take more than a small corner off of the Experimental Farm, and there was also testimony before the committee that regardless of what happened out there, the Government is now making plans to move the Experimental Farm entirely from its present location and establish it at another point.

As to whether or not Washington needs an airport for national defense, of course, Washington does not need one airport for national defense. I hope I never live to see the time when this country is engaged in war again, but if it is, and it happens that the war is brought to our shores, we will need plenty of airports for national defense purposes around the Nation's Capital. Neither 3 nor 4 nor 5 nor 6 nor 7 will be adequate. You certainly cannot concentrate your flying strength in time of war at one or two air bases. Certainly the Army and the Navy and the Marine Corps bases that the gentleman has referred to, plus the present field, would not be ample for national defense purposes in time of an emergency. I say frankly to this Congress that I think before many years have gone by you will have under consideration in this House a proposition to dot several places around the Nation's Capital as auxiliary landing fields for defense purposes, as they do in nearly every other capital in the world for its adequate protection.

Mr. Chairman, in the consideration of this bill, please do not be led off by the side arguments as between Gravelly Point and Washington-Hoover Field. They should not enter into the picture at all. One would think they were the only available sites in the country around the District of Columbia. Within a radius of 5 miles of the business district, the country is dotted with adequate sites on which could be placed a landing field that could be purchased right. You do not need to be scared about the $17,400 an acre that the gentleman from Virginia talked about. There are spots all around this city, and this commission not only is directed, but is ordered to consider every available site and, as I have said, unless you can impugn the motives of this commission, you have got to assume that they will consider all the sites.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. NICHOLS. I yield.

Mr. McFARLANE. Is there adequate provision made to provide proper safeguards with respect to bidding and publicity in regard to all the sites submitted?

Mr. NICHOLS. No; there is not. They can select the site and then the other commission buys it. The first commission does not do anything but select the site, and the second commission buys it.

[Here the gavel fell.]

Mr. RANDOLPH. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I want to say that the other nations of the world, many of which I have mentioned here today, through their capitals and their splendid airport facilities in practically every instance have contributed as governments to such airports at their national capitals, and here in Washington, D. C., we are face to face with the fact today that we need adequate airport facilities, and if there was ever a time when the Federal Government needed to shake hands with the District of Columbia in behalf of a project which is for the interest of both, it is now.

I may say that the Federal Government is helping cities throughout the country in the development of their airports by 30-percent grants in all the States of this Republic to assist such communities and cities in the development of proper aviation facilities.

It would be a wrong move for this House today to say to the country that this Nation has no part in the building of an adequate airport, with proper facilities, in the National Capital for the years that are ahead.

The pro forma amendments were withdrawn.

The Clerk read as follows:

SEC. 7. In the event that the site selected by the Washington Airport Commission first provided for in this act includes in it land or property which now belongs to the Government of the United States, or any department thereof, the Commission appointed by the President is hereby authorized, empowered, and directed to enter into negotiations with the department of Government having control over said property, for the acquisition, by lease or otherwise, of the property, so that it may be made available for use as an airport, as provided for in this act. Any department of Government which has under its control any property necessary to the successful completion of an airport, as provided

for in this act, is hereby authorized and directed, after satisfactory negotiations have been made with the Commission, to release to said Commission as much of said property as is necessary for the successful completion of said airport.

Mr. SMITH of Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 3, line 23, after the period, strike out the remainder of the section.

Mr. SMITH of Virginia. Mr. Chairman and ladies and gentlemen of the Committee, the purpose of this amendment is to foreclose the Airport Commission from taking over other Government property, and I have particular reference to that portion of the Arlington Experimental Farm.

I want to call the attention of the committee to the language that I ask to have stricken out.

Any department of Government which has under its control any property necessary to the successful completion of an airport, as provided for in this act, is hereby authorized and directed, after satisfactory negotiations have been made with the Commission, to release to said Commission as much of said property as is necessary for the successful completion of said airport.

I think that is a very dangerous provision. It leaves the possibility there that this commission may say to the Arlington Experimental Farm that we need 50, 75, or 100 acres for an airport, and the language is such that that Department is directed, after negotiations, to turn it over to the Airport Commission.

I read a letter in the general debate on the bill from the Department of Agriculture in which they said that if they had to give up any part of the Experimental Farm adjacent to the airport that is being used for experimental purposes now it would work irreparable injury to the Agriculture Department and disrupt experiments that have been running over several years.

There are plenty of places without taking any part of that farm. Under this language, they could require also other departments of the Government to turn over land for the site of an airport.

Mr. NICHOLS. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Virginia has changed his position. You remember that when the original bill was introduced the gentleman from Virginia proposed to acquire as an airport what is known as "Gravelly Point." Within Gravelly Point is land owned by the Government of the United States. If you adopt the gentleman's amendment, it would make it impossible to use any ground that now belongs to the Government.

I will say frankly that one of the finest sites, in my judgment, I saw—in my personal opinion—was a place down on Anacostia Flats, where the whole ground belongs to the Government of the United States. Why not take land that belongs to the Government and use it for an airport and save the Government from the expense of purchasing more land?

Mr. McFARLANE. Then, why not locate it on the land that belongs to the Government and stop all this poppycock?

Mr. NICHOLS. I stated that that was my personal opinion. We had other members on the committee.

Mr. RANDOLPH. Mr. Chairman, I believe it is time for us not to allow any small plat of ground to stand between us and the acquisition of land for an airport. I do not believe that you should adopt an amendment making it impossible to obtain any plat of ground that belongs to the Government or is held by any department of the Government. In addition to that, in nearly every site around here that is close to the District of Columbia you will find a sliver of Government land running into it, and you will have an airport commercially owned with Government land injected into it.

Mr. MILLARD. The gentleman made the statement there was a good deal of discussion that the Hoover Airport was in mind for purchase. Having section 7 in the bill, does not the gentleman feel that whoever prepared that section did have the Washington-Hoover Airport in mind?

Mr. NICHOLS. I expect I had as much to do with writing this bill as anybody. It was written by the subcommittee and it was not written by somebody and sent to us. We wrote the bill and we wrote the report. So far as I am concerned, I did not have the Hoover Airport in mind, but I did have in mind this: We saw a lot of tracts of land, some having Government land in them, and some of them are good, and we ought to fix it so that we could acquire those tracts even though some of them do belong to the Government.

Mr. MILLARD. Does the gentleman know who owns the Hoover Airport now?

Mr. NICHOLS. It is owned by a corporation; I forget the name.

Mr. MILLARD. There is nobody in the commission who has anything to do with it?

Mr. NICHOLS. No.

Mr. ELLENBOGEN. I believe the Hoover Airport is owned by the Government, is it not?

Mr. NICHOLS. It is not.

Mr. ELLENBOGEN. If this amendment is adopted, it takes the heart out of the bill.

Mr. NICHOLS. It does not take the heart out of it. It simply forces you to trade with real-estate men instead of using some of the land belonging to the Government.

Mr. ELLENBOGEN. It ought to be defeated.

Mr. NICHOLS. Yes.

Mr. FIESINGER. Why would it not be well to except Government land where operations might be interfered with?

Mr. NICHOLS. I just stated to the gentleman that there was testimony before our subcommittee, if he is interested in protecting the Experimental Farm, that the Experimental Farm is going to be moved, and then that will be vacant land owned by the Government used for no purpose.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

The Clerk read as follows:

SEC. 8. There is hereby authorized to be appropriated, out of any funds in the United States Treasury not otherwise appropriated, such sum of money as may be necessary to pay the purchase price of said land and for the necessary improvements thereon: *Provided*, That said sum of money shall not be in excess of $2,500,000. One-half of all sums expended from appropriations authorized shall be repaid to the United States, with interest at 3 percent per annum, from any funds in the Treasury to the credit of the District of Columbia, in four equal installments, commencing 10 years after the expenditure of the money above provided for, and the said Commission shall keep strict account of all its accounts and doings, shall fix fair and uniform charges, fees, rentals, and prices for all services and privileges accorded to any person, firm, or corporation using said airport, and shall annually, in December, make report to the President of the United States, and said report shall be by the President transmitted to the Congress for its information.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLANTON: Page 8, line 7, after the word "Treasury", insert the words "to the credit of the District of Columbia", and in line 11, after the figures "$2,500,000", strike out the period, insert a colon, and strike out all of the balance of line 11 and all of lines 12, 13, 14, 15, 16, and the words "provided for" in line 17.

Mr. BLANTON. Mr. Chairman, this amendment in no way interferes with the attempt on the part of the committee to furnish the District of Columbia with a proper airport. It does not change any of their provisions in the bill at all, except that instead of having the Government pay all the money and then waiting 10 years to eventually have a chance of getting half of it back, it provides that the District of Columbia shall do just like the people do back in Tennessee and West Virginia and Texas and Oklahoma—namely, pay for their own airport. What is wrong with that? Is there anything about the District of Columbia that makes its people here sacred, that we have to make them holy, as my friend from South Carolina, Mr. McMILLAN, suggests? Why give them everything on God's earth free?

Mr. DOCKWEILER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. DOCKWEILER. The gentleman's amendment still leaves that portion of the bill permitting the Government to turn over land.

Mr. BLANTON. Yes; it leaves every provision in the bill, but provides that the District shall pay for its airport. Why should you not support this amendment? Are your people back home satisfied with the present system of taxation whereby they pay for everything at home and then pay a great big sum here on civic expenses?

Mr. McMILLAN. May I say to the Members of the House that the record shows that $300,000,000 have been expended by municipalities in this country for airports. I do not see why Washington should be excepted.

Mr. BLANTON. Certainly. And there are not going to be any returns from this airport. So far as the splendid airport that we have in my city is concerned, the taxpayers have to dig down and make up the deficit. My home people paid for it and pay all maintenance charges and are glad to do it. We want airplanes to stop there. We have regular daily airplane mail service there. Do you want to have the Government put up all this money? That is what the Government is doing under this bill. This Government is putting up every dollar of it, $2,500,000 and then it will wait 10 years and get a part of it back on the installment plan.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Do they do that in Graham?

Mr. McFARLANE. No; we had to pay for our own airport. Under the loan and grant of the P. W. A. money the Government grants only 30 percent and the people have to pay 70 percent. Yet here for the city of Washington, under this bill they will receive a 100-percent grant from the Government.

Mr. BLANTON. Yes. The District has had its share of the P. W. A. money. It got about $1,700,000 to put in a sewer system and it got a lot of money from the Government to build a splendid tuberculosis hospital, which is being done at the present time.

It has gotten its share of the relief money. This Government spent $11,000,000 here in Washington last year for relief, out of the Public Treasury, and it has not got a dollar of it back. It spent about $1,000,000 a month for relief. If you will check up on the P. W. A. fund and every other fund you will see that Washington has gotten its lion's share of it. It gets the lion's share of all the jobs in Washington. It has gotten many times as many jobs as Texas, a great commonwealth, 900 miles across east and west and 900 miles across north and south. Texas gets a mere hand-out on public jobs compared to Washington. If you will go around Washington you will see "P. W. A. Project No. So-and-so." Go right down the Avenue and look on the left and you will see "P. W. A. Project No. So-and-so." There are hundreds of thousands of dollars spent here in various parts of the city annually out of various bills, no part of which is paid by the District of Columbia. Are you not getting tired of it? What reason is there for it? They are not overtaxed. I will say to my good friend from Oklahoma, Mr. NICHOLS—and I think he is one of the most valuable young Members of this House—I am going to put in here what his people down in Oklahoma spend compared to what the people spend here in Washington for taxes. It is time to stop it. I hope you will vote for my amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The Clerk read as follows:

SEC. 9. There is also authorized to be appropriated annually, so much as may be necessary for the operation and maintenance of the airport, including compensation of employees, repairs and accessories, purchase or installation, and maintenance of supplies and materials. One-half of said appropriations to be charged to the District of Columbia; one-half of all moneys received from the operation of said airport shall be covered into the Treasury as miscellaneous receipts; and one-half credited to the treasury of the District of Columbia.

Mr. BLANTON. Mr. Chairman, this section should go out of the bill because of the amendment we have just adopted. I offer an amendment to strike out section 9.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Beginning on page 9, line 1, strike out all of section 9.

Mr. NICHOLS. Mr. Chairman, I was on my feet seeking recognition when the Chairman put the motion on the previous amendment. I wanted to be heard on the amendment, opposing the amendment, as a member of the committee. I was on my feet seeking recognition when the Chair put the question. I am not sure what the parliamentary procedure is.

The CHAIRMAN. The Chair did not see the gentleman rise or hear him ask for recognition.

Mr. MAAS. Mr. Chairman, I also was seeking recognition at the same time, and I saw the gentleman from Oklahoma [Mr. NICHOLS] on his feet and asking for recognition.

Mr. McFARLANE. A point of order, Mr. Chairman.

The CHAIRMAN. The Chair will recognize the gentleman from Oklahoma to ask unanimous consent to be heard on the amendment.

Mr. BLANTON. But, Mr. Chairman, we have voted on that and determined it.

Mr. NICHOLS. Of course, the gentleman from Texas will object to it, I expect, if I ask unanimous consent.

Mr. BLANTON. If the gentleman had risen to question the vote, I would not have objected.

Mr. NICHOLS. I was on my feet. I did rise.

Mr. BLANTON. I mean before the Chair announced the vote.

Mr. DUNN of Mississippi. Mr. Chairman, regular order.

Mr. NICHOLS. Mr. Chairman, I ask unanimous consent that the vote by which the amendment offered by the gentleman from Texas [Mr. BLANTON] was adopted be reconsidered and that I be recognized in opposition to the amendment before it is voted upon again.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. FORD of Mississippi. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BLANTON].

Mr. NICHOLS. May we again have the amendment reported?

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Beginning on page 9, line 1, strike out all of section 9.

Mr. NICHOLS. Will the gentleman explain the amendment?

Mr. BLANTON. It relates to how this money shall be paid back. We have already provided that the District shall pay it, so there is no use having this last section. It does not injure the bill at all.

Mr. NICHOLS. I rise in opposition to the amendment. I am sure the gentleman is in perfect good faith in his zeal to save money for the taxpayers of Texas and Oklahoma and the other States, but in this instance the gentleman is wrong. If you are going to force the District of Columbia to pay all the bill—and I do not think you can force them to do so, but if you can do so——

Mr. BLANTON. Mr. Chairman, the first part of section 9 should be retained, so I withdraw the amendment; and then I will offer another.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Texas [Mr. BLANTON] is withdrawn.

There was no objection.

Mr. BLANTON. Mr. Chairman, I move to strike out that portion of section 9 beginning in line 5 on page 9 with the word "one-half" and the balance of the section.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 9, line 5, after the word "materials", beginning with the word "one-half", strike out the remainder of the section.

Mr. NICHOLS. Mr. Chairman, I make the point of order that the amendment is not in writing.

Mr. BLANTON. This is not a technical amendment.

The CHAIRMAN. The point of order is sustained.

Mr. BLANTON. I ask permission to put it in writing.

Mr. NICHOLS. Regular order, Mr. Chairman.

Mr. BLANTON. I offer the amendment.

Mr. McFARLANE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas [Mr. McFARLANE] is recognized.

Mr. McFARLANE. Speaking to the amendment offered by the gentleman from Texas [Mr. BLANTON], it would be foolish to refuse to adopt this amendment, in view of the fact that we have already adopted an amendment requiring the District of Columbia to pay for this airport, just as every other city in the United States pays for its airport if they have one.

If you dance you must pay the fiddler. We know that the District of Columbia is receiving more aid now per capita than any other city in the United States its size.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. NICHOLS. Will the gentleman explain whether or not this body by legislation can force the District of Columbia to spend money on an airport if the Commissioners of the District of Columbia do not want to spend the money?

Mr. McFARLANE. No; but it might stop this committee from bringing in this kind of legislation if we hang this kind of amendment on it.

Mr. NICHOLS. It will stop the District of Columbia from getting an airport.

Mr. McFARLANE. That is what we want to do, that is what I want to do. In other words, if the District of Columbia wants an airport let them get it the same way every other city gets an airport; let them buy it and pay for it.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. HARLAN. I am not expressing any opinion on this point but the gentleman's city, for instance, has the right to fix its own tax rate. The gentleman's city can borrow money and issue bonds, it has the benefit of inheritance taxes and income taxes, for most States have income tax laws. Not so with the District of Columbia, however, for this body, this Congress, controls the revenue of the District of Columbia absolutely. They are supine, they cannot do anything without our consent, yet we will not let them levy taxes although we hold them responsible for not doing things. What is the gentleman's comment on this situation?

Mr. McFARLANE. Answering the gentleman I will say that the bill which authorizes them to build the airport gives them full powers to build it if they see fit.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. CRAWFORD. What is the tax rate per $100 or per $1,000 paid on real property in the District of Columbia?

Mr. McFARLANE. I think it is a dollar and a quarter or a dollar and a half.

Mr. CRAWFORD. On the assessed valuation or on the actual valuation?

Mr. McFARLANE. It is supposed to be on actual valuation, although they reduce it about half.

Mr. CRAWFORD. Therefore it would be about $15 per $1,000. I pay $45 per $1,000 on actual valuation.

Mr. McFARLANE. That is true; and we all know that the tax rate here in the District is lower than the tax rate in any other city of comparable size in the United States. There is no argument about that, we know it is true.

Mr. NICHOLS. Mr. Chairman, if the gentleman will yield, the gentleman said the rate was $1.50 a thousand.

Mr. McFARLANE. No; it is $1.50 per hundred, $15 per thousand. I ask the gentleman from Texas [Mr. BLANTON] whether or not I am correct?

Mr. BLANTON. It is $1.50 per hundred, or $15 per thousand, on far less than actual valuation, as compared with $45 per $1,000 the gentleman from Michigan pays there on full valuation.

[Here the gavel fell.]

By unanimous consent the pro forma amendment was withdrawn.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 9, line 5, after the word "materials", strike out the balance of the paragraph and insert the following:

"SEC. 9. There is also authorized to be appropriated annually from the revenues of the District of Columbia so much money as may be necessary for the operation and maintenance of the airport, including compensation of employees, repairs, and accessories, purchase or installation, and maintenance of supplies and materials."

Mr. BLANTON. Mr. Chairman, adopting the amendment leaves the bill exactly as it was except that instead of the people back home having to pay all this money which the bill originally provided, and then waiting 10 years to get half of it back, the District of Columbia pays for its own airport. This is the way it ought to be.

The provision my amendment seeks to strike out provided that one-half of the profit was to be paid the Government. Of course, we know there will be no profit, so it ought to be stricken out.

Now, let me say to my friend about taxes, that the tax rate here now is $1.50 a hundred not on full valuation, because if you will read the hearings on the last District appropriation bill you will see that the Commissioners testified that year before last they arbitrarily reduced the tax assessment here by $80,000,000 at one time, just arbitrarily reduced the assessed valuation by $80,000,000. You will see that last year they made another reduction in valuation of $50,000,000. So last year and the year before the District Commissioners reduced the assessed valuation $130,000,000, and still the tax rate is only $1.50 a hundred, or $15 a thousand. My friend from Michigan says the tax rate in his district is $45 a thousand. Do you know what the tax rate is in some of the large cities of Oklahoma, where our friend JACK NICHOLS lives? Down there some pay $6 on the hundred, or about $60 on the $1,000.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MILLARD. Does the gentleman know of any municipality in the country where the tax rate is so low?

Mr. BLANTON. There is not one so low as Washington. The people of the District of Columbia pay a lower rate of tax than prevails in any other city of comparable size in the United States.

Mr. MILLARD. Or of any size.

Mr. BLANTON. If you doubt that, check it up. I want to repeat what I said before: Ben Johnson, of Kentucky, a splendid man, who used to be chairman of this committee, once spent 12 months intensely investigating this tax rate in Washington. I will guarantee that every Member of Congress who will read his last report will be astounded at the hundreds of millions of dollars our Government has spent here benefiting Washington people.

We are leaving this bill just as the committee framed it, except as to who is to pay for it. Every provision they wanted in the bill is still there. We have not disturbed a provision except one, and that is we are keeping the Government from paying all of this money and getting half of it back some of these days.

We are letting the District do what we do back home; that is, pay for their own airport. Out in California, they have spent millions of dollars out there for airports, just like we have in Texas, and we have some of the finest in the world down there in Texas. At Forth Worth, Dallas, Abilene, El Paso, and San Antonio we have splendid air-

ports. The Government has two here in Washington, one for the Army and one for the Navy. They say you can take a bucket of water and stick an airplane——

Mr. NICHOLS. I am talking about the Army airport down here.

Mr. BLANTON. We have an Army airport and a Navy airport.

Mr. NICHOLS. That is the one I was talking about sticking with a bucket of water.

Mr. BLANTON. We have an Army and a Navy airport. If they are not good enough we will build better ones. But when we pay for them, we want to own them.

[Here the gavel fell.]

Mr. BERLIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wonder if those who are opposing this bill, and who know that the airport will not be built unless Government funds are provided, have ever thought about this feature: That sometime today or tomorrow or some other time one of our colleagues may land in this field and a fatality occur? If such would happen we will be holding memorial service for those Members next year.

Mr. MAAS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think it is not only a crying shame but an absolute disgrace to the Nation that Washington has not one of the model airports of the world. It is a tribute to the pilots who have been flying the commercial planes to Washington that there have not been tragedies so far. They are doing the best they can with the facilities available. But think of it, Washington of all cities, the finest, most beautiful capital in the world, has one of the worst airports in the country.

We know that the District of Columbia is not going to build an airport, at least not in its initial stage. It has to have help from the Federal Government. Right in the middle of the present airport, which is privately owned, you have a road, and a very much used road. The airport is not usable unless the planes cross that road. There is a stop and go sign there. Can you imagine an airplane stopping in the middle of the air because the sign is red? Not until we invent some air hooks with which to hang them onto the clouds can you do that. We have heard of a number of cases throughout the country of airplanes striking automobiles, killing the people in the automobiles and the plane. Washington is the heart of this country. Do we want that to happen here? Along with our other great transportation systems the air has become very important, and because of the nature of governmental affairs today, it becomes increasingly necessary for people to come to Washington by plane. We have a great increase in our air traffic, yet have provided no facilities. Talk about the Army and Navy field? May I say to the gentleman from Texas [Mr. BLANTON] that the present Army and Navy fields are two of the worst fields in the world.

Mr. BLANTON. I agree with the gentleman. But let us remedy them. But this bill will not remedy them.

Mr. MAAS. That is what we want to do, and we want to remedy the commercial field as well.

Mr. BLANTON. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Texas.

Mr. BLANTON. We can raise the local tax rate here in Washington 10 cents and have more than enough money to buy and build the field. Just raise the tax rate from $1.50 to $1.60. I will go along with the gentleman then and help build the finest army field and the finest navy field in the world, because the gentleman says we need them, and I have confidence in the gentleman's judgment on such matters. He is one of our finest flyers, but he is not helping the situation by building a local city field here for the District with Government money, and which will charge the Government for every plane that lands on the field. He is not helping that situation.

Mr. MAAS. We have to have a commercial field. The District of Columbia is not going to build a field at the present time. We have not raised the tax rate, and I do not know that we would be justified in raising it. All I am pleading for is an airport.

Mr. BLANTON. The Commissioners may enter an order tomorrow increasing the tax rate 10 cents.

Mr. MAAS. But they have not done it.

Mr. BLANTON. An act of Congress is not necessary to do that.

Mr. MAAS. But in the meantime there is not a satisfactory airport here.

Mr. Chairman, if people are killed on that field it is our responsibility. The matter is in our hands; nobody else's. I shall hold this House responsible if any deaths result from our failure to provide an adequate field. The gentleman from Texas knows a great deal more than I do about the modus operandi; but I appeal to the House for a satisfactory airport. I do not care what the technicalities are, but I warn you that you are doing a great injustice to the country and to the people who have to come to Washington by air, if a decent airport is not provided.

The Washington-Hoover site offers a very fine opportunity, together with the agricultural farm, if Military Road is closed. Combining those three fields together would give us one of the finest airports in the country and one of the rare instances of having a field so close to the city, which is a big advantage to passengers.

Mr. BLANTON. Will the gentleman yield?

Mr. MAAS. I yield to the gentleman from Texas.

Mr. BLANTON. I will go with my distinguished friend the gentleman from Minnesota [Mr. MAAS] before the Navy Committee or the Army Committee and help build one of the finest fields in the world for this Government, one for the Army and one for the Navy; but we are not getting anywhere with this kind of a bill. This is not a Government bill at all; it is simply a local city bill, but the Government is to pay for it.

Mr. NICHOLS. May I say to the gentleman from Texas that that will not help the commercial situation, and that is where the trouble lies.

Mr. MAAS. That is exactly the point I am making. We need a commercial airport for the city of Washington, entirely aside from the Army and Navy needs, which have no relationship to the commercial needs. I am concerned with the practical and not theoretical situation involved in getting an adequate airport for Washington immediately.

It is not the people of Washington who are so much concerned with the providing of an airport here. It is really a national problem. It is used mostly by people coming here on Government business. Since it is the Nation's Capital, and air transportation here is largely for the convenience of the Nation's citizens, the Federal Government should bear part of the expense.

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I hope the Committee will vote down this amendment, and I will tell you why. Of course, if the former amendment of the gentleman from Texas is to remain in the bill, this amendment, probably, should follow; but this can be taken care of even if we leave the language in the bill, because there will be a separate vote demanded on the first amendment offered by the gentleman from Texas [Mr. BLANTON] when we go back into the House.

Now, Mr. Chairman, here is what we have done. If there are any among you who appreciate the trying necessity for an adequate airport at Washington and if you are friendly to the proposition that Washington should have an adequate airport, you have defeated your purpose by the adoption of the Blanton amendment, and I will tell you why: We cannot force the District of Columbia to spend any sum of money to build an airport. We can simply make provision for it, but we cannot force them, and if we leave this amendment in the bill, the District of Columbia will not build the airport, and the matter will stay where it is now, with two little plots of ground cut in two by Military Road, where Eddie Rickenbacker testified before our com-

mittee that every time an airplane sat down over that Military Road it endangered the lives of not only the passengers on the ship but the lives of pedestrians along the road.

If you put this provision back in the bill, TOM BLANTON need not be so exercised about the Government's spending 50 percent of the cost and the maintenance of this airport. This Government, under this administration, has gone up and down the length and breadth of the United States granting 30 percent here and 30 percent there to every little town of 3,500 people that would build an airport out of a little pasture field.

Why should the city of Washington be condemned? I have no fight to make for their taxation system. I do not think the citizens here pay enough taxes, but let us not wreak our vengeance out on this piece of legislation. If you leave this amendment in the bill, you will fix it so that the Capital of your Nation cannot have an adequate airport, although, as a nation, we boast of leading the march of progress of the nations of the world, and yet we have an air field out here that looks like a cracker box and is almost as hard to get into.

If you are interested in this bill, I may say the bill will do you no good unless you vote with the committee when we ask a separate vote on the adoption of the Blanton amendment.

I also hope you will kill the amendment now under consideration and then vote for the committee to take out the Blanton amendment when we get back into the House.

Mr. DOCKWEILER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, if Military Road that passes alongside of the present commercial airport is endangering the lives of some of our constituents who visit here in Washington, why is it that the committee cannot bring in a bill authorizing condemnation proceedings and condemn this road? I am willing to abandon this road and give it to the airport.

Mr. NICHOLS. Is the gentleman willing for me to answer that question?

Mr. DOCKWEILER. I yield.

Mr. NICHOLS. The road is absolutely under the control of the War Department and they have refused to close the road. There is now a resolution pending before our committee, which we are attempting to report out, to force the closing of the road and we are getting plenty of opposition from Virginia to the closing of this road.

Mr. DOCKWEILER. I will vote for such a bill, and that is our duty.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. BLANTON. My amendment has nothing to do with Military Road. My amendment simply has to do with relieving the Government of paying all this money. If you pass my amendment, Military Road can still be taken care of under the provisions of the bill.

Mr. DOCKWEILER. If the gentleman will leave me 1 minute of my time, let me say that the ninth section of this bill is more abhorrent to me than the donation of the money to build this airport. I would rather give $2,000,000 to build the airport than to have this recurring, annual expense which is more abhorrent to me than anything else.

Mr. NICHOLS. We have got to maintain it.

Mr. DOCKWEILER. Let the District of Columbia maintain it.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I would like to ask the gentleman from Texas if he has proposed this amendment as an economical measure in behalf of the Treasury?

Mr. BLANTON. Well, it keeps the Government from paying $2,500,000 now and waiting 10 years to get half of it back. That is an economy, is it not?

Mr. HOEPPEL. Mr. Chairman, if economy is the issue, which prompts our concern over such a comparatively small item, it appears that it is a type of economy which "strains at gnats and swallows camels." I sat on the floor here a year ago when we harangued all the afternoon over a matter of $100,000 for the Chicago fair. A day or two after this we came in, closed our eyes, and, without debate and under a strict gag, voted $1,272,000,000 to hand over to the President, without restriction or designation as to how he might spend this huge amount.

In the last session we voted a substantial subsidy to the bankers of America through the enactment of the Federal Housing Act. Under this bill, which the Congress meekly enacted, bankers receive 9.72-percent interest for loans which they make on the renovation of homes, and on mortgage loans which they make, to be repaid over a period of 20 years, they further gouge the public up to as high as 13 percent.

In addition, we take John Taxpayer's money and guarantee the banker up to 20 percent of any loss incurred on these loans, notwithstanding the usurious rates which they are exacting. Not only are we doing this for the bankers but we are spending millions of dollars of the taxpayers' money, employing thousands of individuals in the F. E. R. A. to canvass the homes of America asking the citizens to borrow money from the bankers for renovation or new construction at these extortionate rates. The Federal Housing ballyhoo has invaded every section of the country at great expense to the taxpayers. They have had 29 national radio hook-up ballyhoos in an endeavor to lead the people to the doors of the private bankers to borrow money, where the lowest interest rate is 9.72 percent. Instead of driving the money changers out of the temple, as we were promised by the President in his inaugural address, we are paying millions of the taxpayers' money to bring the distresed home owner to the threshold of the banker to be bled white. This is indeed a new deal for the banker. Never before did he have the Government cooperating with him in the exaction of usury.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. In a moment, if the gentleman will permit me to proceed. And after these people have borrowed this money, having 20 years to repay it, they will virtually pay for two or three houses while they actually own one. The Congress condones this and yet we quibble over a little matter of one and a half million dollars for a necessary airport which will contribute to commercial progress and which may be utilized also from the standpoint of defense!

Mr. BLANTON. Can the gentleman tell us who was the father of Zebedee's children? That is just as apropos to the bill now before us, which is to relieve officials from giving bonds.

Mr. HOEPPEL. I am not discussing ancient history but the inconsistency of our present situation and the utter absurdity, in the light of our past actions, of injecting the question of economy into the discussion of the pending bill.

Mr. RANDOLPH. Will the gentleman yield?

Mr. HOEPPEL. For a question.

Mr. RANDOLPH. I want to say that regardless of the talk here about the responsibility of the District of Columbia and the Federal Government being involved in the expenditure for an airport, we cannot get away from the proposition, that down in our hearts this will be a truly national utility.

Mr. HOEPPEL. I concur in the views of the gentleman. I want to emphasize further the fact that we are quibbling about small things which would be in the public interest and doing much for the financial group. In my opinion, we are not living up to our obligations as legislators. Speaking editorially this morning, the Washington Herald states:

> There was a time when Congress possessed the intelligence to meet great crises and, in proper cooperation with the other two coordinate branches of the Government, solve them in statesmanlike fashion.
>
> There was a time when the Congress was composed of self-respecting American citizens.
>
> That time has passed.
>
> The Congress of the United States has earned the contempt of the Nation.

I do not agree with the Herald wherein it is implied that Congress is not composed of self-respecting American citizens. This Seventy-fourth Congress, in my opinion, represents the finest and highest type of American citizenship and intelligence, but I must confess that thus far we have failed

to exercise the intelligence which God has given us and we have not faced the issue courageously in the degree which I consider necessary in our present crisis.

As Representatives I believe that we are beginning to wake up to our responsibilities, and I do hope that the criticism which has been directed at our body by the Hearst newspapers may serve to spur us on to act according to the dictates of our own consciences and understanding, and to decide for ourselves the merit of the questions submitted to us by the synthetic economists and Wall Street agents who apparently hold the reins here in the various departments.

I am still hopeful that the Congress of the United States, giving heed to the principles expressed in the President's inaugural address, will do everything possible to drive the money changers out of the temple and to restore to the Congress the right which is vouchsafed to it in the Constitution "to coin money and regulate the value thereof", rather than to permit this function to be usurped by the private international banker.

The CHAIRMAN. The time of the gentleman from California has expired.

Mrs. NORTON. Mr. Chairman, I move that all debate on this section and all amendments thereto now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mrs. NORTON) there were 58 ayes and 37 noes.

So the amendment to the committee amendment was adopted.

The CHAIRMAN. The question recurs on the committee amendment.

The question was taken, and the committee amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 3806) to establish a commercial airport in the District of Columbia, and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The SPEAKER. The question is on the amendment.

Mr. SMITH of Virginia. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. SMITH of Virginia. What is the vote on, the Blanton amendment or the committee amendment?

Mr. BLANTON. I make the point of order that there is only one amendment and that is the committee amendment.

The SPEAKER. There is only one amendment and that is the committee amendment. The question is on the committee amendment as a substitute.

Mr. ELLENBOGEN. Mr. Speaker, what is the amendment we are voting on?

The SPEAKER. It is on the committee amendment as a substitute to the bill.

Mr. FITZPATRICK. Does the substitute include the Blanton amendment?

The SPEAKER. It does.

Mr. FITZPATRICK. And we cannot vote separately on the Blanton amendment.

The SPEAKER. The gentleman is correct. There is but one amendment.

The question was taken, and the Speaker announced that the ayes had it.

Mr. SMITH of Virginia. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. The gentleman from Virginia objects on the ground that there is no quorum present. Evidently there is no quorum present. The Doorkeeper will close the doors, and the Clerk will call the roll.

The question was taken; and there were—yeas 316, nays 20, not voting 93, as follows:

[Roll No. 103]

YEAS—316

Amlie	Eckert	Knutson	Ramsay
Arnold	Edmiston	Kocialkowski	Ramspeck
Ashbrook	Eicher	Kopplemann	Randolph
Ayers	Ekwall	Kramer	Rankin
Bacharach	Ellenbogen	Lambertson	Ransley
Barden	Engel	Lambeth	Rayburn
Beiter	Englebright	Lanham	Reed, Ill.
Bell	Faddis	Lea, Calif.	Reed, N. Y.
Biermann	Farley	Lehlbach	Reilly
Binderup	Fenerty	Lemke	Richards
Blackney	Ferguson	Lesinski	Richardson
Blanton	Fernandez	Lewis, Colo.	Robsion, Ky.
Bloom	Fiesinger	Lloyd	Rogers, Mass.
Boehne	Fish	Lord	Rogers, Okla.
Boileau	Fitzpatrick	Lucas	Romjue
Boland	Fletcher	Luckey	Rudd
Bolton	Focht	Ludlow	Sabath
Boylan	Ford, Calif.	Lundeen	Sadowski
Brennan	Ford, Miss.	McAndrews	Sandlin
Brown, Ga.	Fuller	McCormack	Sauthoff
Brown, Mich.	Fulmer	McFarlane	Schaefer
Brunner	Gasque	McGehee	Schneider
Buck	Gassaway	McGrath	Schuetz
Buckbee	Gavagan	McGroarty	Schulte
Buckler, Minn.	Gearhart	McKeough	Scott
Burdick	Gehrmann	McLaughlin	Scrugham
Cannon, Mo.	Gildea	McLean	Shanley
Cannon, Wis.	Gillette	McLeod	Sirovich
Carlson	Gingery	McMillan	Smith, Wash.
Carmichael	Goldsborough	McReynolds	Snell
Carpenter	Gray, Ind.	McSwain	Somers, N. Y.
Cartwright	Green	Maas	Spence
Cary	Greenway	Mahon	Stack
Casey	Greenwood	Maloney	Starnes
Castellow	Greever	Mansfield	Stefan
Chapman	Gregory	Mapes	Stewart
Christianson	Griswold	Marcantonio	Stubbs
Church	Guyer	Martin, Mass.	Sullivan
Citron	Gwynne	Mason	Sutphin
Claiborne	Halleck	Massingale	Sweeney
Colden	Hancock, N. Y.	Maverick	Tarver
Cole, N. Y.	Harlan	Mead	Taylor, Colo.
Collins	Harter	Meeks	Taylor, S. C.
Colmer	Hess	Merritt, Conn.	Taylor, Tenn.
Cooley	Higgins, Conn.	Merritt, N. Y.	Terry
Cooper, Tenn.	Higgins, Mass.	Michener	Thom
Costello	Hildebrandt	Millard	Thomason
Cox	Hill, Ala.	Mitchell, Ill.	Thurston
Cravens	Hill, Knute	Mitchell, Tenn.	Tinkham
Crawford	Hill, Samuel B.	Monaghan	Tolan
Crosby	Hobbs	Moran	Tonry
Crosser, Ohio	Hoeppel	Mott	Truax
Crowe	Hoffman	Nelson	Turner
Cullen	Holmes	Nichols	Turpin
Cummings	Hook	Norton	Utterback
Daly	Hope	O'Brien	Vinson, Ga.
Darrow	Houston	O'Connell	Vinson, Ky.
Deen	Huddleston	O'Connor	Wadsworth
Delaney	Hull	O'Day	Wallgren
Dempsey	Imhoff	O'Leary	Walter
Dies	Jacobsen	O'Neal	Wearin
Dietrich	Jenckes, Ind.	Owen	Weaver
Dingell	Johnson, Okla.	Palmisano	Welch
Disney	Johnson, Tex.	Parks	Werner
Ditter	Johnson, W. Va.	Parsons	West
Dobbins	Jones	Patman	Whelchel
Dockweiler	Kahn	Patterson	White
Dondero	Kee	Patton	Whittington
Dorsey	Keller	Pearson	Wilcox
Doughton	Kelly	Perkins	Williams
Doxey	Kennedy, Md.	Peterson, Fla.	Wilson, La.
Driscoll	Kennedy, N. Y.	Peterson, Ga.	Withrow
Driver	Kenney	Pettengill	Wolcott
Duffey, Ohio	Kerr	Pfeifer	Wolfenden
Duffy, N. Y.	Kimball	Pierce	Wolverton
Duncan	Kinzer	Plumley	Wood
Dunn, Miss.	Kleberg	Powers	Young
Dunn, Pa.	Kloeb	Quinn	Zimmerman
Eagle	Kniffin	Rabaut	Zioncheck

NAYS—20

Allen	Burnham	Montague	Smith, Va.
Arends	Darden	Pittenger	Steagall
Berlin	Drewry	Robertson	Umstead
Bland	Gilchrist	Secrest	Warren
Burch	Kvale	Sisson	Woodrum

NOT VOTING—93

Adair	Brewster	Cavicchia	Cole, Md.
Andresen	Brooks	Celler	Connery
Andrew, Mass.	Buchanan	Chandler	Cooper, Ohio
Andrews, N. Y.	Buckley, N. Y.	Clark, Idaho	Corning
Bacon	Bulwinkle	Clark, N. C.	Cross, Tex.
Bankhead	Caldwell	Cochran	Crowther
Beam	Carter	Coffee	Culkin

Dear	Hart	Murdock	Smith, Conn.
DeRouen	Hartley	Oliver	Smith, W. Va.
Dickstein	Healey	O'Malley	Snyder
Dirksen	Hennings	Peyser	South
Doutrich	Hollister	Polk	Sumners, Tex.
Eaton	Jenkins, Ohio	Reece	Taber
Evans	Lamneck	Rich	Thomas
Flannagan	Larrabee	Robinson, Utah	Thompson
Frey	Lee, Okla.	Rogers, N. H.	Tobey
Gambrill	Lewis, Md.	Russell	Treadway
Gifford	McClellan	Ryan	Underwood
Goodwin	Marshall	Sanders, La.	Wigglesworth
Granfield	Martin, Colo.	Sanders, Tex.	Wilson, Pa.
Gray, Pa.	May	Sears	Woodruff
Haines	Miller	Seger	
Hamlin	Montet	Shannon	
Hancock, N. C.	Moritz	Short	

So the amendment in the nature of a substitute was agreed to.

The Clerk announced the following pairs:

General pairs:

Mr. Connery with Mr. Treadway.
Mr. Granfield with Mr. Jenkins of Ohio.
Mr. Sumners of Texas with Mr. Taber.
Mr. Sears with Mr. Gifford.
Mr. Oliver with Mr. Cooper of Ohio.
Mr. Miller with Mr. Andrew of Massachusetts.
Mr. Beam with Mr. Eaton.
Mr. May with Mr. Goodwin.
Mr. Cochran with Mr. Rich.
Mr. Corning with Mr. Bacon.
Mr. Martin of Colorado with Mr. Carter.
Mr. Buchanan with Mr. Hollister.
Mr. Flannagan with Mr. Brewster.
Mr. Bulwinkle with Mr. Marshall.
Mr. Rogers of New Hampshire with Mr. Woodruff.
Mr. Hancock of North Carolina with Mr. Andresen.
Mr. Dear with Mr. Crowther.
Mr. Cole of Maryland with Mr. Hartley.
Mr. Bankhead with Mr. Short.
Mr. Larrabee with Mr. Tobey.
Mr. Montet with Mr. Wigglesworth.
Mr. DeRouen with Mr. Reece.
Mr. Sanders of Texas with Mr. Culkin.
Mr. Gambrill with Mr. Cavicchia.
Mr. Smith of West Virginia with Mr. Doutrich.
Mr. Haines with Mr. Andrews of New York.
Mr. Clark of North Carolina with Mr. Wilson of Pennsylvania.
Mr. Dickstein with Mr. Thomas.
Mr. Underwood with Mr. Seger.
Mr. Cross of Texas with Mr. Dirksen.
Mr. Celler with Mr. Russell.
Mr. Brooks with Mr. Ryan.
Mr. Lewis of Maryland with Mr. Lee of Oklahoma.
Mr. Lamneck with Mr. McClellan.
Mr. Moritz with Mr. Polk.
Mr. Sanders of Louisiana with Mr. Murdock.
Mr. O'Malley with Mr. Smith of Connecticut.
Mr. Snyder with Mr. Thompson.
Mr. Robinson of Utah with Mr. South.
Mr. Buckley with Mr. Hamlin.
Mr. Evans with Mr. Adair.
Mr. Hennings with Mr. Frey.
Mr. Healey with Mr. Gray of Pennsylvania.
Mr. Caldwell with Mr. Coffee.
Mr. Hart with Mr. Chandler.
Mr. Clark of Idaho with Mr. Peyser.

Mr. WOODRUM changed his vote from "aye" to "no."

The result of the vote was announced as above recorded.

The SPEAKER. The question now recurs upon the engrossment and third reading of the bill, as amended.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

BUNKER HILL ANNIVERSARY CELEBRATION

Mr. HIGGINS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered by Hon. James A. Farley on the anniversary of the Battle of Bunker Hill.

The SPEAKER. Is there objection?

There was no objection.

Mr. HIGGINS of Massachusetts. Mr. Speaker, under leave granted me to extend my remarks in the RECORD I include the following address made by the Honorable James A. Farley before the Bunker Hill Council, No. 62, Knights of Columbus, at Charlestown, Mass., in celebration of the one hundred and sixtieth anniversary of the Battle of Bunker Hill, on Sunday evening, June 16, 1935.

I feel particularly honored that you in Boston have invited me—an outlander, so far as New England is concerned—to address you on this occasion. I have always believed that the anniversary we are celebrating commemorates about the most significant day in our whole history. Yes; I am not even excepting the Fourth of July, for, if I read history correctly, it is very doubtful if there would have been any Fourth of July for this country had it not been for the great happenings on Bunker Hill 160 years ago.

I suppose some of our accurate historians will complain that I do not say Breeds Hill. This is no time for controversy and it is Bunker Hill in every American mind. Tomorrow is Bunker Hill day, regardless of where the fiercest fighting raged when the medley of American soldiers hurled back the onslaught of the British veterans of Minden. The Yankees had neither a supreme commander, nor a national government. They fought under their State commanders, and while the book men are still figuring whether Massachusetts, Connecticut, or New Hampshire supplied the greatest leader, all the country cares about is that the combined effort of that day taught the world that a new Nation was being born.

Up to that time it was the popular impression through Europe that England was combating merely a frontier revolt by an unorganized group over which the British regulars would ride roughshod whenever they pleased. Bunker Hill conveyed to the world that a new principle, the principle of self-government, was being born, and that the whole population of the American Colonies was willing to fight, and if need be die, to establish independence. It took 7 years of hardship and struggle and bloodshed to convince Great Britain that she had lost her Colonies and even then the lesson was not complete, for 20 years later she tested American sentiment again, with the same result.

But why should I attempt to review the history to which you live next door, and of the details of which you are infinitely better informed, and of the importance of which no words of mine can add to your appreciation.

We in this country are not given much to worship at historical shrines, but Bunker Hill monument stands as the more familiar token of our national achievements than any other. Greater battles have been fought, more decisive determinations of important issues have been reached, higher monuments have been built; but from one end of the country to the other—in sentiment—your monument overtops all that have been raised to commemorate the achievements of our country.

Perhaps the example of those New Englanders that showed the world years ago the depth and courage and resource of America, performed a service as great or greater than the immediate encouragement of the Republic by leaving to their descendants, and to those who gathered about their descendants to form your great communities of today, a heritage of duty. Perhaps it was because of them that you have preserved this spirit, that you have ever since been in the forefront of every movement to resist tyranny and to correct the errors and abuses which new conditions brought in their train.

We, who are connected with the administration in Washington, will never forget that it was Massachusetts that blazed the way for New England's getting into the movement to rid this country of the domination of a group that held our people shackled. The group which, because of the blindness of their reactionism, helped us to drift into an abject depression—a group whose leadership, or lack of leadership, sunk the richest Nation in the world into a condition where the Government had to step in with doles to save millions of our people from actual starvation.

It was Massachusetts that revolted against religious intolerance and prohibition fanaticism when it stood forth and voted for liberalism in 1928. In 1932, New England, despite its tradition of conservative solidarity, followed the Bay State in demanding a new deal for America; followed the leader who is now in the White House, and has sustained him ever since. It has sustained him not because of any political strategy or trickery. It is because it recognized in him a determination to give this country prosperity and contentment if it were humanly possible to do this through acts of government. You New England men and women have been faithful to the old tradition. The courage of your ancestors at the birth of the Nation is still with you. Our country realizes that whenever the occasion arises for a patriotic decision it may be sure that you will be found steadfast in the faith. It is in your blood to be true to what your conscience tells you is right.

I am afraid that in my bringing together the memory of the clear-minded men who fought for a new thing 160 years ago and the equally clear-minded men and women of 1935 that I will be accused of injecting politics into a historic occasion. This is far from my purpose. Actually, politics has nothing to do with the efforts to combat depression, threatened starvation, and economic confusion. It would be a vain glorification of my own party to assume that Franklin Delano Roosevelt was put into the White House by Democrats alone, or that the measures he has taken and the results he has accomplished in getting our country out of the mire have been reached through the exclusive efforts of any partisan group. The only political aspect of it is because it suits the purposes and perhaps the necessities of certain men and aggregations of men to make it appear that recovery is anything but the concern of the whole people. The issue of today is bigger than the question of what party has title to Government offices.

I dare say there never was a time in our history when politics did not come into the picture of every important controversy. Even in the days when the British held Boston, and the American forces besieged them, there were those who thought the revolt of the Colonies was a mistake. Time has brought us to that state of tolerance where we may admit that even some of the Tories of those days may have been sincere in their opposition to breaking

the ties with the mother country, but nobody will assume that their sincerity atoned for the sin against their country, once the Colonies had embarked on the great enterprise of freedom.

I cite this extreme example of tolerance to illustrate what is perhaps the finest of all our American characteristics, that in themselves are a consequence of the Revolution ushered in by the battle we are commemorating. Before that struggle the rivalry, amounting almost to enmity comparable to the jealousies of the old Balkan States in some instances, was a prevailing element among the Dominion States. Indeed, it was the thought that their divergent interests and conflicting views would make it impossible for them to take united action against England, and therefore Great Britain reasoned that the task of crushing them would not be difficult. On the contrary, the common cause brought the Colonies into accord—they forgot their prejudices, they sank their aversions, they left their mutual differences to future adjustment, and when the new country swung into general action, Yankee fishermen and tobacco plantation folks, eastern capitalists and western frontiersmen—in fact, people of every creed, from every section fought side by side. They had learned the great lesson that no class, no group has a monopoly of goodness, any more than that some other element of our population has a monopoly of evil.

Perhaps some of my hearers may be inclined to doubt this in political campaign periods, when the violence of partisanship spurs orators to make charges and accusations against the opposition so monstrous that if anyone took them seriously, he would stand aghast at so much villainy. If the opponents of my party believed what they say about us they would not speak to me on the street. And if we on our side arraigned the entire membership of the opposition in similar fashion treason would be the least of the crimes we would prosecute them for. In fact our political campaigns are a sort of truce of tolerance, but when it is over we settle down to our humdrum existence and find that we get along perfectly in every relation of life with each other.

Such a spirit is indeed a worth-while heritage from our struggle for independence, of which this sacred shaft commemorates the beginning. For civil war we have substituted our every 4 years' spasm, and so we have grown and prospered through a century and a half, and 30 or 40 administrations, with a minimum of strife and a maximum of orderly progress. We have not only furnished a pattern of Government that has been followed by nations all over the world, but by the example of our national system we have taught the world that wrongs may be righted and rulers may be changed without fury or civil war.

I realize that in this city have stood the greatest orators our Nation has produced, and each in turn has delivered his message of congratulation to his audience and reverence to the towering figures of our history. I cannot hope to approach the magnificence of their eloquence and I am humbly sensible of the compliment you pay me in listening to the words of a plain American citizen.

We have had many stresses in our national life, and we are but emerging from perhaps the most dangerous crisis of them all. It must be the hope of every one of us that our emergence from the dark situation will not be checked, either by those who would overturn the fabric of our economic welfare, with wild schemes of confiscation of wealth, or those whose crusted reactionism makes them hang back from every movement that seeks to have Government keep pace with progress.

The founding fathers of our country started us off with magnificent equipment for the Nation's long journey. They told us the road would be beset with dangers and pitfalls; they pointed the direction we must take to reach our goal—farther than that they could not go. They could give us no map nor chart for the future beyond the period of their own lives, for it does not lie with any human being to foretell what lies far ahead in an ever-changing world. Every generation must meet its own problems, and hew its own trail when it finds itself beyond the zone of sign-posts and known landmarks. In such times—and the present is such a time—unity of purpose and faith in our leaders is our only hope. There is no backward path in the eternal journey of civilization. The world in the past has at times sought safety in retreat, and has landed in chaos that endured for centuries. We must go on.

Let me close this brief recital of the thoughts of a simple citizen with words spoken by one whose voice will ever resound down the ages. More than a century ago, Daniel Webster at the laying of the cornerstone of Bunker Hill Monument told the whole story when he said:

"Our proper business is improvement. Let our age be the age of improvement. In a day of peace, let us advance the arts of peace and the works of peace. Let us develop the resources of the land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform something worthy to be remembered. Let us cultivate a true spirit of union and harmony. In pursuing the great objects which our condition points out to us, let us act under a settled conviction and an habitual feeling that these 24 States are one country."

These 24 States he spoke of then are now 48 States; the country of which he spoke ended in the wilderness of what is now Ohio, but his thought is as true today as it was in 1825.

He concluded with these words, which constitutes a perfect code for all Americans:

"Let our object be, our country, our whole country, and nothing but our country. And, by the blessing of God, may that country itself become a vast and splendid monument, not of oppression and terror, but of wisdom, of peace, and of liberty, upon which the world may gaze with admiration for ever!"

ALLOTMENT OF TRIBAL FUNDS OF COEUR D'ALENE INDIANS

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a letter.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, in dealing with the Indians of this country there are many problems arising out of the agreements that have been made with the Indians in treaties that have been ratified in the past. History reveals that the Indians of my State of Idaho have been peaceful and have faithfully kept the promises made in the execution of the treaties that have been made by the Government in dealing with their problems. That the Members of the House may have the views of a member of the Coeur d'Alene Tribe of Indians I insert herewith a copy of a letter from Philip Wildshoe, an allottee on the Coeur d'Alene Reservation.

DE SMET MISSION, IDAHO, *May 16, 1935.*

Hon. COMPTON J. WHITE,

House of Representatives, Washington, D. C.

DEAR SIR: I received the Union Calendar No. 61, H. R. 6223, Report No. 249, which you have mailed to me. I am very pleased to receive said bill.

I will explain to you truly, as I am strongly against the use of the Coeur d'Alene Indian tribal money, money arising from surplus Coeur d'Alene Indian land sales or Coeur d'Alene Indian funds held by the United States in trust for the respective tribe of Coeur d'Alene Indian wrongly expendituring on Coeur d'Alene Indian Agency administrations to no benefit, creating nothing.

Mr. WHITE, I will give you the clear history of the Government agent and other employees, which is in my knowledge by me, seeing with my own eyes and knew what was going on amongst the Government agent and other employees on the post, operating on the Coeur d'Alene Indian Reservation in Idaho.

Back in the year of 1897, the Coeur d'Alene Indians had no doctor, no medicine; because Coeur d'Alene Indians had no money at that time that would be held by the United States in trust for Coeur d'Alene Indians.

In the year 1909, when the Coeur d'Alene Indian Reservation was thrown open by action of Congress United States Government. Surplus Coeur d'Alene Indian land sold to homesteaders this accumulate some money Coeur d'Alene Indian tribal money. First Coeur d'Alene Indian Agency was established build by Coeur d'Alene Indian tribal money, was under guise as said agency was built by United States Government expenses; not true. Second, said Coeur d'Alene Indian Agency's administration's appointment of superfluous of employees, at extravagant expenditures on monthly salaries. Twenty-five-year period under these extravagant expenditures on Coeur d'Alene Indian Agency's superfluous employees created nothing; did not cause to advance the Coeur d'Alene Indians to prosperity; Coeur d'Alene Indians only go broke; going worse.

The Commissioner of Indian Affairs and superintendents, Department of the Interior, has to confiscate the prorata shares tribal money from old-aged Coeur d'Alene Indians, minor children, to pay the wasteful expenditures on Coeur d'Alene Indian Agency's administration. The evidence I have written to you before my two children's prorata share their tribal money taken away from them, $903.

All Coeur d'Alene Indian tribal money is disappearing, wasted on the Coeur d'Alene Indian Agency administrations. Had Congress probed the Commissioner of Indian Affairs, superintendents, administration, constructing building at the Coeur d'Alene Indian Agency at De Smet Mission in Idaho under guise at United States Government expenses, money appropriated by Congress from the United States Treasury, which is not true, said construction of said buildings are at the expenses from Coeur d'Alene Indian tribal money; had Congress probed these buildings, would see said buildings of no use, now abandoned, going into dilapidation. The Commissioner of Indian Affairs, superintendent, Department of the Interior, are at present seeking new fields for more wastage from Coeur d'Alene Indian tribal money or funds held by the United States in trust for the respective tribe, Coeur d'Alene Indians.

The United States Government has no agreement or permanent agreement for expenditure of money out from its United States Treasury; none to Coeur d'Alene Indians.

Congressman COMPTON I. WHITE, consider under your authority the complaints I write you, the wastage of Coeur d'Alene Indian tribal money. Introduce a bill in Congress to prohibit the Department of the Interior, Secretary of the Interior, Commissioner of Indian Affairs, superintendent, prohibit not to expenditure Coeur d'Alene Indian tribal money or funds held by the United States in trust for the respective tribe, Coeur d'Alene Indian, not to expenditure on Coeur d'Alene Indian Agency's administrations.

Ignore even if a few Coeur d'Alene Indians agree in the past to use Coeur d'Alene Indian tribal on Coeur d'Alene Indian Agency's administration's expenditures; it is without due contemplation.

When public money is appropriated and Coeur d'Alene Indian money is grabbed by the Commissioner of Indian Affairs, Department of the Interior, both public money and Coeur d'Alene Indian money are extravagantly expenditured to no results.

Probe the special appointed Government officer guised to suppress the intoxication liquors out from the Coeur d'Alene Indian Reservation in Idaho, present Special Officer Tom Claggett, salary paid from Coeur d'Alene Indian tribal money, said special officer has not performed no officer's duty on the Coeur d'Alene Indian Reservation, said special officer is at Yakima, Wash., with his stool pigeons, or in the city of Spokane, Wash., with his stool pigeons. While on the Coeur d'Alene Indian Reservation is lawless, beastly drunkenness going on amongst the Coeur d'Alene Indians in public. Several lives are lost caused by intoxication liquor.

Mr. Congressman WHITE, probe this intoxication-liquor situation. Twenty-five years period paying said special officer for what is not done. Intoxication liquor was never suppressed from Coeur d'Alene Indian Reservation. Twenty-five years period said special officers clever scheme, special officers placing a mark on his own money gave his money to his drunkard Indian stool pigeon, instructing said Indian go to that white man, buy some intoxication liquor to make an arrest. Tnis is the special officers clever device to make an arrest. This act suppress nothing.

If you will introduce a bill in Congress to do away with this Government special officer.

The Coeur d'Alene Indians have no representation to bring the actual wrongs exisiting on the Coeur d'Alene Indian Reservation to the attention of the proper authorities at Washington, D. C., that would probe into the wrong actions on the Supt. A. G. Wilson's administrations at his Moscow, Idaho office, headed by Commissioner of Indian Affairs, John Collier, Department of the Interior. The Congress of the United States Government of American, Senate and House of Representatives, appropriates millions and millions of dollars called "Indian appropriation," otherwise not appropriated, Congress should contemplate where that millions of dollars annually Congress' Indian appropriation goes to, is it to be expended into vapor, and Congress probe the total figures from Congress' original Indian appropriation to 1935, the grand total would be billions of dollars expended on Indians' name only. Congress probe what did that billions of dollars expended do for the Indians. The Coeur d'Alene Indians are Indians on their Indian Reservation. No portion is visible that would be apportioned for the Coeur d'Alene Indians from said annual Congress' Indian appropriations. In the Union Calendar, H. R. 6223, Report No. 249, which Congress had passed I studied it, the Coeur d'Alene Indians not mentioned Congress did not appropriate no money for the Coeur d'Alene Indian Agency's administration salary wasteful expenditures to no results.

Mr. Congressman WHITE: If some members from the Senate Committee on Indian Affairs, and some members from the House of Representatives, members on Committee on Indian Affairs probe each individual Coeur d'Alene Indian home you would find it very poor. If you travel the Coeur d'Alene Indian Reservation slowly examine what every Indian have and his true condition you would find them very poor, you would find no trace of anything created to benefit the Coeur d'Alene Indian. You would see nothing only poverty.

Yes, indeed; the Coeur d'Alene Indian Agency's administrations and superintendents—Moscow, Idaho, office—are to many some duplicates.

Only United States Government Congress can stop these wasteful expenditures existing on the Coeur d'Alene Indian Reservation.

The United States American citizens has a damned will against the Coeur d'Alene Indians because they think the Coeur d'Alene Indians are donated showered upon from public money, American citizen tax money what the Congress United States Government, Senate, and House of Representatives appropriates annually called Indian appropriation. In truth Coeur d'Alene Indians not getting it. All I have is land granted to Coeur d'Alene Indians in the year 1877. From when it was pure American United States Government, Senate, and House of Representatives.

Yours respectfully,

PHILIP WILDSHOE.

BLEEDING THE STATES TO DEATH

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

THEIR EVENTUAL ANNIHILATION THROUGH FEDERAL USURPATION OF SOURCES OF REVENUE PECULIARLY BELONGING TO THE STATES

Mr. PLUMLEY. Mr. Speaker, I trust that my colleagues will bear with me for a few minutes while I rethresh old straw and talk about a matter in which I was very much interested and about which at one time I thought I knew something, namely, the subject of taxation. I recognize the fact that men much abler and better informed than I am have discussed this matter in your hearing, and I do not labor under the hallucination that I shall contribute anything new. However, my statements are made as a result of my own practical experience. As an attorney at law I specialized in the study of this matter, for years administered the corporate, general, and inheritance tax laws of the State of Vermont, and later as general counsel and tax attorney handled excise, income, and all other forms of taxation incident to the transaction of corporate business.

All this was some years ago, and I put it all behind me, and to be perfectly honest with you, I know I have forgotten—and am rather glad of it—many of the rules, regulations, and details which enmesh the general subject. Out of my experience, however, came the conviction, grown stronger through the years, that the Federal Government has no moral right and no business to enter the so-called "field of inheritance or Federal estate taxation."

What I have to say is inspired by the recommendations of the President that in addition to the present estate taxes there should be levied an inheritance succession and legacy tax, and the further recommendation that gift taxes should be imposed. Under the Constitution I suppose it is to be construed that the Federal Government has a legal right, under what is known as the "excise tax", and the power to levy the so-called "estate tax." I insist that there is no logical basis or justification, at least there is not the same logical basis or justification, for such imposition by the Federal Government of such tax, as exists and is inherent in the States themselves.

I have always been opposed to the usurpation of this source of revenue to the States by the Federal Government. The imposition of this tax and the right of the Federal Government to impose it on inheritances rests upon the theory, which probably is correct, in fact the only basis on which it may rest, that it is an excise tax—a tax which the Federal Government has the power to levy, but has no moral right so to do, since the Federal Government has no power over the law of descent and distribution. It is not based on any correct principle. It invades the domain more properly relegated to and reserved to the States. Since property passes by virtue of State laws, not by virtue of any Federal law, such revenue as may be derived from an inheritance tax, which is a tax on the right to inherit property, belongs primarily to the States. It is a foregone conclusion that the several States of this Union are gradually and insidiously being deprived of their rights and prerogatives.

It should not be forgotten that property derives its principal value from the protection it receives from the individual States and from the laws of the several States by which its acquisition, enjoyment, and transfer are made possible and are controlled.

This no man can truthfully deny. Those of you who are interested in conserving whatever rights the States still have left, in perserving the integrity and insuring the perpetuity of the States, constituting this Union, must be on your guard, must consider well what action you shall take. You should not forget that the theory of an excise tax is that it should be based upon a privilege granted by the Government. It has been held that the Federal estate tax is an excise tax and may be imposed; nevertheless, I call your attention to the fact that the privilege of transmitting property at the time of death is exclusively a right of the States, and that no privilege is granted by the Federal Government with or in respect thereto.

The Federal Government should not seek to accomplish social regulation by and through taxation.

The idea of a Federal estate tax was wrong in its inception; is still and always will be wrong. The old maxim that the remedy for wrongs is to forget them is inapplicable in this case for no question "is ever settled until it is settled right."

Although the Government may have the right under the Constitution to impose excise taxes, that alone does not justify the reckless exercise of the power to take from the States revenue which if left to them relieves to some extent, at least, the farmer, the small business man, the real-estate owner, and the average citizen of the State from the burden of already unbearable taxation.

The divine right of kings may have been the plea for feeble tyrants, but the divine right of government is the keystone of human progress and its foundation is found in local government. Without it government sinks into the exercise

of police power and the "Nation becomes a degraded mob." The proposition to superimpose additional Federal estate, inheritance, succession, and gift taxes, means just one thing, and that is the further diminution of revenue for the States, and that heavier tax burdens must be borne by real estate and other tangible property now almost taxed out of existence. The States need every available source of revenue. To destroy values from which the States receive income is to force them to resort to higher taxes and to include the wage earner of limited income in the list of those whose income must be taxed. This law of action and reaction is immutable and incontrovertible. The end may be seen from the beginning.

It is interesting to observe that James Madison in seeking to allay the fears of the people who dreaded the possible aggression of a strong centralized Federal Government, and who apprehended the possibility of some such usurpation of the rights and prerogatives of the several States as is contemplated by the so-called "Federal estate tax", and those now recommended by the President, it is interesting to observe, I say, what James Madison says in no. XVI of the Federalist, viz:

> The Federal and State Governments are in fact but different agents and trustees of the people, constituted with different powers, and designed for different purposes. * * *
>
> But ambitious encroachments of the Federal Government, on the authority of the State governments, would not excite the opposition of a single State, or of a few States only. They would be signals of general alarm. Every government would espouse the common cause. A correspondence would be opened. Plans of resistance would be concerted. One spirit would animate and conduct the whole. The same combinations, in short, would result from an apprehension of the Federal, as was produced by the dread of a foreign yoke; and unless the projected innovations should be voluntarily renounced, the same appeal to trial by force would be made in one case as was made in the other. But what degree of madness could ever drive the Federal Government to such an extremity.
>
> That the people of the States should, for a sufficient period of time, elect an uninterrupted succession of men all ready to betray both; * * * that the governments and the peoples of the States should silently and patiently behold the gathering storm, and continue to supply the materials, until it should be prepared to burst upon their own heads, must appear to everyone more like the incoherent dreams of a delirious jealousy, or the misjudged exaggerations of a counterfeit zeal, than like the sober apprehensions of genuine patriotism. * * *
>
> Let us not insult the free and gallant citizens of America * * * with the supposition that they can ever reduce themselves to the necessity of making the experiment by a blind and tame submission to the long train of insidious measures which must precede and produce it. * * *

Patrick Henry, in voicing opposition to the adoption of the Federal Constitution in the Virginia convention, exclaimed:

> Where are the purse and sword of Virginia? They must go to Congress. What has become of your country? The Virginian government is but a name. (Elliott's Debates, III, pp. 366–410.)

Fear of excessive power in the proposed new Government excited wide-spread opposition to the adoption of the Constitution by the colonists. Justification for such fear was found in the long struggle of the people in the mother country to preserve their rights and liberties. The colonists, with knowledge of the contest between the Parliament and the Stuart kings which lasted nearly all of the seventeenth century, mistrusted usurpation of powers and centralization in government beyond all things else. Their kin across the seas had been participants in this almost interminable struggle. Furthermore, they had just concluded successfully the Revolutionary War, which was brought about by the exercise of centralized powers wielded from a great distance and from beyond the borders of the continent.

To them, all of the serious experiences of mankind, immediate and centuries old, seemed to justify the extraordinary reluctance with which they yielded to the necessity of forming the more perfect union which was proposed. But the necessity for the establishment of such new union with carefully guarded and more centralized powers than previously were thought necessary was apparent to the ablest and most far-seeing statesmen of those times. The Constitution framers, observing the dangers of excessive centralization of powers on one hand and anarchy arising from excessive localization of powers on the other hand, succeeded in writing into the Constitution that perfect balance of powers on which has rested the security of this governmental structure during the whole period of its existence.

Lord Bryce, with whose writings respecting our system of government there is none to compare, visualized our plan of government and tersely described it in the following language:

> Under the plan of the Constitution makers, an American, through a long life, may never be reminded of the Federal Government, except when he votes at a Presidential election, buys a package of tobacco bearing the Federal stamp, lodges a complaint against the post office and opens his trunk for a customhouse officer on a pier when he comes from a European tour. His direct taxes are paid to officials acting under State laws. The State, or local authority constituted by State statute, registers his birth, appoints his guardian, pays for his schooling, gives him a share in his father's estate, licenses him when he marries or enters a trade, divorces him, enters civil action against him, declares him a bankrupt, and hangs him for murder. The police that guards his home, the local boards which look after the poor, control the highways, impose water rates, manage schools—all these derive their powers from State laws. In comparison with such a number of functions, the Federal Government is but a department of foreign affairs.

But Lord Bryce would report a far different situation were he empowered to revisit us in our present day. He would find the very antithesis to obtain. He would find a scene similar to that visualized by another who warned us against that which he must have seen materializing.

In The Critical Period in American History, written by the historian John Fiske, may be found this language:

> If the day should ever arrive when the people from the different parts of our country should allow their local affairs to be administered by prefects sent from Washington, and when the self-government of the States shall have been so far lost as that of the Departments of France, or even so far as the counties of England, on that day the progressive political career of the American people will have come to an end, and the hopes that may have been built upon it for the future happiness and prosperity of mankind will be wrecked forever.

In the early days the proponents of the Constitution took the view that dangers of State encroachments upon Federal powers were greater than the danger of encroachments of the Federal Government upon the powers of the States. Few, if any, tendencies have been witnessed to indicate that there was justification for such fear. History shows that, where the greatest power in government is lodged, greater power is sought, and, except for the prudence and firmness of the people, which Hamilton saw was necessary to the maintenance of this Government, ancient rights, however firmly established, will be lost. There is nothing new in this observation. Human nature has not changed perceptibly in this respect. Power in government affairs begets more power. It has been so always. Vigilance remains as the price of liberty.

Why is it necessary to use the device of a Federal inheritance tax? The present situation, with two Federal estate taxes, is already almost intolerably complicated. Fiduciaries are at their wit's end to know how to close and distribute their estates, in view of the delays and litigation incident to the administration of the two present Federal estate taxes. If to this curious structure is added a Federal inheritance tax, confusion will become worse confounded. I do not understand why if the Government needs more money from this source, it does not either cut out the 80-percent credit provision now existing in the 1926 Federal Estate Tax Act or else increase the rates of the 1934 Federal estate tax. That seems the obvious and simple thing to do. If instead of that a Federal inheritance tax is added, administrative delays will increase very greatly and fiduciaries will be in an even worse hole than they now are. This is because an inheritance tax is much more complicated to administer than is an estate tax. Practically all questions relating to such an inheritance tax must be referred to the Bureau at Washington. Doubtless that Bureau can avail itself of the services of plenty of legally trained men, but such procedure will result, in my judgment, in almost intolerable centralization. I have observed the administration of the Federal estate tax from the outside for a good many years and, in my opinion, its chief difficulty is in bureaucracy and centralization. If this is to be increased it will result in an

unwarrantable increase in the burdens laid upon fiduciaries and in an unwarrantable delay in the rights of heirs, devisees, and legatees. Surely such people have some rights left even though the Government proposes to take away most of the property that they inherit. Even though comparatively little be left to them after the imposition of death taxes, yet as to what little is left they are entitled to know certainly what it will be and to receive it as promptly as possible.

From the point of view of the burdens laid upon fiduciaries, heirs, legatees, and devisees and because I apprehend that the imposition of the proposed Federal inheritance tax will enormously complicate and delay matters. From the point of view of a State official administering a State inheritance tax a proposed Federal inheritance tax will diminish the revenue of the State unless the State chooses to enact rather unfair legislation denying the deductibility of Federal death taxes, whether estate or inheritance, from the gross estate subject to State inheritance tax.

Now, as to the validity of any Federal death tax, whether estate or inheritance. This is generally believed to have been conclusively settled in favor of validity by the decision of *Knowlton* v. *Moore* (178 U. S. 41 (1900)). I am perhaps imprudent in venturing to doubt that decision and the soundness of the reasoning of the opinion. Chief Justice White wrote a 67-page opinion in which he discussed the matter of death taxation from every conceivable angle. When, however, he came to the main point, namely, whether the Federal Government had any power, under the Constitution, to levy any sort of a death tax, I venture to doubt the soundness of his reasoning. He seems to base his decision upon the fact that the Federal inheritance tax of 1797 was passed at a time when Congress was full of men who had participated in the formation of the National Government and of the Constitutional Convention which preceded it. His argument is that these men presumably knew what was within and what was without the power of Congress, and that if they enacted a Federal inheritance tax it must have been within the power of Congress; and that consequently it was not up to the Supreme Court, a century later, to doubt the validity of that action. (See p. 56 in vol. 178, U. S. Reports.)

It seems to me that this is a rather tenuous argument. At bottom it depends on the theory that the subject of inheritance or estate taxation is not the right or privilege granted by the sovereignty to transmit or inherit but is the transmission or receipt. This seems to me, with the greatest respect to Mr. Chief Justice White, a metaphysical distinction without any real difference. Indeed, I believe that it can be demonstrated to be wrong. It is universally admitted that it is the States and not the Federal Government which grant the right to inherit property from the estates of deceased persons. I think no one will doubt this proposition. If so, it is within the power of any State to defeat any Federal death tax as applied to its own citizens.

All that such State needs to do is to provide, by statute or by amendment to its own constitution, that thereafter the property of all decedents domiciled in such State shall escheat to the State; that such escheated property shall be taken in charge by State officers called "executors" or "administrators" and shall be administered by them and the debts and other expenses paid and the balance—less an amount varying from 1 to 10 percent, being equivalent to present State inheritance taxes—be distributed to the heirs, legatees, or devisees of the decedent. It seems to me fairly certain that the Federal Government could not levy any tax upon property escheating to a State; and if all the property of all decedents escheats to a State, the Federal Government cannot levy any death tax whatever.

If my line of reasoning is correct, it seems to me that any Federal death tax, whether estate or inheritance, has no solid foundation. A death tax is a privilege tax; and a sovereignty which does not afford the privilege cannot impose the tax.

When all is said and done, notwithstanding the legality of the course that has been pursued and is proposed, it is wrong. The Federal Government as such has no moral right to levy an inheritance tax, call it excise or otherwise, which indirectly puts an additional tax on the property of every citizen of each and all of the several States under the guise of redistributing wealth. If redistribution of wealth is to be accomplished by any such means, certainly let it be done firsthand by the States under whose law the wealth represented by the property is permitted to be transferred. I do not object to the proposition that great fortunes should be broken up, and at their devolution a generous share should be contributed to the State which has made possible the accumulation, and permits the devolution thereof, but I am not in favor of the plans advocated by President Roosevelt and Senator Long. The President's message has been characterized as a demagogic appeal designed to steal the thunder of share-the-wealth spellbinders, and is further evidence of the fact that he is still following the suggestions of the schizophrenic fringe of councilors who surround him, or with whom he has surrounded himself. It is time to stop further centralization of power in the Federal Government; time to stop these poorly disguised attempts by circumlocution to deprive the States of their lifeblood in violation of their reserved powers and rights; time as in the days of William Prynne and King Charles "to rescue the King from his evil councilors" and reestablish before it is everlastingly too late the sovereignty of the States.

The Supreme Court has repeatedly held that under the Constitution the Federal Government cannot through taxation, or otherwise, sap the sovereignty of the States. The history and the experience of other nations should teach us that only when normal prosperity, based upon confidence and credit, puts the stream of wealth into its natural activity and it is made free from governmental interference can all the people participate in its benefits, and that out of that economic law, and from that law alone, will come those measures which are the objectives sought to be attained under the President's proposed program.

On February 1, 1925, President Coolidge realized that the temper and spirit of Congress disclosed a disposition to sacrifice sound principles of taxation on the altar of expediency, or to enter upon a program of social legislation under the guise and use of the taxing power of the Government, and he said:

> I do not believe that the Government should seek social legislation in the guise of taxation. We should approach the question directly, where the arguments for and against the proposed legislation may be clearly presented and universally understood. If we are to adopt socialism it should be presented to the people of this country as socialism and not under the guise of a law to collect revenue. The people are quite able to determine for themselves the desirability of a particular public policy and do not ask to have such policies forced upon them by indirection.

I do insist, again, it is not the function of the Federal Government, through the instrumentality of an excise tax, to attempt to accomplish such social reform, since the right to transfer the property by inheritance is a State right and not one held or had by virtue of any Federal statute.

The suggestion that a super-Federal estate tax and the others enumerated should be imposed is a serious threat against the continued financial stability of the States. It affects the welfare of every single citizen. It concerns every Congressman who has at heart the welfare of those whom he undertakes to represent. It involves the continuation of and the very political life of every State in this Union, for it strikes at the very root, viz, the revenue-producing and yielding power of the State itself, for in the power to tax lies hidden that insidious, destructive, devastating power to destroy.

This, moreover, is not all that should give us pause as patriots, not partisans. The average citizen may not realize that he is paying or will pay his share of the proposed taxes, but the day of reckoning will soon be at hand. Nearly 40 cents of every dollar we earn is paid out in taxes of one kind or another. A continuation of this policy can but result in individual and even national financial ruin. When the people wake up and realize the facts, they will demand relief.

Further, and with respect to a collateral matter, may I suggest that we should not overlook the facts so forcibly brought to the attention of the people of New York by

William C. Breed, chairman of the board of economic council of that State. Without attempting to quote him exactly, he said in substance:

The Government also is favoring the passage of many acts which require readjustment of capitalization, dissolutions, or other corporate action, without consideration of the burden such actions impose under the existing income-tax laws. For example, the proposed Public Utilities Act is designed to force holding companies out of business. If this law is passed, it necessarily means the dissolution or consolidation of many companies. On the other hand, we find certain sections of the income-tax law imposing heavy penalties as the result of dissolutions or consolidations. The public is so concerned with the provisions of the Public Utilities Act itself that it fails even to consider what would be the effect of the passage of such a law on the companies themselves under the provisions of existing tax laws.

It might also be mentioned that under another section of the income-tax law passed last year the dissolution of a corporation whose stock has been held by an individual for over 10 years will precipitate upon that individual a tax penalty of 100 percent of the profits arising from such dissolution, while if the same individual had sold his 10-year stock he would be taxed only 30 percent of the profit therefrom. * * *

This amendment of 1934 was undoubtedly passed to catch the profits retained in holding companies or private investment companies the dissolution of which the Government sought to effect, and yet we find that it has also penalized the stockholders for doing the very act which the Government would apparently like to have brought about. The effect of this provision on dissolutions undertaken for ordinary business reasons and not relating to private holding companies is exceedingly serious, and clearly this provision should be amended.

In studying the conflicting income-tax laws which have been passed, one comes to the conclusion that many of the evils of tax avoidance are in reality created by the very terms of the laws themselves. There is no doubt that our income-tax laws should be studied and broadly revised; there also is no doubt that they can be vastly improved, simplified, and made understandable to the average individual. The chief impediment to any revision of these tax laws, however, is the present-day idea behind all legislation, which is:

Tax everything on every possible theory, so that those who have will have nothing left.

It is certainly true that if this principle of government continues there will be nothing left, not even incentive. * * *

If the Government's present program continues, moreover, the United States bids fair to sink into the condition of Australia of 20 years ago—a great country without hope, a country without hope because of its attempt to socialize everything and everybody, forgetting that the happiness of the average citizen depends upon the business prosperity of the country itself.

But the game of trying to make 2 and 2 equal 6 is about played out, and the average citizen is awakening to the fact that experiments do not produce prosperity or recovery.

Excessive and abusive taxes have caused wide social disturbances and have led to great historical events.

President Coolidge in an address delivered at the National Conference on Inheritance and Estate Taxation in this city in 1925 said:

The position has been taken that the Federal Government should withdraw from the field of estate taxation. This view has much to commend it. The right to inherit property owes its existence, not to any Federal law, but to the laws of the States. Federal estate taxation, therefore, has not the natural excuse which is conceded to State inheritance taxation. The Federal Government being in the field, however, primarily with rates as excessive as those recently adopted, results in a very material decrease in the amount and value of the property upon which the States will have their inheritance tax. If the States are to suffer diminution in revenue from this source, they can make up their losses only by higher tax in other fields. Already the taxes levied by the States upon land are so high as to menace the prosperity of the farmer. For the sake of the revenue which the Federal Government receives from these sources the Federal Government should be careful to see that indirectly it is not taxing the very persons whom it most wishes to relieve.

The Honorable William H. Blodgett, former Commissioner of Taxes of the State of Connecticut, in addressing the National Council of State Legislatures in 1927, most forcibly stated the situation with respect to Federal estate taxation, and I desire in closing to leave with you for your consideration his analysis of the then existing situation, the same in principle as now obtains, only emphasized by the magnified threat against State rights inherent in the recommendations made. Hear him when he says:

The present Federal estate tax anomaly places the States in a strait-jacket. It is based on the doctrine that the citizen, in whichever State he lives, must pay taxes locally and for State purposes in accordance with the congressional will. The strait-jacket is a presumption of authority and works an injustice to every State in which the citizens have thoughtfully attended to public business. The device accomplishes by indirection that which could not be considered as possible by directly imposing on any State the obligation to enact any kind of tax laws. No one would stand for such direct action by the Congress; such a proposal would not be considered. By the indirection found in the Federal law the same purpose is accomplished. Prior to 1924 the determination of whether the State would or would not have death tax laws was regarded as a matter exclusively of its own concern. Since the passage of this law, while free to make such determination, each State is subjected to penalty for failure to make the determination in accordance with the Federal plan.

The States in the Constitutional Convention yielded the right to the Federal Government to impose taxes only in reliance upon the constitutional limitations as to apportionment and uniformity. It was intended that the Constitution should forbid discrimination by the levying of duties, imposts, or excises upon a particular subject in one State and a different duty, impost, or excise on the same subject in another State. The burden was to be uniform in all States.

The necessity for uniform death taxes is no greater than the necessity for imposing uniform personal income taxes or uniform corporation net-income taxes. No reason exists for uniformity in the several States with respect to such taxes. Indeed, uniformity in this regard is undesirable except as there may exist uniform sentiment in the States imposing such taxes and other uniform conditions too varied in character to be enumerated. If the strait-jacket principle is sound, other strait-jackets, possibly and probably less comfortably fitting, may be devised in course of time to fit other States which refuse to obey the congressional will. By application of Federal power of the purse, the discomfort of three States now may be slight in comparison with that which other States may feel in a decade or two.

If it were necessary for the Federal Government to establish such principle as underlies this tax, no good citizen would inveigh against it. Whether constitutional or unconstitutional, this law not only is in conflict with the spirit of the fundamental law but it destroys that equilibrium essential to the progressive political career of the American people. As the historian Fiske pointed out:

"The hopes that may have been built upon it (the Constitution of the United States) for the future happiness and prosperity of mankind will be wrecked forever."

A large majority of Americans feel as does President Frank, of the University of Wisconsin, as we watch the relentless encroachment of the state, in one European nation after another, upon private enterprise and political liberty, that we want more than ever to will to our sons an America in which a great economic leadership has made possible the preservation of the inspiring advantages of private enterprise and political liberty by boldly recasting its economic policies for the distribution of wealth in the light of its technical processes for the production of wealth.

After swallowing whole a program for the control of production he says:

The creation of scarcity, and the boosting of prices, which has always been the dream of reactionary economic leadership, a radical politics sets the stage for heavier and heavier taxation of the results of successful enterprise in order that Government may execute lavish public works, on the theory that this will effect the spread of buying power necessary to stabilize our economic order.

This, it seems to me, is missing the point. I do not suggest that industrial enterprise, incomes, and inheritances cannot stand heavier impacts of taxation. I insist only that we cannot build a great civilization by lavish expenditures on even the most desirable public works unless concurrently we solve the problem of clothing the bodies, feeding the stomachs, and freeing from fear the hearts of the masses in and through the Nation's business, industry, and agriculture. The place to solve the economic problem is at the source where policies respecting wages, hours, prices, and profits are formulated. It is no answer to permit an economic system to play havoc with the lives of millions and then step into the picture with stringent taxes to take care of these millions with the munificence of a political Santa Claus. In the end such procedure will wreck the system that must produce the wealth and sap the self-respect of the millions who learn to lean on the bounty of Government.

I direct your attention to the undeniable fact that never were those in favor of centralization of power in the Federal Government more active than in these very days. The lifeblood of the States is being insidiously sapped by leechlike

governmental agencies whose number is legion. The eventful disintegration of the body politic and the loss of the identity of the several States is most seriously threatened.

But the States will not submit if they be but aroused to a realizing sense of what confronts them. The sentiment of the country has not been better expressed than by learned Senator GEORGE when he recently said:

The ultimate preservation of the Union depends upon the retention, unimpaired, of the dual system of government set up by the Constitution. The liberty of the citizen rests at last upon local self-government; upon local institutions administered by local authority responsive and responsible to local opinion. The decision of the Supreme Court does not call for amending the Constitution or for the surrender of the reserved powers of the States over the intimate personal business and social affairs of the people.

The decision of the Court calls for the full assumption by Congress of its constitutional responsibility in the consideration of legislative proposals. Nothing but disaster lies ahead if those who know well the political theories of history and are yet lacking in the vital sense of the realities of life are permitted to shatter the American system of government and to attempt to remold it in accordance with their desires. It is yet our hope that these theorists, many of whom have encamped in Washington, will have their day and pass away.

In a recent editorial the Constitution called attention to the warning of Daniel Webster of the dangers of tampering with the Constitution. He said in an address on the hundredth anniversary of Washington's birth:

"Other misfortunes may be borne or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhausts our Treasury, future industry may replenish it; if it desolates and lays waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests.

"But who shall reconstruct the fabric of demolished government; who shall rear again the well-proportioned columns of constitutional liberty; who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again."

I agree fundamentally with those who contend that there should be a more equable distribution of wealth and that concentration of it in the hands of a few is to be deprecated; but I am opposed to attempts to redistribute it by imposing the Federal super estate and inheritance taxes in the manner proposed. If redistribution is to be effected in any such way or manner, it can and should be attempted and accomplished through and by the States along the lines I have suggested.

There can be no question that the extraordinary governmental expenditures which have now reached proportions for which there is no peace-time parallel in the history of this or any other country must be met by taxation. The manner in which it is done and the methods used, however, should not strike at the heart of the body politic. The spending program must be checked. Its continuation threatens the financial stability of the Government, so do also the plans and policies defined in the message of the President. Our form and system of government are imperiled, for in the sapping of the lifeblood of the several States lies the evident threat of their eventual annihilation.

The further growth of the hydra-headed centralization monster must be stopped, and now.

PRESIDENT ROOSEVELT'S TAX PROGRAM WHICH WOULD GRADUALLY REDISTRIBUTE THE WEALTH OF THE COUNTRY, AS WELL AS THE BURDENS OF GOVERNMENT

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio address which I delivered today on the President's tax program.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD I include the following address which I delivered today over a national radio broadcast.

My friends, on last Wednesday, June 19, President Roosevelt delivered to Congress one of the most important messages that has ever come from a Chief Executive of the United States, in which he advocated a policy that would not only tend to redistribute the wealth of this Nation, but it would also redistribute the burdens of government, through the taxing power.

That message constitutes one of the brightest rays of hope that has dawned for the overburdened taxpayers of America since the close of the Civil War.

He is not advocating a radical or a destructive policy, but a safe, sane, and constructive constitutional method of raising the necessary revenues to meet our obligations and to gradually redistribute the wealth of the Nation in such a way as to give the children of this and coming generations an opportunity in this world.

In recent years we have found ourselves in the midst of a paradoxical depression that is without a parallel in all history. We live in the richest country in all the world. With a gentle climate, a fertile soil, and an abundant rainfall, our lands produce every agricultural commodity necessary for the maintenance and comforts of mankind.

We produce more wheat, more corn, more hogs, more cotton, more dairy products, in fact, more of all agricultural as well as manufactured commodities of every kind than the American people can possibly use.

Our natural resources are unlimited. In fact, we have the world's reserve supplies of raw materials and they are well distributed throughout the length and breadth of the land.

The inventive genius of America has given us an ascendancy and a control over the forces of nature never before attained in all the history of the human race.

And yet, we have seen millions of our people hungry and other millions insufficiently clothed. We have seen bread lines stretching down the streets of our cities, while farmers were losing their homes, seeing them sold for debts or confiscated for taxes.

Practically every individual who owned a home, or tried to own a home, has been loaded with debts and burdened with taxes that he found himself unable to pay. Almost every county, municipality, school district, or road district, and practically every State in the Union, and even the Federal Government itself is burdened with debts and bonded obligations that it seems almost impossible to pay.

Yet, we scarcely owe a single dollar beyond the confines of the United States. On the other hand, foreign countries owe this Nation billions of dollars, and at the same time, they and their citizens owe private individuals and private enterprises in America billions of dollars more.

What is the trouble? Why all this financial distress in the richest land in all the world, practically the only country that does not owe any debts beyond its own borders?

It is maldistribution of wealth. We are cursed with a system of economic feudalism that has overawed, browbeaten, or controlled by insidious methods or continuous pressure, the forces of democracy and so dominated the legislative programs of this country during the last 60 years that it has concentrated the wealth of this Nation into the hands of a few families.

We are told that less than 10 percent of our population now own more than 90 percent of our wealth. They are pyramiding their fortunes and passing them on down from generation to generation, ever increasing them by the natural accretion of interest accumulations, while the rest of the 120,000,000 Americans are literally grinding their lives out to even meet the interest they have to pay.

They began by accumulating vast fortunes out of the Civil War. They accumulated more through a high protective tariff, which levied an annual tribute upon every human being in America. Through this method, they sapped the economic vitality of the agricultural States, using the powers of Government through Federal pension and political patronage to hold enough of those States in line to guarantee them supreme control.

While governments were instituted and developed among men primarily to keep the strong from oppressing the weak, the powers of this Government have been used in the past to help the strong oppress the weak.

More fortunes were accumulated, and therefore more wealth was concentrated through a manipulation of public utilities, overcapitalization, sale of watered stocks, and exorbitant service charges. They even manipulated the currency by expanding through the Federal Reserve System and contracting in the same way—raising prices for a period until people adjusted themselves to higher price levels, incurred debts, fixed their tax rates, and floated bonds for necessary improvements—then contracted that currency, drove down prices, and are now demanding that those debts be paid with high dollars, and on deflated commodity values.

The people have about reached the limit of their endurance. They know there is something wrong with our present system, and they are beginning to realize what it is. They are demanding, and they are going to continue to demand, that there be a redistribution of the wealth of this country, and that the burdens of taxation be placed where they belong.

The President has pointed the way.

This is a sane and orderly method of solving this question. We do not need any amendments to the Constitution to give Congress this power. Congress already has that power under the Constitution as it now stands.

If you will let me write the tax bills, I will balance the Budget, pay a reasonable old-age pension, pay off the soldiers' adjusted-service certificates, and pay off the national debt in 25 years. I would place the same burden of taxes on the rich and opulent, in proportion to their wealth, that we are now placing upon the poor, the man of moderate means.

Today, the man most heavily burdened with taxes is the farmer and the home owner and the small business man, whose entire profits and invariably the equity in whose property is taken to pay his taxes. The one element that has grown richer as a result of

the World War has been the ones into whose hands the wealth of the Nation has been concentrated.

The reports of the Bureau of Internal Revenue show that in 1921 there were 21 individuals in the United States with incomes of a million dollars a year. In 1929, there were 513 individuals with incomes of a million dollars a year. Their number had multiplied 25 times, while the man of moderate means had gone down in the economic scale. The rich had grown richer by leaps and bounds, while the poor had grown poorer.

"Ill fares the land, to hastening ills a prey,
Where wealth accumulates and men decay.
Princes and lords may flourish or may fade—
A breath can make them, as a breath has made;
But a bold peasantry, their country's pride,
When once destroy'd, can never be supplied."

But gentlemen who have always represented the predatory interests of the country in the House and Senate, and who now vociferously proclaim their desire to prevent the further issuance of tax-exempt securities, studiously refrain from advocating the real remedy, and that is the raising of inheritance taxes and making the ones who own tax-exempt securities now bear their part of the burdens of government.

Our inheritance taxes are ridiculous. They are infinitesimal compared with the taxes which the average American has to bear.

Just before the passage of the last tax bill, I secured copies of the inheritance-tax rates for both France and Great Britain, and compared them with the inheritance-tax rates in the United States.

Here is a sample of the comparison: If a man died in the United States and left $100,000, his estate would pay a tax of $1,500. In England, it would pay $9,000; and in France $36,997.78.

In this country, an estate of $300,000 would pay a tax of $19,500; in England it would pay $28,000; while in France it would pay $130,789.78. In this country an estate of $500,000 would pay a tax of $42,500; in England, $105,000; and in France, $234,373.78.

In this country, an estate of $1,000,000 would pay $117,500; in England, it would pay $270,000; and in France $504,373.78.

I have long advocated the French rates for this country.

Men talk about taxing the profits of the next war. I want to adequately tax the profits of the last war. Then there will not be any next war, at least in your day and mine.

The people of large fortunes, as a rule, are the ones who invest their money in tax-exempt securities. They are the ones who seek and find that storm cellar. They are the ones who made fortunes out of the war, coining their millions out of the blood and tears of the suffering men, women, and children of the world. They are the ones who made their millions out of the tariff, by levying tribute upon everything the average American buys, from the swaddling clothes of infancy to the lining of the coffin in which old age is laid away.

They are the ones that we must reach if we ever expect to balance the Budget and meet the responsibilities of this Government and redistribute the wealth of the Nation so as to give the rising generation a chance in this world. Let's make American money serve the American people, instead of being used to buy titled husbands for rich heiresses of concentrated wealth.

This measure should be passed now, and I, for one, shall insist on Congress staying in session until it is put through. We ought not to think of adjourning until this measure becomes a law.

Then we can repeal some or all of our present nuisance taxes.

This will be Democracy's answer to socialism, communism, and all the other radical and dangerous influences to American institutions. It will assure equal opportunities to the children of the future, and, in the words of Abraham Lincoln, it will inspire us with renewed hope that "government of the people, by the people, and for the people, shall not perish from the earth."

COOPERATIVE AGRICULTURAL EXTENSION WORK

Mr. JONES. Mr. Speaker, I submit a conference report for printing under the rule on the bill (H. R. 7160) to provide for research into the basic laws and principles relating to agriculture, and to provide for the further development of cooperative agricultural extension work, and a more complete endowment and support of land-grant colleges.

BONDS OF OFFICERS AND EMPLOYEES, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill H. R. 7765, to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia; and for other purposes, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The gentlewoman from New Jersey calls up the bill H. R. 7765, and asks unanimous consent that it be considered in the House as in Committee of the Whole. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object. This bill seeks to relieve certain officials of the District of Columbia from giving official bonds. What officials does it embrace, I ask the gentlewoman from New Jersey?

Mrs. NORTON. The Commissioners of the District and surveyor and other officials.

Mr. BLANTON. What others?

Mrs. NORTON. The bill merely repeals the act which provided for the giving of bonds by certain District officials. There is no reason now why these officials should be required to give bonds, as they have nothing whatever to do with the funds of the District.

Mr. BLANTON. How many officials besides the Commissioners are relieved from giving official bonds?

Mrs. NORTON. About 30, and none of them has anything to do with the handling or disbursing of money. Therefore, they should not be required to give bond.

Mr. BLANTON. Mr. Speaker, there is now in effect a wise law which has been in force since 1878 that these thirty-odd officials of the District should give bond. Why should we now repeal it? It is no disgrace for an honest official to give a bond.

Mrs. NORTON. Why should they be compelled to do so, since they are not acting in a fiduciary relationship?

Mr. BLANTON. Once in a while there is a dishonest official. This bill does away with the necessity for giving a bond and relieves them of that, when the law has required it continuously since 1878.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. Yes.

Mrs. NORTON. They have nothing whatever to do with the spending of money, so why should they be compelled to give a bond?

Mr. BLANTON. Oh, they handle business here running into millions of dollars on contracts. We have given them $41,000,000 for the next fiscal year beginning July 1, and they have control of every official who will spend it.

Mr. MOTT. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection?

Mr. BLANTON. I hope the gentlewoman will not call this bill up at this time.

Mr. MOTT. Mr. Speaker, I demand the regular order.

Mr. BLANTON. I object to the request limiting debate. We want some time to discuss this bill.

Mrs. NORTON. Then, Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7765; and pending that, I ask unanimous consent that debate be confined to 30 minutes, 15 minutes to be used by the gentleman from New York [Mr. COLE] and 15 minutes by myself.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, it would be impossible to debate a bill of this importance in 15 minutes if we had all the time of the opposition. This bill is too important to be rushed through the Congress.

Mrs. NORTON. May I say to the gentleman he may have all the time allotted to the opposition?

Mr. BLANTON. I should like to have 30 minutes of the time to yield some to my colleagues who are opposing this bill.

Mr. BOYLAN. Mr. Speaker, that is irregular. I object to that.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. BLANTON. Mr. Speaker, I object.

The SPEAKER. The question is on the motion of the lady from New Jersey [Mrs. NORTON].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7765) to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate

the giving of official bonds by officers and employees of the District of Columbia, and for other purposes, with Mr. SCRUGHAM in the chair.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act approved June 11, 1878 (20 Stat. 103, ch. 180), entitled "An act providing a permanent form of government for the District of Columbia" be, and the same hereby is, amended by repealing the provision "and shall, before entering upon the duties of the office, each give bond in the sum of $50,000, with surety as is required by existing law", and said section is further amended by adding at the end thereof the following:

"The said Commissioners are hereby authorized and empowered, any statute to the contrary notwithstanding, to determine which officers and employees of the District of Columbia shall hereafter be required to give, or renew, bond for the faithful discharge of their duties and to fix the penalty of any such bond.

SEC. 2. That section 1578, chapter LV, of the act approved March 3, 1901 (31 Stat. 1424), entitled "An act to establish a Code of Law for the District of Columbia", is hereby amended so as to read:

"The surveyor shall take and subscribe an oath or affirmation before the Commissioners that he will faithfully and impartially discharge the duties of his office, which oath shall be deposited with the Commissioners of the District of Columbia."

SEC. 3. That section 1592 of said Code of Law for the District of Columbia is amended so as to read:

"The assistant surveyor shall take the same oath his principal is required to take, and may, during the continuance of his office, discharge and perform any of the official duties of his principal."

SEC. 4. That said Code of Law for the District of Columbia is further amended by repealing in its entirety section 1597 thereof.

SEC. 5. All acts or parts of acts inconsistent herewith are hereby repealed.

The CHAIRMAN. The lady from New Jersey [Mrs. NORTON] is recognized.

Mrs. NORTON. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, my understanding is that this bill merely repeals the act of June 20, 1874. At that time the Commissioners of the District of Columbia did handle the funds of the District. Today they do not. It does not seem necessary to compel them to give a bond for $50,000 when they do not handle any funds. There are perhaps 30 people who come under the provisions of this act. None of the 30 people handle any money of the District.

The second paragraph of the first section is prompted by the belief that in a list of thirty-odd officers and employees who are now required to give bond there are perhaps more than a few whose duties do not reasonably require the giving of a bond or whose responsibilities do not justify a bond in the amount now required.

As I have said, the whole matter hinges on the law of 1874, and the present conditions in the District of Columbia are now changed and there is no necessity for putting those men to the trouble and expense of getting bonds, when they positively do not handle any funds in the District of Columbia.

I do not think there is any other salient fact concerned with the bill, and I do not think there is anything more to be said about it. It is simply a question of having the Commissioners and other officials go to the trouble and expense of procuring a bond when they do not handle any funds of the District, and they should not be required to do so. There is no justification for this requirement.

I yield back the remainder of my time, Mr. Chairman.

Mr. BLANTON. Mr. Chairman, I ask recognition.

The CHAIRMAN. The Chair recognizes the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, in 1878 the Congress wisely provided that the high officials of the District of Columbia should give a bond. That has been the law of the District since 1878. The District Commissioners and those officials handle just as much authority in money now as they did in 1878. There is no difference at all. Their responsibility has not changed one iota since 1878.

Is this doing away with official bonds something that Congress wants done? Is this something that the distinguished Chairman of the Committee on the District of Columbia wants? Did this bill come from her? No. Did it come from her committee? No. Did it come from any committee of the Congress? No. I will show you where it came from. It came from the officers who are now required to give bonds. They are trying to get out from under. Why? No honest official should object to giving a bond. A bond it not for the protection of the official. It is for the protection of the people he serves. This bill does not come from the people whom those officers serve. It is not from the people of the District of Columbia. They are not asking that their officials be relieved from giving bonds. This bill comes from the officials themselves. I want to read what those officials say, and I read it from the committee report. This is what started this bill. It was prepared down in the District Building by the Commissioners. It was not prepared up here by any Congressional committee. They prepared this bill down in the District Building and they sent it up here to be passed. They prepared it only recently.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. I want to read this first, and then I will yield.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. In just a moment, yes; not now. I read from the report:

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, April 24, 1935.

Hon. MARY T. NORTON,
House of Representatives, Washington, D. C.

MADAM: The Commissioners of the District of Columbia have the honor to transmit herewith draft of a proposed bill to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes—

which repeals the laws requiring them to give bonds.

Now I yield to the lady from New Jersey.

Mrs. NORTON. Is it not true the Commissioners send up nearly all the bills that come before the District Committee and before the Appropriations Committee as well?

Mr. BLANTON. No. It is true they send up many of the bills to the lady's legislative committee, but they do not send up any bills to the Committee on Appropriations. The estimates that come to the Committee on Appropriations are estimates that come from the President's Budget, and before they can get anything to our committee they must go to the President's Budget and submit their estimates and let the Director of the Budget pass upon them. Then, if they can get by the Budget Bureau, the estimates come to the Congressional Committee on Appropriations from the Budget.

Mrs. NORTON. May I say to the gentleman that it seems a pity that they do not send their recommendations to the committee of which the gentleman is a member, because if they did perhaps we would not have the disgraceful conditions we now have in the District with inadequate hospital facilities, inadequate schools, and everything else for which appropriations are necessary. [Applause.]

Mr. BLANTON. Let us see whom the gentlewoman is criticizing. On the Committee on Appropriations are the following: Mr. BUCHANAN, of Texas; Mr. TAYLOR, of Colorado; Mr. OLIVER, of Alabama; Mr. SANDLIN, of Louisiana; Mr. CANNON, of Missouri; Mr. WOODRUM, of Virginia, Mr. ARNOLD, of Illinois; Mr. BOYLAN, of New York; Mr. PARKS, of Arkansas; Mr. LUDLOW, of Indiana, and many other good Democrats. Then, on the Republican side, she is criticizing one of the finest legislators in Washington, the distinguished gentleman from New York, Mr. TABER, one of the finest gentlemen I ever knew, a man of eminent legislative qualifications. [Applause.] He is the leader of the other side on the Committee on Appropriations.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Just one minute. My distinguished colleague from New Jersey is criticizing also our beloved friend the gentlewoman from California, who is a prominent member of the Committee on Appropriations. [Applause.] She exerts a wonderful influence over the Committee on Appropriations. We listen to her carefully when she has anything to say on that Committee on Appropriations. Whatever she wants done, she asks of us with a smile, and we grant her request almost even before she asks it.

Our distinguished friend from New Jersey is criticizing my distinguished colleague the gentleman from Texas [Mr. BUCHANAN], one of the most conscientious men I have ever seen serve in Congress—a man who is sympathetic to every single thing that could appeal to humanitarian motives, who never turns down anything that ought not to be turned down.

Mrs. NORTON. I want to say to the gentleman that I thought he was the entire Appropriations Committee for the District of Columbia. From what we hear on the floor one would not know that anybody else was on the committee.

I want to state further that I am not criticizing the gentleman from New York nor any other member of that committee.

Mr. BLANTON. I hope the distinguished lady will not cut that out of her remarks, because I deem it a great compliment.

Mrs. NORTON. I am not in the habit of taking my remarks out of the RECORD.

Mr. BLANTON. That is the best campaign speech that ever was made for me.

Mrs. NORTON. The gentleman is welcome to it.

Mr. BLANTON. Coming from such a distinguished Democrat as the leader of the Democracy of New Jersey, I would not take the world for what my friend has said about my standing on that committee.

Mrs. NORTON. The gentleman is very welcome to what I have said if he can derive any satisfaction or consolation from it.

Mr. BLANTON. Getting back to this bill, my good friends on this committee should look more carefully, I am afraid, into some of these bills the Commissioners prepare and send up here to be O. K.'d. without due consideration.

Mrs. NORTON. Can the gentleman explain why the Surveyor of the District should be compelled to give a $20,000 bond, unless the gentleman likes these bonding companies in the District? That may be so, of course.

Mr. BLANTON. Mr. Chairman, I do not know a single bonding company, and do not know any person representing any of them. My only interest is to see the people protected by proper bonds. In view of the fact that the gentlewoman from New Jersey, the chairman of the committee, has an hour's time, she can answer me after I get through. She might disturb my train of thought, because I must listen whenever she interrupts. I hope she will not interrupt me any further until I get through and then I will not take up so much time, and I think I have something of importance to tell my colleagues.

I am not here just to oppose a bill because it can be opposed. I do not oppose many of the bills this committee brings in here. Why, I sat here the other day and let them pass about 10 bills without opposing any of them. Whenever they have a good bill I never raise my voice against it but help them to pass it, but when the District Commissioners who, since 1878, by act of Congress have been required to give bonds for the faithful performance of their duties to the 500,000 people living in Washington, whenever they try to get out from under that responsibility and try to repeal the law, and quit giving bonds, I must rise on this floor and raise my voice against it.

Now let us get the facts which nobody in this House denies. It has been the law since 1878 that these bonds should be given. If there is a Member here who denies that, I yield for the purpose. No one says a word in protest, so that is admitted to be a fact.

Mr. McFARLANE. Since 1874.

Mr. BLANTON. No; since 1878. The organic act of the District of Columbia which is in force right now and has been in force ever since 1878 was passed in 1878, and it required that these bonds be given. It has not been changed since that time. They have given bonds since 1878. It was in vogue when the gentleman from Michigan [Mr. MAPES] and his splendid committee made its investigation of District affairs; and I take my hat off to him for the splendid work he did a few years ago.

Why should this bond requirement now be changed? Are these officers any better than the high officials of your States? Are they any better than the State officers in Baltimore, Md.? Every single one of those high officials of Maryland, whose capital is at Annapolis, but who spend most of their time in Baltimore City, have to give bonds.

They all give bonds. It is no reflection on them. It is simply for the protection of the people of Maryland.

Let us take the great Commonwealth of Virginia, whose capital is Richmond. Every single high official of the Commonwealth of Virginia gives an official bond. It is for faithful performance. It does not militate against their service but is simply for the interests of the people that they give the bond. My distinguished colleague from New Jersey says that because they do not actually handle with their own hands the $41,000,000 that we gave them for next year they should not give a bond.

Mr. Chairman, they make contracts involving hundreds of thousands of dollars. I sat at one time on a committee that investigated some of these contracts. The gentleman from Vermont [Mr. GIBSON], who is now in the United States Senate was the chairman of the committee, and I sat with him on the committee that investigated affairs in the District of Columbia.

We found a former Commissioner who was in the hardware business making contracts involving thousands of dollars with his own firm. He was not giving out competitive bids to other people in the same business. When we brought him before us and confronted him with the situation, it was not long before he resigned his position. We found lots of that going on here in the District of Columbia. They are on the inside and control action on big Government contracts. This bond is for faithful performance and prevents them from doing things of that kind, things that smack of dishonesty.

May I say it has been the greatest safeguard for the people of Washington that this Congress has had control of the business affairs of the District of Columbia. It is this Congress that has kept the District honest. It is this Congress that has kept the District business affairs free of taint, free of fraud, and free of dishonor.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from California.

Mr. HOEPPEL. Does not the gentleman think that we should apply our time for effectively legislating for thousands and thousands of inhabitants of other cities where there is so much distress and allow the District of Columbia to legislate for itself? There is too much distress in the country, and we are worrying about one little city, when, as a matter of fact, we should be worrying about all of them.

Mr. BLANTON. When the gentleman from California has been here a few more years and has properly adapted himself to legislative duties, and has had a kind of perspective taking in the whole of the United States, he will not make a remark like that. That is the remark of a newcomer. It is the remark of somebody who is uninformed of Washington and the people of the District of Columbia. And I do not reflect on new Members. Some here are among our most valuable colleagues, and are some of the brightest, ablest men in the United States.

Mr. Chairman, this 10-mile square, known as the "District of Columbia", known as "Washington, D. C.", is the Nation's seat of government. Back yonder when they framed the Constitution of the United States they put a provision in there, years before we moved to Washington, that there should be acquired and established in this vicinity a seat of government 10 miles square that should be absolutely controlled by the Congress of the United States. Do you know why they put that in the Constitution? It was because for years previous to that the legislators representing the country had been deviled and harassed to death. We had the Nation's Capital at Baltimore at one time. We had it at York, Pa., at one time. We had it in New York. We had it in Princeton, N. J. We had it at Annapolis. We had it in Philadelphia. But on June 15, 1800, the Capital was

moved to our Government's own seat of affairs here in Washington, where we owned that seat of government and where the framers of the Constitution wisely provided that Congress should forever control the affairs of the District of Columbia.

Mr. Chairman, I want the gentleman from California to take this home with him to think about this summer. When we moved the Capital down here, do you know that they did not dare to raise the prices on the Government of the United States? Did you know that all the lots here that the Government sold back to the people were sold for less than a total of $1,000,000? There are lots right here in Washington that when we moved here were not worth $50 and by reason of our plant here in Washington some are today worth $500,000. Did you know that?

Mr. Chairman, that is why the people of Washington cannot vote. It is because the framers of the Constitution wanted the absolute control of this 10-mile square, and therefore they put in the Constitution that the people who saw fit to live here could not vote. When we moved our Government here from Philadelphia on June 15, 1800—135 years ago—did you know that every person who lived in Washington then knew if he stayed here he could not vote? Did you know that every person who has moved here since did so with the knowledge that if he wanted to stay in Washington he could never vote? They stayed here and came here with a full knowledge of their rights, and they have seen fit to live here in the Nation's Capital and enjoy all of the benefits that we have given them during this 135 years, knowing that they could not vote. And there is a good logical reason why the good people of Washington do not want a vote here.

There never will be a vote in Washington, because it is against the Constitution, and the people of the United States are never going to change this provision of the Constitution. This is one 10-mile square that we are going to keep for the people of the United States. We are going to keep it free from domination of voters. It is our Nation's Capital; it is where the Congress sits; it is where the laws are passed; it is where the Government, through its Constitution, wisely provided a place that should be controlled absolutely by the Congress of the United States.

Mr. Chairman, I reserve the balance of my time.

Mrs. NORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. WOOD].

Mr. WOOD. Mr. Chairman, I have listened with much pleasure to the wonderful oration of my friend the gentleman from Texas [Mr. BLANTON], but I disagree with his view of this proposed legislation.

I can see no more reason why the District Commissioners should be bonded, or the surveyor of the District, than to bond Members of Congress. A District Commissioner does not collect or expend any money. The surveyor does not collect or disburse any money—not one penny—but it is necessary for the District to pay for bonds of $120,000 for these three officials. This is very nice business for the bonding companies, but it is not very good business for the District of Columbia or for the people here who are paying the cost of running the District government. There is not any reason why we should bond Members of Congress. We take an oath of office to uphold the Constitution and the laws of the country. The District Commissioners take an oath of office, as does the surveyor, and in view of the fact they handle no finances, why should we give this lucrative business to the bonding companies when there is no danger of the District Commissioner or the surveyor absconding with any money?

Mr. BLANTON. If I yield the gentleman 5 minutes of my time, will the gentleman answer a question?

Mr. WOOD. Yes; just a question.

Mr. BLANTON. Mr. Chairman, I yield the gentleman from Missouri 5 minutes of my time.

Mr. WOOD. Just ask the question, I do not need any more time.

Mr. BLANTON. Suppose the surveyor, who does not handle any money, should be bribed by someoody to run a crooked line and someone is injured in the sum of thousands of dollars, his bond would cover malfeasance in office and would be a protection to the people injured against any such fraud or dishonesty.

Mr. WOOD. I beg to differ from the gentleman. The bond does not cover a mistake in a survey.

Mr. BLANTON. I did not say a mistake but fraud, and it covers malfeasance in office.

Mr. WOOD. The bond given by a Commissioner or by the surveyor refers to nothing except misappropriation of money.

Mr. BLANTON. Is the gentleman a lawyer?

Mr. WOOD. I know what these bonds cover.

Mr. BLANTON. Has the gentleman a copy of the bond there—he will see it covers malfeasance in office.

Mr. WOOD. I know these bonds do not protect either the District or the people from a mistake by the surveyor. There is a right of action at law.

Mr. BLANTON. Is the gentleman a lawyer?

Mr. WOOD. No; I am not.

Mr. BLANTON. Has the gentleman a copy of the bond there?

Mr. WOOD. I do not have to be a lawyer to know the general rules with respect to bonding companies. I think I know as much about bonding companies as the gentleman from Texas.

Mr. BLANTON. I suspect the gentleman knows more about that than I do, although I am a lawyer.

Mr. WOOD. I decline to yield further. The gentleman has taken up about all of my time now.

There is not anything further I wish to say, Mr. Chairman, but I can see no reason why the District Commissioners should be bonded any more than the officers of any other municipality in the United States who do not handle any finances of a municipality. This is simply fine business for the bonding company and brings no benefit to the District or the Government.

Mr. DUNN of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. WOOD. I yield.

Mr. DUNN of Pennsylvania. Does the gentleman know how much the Commissioners are compelled to pay for these bonds?

Mr. WOOD. I do not know the regular bonding rates here.

Mr. DUNN of Pennsylvania. They have to pay it out of their own pockets, do they not?

Mr. WOOD. No; the District pays it, I understand. Of course, a Commissioner could not very well pay the fee on a $50,000 bond per annum, as it would amount to several hundred dollars.

Mr. Chairman, I yield back the remainder of my time and also the 5 minutes that the gentleman from Texas yielded me.

Mrs. NORTON. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Chairman, it is amusing on District day to listen to the gentleman from Texas—always ready and willing to take the floor, and oftentimes taking advantage of not having a quorum, and then ridiculing, as he calls them, the "new Members."

The gentleman from Texas has told us everything except on this occasion why he does not want to save some money for the Treasury. He has always taken the floor as the watchdog of the Treasury. When the District comes into the House and makes a recommendation to save money for the District, because of money paid out as premiums for bonds, which has nothing to do with the District because the men who are bonded handle no funds, and therefore are unable to misappropriate anything, and if there is any misfeasance in office we have the courts open, he objects.

The gentleman from Texas has told us when the Capital was in Pennsylvania, when it was in Maryland, and then when it was brought back here as a Capital, where it owns the land, but he failed to tell us what price the Government paid for this valuable piece of land. He did not tell us that it was the colonial estates that had given the land to the Government.

He emphasized the fact that the land was worth nothing. Of course it was worth nothing, the same as every piece of land in the country at some time was worth nothing.

So in order to kill time he talks about everything under the sun except the real issue. I would like to have him tell the Members of the House why he is always picking on the District. Since he has been on the Appropriations Committee he has constantly been cutting down the appropriations for the District. He is constantly helping to take away assessable property, and now when the District wants to save a few dollars in order that it may benefit, he comes in here and complains when we are asking to cut down appropriations that they say are very extravagant. We are not asking to cut down any extravagant appropriations. We are simply asking to save a few dollars that are paid for bonds by officials who handle no funds and cannot misappropriate funds. I hope the House will support the committee.

Mr. CRAWFORD. Will the gentleman yield?

Mr. PALMISANO. I yield.

Mr. CRAWFORD. Can the gentleman tell us whether these officials are covered by a blanket bond or individual bonds?

Mr. PALMISANO. Individual bonds.

Mr. CRAWFORD. Has any attempt been made to cover these officials by a blanket bond?

Mr. PALMISANO. No. This law was enacted years ago when the Commissioners had charge of the funds. Since that time they have been made merely budget directors, or commissioners, and they handle no funds. When the question was brought up in the committee I asked whether the Commissioners had control over contracts.

I was then informed that they had not even the last word on contracts. Realizing who the people were who were required to give a bond, the Commissioners of the District, and wondering whether they could do some sort of trickery work in reference to contracts, I asked the question, and they said "No"; that they have not the last say on contract. So there is no need to require a bond of them.

Mr. CRAWFORD. Do these individuals carry the expense of the bond personally, or is it a District expense?

Mr. PALMISANO. I think it is a District expense, because their income would not justify paying for a $50,000 bond.

Mr. CRAWFORD. Can any member of the committee tell us what would be saved in bond premiums if this bill were enacted into law?

Mr. PALMISANO. I do not know, but it might be about $1,500.

Mr. CRAWFORD. Do the Commissioners have the power to initiate or partly confirm a contract pertaining to any kind of property?

Mr. PALMISANO. No; the Budget Director has control of that.

Mr. CRAWFORD. Have the Commissioners any power over any kind of property, not just cash?

Mr. PALMISANO. I do not think so. The thing I had in mind at the time was contracts, and I asked whether it would be dangerous to permit them to officiate without bonds, in view of their power over contracts, and I was informed that they had not the say on contracts.

Mr. CRAWFORD. The total annual saving which this bill would bring about is about $1,500?

Mr. PALMISANO. One thousand five hundred dollars to two thousand dollars.

Mr. BLANTON. Mr. Chairman, I yield myself 5 minutes in which to reply to the gentleman from Maryland [Mr. PALMISANO].

Over in his State every little justice of peace is under bond. Do you know why he is under bond? For faithful performance of duty.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. PALMISANO. Does the gentleman realize that those justices of the peace collect fines which are to be returned to the State?

Mr. BLANTON. They may do that, but not in large amounts.

Mr. PALMISANO. Very well; they should be bonded.

Mr. BLANTON. These District Commissioners control the expenditure of $40,000,000 annually. How about the county attorneys? Do they handle money? Some county attorneys and some district attorneys in some States are required to give bond.

Mr. WOOD. What kind of attorneys are under bond?

Mr. BLANTON. All of them in some States.

Mr. WOOD. Not in my State.

Mr. BLANTON. They are in some States.

Mr. BEITER. The gentleman knows that the county attorneys handle funds in claims of any consequence or property.

Mr. BLANTON. How about county surveyors? The surveyors do not handle any funds. Practically all county surveyors in the various States are under bond. This bill would relieve the surveyor in Washington from being under bond.

Mr. BEITER. There are no county surveyors. County engineers do the surveying.

Mr. BLANTON. In some States like Texas we have county surveyors. They have county surveyors in many of the States. They have them in your State, and your State, and your State [nodding to several Members]. Every one of them is under bond.

Mr. MILLARD. Does anyone know the form of this bond? I have been listening to argument here for 20 minutes and nobody seems to know whether it covers misappropriation of funds or malfeasance or misfeasance.

Mr. BLANTON. Every lawyer in the House knows that every official bond covers not only misappropriation of funds but also it covers faithful performance of duty and provides against malfeasance in office. It makes that official responsible for every malfeasance in office. If he purposely enters into some fraud against the people he serves, those people who are damaged by it can go into court and make him pay for it on his bond. Many notaries have been sued for damages for making false certificates.

Mr. GOLDSBOROUGH. Does not the gentleman think that the moral influence alone exercised by the bond is worth the price of it?

Mr. BLANTON. Certainly, that is correct. It is worth everything. Very few officials default and the reason for it is because most of them are honest, and they are all under bond, and the moral effect deters the dishonest in many cases. It is an unwise procedure for Congress to relieve high officials of the District of Columbia from the necessity of giving bonds. It has worked well here since 1878.

Let me call your attention to something funny that my friend from Maryland, Mr. PALMISANO, said. He said it was not necessary to require bonds, because if they were guilty of malfeasance in office you could prosecute them in a criminal court. What good would that do? It would not get any money back. If a surveyor deliberately accepted a bribe and ran a crooked line and defrauded somebody out of $10,000 and he did not have anything that you could attach by law, what good would it do to prosecute him criminally? It would not get the money back. It is the bond that stands between him and unfaithful service to the people. The bond makes whole the fraud and dishonesty.

This is nothing to me, personally. If you want to relieve all of these Washington officials of bonds, do so, but what kind of explanation are you going to make to all of your local officials when you go back home, who were forced to give bond? They will come to you and say, "Congressman, I want you to help me to get a law passed in the State legislature relieving me of a bond. I notice up in Washington where the District Commissioners got tired of being under bond, and wanted to evade responsibility, sat down and drew up a law to relieve them of giving bonds and sent it to the District Committee and the District Committee reported it and while BLANTON made a fight against the bill, you voted to relieve them and I want you to help relieve me." What will you say to that? I have done my full duty when

I have finished my speech against this bill, and when I vote against it. I cannot do more.

Mr. PALMISANO. Will the gentleman tell the Members if there are any officers in the State of Texas who do not handle money who give bonds to the extent of $50,000? It may be true they are under a nominal bond.

Mr. BLANTON. If I tell the gentleman of about 5,000 unimportant officers in Maryland who do not handle any money at all who are under bond, will he withdraw this bill, and not pass it?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. I yield myself 5 minutes more. I am going to accept the gentleman's challenge. I will name 5,000 officers in Maryland who do not handle any money at all for the State or for the people and who are under bond. They are notaries public, and everyone of them you have in Maryland is under bond, is he not? What is it for? It is for faithful performance of service. It is to keep him from making a false certificate. When some crook comes to him and represents himself to be Mr. Goldsborough and says he is making a deed to somebody for Mr. Goldsborough's property, if that notary does not ascertain who that man is and find out that he is not Goldsborough, he is guilty of malfeasance in office, and he can be sued on his bond for damages. That is what the bonds are for. It is to protect the people from dishonest practices.

Mr. WOOD. Will the gentleman yield?

Mr. BLANTON. No; I do not yield now, as I do not want to take up too much time.

Mr. PALMISANO. Will the gentleman yield right there?

Mr. BLANTON. Very well. I yield to the gentleman, since he is on the committee handling the bill.

Mr. PALMISANO. It is true notaries do give bond.

Mr. BLANTON. Why do you not relieve them?

Mr. PALMISANO. But it is a nominal bond; not a $50,000 bond.

Mr. BLANTON. They are about $1,500 bonds in most States. They range from $1,000 to about $2,500.

Mr. PALMISANO. Very well. They can do an injustice, such as the gentleman spoke of, of $100,000 in one real-estate transaction. That is something that cannot be done here.

Mr. BLANTON. Oh, more than that damage could be done here by a dishonest Commissioner. The gentleman from Maryland [Mr. GOLDSBOROUGH] gave you the crux of it a while ago when he said it was the moral influence of that bond over officials that counted most. You put them under bond and keep them under bond. I hope I will never vote, as long as I am in the House, to relieve a public official from giving bond to require faithful and honest performance of service to the people of the country whom he represents.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. CRAWFORD. What reason is there for not having these bonds covered by a blanket bond instead of individual bonds?

Mr. BLANTON. Not a bit. They could do it and save much on premiums.

Mr. CRAWFORD. And would it not save a lot of money?

Mr. BLANTON. Certainly. They would save a lot of money by having a blanket bond.

I want to call attention to one other thing and then I will have finished.

Mr. DUNN of Pennsylvania. Will the gentleman yield?

Mr. BLANTON. No; I regret I have not the time. I do not want to be interrupted for a moment. I am sorry.

Some of you older Members will remember some 12 years ago I made an investigation, when I was a member of the Committee on the District of Columbia, of the insurance department of the District of Columbia, when Insurance Commissioner Miller was in charge there. You will remember the report I then filed with Congress, which is published in the CONGRESSIONAL RECORD, wherein I showed that that man was accepting bribes from insurance companies all over the land. He was collecting annual bonuses from them in order to allow them to do business in the District of Columbia. I showed instance after instance where he had collected those bonuses. The very next day after I filed my report the Commissioners fired him and kicked him out of office. Suppose he had not been under bond? Suppose you had relieved him of bond? When you relieve the Commissioners of bond you take all the responsibility off of their shoulders, if there should ever be one who is dishonest.

And once in a while a commissioner is dishonest. I will remind you of former Commissioner Col. Frederic A. Fenning. There are men in this House who some years ago saw me take this floor and on my responsibility as a Member of Congress, impeach a Commissioner of the District of Columbia, Col. Frederic A. Fenning, of high crimes and misdemeanors. I presented evidence against him before the Gibson committee for several weeks. It condemned Fenning. He had three of the leading lawyers of Washington to defend him. Frank Hogan, the great criminal lawyer, was one of his attorneys. After I impeached him from this floor, I prosecuted him before our Judiciary Committee for several weeks, and I piled up the evidence on him so strong, I showed where he had had many scores of shell-shocked soldiers of the World War declared insane and had put them in insane asylums, and he had himself appointed their committee, or guardian, and he had robbed them out of nearly $200,000. I forced him to resign and I forced him to pay back some of that money to those shell-shocked soldiers.

It pays to have high commissioners under bond. Once in a while you get a black sheep among them. Once in a while you may again get another black sheep among some of the officials of the District of Columbia. There is no reason why they should not give bond. They have done it since 1878. It is no reflection on their honesty. Let us keep them under bond.

When the proper time comes I shall move to strike out the enacting clause of this bill, and if you want to keep them under bond, which they have been under since 1878, you will vote for my motion. Why have they not asked to be relieved in all that time?

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLANTON. I yield myself 1 more minute and that is all I want. Why did they not ask to be relieved 10 years ago, or 20 years ago? Why did they not ask to be relieved 30 years ago? Why did they not ask to be relieved 40 years ago? They have waited all these years since 1878, and been under bond since 1878, and this is the first time they have ever prepared a bill and brought it up here asking to be relieved from giving a bond.

I am going to vote to make them give a bond. I am not going to vote to relieve them. You can do it if you want to, but the responsibility will be upon your shoulders. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mrs. NORTON. That concludes the general debate, Mr. Chairman, and the Clerk may read.

The Clerk read as follows:

Be it enacted, etc., That section 2 of the act approved June 11, 1878 (20 Stat. 103, ch. 180), entitled "An act providing a permanent form of government for the District of Columbia", be, and the same hereby is, amended by repealing the provision "and shall, before entering upon the duties of the office, each give bond in the sum of $50,000, with surety as is required by existing law", and said section is further amended by adding at the end thereof the following:

"The said Commissioners are hereby authorized and empowered, any statute to the contrary notwithstanding, to determine which officers and employees of the District of Columbia shall hereafter be required to give or renew bond for the faithful discharge of their duties and to fix the penalty of any such bond."

With the following committee amendments——

Mr. BLANTON. Mr. Chairman, before the Clerk reads the committee amendments, I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. Chairman, I have debated this bill. I am not going to take up any further time. If you vote to strike out the enacting clause, you will leave the law as it has been since

1878, and will not relieve high officials from giving bonds. If you vote down my motion you will pass this bill relieving the Commissioners and 31 high officials from giving bond, and will leave the people they serve without this protection.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield for a question?

Mr. BLANTON. I yield.

Mr. McFARLANE. Considering the millions of dollars that are handled every year by these Commissioners, their many official acts, contracts, and so forth they pass upon, and the men appointed under them who will be relieved from bond under this bill, it seems to me as though to pass this bill would be nothing short of a tragedy.

Mr. BLANTON. We have turned over to them for the next fiscal year $41,000,000. They can make contracts involving every penny of it. It is a ridiculous proposition to relieve them of such bonds, for they control every person who will pay out this $41,000,000 and every person who makes contracts respecting it.

It is nothing to me personally. I have done my duty. I have called the matter to your attention, and when I vote against this bill, that is all I can do.

Mr. BEITER. Mr. Chairman, I rise in opposition to the motion offered by the gentleman from Texas [Mr. BLANTON].

Mr. Chairman, the gentleman from Michigan [Mr. CRAWFORD] a few moments ago propounded a question as to how much saving there would be to the Government if this bill were enacted into law. Under the assumption that each commissioner was bonded for $10,000, it has been stated the saving would be approximately $1,500. Since that time I have learned that each person is bonded for $50,000. So the saving instead of being $1,500 would be approximately $6,000. I wanted to make this correction and also to have the members of the committee know that the saving to the Government will be $6,000 rather than $1,500 as heretofore stated.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BEITER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Has any calculation been made as to what the saving would be on a blanket bond instead of individual bonds?

Mr. BLANTON. They could have a blanket bond covering all of them.

Mr. CRAWFORD. I think the committee would find that a very staggering saving could be made by the use of a blanket bond instead of individual bonds.

Mr. BEITER. I understand the saving in premiums would be about 40 percent.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. BEITER. I yield to the gentleman from Maryland.

Mr. GOLDSBOROUGH. The bonding companies realize the extent of the liability or the premium would not amount to $6,000.

Mr. BEITER. That is their minimum charge, as I understand it.

Mr. GOLDSBOROUGH. They can charge what they please.

Mr. BEITER. Bonding companies generally have a minimum charge, and in this instance I am advised the charge is $5 per thousand.

Mr. GOLDSBOROUGH. No; they do not. I have represented them 25 years.

Mr. BEITER. I do not doubt the gentleman's statement. However, I know the laws governing bonding companies vary in nearly every State in the Union, and in all probability there is a vast difference between the laws governing bonding companies in the District of Columbia and those in the State of Maryland. I am sure the opponents of this bill are as anxious to effect a saving to the Government as are the members of the District Committee and the District Commissioners who have recommended that this proposed legislation be enacted into law.

The CHAIRMAN. The question is on the motion of the gentleman from Texas to strike out the enacting clause.

The question was taken; and on a division (demanded by Mrs. NORTON) there were—ayes 48, noes 26.

So the motion was agreed to.

Mr. BLANTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mrs. NORTON. Mr. Chairman, I object to the vote on the ground there is not a quorum present.

Mr. BLANTON. Mr. Chairman, the gentlewoman cannot get an automatic vote in the Committee.

The CHAIRMAN. The Chair will count.

Mr. BLANTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SCRUGHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 7765, had come to no resolution thereon.

Mrs. NORTON. Mr. Speaker, I ask for a division on my motion.

The SPEAKER. There is no such question pending before the House.

Mrs. NORTON. I objected to the vote on the ground there was not a quorum present.

The SPEAKER. That question has not been raised in the House.

Mr. BLANTON. The Committee rose before the Committee found it had no quorum.

Mr. PALMISANO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PALMISANO. As I understood, the gentlewoman from New Jersey objected to the vote on the ground there was not a quorum present, and while that was being considered the gentleman from Texas moved that the Committee rise.

My inquiry is, Does the motion of the gentleman from Texas take precedence over the objection of the gentlewoman from New Jersey?

The SPEAKER. The proceedings to which the gentleman refers took place, of course, in the Committee of the Whole House on the state of the Union. The gentleman from Texas moved that the Committee rise; and the Committee has risen, and we are now in the House. There is nothing pending before the House so far as this bill is concerned.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7765.

Mr. BLANTON. Mr. Speaker, I move that the House do now adjourn.

Mr. O'CONNOR. Mr. Speaker, will the gentleman withhold his motion for a moment?

Mr. BLANTON. Mr. Speaker, I withhold my motion to permit the gentleman from New York to submit a unanimous-consent request.

HOLDING-COMPANY BILL

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a majority report and minority views on the holding-company bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mrs. NORTON. Mr. Speaker, I did not hear the announcement of the Chair with respect to my objection to the vote on the ground that a quorum was not present.

The SPEAKER. The question is not pending before the House.

NATIONAL PARK TRUST FUND BOARD

Mr. DEROUEN. Mr. Speaker, will the gentleman from Texas further withhold his motion to adjourn?

Mr. BLANTON. Mr. Speaker, I withhold my motion for the time being.

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill S. 2074, to create a National Park Trust Fund Board, and for other purposes.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, I object.

Mr. DEROUEN. Mr. Speaker, will not the gentleman withhold his objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I withhold my objection to permit the gentleman to make a statement.

Mr. DEROUEN. Mr. Speaker, I would inform the gentleman that by unanimous consent a similar House bill (H. R. 6734) was passed and no Member on the minority of the committee objected.

Mr. MARTIN of Massachusetts. The gentleman can take it up in the morning. For the present, Mr. Speaker, I object.

HOUR OF MEETING TOMORROW

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that when the House adjourn today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLANTON. Mr. Speaker, I move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 44, noes 46.

So the motion was rejected.

BONDS OF CERTAIN OFFICIALS OF THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill H. R. 7765, and ask unanimous consent that it may be considered in the House as in Committee of the Whole House on the state of the Union.

Mr. BLANTON. Mr. Speaker, I object.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7765) to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia; and for other purposes.

The motion was agreed to.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that debate on the bill be limited to 10 minutes.

Mr. BLANTON. No.

The SPEAKER. The House has already decided to go into Committee for the further consideration of the bill H. R. 7765, and the gentleman from Nevada [Mr. SCRUGHAM] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of Union for the further consideration of the bill H. R. 7765, with Mr. SCRUGHAM in the chair.

Mr. BLANTON. Mr. Chairman, as soon as the Clerk reports the bill I have a preferential motion to offer.

The Clerk read the title of the bill.

Mr. BLANTON. Mr. Chairman, I offer a preferential motion. The Committee of the Whole having moved to strike out the enacting clause and there having been further business transacted, I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mrs. NORTON) there were—ayes 48, noes 49.

Mr. BLANTON. Mr. Chairman, I make the point of no quorum, and pending that I demand tellers.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and six Members are present; a quorum.

Mr. BLANTON. Mr. Chairman, I demand tellers.

Mr. O'CONNOR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'CONNOR. Mr. Chairman, what does the Chair understand tellers are demanded on?

Mr. BLANTON. On the vote to report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. O'CONNOR. Following that there was a point of no quorum made.

Mr. BLANTON. No. I made a point of no quorum, and pending that demanded tellers.

The CHAIRMAN. All of those in favor of taking this vote by tellers will rise and stand until counted.

Tellers were ordered.

Mr. O'CONNOR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'CONNOR. As I understand it, this teller vote is being taken on the question of the Committee rising and reporting the bill back to the House with the recommendation that the enacting clause be stricken?

The CHAIRMAN. The gentleman is correct.

Mr. O'CONNOR. Those in favor of striking out the enacting clause would pass through the tellers first?

The CHAIRMAN. The gentleman is correct.

Mr. O'CONNOR. And those opposing would pass through later?

The CHAIRMAN. The gentleman is correct.

Mr. McFARLANE. Mr. Chairman, I make the point that is not a parliamentary inquiry. That is telling the Members how to vote.

The Committee again divided; and the tellers reported that there were—ayes 45, noes 56.

So the motion was rejected.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: Page 2, line 5, strike out the words "any statute to the contrary notwithstanding."

The committee amendment was agreed to.

The Clerk read as follows:

Page 2, line 9, after the word "bond", insert a colon and the following: "*Provided*, That this power of the Commissioners shall not apply to officers and employees who receive, disburse, account for, or otherwise are responsible for the handling of money, and whose bonds are now fixed by law. The provisions of the act of Congress entitled 'An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year 1909, and for other purposes', approved August 5, 1909 (36 Stat. 118, 125), relating to rates of premiums for bonds for officers and employees of the United States shall be, and are hereby, made applicable to the rates of premiums for bonds of officers and employees of the government of the District of Columbia."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 2. That section 1578, chapter LV, of the act approved March 3, 1901 (31 Stat. 1424), entitled "An act to establish a Code of Law for the District of Columbia", is hereby amended so as to read:

"The surveyor shall take and subscribe an oath or affirmation before the Commissioners that he will faithfully and impartially discharge the duties of his office, which oath shall be deposited with the Commissioners of the District of Columbia."

SEC. 3. That section 1592 of said Code of Law for the District of Columbia is amended so as to read:

"The assistant surveyor shall take the same oath his principal is required to take, and may, during the continuance of his office, discharge and perform any of the official duties of his principal."

SEC. 4. That said Code of Law for the District of Columbia is further amended by repealing in its entirety section 1597 thereof.

SEC. 5. All acts or parts of acts inconsistent herewith are hereby repealed.

Mrs. NORTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House, with sundry amendments, with the recommendation that the amendments be agreed to and the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. SCRUGHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 7765, had directed him to report the same back to the House with sundry amendments, with the recom-

mendation that the amendments be agreed to and that the bill, as amended, do pass.

Mrs. NORTON. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mrs. NORTON) there were—ayes 52, noes 48.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground there is no quorum present, and I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 171, nays 115, not voting 143, as follows:

[Roll No. 104]

YEAS—171

Arends	Faddis	McCormack	Reilly
Ayers	Fernandez	McGrath	Robertson
Bacharach	Focht	McKeough	Robinson, Utah
Bland	Gildea	McLaughlin	Robsion, Ky.
Boland	Gray, Pa.	McLean	Rogers, Mass.
Bolton	Greenway	McSwain	Rudd
Boylan	Greenwood	Maas	Sadowski
Brennan	Gregory	Maloney	Schneider
Brown, Ga.	Griswold	Marcantonio	Schuetz
Brown, Mich.	Gwynne	Marshall	Schulte
Brunner	Halleck	Martin, Mass.	Scott
Buck	Hancock, N. Y.	Maverick	Secrest
Burch	Harter	May	Shanley
Burnham	Hess	Mead	Sirovich
Carmichael	Higgins, Mass.	Merritt, Conn.	Smith, Va.
Casey	Hill, Ala.	Merritt, N. Y.	Snell
Chapman	Hobbs	Michener	Snyder
Citron	Hoeppel	Monaghan	South
Claiborne	Holmes	Montague	Stack
Cole, N. Y.	Imhoff	Nichols	Starnes
Collins	Jacobsen	Norton	Steagall
Costello	Jenckes, Ind.	O'Brien	Stewart
Crosby	Jenkins, Ohio	O'Connell	Sutphin
Cullen	Johnson, W. Va.	O'Connor	Taylor, Colo.
Daly	Jones	O'Day	Terry
Darrow	Kahn	O'Leary	Thomas
Delaney	Kee	O'Neal	Tinkham
Dempsey	Keller	Palmisano	Tolan
Disney	Kelly	Patterson	Tonry
Ditter	Kennedy, Md.	Perkins	Turpin
Dobbins	Kennedy, N. Y.	Pettengill	Vinson, Ga.
Dockweiler	Kenney	Pittenger	Vinson, Ky.
Dorsey	Kerr	Plumley	Walter
Doughton	Kloeb	Powers	Weaver
Drewry	Kvale	Quinn	Welch
Driscoll	Lambeth	Rabaut	Williams
Driver	Lea, Calif.	Ramsay	Wilson, La.
Duffy, N. Y.	Lesinski	Ramspeck	Wolfenden
Duncan	Lewis, Colo.	Randolph	Wolverton
Eckert	Lewis, Md.	Ransley	Wood
Eicher	Lord	Reece	Young
Ekwall	Lundeen	Reed, Ill.	Zioncheck
Ellenbogen	McAndrews	Reed, N. Y.	

NAYS—115

Amlie	Crosser, Ohio	Guyer	McLeod
Ashbrook	Crowe	Hamlin	McReynolds
Biermann	Deen	Harlan	Mapes
Binderup	Dies	Hildebrandt	Massingale
Blackney	Dondero	Hill, Knute	Meeks
Blanton	Duffey, Ohio	Hoffman	Millard
Boileau	Dunn, Miss.	Hook	Mitchell, Ill.
Buckbee	Dunn, Pa.	Hope	Mitchell, Tenn.
Buckler, Minn.	Edmiston	Houston	Mott
Caldwell	Engel	Huddleston	Nelson
Cannon, Mo.	Farley	Hull	Parks
Carlson	Fiesinger	Johnson, Okla.	Parsons
Carpenter	Fletcher	Johnson, Tex.	Patton
Cartwright	Ford, Miss.	Kimball	Pearson
Castellow	Fulmer	Kinzer	Peterson, Fla.
Christianson	Gassaway	Kniffin	Peterson, Ga.
Church	Gearhart	Kocialkowski	Pierce
Colden	Gehrmann	Kramer	Rankin
Colmer	Gilchrist	Lanham	Richards
Cooley	Gillette	Lemke	Richardson
Cooper, Tenn.	Gingery	Lloyd	Rogers, Okla.
Cravens	Goldsborough	Luckey	Romjue
Crawford	Gray, Ind.	Ludlow	Sauthoff
Cross, Tex.	Green	McFarlane	Schaefer
Scrugham	Thomason	Utterback	Wilcox
Spence	Thurston	Warren	Withrow
Stefan	Truax	Wearin	Wolcott
Tarver	Turner	Whelchel	Zimmerman
Taylor, S. C.	Umstead	Whittington	

NOT VOTING—143

Adair	Crowther	Hennings	Russell
Allen	Culkin	Higgins, Conn.	Ryan
Andresen	Cummings	Hill, Samuel B.	Sabath
Andrew, Mass.	Darden	Hollister	Sanders, La.
Andrews, N. Y.	Dear	Kleberg	Sanders, Tex.
Arnold	DeRouen	Knutson	Sandlin
Bacon	Dickstein	Kopplemann	Sears
Bankhead	Dietrich	Lambertson	Seger
Barden	Dingell	Lamneck	Shannon
Beam	Dirksen	Larrabee	Short
Beiter	Doutrich	Lee, Okla.	Sisson
Bell	Doxey	Lehlbach	Smith, Conn.
Berlin	Eagle	Lucas	Smith, Wash.
Bloom	Eaton	McClellan	Smith, W. Va.
Boehne	Englebright	McGehee	Somers, N. Y.
Brewster	Evans	McGroarty	Stubbs
Brooks	Fenerty	McMillan	Sullivan
Buchanan	Ferguson	Mahon	Sumners, Tex.
Buckley, N. Y.	Fish	Mansfield	Sweeney
Bulwinkle	Fitzpatrick	Martin, Colo.	Taber
Burdick	Flannagan	Mason	Taylor, Tenn.
Cannon, Wis.	Ford, Calif.	Miller	Thom
Carter	Frey	Montet	Thompson
Cary	Fuller	Moran	Tobey
Cavicchia	Gambrill	Moritz	Treadway
Celler	Gasque	Murdock	Underwood
Chandler	Gavagan	Oliver	Wadsworth
Clark, Idaho	Gifford	O'Malley	Wallgren
Clark, N. C.	Goodwin	Owen	Werner
Cochran	Granfield	Patman	West
Coffee	Greever	Peyser	White
Cole, Md.	Haines	Pfeifer	Wigglesworth
Connery	Hancock, N. C.	Polk	Wilson, Pa.
Cooper, Ohio	Hart	Rayburn	Woodruff
Corning	Hartley	Rich	Woodrum
Cox	Healey	Rogers, N. H.	

So the bill was passed.

The following pairs were announced:

On the vote:

Mr. Woodrum (for) with Mr. Mahon (against).

Until further notice:

Mr. Granfield with Mr. Goodwin.
Mr. Bulwinkle with Mr. Allen.
Mr. Arnold with Mr. Taylor of Tennessee.
Mr. Bloom with Mr. Wadsworth.
Mr. Cox with Mr. Knutson.
Mr. Fuller with Mr. Dirksen.
Mr. Eagle with Mr. Fenerty.
Mr. McMillan with Mr. Burdick.
Mr. Patman with Mr. Lambertson.
Mr. Doxey with Mr. Englebright.
Mr. Mansfield with Mr. Lehlbach.
Mr. Rayburn with Mr. Fish.
Mr. Sandlin with Mr. Higgins of Connecticut.
Mr. DeRouen with Mr. Coffee.
Mr. Dickstein with Mr. Lee of Oklahoma.
Mr. Thompson with Mr. Buckley.
Mr. Healey with Mr. Berlin.
Mr. Cary with Mr. Dietrich.
Mr. Fitzpatrick with Mr. Mason.
Mr. Samuel B. Hill with Mr. Pfeifer.
Mr. West with Mr. Greever.
Mr. Thom with Mr. Beiter.
Mr. Boehne with Mr. Ford of California.
Mr. Sullivan with Mr. Owen.
Mr. Sweeney with Mr. Lucas.
Mr. Werner with Mr. Gavagan.
Mr. Kleberg with Mr Stubbs.
Mr. Somers of New York with Mr. Ferguson.
Mr. Cannon of Wisconsin with Mr. Sisson.
Mr. Dingell with Mr. Cummings.
Mr. Darden with Mr. Bell.

Mr. ROBINSON of Utah changed his vote from "no" to "aye."

Mr. KVALE changed his vote from "no" to "aye."

Mr. CANNON of Missouri changed his vote from "aye" to "no."

The result of the vote was announced as above recorded.

On motion of Mrs. NORTON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. COLMER. Mr. Speaker, I ask unanimous consent that tomorrow, immediately after the reading of the Journal and disposition of matters on the Speaker's table, I may be permitted to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection?

Mr. SNELL. I object.

THE INTERPARLIAMENTARY UNION

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter which I have written to the president of the United States group in reference to the Interparliamentary Union.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TINKHAM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

JUNE 18, 1935.

Hon. ALBEN W. BARKLEY,
President United States of America
Group the Interparliamentary Union,
Washington, D. C.

MY DEAR SENATOR BARKLEY: As a Member of the Congress I wish to protest to you, as president of the United States of America Group of the Interparliamentary Union, against any action or any participation of the United States of America group in relation to international economic or international political questions to be taken up at the next meeting of the Interparliamentary Union.

I wish to protest particularly against any action or participation by the American group in relation to the "Harmonization of the Briand-Kellogg Pact with the Covenant of the League of Nations", which topic I note is upon the official agenda for the next meeting.

With regard to my protest, I wish to bring to your attention a statement of Dr. Charles L. Lange, formerly secretary general of the Interparliamentary Union, which appears on page 14 of the Interparliamentary Union, handbook of the American group, 1914. This statement reads:

"But up to the present time the interparliamentarians have always limited themselves to the discussion of questions relating to international law; they have never discussed economic questions, and they have always expressly refused to pronounce themselves on problems of a political nature, in which the interests of different States might be opposed.

"The latter principle is one inevitably bound up with the character of the institution itself. Because the Union is composed of responsible statesmen, belonging to nations whose legitimate interests may from time to time be in conflict, it would inevitably compromise its own authority if it raised its voice for or against this or the other practical solution of international conflicts. The interparliamentary gatherings have, without exception, always restricted themselves to the advocacy of peaceful and judicial methods for the settlement of conflicts."

I desire specifically to bring to your attention that the act authorizing the appropriation for the Bureau of the Interparliamentary Union provides as follows: "That an appropriation of $20,000 annually is hereby authorized, $10,000 of which shall be for the annual contribution of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $10,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made."

It would seem from this language that the United States of America group has authority to participate only in discussions or actions "for the promotion of international arbitration."

Very truly yours,

GEORGE HOLDEN TINKHAM.

CHARLES A. LINDBERGH—PATRIOT, PIONEER, STATESMAN, LAWYER, WRITER, COURAGEOUS CHAMPION FOR THE PEOPLE

Mr. LUNDEEN. Mr. Speaker, in 80 years of Minnesota history many Congressmen and Senators have come to Washington from the North Star State. The most able and distinguished of them all was Congressman Charles A. Lindbergh, of Little Falls, who was destined to reach a place in the hall of fame of this country because of his progressive, forward-looking, common-sense economic views. He was known as a "radical", a term often applied to the great men of the Nation. I predict that Lindbergh will grow in the estimation of the American public, and as he recedes from our day and age his figure will loom larger in our political life.

His books, reproduced by large publishing houses, are now often quoted in the foremost and best-read magazines in the country. It was a strange turn of fate that the stellar accomplishments of his brilliant son should aid in bringing to the attention of the American people the achievements of the father, Congressman Charles A. Lindbergh.

Lindbergh was modest, quiet, and unassuming, a keen student, and his reputation in Washington was that of ability, diligence, and persistence. He was first to arrive at his offices, sometimes coming when the bugles sounded reveille for the troops about Washington. Often at sunrise he would be at work, and whenever I visited his offices I always found him buried in his papers and his writings and his work. He served five consecutive terms, from March 4, 1907, to March 4, 1917, having served prior to that time as county attorney of Morrison County, Minn., 1891–93.

MINNESOTA PIONEER

He was able to do this tremendous amount of work because of his early training as a woodsman, hunter, and man of work in a frontier country. He was tall, dignified, and slender in appearance. He knew his district thoroughly and was greatly beloved by its people. During his campaigns for Governor of the State of Minnesota he suffered the fires of war time persecution. This persecution now serves to set off his lofty character and makes him outstanding in Minnesota and American history.

We cannot honor Congressman Lindbergh too much. He is not fully appreciated even today, but as the years pass we will know him better for his great accomplishments. The Money Trust investigation, which he sponsored, was the most important investigation of the twentieth century in Congress. Nothing like it before or since has ever been published by any congressional committee, and anything that has happened since, such as the recent Senate investigation, is a mere copy and repetition of the first Pujo Money Trust investigation, for years advocated by Lindbergh. His every prediction concerning the Federal Reserve System has come true.

He was in every sense of the word a real, true, genuine American. He was born in Stockholm, Sweden, January 20, 1859, and was brought by his parents to the homestead near Melrose, Minn., before he reached the age of 1 year. He received an American training in the United States and thoroughly understood our people and our institutions. I have met hundreds of nationally great men in the various Congresses and in my public life; but I have never met a man, no matter what position he held, who made a deeper or more profound impression upon his close personal friends than Charles A. Lindbergh.

LINDBERGH'S POLITICAL BATTLES

Lindbergh always had a plan and a program—a well-thought-out platform. He gave most freely of his time to bring his ideas before the public, often when he must have known how forlorn was the hope of victory. He found, as many others before and since have learned, that the best forum is the public platform in campaign times, primary and election, in campaign years. And always he carried his message to the people in the off years in between elections.

Out there in the hot summer sun on hayracks and wagon platforms he spoke, and he used the early automobile as a forum long before the days of the loudspeaker system. He canoed up and down streams of the north woods and walked over hills and western prairies. He labored hard with his fellow citizens to instruct and convince and urge them to political action.

I remember one winter night, many years ago, when we drove through Shakopee, Minn., and, weary and hungry, Mrs. Lundeen and our little family stopped off at a little country hotel for dinner. A sound of many voices came through the main-room door. Men came and went. Our curiosity was aroused, especially when we learned that the discussion centered around farm problems.

LINDBERGH AND THE FARMERS

Here was "C. A.", as we often called him, in the center of an extremely earnest group of men of the soil, men who that very day struggled hurriedly through their many chores that they might be on hand to confer with their friend—the farmers' friend, the people's friend—Congressman Charles A. Lindbergh. And how late they stayed, and when the group broke up, others lingered on, but "C. A." was there when the last man left, and then he would think and write and ponder and plan. That was Charles A. Lindbergh.

It is well known that the Pujo investigation of 1913, ordered by House Resolutions 429 and 504, before a subcommittee of the Banking and Currency Committee, was sponsored by Congressman Lindbergh; his resolutions and speeches resulted in this monumental work. There had been much talk in the country about interlocking directorates, but the Pujo investigation proved their existence. It gave the facts, statistics,

and data. It called Morgan, Carnegie, and Rockefeller, and all the rest of the financial powers in America to Washington, and placed them on the witness stand.

The recent Senate Banking and Currency Committee investigation and other investigations are merely repetitions and only confirm the facts uncovered in the original Money Trust investigation by Lindbergh of Minnesota.

LINDBERGH STATE PARK, LITTLE FALLS, MINNESOTA

In honor of Colonel Lindbergh and his famous father, mother, and home, we of Minnesota have dedicated the Lindbergh State Park at Little Falls, appropriation being made by the State for its maintenance, and the land being deeded to the State by the heirs. There are magnificent pines and a beautiful rural setting above the Mississippi which sweeps on past Little Falls. The location of the park is about 2 miles from the center of Little Falls, Minn., easily accessible from the main highway, running through the Twin Cities, St. Cloud, Little Falls, and Brainerd.

I remember distinctly in 1924, urging the erection of a monument, preferably a great boulder, to be inscribed to the honor and memory of Congressman Lindbergh. I could interest only one man in the matter, Mr. G. A. Raymond, of Minneapolis, a close friend and political supporter of Lindbergh in all his campaigns. Finances were lacking to put the project across. A number of letters were written to granite companies at Little Falls and St. Cloud. We talked of State parks, and I frequently urged upon my Farmer-Labor associates the introduction of a bill into the State legislature to carry out this project.

COL. CHARLES A. LINDBERGH, WORLD FAMOUS AIR HERO, ONLY SON OF CONGRESSMAN CHARLES A. LINDBERGH

However, nothing came of it until our world famous Col. Charles A. Lindbergh, only son of Congressman Charles A. Lindbergh, conquered the ocean from New York to Paris; even then the matter lagged for some time until Senator Rosenmeier, of Little Falls, introduced a bill which passed the legislature and was signed by our Farmer-Labor Governor, Floyd B. Olson, making possible forever the Lindbergh State Park.

The original Lindbergh home was destroyed by fire many years ago and a new house was built, which still stands. However, this present house was rather badly handled by the crowd which rushed in after the colonel's flight across the ocean. Tens of thousands wrote their names upon every nook and corner; every book and pamphlet and piece of movable furniture disappeared, and even stoves and other articles and utensils were taken apart and carried away, to the great loss of future generations, especially students who would like to examine the volumes, pamphlets, and writings collected by Lindbergh during his long public service. All was carried away and disappeared forever.

AUGUST LINDBERGH OLD FARM HOMESTEAD PROPOSED STATE PARK

For years I have proposed a Melrose-Lindbergh Park near Melrose, Minn., on the original homestead established by Congressman Lindbergh's father, August Lindbergh, in 1860 and where the Congressman grew to manhood. I have conducted much correspondence on this matter. I have urged our State officials and many others to no avail. Some day the original homestead will become a State park in honor of the three Lindberghs—all courageous, undaunted, immortal pioneers.

UNDYING DETERMINATION

A strain of undying determination runs through three generations of the Lindbergh family. Discouragement, persecution, and calamity were met and conquered by grandfather, father, and son. Seldom is such unconquerable spirit found in the successive generations of one family. The whole world knows the odds against which young Colonel Lindbergh staked his life in the first trans-Atlantic flight; his undaunted courage has won for him world-wide admiration. His father, Congressman Lindbergh, displayed the same courageous spirit in facing the bitter persecution of political enemies. In future years his heroism will be more widely known. Both father and son inherited a fighting determination that knew no defeat from the grandfather, August, the Swedish statesman and American pioneer who emerged from the jaws of death a cripple, and yet lived to build his log house, rear his family, manage his farm, and educate a future Congressman.

COURAGE IN THE FACE OF DEATH

In 1861 a terrible accident befell August Lindbergh. He had hauled a giant log to the mill to be sawed into lumber for his house. At the mill he slipped and fell into a circular saw, losing his left arm to the shoulder and cutting through four ribs. The wagon was hitched to the oxen and August was carried back to his farm—a 4-hour journey—lying prostrate on the wagon floor, his remaining hand gripping his left shoulder to check the flow of blood. It was 3 days and 3 nights before the nearest doctor could be brought to the dying man. His courageous young wife, Louise—30 years his junior—and his son Charles made innumerable trips to the spring during that time, bringing cold water and keeping the bleeding and fever under control. When the doctor arrived amputation was performed without anesthetic, and after 2 years as an invalid, August Lindbergh returned to his work as if nothing had happened, and carried on as before.

FOUNDER OF FARMER-LABOR PARTY

Among all the splendid work of this fine Minnesotan none was more important than his aiding in the building of a Farmer-Labor Party in the State of Minnesota.

He stood by when the going was hard. He was there at its birth. He was the first Farmer-Labor Nonpartisan League candidate for Governor, and was the main support of Dave Evans, who was the first to carry the Farmer-Labor banner for Governor. Throughout the years and to the very end he was a loyal courageous fighter for the principles of right and justice.

I DEFEND ONLY THE RIGHT

Colonel Lindbergh at a recent Washington aircraft hearing said, "I defend only the right." Golden words, taught a Minnesota boy by a wonderful father, who never fought for anything but the right.

We have listed here his many battles—for office, his enemies would say; for principles and country, we reply; for, irrespective of victory or defeat, he drove on with all his power of thought and great physical strength until he fell upon the political battlefield, as he would have chosen, in the midst of a fight where the battle was hottest for Governor, and glory, and his beloved people.

ELECTION HISTORY OF CHARLES A. LINDBERGH

1891–93: County attorney, Morrison County, Minn. (Preceded and followed by Frank W. Lyon, and not a candidate for reelection.)

1906: United States Representative in Congress, Sixth District, Minnesota. Primary election, September 1906. The Minneapolis Journal of September 27, 1906, carried the primary election statistics, showing the following totals:

Lindbergh	9,917
Buckman	8,606

[From the Minneapolis Journal, Thursday evening, Sept. 27, 1906]

LINDBERGH'S LEAD 1,311—COMPLETE RETURNS INCREASE WINNER'S VOTE IN THE SIXTH DISTRICT

C. A. Lindbergh's majority over C. B. Buckman in the Sixth Congressional District was 1,311, or several hundred more than supposed from the early returns. Returns from every county have been received by the State canvassing board. The official result is as follows:

Counties:	*Lindbergh*	*Buckman*
Benton	398	333
Cass	421	740
Crow Wing	848	806
Douglas	849	804
Hubbard	828	482
Meeker	921	390
Morrison	815	823
Sherburne	537	727
Stearns	657	430
Todd	1,328	1,038
Wadena	467	424
Wright	1,848	1,609
Totals	9,917	8,606

Lindbergh carried 9 of the 12 counties. Buckman carried Cass by 319 and Sherburne by 190. In Morrison County, the home of both candidates, Buckman led by 8 votes, and carried Little Falls.

Lindbergh's majorities ran as follows: Benton, 65; Crow Wing, 42; Douglas, 45; Hubbard, 346; Meeker, 527; Stearns, 227; Todd, 290; Wadena, 43; Wright, 239.

1906: United States Representative in Congress, Sixth District, Minnesota.

General election, November 1906:
Lindbergh (Republican) ---------- 16,752
Tift (Democrat) ---------- 13,115

1908: United States Representative in Congress, Sixth District, Minnesota.

Primary election, September 1908:
Lindbergh (Republican) ---------- 11,152
Gilkinson (Democrat) ---------- 3,893
(Cass County vote missing.)
General election, November 1908:
Lindbergh (Republican) ---------- 22,574
Gilkinson (Democrat) ---------- 13,174

1910: United States Representative in Congress, Sixth District, Minnesota.

Primary election, September 1910:
Lindbergh (Republican) ---------- 13,415
McGarry (Republican) ---------- 4,923
General election, November 1910:
Lindbergh (Republican) ---------- 25,272
(No opponents listed.)

1912: United States Representative in Congress, Sixth District, Minnesota:

Primary election, September 1912:
Lindbergh (Republican) ---------- 12,019
Gilkinson (Democrat) ---------- 4,167
Uhl (Public Ownership) ---------- 603
General election, November 1912:
Lindbergh (Republican) ---------- 21,286
Gilkinson (Democrat) ---------- 9,920
Uhl (Public Ownership) ---------- 2,839

1914: United States Representative in Congress, Sixth District, Minnesota:

Primary election, June 1914:
Lindbergh ---------- 10,398
Maxfield ---------- 6,988
General election, November 1914:
Lindbergh ---------- 15,364
Du Bois ---------- 11,409
Thomason ---------- 3,769
Sharkey ---------- 1,836

1916: United States Senator in Congress, Minnesota:

Primary election, June 1916:
Frank B. Kellogg ---------- 73,818
Adolph O. Eberhart ---------- 54,890
Moses E. Clapp ---------- 27,668
Charles A. Lindbergh ---------- 26,094

1918: Governor of Minnesota, Republican primary, June 1918:

J. A. A. Burnquist ---------- 199,325
Charles A. Lindbergh ---------- 150,626

1920: United States Representative in Congress, Sixth District, general election (no Farmer-Labor primary shown):

General election:
Knutson (Republican) ---------- 47,954
Lindbergh (Farmer-Labor) ---------- 21,587

1923: United States Senator, special election, June 18, 1923:
Farmer-Labor primary:
Magnus Johnson ---------- 57,570
L. A. Fritsche ---------- 38,393
Charles A. Lindbergh ---------- 21,811

1924: Governor of Minnesota, Farmer-Labor primary, June 1924. Candidate, but did not live to participate in election. Died May 24, 1924.

These election statistics are taken from the Legislative Manuals of Minnesota.

PERSISTENT MEN OF VISION

It is common to abuse persistent men of vision, like Lindbergh, for their frequent candidacies. The conservative press delights in that, forgetting that their own conservative candidates are inveterate and incurable office seekers.

Suppose we give the record of a great liberal and a great progressive and a great radical—the candidacies of Abraham Lincoln for office, as furnished us by the Congressional Library at Washington, D. C.

Lincoln had a plan and a platform. He always had a well-thought-out program. Why not fight for it, in victory or defeat? And he did. He surely did. That is the life story of Abraham Lincoln. Here we may read and learn.

ELECTION HISTORY OF ABRAHAM LINCOLN

1832, March 9: Lincoln announced himself as candidate for the Illinois Legislature.

1832, May 27: Lincoln elected captain of his company in the Black Hawk War.

1832, summer: Lincoln defeated for the legislature. The successful candidates had votes running from 1,127 to 815. Lincoln had 657.

1833: Lincoln appointed postmaster of New Salem. Held office 3 years.

1833: Lincoln appointed deputy county surveyor by John Calhoun, surveyor of Sangamon County. Reappointed by T. N. Neale in 1835.

1834: Lincoln elected to Illinois Legislature by the following vote: Lincoln, 1,376; Dawson, 1,370; Carpenter, 1,170; Stuart, 1,164. Lincoln was reelected in 1836, 1838, and 1840. Received the Whig vote for speaker in 1838 and 1840. Twice defeated for speaker.

1840: Lincoln Presidential elector for William Henry Harrison. Lincoln defeated. Illinois went for Van Buren.

1841: Lincoln declined to be candidate for Governor.

1843: Lincoln sought nomination by Whigs for Congress. Defeated.

1844: Lincoln Presidential elector for Henry Clay. Lincoln defeated. Illinois went for James K. Polk.

1846: Lincoln elected to Congress by the Whigs, majority 1,511.

1848: Lincoln voted against Mexican War. Popular indignation ran high. Refused to stand for renomination.

1849: Lincoln applied for Commissioner of the General Land Office. Failed.

1849: Lincoln offered governorship of Oregon Territory. Declined. Desired to accept, unable to persuade Mrs. Lincoln to go to that far western country.

1850: Lincoln said to have refused a nomination for Congress.

1854: Lincoln elected to the legislature by some 650 majority. Later he resigned because a member could not be candidate for United States Senator.

1855. Lincoln Whig candidate for Senate. Defeated.

1856: Lincoln received 110 votes for Republican candidate for Vice President. Defeated.

1856: Lincoln Presidential elector for Fremont. Defeated. Illinois went for James Buchanan.

1858: Lincoln nominated for the Senate by the Republicans.

1859: Douglas, the Democratic candidate, chosen by the legislature, 54 to 46. Lincoln defeated.

1860: Lincoln nominated and elected President.

1864: Lincoln renominated and reelected President.

CONGRESSMAN LINDBERGH AND THE FARMER-LABOR PARTY

Among the founders of a Labor Party in America we find foremost the name of Lindbergh, who battled it out with his Republican conservative reactionary opponent, J. A. A. Burnquist, in the cruel and vicious war years of 1917–18. The shame of that campaign can never be erased by those who heaped abuse and violence upon a great man. The mere memory of it ought to bring the crimson blush of shame were they not too callous in mind and body. Yes; thank God, they are almost forgotten, but he lives on in glory without end.

What was the result of his work? What accomplishments at Washington? Who were the Farmer-Labor Representatives in House and Senate? We list them here, and may we say, always on the side of liberalism and progress. Had America followed our advice we would have kept out of European entanglements, we would have escaped the destruction of the World War and its inevitable panic and depression. Here is the true American party—loyal to the traditions of the great Republic and building for a better and happier America. Ours is the program for social security, and Lindbergh was our first great teacher. Here is the hope of America—a great national Farmer-Labor Party.

Length of service of Farmer-Labor Senators and Representatives in Congress

Rank	Name	Dates of service	Length of service
	SENATORS		
1	Shipstead, Henrik	Mar. 4, 1923	17 years 10 months, when present term expires.
2	Johnson, Magnus	July 16, 1923, to Mar. 4, 1925	1 year 7 months 16 days.
	REPRESENTATIVES		
1	Kvale, Paul John	Oct. 16, 1929	7 years 2 months 18 days, when present term expires.
2	Kvale, O. J	Mar. 4, 1923, to Sept. 11, 1929 ("Independent" for 2 years, Mar. 4, 1923, to Mar. 4, 1925).	6 years 6 months 7 days.
3	Carss, William L	Mar. 4, 1925, to Mar. 4, 1929 (plus "Independent" for 2 years; Mar. 4, 1919, to Mar. 4, 1921).	6 years.
4	Lundeen, Ernest	Mar. 4, 1933 (plus 2 years as Republican, Mar. 4, 1917, to Mar. 4, 1919)	5 years 10 months, when present term expires.
5	Wefald, Knud	Mar. 4, 1923, to Mar. 4, 1927	4 years.
6	Buckler, R. T	Jan. 3, 1935	2 years, when present term expires.
7	Arens, Henry	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
	Johnson, Magnus	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
	Shoemaker, F. H	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.

In order to show the rank of Charles A. Lindbergh among his colleagues, and for general information, we list the Senators and Congressmen of all parties in Minnesota, Territory and State, in order of their rank and service:

Minnesota Congressmen who served in both House and Senate

Rank	Name	Dates of service	Total length of service
1	Nelson, Knute	House, Mar. 4, 1883, to Mar. 4, 1889 (6 years); Senate, Mar. 4, 1895, to Apr. 28, 1923 (28 years 1 month 24 days).	34 years 1 month 24 days.
2	Schall, Thomas D	House, Mar. 4, 1915, to Mar. 4, 1925; (10 years), Senate, Mar. 4, 1925 (11 years 10 months when present term expires).	21 years 10 months, when present term expires (consecutive service).
3	Windom, William	House, Mar. 4, 1859, to Mar. 4, 1869 (10 years); Senate, July 16, 1870, to Jan. 18, 1871, Mar. 4, 1871, to Mar. 12, 1881, Oct. 26, 1881, to Mar. 4, 1883 (11 years 10 months 16 days).	21 years 10 months 16 days (not consecutive).
4	Washburn, William D	House, Mar. 4, 1879, to Mar. 4, 1885 (6 years); Senate, Mar. 4, 1889, to Mar. 4, 1895 (6 years).	12 years.
5	Wilkinson, Morton S	Senate, Mar. 4, 1859, to Mar. 4, 1865 (6 years); House, Mar. 4, 1869, to Mar. 4, 1871 (2 years).	8 years.
6	Johnson, Magnus	Senate, July 16, 1923, to Mar. 4, 1925 (1 year 7 months 16 days); House, Mar. 4, 1933, to Jan. 3, 1935 (1 year 10 months).	3 years 5 months 16 days.
7	Towne, Charles A	House, Mar. 4, 1895, to Mar. 4, 1897 (2 years); Senate, Dec. 5, 1900, to Jan. 23, 1901 (1 month 18 days).	2 years 1 month 18 days.

Length of service of United States Senators from Minnesota

Rank	Name	Dates of service	Length of service
1	Nelson, Knute	Mar. 4, 1895, to Apr. 28, 1923 (died)	28 years 1 month 24 days.
2	Shipstead, Henrik	Mar. 4, 1923	17 years 10 months, when present term expires.
3	Clapp, Moses E	Jan. 23, 1901, to Mar. 4, 1917	16 years 1 month 9 days.
4	Davis, C. K	Mar. 4, 1887, to Nov. 27, 1900	13 years 8 months 23 days.
5	McMillan, S. J. R	Mar. 6, 1875, to Mar. 4, 1887	12 years.
	Ramsey, Alexander	Mar. 4, 1863, to Mar. 4, 1875	12 years.
6	Schall, Thomas D	Mar. 4, 1925	11 years 10 months, when present term expires (consecutive service).
7	Windom, William	July 16, 1870, to Jan. 18, 1871; Mar. 4, 1871, to Mar. 12, 1881; Oct. 26, 1881, to Mar. 4, 1883.	11 years 10 months 16 days (not consecutive).
8	Kellogg, Frank B	Mar. 4, 1917, to Mar. 4, 1923	6 years.
	Sabin, D. M	Mar. 4, 1883, to Mar. 4, 1889	6 years.
	Washburn, William D	Mar. 4, 1889, to Mar. 4, 1895	6 years.
	Wilkinson, Morton S	Mar. 4, 1859, to Mar. 4, 1865	6 years.
9	Norton, Daniel S	Mar. 4, 1865, to July 13, 1870 (died)	5 years 4 months 9 days.
10	Rice, Henry M	May 12, 1858, to Mar. 4, 1863	4 years 9 months 20 days.
11	Johnson, Magnus	July 16, 1923, to Mar. 4, 1925	1 year 7 months 16 days.
12	Shields, James	May 12, 1858, to Mar. 4, 1859	9 months 20 days.
13	Edgerton, A. J	Mar. 14 to Oct. 26, 1881	7 months 12 days.
14	Towne, Charles A	Dec. 5, 1900, to Jan. 23, 1901	1 month 18 days.
15	Stearns, O. P	Jan. 18 to Mar. 4, 1871	1 month 14 days.

Length of service of Minnesota Representatives in Congress

Name	Dates of service	Length of service
11 TERMS CONSECUTIVE		
Davis, Charles R	Mar. 4, 1903, to Mar. 4, 1925	22 years.
10 TERMS CONSECUTIVE		
Steenerson, Halvor	Mar. 4, 1903, to Mar. 4, 1923	20 years.
Volstead, Andrew J	Mar. 4, 1903, to Mar. 4, 1923	20 years.
Knutson, Harold	Mar. 4, 1917	19 years 10 months when present term expires.
9 TERMS CONSECUTIVE		
Stevens, Frederick C	Mar. 4, 1897, to Mar. 4, 1915	18 years.
Tawney, James A	Mar. 4, 1893, to Mar. 4, 1911	18 years.
7 TERMS CONSECUTIVE		
Anderson, Sydney	Mar. 4, 1911, to Mar. 4, 1925	14 years.
McCleary, James T	Mar. 4, 1893, to Mar. 4, 1907	14 years.
7 TERMS NOT CONSECUTIVE		
Dunnell, Mark H	Mar. 4, 1871, to Mar. 4, 1883	14 years.
Do	Mar. 4, 1889, to Mar. 4, 1891	

Length of service of Minnesota Representatives in Congress—Continued

Name	Dates of service	Length of service
6 TERMS CONSECUTIVE		
Clague, Frank	Mar. 4, 1921, to Mar. 4, 1933	12 years.
Newton, Walter H	Mar. 4, 1919, to June 30, 1929	10 years 3 months 26 days (resigned).
6 TERMS NOT CONSECUTIVE		
Fletcher, Loren	Mar. 4, 1893, to Mar. 4, 1903	12 years.
Do	Mar. 4, 1905, to Mar. 4, 1907	
Strait, H. B	Mar. 4, 1873, to Mar. 4, 1879	12 years.
Do	Mar. 4, 1881, to Mar. 4, 1887	
5 TERMS CONSECUTIVE		
Lindbergh, Charles A	Mar. 4, 1907, to Mar. 4, 1917	10 years.
Miller, Clarence B	Mar. 4, 1909, to Mar. 4, 1919	10 years.
Schall, Thomas D	Mar. 4, 1915, to Mar. 4, 1925	10 years.
Windom, William	Mar. 4, 1859, to Mar. 4, 1869	10 years.
5 TERMS NOT CONSECUTIVE		
Andresen, August H	Mar. 4, 1925, to Mar. 4, 1933	10 years, when present term expires
Do	Jan. 3, 1935	
4 TERMS CONSECUTIVE		
Eddy, Frank M	Mar. 4, 1895, to Mar. 4, 1903	8 years.
Goodwin, Godfrey G	Mar. 4, 1925, to Mar. 4, 1933	8 years.
Hammond, W. S	Mar. 4, 1907, to Mar. 4, 1915	8 years.
Heatwole, Joel P	Mar. 4, 1895, to Mar. 4, 1903	8 years.
Keller, Oscar E	July 10, 1919, to Mar. 4, 1927	7 years 7 months 22 days.
Kvale, Paul John	Oct. 16, 1929	7 years 2 months 18 days, when present term expires.
Kvale, O. J	Mar. 4, 1923, to Sept. 11, 1929	6 years 6 months 7 days.
4 TERMS NOT CONSECUTIVE		
Lind, John	Mar. 4, 1887, to Mar. 4, 1893	8 years.
Do	Mar. 4, 1903, to Mar. 4, 1905	
Maas, Melvin J	Mar. 4, 1927, to Mar. 4, 1933	8 years, when present term expires.
Do	Jan. 3, 1935	
3 TERMS CONSECUTIVE		
Bede, J. Adam	Mar. 4, 1903, to Mar. 4, 1909	6 years.
Donnelly, Ignatius	Mar. 4, 1863, to Mar. 4, 1869	6 years.
Ellsworth, Franklin F	Mar. 4, 1915, to Mar. 4, 1921	6 years.
Morris, Page	Mar. 4, 1897, to Mar. 4, 1903	6 years.
Nelson, Knute	Mar. 4, 1883, to Mar. 4, 1889	6 years.
Nye, Frank M	Mar. 4, 1907, to Mar. 4, 1913	6 years.
Selvig, Conrad G	Mar. 4, 1927, to Mar. 4, 1933	6 years.
Washburn, William D	Mar. 4, 1879, to Mar. 4, 1885	6 years.
Van Dyke, Carl C	Mar. 4, 1915, to May 20, 1919	4 years 2 months 16 days.
3 TERMS NOT CONSECUTIVE		
Carss, W. L	Mar. 4, 1919, to Mar. 4, 1921	6 years.
Do	Mar. 4, 1925, to Mar. 4, 1929	
Pittenger, William A	Mar. 4, 1929, to Mar. 4, 1933	6 years, when present term expires.
Do	Jan. 3, 1935	
Lundeen, Ernest	Mar. 4, 1917, to Mar. 4, 1919	5 years 10 months, when present term expires.
Do	Mar. 4, 1933	
2 TERMS CONSECUTIVE		
Aldrich, Cyrus	Mar. 4, 1859, to Mar. 4, 1863	4 years.
Averill, John T	Mar. 4, 1871, to Mar. 4, 1875	4 years.
Buckman, C. B	Mar. 4, 1903, to Mar. 4, 1907	4 years.
Christgau, Victor	Mar. 4, 1929, to Mar. 4, 1933	4 years.
Furlow, Allen J	Mar. 4, 1925, to Mar. 4, 1929	4 years.
Hall, O. M	Mar. 4, 1891, to Mar. 4, 1895	4 years.
Kiefer, Andrew R	Mar. 4, 1893, to Mar. 4, 1897	4 years.
Larson, Oscar J	Mar. 4, 1921, to Mar. 4, 1925	4 years.
Smith, George R	Mar. 4, 1913, to Mar. 4, 1917	4 years.
Wakefield, J. B	Mar. 4, 1883, to Mar. 4, 1887	4 years.
Wefald, Knud	Mar. 4, 1923, to Mar. 4, 1927	4 years.
White, Milo	Mar. 4, 1883, to Mar. 4, 1887	4 years.
Christianson, Theodore	Mar. 4, 1933	3 years 10 months, when present term expires.
Nolan, W. I	July 1, 1929, to Mar. 4, 1933	3 years 8 months 3 days.
1 TERM		
Baldwin, M. R	Mar. 4, 1893, to Mar. 4, 1895	2 years.
Boen, Haldor E	Mar. 4, 1893, to Mar. 4, 1895	2 years.
Buckler, R. T	Jan. 3, 1935	2 years, when present term expires.
Castle, J. N	Mar. 4, 1891, to Mar. 4, 1893	2 years.
Comstock, S. G	Mar. 4, 1889, to Mar. 4, 1891	2 years.
Gilfillan, J. B	Mar. 4, 1885, to Mar. 4, 1887	2 years.
Hall, Darwin S	Mar. 4, 1889, to Mar. 4, 1891	2 years.
Halvorson, Kittel	Mar. 4, 1891, to Mar. 4, 1893	2 years.
Harries, W. H	Mar. 4, 1891, to Mar. 4, 1893	2 years.
King, William S	Mar. 4, 1875, to Mar. 4, 1877	2 years.
McDonald, John L	Mar. 4, 1887, to Mar. 4, 1889	2 years.
Manahan, James	Mar. 4, 1913, to Mar. 4, 1915	2 years.
Poehler, Henry	Mar. 4, 1879, to Mar. 4, 1881	2 years.
Rice, Edmund	Mar. 4, 1887, to Mar. 4, 1889	2 years.
Ryan, Elmer J	Jan. 3, 1935	2 years, when present term expires.
Snider, S. P	Mar. 4, 1889, to Mar. 4, 1891	2 years.
Stewart, Jacob H	Mar. 4, 1877, to Mar. 4, 1879	2 years.
Towne, Charles A	Mar. 4, 1895, to Mar. 4, 1897	2 years.
Wilkinson, Morton S	Mar. 4, 1869, to Mar. 4, 1871	2 years.
Wilson, Eugene M	Mar. 4, 1869, to Mar. 4, 1871	2 years.
Wilson, Thomas	Mar. 4, 1887, to Mar. 4, 1889	2 years.
Arens, Henry	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
Chase, Ray P	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
Hoidale, Einar	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
Johnson, Magnus	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
Shoemaker, F. H	Mar. 4, 1933, to Jan. 3, 1935	1 year 10 months.
Cavanaugh, J. M	May 12, 1858, to Mar. 4, 1859	9 months 20 days.
Phelps, W. W	May 12, 1858, to Mar. 4, 1859	9 months 20 days.

These dates of service are taken from the Minnesota Legislative Manual, 1935, pages 89–90.

MINNESOTA TERRITORIAL DELEGATES TO CONGRESS

Minnesota was made a State in 1858. From 1849 to 1858 there were three Territorial Delegates sent to Congress from Minnesota. These Delegates were:

Henry H. Sibley, January 15, 1849, to March 4, 1853; 4 years 1 month 17 days.

Henry M. Rice, December 5, 1853, to March 4, 1857; 3 years 2 months 27 days.

W. W. Kingsbury, December 7, 1857, to May 11, 1858; 5 months 4 days.

Errors may be discovered by those versed in Minnesota political lore. If so, we will be pleased to stand corrected.

CONGRESSMAN LINDBERGH'S BUST PLACED IN JOHN MORTON MEMORIAL MUSEUM, PHILADELPHIA

I have spoken of Lindbergh's writings, and I here list Lindbergh's books and pamphlets, chronologically furnished me by the John Morton Memorial Museum, of Philadelphia, where recently a bust of Congressman Lindbergh was placed, on Sunday, June 23, 1935, at which ceremony I had the honor to deliver some remarks on the life of Lindbergh. Dr. Amandus Johnson, director of the museum, deserves great credit for his loyal work in remembrance of great Swedish-American immortals honored here—John Morton, John Hanson, John Ericsson, Jenny Lind, and numerous others.

We also wish to call attention to Lindbergh's many speeches delivered between March 4, 1907 and March 4, 1917, during his five consecutive terms—10 years—in Congress. These speeches contain a wealth of information. They are full of prophecies of the future. They are the result of clear thinking and deep study. All of these speeches should be compiled into a set of books containing all of Lindbergh's congressional speeches and writings. This will be done some day.

It was my pleasure to present to the Morton Museum the Rules and Manual of the United States House of Representatives used by Congressman Charles A. Lindbergh. This well-worn volume came into my possession from my friend, G. A. Raymond, now in Portland, Oreg.

LINDBERGH'S BOOKS

1. The Law of Rights. A magazine, I–III. 1905.
2. Banking and Currency and the Money Trust. 1913.
3. Why Is Your Country at War, and What Happens to You After the War, and Related Subjects? 1917. Reprinted, 1934.
4. The Economic Pinch. 1923.
5. Who and What Caused the Panic. (Pamphlet) 1923.

SOCIAL-INSURANCE LEGISLATION

The Lindberghs of Sweden came to America sturdy, independent, thoughtful men. They were always unafraid and smiled through tempests of hatred and opposition. Sweden leads in social legislation. It is a progressive, liberal country. After coming to America, Congressman August Lindbergh, grandfather of the colonel and father of Congressman Charles A. Lindbergh, continued his efforts to improve conditions among his fellow men. He was a great Liberal leader in Sweden and, in spite of his language handicap, continued to lead in the American community where he pioneered.

His great son, the American Congressman, followed in the footsteps of his father, who served as congressman in the Swedish Congress; and the world hero of the air, Colonel Lindbergh pioneered and continues to pioneer. Whether in new territories or in new fields of thought, always searching for the truth, each one of these pioneers met the sneers and scoffs of his fellow men calmly. They were men—

In conscious virtue bold
Who dared their secret purpose hold
Unshaken heard the crowds' tumultous cries
  And the impetuous tyrant's angry brow defied.
Let the loud winds, that rule the seas
Tempestuous their wild horrors raise,
Let Jove's dread arm with thunder rend the spheres
Beneath the crash of worlds undaunted they appear.

[Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SEARS for 1 week, on account of important business.

A MILLION RAILROAD MEN FOR WAR REFERENDUM

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement by the 21 railroad brotherhoods.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, in one of the most significant and dramatic labor movements of modern times the support of a million men has been placed back of House Joint Resolution No. 167, the constitutional war-referendum resolution, which is designed as a preventive of war. As the author of the resolution I am very grateful for their support.

The Railway Labor Executives' Association, which speaks directly for the 1,000,000 organized workingmen who are members of the 21 standard railroad brotherhoods and indirectly reflects the thought of millions of other workingmen, at a meeting in Washington decided to throw its united support back of House Joint Resolution No. 167 as a measure deemed urgently necessary to prevent America from being dragged into war at an early date through the machinations of propagandists of special interests, munition manufacturers, and professional war promoters.

In a communication which scathingly reviews the activities of the war promoters, and which is addressed to the Judiciary subcommittee which has been conducting hearings on the Ludlow resolution, the Railway Labor Executives' Association emphasizes the need of haste, and says:

> We urge that every effort be made to speed the final adoption of this resolution. This legislation is racing against the danger of war, and there is no time to spare.

The so-called "Ludlow amendment" provides that, except in the case of invasion or attack, war cannot be declared until the question is submitted to a Nation-wide referendum and a majority of the people of the country vote for war; also that in the event of war all war properties, munitions plants, and so forth, shall be taken over for use of the Government during the period of the emergency, thus removing the profit incentive to war.

In this crisis—for a world situation that reflects such obvious threats of an impending war is truly a crisis—labor of America is fortunate in having to represent it such an influential spokesman as the Railway Labor Executives' Association. This organization of railway employees, sometimes known as the "21 brotherhoods", is the most vital force in the labor movement today. It has initiative, courage, and fighting qualities that make it a tremendous force, not only for the advancement of the labor movement but for good citizenship in America. To it is due a large share of the credit for bringing about a betterment of social and living conditions among all workers, both union and nonunion. It has been unerring in its discernment of intolerable conditions affecting workers and quick and effective in finding the means of correction.

Its plans and purposes are made articulate through the most virile labor publication in the Western Hemisphere, the publication called "Labor", which is issued from the building owned by the Railway Labor Executives' Association at Delaware Avenue and B Streets SW., this city. Edward Keating, who directs that publication, is a forceful editor, a close student of public questions, a former liberal Member of Congress who has the commoner's viewpoint, and whose philosophy is fashioned on the Jeffersonian idea of equality among men.

AN ORGANIZATION THAT IS 100 PERCENT AMERICAN

The American Railway Labor Executives' Association is 100 percent American and it is for protecting the good, solid, honest American manhood from the tricks and schemes of the war promoters who stand convicted at the bar of public opinion of encouraging and promoting strife for the sake of filthy dollars.

The association believes that those who have to pay the awful costs of war and to do the suffering and dying should have something to say as to whether or not war shall be declared, and it is not willing that any American shall be ripped from his family and thrown into the hell of war just to protect somebody's investments, or to enable somebody to pile up fabulous profits. Seventeen years ago the association saw workingmen conscripted and thrust into the horrors of the trenches and battlefields of a foreign war at a dollar a day, while 23,000 swivel-chair patriots were being elevated into the class of millionaires at home. While it stands firmly for adequate defense, it does not propose that at any time hereafter, with its consent, the fine young manhood of America shall be sacrificed to fight a foreign war until the question has first been submitted to the people of America and approved by them by a majority vote. That is the sum and substance of the resolution I have introduced.

It goes the entire limit in permitting national defense, but it is opposed to foreign wars unless such wars have the sanction of a majority of Americans in a vote taken in the privacy of the ballot booths where the citizen can record the verdict of his conscience with no one to dictate or swerve him from his honest judgment. To that just and reasonable program the Railway Labor Executives' Association stands pledged with absolute unanimity.

TEXT OF RAILROAD MEN'S APPEAL

The statement adopted by the Railway Labor Executives' Association and presented to the Judiciary Committee by W. D. Johnson, vice president of the Order of Railway Conductors of America, one of the leaders of organized labor, is as follows:

The Railway Labor Executives' Association, representing the 1,000,000 railway workers of the United States, desires to place itself on record with your committee as being unqualifiedly in favor of the immediate passage by Congress, and the ratification by the several States, of the constitutional amendment proposed in House Joint Resolution No. 167.

Every thoughtful American who is at all informed on international affairs must feel that there is very grave danger of another war among European and Asiatic nations within the next few years. Ancient rivalries have been revived and hatreds have been heated again to the point where a minor incident may be enough to precipitate a conflict even more destructive than that of 1914–18. Political adventurers, military leaders, and those industrial interests which profit from wars and preparation for wars have stirred international animosities and brought about a situation which can be compared only to that preceding the Great War. The outbreak of hostilities may occur without warning.

We believe in preparedness, but of a kind directly the opposite of that which our own militarists advocate. We believe that our Government must be prepared to keep America out of the next war; we believe that the people of the United States must be prepared to resist those propagandists who will not hesitate to urge our participation in the holocaust toward which the world is moving. We believe that such preparations, if they are to be effective, must be made now before new warfare has created the atmosphere of panic and hysteria which permits professional patriots to drum up war sentiment. We believe that the constitutional amendment proposed in this resolution is patriotic preparation against European war. We believe that its adoption will keep America out of the general destruction threatening modern civilization.

The workers we represent, in common with all decent citizens of our country, have been sickened and disgusted by the revelations recently made of the activities and the profits of the peddlers of war munitions. Efforts sincerely made by governments desiring to limit armaments, and thereby to lessen the international suspicion which breeds wars, have been defeated by the incredibly brutal and vicious practices of these munition makers. Professional propagandists have collaborated in producing the state of mind among the peoples of the world which assures the widest sale of the implements of war. These munitions makers and their agents are creating their markets and selling their goods with no other thought in mind than securing for themselves the greatest possible profit.

The greed for profits was not lacking from American manufacturers before and during the World War. While American soldiers fought in the trenches to decide a European war whose issues were of no real concern to us, billions of dollars were being paid by our Government directly and through the financial agents of foreign governments to the manufacturers of munitions in the United States. The appalling sacrifices demanded of our soldiers and their families should have brought voluntary surrendering by our munitions manufacturers of all profits; they should have been eager to supply us and our Allies all possible munitions at actual cost. We know now that to the eternal disgrace of these interests they reaped profits which were far beyond any possible justification, which were possible only because of the desperate need of the Government and the people of the United States.

If European war comes again, there will be no lack of the same kind of destructive and unpatriotic action by our munitions manufacturers. Nothing has happened to make us believe they have changed their spots. There will be no lack of newspapers to give space to false reports of atrocities or to imaginary insults to our national honor. There will be plenty of skilled propagandists who will, for money, use all their arts to confuse and to mislead our people into believing that we should take up arms against some other nation. No sensible American whose memory runs back to the last war and who has followed the disclosures of the munitions investigation, can doubt that the munitions manufacturers will try to force this country into whatever war they can promote in Europe or Asia. No sensible American can fail to realize that war psychology can be created out of the lies and the oratory of the propagandists. No sensible American wants to see us in that next war.

The constitutional amendment that is proposed will prevent the sudden and ill-considered sort of action which might plunge us into war. The referendum will give time for thought and for countering the propaganda of those whose selfish interests would be served by war. More than that, the limitation of munitions profits would not only force upon munitions makers a decent restriction during war—it would also greatly reduce their interest in promoting American belligerency. This amendment, however, still permits speedy congressional action to defend the Nation against actual invasion.

We urge upon your committee that it report out favorably the resolution under consideration and that every effort be made to speed its final adoption. This legislation is racing against the danger of war and there is no time to spare.

Mr. BROWN of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an editorial appearing in the Atlanta Constitution of June 24, 1935.

The SPEAKER pro tempore. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I object.

LEAVE TO ADDRESS THE HOUSE

Mr. MAY. Mr. Speaker, I ask unanimous consent that tomorrow, after the reading of the Journal and the disposition of business on the Speaker's table, I be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. I should very much like to hear what the gentleman has to say, but under the conditions I object.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that tomorrow morning after the reading of the Journal and the disposition of business on the Speaker's table, the distinguished minority leader [Mr. SNELL] may have 1 hour to address the House and get in good humor.

Mr. SNELL. Mr. Speaker, I object.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2917. An act authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces; to the Committee on Military Affairs.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 7205. An act to amend the Ship Mortgage Act, 1920, otherwise known as "section 30" of the Merchant Marine Act, 1920, approved June 5, 1920, to allow the benefits of said act to be enjoyed by owners of certain vessels of the United States of less than 200 gross tons; and

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 22, 1935, present to the President, for his approval, a bill of the House of the following title:

H. R. 7672. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.), in compliance with the order heretofore made, the House adjourned until tomorrow, Tuesday, June 25, 1935, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

393. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting report of its activities and expenditures for May 1935, including statements of authorizations made during that month, showing the name, amount, and rate of interest or dividend in each case (H. Doc. No. 231); to the Committee on Banking and Currency and ordered to be printed.

394. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 22, 1935, submitting a report, together with accompanying papers and illustrations, on a survey of Mouse River, N. Dak., with a view to the prevention and control of its floods, authorized by act approved February 27, 1931; to the Committee on Flood Control.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR: Committee on Rules. House Resolution 275. Resolution for the consideration of H. R. 8555; without amendment (Rept. No. 1317). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. S. 2796. An act to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes; with amendment (Rept. No. 1318). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LUCAS: Committee on Claims. H. R. 820. A bill for the relief of James A. Henderson; with amendment (Rept. No. 1284). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. H. R. 1363. A bill for the relief of Petra M. Benavides; with amendment (Rept. No. 1285). Referred to the Commitee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 1435. A bill for the relief of Sarah L. Smith; with amendment (Rept. No. 1286). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 2115. A bill for the relief of First Lt. R. G. Cuno; with amendment (Rept. No. 1287). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 2435. A bill for the relief of the Citizens State Bank of Marianna, Fla.; with amendment (Rept. No. 1288). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 2526. A bill for the relief of Powell & Goldstein, Inc.; with amendment (Rept. No. 1289). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. H. R. 2617. A bill for the relief of the Nacional Destilerias Corporation; with amendment (Rept. No. 1290). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 2620. A bill for the relief of Sadie Wilkinson; with amendment (Rept No. 1291). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 2621. A bill for the relief of Tom L. Griffith; with amendment (Rept. No. 1292). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 2702. A bill for the relief of Emanuel Lieberman; with amendment (Rept. No. 1293). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. H. R. 3408. A bill for the relief of R. W. Jones; with amendment (Rept. No. 1294). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. H. R. 3673. A bill for the relief of Bernard V. Wolfe; with amendment (Rept. No. 1295). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 3777. A bill for the relief of the Herald Publishing Co.; with amendment (Rept. No. 1296). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 4148. A bill for the relief of the Thomas Marine Railway Co., Inc.; with amendment (Rept. No. 1297). Referred to the Committee of the Whole House.

Mr. LUCAS: Committee on Claims. H. R. 4655. A bill for the relief of the Sachs Mercantile Co., Inc.; with amendment (Rept. No. 1298). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 4770. A bill for the relief of Elinora Fareira; with amendment (Rept. No. 1299). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 4784. A bill for the relief of J. T. Slayback; with amendment (Rept. No. 1300). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H. R. 5245. A bill for the relief of Elizabeth Leiding; with amendment (Rept. No. 1301). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 5634. A bill for the relief of the Baltimore Renovating Co.; with amendment (Rept. No. 1302). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 5867. A bill for the relief of E. C. Willis, father of the late Charles R. Willis, a minor; with amendment (Rept. No. 1303). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 5905. A bill for the relief of Cal Settles; with amendment (Rept. No. 1304). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 6057. A bill for the relief of Joe Brumit; with amendment (Rept. No. 1305). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 6394. A bill for the relief of William K. Caley; with amendment (Rept. No. 1306). Referred to the Committee of the Whole House.

Mr. CARLSON: Committee on Claims. H. R. 6889. A bill for the relief of A. Zappone and W. R. Fuchs; without amendment (Rept. No. 1307). Referred to the Committee of the Whole House.

Mr. GWYNNE: Committee on Claims. H. R. 6892. A bill for the relief of certain Indians on the Cheyenne River Reservation; with amendment (Rept. No. 1308). Referred to the Committee of the Whole House.

Mr. RYAN: Committee on Claims. H. R. 7393. A bill for the relief of Ralph P. Kellogg; with amendment (Rept. No. 1309). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 7520. A bill for the relief of David A. Trousdale; with amendment (Rept. No. 1310). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. H. R. 7616. A bill for the relief of the estate of W. W. McPeters; with amendment (Rept. No. 1311). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. H. R. 7819. A bill for the relief of William C. Price and Joseph C. Lesage; with

amendment (Rept. No. 1312). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 7962. A bill for the relief of Grier-Lowrance Construction Co., Inc.; without amendment (Rept. No. 1313). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 8020. A bill for the relief of Jose R. Redlhammer; without amendment (Rept. No. 1314). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 8089. A bill for the relief of Joseph J. Baylin; with amendment (Rept. No. 1315.) Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H. R. 8618) to repeal section 3345, Revised Statutes of the United States, relating to the removal of malt liquors from brewery premises without stamps, to enact a new section in lieu thereof, and for other purposes; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 8619) authorizing the Secretary of War to purchase lands for the purpose of carrying into effect the provisions for national cemeteries; to the Committee on Military Affairs.

By Mr. IGLESIAS: A bill (H. R. 8620) to provide for the commemoration of the landing of American troops in the island of Puerto Rico; to the Committee on Insular Affairs.

By Mr. KOCIALKOWSKI: A bill (H. R. 8621) to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes; to the Committee on Insular Affairs.

By Mr. LEE of Oklahoma: A bill (H. R. 8622) to authorize the purchase of the *Winnie Mae* by the Smithsonian Institution; to the Committee on the Library.

By Mr. McCORMACK: A bill (H. R. 8623) to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes; to the Committee on the Judiciary.

Also, a bill (H. R. 8624) to provide for the disposal of smuggled merchandise, to authorize the Secretary of the Treasury to require imported articles to be marked in order that smuggled merchandise may be identified, and for other purposes; to the Committee on Ways and Means.

By Mr. O'NEAL: A bill (H. R. 8625) to exempt publicly owned interstate highway bridges from State, municipal, and local taxation; to the Committee on Interstate and Foreign Commerce.

By Mr. ROMJUE: A bill (H. R. 8626) authorizing a preliminary examination of Middle Fabius River in Scotland and Knox Counties, Mo., with a view to the controlling of floods; to the Committee on Flood Control.

By Mr. STUBBS: A bill (H. R. 8627) to amend the Tariff Act of 1930, as amended, and for other purposes; to the Committee on Ways and Means.

By Mr. TERRY: A bill (H. R. 8628) to provide for the relief of public-school districts and other public-school authorities, and for other purposes; to the Committee on Banking and Currency.

By Mr. BLOOM: A bill (H. R. 8629) authorizing an appropriation for payment to the Government of Norway in settlement of all claims for reimbursement on account of losses sustained by the owner and crew of the Norwegian steamer *Tampen;* to the Committee on Foreign Affairs.

By Mr. ECKERT: A bill (H. R. 8630) to amend section 13 of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. FULMER: A bill (H. R. 8631) to provide for the use of net weights in interstate- and foreign-commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes; to the Committee on Agriculture.

By Mr. McSWAIN: A bill (H. R. 8632) to amend an act entitled "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes", approved May 18, 1933; to the Committee on Military Affairs.

By Mr. MAHON: Joint resolution (H. J. Res. 334) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. SANDERS of Texas: Joint resolution (H. J. Res. 335) to permit articles imported from foreign countries for the purpose of exhibition at the Texas Centennial Exposition and celebrations to be admitted without payment of tariff and for other purposes; to the Committee on Ways and Means.

MEMORIAL

Under clause 3 of rule XXII, a memorial was presented and referred as follows:

By the SPEAKER: Memorial of the State of Oklahoma, memorializing Congress to recognize the claim of the widow of "Bill" Tilghman; to the Committee on Claims.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BREWSTER: A bill (H. R. 8633) granting a pension to James D. Shelters; to the Committee on Invalid Pensions.

By Mr. CELLER: A bill (H. R. 8634) for the relief of Samuel B. Schweitzer; to the Committee on Claims.

By Mr. GINGERY: A bill (H. R. 8635) granting an increase of pension to Miriam E. Hogue; to the committee on Invalid Pensions.

By Mr. HALLECK: A bill (H. R. 8636) granting a pension to Viola Shively; to the Committee on Invalid Pensions.

By Mr. KRAMER: A bill (H. R. 8637) granting an increase of pension to Harry Kraft; to the Committee on Pensions.

By Mr. LUCKEY: A bill (H. R. 8638) for the relief of the Franklin Ice Cream Co.; to the Committee on War Claims.

Also, a bill (H. R. 8639), granting an increase of pension to Lydia M. Bross; to the Committee on Invalid Pensions.

By Mr. McGEHEE: A bill (H. R. 8640) for the relief of L. S. Pitts; to the Committee on Claims.

Also, a bill (H. R. 8641) to confer jurisdiction upon the United States District Court for the Southern District of Mississippi to hear, determine, and render judgment upon the claim of L. S. Pitts; to the Committee on Claims.

By Mr. MAHON: A bill (H. R. 8642) for the relief of Mrs. John Deisher; to the Committee on Claims.

By Mr. MONAGHAN: A bill (H. R. 8643) for the relief of Mr. and Mrs. Frank Daley; to the Committee on Claims.

By Mr. NELSON: A bill (H. R. 8644) granting the consent of Congress to J. L. Jones, Tyre W. Burton, and H. R. Turley, trustees, to construct, maintain, and operate a toll bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH: A bill (H. R. 8645) for the relief of St. Vincent's Catholic Church, of Berkeley Springs, W. Va.; to the Committee on Claims.

By Mr. REED of Illinois: A bill (H. R. 8646) granting a pension to Ella M. Rickert; to the Committee on Invalid Pensions.

By Mr. ROMJUE: A bill (H. R. 8647) granting a pension to Bettie Lee Lomax; to the Committee on Invalid Pensions.

By Mr. STEAGALL: A bill (H. R. 8648) for the relief of Sadie Mitchell Elmore; to the Committee on Claims.

By Mr. STEFAN: A bill (H. R. 8649) to provide for the appointment of Ira E. Porter as a second lieutenant, United States Army; to the Committee on Military Affairs.

By Mr. TINKHAM: A bill (H. R. 8650) for the relief of Joseph Hovey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8966. By Mr. BOYLAN: Resolutions adopted by the board of managers of the New York Produce Exchange, New York City, urging the enactment of an amendment to section 557 of the Tariff Act of 1930; to the Committee on Ways and Means.

8967. By Mr. BUCK: Memorial of the California Legislature, memorializing the Federal Relief Administrator to make available funds for the extension of Highway Route No. 163 through the Venice and Santa Monica Bay areas; to the Committee on Ways and Means.

8968. Also, memorial of the California Legislature, memorializing the President of the United States to make ample provisions for the encouragement of the artistic, cultural, humane, patriotic, and sentimental phases of our American national life in the Federal works plan; to the Committee on Ways and Means.

8969. By Mr. CONNERY: Petition of the textile employees and citizens of the city of Lawrence, Mass., requesting that the processing tax on cotton be abolished, that foreign importations of textiles be limited, and that the President recommend, and Congress adopt, legislation which will preserve and protect the textile industry of New England; to the Committee on Ways and Means.

8970. By Mr. KRAMER: Resolution of the Senate and Assembly of California Legislature, relative to memorializing the Federal Relief Administrator to make available funds for the extension of Highway Route No. 163 through the Venice and Santa Monica Bay areas; to the Committee on Ways and Means.

8971. By Mr. COLDEN: Assembly Joint Resolution No. 63, adopted by the Assembly and the Senate of the California State Legislature, and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing the President of the United States to make ample provision for the encouragement of the artistic, cultural, humane, patriotic, and sentimental phases of our American national life in the Federal works plan; to the Committee on Appropriations.

8972. By Mr. GOLDSBOROUGH: Petition of citizens of Easton, Md., opposing the reenactment of the Federal tax on gasoline; to the Committee on Ways and Means.

8973. By Mr. GOODWIN: Petition of the New York State Legislature, favoring the repeal of the charter of the North River Bridge Co. in Public Act 350, Sixty-seventh Congress, 1922; to the Committee on Interstate and Foreign Commerce.

8974. Also, petition of the New York State Legislature, favoring necessary legislation and cooperation of Public Works Administration for construction of freight tunnel between the States of New York and New Jersey; to the Committee on Interstate and Foreign Commerce.

8975. Also, petition of the New York State Legislature, urging legislation to make Columbus Day a national holiday; to the Committee on the Judiciary.

8976. Also, petition of the Legislature of the State of New York, urging legislation for the benefit of the milk and dairy industry; to the Committee on Agriculture.

8977. Also, petition of the Legislature of the State of New York, urging passage of the Rudd bill (H. R. 6); to the Committee on the Post Office and Post Roads.

8978. By Mr. KEE: Petition of M. T. Jones and other citizens of McDowell County, W. Va., urging the Congress of the United States of America to eliminate the taxation of gasoline by the Federal Government; to the Committee on Ways and Means.

8979. Also, petition of J. D. Scyphers and other citizens of McDowell County, W. Va., urging the Congress of the United States of America to eliminate the taxation of gasoline by the Federal Government; to the Committee on Ways and Means.

8980. By Mr. TRUAX: Petition of Joseph T. Schwartz, Fremont, Ohio, a stockholder of one of Ohio's leading oil-producing, manufacturing, and distributing companies, endorsing the views expressed by the American Petroleum Institute, in a petition to the Congress of the United States, in reference to legislation affecting the industry, as contained in Senate bill 2445 or similar proposals; to the Committee on Interstate and Foreign Commerce.

8981. Also, petition of the United Textile Workers of America, Providence, R. I., by their vice president, Horace A. Riviere, urging support of the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8982. Also, petition of the Ohio Farm Bureau Federation, Columbus, Ohio, by their president, Perry L. Green, urging that large amounts of the funds appropriated from the emergency relief funds for use on public highways be assigned to the development of the secondary or farm-to-market highways; to the Committee on Agriculture.

8983. Also, petition of the Alameda County Club of Adult Blind, Berkeley, Calif., by their president, Henry M. Bindt, urging support of House bill 6628, which provides employment for the blind; to the Committee on Labor.

8984. Also, petition of Frazier-Lemke Moratorium Club of Seneca County, Ohio, by their president, David C. Hilsinger, and secretary, E. G. Brosius, urging immediate passage of the Frazier-Lemke farm refinance bill; to the Committee on Agriculture.

8985. By the SPEAKER: Petition of the Slovak League of America, urging the enactment of House bill 8163; to the Committee on Immigration and Naturalization.

SENATE

TUESDAY, JUNE 25, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 24, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3806. An act to establish a commercial airport for the District of Columbia; and

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia; and for other purposes.

SUPPLEMENTAL ESTIMATES—LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 82)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the legislative establishment, Capitol firemen, for the fiscal year 1936, amounting to $31,150, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENTS RENDERED BY COURT OF CLAIMS (S. DOC. NO. 83)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a list of judgments rendered by the Court of Claims, requiring an appropriation for their payment, amounting to $770,661.39, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 84)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting, pursuant to law, schedules of claims allowed by the General Accounting Office, covering judgments rendered by the District Court for the Southern District of New York against the collector of customs, amounting to $7,711.14, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 85)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting, pursuant to law, schedules of claims allowed by the General Accounting Office, amounting to $26,665.39, as covered by certificates of settlement under appropriations the balances of which have been carried to the surplus fund under the provisions of law, and for the services of the several departments and independent offices, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 80)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting, pursuant to law, estimates of appropriations submitted by the several executive departments and an independent office, to pay claims for damages to privately owned property, in the sum of $10,549.85, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PAYMENTS TO FEDERAL LAND BANKS ON ACCOUNT OF REDUCTION IN INTEREST RATES (S. DOC. NO. 79)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting a supplemental estimate of appropriation for the Treasury Department, fiscal year 1936, amounting to $18,000,000, for payments to Federal land banks on account of the reduction in the interest rate on mortgages, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, DEPARTMENT OF STATE (S. DOC. NO. 87)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting supplemental estimates of appropriations for the fiscal years 1935 and 1936, amounting to $367,440, and a draft of a proposed provision pertaining to existing appropriations for the Department of State, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

WASHINGTON-LINCOLN MEMORIAL-GETTYSBURG BOULEVARD COMMISSION (S. DOC. NO. 88)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Washington-Lincoln Memorial-Gettysburg Boulevard Commission, amounting to $10,000, to be immediately available and to remain available until expended, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PAYMENTS ON ACCOUNT OF APPRECIATION OF FOREIGN CURRENCIES (S. DOC. NO. 86)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1936, amounting to $1,478,652, for payment to officers and employees of the United States in foreign countries due to appreciation of foreign currencies, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SALARIES AND EXPENSES, BUREAU OF INVESTIGATION, 1936 (S. DOC. NO. 89)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Department of Justice, for salaries and expenses, Federal Bureau of Investigation, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY APPROPRIATION—NAVY DEPARTMENT (S. DOC. NO. 90)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a deficiency estimate of appropriation for the Navy Department for the fiscal year ended June 30, 1923, amounting to $10, together with draft of a proposed provision affecting an existing appropriation of the Navy Department, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

ELECTRIC RATE SURVEY IN ARKANSAS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to law, a compilation completed through the electric rate survey of the domestic and residential rates in effect in the State of Arkansas on January 1, 1935, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Assistant Administrator of the Federal Emergency Relief Administration, reporting, pursuant to law, that there is an accumulation of documents and papers on the files of the Administration which are not needed in the conduct of business and have no permanent value or historical interest and requesting action looking to their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Executive Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. GLASS and Mr. HALE members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Appropriations:

Assembly joint resolution relative to memorializing the President of the United States to make ample provision for the encouragement of the artistic, cultural, humane, patriotic, and sentimental phases of our American national life in the Federal-works plan

Whereas the Congress of the United States has approved the appropriation of huge sums to be expended under the direction of the President of the United States in a comprehensive Federal works plan; and

Whereas the President of the United States has announced the tentative proportions of said sums as to their disbursement, which includes an amount allocated to so-called "white collar" workers; and

Whereas the State of California is taking steps and has made provisions for numerous enterprises which may be of general benefit because of their inspirational and educational value, such as fairs, expositions, conventions, industrial and housing exhibitions, and celebrations to mark high attainment in the world of construction and engineering; and

Whereas the State of California and several other of the sovereign States of our Union, are nearing the completion of certain such construction projects that bespeak the initiative and industry of our present generation, the accomplishment and achievement of which can be properly perpetuated as imperishable monuments, and fittingly recorded by employing the services of the white-collar workers: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the President of the United States is hereby memorialized to make ample provision for the encouragement of the artistic, cultural, humane, patriotic, and sentimental phases of our American national life in the great Federal works plan by the employment of white-collar workers; and be it further

Resolved, That the Governor of the State of California is hereby requested, empowered and authorized to (1) transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives and to each Senator and Member of the House of Representatives from California in the Congress of the United States, and to the National Director of the Federal Work Relief Administration; and (2) designate and select the State department, official, agent, or director to initiate projects for the employment of white-collar workers to carry out the purpose of this resolution; and be it further

Resolved, That all departments of the State of California cooperate with the department designated by the Governor and aid

in developing an appreciation of culture, beauty, science, history, arts, and achievement.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Illinois, which was referred to the Committee on Finance:

Senate Joint Resolution 34

Whereas the amount of imports of foreign starches has increased more than threefold since 1927; and

Whereas said foreign starches are produced by coolie labor under low standards of living, are imported into the United States duty free, and are not subject to a processing tax; and

Whereas the producers of starches in the United States have maintained a high wage level for their employees which conduced toward the high standards of living that control in this country; and

Whereas American-produced starches are subject to a processing tax; and

Whereas by reason of such unfair competition the output of starches by American manufacturers has been materially and substantially reduced with its resultant depressing effects upon the American workingman and farmer so as to cause unemployment, hunger, the lowering of the American standard of living, and the undermining of the morale of the people of this country; and

Whereas House bill No. 6961, introduced at the current session of the Seventy-fourth Congress, tends to mitigate, extenuate, and palliate the foregoing evils: Therefore be it

Resolved by the senate of the fifty-ninth general assembly (the house of representatives concurring therein), That the Congress of the United States is respectfully memorialized and importuned to enact House bill No. 6961, now pending before it; and be it further

Resolved, That each Member of Congress from the State of Illinois is respectfully urged to lend his aid in support of this proposed legislation; and be it further

Resolved, That copies of this preamble and resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to each Member of Congress from the State of Illinois.

The VICE PRESIDENT also laid before the Senate a telegram in the nature of a memorial from Alma Deas, dated at Miami, Fla., June 24, 1935, remonstrating against the confirmation, when and if nominated, of Fred Ewing to be postmaster at Hialeah, Fla., until investigation is made thereof, which was referred to the Committee on Post Offices and Post Roads.

Mr. COPELAND presented a resolution adopted by the Board of Managers of the New York Produce Exchange, favoring the amendment of section 557 of the Tariff Act of 1930, so as to delete from that section the words "or 10 months in the case of grain", thus extending to grain the same period of 3 years now afforded to merchandise in general to remain in bonded warehouse and to be exported without import duty, which was referred to the Committee on Finance.

He also presented resolutions adopted by the First Sekuraner Dr. Braunstein Progressive Society and Kletzker Young Men's Benevolent Association, both of New York City, N. Y., favoring the enactment of House bill 8163, known as the "Kerr bill", pertaining to the immigration of aliens, which were referred to the Committee on Immigration.

He also presented a petition of several citizens of New Rochelle, N. Y., praying for the enactment of Senate bill 600, to amend sections 211, 245, and 312 of the Criminal Code, as amended, pertaining to the dissemination of contraceptive information and supplies, which was referred to the Committee on the Judiciary.

TAXATION OF THE FUR INDUSTRY

Mr. COPELAND presented a letter from N. Taylor Phillips, Esq., attorney and counselor at law, New York City, N. Y., submitting a suggested plan of method of taxing the fur industry, which, with the accompanying paper, was ordered to lie on the table and to be printed in the RECORD, as follows:

NEW YORK, *June 21, 1935.*

Hon. ROYAL S. COPELAND,
United States Senate Office Building, Washington, D. C.

MY DEAR SENATOR COPELAND: As you are of course aware, there is now being considered House Joint Resolution 324 to extend the so-called "nuisance taxes" for another year.

The furriers in this State are interested in recasting the fur tax in a manner which will produce more revenue for the Government, be more easily and positively collected, and with far less expense of collection.

There is under the present law an exemption on furs costing up to $75 which has been extremely injurious to the trade and has made tax evasion wide-spread to the injury of legitimate dealers.

The intention is now to tax all furs as they come into the hands of the dyers and dressers. As there are comparatively few of these in the country and all furs must be dyed and dressed, nothing can escape tax.

This plan, known as the "Canadian plan" has been in successful operation in Canada. I understand that Senator POPE will offer an amendment covering this matter when it reaches the floor of the Senate.

After reading the enclosed memorandum on this subject, if you feel that it justifies the foregoing statements in respect of this matter, I will very much appreciate any consideration and any assistance which you may find possible to extend.

With very kindest regards, believe me, as always,

Faithfully yours,

N. TAYLOR PHILLIPS.

SUBSTITUTE TAX PLAN

SECTION A—EXPLANATION OF THE PLAN—SUGGESTED METHOD OF TAXING THE FUR INDUSTRY

Which will produce the following results:

1. Greater gross income to the Government.
2. A very much smaller cost of collection to the Government.
3. Entire elimination of circumvention.

The fur industry has in it about 5,000 wholesale manufacturers; about 2,000 retail manufacturing furriers; 8,000 department stores and specialty shops which sell furs; an indeterminate number of so called "bedroom" or "garret" fur manufacturers; and, lastly, a great many thousands of cloak and suit manufacturers—in all, well over 20,000 sources to whom the Government should look for taxes in order to put everyone in the industry on an equal basis.

It is unnecessary to go over all of the evils of the present system of taxation. The Government is fully aware of the circumvention and evasion, and fully aware of the difficulty of getting any reasonable percentage of the money which is due it.

There is about $75,000,000 worth of raw furs consumed in the fur trade. In order to convert these furs into fur garments or fur trimmings these furs must be dressed and/or dyed. The dressing and dyeing industry amounts to about $15,000,000. These services are rendered by 180 companies. Ninety percent of all dressing and dyeing of furs is done within a radius of 50 miles from Forty-second Street and Broadway. Twenty-five percent of the total dressing and dyeing charges is billed by one company. There are 1,500 firms of all types which do business with dressers and dyers.

The total value of all dressed and dyed furs used in this country amounts to approximately $90,000,000; that is, $75,000,000 plus $15,000,000 for dressing and dyeing.

The foregoing information is presented so that the following plan can better be understood.

Every raw fur, whether it be domestic or an imported skin, whether it be a rabbit or a chinchilla, must pass through the hands of a fur dresser. As stated previously, there are 180 fur dressers and/or dyers. When an owner of raw skins, whether he be a fur merchant, a retailer or a fur manufacturer, or a cloak and suit manufacturer sends his skins to a dresser, it is proposed that he fill out a Government form which states the market value of the shipment. That form accompanies the shipment to the dresser and/or dyer. Upon completion of the work, the dresser sends to the Government, on a Government form, a statement indicating the value of the raw skins, plus the dressing charges. The Government then has in its files a direct check upon the 1,500 customers of the fur dressers and dyers, and knows exactly where its tax money is.

Now let us get back to the three statements which we made at the beginning of this memorandum:

1. GREATER GROSS INCOME TO THE GOVERNMENT

A tax of 3 percent on dressed and/or dyed furs would yield $2,700,000. Our belief is, however, that there will be a decided improvement in the entire fur business after the stifling effects of the present tax is removed. The present tax will yield very little more than $2,500,000. The proposed tax will yield nearer $3,000,000.

2. A VERY MUCH SMALLER COST OF COLLECTION TO THE GOVERNMENT

The Government will collect its tax from approximately 1,500 known sources, backed by actual records, with an accurate method of checking it. The cost of collection should be appreciably lower.

The Treasury Department, however, is better qualified to judge this phase of the subjet.

3. ENTIRE ELIMINATION OF CIRCUMVENTION

Circumvention of any nature is practically impossible. As stated before, the Government will collect its revenue from 1,500 known sources. We have given consideration to the possibility of undervaluation. There is no great possibility of anyone attempting to do this. There are four reasons why it would be foolhardy for an owner of the skins to engage in undervaluation. Let us assume that Mr. Owner sends a dresser $1,000 worth of muskrats. In order to reduce his taxes, he values these muskrats at $500. Here is where the four reasons come in:

1. If a fire takes place in the dresser's plant, he would get but $500.
2. If a robbery took place, he would get but $500.
3. If the dresser spoiled his merchandise—which is something that takes place every day in the week—he would get but $500.

4. And, lastly, the Government can always ask Mr. Owner to show a purchase bill.

It is suggested that this tax law state that it shall be necessary for the owner of the skins to fill out the raw-fur valuation form, and that the dresser and the dyer transmit to the Government filled-out Government forms which will indicate the value of the processed furs.

It is important to point out that this type of tax does not hit back at the farmer. The farmer does not send in the skins to be dressed and dyed. Of the 2,000,000 American farmer-trappers, not 200 send in their skins to the dresser and dyer. The farmer-trapper sends his skins primarily to so-called "receiving houses." These receiving houses sell the skins to various trade factors, and it is these trade factors who send in their skins to the dresser and dyer.

I feel that this point should be emphatically made, so that there can be no possible misapprehension. This type of tax is entirely a tax on the entire fur trade. Unlike the present tax, which is actually paid many times over by the farmer-trapper, the type of tax I am suggesting will do two things:

1. It will completely free the farmer-trapper from paying any fur tax whatsoever.

2. It will so improve conditions in the fur industry that the industry will be able to pay better prices for the pelts which the farmer-trapper sells.

Another point I want to emphasize in connection with the type of tax I am suggesting is that the tax is not levied against any one factor in the fur industry. To the contrary, it will be paid directly or indirectly by the entire fur trade in such a manner that the tax burden will be absolutely equally distributed. After all, the pelt is the basis of the fur industry. Everything revolves around the skin. Under the type of taxation which I am suggesting the tax becomes part and parcel of the price of the pelt. Therefore everybody who handles the pelt from the time it is sent in to be dressed and dyed up until the time the finished garment is sold by the retail store will share in the tax burden. This would seem to be the goal to be aimed for, inasmuch as the tax is designed to be a tax on furs and not on any one branch of the fur industry.

IMPORTED DRESSED AND DYED FURS

Customs officials would simply charge 3 percent at the point of entry.

SECTION B—PROPOSED SUBSTITUTE TAX ON THE PRIVILEGE OF DRESSING OR DYEING FURS

SECTION 1—IMPOSITION

There are hereby imposed upon the dressing or dyeing of furs on or after the date of the enactment of this act the following taxes:

1. Upon the dressing of raw furs a tax equivalent to 3 percent of the value of the furs immediately before dressing plus a fair charge for their dressing, to be paid by the owner of the furs whether they are dressed by him or by another on his behalf.

2. Upon the dyeing of dressed furs a tax equivalent to 3 percent of a fair charge for their dyeing, to be paid by the owner of the furs whether they are dyed by him or by another on his behalf.

(NOTE.—The tax is presented in a double aspect, because furs are not always dyed at the time they are dressed. The question of what should be done in the case of furs which are dressed and dyed before importation into the United States is left open.)

The provisions of this act are not to apply to trappers or other individuals who dress furs which they have trapped for their personal use.

SECTION 2—RETURNS

Every person liable for a tax under this act shall make monthly returns under oath in duplicate and pay such taxes to the collector for the district in which is located his principal place of business, or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe. The Commissioner may extend the time for making returns and paying the taxes under this act, under such rules and regulations as he shall prescribe, with the approval of the Secretary, but no such extension shall be for more than 6 months.

(NOTE.—Since no cash may be available to the owner of furs at the time they are dressed or dyed, the Commissioner should have broad power to extend the time for payment of the tax in necessitous cases.)

SECTION 3—DECLARATION OF VALUE AND REPORTS

In every case where raw furs are dressed by a person other than the owner thereof, the owner shall by a statement in writing, to be delivered to the dresser before the furs are dressed, declare the fair value of the raw furs. Every person dressing furs of which he is not the owner shall make monthly reports with respect to the furs dressed by him each month, including the value of the raw furs as estimated by the dresser, the value of the raw furs as declared by the owner, the charge made or to be made for dressing, and, if the furs are also dyed, the charge made or to be made for dyeing. These monthly reports shall contain such additional information and shall be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

SECTION 4—PAYMENT OF TAXES

The taxes imposed by this act shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due there shall be added as part of the tax interest at the rate of one-half percent a month from the time the tax became due until paid.

SECTION 5—REGULATIONS

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this act.

SECTION 6—CREDITS AND REFUNDS

Credit or refund of any overpayment of tax imposed by this act shall be allowed or made only upon compliance with regulations prescribed by the Commissioner with the approval of the Secretary. In no case shall interest be allowed with respect to any amount of tax under this act credited or refunded.

SECTION 7—APPLICABILITY OF ADMINISTRATIVE PROVISIONS

All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as they may be applied and are not inconsistent with this act, be applicable in respect of the taxes imposed by this act.

SECTION 8—DEFINITIONS

When used in this act—

(1) The term "Secretary" means the Secretary of the Treasury.

(2) The term "Commissioner" means the Commissioner of Internal Revenue.

(3) The term "collector" means collector of internal revenue.

SECTION 9—APPLICABILITY OF PRIOR TAX

The taxes imposed by this act shall be in lieu of the tax imposed by section 604 of the Revenue Act of 1932, which shall not apply to articles sold by the manufacturer, producer, or importer after the date of the enactment of this act.

SECTION C—LEGAL SUPPORT FOR THE PROPOSED BILL—ITS CONSTITUTIONALITY

There can be no question that such a tax would not be a direct tax on property or its ownership and thus subject to the rule of apportionment, but would be a valid excise tax on the particular privilege of dressing or dyeing furs, even though there may be some doubt whether it would be excisable to the dresser or dyer who did not own the furs. But note the proposal is to make the owner of the furs the taxpayer.

Bromley v. *McCaughn* (280 U. S. 124) and the authorities cited by Justice Stone in that case establish the validity of the proposed tax. As Justice Stone said in the Bromley case, "While taxes levied upon or collected from persons because of their general ownership of property may be taken to be direct, this Court has consistently held, almost from the foundation of the Government, that a tax imposed upon a particular use of property or the exercise of a single power of property incidental to ownership is an excise which need not be apportioned." Since taxes on the right to give property (*Bromley* v. *McCaughn*, supra) to dispose of property by legacy (*Knowlton* v. *Moore*, 178 U. S. 41), to manufacture and sell colored oleomargarine (*McCray* v. *U. S.*, 195 U. S. 27), to sell grain upon a commodity exchange (*Nicol* v. *Ames*, 173 U. S. 509), to sell shares of stock (*Thomas* v. *U. S.*, 192 U. S. 363), to use foreign-built yachts (*Billings* v. *U. S.*, 232 U. S. 261), to use carriages (*Hylton* v. *U. S.*, 3 Dall. 171), to use certain manufactured articles (sec. 622, Revenue Act of 1932), to process agricultural commodities (sec. 9, Agricultural Adjustment Act) are valid excises, certainly there can be no doubt of the validity of an excise tax imposed upon the owner of furs for the privilege of dressing and dyeing them or having them dressed and dyed for him by another.

UNCONSTITUTIONALITY OF TARIFF BARGAINING ACT

Mr. VANDENBERG. Mr. President, if the Finance Committee is to take up the general question of tariff and tax legislation, and open the general field, I am expressing the hope that some attention may be given to Senate Resolution 145, which calls attention to the alleged unconstitutionality of the Tariff Bargaining Act, and I submit a letter from Judge Thomas D. Thacher, ex-Solicitor General of the United States, in which the following sentence occurs in connection with his very well-sustained opinion:

> Upon the principles laid down in the oil and poultry cases the act clearly appears to be an unconstitutional delegation of legislative power to the President.

I ask that this letter be referred to the Finance Committee and also that it be printed in the RECORD.

There being no objection the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

SIMPSON THACHER & BARTLETT,
New York, June 22, 1935.

HON. ARTHUR H. VANDENBERG,
United States Senate, Washington, D. C.

MY DEAR SENATOR VANDENBERG: I have the honor to acknowledge your letter of June 10, 1935, in which you have requested an expression of my views upon the resolution which you introduced in the Senate declaring it to be the sense of the Senate that the tariff-bargaining law is clearly unconstitutional. The law to which

your resolution refers is entitled "An act to amend the Tariff Act of 1930", approved June 12, 1934 (Public, No. 316, 73d Cong.). The President at a recent press conference has declared that the law is clearly constitutional, and the Secretary of State has made a public statement to the effect that no one will seriously question the constitutionality of the law. These expressions of opinion from such authoritative sources are entitled to great respect, and I have delayed answering your letter in order to give you a considered opinion.

The act of June 12, 1934, adds to the Tariff Act of 1930 the following:

"SEC. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among the various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

"(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

"(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, or for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part."

The act also provides:

"SEC. 4. Before any foreign-trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given, in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate."

The act contains other provisions not pertinent to the question of constitutionality.

The question presented is whether Congress has delegated to the President legislative power without adequately providing standards to guide and control his unfettered discretion. In considering this question it is important to bear in mind the nature of the legislative power which Congress has attempted to delegate to the President. The legislative power to lay duties, although embraced by the taxing power, may nevertheless be exercised as a regulation of foreign commerce. It may not be questioned that Congress may exercise this power by laying duties to encourage the industries of the United States, and to this end may determine what articles may be imported into this country and the terms under which such importation is permitted. This power is exclusive and plenary, and Congress may, and undoubtedly does, in its tariff legislation consider the conditions of foreign trade in all its aspects and effects, including its effects upon the commercial and industrial welfare of the United States. These principles, long the subject of political controversy, were finally settled by the Supreme Court in *Board of Trustees* v. *United States* (289 U. S. 48).

The act of June 12, 1934, was enacted in the exercise of this plenary power of Congress to regulate foreign commerce. This is its declared purpose, to be accomplished by expanding foreign markets for the products of the United States and corresponding market opportunities for foreign products in the United States. To this end the President is authorized to enter into foreign trade agreements with foreign governments or instrumentalities thereof and, having made such agreements, by proclamation to increase or decrease existing duties or other import restrictions as are required or appropriate to carry out any such agreement. The duties and other import restrictions proclaimed by the President apply to articles of growth, produce, and manufacture of all foreign countries, not merely of those countries with which such agreements are made. Having proclaimed such duties and restrictions, the President may immediately suspend their application to the products of any country "because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section." The only standard prescribed for the exercise of these plenary legislative powers thus delegated to the President is that he must find as a fact, before entering into any trade agreement or proclaiming any change in duties or import restrictions, that the existing duties or restrictions of the United States or of any foreign country "are unduly burdening and restricting the foreign trade of the United States and that the declared purpose of the statute will be promoted" by the proposed trade agreement or the proclaimed change in duties or other import restrictions. It is further provided that no proclamation shall be made increasing or decreasing by more than 50 percent any existing rate of duty or transferring any article between the dutiable and free lists.

In *Panama Refining Co.* v. *Ryan* (293 U. S. 388) and in *A. L. Schechter Poultry Corp'n* v. *United States* (55 Sup. Ct. 837) the Supreme Court of the United States has recently declared section 9 and section 3 of the National Industrial Recovery Act invalid because of the unconstitutional delegation of legislative power to the President; and the Court has twice declared:

"Congress cannot delegate legislative power to the President to exercise an unfettered discretion to make whatever laws he thinks may be needed or advisable for the rehabilitation and expansion of trade or industry."

In the poultry case it was held that a finding that the general purposes of the statute would be promoted by the President's exercise of legislative power was not a finding of fact but was a mere expression of opinion, leaving him free to exercise his discretion as he saw fit. This principle applies to section 350 (a) of the Tariff Act of 1930 as amended.

The only other condition precedent to Presidential action is that he shall find that any existing duties or other import restrictions of the United States or of any foreign country are unduly burdening and restricting the foreign trade of the United States. The statute does not relate the agreement to be made to particular duties or restrictions; nor does it relate the duties and restrictions to be proclaimed to existing duties and restrictions found to be unduly burdensome and restrictive. In the first instance it relates the duties and restrictions to be proclaimed to trade agreements which have been made with foreign countries by the President, but these duties and restrictions are applicable to imports from all countries unless the President suspends their application, and this he may do because of acts or policies of any country which tend to defeat the general purposes of the act. In thus suspending the duties and restrictions with relation to a particular country the President's discretion is absolutely unfettered and uncontrolled except by his own opinion as to what "may be needed or advisable for the rehabilitation and expansion of trade or industry" (*Panama Refining Co.* v. *Ryan*, supra).

Upon the principles laid down in the oil and poultry cases the act clearly appears to be an unconstitutional delegation of legislative power to the President. It is necessary, however, to consider legislation of Congress which has in the past delegated to the President the power to suspend, increase, and decrease customs duties. A summary of this legislation appears in *Norwegian Nitrogen Co.* v. *United States* (288 U. S. 294, at pp. 308–309). Such legislation was under consideration by the Supreme Court in *Hampton & Co.* v. *United States* (276 U. S. 394) and *Field* v. *Clark* (143 U. S. 649), and while in each of these cases the particular delegation of power was sustained as constitutional, the principles upon which such delegations of power must be tested were fully developed and defined by the Court, and these principles controlled decision in the oil and poultry cases.

The principles were recently applied by former Attorney General William D. Mitchell in an opinion rendered to the President under date of February 14, 1933 (77 Opinions of Attorney General, 70), in holding that a section of a bill passed by the Philippine Legislature was invalid as an unconstitutional delegation of legislative power. The bill (H. 2516, 2d sess. of the 9th Philippine Legislature) contained the following provision:

"SEC. 6. The Governor General, upon recommendation of the Philippine Tariff Commission which may be created by law, or by the Secretary of Finance, in case no such commission is created, whenever in his judgment conditions in the Philippine Islands warrant it, may, from time to time, by proclamation, reduce or reincrease the duty on each or all of the articles herein enumerated: *Provided*, That no reduction shall be made to less than 50 percent of, nor reincrease shall be made to more than, the rates imposed by the Philippine Tariff Act of 1909, as amended by this and other acts."

Characterizing this section, the Attorney General said:

"It attempts to vest in the Governor General discretion to reduce or increase duties 'whenever in his judgment conditions in the Philippine Islands warrant it.' It places limits on the amount of the reductions or increases, but within those limits it attempts to confer upon him absolute discretion. The fault with this provision of the bill is that it prescribes no rule or principle on which the Governor General may act. It does not confine his discretion to prescribed matters of fact or to the weight of evidence. The applicable principles have been stated in many decisions of the Supreme Court of the United States."

Analyzing the decisions of the Supreme Court in *Field* v. *Clark*, supra, and *Hampton & Co.* v. *United States*, supra, the Attorney General pointed out that in the former case the tariff act provided that if the President was satisfied that the government of

any other country imposed duties upon agricultural or other products of the United States which "he may deem to be reciprocally unequal or unreasonable" he should have the power to suspend the provisions of the act relating to the free induction of certain commodities into the United States, in which case certain tariffs prescribed in the act of Congress should become applicable. The President's action, the Court found, was to be determined upon the basis of findings with respect to the commercial regulations of other countries, and nothing involving the expediency of the legislation was left to his determination. In other words, he was the mere agent of the lawmaking department, to ascertain the event upon which its expressed will was to take effect. The Attorney General then pointed out that in *Hampton & Co.* v. *United States*, supra, the President's action was made determinable by his findings on the question whether the duties fixed in the act equalized the differences in cost of production in the United States and the principal competing country with respect to a given article. The opinion of the Attorney General continued:

"In both these cases the Court sustained the validity of the statutes under consideration, but the principles on which those decisions were based point clearly to the invalidity of section 6 of the act of the Philippine Legislature above quoted. There is a wide difference between the flexible tariff provisions in the Tariff Act of 1922 and section 6 of this act. The Philippine Legislature has not laid down any principle on which the Governor General shall act. It has not confined itself to delegating to him the power to investigate and determine facts on which the application of the law is to depend. Giving to the President power to adjust our tariff duties to equalize the differences he may find to exist between the costs of production at home and abroad is quite different from the attempt of the Philippine Legislature to give to the Governor General power to change the Philippine tariffs without any guide as to his action other than that found in the phrase 'whenever in his judgment conditions in the Philippine Islands warrant it.' It is evident that the Philippine Legislature has gone too far in its attempt to confer authority on the Governor General to change tariff rates and that section 6 of this bill is in conflict with the fundamental provisions of the Organic Act (39 Stat. 545), and if approved by you and placed upon the statute books would not constitute a valid enactment."

Under the provisions of section 350 (a) the President's authority, through the exercise of his tariff-bargaining power with all the nations of the world, to revise duties and restrictions upon imports within the 50-percent limit prescribed by the statute appears to be absolutely unfettered and uncontrolled by any standard considered and adopted by Congress in the exercise of its power to prescribe the legislative policy which must guide executive action. The phrases "unduly burdening and restricting the foreign trade of the United States"; "that the purposes above declared will be promoted", and "because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section", do not in any sense bind or control the exercise of the power attempted to be delegated by this statute. The modification of tariff schedules and restrictive provisions need not be related to the action of any country, to the condition of any particular trade or industry, to the discriminatory or retaliatory legislation of any particular country, or to any particular facts, except the making of a trade agreement with a single country. Indeed, if the President finds it desirable to expand our foreign markets through concessions granted by a foreign government and to open our domestic markets by concessions given in exchange, he may revise the tariff schedules without regard to costs of production here and abroad or the resulting effects upon particular industries in this country. No such unfettered delegation of legislative powers appears in any of the tariff acts, and upon the principles repeatedly declared by the Supreme Court of the United States, I am of the opinion that the statute is unconstitutional.

I have not considered the statute in its relation to the treaty-making power. Reciprocal tariff arrangements were made by the President, by means of an exchange of diplomatic notes, after the enactment of the McKinley Tariff Act of 1890, but I am not familiar with this correspondence. Furthermore, after the passage of the Dingley Act of 1897 the President negotiated and promulgated a number of reciprocity agreements. I am not familiar with these agreements, and do not know whether or not they were approved, either by Congress or by the Senate.

Faithfully yours,

THOMAS D. THACHER.

PREVENTION OF LYNCHING

Mr. BARBOUR. Mr. President, I present and ask unanimous consent to have printed in full in the RECORD a telegram I have received from Mr. Robert H. Wheeler, vice president of the Newark (N. J.) Branch of the National Association for the Advancement of Colored People.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

NEWARK, N. J., *June 24, 1935.*

UNITED STATES SENATE,
Capitol, Washington, D. C.:

May we respectfully state that the fact cannot be ignored that it is imperative that the Costigan-Wagner antilynching bill be passed before adjournment? More than 73,000,000 of our citizens have, either directly or indirectly, requested the Congress of the United States to pass a Federal law to curb lynching and mob rule. In order that the pages of history yet to be written may not record this country as a barbarian nation, may we implore you not to delay the passage of such important legislation?

Respectfully,

EXECUTIVE BOARD NEWARK BRANCH, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,
ROBERT H. WHEELER, *Vice President.*

REPORTS OF COMMITTEES

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2704) for the relief of Clayton M. Thomas, reported it with an amendment and submitted a report (No. 956) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2877) to reimpose and extend the trust period on lands reserved for the Pala Band of Mission Indians, California, reported it without amendment and submitted a report (No. 957) thereon.

Mr. SHIPSTEAD, from the Committee on Interstate Commerce, submitted minority views to accompany the bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, heretofore reported from that committee with amendments, which was ordered to be printed as part 2 of Report No. 925.

INSPECTION OF NAVY YARDS, ETC.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the resolution (S. Res. 161) authorizing the inspection of United States navy yards, air stations, and other naval activities, reported it without amendment, submitted a report (No. 955) thereon, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LOGAN:

A bill (S. 3145) authorizing the President of the United States to appoint Sgt. Samuel Woodfill a captain in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 3146) to provide for the use of the U. S. S. *Oregon* as a memorial to the men and women who served the United States in the War with Spain; to the Committee on Naval Affairs.

By Mr. WALSH:

A bill (S. 3147) for the relief of the Clark Dredging Co.; to the Committee on Claims.

By Mr. TRAMMELL:

A bill (S. 3148) for the relief of the heirs of Lewis G. Norton; to the Committee on Public Lands and Surveys.

By Mr. FLETCHER:

A bill (S. 3149) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Fort Pierce, Fla.; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3150) to levy an excise tax upon carriers and an income tax upon their employees, and for other purposes; to the Committee on Finance.

A bill (S. 3151) to establish a retirement system for employees of carriers subject to the Interstate Commerce Act; to the Committee on Interstate Commerce.

(Mr. WAGNER also introduced Senate bill 3152, which was referred to the Committee on Interstate Commerce, and appears under a separate heading.)

COMPENSATION TO EMPLOYEES OF INTERSTATE CARRIERS FOR DISABILITY OR DEATH

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce a bill for reference to the Committee on Interstate Commerce. I ask also, so that I may not take the time of the Senate at this juncture, that there be printed as a part of my remarks in introducing the bill an explanatory statement of the measure.

The VICE PRESIDENT. Without objection, the bill will be received and referred, as requested, and the Senator's statement will be printed in the RECORD.

The bill (S. 3152) to provide compensation for disability or death resulting from injury to employees of interstate carriers, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

The statement by Mr. WAGNER is as follows:

This legislation is introduced for the purpose of extending the principle of workmen's compensation for industrial accidents to the most important group of workers remaining without this modern protection—employees of interstate commerce carriers.

In 1912 a congressional committee, after 2 years' exhaustive investigation, reported voluminously in favor of a Federal workmen's compensation law for employees injured in interstate commerce. The bill was passed by both Houses of Congress, but because of differing provisions which were not adjusted, failed to become law.

Meanwhile, State after State has discarded the outgrown system of employers' liability suits for damages, and Congress has adopted three workmen's compensation laws: In 1916 for civilian employees of the Government, in 1927 for longshoremen and harbor workers, and in 1928 for private employees in the District of Columbia. Workmen's compensation, which is now adopted in this country in all but two States, has been demonstrated to be for the best interests of workers, employers, and the whole community. But interstate commerce employees are still subject to the antiquated system of employers' liability under the Federal act of 1908.

The late Chief Justice Taft, in an address before the American Law Institute on May 9, 1929, said:

"A good many years ago it was attempted in Congress to provide a workmen's compensation act, or what was equivalent to it, with reference to that great body of men whose lives are constantly at stake in the operation of the transportation systems of this country. We in the Supreme Court, and all judges who have to do with the active conduct of litigation, realize the amount of time that is taken up in litigation of that kind, and also realize how much has been saved to the courts of the country by workmen's compensation acts. But we have no such system in the Federal courts. We need it.

"I hope that in the study of negligence, which I understand is going on, you may stop for a moment and look over to the kindred subject of how insurance against injury, disaster, and death of railroad employees can be carried on under the Constitution by Congress. If you will look back, as we can, to the years since those Federal bills were initiated and think how much time might have been saved and how much real good could have been done by introducing what is practically a system of general insurance to save lives and limbs—and women and widows by means of sustenance after the death of the breadwinner—I think you will feel stirred to a movement of that sort."

On May 6, 1935, the United States Supreme Court, in the majority opinion in the case of *Railroad Retirement Board* v. *The Alton Railroad Co.*, invalidating the Railroad Retirement Act, said:

"Every carrier owes to its employees certain duties the disregard of which render it liable at common law in an action sounding in tort. Each State has developed or adopted, as part of its jurisprudence, rules as to the employer's liability in particular circumstances. These are not the same in all the States. In the absence of a rule applicable to all engaged in interstate transportation, the right of recovery for injury or death of an employee may vary, depending upon the applicable State law.

"That Congress may, under the commerce power, prescribe a uniform rule of liability and a remedy uniformly available to all those so engaged is not open to doubt. The considerations upon which we have sustained compulsory workmen's compensation laws passed by the States in the sphere where their jurisdiction is exclusive apply with equal force in any sphere wherein Congress has been granted paramount authority. Such authority it may assert whenever its exercise is appropriate to the purpose of the grant.

"A case in point is the Longshoremen's and Harbor Workers' Compensation Act, passed pursuant to the delegation of admiralty jurisdiction to the United States. Modern industry, and this is particularly true of railroads, involves instrumentalities, tasks, and dangers unknown when the doctrines of the common law as to negligence were developing. The resultant injuries to employees, impossible of prevention by the utmost care, may well demand new and different redress than that afforded in the past.

"In dealing with the situation it is permissible to substitute a new remedy for the common-law right of action; to deprive the employer of common-law defenses and substitute a fixed and reasonable compensation computed to the degree of injury; to replace uncertainty and protracted litigation with certainty and celerity of payment; to eliminate waste and to make the rule of compensation uniform throughout the field of interstate transportation, in contrast with inconsistent local systems.

"By the very certainty that compensation must be paid for every injury such legislation promotes and encourages precaution on the part of the employer against accident and tends to make transportation safer and more efficient. The power to prescribe a uniform rule for the transportation industry throughout the country justified the modification of common-law rules by the safety-appliance acts applicable to interstate carriers and would serve to sustain compensation acts of a broader scope, like those in force in many States. The collateral fact that such a law may produce contentment among employees, an object which as a separate and independent matter is wholly beyond the power of Congress—would not, of course, render the legislation unconstitutional. It is beside the point that compensation would have to be paid despite the fact that the carrier has performed its contract with its employee and has paid the agreed wages. Liability in tort is imposed without regard to such considerations; and in view of the risks of modern industry the substituted liability for compensation likewise disregards them.

"Workmen's compensation laws deal with existing rights and liabilities by readjusting old benefits and burdens incident to the relation of employer and employee. Before their adoption the employer was bound to provide a fund to answer the lawful claims of his employees; the change is merely in the required disbursement of that fund in consequence of the recognition that the industry should compensate for injuries occurring with or without fault."

From the general welfare angle this problem has been discussed from time to time during the 23 years since Congress first attempted to pass legislation on the subject. At a joint meeting of representatives of railway operators and railway unions at Chicago in January 1932 steps were taken looking toward the earnest consideration of action by Congress on a Federal workmen's compensation law for employees of interstate commerce carriers. Looking toward more adequately meeting the hazard of industrial accidents, the committee on economic security, in its report to the President on January 15 of this year, recommended that an accident compensation act for railroad employees be adopted.

The present bill was first introduced by me as S. 4927 in the first session of the Seventy-second Congress on June 23, 1932, and was reintroduced as S. 3630 in the second session of the Seventy-third Congress on May 17, 1934, and again as S. 2793 on May 7, 1935. Following each introduction, it has been widely distributed for criticism and suggestions among experienced administrators of compensation laws and among the representative organizations of the two principal interests to be affected by this legislation. The bill in its present form embodies several improvements suggested by the comments thus received.

The bill appropriately follows somewhat closely the existing well-tested Federal Longshoremen's Act of 1927, which was designed to meet a similar administrative problem where private employees under Federal jurisdiction are scattered throughout the country. The bill applies to workers employed by carriers of interstate commerce, including railroads, express and sleeping-car companies, and any person operating a vehicle or airplane on a regular route. It provides for all necessary medical care and, after a 3-day noncompensated waiting period, for cash compensation based on two-thirds of wages.

The proposed act is to be administered by a representative commission of three members appointed by the President with the advice and consent of the Senate. Deputy commissioners in important centers, under the unifying supervision of the commission, will do the actual day-by-day work of hearing claims and awarding compensation. Appeals on questions of law from the decision of the deputy will be taken to the Federal district court, as under the Longshoremen's Compensation Act adopted by Congress in 1927.

Special provision is made for accident-prevention work and for the rehabilitation of disabled workers. Employers are, of course, required to insure the payment of compensation, and administrative expenses are assessed upon insurance carriers, including self-insurers, as is done in New York and a number of other States, including Delaware, Georgia, Kentucky, Maryland, Missouri, New Jersey, North Carolina, Texas, and Virginia. The inadequacies and evils of the existing system of employers' liability for interstate-commerce workers indicate the necessity for modern legislation to meet present-day needs which will effectively and adequately protect all interstate-commerce carriers' employees who are injured in the course of their employment. Such legislation can be worked out to the advantage of employers and employees and will at the same time relieve the public of the various expenses growing out of litigation.

EXTENSION OF TEMPORARY DEPOSIT INSURANCE PLAN

Mr. GLASS introduced a joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, which was read twice by its title and referred to the Committee on Banking and Currency.

Mr. GLASS subsequently, from the Committee on Banking and Currency, reported Senate Joint Resolution 152 without amendment.

HOUSE BILL REFERRED

The bill (H. R. 3806) to establish a commercial airport for the District of Columbia was read twice by its title and referred to the Committee on the District of Columbia.

EXTENSION OF CERTAIN TAXES—AMENDMENT

Mr. MURRAY submitted an amendment intended to be proposed by him to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF COPYRIGHT ACT

Mr. VANDENBERG submitted an amendment intended to be proposed by him to the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. BLACK submitted an amendment intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 45, after line 20, to insert a new paragraph as follows:

Cemeterial expenses, War Department 1935: For the procurement of 10,000 additional headstones of the same kind as those now being purchased (but over and above the appropriation in the War Department appropriation bill of 1936, nonmilitary activities, which will permit the purchase of 25,906 headstones in the next ensuing fiscal year), there is hereby appropriated and made available until expended, the sum of $90,300.

"A PLANNED ECONOMY FOR WALL STREET" (S. DOC. NO. 81)

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed as a public document an article by Mr. Charles H. Meyer, of the New York Bar, entitled "A Planned Economy for Wall Street." Mr. Meyer discusses very clearly some features of the Securities Act of 1933 and the Securities Exchange Act of 1934, and other legislation. The article is pertinent and enlightening, and ably presents the matters discussed.

The VICE PRESIDENT. Without objection, it is so ordered.

PENSIONS FOR NEEDY BLIND PERSONS IN THE DISTRICT—RECONSIDERATION

Mr. KING. Mr. President, yesterday the bill (H. R. 5711) to provide pensions for needy blind persons of the District of Columbia and authorizing appropriations therefore was passed. I think it has not as yet been messaged to the House. I have discovered—and my attention was brought to the matter by the author of the bill, a Representative from the State of Pennsylvania—that in view of the social-security bill which was passed some days ago an amendment will be necessary. Therefore I move to reconsider the vote by which the bill was passed.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the vote by which the bill referred to by him was passed be reconsidered.

The motion was agreed to.

ORDER FOR CONSIDERATION OF CALENDAR

Mr. ROBINSON. I ask unanimous consent that the Senate proceed with the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, with the request should be coupled a further request, in accordance with the consent granted last evening, to commence the consideration of the calendar with Order of Business No. 839.

The VICE PRESIDENT. The Chair is advised that such an agreement was entered into last evening, to begin the consideration of the calendar where it was left off yesterday.

Mr. ROBINSON. The agreement was that when we next proceeded with the call of the calendar for unobjected bills the call should commence with the number where we left off yesterday.

Mr. McNARY. That is correct.

Mr. ROBINSON. Now I ask that we proceed with the call of the calendar under that order.

Mr. McNARY. That is just what I was suggesting.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the first bill in order on the calendar.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Pope
Ashurst	Copeland	Logan	Radcliffe
Austin	Costigan	Lonergan	Reynolds
Bachman	Dickinson	Long	Robinson
Bailey	Dieterich	McAdoo	Russell
Bankhead	Donahey	McCarran	Schall
Barbour	Duffy	McGill	Schwellenbach
Barkley	Fletcher	McKellar	Sheppard
Bilbo	Frazier	McNary	Shipstead
Black	George	Maloney	Smith
Bone	Gerry	Metcalf	Steiwer
Borah	Glass	Minton	Thomas, Okla.
Brown	Gore	Moore	Townsend
Bulkley	Guffey	Murphy	Trammell
Bulow	Hale	Murray	Truman
Burke	Harrison	Neely	Tydings
Byrd	Hatch	Norbeck	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Caraway	Holt	Nye	Wagner
Chavez	Johnson	O'Mahoney	Walsh
Clark	Keyes	Overton	Wheeler
Connally	King	Pittman	White

Mr. ROBINSON. I desire to announce that the Senator from Utah [Mr. THOMAS] is detained from the Senate on important public business.

Mr. DIETERICH. I wish to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is detained by important public business in Illinois.

Mr. McNARY. I desire to announce that the senior Senator from Kansas [Mr. CAPPER] has been called from the city because of the death of one of his associates. I ask that this announcement stand for the day.

Mr. VANDENBERG. I wish to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent because of illness.

Mr. AUSTIN. I wish to announce that the Senator from Wyoming [Mr. CAREY], the Senator from Pennsylvania [Mr. DAVIS], my colleague the junior Senator from Vermont [Mr. GIBSON], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on June 24, 1935, the President had approved and signed the following acts:

S. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Auston L. Tierney;

S. 391. An act for the relief of Ralph E. Woolley;

S. 546. An act for the relief of Miles Thomas Barrett;

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 799. An act for the relief of Yvonne Hale;

S. 885. An act to correct the naval record of Joseph Horace Albion Normandin;

S. 1121. An act for the relief of Isidor Greenspan;

S. 1180. An act to amend section 4865 of the Revised Statutes as amended;

S. 1325. An act for the relief of Dino Carbonell;

S. 1363. An act for the relief of John A. Jumer;

S. 1392. An act conferring upon the United States District Court for the Northern District of California, southern division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 1611. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.;

S. 1809. An act for the relief of Germaine M. Finley;

S. 1863. An act for the relief of Trifune Korac;

S. 2218. An act for the relief of Elsie Segar;

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2371. An act for the relief of Margaret G. Baldwin; and

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans.

EXTENSION OF TEMPORARY DEPOSIT INSURANCE PLAN

Mr. ROBINSON. Mr. President, at the time I asked for the unanimous-consent order under which the Senate is now proceeding the Senator from Virginia [Mr. GLASS] was about to submit a request pertaining to Senate Joint Resolution 152 to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended. I should like to ask unanimous consent that the Senator from Virginia may present that joint resolution and have it now considered.

The VICE PRESIDENT. The Senator from Arkansas asks unanimous consent that the Senator from Virginia be permitted to submit a joint resolution and that it be taken up for consideration at the present time. Is there objection?

Mr. McNARY. Mr. President, I inquire has the Banking and Currency Committee passed on the joint resolution unanimously?

Mr. GLASS. It is reported by the Committee on Banking and Currency.

Mr. McNARY. Has it been considered at length?

Mr. GLASS. It has been considered both by the subcommittee which has Federal Reserve legislation in charge and by the full committee, and by both I was authorized to report the joint resolution to the Senate and ask for immediate action upon it.

Mr. McNARY. When does the act expire?

Mr. GLASS. It expires next Saturday night.

Mr. McNARY. That is the emergent situation which it is desired to meet by the passage of the joint resolution?

Mr. GLASS. That is the emergency which it is desired to meet by the passage of the joint resolution.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I object.

The VICE PRESIDENT. Objection is made.

Mr. GLASS subsequently said: Mr. President, I renew my request for unanimous consent for the consideration of the joint resolution reported from the Banking and Currency Committee to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

Mr. McNARY. Mr. President, earlier in the day, when the matter was brought to the attention of the Senate, the Senator from Wisconsin [Mr. LA FOLLETTE] registered objection.

Mr. LA FOLLETTE. Mr. President, will the Senator from Oregon yield to permit me to make a brief statement?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Wisconsin?

Mr. McNARY. I do.

Mr. LA FOLLETTE. I came into the Chamber just as the Senator from Virginia was asking unanimous consent for the consideration of the joint resolution postponing for a full year the taking effect of the existing statute regarding the guaranty of bank deposits. I had strongly the feeling that to continue the suspension of the operation of this permanent act for 1 year would be tantamount to an admission upon the part of the Senate, at least, that it did not contemplate action upon the remaining titles of the bank bill which is pending in the subcommittee of the Committee on Banking and Currency.

Since interposing that objection, however, I have discussed the matter with the Senator from Virginia [Mr. GLASS], the Senator from Ohio [Mr. BULKLEY], and other Senators who are members of the committee; and, after receiving full assurance that the measure referred to is going to receive action, and will be reported to the Senate in due course and without unnecessary delay, I have decided to withdraw my objection to the joint resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out "July 1, 1935" wherever it appears in subsections (e), (l), and (y), and inserting in lieu thereof "July 1, 1936"; and (2) by striking out "June 30, 1935" where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof "June 30, 1936."

Mr. FLETCHER. Mr. President, in reference to the joint resolution which has just been passed, I desire to say that the committee reported the joint resolution this morning. My own judgment is that the time ought to be 90 days instead of 1 year; but the majority of the committee was of the other view and reported the joint resolution as the Senator from Virginia has stated.

I do not care to make any contest about the matter. I think, however, it would have been advisable to make the limitation 90 days, because we expect to have the banking bill before the Senate and expect to pass it within 90 days, which will put into permanent law the provision with regard to the insurance of deposits.

Mr. GLASS. Mr. President, I desire to make a personal statement.

The newspapers this morning gave an utterly inaccurate statement of the purpose of this joint resolution, to the effect that it was designed to prevent action on the three titles of the banking bill pending in the committee. There is not a word of truth in that statement. There is no justification or excuse for it. To show how utterly inaccurate one of the recitals was, it was therein stated that I had made a vehement appeal to the committee to adopt the joint resolution, whereas I did not open my mouth on the subject until I voted for the joint resolution when my name was called.

INCREASE OF TAXATION

Mr. HARRISON. Mr. President, I desire to make a statement. Yesterday I stated I should move this morning to take up the joint resolution passed by the House of Representatives extending the so-called "nuisance taxes." Since that time there have been some developments which justify me in stating at this time that I shall not call up the joint resolution this morning. I hope to call it up at the first opportunity, probably tomorrow. A meeting of the Finance Committee has been called for 4 o'clock this afternoon, at which time we hope to consider certain amendments which will be offered to the joint resolution.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield.

Mr. KING. I ask the Senator whether or not the Committee on Ways and Means of the House of Representatives is expecting to proceed to the consideration of the President's message submitted some time ago, and, if so, when that important committee, a committee of the House where all legislation to raise revenue must originate, intends to take up the message?

Mr. HARRISON. The information I have from the Speaker and the Chairman of the Ways and Means Committee is that they will not take up the matter immediately, or at least until the Senate shall have passed upon certain amendments to the joint resolution already passed by the House.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Oregon?

Mr. HARRISON. I yield.

Mr. McNARY. The only information I have on the subject was contained in the morning press, upon which I place full reliance. It occurred to me the Senator is proceeding with unseemly haste in attempting to present a tax bill, whose purpose is to modify the general tax structure, as an amendment to a joint resolution covering only so-called "nuisance" taxes. If I am correctly informed, the nuisance taxes will expire on the 30th day of this month. Hence it would appear that the Senator is attempting to attach, as an amendment to the joint resolution, a tax bill which must necessarily be considered very hastily by both branches of Congress if it is to be passed by Saturday night.

Mr. HARRISON. I think the Senator is correct in his conclusions. That is why we hope there will be a great deal of haste in the matter. That is why I am calling the Finance Committee together this afternoon.

Mr. McNARY. Is it the intention of the Chairman of the Finance Committee to proceed without any hearings being had, without notice being given to anyone affected by the plan of taxation?

Mr. HARRISON. That matter has not as yet been decided.

Mr. McNARY. Speaking with utmost frankness, is it possible for the chairman of the committee to say he will submit the matter to the committee today, and then in the same breath say we will pass it by Saturday night and still state that the committee can hold hearings on the proposed amendments?

Mr. HARRISON. I think it would be impossible to have extended hearings and pass the joint resolution by Saturday night.

Mr. McNARY. Does the Senator think the proposal which he is now making, an amendment affecting the entire tax structure, can be attached to the joint resolution, and come within the constitutional provision relating to revenue measures?

Mr. HARRISON. I am quite sure if we can get a majority of the Senators to vote for the amendment, we can do it.

Mr. McNARY. Of course the Senate could pass it, but has the Senator seriously considered the constitutional effect of an attempt to place an amendment of substance on a measure which we are pleased to call a joint resolution having to do with the raising of revenue?

Mr. HARRISON. The joint resolution before us is a revenue measure and we have a right to place amendments of a revenue character on a revenue measure, the joint resolution having originated in the House.

Mr. McNARY. I appreciate that, but the joint resolution the Senator is proposing to have considered is a mere shadow. The substance which the Senator is proposing to have considered is a tax measure, and I believe that cannot be done constitutionally. Has the Senator given any serious consideration to the plain mandate of the Constitution?

Mr. HARRISON. I have thought about it night and day, and I am sorry the Senator and I differ about it, as others may differ about it.

Mr. KING. We do.

Mr. HARRISON. The matter is here, and I hope the Finance Committee this afternoon may take it up and give it consideration.

Mr. McNARY. Will the Senator kindly outline in a few words what he proposes in the matter of the collection of new revenue?

Mr. HARRISON. As suggested in the President's message, as the Senator realizes, there are three proposals which the President is very anxious to have taken up for consideration at this time. He is very anxious to have them placed on the joint resolution as amendments.

The first is with reference to graduated taxes on corporations, beginning, as suggested in the President's message, at 10¾ percent on the smaller corporations and running as high as 16¾ percent on the larger corporations.

Secondly, in the present law relating to incomes of $1,000,000 and more, the brackets cease at $1,000,000. A person pays at the same rate on an income of $10,000,000 as on an income of $1,000,000. As suggested in the President's message, he desires that an increase in surtaxes on the larger incomes shall be written into the law. That is the second proposal.

The third suggestion is to put a tax on net inheritances. Under the present law, as the Senator will remember, the tax ceases at 60 percent. After an estate is split up and the inheritances go to the individuals, then under the President's suggestion we would apply a tax on the large inheritances.

Mr. LONG. A tax of how much?

Mr. McNARY. What sum of money does the Senator expect to raise by these proposed taxes?

Mr. HARRISON. Out of the three proposals the rough estimate, ascertained from my conference this morning with the experts, subject, of course, to revision, is somewhere around $340,000,000.

Those are the three suggestions submitted by the President on which he desires legislation in connection with the joint resolution at this session of Congress.

Mr. CLARK and other Senators addressed the Chair.

The VICE PRESIDENT. Let the Chair state the parliamentary situation. The Senator from Mississippi is speaking by unanimous consent. He has yielded to the Senator from Oregon. Does the Senator from Mississippi at this time yield to any other Senator?

Mr. HARRISON. I yield further to the Senator from Oregon if he wishes to interrogate me further.

Mr. McNARY. I desire to do so. When the President's message was read I thought the clear implication was that the President did not expect and did not hope for any legislation of this nature at the present session of Congress. I entertain the hope that the committee, after further consideration, will not go into this important question at this time. It is not fair to those who have been here during these strenuous days and have worked diligently and faithfully for the passage of legislation which has been submitted. If there is any fitting legislation in that behalf, would it not be better to have the committee consider the subject matter studiously, thoroughly, and diligently during the summer or fall, and let the Congress come back in the fall, or winter if need be, to consider the matter, rather than to try hurriedly and hastily to pass it in 4 or 5 days at this time? I submit that suggestion to the intelligence and fairness of the Senator from Mississippi.

Mr. HARRISON. That viewpoint has been expressed by some and it has been vetoed by others. It is thought that the best thing to do under the circumstances is to consider the legislation at this time.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Missouri?

Mr. HARRISON. I yield.

Mr. CLARK. Is it the intention of the Chairman of the Finance Committee and other leaders to undertake to force through before next Saturday night very comprehensive and wide-spread changes in our present taxing laws on the basis of rough estimates from the Treasury Department?

Mr. HARRISON. Of course, it is not my desire to force anything through the Senate; but it is the desire to bring it before the Senate for consideration, so the Senate may act as it shall see fit.

Mr. CLARK. I should like to say to the Chairman of the Finance Committee that I was one of those who signed the round robin the other day.

Mr. HARRISON. That undoubtedly had influence in reaching the decision.

Mr. CLARK. That round robin expressed a willingness on the part of the Senators who signed it to stay here all summer, if necessary, to consider and work out a program along the lines of the President's message. Speaking for myself alone, that did not mean I was willing between now and next Saturday night to vote for a snap-judgment measure based on a rough estimate from the Treasury Department by some expert which has never been considered by the Ways and Means Committee of the House and has never been considered by the Finance Committee of the Senate. I desire now to serve notice that, so far as I am concerned, if this very comprehensive measure is to be adopted and passed through the Senate by next Saturday night, it will be very late Saturday night when it is done.

Mr. HARRISON. Of course, I am sure the Finance Committee never takes snap judgment, but always considers earnestly every proposition that is laid before it. I am sure the Senate itself has no desire to try to take snap judgment on any matter. We have some very extraordinary experts

not only in the legislative branch of the Government but in the Treasury Department. I feel quite sure that this matter, which is now being considered and worked on, will be in shape very quickly, and the committee can then give every consideration to it. Whether or not it will take until midnight on Saturday I do not know. I am willing to stay here Saturday night if we cannot pass the bill before that time, but we shall lose taxes amounting to between a million and a half and two million dollars a day after the expiration of the nuisance taxes on Saturday night; and, of course, the longer we stay here in a discussion of these amendments the more it will delay the adjournment of Congress.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. HARRISON. Yes; I yield to the Senator.

Mr. CLARK. Let me suggest to my friend from Mississippi that the sooner the Congress goes ahead and passes the temporary measure for the extension of the so-called "emergency" or "nuisance" taxes and really undertakes seriously to work out the tax program contained in the President's message along comprehensive and permanent lines, on information which should be before the Congress at the time it acts, the sooner we shall arrive at the goal outlined in the President's message.

Mr. HARRISON. I may say to the Senator that I am sure we are not going to act too hastily in this matter. We can obtain the opinions of the experts and act quickly; and I know that with the aid of the Senator's keen intellect and ability and experience, together with the cooperation of other members of the Finance Committee, not including myself, we can evolve a workable program without staying here all summer.

Mr. ROBINSON. Mr. President, I feel constrained to call for the regular order.

The VICE PRESIDENT. The regular order is the next bill on the calendar, which will be stated by the clerk.

THIRD TRIENNIAL MEETING OF ASSOCIATED COUNTRY WOMEN OF THE WORLD

The Senate proceeded to consider the bill (S. 2664) to aid in defraying the expenses of the Third Triennial Meeting of the Associated Country Women of the World, to be held in this country in June 1936, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from Mississippi [Mr. HARRISON] a question.

The VICE PRESIDENT. The Senator from Arkansas has called for the regular order.

Mr. VANDENBERG. I am speaking to the bill now before the Senate.

The VICE PRESIDENT. The Senator from Michigan is recognized for 5 minutes.

Mr. VANDENBERG. I should like to ask the Senator from Mississippi——

Mr. HARRISON. I thought I had answered all questions.

Mr. VANDENBERG. The Senator has not. Am I mistaken in understanding that the Senator is now proposing a course which his own committee by vote within the past 10 days declined to pursue?

Mr. HARRISON. There have been some very important developments since the committee acted recently. Does that answer the Senator's question?

Mr. VANDENBERG. Am I correct in saying that the committee did vote otherwise within the week?

Mr. HARRISON. The committee did vote the other way, and voted not to put any amendments on the joint resolution.

Mr. BLACK. Mr. President, if the Senator will yield, I desire to state that the committee did not vote unanimously to that effect.

Mr. HARRISON. No; there were two members of the committee, I think, who did not vote that way.

Mr. BARKLEY. Mr. President, if the Senator will yield, the vote that was taken did not involve primarily this proposition anyway. There were many proposals or suggestions to amend some of the taxes we were extending. The committee really took the position that it would not add those proposals to the joint resolution.

Mr. VANDENBERG. Mr. President——

Mr. HARRISON. The Senator from Michigan has asked me a question, and I should like to answer it. The Senator from Kentucky [Mr. BARKLEY] is absolutely correct. This new development came before us after the Finance Committee had reported the joint resolution without any amendment save to change the time from 2 years to 1 year.

Mr. VANDENBERG. Does the Senator think it is fair to the rest of the Senate to ask us to take the program of the Senator from Louisiana [Mr. LONG], when he is the only one in the Senate who has had a real chance to inquire into it?

Mr. HARRISON. Of course, the Senator from Michigan must consult his own conscience, and I am sure he still has some left.

The VICE PRESIDENT. The amendment of the committee will be stated.

The amendment was, on page 1, line 3, after the word "hereby", to insert "authorized to be", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,000, to aid in defraying the expenses of the Third Triennial Meeting of the Associated Country Women of the World, to be held in this country in June 1936, such sum to be expended for such purposes and under such regulations as the Secretary of State shall prescribe and without regard for any other provision of law.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PERCY C. WRIGHT

The bill (H. R. 2566) for the relief of Percy C. Wright was announced as next in order.

Mr. KING. Let that go over.

Mr. McKELLAR. May we have an explanation of the bill, at any rate?

Mr. KING. It is reported adversely. Let it go over.

Mr. SHEPPARD. I can give an explanation of the bill if the Senator desires. Does the Senator wish an explanation of it, or does he wish it to go over?

Mr. KING. I should like it to go over. The Secretary of War reports adversely on the bill.

The VICE PRESIDENT. The bill will be passed over.

Mr. BULKLEY subsequently said: Mr. President, I ask unanimous consent to recur to Calendar No. 841, being House bill 2566. The Senator from Iowa [Mr. DICKINSON], who reported that bill, is now present in the Chamber, and I think the Senator from Tennessee will not object to it at this time.

Mr. McKELLAR. What bill is it?

Mr. BULKLEY. It is House bill 2566, for the relief of Percy C. Wright.

The PRESIDING OFFICER. Is there objection to recurring to the bill and to its present consideration?

There being no objection, the Senate proceeded to consider the bill (H. R. 2566) for the relief of Percy C. Wright, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and insert:

That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws, the name of Percy C. Wright, former Reserve officer, and pay him a pension at the rate of $100 per month: *Provided*, That such pension shall be in lieu of any pension now received from the Veterans' Administration by said Percy C. Wright: *And provided further*, That this act shall not deprive said Percy C. Wright of such insurance payments to which he may be entitled.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

GEORGE C. MANSFIELD CO.

The bill (S. 2160) for the relief of the George C. Mansfield Co. and George D. Mansfield was announced as next in order.

Mr. ROBINSON. Mr. President, I should like to have a statement of the subject matter and purposes of this bill. I see the bill was introduced by the Senator from Wisconsin [Mr. LA FOLLETTE] and was reported by the Senator from Alabama [Mr. BLACK].

Mr. LA FOLLETTE. Mr. President a bill identical with this has passed the Senate, if my recollection serves me, on two separate occasions. It is a bill designed to grant to the Mansfield Co. the right to go to the Court of Claims because of losses which they sustained as a result of the action of the Federal Food Administration.

Mr. McKELLAR. Mr. President, when was the claim first presented?

Mr. LA FOLLETTE. The bill was first presented, if I recollect correctly, in 1924. The Senate will remember that subsequent to the action taken against this company, decisions of the Supreme Court indicated that certain portions of the act were unconstitutional. This bill is merely to authorize this concern to test out its rights in the Court of Claims.

Mr. KING. The Senator will perceive that there has been a recommendation against it by the Food Administration, as I recall.

Mr. LA FOLLETTE. That is correct; but——

Mr. ROBINSON. I shall have to ask that the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. LA FOLLETTE subsequently said: Mr. President, I ask unanimous consent to recur to Senate bill 2160.

The PRESIDING OFFICER (Mr. MINTON in the chair.) Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill (S. 2160) for the relief of the George C. Mansfield Co. and George D. Mansfield, which had been reported from the Committee on Claims with an amendment, on page 2, line 4, after the word "loss", to insert "if any", so as to make the bill read:

Be it enacted, etc., That the George C. Mansfield Co. and George D. Mansfield, of Milwaukee, Wis., are hereby authorized to bring suit against the United States to recover damages for any loss or losses which they may have suffered because of the action of the Federal Food Administration, division of enforcement, in directing and compelling said George C. Mansfield Co. and said George D. Mansfield to sell certain cheese products. Jurisdiction is hereby conferred upon the Court of Claims of the United States to hear, consider, and determine such action on its merits, and to enter decree or judgment against the United States for the amount of such actual loss, if any, as may be found due to said George C. Mansfield Co. and said George D. Mansfield, without interest, with the same right of appeal as in other cases, notwithstanding the lapse of time or status of limitations or the tortious character of the action: *Provided*, That such action shall be brought within 6 months from the date that this act becomes effective.

SEC. 2. That upon final determination of such cause, if a decree or judgment is rendered against the United States, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sum sufficient to pay final judgment, which shall be paid to said George C. Mansfield Co. and said George D. Mansfield or their duly authorized attorneys of record by the Secretary of the Treasury upon the presentation of a duly authenticated copy of such final decree or judgment.

Mr. ROBINSON. Mr. President, when this bill was reached on the calendar today I objected to its consideration because the report of the committee disclosed that no favorable recommendation was made by the department having jurisdiction of the subject matter. It appears that the bill simply refers the case to the Court of Claims for investigation and finding; and I withdraw the objection which I made.

Mr. LA FOLLETTE. Mr. President, I very much appreciate the Senator taking that course. I think in the confusion I perhaps did not make it clear to the Senator that the bill merely refers this matter to the Court of Claims to give the parties in interest a chance to adjudicate the rights, if any, of the claimants.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALFRED L. HUDSON AND WALTER K. JEFFERS

The Senate proceeded to consider the bill (S. 1111) for the relief of Alfred L. Hudson, which had been reported from the Committee on Claims with amendments.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill? There seems to be no recommendation by the Department.

Mr. LONG. Mr. President, I am rather slow-minded. A minute ago the Senator from Michigan [Mr. VANDENBERG] made a statement in which he mentioned my name. I did not catch the purport of it until I had been seated here for about 10 minutes.

I wish to say to the Senator from Michigan that I come from a family which claims kinship with everybody down to the hundredth cousin; and if $340,000,000 a year is going to be raised by a bill imposing a tax on big fortunes, it may be that I shall claim at least one-half of 1 percent kinship with that bill, and that I shall not disown that much of my own color and blood in it; but $340,000,000 a year of added revenue from big fortunes to a country whose deficit is $3,000,000,000 does not come up to the point where it can be called a close blood relative. However, I shall not disown whatever kinship exists.

Mr. McKELLAR. Mr. President, may we have an explanation of the pending bill?

Mr. TOWNSEND. This is a bill for the relief of A. L. Hudson and Walter K. Jeffers, whose property was damaged by the lowering of the water level of the Chesapeake and Delaware Canal. While the War Department reports against the bill, we have felt that it was a meritorious claim. It is only for $854.90 in the case of one claimant, and $629.70 in the case of the other.

The VICE PRESIDENT. The amendments of the committee will be stated.

The amendments were, on page 1, line 4, after the word "pay", to insert "out of any money in the Treasury not otherwise appropriated"; in line 6, after the words "sum of", to strike out "$1,484.66 by reason of damages to his" and insert "$854.90 and to Walter K. Jeffers the sum of $629.70 in full settlement of all claims against the Government for damages to their"; and at the end of the bill to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Alfred L. Hudson, the sum of $854.90, and to Walter K. Jeffers the sum of $629.70 in full settlement of all claims against the Government for damages to their property caused by the lowering of the water level of the Chesapeake and Delaware Canal, 1½ miles west of the town of St. Georges, in New Castle County, in the State of Delaware: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Alfred L. Hudson and Walter K. Jeffers."

RUTH NOLAN AND ANNA PANOZZA

The Senate proceeded to consider the bill (H. R. 3180) for the relief of Ruth Nolan and Anna Panozza.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill? I will ask the Senator from Washington [Mr. SCHWELLENBACH], so that he will know what is running through my mind about the bill, whether the individuals mentioned did not give bond, and now do they not desire to have the Government reimburse them? If that is so, we ought not to have bonds.

Mr. SCHWELLENBACH. No, Mr. President; the situation in this case is simply this: These people put up bonds amounting to $6,500. The accused appeared and was tried, and there was no reason for forfeiting the bonds. The record discloses that it was purely by mistake that the bonds were forfeited. The recommendation of the Department is that the bill should pass.

Mr. KING. Mr. President, was the face amount of the bonds, or any amount whatever, paid into the Treasury by the two ladies who signed the bonds?

Mr. SCHWELLENBACH. Yes; they put up cash bonds. By mistake the money got into the Treasury. There was no basis for the forfeiture of the bonds.

Mr. KING. Does the Treasury Department recommend in favor of the restoration of the money?

Mr. SCHWELLENBACH. Yes.

The bill was ordered to a third reading, read the third time, and passed.

BOROUGH OF BROOKLAWN, N. J.

The Senate proceeded to consider the bill (S. 2140) for the relief of certain purchasers of lands in the borough of Brooklawn, State of New Jersey, which had been reported from the Committee on Claims with an amendment, on page 1, line 3, after the word "Board", to insert "Bureau", so as to make the bill read:

Be it enacted, etc., That the United States Shipping Bureau is authorized and directed to make refunds to present owners of lands in the borough of Brooklawn, in the State of New Jersey, which have been purchased by them from the United States of 28 percent of the purchase price of such purchased lands where the full purchase price of said lands or where the full amount of principal and interest due on purchase money bonds and mortgages given to the United States of America, represented by the United States Shipping Board, covering such lands has been paid by such owners into the Treasury of the United States.

SEC. 2. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this act: *Provided*, That said refunds shall be in full settlement of all claims that such owners of lands, as hereinbefore described in this act, may have against the Government of the United States: *And provided further*, That no part of the amount appropriated by virtue of this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated by virtue of this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of the act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, we should have an explanation of this bill. If no explanation is given, I shall ask to have the bill go over.

Mr. MOORE. Mr. President, an identical bill was passed by the Senate last year. I am not very familiar with its terms; but, in general, the situation is that during the war the Government bought the land in question and built a war city there. Later on there was not any use for it, and the property was sold to the public.

Mr. McKELLAR. The Department recommends the passage of the bill, does it?

Mr. MOORE. Yes, sir.

Mr. McKELLAR. I have no objection.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

RETIREMENT OF CIVILIAN TEACHERS AT THE UNITED STATES NAVAL ACADEMY

The bill (S. 2845) to provide for the retirement and retirement annuities of civilian members of the teaching staffs at the United States Naval Academy and the Postgraduate School, United States Naval Academy, was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. TRAMMELL. Mr. President, this bill was sent to the Senate by the Navy Department upon the recommendation of the Visiting Board to the Naval Academy in 1934. It proposes to set up a retirement system for members of the teaching staff at the United States Naval Academy and the Postgraduate School after they have reached the age of 65 years. It proposes a system similiar to retirement systems which prevail in many of the colleges throughout the country at the present time.

I have a list of colleges in which such system is in force, and it is quite long. The bill seeks to give the civilian teachers a retirement system, they to contribute 5 percent of their annual salaries toward the creation of the fund. That, briefly, is the substance of the bill. It would take quite a while to read the list of the colleges throughout the country which have similar systems. This bill is formulated along the lines of such systems.

Mr. McKELLAR. Mr. President, some of the professors called to see me about the matter, and I asked them if they were dissatisfied with their salaries. I think the salary of one of the gentlemen was $4,100, he told me, and he said he was not dissatisfied with it, but as I understood him this would afford an opportunity for them to get a little more by way of retirement. I desire to have the privilege of voting against the bill. If the Senator desires to have it voted on, very well.

Mr. KING. Let the bill go over.

The PRESIDENT pro tempore. The bill will be passed over.

RELIEF OF NAVAL AND MARINE CORPS RESERVES IN CONNECTION WITH THE "AKRON" DISASTER

The bill (H. R. 4764) for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron*, was considered, ordered to a third reading, read the third time, and passed.

DEPORTATION OF ALIEN SEAMEN

The bill (S. 379) for the deportation of certain alien seamen, and for other purposes, was announced as next in order.

Mr. COPELAND. Mr. President, I desire to object to this bill for the reason that the State Department says its enactment would lead to unfortunate international complications. At some appropriate time, if we have opportunity to do so, we can discuss the matter at some length. For the time being, I object.

The PRESIDENT pro tempore. The bill will be passed over.

DISTRIBUTION OF THE LINE OF THE NAVY

Mr. TRAMMELL. Mr. President, I see the senior Senator from New York [Mr. COPELAND] in the Chamber, and I should like to call attention to the fact that when Calendar No. 442, House bill 5599, to regulate the strength and distribution of the line of the Navy, and for other purposes, was reached yesterday it went over at the request of the Senator from New York. I should like to have the Senate recur to that bill. The Senator from New York has an amendment which I am willing to accept and take to conference, and I think that will meet the objection of the Senator.

The PRESIDENT pro tempore. The Senator from Florida asks unanimous consent that the Senate return to the consideration of Calendar No. 442, being House bill 5599. Is there objection?

Mr. McNARY. Mr. President, that does not quite come within the plan suggested in the proceedings of yesterday.

Today we started on page 13 of the calendar in order to finish the consideration of the bills remaining on the calendar. I do not think it is quite within the spirit of the unanimous-consent agreement to go back to measures which were considered yesterday, when under the unanimous-consent agreement we are considering new orders today.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. COPELAND. I hope the Senator will permit the consideration of this bill. I was not here yesterday, being away on important business, and it was on my objection, recorded with a fellow Senator, that the bill went over. The Senator from Florida is going to accept the amendment which I had in mind, and I hope the Senator from Oregon will allow the bill to be passed. It is an important bill.

Mr. McNARY. Mr. President, in view of the absence of the Senator from New York on yesterday, I shall not object.

There being no objection, the Senate proceeded to consider the bill (H. R. 5599) to regulate the strength and distribution of the line of the Navy and for other purposes.

The PRESIDING OFFICER. The Senator from New York proposes an amendment, which the clerk will state.

The CHIEF CLERK. It is proposed on page 10, after line 18, to insert a new section, as follows:

SEC. 9. That hereafter no payment shall be made from appropriations made by Congress to any officer in the Navy or Marine Corps on the active list while such officer is employed, after June 30, 1897, by any person or company furnishing naval supplies or war material to the Government; and such employment is hereby made unlawful after said date: *Provided*, That no payment shall be made from appropriations made by Congress to any retired officer in the Navy or Marine Corps who for himself or for others is engaged in the selling of, contracting for the sale of, or negotiating for the sale of, to the Navy or the Navy Department, any naval supplies or war material.

So as to make the bill read:

Be it enacted, etc., That so much of the Naval Appropriation Act approved August 29, 1916 (39 Stat. 576; U. S. C., title 34, sec. 2), as provides that "hereafter the total number of commissioned officers of the active list of the line of the Navy, exclusive of commissioned warrant officers, shall be 4 percent of the total authorized enlisted strength of the active list, exclusive of the Hospital Corps, prisoners undergoing sentence of discharge, enlisted men detailed for duty with the Naval Militia, and the Flying Corps", is hereby amended to read as follows: "Hereafter the total authorized number of commissioned officers of the active list of the line of the Navy, exclusive of commissioned warrant officers, shall be equal to 4¾ percent of the total authorized enlisted strength of the active list, exclusive of the Hospital Corps, prisoners undergoing sentence of discharge, enlisted men detailed for duty with the Naval Militia, and the Flying Corps."

SEC. 2. That so much of the Naval Appropriation Act approved August 29, 1916 (39 Stat. 576; U. S. C., title 34, sec. 4), as amended by the act approved March 3, 1931 (46 Stat. 1482; U. S. C., supp. VII, title 34, sec. 4), as provides: "That the total number of commissioned line officers on the active list at any one time, exclusive of commissioned warrant officers, shall be distributed in the proportion of 1 in the grade of rear admiral, to 4 in the grade of captain, to 8 in the grade of commander, to 15 in the grade of lieutenant commander, to 30 in the grade of lieutenant, to 42 in the grades of lieutenant (junior grade) and ensign, inclusive: *Provided*, That no officer shall be reduced in rank or pay or separated from the active list of the Navy as the result of any computation made to determine the authorized number of officers in the various grades of the line", is hereby amended to read as follows: "That the total number of commissioned line officers on the active list at any one time, exclusive of commissioned warrant officers, shall be distributed in the proportion of 1 in the grade of rear admiral, to 4 in the grade of captain, to 8 in the grade of commander, to 15 in the grade of lieutenant commander, to 30 in the grade of lieutenant, to 42 in the grades of lieutenant (junior grade) and ensign, inclusive: *Provided*, That no officer shall be reduced in rank or pay or separated from the active list of the Navy as the result of any computation made to determine the authorized number of officers in the various grades of the line: *Provided further*, That for the purpose of making any computation to determine the authorized number of officers in the various grades of the line above the grade of lieutenant (junior grade), the number of commissioned line officers on the active list, exclusive of commissioned warrant officers, shall, until June 30, 1936, be assumed to be 5,499, and after that date any computation to determine the authorized number of officers in the various grades of the line shall be based on the total number of commissioned line officers on the active list at any one time not below 5,499, exclusive of commissioned warrant officers: *Provided further*, That except in time of war the following numbers, exclusive of additional numbers in grade, in the grades as indicated shall not be exceeded: In the grade of rear admiral, 58; in the grade of captain, 240; in the grade of commander, 515: *And provided further*, That except in time of war, if any computation made to determine the authorized number of officers in the various grades of the line would, except for the immediately foregoing proviso, give a greater number of rear admirals than 58, or a greater number of captains than 240, or a greater number of commanders than 515, such excess number shall be carried in the grade of lieutenant commander and an increase in that grade above the 15 percent of the total number of commissioned officers on the active list at any one time, exclusive of commissioned warrant officers, is hereby authorized for that purpose."

SEC. 3. That section 4 of the act approved May 29, 1934 (48 Stat. 814), is hereby amended to read as follows:

"That after June 30, 1936, lieutenants and lieutenants (junior grade) who shall not have been recommended for promotion to the next higher grade by the report of a line-selection board as approved by the President shall, on and after June 30 next succeeding the date of the approval of said line selection board, if they have completed 14 or 7 years, respectively, of commissioned service, be carried as additional numbers in grade, but shall be included in the authorized number of commissioned officers of the active list of the line of the Navy in any grade to which later promoted. That for the purpose of extending section 3 of the act of March 3, 1931 (46 Stat. 1483; U. S. C., Supp. VII, title 34, sec. 286a), to officers below the rank of lieutenant commander, the said section is amended so that the length of service therein prescribed shall be 21 years for lieutenants and 14 years for lieutenants (junior grade): *Provided*, That lieutenants with less than 21 years' commissioned service shall become ineligible for promotion on June 30 of the fiscal year in which they attain the age of 45 years: *Provided further*, That no officer of said rank shall become so ineligible prior to June 30, 1936: *And provided further*, That the restriction on the number of involuntary transfers in any fiscal year to the retired list prescribed in section 7 of the act of March 3, 1931 (46 Stat. 1484; U. S. C., Supp. VII, title 34, sec. 286e), shall not apply to the grade of lieutenant and lieutenant (junior grade.)"

SEC. 4. That so much of the act approved June 30, 1914 (38 Stat. 404), as amended by the act approved August 29, 1916 (39 Stat. 576, 581), as further amended by the act approved July 1, 1918 (40 Stat. 708), which, as contained in the United States Code, title 34, section 3, provides:

"The total authorized number of commissioned officers of the active list of the following Staff Corps, exclusive of commissioned warrant officers, shall be based on percentages of the total number of commissioned officers of the active list of the line of the Navy as follows:

"Supply Corps, 12 percent; Construction Corps, 5 percent; Corps of Civil Enginers, 2 percent; and the total authorized number of commissioned officers of the Medical Corps shall be sixty-five one-hundredths of 1 percent of the total authorized number of the officers and enlisted men of the Navy and Marine Corps, including midshipmen, hospital corps, prisoners undergoing sentence of discharge, enlisted men detailed for duty with the Naval Militia, and the Flying Corps: *Provided*, That hereafter the authorized number of surgeons in the United States Navy be, and it is hereby, increased by one.

"Dental Corps: There shall be one dental officer in the Navy for each thousand of the total authorized number of officers and enlisted men of the Navy and Marine Corps.

"Corps of Chaplains: The total number of chaplains and acting chaplains in the Navy shall be 1 to each 1,250 of the total personnel of the Navy and Marine Corps as fixed by law, including midshipmen, apprentice seamen, and naval prisoners"

is hereby amended to read as follows:

"The total authorized number of commissioned officers of the active list of the following staff corps, exclusive of commissioned warrant officers, shall be based on percentages of the total number of commissioned officers of the active list of the line of the Navy as follows:

"Supply Corps, 12 percent: Construction Corps, 5 percent; Corps of Civil Engineers, 2 percent; and the total authorized number of commissioned officers of the Medical Corps shall be sixty-five one-hundredths of 1 percent of the total authorized number of the officers and enlisted men of the Navy and Marine Corps, including midshipmen, Hospital Corps, prisoners undergoing sentence of discharge, enlisted men detailed for duty with the Naval Militia, and the Flying Corps: *Provided*, That hereafter the authorized number of surgeons in the United States Navy be, and it is hereby, increased by one.

"Dental Corps: The total authorized number of commissioned officers of the Dental Corps shall be one for each 500 of the actual number of officers and enlisted men of the Navy and Marine Corps.

"Corps of Chaplains: The total authorized number of chaplains and acting chaplains in the Navy shall be one to each 1,250 of the total personnel of the Navy and Marine Corps as fixed by law, including midshipmen, apprentice seamen, and naval prisoners."

SEC. 5. That section 3 of the act approved March 3, 1931 (46 Stat. 1483; U. S. C., Supp. VII, title 34, sec. 286a), is hereby amended by inserting after the word "*Provided*", appearing in line 10 of said section 3 of Statutes at Large, volume 46, page 1483, the following clause: "The term 'service in grade' shall be construed to include service on the promotion list for his grade: *Provided further*", so that the said section will read as follows: "Except as provided in section 7, captains, commanders, and lieu-

tenant commanders, who shall not have been recommended for promotion to the next higher grade by the report of a line selection board as approved by the President prior to the completion of 35, 28, or 21 years, respectively, of commissioned service in the Navy, shall be ineligible for consideration by a line selection board, and any officer in said grade shall likewise be ineligible for consideration who on June 30 of the calendar year of the convening of the board shall have had less than 4 years' service in his grade: *Provided,* That the term 'service in his grade' shall be construed to include service on the promotion list for his grade: *Provided further,* That the commissioned service of Naval Academy graduates, for the purpose of this section only, shall be computed from June 30 of the calendar year in which the class in which they graduated completed its academic course, or, if its academic course was more or less than 4 years, from June 30 of the calendar year in which it would have completed an academic course of 4 years: *Provided further,* That except as provided in section 7, officers of any grade commissioned in the line of the Navy from sources other than the Naval Academy, shall become ineligible for consideration by a selection board when the members of the Naval Academy class next junior to them at the date of their original permanent commission as ensign or above become ineligible for consideration under the provisions of this section."

SEC. 6. That the President of the United States is hereby authorized, by and with the advice and consent of the Senate, to transfer and appoint officers of the line of the Navy, not above the grade of lieutenant commander, to the corresponding grade in the Construction Corps, Civil Engineer Corps, or Supply Corps, without regard to the age of the officers so transferred and appointed.

SEC. 7. That the President of the United States is hereby authorized, by and with the advice and consent of the Senate, to transfer and appoint officers of the Staff Corps of the Navy not above the rank of lieutenant commander to the corresponding rank and grade in the line of the Navy and the officers so transferred and appointed shall have the lineal position and precedence in the line which they would have held had they remained in the line or had their original appointments been in the line. Any officer so transferred and appointed shall be carried as an additional number in the grade in which he is serving and to which he may hereafter be promoted.

SEC. 8. That exclusive of student aviators and qualified aircraft pilots of the Navy and Marine Corps, the number of tactical and gunnery observers of the Navy and Marine Corps detailed to duty in aircraft and involving actual flying shall hereafter be in accordance with the requirements of naval aviation as determined by the Secretary of the Navy. So much of section 20 of the act approved June 10, 1922 (42 Stat. 632), as amended by section 6 of the act approved July 2, 1926 (44 Stat. 782; U. S. C., Supp. VII, title 37, sec. 29), which is inconsistent with or in conflict with the provision of this section, insofar as it relates to the Navy and Marine Corps, is hereby reapealed.

SEC. 9. That hereafter no payment shall be made from appropriations made by Congress to any officer in the Navy or Marine Corps on the active list while such officer is employed, after June 30, 1897, by any person or company furnishing naval supplies or war material to the Government; and such employment is hereby made unlawful after said date: *Provided,* That no payment shall be made from appropriations made by Congress to any retired officer in the Navy or Marine Corps who for himself or for others is engaged in the selling of, contracting for the sale of, or negotiating for the sale of, to the Navy or the Navy Department, any naval supplies or war material.

SEC. 10. That all laws and parts of laws which are inconsistent herewith or in conflict with the provisions hereof, insofar as they relate to the Navy and Marine Corps, are hereby repealed.

The amendment was agreed to.

Mr. COPELAND. The present section 9 should be renumbered to be section 10.

The PRESIDING OFFICER. Without objection, that amendment will be made.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. TRAMMELL subsequently said: I move that the Senate insist on its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer [Mr. MINTON in the chair] appointed Mr. TRAMMELL, Mr. WALSH, and Mr. HALE conferees on the part of the Senate.

PROMOTION OF OFFICERS OF THE NAVAL STAFF CORPS

The bill (H. R. 5382) to provide for advancement by selection in the staff corps of the Navy to the ranks of lieutenant commander and lieutenant; to amend the act entitled "An act to provide for the equalization of promotion of officers of the staff corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VII, title 34, secs. 348 to 348t), and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

BELL OIL AND GAS CO.

The Senate proceeded to consider the bill (S. 2464) for the relief of the Bell Oil & Gas Co., which had been reported from the Committee on Claims with amendments, on page 1, line 5, after the word "of", to strike out "$5,964.79" and to insert in lieu thereof "$4,616.69", and to add a proviso at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $4,616.69 to the Bell Oil & Gas Co. of Tulsa, Okla., for the purpose of reimbursing said Bell Oil & Gas Co. for Federal tax on gasoline delivered under contract with the War Department, dated June 29, 1932, said Department having contracted to pay said tax and said payment having been refused by the Comptroller General of the United States: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. Mr. President, let the bill go over.

Mr. THOMAS of Oklahoma. Mr. President, if the Senator will withhold his objection for a moment, this bill provides for the reimbursement of a contractor with the United States.

In 1932 the War Department asked for bids upon gasoline, and in the advertisement for bids the following statement appeared:

Any Federal tax hereafter made applicable will be charged to the Government and entered on invoices as a separate item.

Afterward a Federal tax bill was enacted, and this contracting firm agreed to furnish gasoline, and the Government agreed to pay the tax. The Government paid the tax for about a month, and then stopped paying the tax, and in order that the contractor might comply with the contract, he had to pay the tax.

The pending bill is for the reimbursement only of the tax which the contractor was compelled to pay in order to make good on his contract. The Government is in no way obligated in the matter excepting, under the pending bill, to reimburse the contractor for the amount of the tax paid under protest.

Mr. McKELLAR. Mr. President, I read from the report of the Secretary of War:

The subject bill S. 2464 proposes to make payment in the sum of $5,964.79 to the Bell Oil & Gas Co. as reimbursement for Federal taxes on the gasoline delivered under the contract referred to above. Inasmuch as it has been ascertained from paid invoices on file in the General Accounting Office that 431,269 gallons only of gasoline were furnished under the terms of said agreement, the amount stated in the bill would appear to be in excess of that which could have accrued in consequence of the Federal tax of 1 cent per gallon imposed by the Government on the gasoline delivered under the terms of the contract.

In view of the foregoing and the fact that contract W 503 QM-10664, as executed, made no provision for the payment either of Federal taxes or of interest, favorable consideration of this bill is not recommended.

I do not see how we can possibly justify a repayment under those circumstances. In the first place, the amount is not correct, and in the next place the company paid the tax voluntarily, without being required to do so.

Mr. THOMAS of Oklahoma. It paid the tax under protest, I will say to the Senator from Tennessee.

Mr. McKELLAR. That may be so, and it might have a just claim against the Department for what was actually paid, but there is nothing here to indicate that the figures are correct. Instead of that being so, the Department disputes the figures which are presented.

Mr. BURKE. Mr. President, in answer to the statement made by the Senator from Tennessee, while it is true that the Department reported that the figures were not correct, that was an error on the part of the department, and the Committee on Claims checked that matter fully and found the figures as stated in the bill to be correct, which is now admitted by the department.

The only dispute about the bill is in reference to the payment of the interest on the amount of the tax paid. While there was not a strict compliance with the certificate required by the Department, it is clearly demonstrated that the tax was not included in the bill rendered. The War Department for several months paid the tax, but the Comptroller General finally ruled that because the certificate did not strictly comply with the law, was not filled out in exactly the correct way, the amount could not properly be paid. I think the amount of the tax that was paid very clearly should be refunded. The House passed a bill allowing the interest, but the Senate committee did not allow the interest. The figures, however, are correct.

Mr. McKELLAR. The pending bill does not carry interest?

Mr. BURKE. No; and the figures are absolutely correct.

Mr. McKELLAR. I shall not object.

The PRESIDING OFFICER (Mr. ADAMS in the chair). The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REMOVAL OF PREFERENCES AND PREJUDICES IN THE CASE OF PORTS

Mr. LONG. Mr. President, the Senator from New Jersey [Mr. MOORE] is compelled to leave the Chamber to attend to some important business, and he and I are concerned with Senate bill 1633, to amend the Interstate Commerce Act, as amended, and for other purposes, being no. 932 on the calendar. In order that the Senator may leave to keep his engagement, I ask that the bill may go over by unanimous consent.

The PRESIDING OFFICER. The bill would go over under objection by one Senator.

Mr. LONG. It will not be reached for some little time. That is why I ask unanimous consent at this time that it may go over.

The PRESIDING OFFICER. Does the Senator desire to have it go over for the day?

Mr. LONG. For the day; yes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

JOSEPH W. HARLEY

The bill (H. R. 1119) for the relief of Joseph W. Harley was considered, ordered to a third reading, read the third time, and passed.

CARRIE M'INTYRE

The bill (H. R. 1438) for the relief of Carrie McIntyre was considered, ordered to a third reading, read the third time, and passed.

LAKE B. MORRISON

The bill (H. R. 617) to correct the military record of Lake B. Morrison was announced as next in order.

Mr. KING. I ask that the bill be passed over.

Mr. SHEPPARD. Mr. President, may I explain the bill briefly? Will the Senator withhold his objection for a moment?

Mr. KING. Yes. I will say to the Senator that I have examined the report of the Committee on Military Affairs.

Mr. SHEPPARD. The records list Lake B. Morrison as a deserter, but the evidence before the committee further shows that he was ordered by his commanding officer to go home under threat of being shot if he did not obey, and, being an unusually young man for a soldier, in view of the threat on the part of his superior, he went home and remained there. This superior officer stated that he took this course on account of the young man's utter recklessness under fire. The Committee on Military Affairs believes that under the circumstances the young man should be relieved of the charge of desertion.

Mr. KING. Mr. President, I have no objection. I withdrawn my objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 617) to correct the military record of Lake B. Morrison, which was ordered to a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Lake B. Morrison."

BILLS PASSED OVER

The bill (H. R. 4827) for the relief of Don C. Fees was announced as next in order.

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 4828) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes, was announced as next in order.

Mr. KING. I should like an explanation of that bill. The Senator by whom it was reported is not in the Chamber, and I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

LIENS OF STATE AND LOCAL TAXES

The bill (S. 2351) to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts was announced as next in order.

Mr. McKELLAR. Mr. President, I ask that the bill be passed over.

Mr. LA FOLLETTE. Mr. President, will the Senator from Tennessee withhold his objection for a moment?

Mr. McKELLAR. Yes.

Mr. LA FOLLETTE. This bill was introduced by my colleague [Mr. DUFFY] and myself to meet a situation which has arisen under the Bankruptcy Act. The Wisconsin Central Railway Co. is incorporated under the laws of the State of Wisconsin. It has, out of 1,832.20 miles, 1,408.5 miles located within the State of Wisconsin. It is a corporation created by grant of a charter from the State of Wisconsin. In 1909 the Chicago, Milwaukee, St. Paul & Sault Ste. Marie Railroad leased the Wisconsin Central lines under a 99-year lease. The taxes, which the State has always assessed against this corporation, its own creature, have always been paid up until the time that the road was placed under a Federal receivership. The effect has been to completely insulate the incident railroad company against procedure in the State courts.

Mr. McKELLAR. For taxes?

Mr. LA FOLLETTE. For back taxes which it owes to the State of Wisconsin.

Mr. McKELLAR. The feature which struck me as being of very doubtful propriety were these words in the committee amendment:

> And any such receiver, liquidator, referee, trustee, or other officer or agent, without order of the court of his appointment, shall comply with all orders, judgments, and decrees of any State court issued in the exercise of jurisdiction under this paragraph.

It seems to me that is likely to give rise to a great deal of confusion. Why not direct the Federal court to issue the order?

Mr. LA FOLLETTE. Mr. President, what this bill seeks to do——

Mr. McKELLAR. Mr. President, I see what the bill seeks to do, and I think it is proper.

Mr. LA FOLLETTE. What the bill seeks to do is to permit action to be commenced in the State courts to recover taxes against the corporation, which obtained its charter from the State itself, but because of the Federal receivership it has been effectively resisting the efforts of the State to collect taxes which are known to be due to the State.

Mr. McKELLAR. I think the State ought to collect the taxes, but I doubt the propriety of the committee amendment.

Mr. LA FOLLETTE. May I say that this amendment to the bill received the very careful consideration of the subcommittee and the full Judiciary Committee and was unanimously reported.

Mr. McKELLAR. It is evident that it ought to be done, and I withdraw the objection.

Mr. LA FOLLETTE. I appreciate the Senator's action.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2351) to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts, which had been reported from the Committee on the Judiciary, with an amendment, on page 2, line 8, after the word "court", to insert a semicolon and the words "and any such receiver, liquidator, referee, trustee, or other officer or agent, without order of the court of his appointment, shall comply with all orders, judgments, and decrees of any State court issued in the exercise of jurisdiction under this paragraph", so as to make the bill read:

Be it enacted, etc., That section 66 of the Judicial Code is amended by adding the following new paragraph:

"Any State or civil subdivision thereof, heretofore or hereafter levying or imposing any tax which is or shall be a lien upon any property located within such State or civil subdivision, which property at the time of the imposition or levying of such tax or at any time thereafter is in the possession of any receiver, liquidator, referee, trustee, or other officer or agent appointed by a United States court, may pursue all remedies under the laws of such State for the enforcement and collection of such tax in the same manner and to the same extent as if the property were not in the custody of any such court or receiver, liquidator, referee, trustee, or other officer or agent, without leave of or interference by such court; and any such receiver, liquidator, referee, trustee, or other officer or agent, without order of the court of his appointment, shall comply with all orders, judgments, and decrees of any State court issued in the exercise of jurisdiction under this paragraph."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. LA FOLLETTE. Mr. President, in connection with the passage of the bill, I ask that there may be incorporated at this point in the RECORD a letter from the attorney general of Wisconsin, Hon. J. E. Finnegan, addressed to my colleague [Mr. DUFFY].

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

MARCH 1, 1935.

Re: Wisconsin Central Railway Co.

Hon. RYAN DUFFY,

United States Senator, Capitol Building, Washington, D. C.

DEAR SENATOR: A peculiar situation has developed respecting the taxes owed to the State of Wisconsin upon the Wisconsin Central Railway Co.'s property within this State for the years 1932, 1933, and 1934. The State finds itself at a disadvantage in the collection of these taxes because of the fact that the Wisconsin Central is in receivership by virtue of an order of the District Court of the United States for the District of Minnesota, and by virtue of the various provisions of the Judicial Code and decisions of the Federal courts, which will hereafter be adverted to.

We believe that the State can be placed in a position to collect the taxes it has coming from the Wisconsin Central by action in the State court if the Judicial Code is amended as hereinafter suggested. For your information, we give you the following outline of the facts in this transaction:

The Wisconsin Central Railway Co. is indebted to the State of Wisconsin upon unpaid taxes levied pursuant to the provisions of chapter 76, Wisconsin Statutes, as follows:

Due June 15, 1932	$341,573.10
Due Nov. 21, 1934 (reassessment for year 1933)	526,001.58
Due Nov. 21, 1934 (reassessment for year 1934)	540,002.08
Total	1,407,576.76

None of these taxes have been paid.

The Wisconsin Central Railway Co. is organized and existing under the laws of the State of Wisconsin. As of December 31, 1932, of a total of 1,832.20 miles in its system, 1,408.50 miles were located in the State of Wisconsin, and the remaining mileage is located as follows:

210.83 miles in Minnesota.

42.26 miles in Michigan.

170.61 miles in Illinois.

In January of 1909 Minneapolis, St. Paul & Sault Ste. Marie Railway Co. acquired the majority of the outstanding common stock of the Wisconsin Railway Co. and entered into an agreement with the subject railway, denominated at least for 99 years, but characterized by our Supreme Court in *Minneapolis, St. Paul & Sault Ste. Marie Railway Co.* v. *Henry* (255 N. W. 896, at 897) as "perhaps more in the nature of a contract whereby the Soo Co. agreed to operate for that term unless sooner terminated the Wisconsin Central lines in connection with its own for the common benefit of both."

From the date of the execution of this lease until December 2, 1932, the Soo line operated the railway property of the Wisconsin Central under this lease. By 1924 the Soo line had acquired practically all of the common stock of the subject railway. The so-called "lease" required the Soo Co. to pay out of the earnings of Wisconsin Central the taxes levied against the latter's property, with provision exempting it from personal liability for such taxes, and also required the Soo Co. to account for the earnings of the Wisconsin Central line and turn the net earnings over to the subject company.

For many years the Soo line has owned railway property within the State of Wisconsin in addition to the property of the Wisconsin Central which it operated under the agreement above mentioned. For some years prior to the year 1933 it had been the practice of the tax commission to assess the operating property of the Soo line and of the Wisconsin Central, under the provisions of chapter 76, statutes, as a unit and to levy a single tax thereon which, prior to the year 1932, the Soo line paid without protest. Following this practice a unit assessment of both the properties of the Soo and the Wisconsin Central were made for the year 1932, and a tax levied thereon in the total amount of $975,923.14, of which the Soo paid $634,350.04, leaving an unpaid balance of $341,473.10, being the amount first mentioned in this letter. We are not advised as to whether or not the Soo made any protest against the unit assessment for the year 1932 at the time it was made, but presumably the reason why the Soo only paid part of the tax for the year 1932 was that it was in financial difficulties itself. This presumption that it did not intend to protest against unit assessment of properties of both companies for the year 1932 is supported by the fact that it paid almost two-thirds of the tax levied for that year, while the value of its operating property within the State is much less than half of that of the Wisconsin Central.

Although the subject railway is a Wisconsin corporation and has the bulk of its operating and nonoperating property within this State, on December 2, 1932, the Northwestern Fire & Mutual Insurance Co. filed its bill of complaint against the Wisconsin Central Railway Co. in the District Court of the United States for the District of Minnesota, alleging that a substantial part of the subject's railway is in Minnesota; that its principal operating offices, "so far as the defendant conducts operations" and the records pertaining thereto, are in Minneapolis; that the plaintiff owns $10,000 of the subject's bonds secured by trust indentures on its properties. That there were no earnings from the property for part of the interest due on the subject's bonds for the years 1930, 1931, and 1932, and none for the January 1, 1933, installments, and that the Wisconsin Central faced hundreds of lawsuits by bondholders; that there would be payable to the State of Wisconsin in the immediate future taxes in excess of $341,000, constituting a paramount lien on the property of defendant, which taxes defendant is and will be unable to pay, whereupon the State of Wisconsin will be entitled to take possession of defendant's property and to have the same sold in satisfaction of such taxes; that the property of the subject railway was being operated by the Soo line under a lease; that the revenues would be insufficient to pay the operating expenses; and that the Soo Line had given notice that, unless arrangements were made to meet operating expenses, it would cease operating the subject's lines and return possession thereof to the subject railway company; that if the Wisconsin Central took possession of its lines it would be unable to operate the same because of lack of funds and necessity of building up an operating organization; that the Wisconsin Central was threatening to take possession of its lines, and that the properties were, therefore, threatened with cessation of operation; that the remedy under the trust mortgages securing the bonds was inadequate because it gave no remedy by receivership, foreclosure, or otherwise, excepting after default and no default under the terms thereof had occurred, and that the nonoperation of the lines of Wisconsin Central could only be prevented by injunction and receiver. The usual prayer for appointment of a receiver and restraint upon creditors and others was appended to the bill.

On December 2, 1932, the same day that the bill was verified and filed, the Wisconson Central filed its answer, admitting every allegation of the bill and joining in the prayer for the appointment of a receiver.

On December 2, 1932, A. E. Wallace was appointed receiver for the operating properties of the Wisconsin Central and was, by the order, specifically authorized "to discharge all public duties obligatory upon" Wisconsin Central Railway. He was authorized, in his discretion, to provide for the payment of (a) all taxes and

assessments then or hereafter due upon the property of the Wisconsin Central, (b) operating expenses, and (c) and (d) other items. All persons were enjoined from interfering with the possession of the receiver. The receiver was directed to file a $25,000 bond and to file an inventory within 90 days.

A. E. Wallace, at the time of his appointment, according to our information, was the general manager and a vice president of the Soo Line.

On December 3 petition for ancillary receiver was filed in the District Court of the United States for the Northern District of Illinois, and on that day Judge Wilkeson appointed A. E. Wallace ancillary receiver of the property and assets of the Wisconsin Central Railway Co., situated in the seventh judicial circuit. The order of the Minnesota court was confirmed and its provisions made to extend over the property of the Wisconsin Central, located in the seventh judicial circuit, and the order contained restraint upon creditors and others similar to that provided in the original order of the Minnesota district court. The ancillary receiver was not required to give bond.

On December 7, 1932, certified copy of the order of Judge Wilkeson, together with copies of the bill of complaint, answer, and order filed in the Minnesota court, were filed in the District Courts of the United States for the Eastern and Western Districts of Wisconsin. This procedure was apparently adopted pursuant to the authority of 28 U. S. C. A., section 117, which provides that where in any suit in which a receiver is appointed property of a fixed character, which is the subject of the suit, lies within different States of the same judicial circuit, the receiver shall be immediately vested with full jurisdiction and control over all the property, the subject of the suit, lying or being in such circuit.

It will be observed that, although the Wisconsin Central is a Wisconson corporation and the bulk of its property is located within this State, both the company and its operating property have been effectually insulated against action by its creditors in the State of its origin and principal operations, all without application to or proceedings had in any State or Federal court located in Wisconsin.

On December 3, 1932, the receiver, with the approval of the Minnesota district court, entered into an agreement with the Soo Co. whereby the Soo Co., for the receiver, continued to operate the Wisconsin Central lines. It thus appears that the continuity of the management of the operating properties of the subject railway by the Soo Line has not been disturbed by the receivership. The last-mentioned agreement provided that the Soo Co. was to collect the revenues of the Wisconsin Central Lines and apply them in discharge of cost of operation and maintenance, including taxes, and was not obligated to use its own funds for these purposes. We are informed that the Soo Line has continued to operate the subject properties under this agreement until the present time.

During the year 1933 the State of Wisconsin became a party to the receivership proceeding by filing with the district court of Minnesota its claim for the 1932 taxes in the amount of $341,573.10, plus interest at the rate of 15 percent per annum.

On or about May 1, 1933, the tax commission again made a unit assessment of the properties of the Soo and the Wisconsin Central Cos. and levied a tax thereon of $857,187.76. The Soo Line protested against this assessment, tendered the sum of $78,000 as being the amount of tax justly and equitably due on June 15, 1933, on the lawful assessment of its properties, and commenced an action in the circuit court of Dane County against the State treasurer and others to declare the 1933 assessment illegal. The lower court granted the relief prayed for, and its judgment was affirmed upon appeal to the Supreme Court (*Minn., St. Paul & Sault Ste. Marie Co.* v. *Henry*, 255 N. W. 896). This case was decided on July 2, 1934. Prior to the decision the tax commission, on or about May 1, 1934, again assessed the properties of the Soo Line and the Wisconsin Central as a unit and levied a unit tax thereon for the year 1934.

On October 22, 1934, in compliance with the decision of the Supreme Court directing separate assessments of the property of the Soo Line and of Wisconsin Central for taxation purposes, the Tax Commission assessed the property of the Wisconsin Central separately and levied a separate tax thereon for each of the years 1933 and 1934. These are the unpaid taxes mentioned in the third paragraph of this letter. We are not advised whether or not the Soo Line has paid the taxes which were reassessed and levied against its property separately.

Section 76.22, Wisconsin Statutes, provides that the taxes levied and assessed pursuant to the provisions of chapter 76, after the same become due, shall become a lien upon the property of the utility within the State prior to all other liens, debts, claims, or demands whatever, which lien may be enforced in an action in the name of the State in any State court of competent jurisdiction against such company and against its property within the State; and further provides that the judgment in such action shall fix the amount of taxes and interest, adjudge the same a lien on the property and provide for the sale of such property within 90 days after the entry of judgment, and further provides that the state treasurer, in the name of the State, may bid at the sale and become the purchaser of the property thereat.

Under the authority of this section, the State commenced an action in the Dane County circuit court against the Wisconsin Central and its receiver, alleging the nonpayment of the taxes for the years 1933 and 1934 upon the reassessment above mentioned, and praying for the declaration and foreclosure of the lien enjoyed respecting such taxes. Leave was not obtained from the District Court of the United States for the District of Minnesota to commence this foreclosure action.

Because of the Federal decisions hereinafter referred to, a serious question as to the right of the State to proceed with the tax foreclosure action authorized by the Wisconsin statute above mentioned, has arisen. It will be noted that leave to maintain the action has not been obtained from the Minnesota Federal court. The reason for this was that the State does not want to subject the determination to them the question of the amount and validity of the taxes, as well as the remedies for the enforcement thereof, determined by a Federal court outside the State of Wisconsin. In other words, the State wants to be able to enforce its tax without going to the Federal court of neither Minnesota nor Illinois in order to have permission to exercise its sovereign right.

A number of Federal cases seem to take the view that the appointment of a receiver in a Federal court places the property in custodia legis and removes it from the power of the State to enforce a tax liability thereon. The leading case upon this point is *Ex parte Tyler* (13 Sup. Ct. 785, 149 U. S. 164), decided in 1893. In that case a receiver was appointed for the South Carolina Railway Co. in 1889. For the year ending November 1, 1891, the receiver made his return of the property for the taxes as provided by State law, and the State Board of Equalization raised the valuation as reported and computed a tax on the increased valuation. The receiver paid the amount of taxes admitted to be due, and filed his bill in the court of his appointment asking that the various county treasurers and sheriffs be restrained from issuing and levying tax executions against the property to collect the difference between the amount claimed and the amount paid, claiming that the balance of the tax was illegal. Temporary restraining order was issued upon this bill. While this restraining order was in force, the receiver made his report for the year 1892, the board of equalization again raised the valuation, and the receiver paid the amount which he admitted to be due. The various county treasurers issued tax executions for the difference between the amount paid and the amount levied for the year 1892, and on February 4, 1893 Tyler, sheriff of one of the counties levied upon a portion of the railway company's rolling stock by chaining it to the tracks.

On February 6 the receiver filed his petition in the circuit court, alleging the illegality of the taxation, praying for an injunction restraining interference with property in his hands and asking that the sheriff be committed in contempt for levying upon property in the custody of the court. Upon hearing thereafter had, the court held that in the contempt proceeding it was not competent for the court to go into the question as to whether the tax was or was not illegal, but did enjoin the sheriff from interfering with the possession of the receiver and directed the restoration of the property seized to the receiver, and adjudged the sheriff in contempt of court. In denying the petition for writ of habeas corpus, the Supreme Court, among other things, said (p. 789):

"No rule is better settled than that, when a court has appointed a receiver, his possession is the possession of the court, for the benefit of the parties to the suit and all concerned, and cannot be disturbed without the leave of the court, and that if any person, without leave, intentionally interferes with such possession, he necessarily commits a contempt of court, and is liable to punishment therefor."

And again (p. 790):

"The maintenance of the system of checks and balances characteristic of republican institutions requires the coordinate departments of government, whether Federal or State, to refrain from any infringement of the independence of each other; and the possession of property by the judicial department cannot be arbitrarily encroached upon save in violation of this fundamental principle.

"The levy of a tax warrant, like the levy of an ordinary fieri facias, sequestrates the property to answer the exigency of the writ; but property in the possession of the receiver is already in sequestration, already held in equitable execution, and, while the lien for taxes must be recognized and enforced, the orderly administration of justice requires this to be done by and under the sanction of the court. It is the duty of the court to see to it that this is done, and a seizure of the property against its will can only be predicated upon the assumption that the court will fail in the discharge of its duty—an assumption carrying a contempt upon its face."

And further (p. 791):

"This principle is applicable here, for whether the sheriff were armed with a writ from a State court, or with a distress warrant from a county treasurer, this property was as much withdrawn from his reach as if it were beyond the territorial limits of the State.

"The inevitable conclusion that this must be so, if constitutional principles are to be respected in governmental administration, does not involve interruption in the payment of taxes, or the displacement or impairment of the lien therefor; but, on the contrary, it makes it the imperative duty of the court to recognize as paramount, and enforce with promptness and vigor, the just claims of the authorities for the prescribed contributions to State and municipal revenue; and, when controversy arises as to the legality of the tax claimed, there ought to be no serious difficulty in adjusting such controversy upon proper suggestion. The usual course

pursued in such cases is by intervention pro interesse sue, as in the instance of sequestration (2 Daniell, Ch. Pl. & Pr. (4th ed.) 1057, 1744; *Savannah* v. *Jessup*, 106 U. S. 563, 564, 1 Sup. Ct. Rep. 512). The tax collector is a ministerial officer (*Erskine* v. *Hohnback*, 14 Wall. 613; *Stutsman Co.* v. *Wallace*, 142 U. S. 293, 12 Sup. Ct. Rep. 227), and no reason is perceived why he should not bring his claim to the attention of the court, while, on the other hand, it is clearly the duty of the receiver to do so, if he contends that the taxes are illegal. If found valid, they must be paid; if invalid, the court will so declare, subject to the review of the appellate tribunals."

The court further held in the cited cases that 28 U. S. C. A., sections 124 and 125, which direct the receiver to manage and operate the property, "according to the requirements of the valid laws of the State in which such property shall be situated, in the same manner that the owner or possessor thereof would be bound to do if in possession thereof", and further authorize suit against any receiver without leave of court "in respect of any act or transaction of his in carrying on the business connected with such property" did not restrict the power of the Federal court to preserve property in the custody of the law from external attack.

This decision has been adhered to by the Federal courts (*Fidelity Trust Co.* v. *Tennessee Charcoal Iron Co.* (C. C. A., 6th Cir.), 3 Fed. (2d) 857).

Brictson Mfg. Co. v. *Close* (C. C. A., 8th Cir.) (25 Fed. (2d) 794), in which it was held that a tax deed obtained upon property in the possession of a receiver was void (*Scott* v. *Western Pac. R. Co.*, 246 Fed. 545; *Coy* v. *Title Guarantee & Trust Co.* (D. C. Oreg.), 212 Fed. 520; *Bird* v. *City of Richmond* (C. C. A., 4th Cir.), 240 Fed. 545; *Bright* v. *Arkansas* (C. C. A., 8th Cir.), 249 Fed. 950, 953).

Under those decisions the question arises whether or not the Minnesota court would treat any deed issued upon a foreclosure sale in the pending action as a mere nullity, and claim the power to forestall any attempts by purchaser at the foreclosure sale to wrest possession of the property from the receiver.

You can see from the foregoing that a very fruitful source of litigation and delay in the collection of these taxes has been made available to the Wisconsin Central. We feel you will agree with us that the State should not be deprived of this substantial tax revenue by a public utility, at a time when the State badly needs the money, and when other taxpayers have to pay their taxes, although they are in a poorer position to do so than is the Wisconsin Central. We feel you will also agree with us that the State should not be required to go to Minnesota or to Illinois to obtain permission to collect these taxes from a Wisconsin corporation upon Wisconsin property.

We therefore suggest that the Judicial Code be amended so as to permit the State to enforce its tax lien in the State courts and prevent this situation arising at any future time. To accomplish this purpose we have drawn a bill creating a new section of the Judicial Code, which we would like to have you examine and give us the benefit of your views thereon. If the form of the proposed bill meets with your approval, we would greatly like to have it introduced in Congress and pressed with all convenient dispatch.

The Wisconsin Central has been trying to take advantage of the situation above outlined by attempting to negotiate a settlement of the taxes for $800,000. You can readily see how they are trying to deprive the State of over $600,000 of revenue without any cause whatever.

Yours very truly,

J. E. FINNEGAN, *Attorney General.*

AIR MAIL

Mr. McKELLAR. Mr. President, yesterday we practically completed the air mail bill, except that there was an objection by the Senator from Ohio [Mr. BULKLEY]. The Senator from Ohio has withdrawn his objection, and I ask unanimous consent to return to that bill, as I think every Senator, so far as I know, has agreed upon its terms. I refer to House bill 6511, being Calendar No. 718.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the Air Mail Service, which had been reported from the Committee on Post Offices and Post Roads with an amendment to strike out all after the enacting clause and insert new matter.

Mr. McKELLAR. Mr. President, to the committee amendment I offer one other amendment, which I send to the desk and ask to have read. I am sure it will meet with the approval of all Senators.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. In the committee amendment at the proper place it is proposed to insert the following section:

SEC. 12. (a) That hereafter no air mail carrier shall issue passes to any person or transport passengers at a different rate from that charged passengers generally: *Provided*, That said carriers may transport (a) the Postmaster General on departmental business or any person designated by him as traveling on departmental business; (b) any official or employee of the company or their immediate families; (c) any official or employee of other air mail companies.

Mr. KING. Mr. President, I should like an explanation of this bill, because evidently it is one of considerable importance, and I know from the communications I have received that it is attracting a great deal of attention.

Mr. McKELLAR. That is true, Mr. President, and for a number of months the bill has been very earnestly considered by the Committee on Post Offices and Post Roads; virtually all of the differences have been ironed out, and the bill as now presented, I believe, meets the approval of everyone. I call special attention of the Senator from Vermont [Mr. AUSTIN] and the Senator from Ohio [Mr. BULKLEY], who is now here to speak for himself about this bill.

Mr. BULKLEY. Mr. President, yesterday I asked that this bill go over. In the meantime I have satisfied myself that the amendments make the bill quite satisfactory.

Mr. McKELLAR. I believe it is satisfactory to virtually everyone who is interested in it, and that is why I am asking that it be considered at this time, and I hope the Senator will not object.

Mr. JOHNSON. Mr. President, I am compelled to ask that the bill go over for 1 day because of amendments which came to me, which, I think, probably have been inserted in the bill, but of which I am not certain.

Mr. McKELLAR. I will say that chambers of commerce from the Senator's State, California, and all of the Senators from the Pacific Coast States have stated that the provision which is in the bill is entirely satisfactory to them. If it should not be satisfactory, I will agree to a reconsideration of the bill, if it shall be passed at this time.

Mr. JOHNSON. Let me ask the Senator just one question. If he assures me upon that point probably I can withdraw my objection. Are the amendments which were presented by the city of Los Angeles and the representative of the city before the committee incorporated in the bill?

Mr. McKELLAR. They are incorporated in the bill.

Mr. AUSTIN. Mr. President, I wish to state that the bill is not entirely satisfactory to the Senator from Vermont in one regard, and that is the perpetuation of the vindictive clause in the bill, but the Senator from Vermont did not wish to make a contest upon that point. He has received very satisfactory treatment from the chairman of the committee with respect to certain amendments, and, therefore, the Senator from Vermont does not oppose the bill.

Mr. McKELLAR. May we have a vote, Mr. President?

Mr. LONG. Mr. President, I am getting so many telegrams and telephone calls from newspapers and individuals on a new constitutional question which has arisen, as shown by the morning newspaper, that I consider it to be necessary to make a statement.

It seems that our Federal Government is going into more "new deals" all the time, and the latest of its activities is that of taking over the business of operating garbage collections and other departments in the city of New Orleans. Constitutional lawyers desire to know just where the authority comes by virtue of which the Federal Government can take over and run, as the Federal Government, the departments of the city of New Orleans, and to pay them out of the Federal funds. I wish to say that I have not undertaken to find any constitutional authority nor do I think anyone else has undertaken to find any such constitutional authority for such activities.

Further, I see from the newspaper reports—and all I know is from the public press, because I am not undertaking to keep myself informed on matters that do not concern me, and I am not concerned with the municipal affairs of the city of New Orleans nor am I concerned much with the F. E. R. A.—that the garbage men in New Orleans have struck against the F. E. R. A.

Mr. MINTON. Regular order, Mr. President.

Mr. LONG. I am talking; and that is the regular order. The Senator has something to learn about the rules that he does not know.

It seems from what I read in the newspapers that the Federal Government has got itself a strike down in my home city. It has taken over a department of the city government; it has taken over their pay roll, and it is paying their pay roll, and it is doing the municipal service of collecting the garbage off the streets every morning.

Mr. BARKLEY. Mr. President, if the Senator will yield, is the garbage to which he refers political or physical garbage? [Laughter.]

Mr. LONG. I do not think any of the forces of the Senator from Kentucky are down there yet. [Laughter.]

Mr. BARKLEY. I hope not.

Mr. LONG. Therefore, it must be physical garbage.

Mr. BARKLEY. If any of my constituents were down there I should like to rescue them.

Mr. LONG. I am afraid that if the Senator got among political garbage he could not leave that kind of kinfolk.

Mr. BARKLEY. Is that the reason the Senator goes back so often?

Mr. LONG. No; it is not. I go back not because of the city's political organization but of the State's political organization.

The point I am trying to bring to the Senate so that Senators may be able to answer their own constituents rather than have them wire me when similar things happen in their own cities. They have a strike down there, they say now, over wages the Government is paying the city employees. These men were getting around $90 to $100 a month from the city, but the Government comes in and says, "We are running this garbage department and if any of you do not do what we tell you you are violating the Government law which forbids Federal employees from being interfered with." A municipal garbage collector is a Federal employee, and they have cut his wages down there, and now, according to the newspapers, the garbage collectors are striking against the Government, and confusion exists, which I think Senators should acquaint themselves with, on the constitutional aspects, because of the fact that there are a number of cities which want the Federal Government to take over their pay rolls. My fellow Senators from other cities, such as New York, Philadelphia, and Chicago, will want their pay rolls taken over by the Federal Government, but the workers will not want their wages cut. It seems that we ought to get some uniformity about it.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. LONG. Very well; I will cover it on another matter.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee [Mr. McKELLAR] to the amendment reported by the committee to House bill 6511.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

JURISDICTION IN CIVIL SUITS

The bill (S. 2524) amending section 112 of the United States Code, annotated (title 28; subtitle, "Civil suits, where to be brought"), was announced as next in order.

Mr. LONG and Mr. AUSTIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. AUSTIN. Mr. President——

Mr. LONG. I have been recognized.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Vermont?

Mr. LONG. I yield to my friend for a question, but I wish to complete the little observation I was making.

Mr. AUSTIN. I was going to suggest that the observation be made on some other bill. I am about to object to this bill on behalf of a Senator who is absent, the Senator from Pennsylvania [Mr. DAVIS], who is interested in the bill. I announce his absence, and object to the consideration of the bill.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. I will ask that the bill go over at the conclusion of my remarks. I wish now to read from the Washington Post. The headline is:

Garbage men in New Orleans to strike again. Walkout set for today as collectors revolt at F. E. R. A. wages.

I want to make plain that this is a department of the government that I have not anything in the world to do with, neither with the F. E. R. A. of the United States Government, nor with the municipal department of the city of New Orleans. I want to clear my skirts to start with by saying that I have absolutely nothing whatever to do with the garbage department of the city of New Orleans or with the city government of New Orleans inside, outside, direct, or indirect, and that I have nothing to do with the F. E. R. A.

NEW ORLEANS, LA., June 24.—Garbage collectors here will strike again tomorrow rather than accept employment from the F. E. R. A., a spokesman announced late today.

Commissioner of Public Works Joseph P. Skelly said the jobs would be filled with other workers, so that the city's health would not be endangered as it was when garbage piled up in gutters during a 1-day strike last week.

The F. E. R. A. stepped in with Federal funds to end the strike last week—

I want Senators to listen to this:

The F. E. R. A. stepped in with Federal funds to end the strike last week by paying salaries of the garbage collectors the city couldn't pay. The city is in financial straits because of a political battle with Senator HUEY P. LONG.

In other words the city of New Orleans went broke fighting me. They spent their pay roll and spent all their money, this dispatch means, I guess, and therefore, having spent it all trying to beat the Long ticket, they have not any money to pay their workers. So the Federal Government went down there and put some money in the treasury to enable the city to fight the political campaign, and are now putting a little more in there. I want them to be satisfied one with the other. So I am going to read the remainder of this story:

The Kingfish's State administration has harassed the city treasury at every turn in an effort to drive out Mayor T. Semmes Walmsley.

Just how we have harassed the city treasury, I do not know. They asked the right to borrow money and the State itself joined in the request that they let them have the money, but still they would not let them have it, and the city went into bankruptcy. It filed a petition in the bankrupt court on the ground that it could not pay its debts, and now they say I am responsible for having harassed them somewhere. I have not harassed them. We cleaned their plow down there in the political campaign and we will do so the next time. They will need the whole $5,000,000,000 down there before they get through. This garbage money will not be a drop in the bucket. However, the Federal Government having taken over all the functions of the garbage department, the workers are striking against the F. E. R. A. today. Let me read the remainder of this article:

C. Parks, spokesman for the garbage collectors—

This is the Federal Government business now—

announced renewal of the strike tomorrow after a conference with Skelly late today.

Parks told Skelly the collectors wanted a 6-day week, time and a half for holiday work, and the regular city wage scale of $3 a day for helpers and $3.50 for drivers.

The men were put on a 5-day basis several months ago. The F. E. R. A. made its wage scale $10 a month under the old city schedule.

That shows how they cut the wages there. In order, they say, to keep the Long people from having anything to do with it, they cut the poor garbage collectors down to $10 a month. If the F. E. R. A. had not stepped in, they would have had to appeal to the State administration for help; but the city administration would rather have these poor workers under the F. E. R. A. at $10 a month, which is starvation, than to let them have a decent wage. So the Federal Government is down there in the strike-breaking business, con-

fusing the public and destroying confidence and running a municipality and sending big agents from Washington, D. C., to New Orleans to operate the garbage business.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired. Senate bill S. 2524 will be passed over.

LOSS OF CITIZENSHIP BY NATIVE-BORN WOMEN

The bill (S. 2912) to repatriate native-born women who have heretofore lost their citizenship by marriage to an alien, and for other purposes, was announced as next in order.

Mr. KING. I ask that the bill go over.

Mr. JOHNSON. Mr. President, will the Senator withhold his objection for a moment? If his mind is set upon the matter, I will not waste time.

Mr. KING. My mind is set. I wish to prepare an amendment which has been suggested, and I have not had time to prepare it.

Mr. JOHNSON. Then, I will not waste time by making an explanation but will wait until the Senator shall have prepared the amendment.

Mr. KING. I have no objection to the Senator presenting his views.

Mr. JOHNSON. No; I will wait.

The PRESIDING OFFICER. The bill will be passed over.

PER CAPITA PAYMENT TO CHIPPEWA INDIANS

The bill (H. R. 4123) providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States was announced as next in order.

Mr. LONG. Mr. President, this article continues:

Skelly insisted that other workers would be found to keep up the garbage collection without a lapse.

Paid only part of their wages this month and nearly 2 months behind since the first of the year the garbage collectors refused to work last Friday until something was done about their back pay.

In Washington—

In Washington—

Frank H. Peterman F. E. R. A. administrator for Louisiana, took over garbage collection as a F. E. R. A. project, together with nine other departments concerned with health.

This was interpreted in some quarters as a left-handed blow at LONG, enemy of the national administration. Mayor Walmsley has resisted LONG's State dictatorship, and this warfare brought the city into its present straitened financial circumstances.

In other words, the city of New Orleans is in strained financial circumstances because of the fact that they have not been with us. It can only be interpreted in one way. Our State administration is in no strained financial circumstances. We have a balanced budget and three or four million dollars in the treasury and we do not need any money from anybody. When the Federal Government sends us one of their ultimatums we tell the Federal Government where they can go to. We do not have to have them messing with us. They can go wherever they please, so far as we are concerned. But now, the city government is in financial embarrassment, a government which was elected to support the Roosevelt administration and to be against me; and they say that because they are not blood kin in politics to me they cannot get along. It is a sad commentary that Washington, D. C., is going to treat these brethren worse than others. So I think the Congress ought to have the information and Senators ought not to have me blamed for something for which I am not responsible. The Government will probably want to deduct this amount from the other work relief that we get in Louisiana. I do not want that done. I want Senators to see to it, if they have cities that think the Federal Government ought to pay their municipal pay rolls, that they should get busy and learn how we are doing it in Louisiana. Do not have your cities telephoning me and your newspapers wiring me. If you want to get public money, learn how to do it. If you do not want to put taxes on a city, if you do not want to carry your municipal pay roll, here is the way to get the money, but let us try to evolve a scheme which will not bring on a strike every time the Federal Government steps in and proposes to give the people $10 a week or $10 a month. Let us ask them to pay a man a wage that is consistent with what he was earning previously.

I have no concern with the city-government affairs. I have no concern with the administration's representatives down there. If they are meddling and having a strike, it is their business and not mine, but at some time they ought to be able to do something orderly and regularly, so that when they create disorder and confusion and pursue this kind of expected course, they will not blame me for their rashness and their unconstitutional activities which were expected to bring on this kind of furor in a place that does not need them and wishes they would step out and keep out. We would be glad if they would move everything they have in Louisiana clear out of it instead of having this kind of business.

Mr. BLACK. Mr. President—

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Louisiana yield to the Senator from Alabama?

Mr. LONG. I yield.

Mr. BLACK. Does the Senator want the Government to move everything out of Louisiana? We would be glad to have it up in Alabama.

Mr. LONG. Take it! We would be glad to have Alabama have it, if it is to be run like the relief.

Mr. BLACK. Does the Senator want the Federal land bank moved from Louisiana to Alabama?

Mr. LONG. We do not care what you take out of there that the Roosevelt administration has had anything to do with putting there.

Mr. BLACK. I understand the Senator is willing to move the Federal land bank out of New Orleans?

Mr. LONG. I have nothing to do with the Federal land bank.

Mr. BLACK. I want to be sure.

Mr. LONG. We would not care a rap or a snap of the finger if they should move the Federal land bank, if it is like the relief, and anything else the Roosevelt administration has down there. Take it all, and get out of there and stay out of there! [Laughter.]

Mr. BLACK. Does the Senator think with the approval of his people we can get it moved?

Mr. LONG. The administration has to have some jobholders down there, and anti-Long men hold those jobs and will keep the bank there.

Mr. BLACK. I should like to have the Federal land bank moved over to Alabama.

Mr. LONG. The Senator could not have it because of the anti-Long jobholders who are being sheltered down there. The administration has to keep those anti-Long men in jobs there, as the Senator knows.

Mr. BLACK. I understand the Senator expresses a willingness to move the Federal land bank away from New Orleans, and that he will help me get it for Alabama?

Mr. LONG. Oh, no. I say the anti-Long people will have to do something about it, and they would want to keep it there so they can hold their jobs.

Mr. BLACK. I thought the Senator was willing to have the Federal land bank moved out of New Orleans.

Mr. LONG. The Roosevelt administration did not put it down there.

Mr. BLACK. I understood the Senator to say he would be willing to have the Federal land bank moved out of New Orleans.

Mr. LONG. I do not care what they may do with it. So far as concerns me personally, other interests are best accommodated in New Orleans.

Mr. BLACK. Is the Senator willing to have it moved out of New Orleans?

Mr. LONG. I do not think there is anyone in Alabama who would know how to run our land bank. [Laughter.]

Mr. BLACK. The Senator has never answered my question. Does he state or express a willingness to have the Federal land bank moved out of New Orleans into some other State?

Mr. LONG. Anything the Roosevelt administration has put in New Orleans they can take out. That happens to be a Republican institution in New Orleans.

Mr. BLACK. Does the Senator want it to remain there?

Mr. LONG. The anti-Long people in Alabama and Mississippi would not be able to get it away from the anti-Long people in Louisiana.

Mr. BLACK. Is the Senator retreating from the position he first took when he said he would be glad to have the bank moved out of New Orleans?

Mr. LONG. I think we will be glad to have everything the Roosevelt administration has put in Louisiana taken out of there.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. BLACK. I have asked the Senator about the removal of the Federal land bank from New Orleans.

Mr. LONG. May I answer the Senator from Alabama in his own time?

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. LONG. The Roosevelt administration did not put that bank there.

Mr. BLACK. Will it be all right to move it away?

Mr. LONG. I should not care if it were moved if it were not for others who need it.

Mr. BLACK. The Senator approves and would be glad to see it moved away?

Mr. LONG. I would not care if they took it over to Alabama, but they have no one there who is able to run it.

Mr. BLACK. We will let that take care of itself. Is the Senator willing to have the bank moved out of New Orleans?

Mr. McNARY. Mr. President, I ask for the regular order.

Mr. BLACK. I join in the request!

The PRESIDING OFFICER. The clerk will state again the bill which was last called.

PER CAPITA PAYMENTS TO CHIPPEWA INDIANS

The bill (H. R. 4123) providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band, of Minnesota, from the timber funds standing to their credit in the Treasury of the United States, was announced as next in order.

Mr. KING. Let the bill go over.

Mr. SCHALL. Mr. President, may I ask the Senator the ground of his objection?

Mr. KING. I may say to the Senator from Minnesota that the Secretary of the Interior, with respect to the bill, made the following statement:

> In view of the amount of relief funds that has been allotted to the Red Lake jurisdiction and the cooperation extended by the State relief administration, it is believed that a per capita payment is not justified at this time, and that the small balance remaining to the credit of these Indians should be conserved for future beneficial use.

He recommends that the bill do not pass. Therefore I object to its present consideration.

Mr. FRAZIER. Mr. President, will the Senator from Utah withhold his objection to enable me to make a brief statement?

Mr. KING. Very well.

Mr. FRAZIER. The Secretary's report was made on the bill when it provided for a $25 per capita payment. After the amount was cut down to a $15 per capita payment, the Commissioner of Indian Affairs was favorable to it. The money comes out of the Indians' own funds. No money whatever is taken out of the Federal Treasury. It comes out of the Indian tribal funds, which come from the sale of their fish and timber. It is a cooperative plan on the reservation, as the Senator, of course, knows. The Indians are very strongly in favor of the measure.

Mr. KING. Does the Senator assure the Senate that Secretary Ickes has modified the views which he expressed in his letter dated March 9, 1935, in the paragraph which I read?

Mr. FRAZIER. I cannot say with regard to Secretary Ickes, but I know the Commissioner of Indian Affairs has changed his mind, and I presume he was instrumental in the writing of the report which was first drafted. The amount was cut down from $25 to $15 per capita payment. It comes out of the Indians' own money.

Mr. SCHALL. Mr. President, the Secretary's representative did say in my presence, when the bill was reported, that it was satisfactory.

Mr. KING. Was his attention challenged to the letter which he had written in opposition to the bill and was an explanation made as to why he changed his mind, if he has changed his mind?

Mr. SCHALL. The original bill provided for a $25 per capita payment. The funds were not sufficient to take care of that payment, but when the amount was reduced to $15 it was approved by Mr. Zimmerman, who appeared before the committee. This is a House bill.

Mr. KING. Before we conclude the call of the calendar during the day I shall confer with the Secretary of the Interior, and, if he has no objection, I shall have none.

The PRESIDING OFFICER. On objection of the Senator from Utah, the bill will be passed over.

Mr. FRAZIER subsequently said: Mr. President, I ask unanimous consent to recur to Calendar 894, House bill 4123, which is the Chippewa Indian bill, providing for a $15 per capita payment. The bill was reported from the Committee on Indian Affairs by the Senator from Minnesota [Mr. SCHALL]. When it was previously called on the calendar the Senator from Utah [Mr. KING] objected, but he has since told me he would withdraw his objection inasmuch as it is stated in the first part of the report that the Assistant Commissioner made the statement before the committee that the Secretary of the Interior had no objection to the bill in its present form.

The PRESIDING OFFICER. Is there objection to reverting to House bill 4123?

Mr. ROBINSON. Mr. President, the report of the Secretary of the Interior seems to be adverse, inasmuch as it says:

> In view of the amount of relief funds that has been allotted to the Red Lake jurisdiction and the cooperation extended by the State relief administration, it is believed that a per capita payment is not justified at this time, and that the small balance remaining to the credit of these Indians should be conserved for future beneficial use.

Mr. FRAZIER. The Senator from Utah referred to that statement when he made his objection. The bill as originally drawn carried a per capita payment of $25, but when it was reduced to $15 the Bureau of Indian Affairs withdrew all objection. The Assistant Commissioner stated that the Secretary would withdraw his objection. The payment is to be made out of the money belonging to the Indians.

Mr. ROBINSON. I do not think that is the proper way to make a record. The Secretary of the Interior makes a written report that a per capita payment is not justified, and then someone else comes in and says the Secretary has changed his mind. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SCHALL subsequently said: Mr. President, I ask unanimous consent to return to House bill 4123, which was objected to a few moments ago by the Senator from Arkansas [Mr. ROBINSON]. I understand he has withdrawn his objection.

The PRESIDING OFFICER. The Senator from Minnesota asks unanimous consent to recur to House bill 4123. Is there objection?

Mr. ROBINSON. Mr. President, it developed during the brief discussion of the bill a few moments ago that the Secretary of the Interior had submitted an adverse report upon it. The Senator from North Dakota [Mr. FRAZIER], however, stated that the amount of the proposed payment had been reduced from $25 to $15, and that it was represented by the Assistant Commissioner of Indian Affairs that the Secretary of the Interior had no objection to the bill in that form. In view of the statement of the Senator from North Dakota I do not wish to insist upon my objection, and so I withdraw it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 4123) providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal timber fund on deposit to the credit of the Red Lake Band of the Chippewa Indians of the State of Minnesota and to make therefrom payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, immediately payable upon the passage of this act under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of the Red Lake Band of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

FILIPINO EMIGRATION FROM UNITED STATES

The bill (H. R. 6464) to provide means by which certain Filipinos can emigrate from the United States was announced as next in order.

Mr. KING. Mr. President, I should like to have an explanation of the bill.

Mr. JOHNSON. Mr. President, the design of the measure is to assist the Filipinos who are in distress, who are upon the relief roll or who are a charge upon the State at the present time, in returning to their own homes. It is not a deportation bill. It merely authorizes the Department, upon application, if they determine the case to be an appropriate one, to pay the transportation home of those people who are, now a charge in reality upon them. The Immigration Bureau approves it.

Mr. KING. Has the Senator any information as to the aggregate amount which will be required in order to transport this large army of Filipinos?

Mr. JOHNSON. I mistrust my memory, but I think the maximum sum which was suggested was $60,000. I am not as clear as I should be on that point, but that is my recollection.

Mr. KING. It does not provide for the deportation or transportation of all the Filipinos in the United States?

Mr. JOHNSON. Oh, by no means It is only those who shall so request.

Mr. KING. Very well; I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 6464) to provide means by which certain Filipinos can emigrate from the United States, which had been reported from the Committee on Immigration with an amendment, in section 4, on page 3, line 13, after the word "States", to insert the words "except as a quota immigrant under the provisions of section 8 (a) (1) of the Philippine Independence Act of March 24, 1934, during the period such section 8 (a) (1) is applicable", so as to make the section read:

SEC. 4. No Filipino who receives the benefits of this act shall be entitled to return to the continental United States except as a quota immigrant under the provisions of section 8 (a) (1) of the Philippine Independence Act of March 24, 1934, during the period such section 8 (a) (1) is applicable.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

INTERNATIONAL CONVENTION FOR PROTECTION OF INDUSTRIAL PROPERTY

The Senate proceeded to consider the bill (S. 1794) to effectuate certain provisions of the International Convention for the Protection of Industrial Property as revised at The Hague on November 6, 1925, which was read, as follows:

Be it enacted, etc., That section 4 of the Trade Mark Act of February 20, 1905 (U. S. C., title 15, sec. 84), as amended, be amended to read as follows:

"That an application for registration of a trade mark filed in this country by any person who has previously regularly filed in any foreign country which, by treaty, convention, or law, affords similar privileges to citizens of the United States an application for registration of the same trade mark shall be accorded the same force and effect as would be accorded to the same application if filed in this country on the date on which application for registration of the same trade mark was first filed in such foreign country: *Provided*, That such application is filed in this country within 6 months from the date on which the application was first filed in such foreign country: *Provided further*, That subject to the provisions of section 5 of said Trade Mark Act (U. S. C., title 15, sec. 85) registration of a collective mark may be issued to an association to which it belongs, which association is located in any such foreign country and whose existence is not contrary to the law of such country, even if it does not possess an industrial or commercial establishment: *And provided further*, That certificate of registration shall not be issued for any mark for registration of which application has been filed by an applicant located in a foreign country until such mark has been actually registered by the applicant in the country in which he is located."

Mr. LONG. Mr. President, I desire to say to my friend from Alabama [Mr. BLACK] that I am sure Birmingham, Montgomery, and Mobile would be glad to have some Federal money, as New Orleans is going to have its pay roll paid out of the Federal Treasury. To show my goodness of heart, I will join with the Senator in asking that those Alabama cities be given money as Louisiana is being given money.

Mr. KING. Mr. President, are there any members of the Patents Committee present who will explain the pending bill?

Mr. DUFFY. Mr. President, the Senator from California [Mr. MCADOO], the chairman of the committee, was called out of the Chamber. He asked me, if a question should be raised about this bill, to explain it, and also the bill which follows it on the calendar.

Mr. KING. I shall be very glad to have the Senator do so.

Mr. DUFFY. It is merely a technical matter. We have adhered to the International Convention for the Protection of Industrial Property, which was ratified years ago. There is a discrepancy in the matter of the period of priority between the convention which we joined, which provides for 6 months, and our own law, which provides for 4 months. This bill is merely to make our own law comply with the provisions of the convention. The bill has the approval of the Commissioner of Patents and the Secretary of State and there seems to be no objection whatsoever to it.

Mr. VANDENBERG. Mr. President, this is not the bill which involves the proposed amendment respecting copyright designs, with which the Senator is familiar?

Mr. DUFFY. It is not. This is another matter.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The Senate proceeded to consider the bill (S. 1795) to effectuate certain provisions of the International Convention for the Protection of Industrial Property as revised at The Hague on November 6, 1925, which was read, as follows:

Be it enacted, etc., That section 4887 of the Revised Statutes (U. S. C., title 35, sec. 32) be amended to read as follows:

"No person otherwise entitled thereto shall be debarred from receiving a patent for his invention or discovery, nor shall any patent be declared invalid by reason of its having been first patented or caused to be patented by the inventor or his legal representatives or assigns in a foreign country, unless the application for said foreign patent was filed more than 12 months, in cases within the provisions of section 4886 of the Revised Statutes, and 6 months in cases of designs, prior to the filing of the application in this country, in which case no patent shall be granted in this country.

"An application for patent for an invention or discovery or for a design filed in this country by any person who has previously regularly filed an application for a patent for the same invention, discovery, or design in a foreign country which, by treaty, convention, or law, affords similar privileges to citizens of the United States shall have the same force and effect as the same application would have if filed in this country on the date on which the application for patent for the same invention, discovery, or design was first filed in such foreign country: *Provided*, That the application in this country is filed within 12 months in cases within the provisions of section 4886 of the Revised Statutes, and within 6 months in cases of designs, from the earliest date on which any such foreign application was filed. But no patent shall be granted on an application for patent for an invention or discovery or a design which had

been patented or described in a printed publication in this or any foreign country more than 2 years before the date of the actual filing of the application in this country, or which had been in public use or on sale in this country for more than 2 years prior to such filing."

Mr. DUFFY. Mr. President, I will say to the Senator from Utah and others that exactly the same situation confronts us in this bill as in the preceding one. It is to remove a discrepancy between our present law and the convention to which we are a party. Our law provides for a period of 4 months, and the convention provides for a period of 6 months.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CHOCTAW AND CHICKASAW NATIONS OR TRIBES

The bill (S. 1440) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes was announced as next in order.

Mr. KING. Mr. President, I will state to the Senator from North Dakota [Mr. FRAZIER] that the Assistant Secretary of the Interior has made a recommendation against this measure with rather a long explanation.

Mr. FRAZIER. Mr. President, I realize that to be true; and some of the Choctaw Indians in Oklahoma also objected to opening the rolls.

These rolls were supposed to have been closed back about 1898 by the Dawes Commission. Hearings were held there for some time; and the work of the Dawes Commission was not satisfactory. Then some court was named to go into the matter further, and that was done. Afterward, along about 1916 or 1918, a law was passed to reopen the rolls, and I think two or three hundred Indians were put on the rolls at that time. That is the last time the rolls were opened.

The grandfather of these four Indians volunteered in the Civil War from the South, and was killed in Kansas. Their grandmother, who was at least a half-blood, or nearly a full-blooded Indian, was murdered, according to the statement; and the children, including the mother of these children who are asking to be put on the rolls, went back to Oklahoma, but failed to get on the rolls, and they were neglected. Hearings were held before a subcommittee. It seems to the members of the committee that they are entitled to be placed on the rolls. Bills for the purpose were introduced in several Congresses, and we believe these Indians are entitled to consideration. After full hearings by the subcommittee, they reported to the full committee, and the full committee reported favorably to the passage of the bill.

Mr. KING. Mr. President, in view of the strong recommendation against the bill, together with the accumulated evidence, which seems to justify the opposition of the Department, and the further statement in the report that various, quite contradictory claims have been made as to the status of these Indians and their origin, I feel constrained to object. I shall make further inquiry; and at the next call of the calendar, if I have no additional information, I shall not object.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

OHIO RIVER BRIDGE, CANNELTON, IND.

The bill (S. 2887) authorizing the Perry County Bridge Commission of Perry County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River at or near Cannelton, Ind., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, the Perry County Bridge Commission of Perry County, Ind., be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River, at a point suitable to the interest of navigation, at or near Cannelton, Ind., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the Perry County Bridge Commission all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said Perry County Bridge Commission is hereby authorized to fix and charge tolls for transit over such bridge, the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge, the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

GRACE M'CLURE

The bill (H. R. 1292) for the relief of Grace McClure was considered, ordered to a third reading, read the third time, and passed.

NOBLE COUNTY (OHIO) AGRICULTURAL SOCIETY

The bill (H. R. 4651) for the relief of the Noble County (Ohio) Agricultural Society, was considered, ordered to a third reading, read the third time, and passed.

GEORGE WILLIAM HENNING

The Senate proceeded to consider the bill (H. R. 2125) for the relief of George William Henning, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, after the words "sum of", to strike out "$3,000" and insert "$1,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 to George William Henning in full settlement of all his claims against the Government of the United States for injuries received by him on the 14th day of March 1932, when an automobile, being driven by him in a lawful manner, was run into by an ambulance owned by the Navy Department of the United States, then and there being operated by one W. Thomas, a member of the United States Marine Corps, in a negligent and reckless manner: *Provided*, That no part of the amount appropriated in this Act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this Act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

JULIAN C. DORR

The bill (H. R. 4105) for the relief of Julian C. Dorr was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 4838) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department was announced as next in order.

Mr. KING. May we have an explanation of this bill? Does any member of the Claims Committee care to explain it? [A pause.] Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 3337) for the relief of James Akeroyd & Co. was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

HENRY C. ZELLER AND EDWARD G. ZELLER

The bill (S. 1139) for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period, was announced as next in order.

Mr. KING. Let that go over.

Mr. COPELAND. Mr. President, will the Senator withhold his objection for a moment?

Mr. KING. Yes. I will say to the Senator from New York that I understand the Treasury Department has reported adversely.

Mr. COPELAND. It did so a year ago; but, if the Senator will look above the Treasury Department's report, he will see that the Committee on Claims makes this positive statement:

The facts in this case disclose that the taxpayer did everything necessary to protect his rights to a refund for the admitted overpayment of taxes.

The relief sought in this bill is to permit the taxpayer to institute suit in the Court of Claims for the amount admittedly owing to the taxpayer and now in the hands of the Government.

Mr. KING. May I read what Mr. Gibbons, the Acting Secretary of the Treasury, states?

Mr. COPELAND. Yes.

Mr. KING. He says:

Under the circumstances there appears to be no reason why any special treatment should be accorded this taxpayer. If, without regard to whether a timely claim may be amended, the claim filed in this case was not a claim in praesenti, as held by the Court, but one which was to become effective as such as at some future date, there is no more reason for making an exception to the statute of limitations in this case than there is in numerous other cases in which the taxpayers failed to present their claims until after they had become barred.

The Treasury Department opposes the enactment of H. R. 6649 for the reasons indicated above.

I have read only one paragraph from the rather long letter of the Acting Secretary of the Treasury.

Mr. COPELAND. That letter was before the Committee on Claims; and if the Senator will turn to the first page of the report, he will find that it refers to the various steps which were taken to extend the period for filing claims. Then finally, in another case about which we have heard a good deal, a case which was reconsidered in the light of the decision of the Court of Claims in the case of Strong against the United States, suit was instituted in the district court, where the plaintiffs were defeated, and after denying a writ of certiorari in the case the Supreme Court granted a writ of certiorari to refer other cases involving precisely the same question.

Therefore the Committee on Claims took the view, as stated here, that the facts in this case disclose that the taxpayers actually did everything to protect their rights to a refund of an admitted overpayment of taxes. It seems to me that, as a matter of justice, the taxpayers should be permitted to go to the Court of Claims and establish their claim, if they have one.

Mr. KING. Mr. President, may I ask whether there has been a more recent statement by the Treasury Department in regard to this matter?

Mr. COPELAND. I cannot say as to that. The Senator from Vermont [Mr. GIBSON] is not here at this time, but he told me that the matter was discussed at considerable length in the Committee on Claims. I was not present, because I am not a member of that committee, but the Senator from Vermont told me they took the unanimous view that this was the proper action to be taken, apparently in view of some information more recent than the letter of the Acting Secretary, written more than a year ago.

Mr. KING. Mr. President, I shall consent that the bill be passed, but with the understanding that the Senator or myself—and I hope he will do it—will communicate during the day with the Secretary of the Treasury and challenge attention to the former report; and if the Secretary of the Treasury still adheres to the position there taken, that the Senator, upon his own motion, will move to reconsider.

Mr. COPELAND. That is perfectly agreeable.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Claims with an amendment, on page 2, line 15, after the word "overpayment", to strike out the words "with interest at 6 percent from the date of payment", so as to make the bill read:

Be it enacted, etc., That the time within which suits may be instituted by Henry C. Zeller and Edward G. Zeller of the city of Buffalo, in the State of New York, doing business under the name and style of G. F. Zeller's Sons, against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for said period, be, and the same is hereby, extended to October 1, 1935, and jurisdiction is hereby conferred upon the Court of Claims of the United States, and it is hereby authorized and directed to hear and determine on the merits any suit commenced therein against the United States prior to October 1, 1935, for the recovery of any overpayment of such taxes, any finding, determination, judgment, rule of law, or statute to the contrary notwithstanding.

And, if it shall be found in any such suit that such tax has been overpaid, the court shall render final judgment against the United States and in favor of said taxpayer for the amount of such overpayment, such judgment to be subject to review by the Supreme Court of the United States as in other cases.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GEORGE W. MILLER

The bill (H. R. 4811) for the relief of George W. Miller, was considered, ordered to a third reading, read the third time, and passed.

RUFUS HUNTER BLACKWELL, JR.

The Senate proceeded to consider the bill (H. R. 3230) for the relief of Rufus Hunter Blackwell, Jr., which had been reported from the Committee on Claims with an amendment, on page 1, line 7, to strike out "$2,755.25" and to insert in lieu thereof "$2,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Rufus Hunter Blackwell, Jr., of Waynesville, Haywood County, N. C., the sum of $2,000, in full settlement of all claims against the United States for injuries sustained by the said Rufus Hunter Blackwell, Jr., on March 11, 1920, due to an airplane owned by the United States Government and operated by an officer of the United States Army, while engaged in practice flying at Taylor Field, Montgomery, Ala., striking the said Rufus Hunter Blackwell, Jr., in such a manner and way as to injure the said Rufus Hunter Blackwell, Jr., breaking his right leg, and caused him to be permanently injured: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

JOHN J. MORAN

The bill (H. R. 4610) for the relief of John J. Moran was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 4146) for the relief of Mrs. Olin H. Reed was announced as next in order.

Mr. McKELLAR. May we have an explanation of the bill? If not, let it go over.

The PRESIDING OFFICER. Objection is heard. The bill will be passed over.

CHARLES SZYMANSKI

The bill (H. R. 4034) for the relief of Charles Szymanski was considered, ordered to a third reading, read the third time, and passed.

SOPHIE CARTER

The bill (H. R. 3556) for the relief of Sophie Carter was considered, ordered to a third reading, read the third time, and passed.

RICHMOND, FREDERICKSBURG & POTOMAC RAILROAD CO.

The Senate proceeded to consider the bill (H. R. 4808) for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.

Mr. McKELLAR. Mr. President, it appears that this bill has already been passed, and it ought to be withdrawn.

The PRESIDING OFFICER. The Chair is advised that this is a different bill from the one to which the Senator refers. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

MEDICINE BOW NATIONAL FOREST, WYO.

The Senate proceeded to consider the bill (S. 2695) to add certain lands to the Medicine Bow National Forest, Wyo., which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 5, after the word "law", to insert the words "and regulations", so as to read:

That the following-described lands are hereby added to the Medicine Bow National Forest, Wyo., and made subject to all laws and regulations—

And so forth.

The amendment was agreed to.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. O'MAHONEY subsequently said: Mr. President, I ask unanimous consent to recur to Calendar No. 915, being Senate bill 2695.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming?

Mr. McKELLAR. Mr. President, at the time the bill was previously called I asked for an explanation, which was not forthcoming. Since that time, however, the Senator from Wyoming has explained the matter to me, and I withdraw my objection.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate resumed the consideration of the bill (S. 2695) to add certain lands to the Medicine Bow National Forest, Wyo.

The PRESIDING OFFICER. The next amendment reported by the Committee on Public Lands and Surveys will be stated.

The next amendment was, on page 1, line 5, after the words "applicable to", to strike out the words "national forests" and insert "such forest", and in line 6, after the word "existing", to strike out "claims, locations, entries, or applications under the laws of the United States or the State of Wyoming, whether for homestead, mineral, rights-of-way, water rights and uses, or any purpose whatsoever, and subject to the right of any such claimant, locator, entryman, permittee, or applicant to the full use and employment of his lands, water, or", so as to make the bill read:

Be it enacted, etc., That the following-described lands are hereby added to the Medicine Bow National Forest, Wyo., and made subject to all laws and regulations applicable to such forest, and subject to all valid existing rights:

Sections 4 to 9, inclusive; sections 17 to 19, inclusive, township 24 north, range 70 west, sixth principal meridian.

Sections 4 to 9, inclusive; section 18, township 25 north, range 70 west, sixth principal meridian.

Sections 6 and 7; sections 19 to 21, inclusive; sections 28 to 33, inclusive, township 26 north, range 70 west, sixth principal meridian.

South half section 7; south half section 8; south half section 9; sections 16 to 19, inclusive; sections 30 and 31, township 27 north, range 70 west, sixth principal meridian.

Sections 6, 7, 18, 19, and 30, township 28 north, range 70 west, sixth principal meridian.

Sections 1 to 4, inclusive; sections 8 to 17, inclusive; sections 20 to 28, inclusive; sections 33 to 36, inclusive, township 24 north, range 71 west, sixth principal meridian.

Sections 1 to 5, inclusive; east half section 6; east half section 7; sections 8 to 16, inclusive; sections 21 to 28, inclusive; sections 33 to 36, inclusive, township 25 north, range 71 west, sixth principal meridian.

Sections 1 to 30, inclusive; east half and east half west half section 31; sections 32 to 36, inclusive, township 26 north, range 71 west, sixth principal meridian.

Sections 3 to 10, inclusive; sections 13 to 36, inclusive, township 27 north, range 71 west, sixth principal meridian.

Sections 1 to 5, inclusive; sections 8 to 15, inclusive; sections 21 to 34, inclusive, township 28 north, range 71 west, sixth principal meridian.

Sections 35 and 36, township 29 north, range 71 west, sixth principal meridian.

Sections 1 to 31, inclusive, township 26 north, range 72 west, sixth principal meridian.

Entire township, township 27 north, range 72 west, sixth principal meridian.

Sections 7 to 10, inclusive; sections 15 to 23, inclusive; sections 25 to 36, inclusive, township 28 north, range 72 west, sixth principal meridian.

Sections 2 and 3, township 25 north, range 73 west, sixth principal meridian.

Entire township, township 26 north, range 73 west, sixth principal meridian.

Entire township, township 27 north, range 73 west, sixth principal meridian.

Entire township, township 28 north, range 73 west, sixth principal meridian.

Sections 5 to 10, inclusive; sections 15 to 22, inclusive; sections 26 to 36, inclusive, township 29 north, range 73 west, sixth principal meridian.

Section 31, township 30 north, range 73 west, sixth principal meridian.

Sections 1, 12, 13, 24, 25, and 36, township 26 north, range 74 west, sixth principal meridian.

Section 1; east half section 11; sections 12 to 14, inclusive; sections 23 to 26, inclusive; north half section 35; section 36, township 27 north, range 74 west, sixth principal meridian.

Section 1; sections 5 to 8, inclusive; sections 12 to 25, inclusive; sections 27 to 31, inclusive; section 36, township 28 north, range 74 west, sixth principal meridian.

Section 1; east half section 2; sections 11 to 14, inclusive; sections 18 and 19; east half section 23; sections 24 and 25; sections 29 to 32, inclusive; section 36, township 29 north, range 74 west, sixth principal meridian.

Section 36, township 30 north, range 74 west, sixth principal meridian.

Sections 1 to 18, inclusive; sections 20 to 28, inclusive; sections 34 to 36, inclusive, township 28 north, range 75 west, sixth principal meridian.

Sections 2 to 36, inclusive, township 29 north, range 75 west, sixth principal meridian.

Sections 3 to 5, inclusive; sections 8 to 11, inclusive; sections 13 to 24, inclusive; sections 26 to 35, inclusive, township 30 north, range 75 west, sixth principal meridian.

Sections 1 to 28, inclusive; sections 35 and 36, township 29 north, range 76 west, sixth principal meridian.

Sections 2 to 10, inclusive; sections 15 to 36, inclusive, township 30 north, range 76 west, sixth principal meridian.

Sections 20 to 22, inclusive; sections 27 to 35, inclusive; township 31 north, range 76 west, sixth principal meridian.

Sections 1 to 3, inclusive; section 12; east half section 13, township 29 north, range 77 west, sixth principal meridian.

Sections 1 to 3, inclusive; east half section 4; east half section 9; sections 10 to 36, inclusive, township 30 north, range 77 west, sixth principal meridian.

East half section 16; east half section 21; east half section 28; east half section 33; sections 15, 22, 26, 27, 34, 35, 36, township 31 north, range 77 west, sixth principal meridian.

Sections 13, 14, 23, and 24, township 30 north, range 78 west, sixth principal meridian.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

USE OF AMERICAN VESSELS IN COASTWISE TRADE

The Senate proceeded to consider the bill (H. R. 115) to amend section 27 of the Merchant Marine Act of 1920, which was read, as follows:

Be it enacted, etc., That section 27 of the Merchant Marine Act, 1920 (U. S. C., title 46, sec. 883), is amended to read as follows:

"SEC. 27. That no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by sections 18 or 22 of this act: *Pro-*

vided, That no vessel having at any time acquired the lawful right to engage in the coastwise trade, either by virtue of having been built in, or documented under the laws of the United States, and later sold foreign in whole or in part, or placed under foreign registry, shall hereafter acquire the right to engage in the coastwise trade: *Provided further*, That this section shall not apply to merchandise transported between points within the continental United States, excluding Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said Commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities: *Provided further*, That this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the Shipping Board shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic: *Provided further*, That this section shall not apply to the transportation of merchandise loaded on railroad cars or to motor vehicles with or without trailers, and with their passengers or contents when accompanied by the operator thereof, when such railroad cars or motor vehicles are transported in any railroad car ferry operated between fixed termini on the Great Lakes as a part of a rail route, if such car ferry is owned by a common carrier by water and operated as part of a rail route with the approval of such common carrier by water, or its predecessor, was owned or controlled by a common carrier by rail prior to June 5, 1920, and if the stock of the common carrier owning such car ferry is, with the approval of the Interstate Commerce Commission, now owned or controlled by any common carrier by rail and if such car ferry is built in and documented under the laws of the United States."

Mr. McKELLAR. Mr. President, I should like to have an explanation of this bill.

Mr. VANDENBERG. Mr. President, the explanation of the bill is contained in a single sentence which the Senator will find on page 4 of the report from the Department of Commerce. I read:

> The effect of the proposed amendment will be to exclude un-American vessels, all of which are obsolete or otherwise undesirable, from again acquiring the right to engage in the coastwise trade of the United States and will thus tend to stimulate construction of new tonnage in American yards.

In other words, the sole purpose is to prevent the repatriation of old ships which originally qualified for the coastwise trade and have been sold and are trying to return.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

COAST GUARD STATION AT TAFT, OREG.

The Senate proceeded to consider the bill (S. 501) to provide for the establishment of a Coast Guard station on the coast of Oregon at or near Taft, Oreg., which was read, as follows:

> *Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to establish a Coast Guard station on the coast of Oregon, at or near Taft, Oreg., at such point as the Commandant of the Coast Guard may recommend.

Mr. McKELLAR. Mr. President, may I ask the Senator from Oregon whether the Department did not report against this bill?

Mr. STEIWER. No, Mr. President; the Coast Guard Service is in favor of the bill. The Treasury itself is in favor of it. The service interests which favor the bill would like to have the station constructed. There is a report submitted by the Senator from New York [Mr. COPELAND] just following the bill, and I read from the report this language:

> The bill has the approval of the Treasury Department, as will appear by the annexed communication.

Mr. McKELLAR. Mr. President, I read this from the report of Secretary Morgenthau:

> I, therefore, recommend against the passage of the bill at this time.

Let me ask the Senator: What will the station cost?

Mr. STEIWER. It is a small station, and the cost will not be very considerable. I think the Senator from New York can advise the Senator better than can I.

Mr. COPELAND. Mr. President, it is a very small sum, I should say fifteen or twenty thousand dollars. The only objection the Treasury Department had to the bill was that it directed that this work be done, and the Senator well knows how under the financial plan of the President this or that is objected to. There is full agreement on the part of all concerned that it should be done. The Secretary of the Treasury did suggest that the words "and directed" be stricken out, so that there would be merely an authorization.

Mr. McKELLAR. Would not that be the better way to pass it? Would not the Senator accept an amendment to strike out the words "and directed"?

Mr. STEIWER. Mr. President, I think that if that should be done the influence of the Budget would probably prevent the construction of the station.

Mr. McKELLAR. If it will cost only a small amount, I imagine it would be very much easier to have it established. What sort of a place is Taft; how large a place?

Mr. STEIWER. The place itself is a small community, but it is located on a little bay called "Siletz Bay." The report of the Coast Guard Service discloses that in 1934 a neighboring station, which is too far away to render effective service, was called upon 11 times to render aid to vessels in distress in the neighborhood of the mouth of Siletz Bay. In the last 10 years four and a half million dollars of commerce went out of that little bay. I know there is a very real necessity for this station.

Mr. McKELLAR. If the Senator will accept an amendment to strike out the words "and directed", I will agree to the bill being passed.

Mr. COPELAND. Mr. President, before the Senator presses that suggestion, let me say that this is a life-saving matter; the station is for the saving of life, and the Coast Guard takes the view that it should be established.

Mr. McKELLAR. If it wants it, it will be constructed, but authorizing it is as far as we ought to go, because we do not know of our own knowledge that lives will be saved by the establishment of the station. The Department will know about it, so let us authorize them to do it. I should think that would be all that would be necessary. I hope the Senator will accept the amendment.

Mr. STEIWER. I am reluctant to do so, and I hope the Senator will not insist upon it.

Mr. McKELLAR. I do not think we ought to build a station there over the better judgment of the Department, or those who have charge of it. If the Department is in favor of it, if they are authorized to do it, I have no doubt it will be established.

Mr. STEIWER. Even though the Department is in favor of it, if the Bureau of the Budget are in opposition to it, they will prevent it being done. This bill, if I may say so to the Senator from Tennessee, meets the desires of the Coast Guard Service.

Mr. McKELLAR. If we authorize it and the recommendation is sent to us by the Department, it will certainly be provided for by the Committee on Appropriations, as the Senator knows, since he is a member of that committee. He knows it will be done if they recommend it, and I hope he will accept the amendment to strike out the words "and directed", because we do not know of our own knowledge that this ought to be done.

Mr. STEIWER. Mr. President, I do not want this little bill defeated on account of a matter of that sort, and while I am reluctant to accept the amendment, I will do so in order that the bill may be enacted.

The PRESIDING OFFICER. The Senator from Tennessee offers an amendment, which the clerk will state.

The CHIEF CLERK. On page 1, line 3, after the word "authorized", it is proposed to strike out the words "and directed."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the establishment of a Coast Guard station on the coast of Oregon at or near Taft, Oreg."

DISTRICT OF COLUMBIA LEGISLATION

Mr. KING. Mr. President, I desire to ask a favor of the Senate. In 10 minutes I shall be compelled to attend a meeting of the members of the Committee on Finance. There are a number of bills on the calendar which were unanimously reported from the Committee on the District of Columbia. If there is any objection to any of them, of course, I shall not ask for their consideration. I ask unanimous consent that I may recur to those bills while the Senator from New York [Mr. COPELAND], a member of the committee, and I are here, and take them up out of order.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

RAILROAD RETIREMENT BOARD

Mr. WAGNER. Mr. President, I ask unanimous consent to recur to Calendar No. 929, being Senate Joint Resolution 144. I am sure there is no objection to the passage of the joint resolution. Will the Senator from Utah [Mr. KING] object if we consider it before he takes up the District of Columbia bills?

The bill simply extends the time of the Railroad Retirement Board for a period of 60 days and authorizes an appropriation simply to enable the business of the organization to be wound up.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 144) to provide for the payment of compensation and expenses of the Railroad Retirement Board as established and operated pursuant to section 9 of the Railroad Retirement Act of June 27, 1934, and to provide for the winding up of its affairs and the disposition of its property and records, and to make an appropriation for such purposes.

Mr. McKELLAR. Mr. President, I have not had time to read the joint resolution. What does it provide?

Mr. WAGNER. It simply extends the time of the Board. Under the Supreme Court Decision the Railway Retirement Board was abolished. The law was declared unconstitutional. During the time the Board functioned it collected a number of records and a great amount of data, some of which must be transferred to other departments and some of which must be returned to the sources from which they were received.

Mr. McKELLAR. It would take about 60 days to complete this work?

Mr. WAGNER. Yes; it has been estimated that it would take about 60 days to complete the work. The joint resolution authorizes an appropriation.

Mr. McKELLAR. Does the joint resolution provide for the abolition of the Board at the end of the 60 days?

Mr. WAGNER. It provides that the Board shall continue for 60 days. In other words, it is now abolished. The joint resolution simply revives it for a period of 60 days.

Mr. McKELLAR. I have examined the joint resolution hurriedly and have no objection to it.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas the Railroad Retirement Board was established and organized as an independent agency in the executive branch of the Government by and pursuant to section 9 of the Railroad Retirement Act, which act has been held by the Supreme Court of the United States to be invalid; and

Whereas the Railroad Retirement Board in the performance of its duties has acquired valuable data, records, information, and experience which should be utilized in determining the policy of Congress regarding the subjects of employment by railroads and the retirement of employees of railroads; and

Whereas the Board has records of individual employments which are of great value and should be preserved, and has, in the course of its work, received valuable records and documents which must be returned to their owners after the information contained therein shall have been noted and photostatic copies where necessary, shall have been made: Now, therefore, be it

Resolved, etc., That the Railroad Retirement Board as established in section 9 of the Railroad Retirement Act (Public, No. 485, 73d Cong.) and the appointment and compensation of its members and the employment and compensation of its staff are hereby approved, ratified, and confirmed to all intents and purposes as if the provisions of section 9 relating thereto had on the day of their enactment been enacted as a statute distinct and separate from any other provisions of the Railroad Retirement Act aforesaid; and no member of the Board or of its staff shall be liable for any action heretofore taken within the terms of the authority sought to be granted by the Railroad Retirement Act.

SEC. 2. The Railroad Retirement Board as established by and pursuant to section 9 of the Railroad Retirement Act and section 1 hereof is hereby continued for a period of 60 days from the enactment hereof for the purpose of liquidating its affairs; returning documents in its possession to those from whom they were procured and whose property they are, after recording therefrom such information as in its judgment should be preserved or making photostatic copies thereof, where necessary; arranging for turning over the records, papers, and property of the Board to such agency as the President shall designate; and making a report upon its activities and experience to the President for transmission to Congress.

SEC. 3. The Board shall maintain such offices, use such equipment, furnishings, supplies, services, and facilities and employ such persons as in its judgment may be necessary for the proper discharge of its duties.

SEC. 4. There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, $35,000 to pay to the Board and its employees for services heretofore rendered on, prior to, and subsequent to May 6, 1935, and for services to be rendered during the next 60 days after the enactment hereof, the compensation to which they would have been entitled for such services if the Railroad Retirement Act had been held constitutional, and to pay any expenses heretofore incurred and not yet paid and the expenses necessary in carrying out this joint resolution.

SEC. 5. The Board is hereby authorized and directed to refund to its past and present employees and to its members all compensation earned by them but withheld as employee contributions to the railroad retirement fund and deposited to the credit of said fund in the Treasury, and said fund is hereby appropriated and made available for such refundments accordingly.

The preamble was agreed to.

PREVENTION OF SMOKE NUISANCE IN THE DISTRICT

Mr. KING. Mr. President, I appreciate the courtesy which has been extended by the Senate. I first invite the attention of the Senate to Calendar No. 975, being Senate bill 2034. This bill has received the consideration of the committee and the representatives of the various departments of the District of Columbia, and it has been unanimously reported.

The Senate proceeded to consider the bill (S. 2034) to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

The first amendment was, in section 1, on page 1, line 3, after the enacting clause, to strike out:

That the emission of unnecessary smoke, noxious gases, cinders, or dust into the atmosphere within the District of Columbia is hereby declared to be unlawful and a menace to public health and safety.

And to insert in lieu thereof:

That no person shall cause, suffer, or allow dense smoke to be discharged from any building, vessel, stationary or locomotive engine, or motor vehicle, place, or premises within the District of Columbia or upon the waters adjacent thereto, within the jurisdiction of said District. All persons participating in any violation of this provision, either as proprietors, owners, tenants, managers, superintendents, captains, engineers, firemen, or motor-vehicle operators, or otherwise, shall be severally liable therefor. The owners, lessees, tenants, occupants, and managers of every building, vessel, or place in or upon which a locomotive or stationary engine, furnace, or boiler is used shall cause all ashes, cinders, rubbish, dirt, and refuse to be removed to some proper place, so that the same shall not accumulate, nor shall any persons cause, suffer, or allow cinders, dust, gas, steam, or offensive or noisome odors to escape or to be discharged from any such building, vessel, or place, to the detriment or annoyance of any person or persons not being therein or thereupon engaged.

The amendment was agreed to.

The next amendment was, in section 2, page 2, line 18, after the word "reasonable", to insert "classifications and", so as to make the section read:

SEC. 2. The Commissioners of the District of Columbia are hereby authorized and directed to make and promulgate reasonable classifications and regulations for the installation and operation of combustion and all other devices susceptible for use in such manner as to violate the purposes of this act, and the said Commis-

sioners may from time to time alter, amend, or rescind such regulations and promulgate such amended or additional regulations as they may in their discretion deem necessary.

The amendment was agreed to.

The next amendment was, in section 4, page 3, line 9, after the word "direct", to insert the words "the police department, the health department, or"; in line 11, after the words "service as", to strike out "inspector or otherwise" and to insert in lieu thereof the word "necessary"; in line 12, after the word "enforcement", to strike out "as they may deem necessary"; and at the end of the section to insert "Appropriations are hereby authorized to be made to carry out the purposes of this act, and the Commissioners of the District of Columbia are authorized to include in their annual estimates provision for the expenses incident to such purposes and for personnel subject to the limitations of the Personnel Classification Act of 1923", so as to make the section read:

SEC. 4. The Commissioners of the District of Columbia shall be responsible for the enforcement of this act and may direct the police department, the health department, or any officer or employee of the government of the District of Columbia to perform such service as necessary in connection with such enforcement. Appropriations are hereby authorized to be made to carry out the purposes of this act, and the Commissioners of the District of Columbia are authorized to include in their annual estimates provision for the expenses incident to such purposes and for personnel subject to the limitations of the Personnel Classification Act of 1923.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That no person shall cause, suffer, or allow dense smoke to be discharged from any building, vessel, stationary or locomotive engine, or motor vehicle, place, or premises within the District of Columbia or upon the waters adjacent thereto, within the jurisdiction of said District. All persons participating in any violation of this provision, either as proprietors, owners, tenants, managers, superintendents, captains, engineers, firemen, or motor-vehicle operators, or otherwise, shall be severally liable therefor. The owners, lessees, tenants, occupants, and managers of every building, vessel, or place in or upon which a locomotive or stationary engine, furnace, or boiler is used shall cause all ashes, cinders, rubbish, dirt, and refuse to be removed to some proper place, so that the same shall not accumulate, nor shall any persons cause, suffer, or allow cinders, dust, gas, steam, or offensive or noisome odors to escape or to be discharged from any such building, vessel, or place, to the detriment or annoyance of any person or persons not being therein or thereupon engaged.

SEC. 2. The Commissioners of the District of Columbia are hereby authorized and directed to make and promulgate reasonable classifications and regulations for the installation and operation of combustion and all other devices susceptible for use in such manner as to violate the purposes of this act, and the said Commissioners may from time to time alter, amend, or rescind such regulations and promulgate such amended or additional regulations as they may in their discretion deem necessary.

SEC. 3. Enforcement of this act shall be upon information by the corporation counsel in the police court of the District of Columbia. Any person convicted of violating this act or any regulation of the Commissioners made hereunder shall be punished by a fine not to exceed $500 for each and every such offense.

SEC. 4. The Commissioners of the District of Columbia shall be responsible for the enforcement of this act and may direct the police department, the health department, or any officer or employee of the government of the District of Columbia to perform such service as necessary in connection with such enforcement. Appropriations are hereby authorized to be made to carry out the purposes of this act, and the Commissioners of the District of Columbia are authorized to include in their annual estimates provision for the expenses incident to such purposes and for personnel subject to the limitations of the Personnel Classification Act of 1923.

SEC. 5. All provisions of the act approved February 2, 1899 (30 Stat. 812, ch. 79, sec. 5), which are inconsistent with this act are hereby repealed.

ABANDONMENT OF RAILWAY STATION

Mr. KING. I invite attention, Mr. President, to Calendar No. 981, Senate bill 2830. The bill merely provides for the abandonment of a substation where only a few persons are accommodated, and the provision of substitute facilities and proper accommodations for passengers. It is unanimously reported from the committee.

The Senate proceeded to consider the bill (S. 2830) to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909, which had been reported from the Committee on the District of Columbia with an amendment, on page 1, line 5, after the word "repealed", to strike out "and the substation and facilities therein provided for may be abandoned and discontinued without any further or other authority" and to insert certain words, so as to make the bill read:

Be it enacted, etc., That sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909, are hereby repealed; and, upon the completion by it of the substitute facilities authorized by section 2 hereof, the Philadelphia, Baltimore & Washington Railroad Co. is authorized, without any further or other authority, to abandon and remove the Seventh Street substation built and maintained by it pursuant to the requirements of said act of February 3, 1909, and to abandon the ticket agency and baggage accommodations maintained by it pursuant to the requirements of said act.

SEC. 2. That in lieu of the said substation and facilities maintained at the intersection of Seventh Street and C Street SW., in the city of Washington, the Philadelphia, Baltimore & Washington Railroad Co. is authorized to construct and maintain on the train platform an enclosed waiting room for passengers, with convenient means of ingress and egress leading from and to the street level below.

SEC. 3. That the area in square south of 463 on the map of the city of Washington heretofore used for station purposes shall revert to the District of Columbia upon the completion of these improvements: *Provided*, That the said Philadelphia, Baltimore & Washington Railroad Co. shall construct and maintain thereon, subject to the approval of the Commissioners of the District of Columbia, adequate walkways to the adjacent streets.

SEC. 4. That Congress reserves the right to alter, amend, or repeal this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISTRICT OF COLUMBIA OFFICIAL BONDS

The Senate proceeded to consider the bill (S. 2831) to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a Code of Law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia; and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

Mr. KING. Mr. President, this bill merely provides for existing bonding provisions with respect to the officials of the District of Columbia.

The PRESIDING OFFICER. The amendments of the committee will be stated.

The amendments were, in section 1, page 2, line 4, after the word "empowered", to strike out the comma and the words "any statute to the contrary notwithstanding", and at the end of the section to insert a proviso, so as to make the section read:

Be it enacted, etc., That section 2 of the act approved June 11, 1878 (20 Stat. 103, ch. 180), entitled "An act providing a permanent form of government for the District of Columbia", be, and the same hereby is, amended by repealing the provision "and shall, before entering upon the duties of the office, each give bond in the sum of $50,000, with surety as is required by existing law", and said section is further amended by adding at the end thereof: "The said Commissioners are hereby authorized and empowered to determine which officers and employees of the District of Columbia shall hereafter be required to give or renew bond for the faithful discharge of their duties and to fix the penalty of any such bond: *Provided*, That this power of the Commissioners shall not apply to officers and employees who receive, disburse, account for, or otherwise are responsible for the handling of money, and whose bonds are now fixed by law. The provisions of the act of Congress entitled 'An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year 1909, and for other purposes', approved August 5, 1909 (36 Stat. 118, 125), relating to rates of premiums for bonds for officers and employees of the United States shall be, and are hereby made, applicable to the rates of premiums for bonds of officers and employees of the government of the District of Columbia."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 of the act approved June 11, 1878 (20 Stat. 103, ch. 180), entitled "An act providing a permanent form of government for the District of Columbia", be, and the same hereby is, amended by repealing the provision "and shall, before entering upon the duties of the office, each give bond in the sum of $50,000, with surety as is required by existing law", and said section is further amended by adding at the end thereof: "The said Commissioners are hereby authorized and empowered

to determine which officers and employees of the District of Columbia shall hereafter be required to give, or renew, bond for the faithful discharge of their duties and to fix the penalty of any such bond: *Provided*, That this power of the Commissioners shall not apply to officers and employees who receive, disburse, account for, or otherwise are responsible for the handling of money and whose bonds are now fixed by law. The provisions of the act of Congress entitled 'An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year 1909, and for other purposes', approved August 5, 1909 (36 Stat. 118, 125), relating to rates of premiums for bonds for officers and employees of the United States, shall be, and are hereby made, applicable to the rates of premiums for bonds of officers and employees of the government of the District of Columbia."

SEC. 2. That section 1578, chapter LV, of the act approved March 3, 1901 (31 Stat. 1424), entitled "An act to establish a Code of Law for the District of Columbia", is hereby amended so as to read:

"The surveyor shall take and subscribe an oath or affirmation before the Commissioners that he will faithfully and impartially discharge the duties of his office, which oath shall be deposited with the Commissioners of the District of Columbia."

SEC. 3. That section 1592 of said Code of Law for the District of Columbia is amended so as to read:

"The assistant surveyor shall take the same oath his principal is required to take, and may, during the continuance of his office, discharge and perform any of the official duties of his principal."

SEC. 4. That said Code of Law for the District of Columbia is further amended by repealing in its entirety section 1597 thereof.

SEC. 5. All acts or parts of acts inconsistent herewith are hereby repealed.

Mr. KING subsequently said: Mr. President, a few moments ago the Senate passed Senate bill 2831, relating to official bonds. The House has passed a bill textually the same, and has transmitted it to the Senate. I move to reconsider the vote by which the Senate bill was passed, and then I shall ask that the House bill be considered and passed, and that the Senate bill be indefinitely postponed.

Mr. McKELLAR. Is the House bill identically the same as the Senate bill which we have just passed?

Mr. KING. Yes.

Mr. McKELLAR. I have no objection.

Mr. KING. Mr. President, I move that the vote by which Senate bill 2831 was passed be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. KING. I now move that House bill 7765 be be substituted for the Senate bill, and that the House bill be passed.

There being no objection, the Senate proceeded to consider the bill (H. R. 7765) to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia; and for other purposes, which was read twice by its title, ordered to a third reading, read the third time, and passed.

Mr. KING. I ask unanimous consent that Senate bill 2831 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 2831 will be indefinitely postponed.

DR. RONALD A. COX

The Senate proceeded to consider the bill (S. 2939) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox, which was read.

Mr. KING. Mr. President, this bill is reported from the committee by the Senator from Mississippi [Mr. BILBO] without amendment.

Mr. McKELLAR. Does the bill apply to only one person?

Mr. KING. Yes.

Mr. COPELAND. Mr. President, this man was licensed. When the law went into effect he was away from the city for a short time, and was entirely unaware of the change in the law. The bill provides that he may be licensed under the new law.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That notwithstanding any limitation relating to the time within which an application for a license must be filed, the Commission on Licensure to Practice the Healing Art in the District of Columbia is authorized and directed to issue a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox, Washington, D. C., in accordance with the provisions of the first paragraph of section 24 of the Healing Arts Practice Act, District of Columbia, 1928.

SPECIAL ASSESSMENT FOR ROADWAYS, ETC.

The Senate proceeded to consider the bill (H. R. 7526) to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters."

Mr. KING. Mr. President, this bill is very simple. It merely provides that there shall be a date beyond which persons may not claim that they have paid assessments.

The bill was ordered to a third reading, read a third time, and passed.

SEVENTIETH NATIONAL ENCAMPMENT, GRAND ARMY OF THE REPUBLIC

The Senate proceeded to consider the joint resolution (H. J. Res. 201) giving authority to the Commissioners of the District of Columbia to make special regulations for the occasion of the Seventieth National Encampment of the Grand Army of the Republic, to be held in the District of Columbia in the month of September 1936, and for other purposes, incident to said encampment, which had been reported from the Committee on the District of Columbia with an amendment.

Mr. KING. Mr. President, this is a House joint resolution which has been passed by the House.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was in section 5, page 6, to insert a proviso at the end of the section, as follows:

And provided further, That any such buildings, parks, reservations, and other public spaces which shall be used or occupied by the erection of stands or other structures, or otherwise, shall be promptly restored to their condition before such occupancy, and the said citizens' executive committee shall execute and deliver to the Commissioners of the District of Columbia a satisfactory bond with a penalty of $10,000 to secure such prompt restoration and to indemnify the District of Columbia for all damage of any kind whatsoever sustained by reason of any such use or occupancy.

So as to make the section read:

SEC. 5. That the Superintendent of National Capital Parks, subject to the approval of the Director of National Park Service, is hereby authorized to grant permits to the citizens' executive committee for the entertainment of the Grand Army of the Republic for the use of any reservation or other public spaces in the city of Washington on the occasion of the seventieth national encampment, in the month of September 1936, which, in his opinion, will inflict no serious or permanent injuries upon such reservations or public spaces, or statuary therein; and the Commissioners of the District of Columbia may designate for such and other purposes on the occasion aforesaid such streets, avenues, and sidewalks in the said city of Washington as they may deem proper and necessary: *Provided, however*, That all stands and platforms that may be erected on the public spaces aforesaid shall be under the supervision of the said citizens' executive committee and in accordance with plans and designs to be approved by the Architect of the Capitol, the Commissioner of Public Buildings and Grounds, and the building inspector of the District of Columbia: *And provided further*, That any such buildings, parks, reservations, and other public spaces which shall be used or occupied by the erection of stands or other structures, or otherwise, shall be promptly restored to their condition before such occupancy, and the said citizens' executive committee shall execute and deliver to the Commissioners of the District of Columbia a satisfactory bond with a penalty of $10,000 to secure such prompt restoration and to indemnify the District of Columbia for all damage of any kind whatsoever sustained by reason of any such use or occupancy.

The amendment was agreed to.

The joint resolution was ordered to a third reading, read the third time, and passed, as follows:

Whereas at the close of the Civil War the Grand Army of the Republic marched up historic Pennsylvania Avenue while the spirited tramp, tramp, tramp of their feet became the Nation's marching song, and again in 1915, when their ranks were beginning to thin, the Capital City once more welcomed the Boys in Blue as their footsteps again resounded to the old battle tunes; and

Whereas the ranks of the 300,000 have dwindled away to hundreds, most of whom are in their ninetieth year; and

Whereas it is the greatest desire of their hearts to hold their seventieth national encampment in the Capital of their country

in 1936, and march, for the last time, up Pennsylvania Avenue; and it should be our pleasure and privilege to invite them here and show respect to the last of our Civil War veterans, who, as our President in his last message to them said, "have lived to see the end of sectionalism and the final healing of the scars of conflict and the achievement of a true unity of national purposes": Therefore be it

Resolved, etc., That the Commissioners of the District of Columbia are hereby authorized and directed to make such special regulations for the occasion of the encampment of the Grand Army of the Republic, which will take place in the District of Columbia from September 21 to September 27, 1936, as they shall deem advisable for the preservation of public order and the protection of life and property, to be in force 1 week prior to said encampment, during said encampment, and 1 week subsequent thereto. Such special regulations shall be published in one or more of the daily newspapers of the District of Columbia, and no penalty prescribed for the violation of such regulations shall be enforced until 5 days after such publication. Any person violating any of the aforesaid regulations or the aforesaid schedule of fares shall, upon conviction thereof in the police court of the said District, be liable for such offense to a fine not to exceed $100, and in default of payment of such fine to imprisonment in the workhouse (or jail) of said District for not longer than 60 days. This resolution shall take effect immediately upon its approval, and the sum of $15,000, or as much thereof as may be necessary, payable from any money in the Treasury not otherwise appropriated and from the revenues of the District of Columbia, in equal parts, is hereby appropriated to enable the Commissioners of the District of Columbia to carry out the provisions of section 1 of this joint resolution, $1,000 of which shall be available for the construction, maintenance, and operation of public comfort stations and information booths, under the direction of said Commissioners.

SEC. 2. That the Commissioners of the District of Columbia are hereby authorized to permit the committee on illumination of the citizens' executive committee for the entertainment of the seventieth national encampment of the Grand Army of the Republic to stretch suitable conductors, with sufficient supports wherever necessary, for the purpose of effecting the said illumination within the District of Columbia: *Provided*, That the said conductors shall not be used for the conveying of electrical currents after September 27, 1936, and shall, with their supports, be fully and entirely removed from the streets and avenues of the said city of Washington on or before the 16th of October 1936: *Provided further*, That the stretching and removing of the said wires shall be under the supervision of the Commissioners of the District of Columbia, who shall see that the provisions of this resolution are enforced; that all needful precautions are taken for the protection of the public; and that the pavement of any street, avenue, or alley disturbed is replaced in as good condition as before entering upon the work herein authorized: *Provided further*, That no expense or damage on account of or due to stretching, operation, or removing of the said temporary overhead conductors shall be incurred by the United States or the District of Columbia: *And provided further*, That if it shall be necessary to erect wires for illumination purposes over any park or reservation in the District of Columbia that the work of erection and removal of said wires shall be under the supervision of the official in charge of said park or reservation.

SEC. 3. That the Secretary of War and the Secretary of the Navy be, and they are hereby, authorized to loan to the chairman of the subcommittee in charge of street decorations, or his successor in said office, for the purpose of decorating the streets of the city of Washington, D. C., on the occasion of the encampment of the Grand Army of the Republic, 1936, such of the United States ensigns, flags (except battle flags), signal numbers, and so forth, belonging to the Government of the United States, as in their judgment may be spared and are not in use by the Government at the time of the encampment. The loan of the said ensigns, flags, signal numbers, and so forth, to said chairman shall not take place prior to the 11th day of September and shall be returned by him by the 16th of October 1936.

SEC. 4. That for the protection and return of said ensigns, flags, signal numbers, etc., the said chairman or his successor in office shall execute and deliver to the President of the United States, or to such officer as he may designate, a satisfactory bond in the penalty of $50,000 to secure just payment for any loss or damage to said ensigns, flags, and signal numbers not necessarily incident to the use specified.

SEC. 5. That the Superintendent of National Capital Parks, subject to the approval of the Director of National Park Service, is hereby authorized to grant permits to the citizens' executive committee for the entertainment of the Grand Army of the Republic for the use of any reservation or other public spaces in the city of Washington on the occasion of the seventieth national encampment, in the month of September 1936, which, in his opinion, will inflict no serious or permanent injuries upon such reservations or public spaces, or statuary therein; and the Commissioners of the District of Columbia may designate for such and other purposes on the occasion aforesaid such streets, avenues, and sidewalks in the said city of Washington as they may deem proper and necessary: *Provided, however*, That all stands and platforms that may be erected on the public spaces aforesaid shall be under the supervision of the said citizens' executive committee and in accordance with plans and designs to be approved by the Architect of the Capitol, the Commissioner of Public Buildings and Grounds, and the building inspector of the District of Columbia: *And provided further*, That any such buildings, parks, reservations, and other public spaces which shall be used or occupied by the erection of stands or other structures, or otherwise, shall be promptly restored to their condition before such occupancy, and the said citizens' executive committee shall execute and deliver to the Commissioners of the District of Columbia a satisfactory bond with a penalty of $10,000 to secure such prompt restoration and to indemnify the District of Columbia for all damage of any kind whatsoever sustained by reason of any such use or occupancy.

SEC. 6. That the Secretary of War is hereby authorized to loan to the chairman of the medical department of the seventieth national encampment of the Grand Army of the Republic, or his successor in said office, for the purpose of caring for the sick, injured, and infirm on the occasion of the encampment of the Grand Army of the Republic in the month of September 1936, such hospital tents and camp appliances and other necessaries, hospital furniture, and utensils of all descriptions, ambulances, drivers, stretchers, attendants, and Red Cross flags and poles belonging to the Government of the United States as in his judgment may be spared and are not in use by the Government at the time of the encampment: *Provided*, That the said chairman, or his successor in said office, shall indemnify the War Department for any loss to such hospital tents and appliances as aforesaid not necessarily incident to such use.

SEC. 7. The Public Utilities Commission of the District of Columbia is authorized and directed to establish a special schedule of fares applicable to public conveyances in said District during the period aforesaid.

The preamble was agreed to.

MAINE AVENUE IN THE DISTRICT

The joint resolution (H. J. Res. 280) for the designation of a street or avenue in the Mall to be known as "Maine Avenue" was announced as next in order.

Mr. BULKLEY. I ask that the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

Mr. COPELAND subsequently said: Mr. President, I ask to recur to Calendar No. 986, being House Joint Resolution 280. I think the Senator from Ohio [Mr. BULKLEY] objected to that bill. Am I correct about that?

Mr. BULKLEY. Yes.

Mr. COPELAND. That bill was amended in the committee so that the particular locality for the street or avenue was not designated, but it was said—

That in honor of the State of Maine an avenue of the city of Washington, D. C., of location and importance in keeping with dignity and prominence of that State to be selected by the Commissioners of the District of Columbia, with the approval of the National Capital Park and Planning Commission, shall hereafter bear the name of "Maine Avenue."

Mr. BULKLEY. I should like to have the joint resolution go over for one calendar call, and I shall be glad to help the Senator with it.

The PRESIDING OFFICER. The joint resolution will be passed over.

ALCOHOLIC BEVERAGES IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia", which had been reported from the Committee on the District of Columbia with an amendment, on page 1, beginning in line 3, to strike out "That section 23 of the act entitled 'An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia', approved January 24, 1934, as amended, is amended by adding at the end thereof a new subsection to be lettered (k) and to read as follows: 'SEC. 3. Subsections'" and to insert "That subsections", so as to make the bill read:

That subsections (g) and (h) of section 11 are amended by adding at the end of the first paragraph of code the following: "All alcoholic beverages offered for sale or sold by the holder of such licenses may be displayed and dispensed in full sight of the purchaser."

Mr. MCKELLAR. Mr. President, let us have an explanation of the bill.

Mr. COPELAND. This bill is to provide that a person who buys liquor at one of the places where liquor is dispensed may have it mixed in his presence instead of behind a hidden curtain, where he does not know what he is getting or how insanitary the conditions may be. The matter was argued at great length by the committee, and this was deemed a wise change in the law.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 7235) to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes", was announced as next in order.

Mr. McKELLAR. Mr. President, I think we ought to have an explanation of the bill. The Senator from Texas [Mr. CONNALLY] is not here. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

MAILING OF THREATENING LETTERS

The bill (S. 2223) to amend section 1 of the act of July 8, 1932, was announced as next in order.

Mr. ASHURST. Mr. President, as to Calendar No. 919, there has been reported from the Committee on Post Offices and Post Roads by the able Senator from Tennessee [Mr. McKELLAR] a companion bill, House bill 6717, Calendar No. 946. I therefore suggest, in the interest of time and the saving of what would otherwise be lost motion, that the Senate, if it is minded to pass the bill, consider House bill 6717 and indefinitely postpone Senate bill 2223. Am I correct in my statement, I will ask the Senator from Tennessee?

Mr. McKELLAR. A similar bill has been passed by the House.

Mr. ASHURST. The bill provides, among other things, that it shall be a crime to send threatening letters through the mail. It is one of the so-called "antigangster" bills. The bill, which was drawn by the Department of Justice, provides that anyone who opens communication through the mail with another threatening to kidnap, or to accuse a person of a crime, or to do him bodily injury unless he pays a sum of money, shall be punished. As I have said, if the Senate is minded to pass such legislation, we might consider the House bill reported by the Senator from Tennessee, being Calendar No. 946, House bill 6717, and postpone Calendar No. 919, Senate bill 2223.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the bill (H. R. 6717) to amend section 1 of the act of July 8, 1932, which was ordered to a third reading, read the third time, and passed.

Mr. ASHURST. Mr. President, I ask that Senate bill 2223 be indefinitely postponed.

The PRESIDING OFFICER. Without objection Senate bill 2223 will be indefinitely postponed.

WATER FROM GOVERNMENT MAIN AT CASCADE LOCKS, OREG.

The Senate proceeded to consider the bill (S. 2799) to provide for licensing the taking of water from the Government-owned main at Cascade Locks, Oreg.

Mr. STEIWER. Mr. President, I am confronted with the necessity of asking permission to offer a slight amendment to this bill, and, if the Senate will permit me, I should like to explain before offering the amendment the occasion for it. Cascade Locks until recently was an unincorporated town in Oregon. In order that it might provide for protection and that an agency might be created to use the water for fire protection, there was set up at that place the Cascade Locks Rural Fire Protection District, organized under the laws of the State of Oregon. The bill was introduced in order to give permission to this district to take water for fire protection purposes only from a main which the Government has for a long time maintained at that point. Subsequent to the introduction of the bill, the people at Cascade Locks proceeded with the organization of the city of Cascade, and a vote was recently had. I am now advised that under that vote the city has been organized, and is now an entity. The same people who asked for this bill now have requested that the bill be amended so that the right will run not to the Rural Fire Protection District but to the city of Cascade Locks, in the State of Oregon.

Mr. McKELLAR. It is the same community, and the same amount of protection will be afforded?

Mr. STEIWER. Exactly, and it is merely to provide that the right shall be vested in the proper authority. I send the amendment to the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. In line 4, before the word "Cascades", it is proposed to insert the words "city of"; and on page 1, lines 5 and 6, to strike out "Rural Fire Protection District, organized under the laws of the State of" and to insert a comma, so as to make the bill read:

Be it enacted, etc., That the Secretary of War is authorized to grant permission, on such terms as he may deem reasonable, to the city of Cascade Locks, Oreg., to make connection with the Government-owned water main at Cascade Locks and take water therefrom for use for fire-protection purposes only.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AVIATION FIELD AT VALPARAISO, FLA.

The bill (S. 3018) to authorize the Secretary of War to acquire by donation land at Valparaiso, in Okaloosa County, Fla., for aviation field, military, or other public purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to acquire by donation approximately 1,460 acres of land at Valparaiso, in Okaloosa County, Fla., for aviation field, military, or other public purposes: *Provided*, That in the event the donor is unable to perfect title to any land tendered as a donation, condemnation of such land is authorized in the name of the United States, and payment of any and all awards for title to such land as is condemned, together with the cost of suit, shall be made by the donor.

Mr. FLETCHER. Mr. President, I ask to have inserted in the RECORD a statement regarding that bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

S. 3018. LAND AT VALPARAISO, IN OKALOOSA COUNTY, FLA., FOR AVIATION FIELD AND OTHER PURPOSES

This bill is recommended by the War Department. It merely authorizes the Secretary of War to acquire by donation approximately 1,460 acres of land at Valparaiso, in Okaloosa County, Fla., for aviation field, military, or other public purposes. The bill carries a proviso clause to the effect that in the event the donor is unable to perfect title to any land tendered as a donation, condemnation of such land is authorized in the name of the United States, and that payment of any and all awards for title to such land as is condemned, together with the cost of suit, shall be made by the donor.

There has been a need for some time of a range for aerial gunnery and bombing practice on the Gulf coast, and the Department in its report points out that a suitable site has been located on the property of the Valparaiso Realty Co., near Valparaiso, Fla. The owner has offered to donate to the United States the land in fee simple, or about 1,460 acres. This measure merely authorizes its acceptance for the purposes stated.

SAMMAMISH RIVER, WASH.

The bill (S. 2930) to provide a preliminary examination of the Sammamish River, Wash., with a view to the control of its floods, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Sammamish River, Wash., with a view to the control of its floods, in accordance with the provisions of section 3 of the act entitled "An act to provide for control of floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

NISQUALLY RIVER, WASH.

The bill (S. 2933) to provide a preliminary examination of the Nisqually River, Wash., with a view to the control of its floods was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Nisqually River, Wash., with a view to the control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

CEDAR RIVER, WASH.

The bill (S. 2938) to provide a preliminary examination of the Cedar River, Wash., with a view to the control of its floods was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of the Cedar River, Wash., with a view to the control of its floods, in accordance with the provisions of section 3 of the act entitled "An act to provide for control of floods of the Mississippi River and the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

MISSOURI RIVER BRIDGE, MIAMI, MO.

The bill (S. 2950) granting the consent of Congress to the county of Saline, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Miami, Mo., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the county of Saline, Mo., to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Miami, Mo., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of tolls shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

BILL PASSED OVER

The bill (S. 2321) for the relief of S. M. Price was announced as next in order.

Mr. McKELLAR. I should like to have an explanation of that bill. In the absence of the Senator who introduced it I will ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

WALTER C. PRICE AND JOSEPH C. LESAGE

The Senate proceeded to consider the bill (S. 2751) for the relief of Walter C. Price and Joseph C. Lesage.

Mr. NEELY. Mr. President, I send to the desk an amendment to the bill.

Mr. McKELLAR. Before the consideration of the amendment, I should like to ask the Senator a question. Did the postmaster have a bond?

Mr. NEELY. He did; but the penalty of the bond was not sufficient to cover the loss which the Government had sustained.

Mr. McKELLAR. This is not a bonding company bill?

Mr. NEELY. It is not. Its purpose is to relieve two innocent men who were improperly held responsible for the defalcation of a dishonest post-office clerk.

Mr. McKELLAR. As a rule, postmasters and their assistants are bonded by a bonding company, and the practice is very frequent, after a defalcation has occurred, that the postmaster or other postal employee comes forward and asks for the passage of a bill for relief, when the bill is not really for his relief but for the relief of the bonding company which signed the bond. That is not the case here, is it?

Mr. NEELY. It is not.

Mr. McKELLAR. I have no objection to the bill.

Mr. NEELY. Mr. President, I request that my amendment be reported.

The CHIEF CLERK. On line 4 it is proposed to change the spelling of the name from "Lesage" to "Le Sage", and at the end of the bill to insert the following new section:

The Comptroller General of the United States is authorized and directed to credit the account of Walter C. Price, former postmaster at Huntington, W. Va., with the sum of $10,428.24, which amount is charged against said account as the result of embezzlement of money order funds by Samuel T. Shawver, former clerk in charge of the money-order section at said post office.

The amendment was agreed to.

The title was amended so as to read: "A bill for the relief of Walter C. Price and Joseph C. Le Sage."

MEMORIAL TO FOURTH DIVISION, AMERICAN EXPEDITIONARY FORCES

The joint resolution (S. J. Res. 69) to provide for the erection of a suitable memorial to the Fourth Division, American Expeditionary Forces, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Director of the National Park Service be, and he is hereby, authorized and directed to grant permission to the Fourth Division Memorial Association, American Expeditionary Forces, through Maj. Gen. George H. Cameron, United States Army, retired, president, or his successors in office, for the erection as a gift to the people of the United States on public grounds in the District of Columbia, a memorial to the Fourth Division: *Provided*, That the design and location for the memorial shall be approved by the National Commission of Fine Arts: *Provided further*, That such monument shall be erected under the supervision of the Director of the National Park Service, of the Department of the Interior, and that the United States shall be put to no expense in or by the erection of said monument.

WIDOWS OF FEDERAL EMPLOYEES KILLED IN LINE OF DUTY

The Senate proceeded to consider the bill (S. 2488) for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, killed in line of duty, which had been reported from the Committee on Claims, with amendments, on page 1, line 5, after the words "sum of", strike out "$12,000" and insert "$5,000"; and on page 2, after line 9, to add a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 each to the following-named widows of an inspector and certain special agents of the Division of Investigation of the Department of Justice killed in line of their official duties:

LaVon C. Cowley, widow of Inspector Samuel P. Cowley, killed near Chicago, November 28, 1934;

Regina Caffrey, widow of Raymond J. Caffrey, special agent, killed at Kansas City, Mo., June 17, 1933;

Gladys Gage Surratt, widow of Rupert V. Surratt, special agent, killed near Landis, N. C., October 8, 1933;

Mary E. Baum, widow of W. Carter Baum, special agent, killed in Rhinelander, Wis., April 23, 1934; and

Genevieve Hollis, widow of Herman E. Hollis, special agent, killed near Chicago, November 27, 1934: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

Mr. COPELAND. Mr. President, I desire to offer an amendment to the bill.

Mr. McKELLAR. Mr. President, will the Senator explain how this bill arises?

Mr. COPELAND. Mr. President, this is not my bill, but the Senator will see that it is for the relief of the widows of an inspector and certain special agents of the Division of

Investigation, Department of Justice, who have been killed in the line of duty.

Mr. McKELLAR. One inspector and four of his assistants?

Mr. COPELAND. I think that is correct. I am offering an amendment to this bill to include the widow of a Secret Service operator who was killed in the line of duty on May 24, 1935.

Chief Moran, of the Secret Service Division, is favorable to this amendment. The amendment I desire to offer is to add the name of Ann Godby, widow of Robert L. Godby, operative in the Secret Service Division of the Treasury Department, who was killed in line of duty at Buffalo, N. Y., May 24, 1935; and if the amendment shall be agreed to, I will then move to amend the title.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 9, after the numerals "1934", it is proposed to insert "and Ann Godby, widow of Robert L. Godby, operative in the Secret Service Division, Treasury Department, who was killed in line of duty at Buffalo, N. Y., on May 24, 1935."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

On motion of Mr. COPELAND, the title was amended so as to read: "A bill for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, and operative in the Secret Service Division, Department of the Treasury, killed in line of duty."

DUWAMISH RIVER, WASH.

The bill (S. 2934) to provide a preliminary examination of the Duwamish River, Wash., with a view to control its floods, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary examination to be made of Duwamish, River, Wash., with a view to control of its floods, in accordance with the provisions of section 3 of an act entitled "An act to provide for control of floods of the Mississippi River and of the Sacramento River, Calif., and for other purposes", approved March 1, 1917, the cost thereof to be paid from appropriations heretofore or hereafter made for examinations, surveys, and contingencies of rivers and harbors.

BILL PASSED OVER

The bill (S. 1633) to amend the Interstate Commerce Act, as amended, and for other purposes, was announced as next in order.

Mr. McKELLAR. May we have an explanation of that bill?

Mr. COPELAND. I think the Senator from Louisiana secured consent that the bill should be passed over when reached.

The PRESIDING OFFICER. The Chair is informed that that was the understanding, and the bill will be passed over.

STATIONS AND DEPOTS FOR ARMY AIR CORPS

The bill (H. R. 7022) to authorize the selection, construction, installation, and modification of permanent stations and depots for the Army Air Corps, and frontier air-defense bases generally, was announced as next in order.

Mr. McKELLAR. Mr. President, the bill seems to involve a large sum of money. I wish we could have an explanation of it.

Mr. FLETCHER. Mr. President, this bill passed the House of Representatives on June 5, 1935, my recollection is, without a dissenting vote. Under its provisions the Secretary of War is authorized and directed to determine in all strategic areas of the United States, including those of Alaska and our oversea possessions and holdings, the location of such additional permanent Air Corps stations and depots as he deems essential, in connection with the existing Air Corps stations and depots and the enlargement of the same when necessary, for the effective peace-time training of the General Headquarters Air Force and the Air Corps components of our oversea garrisons.

In determining the locations of new stations and depots the measure provides that consideration shall be given to the following regions for the respective purposes indicated: (1) The Atlantic northeast: To provide for training in cold weather and in fog; (2) the Atlantic southeast and Carribean areas: To permit training in long-range operations, especially those incident to reinforcing the Panama Canal; (3) the Southeastern States: To provide a depot essential to the maintenance of the General Headquarters Air Force; (4) the Pacific Northwest: To establish and maintain air communication with Alaska; (5) Alaska: For training under conditions of extreme cold; (6) the Rocky Mountain area: To provide a depot essential to the maintenance of the General Headquarters Air Force, and to afford, in addition, opportunity for training in operations from fields in high altitudes; and (7) such intermediate stations as will provide for transcontinental movements incident to the concentration of the General Headquarters Air Force for maneuvers.

Section 4 of the bill authorizes to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums of money as may be necessary, to be expended under the direction of the Secretary of War for the purposes of this act, including the expenses incident to the necessary surveys. The bill provides that provisions of section 1136, Revised Statutes (U. S. C., title 10, par. 1339), shall not apply to construction of aforesaid stations and depots. (This section of the Revised Statutes provides that where Army construction exceeds $20,000, detailed estimates must first be submitted to Congress, a special appropriation made, and authority granted for the construction.)

Mr. McKELLAR. Is this the proposal to build airports along the Canadian border about which the newspapers had something to say recently?

Mr. FLETCHER. The bill perhaps originated that discussion. There are no specifications here.

Mr. McKELLAR. It authorizes an appropriation of $110,000,000.

Mr. FLETCHER. No; I do not think so.

Mr. McKELLAR. It seems to me an appropriation of that large sum at this time ought to be carefully considered. It ought to be postponed and taken up when we have more time to discuss it. I hope the Senator will let it go over. I dislike to object to any bill the Senator presents, but I hope he will let it go over until the next time we call the calendar.

Mr. FLETCHER. I think the Senator is mistaken about the amount involved.

Mr. McKELLAR. The estimated cost is $110,000,000.

Mr. FLETCHER. The bill merely authorizes to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to be expended under the direction of the Secretary of War for the purposes of the bill. It all remains for the Secretary of War to select the locations hereafter. It depends on the appropriation.

Mr. McKELLAR. There is another feature to be considered. The War Department has a large amount of money remaining, out of the big authorization of several months ago, with which it may build airports if it so desires. It seems to me, where the estimated cost of such a project is the enormous sum of $110,000,000, it ought not to be passed without careful consideration. At any rate, I shall be glad to discuss it with the Senator if he will let the bill go over at this time.

Mr. FLETCHER. Of course, if the Senator desires to object, I can do nothing but yield.

Mr. McKELLAR. The Senator knows how much I dislike to object to anything he asks. I am very much devoted to the Senator and I dislike to object.

Mr. FLETCHER. I appreciate that. It is an important bill. It passed the House without a dissenting vote. However, I shall be glad to discuss it with the Senator.

Mr. McKELLAR. I thank the Senator for letting it go over.

The PRESIDING OFFICER. On objection, the bill will be passed over.

SAN FRANCISCO AND FORT BAKER MILITARY RESERVATIONS ROADS

The Senate proceeded to consider the bill (S. 2175) to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation, which had been reported from the Committee on Military Affairs with an amendment to strike out all after the enacting clause and to insert the following:

That there is hereby granted to the State of California a retrocession of jurisdiction over the rights-of-way covered by a certain grant from the Secretary of War to the Golden Gate Bridge and Highway District, of California, dated February 13, 1931, to extend, maintain, and operate State roads across the Presidio of San Francisco Military Reservation and the Fort Baker Military Reservation, as heretofore or hereafter amended by the Secretary of War, subject to all of the terms and conditions contained in said permit as so granted and any amendments thereof as aforesaid. The land and premises over which such retrocession of jurisdiction is hereby granted shall be the whole of the rights-of-way so granted by said permit and any amendments thereof, throughout their entire length and width, and for the entire distance granted therein, together with the land crossed by any toll bridge that may be erected by such Golden Gate Bridge and Highway District to connect the Presidio of San Francisco Military Reservation with the Fort Baker Military Reservation, and embracing the said toll bridge with its approach roads over the rights-of-way so granted by said permit and any amendments thereof.

SEC. 2. Should the United States assume exclusive control and management of said bridge and roads, as provided in said permit and any amendments thereof, the jurisdiction herein retroceded shall be suspended and revest in the United States for the duration of such control and management. Whenever the State of California shall cease to occupy said rights-of-way and land for the purpose authorized in said permit and any amendments thereof, then the same, including all jurisdiction thereover, shall revert to the United States.

SEC. 3. The retrocession of jurisdiction herein granted shall not take effect until the same is accepted by the Legislature of the State of California.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DISPOSAL OF OBSOLETE PUBLICATIONS

The concurrent resolution (S. Con. Res. 17) providing for the disposition of certain obsolete Government publications stored in the folding rooms of Congress, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, etc., That a statement of certain noncurrent and obsolete publications now in the folding rooms of the Senate and House of Representatives, respectively, shall be prepared by the Sergeant at Arms of the Senate and Doorkeeper of the House of Representatives, respectively, and submitted to the Joint Committee on Printing, which is hereby authorized to dispose of the same in the following manner:

First. A printed statement of such publications shall be submitted to each Senator, Representative, Delegate, Resident Commissioner, and officer of the Senate and House of Representatives, and any Member or officer of either House having any of such publications to his credit may dispose of the same in the usual manner at any time before September 1, 1935.

Second. Upon the expiration of the aforesaid time the Joint Committee on Printing shall furnish to all Members of the Senate and House of Representatives, respectively, as promptly as practicable, a list of the publications herein referred to then remaining in the folding rooms, and thereupon such publications shall be subject to the order of any Senator, Representative, Delegate, or Resident Commissioner, in the order in which they are applied for, for a period of 30 days after the day when such list shall be furnished by the Joint Committee on Printing, but no application for the transfer of these publications may be honored.

Third. The Joint Committee on Printing shall furnish a list of all such publications remaining in the folding room at the expiration of the last-named period to the various departments, independent offices, and establishments of the Government at Washington, including the Superintendent of Documents, Smithsonian Institution, Library of Congress, National Archives Establishment, Bureau of American Republics, and the Commissioners of the District of Columbia, and such publications shall be turned over to any department, independent office, or establishment making written request therefor and shall be allocated in the order in which their application is made, and all such publications which shall remain in the folding rooms for a period of 10 days after such list shall have been furnished to the departments, independent offices, or establishments aforesaid shall be delivered to the Superintendent of Documents, Government Printing Office, for such disposition as he may deem to be to the best interests of the Government.

Fourth. No publication which is described in the list aforesaid shall thereafter be returned to the folding rooms from any source.

BILL PASSED OVER

The bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was announced as next in order.

Mr. COPELAND. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

EDWARD B. WHEELER AND THE STATE INVESTMENT CO.

The bill (S. 427) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora grant, New Mexico, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Edward B. Wheeler, of Las Vegas, N. Mex., and the State Investment Co., of New Mexico, who were declared by the Supreme Court of the United States (*United States* v. *State Investment Co.* (1924), 264 U. S. 106) to be the owners, respectively, of certain lands in the tract known as the "Mora grant", located in San Miguel and Mora Counties, N. Mex., an amount to be computed by the Secretary on the basis of $2.20 per acre for every acre of land embraced within the claim of any bona fide entryman on such lands holding under patent from the United States or under any entry allowed by the Department of the Interior, the recovery of which lands by the said Edward B. Wheeler and the State Investment Co. is barred by the stipulation entered into between such parties and the United States on January 23, 1918. Such payment shall operate as a full settlement of all claims of such Edward B. Wheeler and the State Investment Co. against the United States or the owners of such lands for damages for the loss of such lands.

RAILWAY LABOR ACT APPLIED TO CARRIERS BY AIR

The Senate proceeded to consider the bill (S. 2496) to amend the Railway Labor Act, which had been reported from the Committee on Interstate Commerce with amendments.

The first amendment was, on page 2, lines 15 to 22, to strike out section 203, as follows:

SEC. 203. The jurisdiction of the National Mediation Board is extended to and shall cover each and every dispute arising from any cause between said carriers by air or any of them and its or their employees, and the services of the National Mediation Board may be invoked in the same manner and to the same extent as though any or all such disputes were specifically mentioned in section 5 of title I of this act.

And insert in lieu thereof the following:

SEC. 203. The parties or either party to a dispute between an employee or a group of employees and a carrier or carriers by air may invoke the services of the National Mediation Board and the jurisdiction of said Mediation Board is extended to any of the following cases:

(a) A dispute concerning changes in rates of pay, rules, or working conditions not adjusted by the parties in conference.

(b) Any other dispute not referable to an adjustment board, as hereinafter provided, and not adjusted in conference between the parties, or where conferences are refused.

The National Mediation Board may proffer its services in case any labor emergency is found by it to exist at any time.

The services of the Mediation Board may be invoked in a case under this title in the same manner and to the same extent as are the disputes covered by section 5 of title I of this act.

The amendment was agreed to.

The next amendment was, on page 3, line 16, to strike out section 204, as follows:

SEC. 204. Nothing in this title shall be construed to prevent any individual carrier, system, or group of carriers by air, and any class or classes of its or their employees, all acting through their representatives, selected in accordance with the provisions of this title, from mutually agreeing to the establishment of system, group, or regional boards of adjustment of jurisdiction not exceeding the jurisdiction which may be lawfully exercised by system, group, or regional boards of adjustment under the authority of section 3 of title I of this act; or, pending the establishment of a permanent national board of adjustment as hereinafter provided, to prevent said carriers by air and any class or classes of their employees, all acting through their representatives, selected in accordance with the provisions of this title, from mutually agreeing to the establishment of a national board of adjustment of temporary duration and of similarly limited jurisdiction.

And insert a new section 204, as follows:

SEC. 204. The disputes between an employee or group of employees and a carrier or carriers by air growing out of grievances, or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions, including cases pending and unadjusted on the date of approval of this act before the National Labor Relations Board, shall be handled in the usual manner up to and including the chief operating officer of the carrier designated to handle such disputes; but, failing to reach an adjustment in this manner, the disputes may be referred by petition of the parties or by either party to an appropriate adjustment board, as hereinafter provided, with a full statement of the facts and supporting data bearing upon the disputes.

It shall be the duty of every carrier and of its employees, acting through their representatives, selected in accordance with the provisions of this title, to establish a board of adjustment of jurisdiction not exceeding the jurisdiction which may be lawfully exercised by system, group, or regional boards of adjustment, under the authority of section 3, title I, of this act.

Such boards of adjustment may be established by agreement between employees and carriers either on any individual carrier, or system, or group of carriers by air and any class or classes of its or their employees; or pending the establishment of a permanent National Board of Adjustment as hereinafter provided. Nothing in this act shall prevent said carriers by air, or any class or classes of their employees, both acting through their representatives selected in accordance with provisions of this title, from mutually agreeing to the establishment of a National Board of Adjustment of temporary duration and of similarly limited jurisdiction.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, may we have a brief explanation of the bill?

Mr. MINTON. Mr. President, in 1926 Congress enacted what is known as the "Railway Labor Act." The bill now before us merely provides for the extension of the Railway Labor Act provisions to air pilots and mechanics engaged in the air service in interstate commerce.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

QUARTERS FOR GOVERNMENT SERVICES AT EL PASO, TEX.

Mr. CONNALLY. Mr. President, order of business 918, being House bill 7235, was called when I happened to be temporarily absent from the Chamber. I ask unanimous consent to recur to that order of business. I am sure there will be no objection when I shall have made a brief explanation.

Mr. McKELLAR. Mr. President, I asked that the bill go over on the ground that there was no explanation. I shall be glad to hear the Senator's statement.

Mr. CONNALLY. The bill relates to the erection of a building in El Paso, Tex., for prospective use of the Government of the United States. The reason for this procedure instead of erecting a public building is that the building to be leased is located on a tract of land the title to which is in dispute between the United States and Mexico. The Government, of course, under the circumstances does not desire to erect a building on the tract, but it is provided in the lease that if the title should be found to vest in Mexico the lease shall be terminated. The Department desires the legislation, and it is agreeable to all parties concerned.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7235) to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes", was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to amend the act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes", approved June 19, 1934, is amended to read as follows:

"That when the owners of the tract of land situated in the city and county of El Paso and State of Texas, more fully described as follows, to wit—

"Beginning at a point on the east line of South Santa Fe Street, which point is the intersection of the west line of block 21 of the Campbell Addition to the city of El Paso and the southerly line of the present levee now occupied as a right-of-way of the Rio Grande & El Paso Railroad; and which point of intersection is 66.82 feet northerly from the southwest corner of said block 21, the beginning point of this tract; thence southerly along the west line of said block 21, and the east line of South Santa Fe Street at 66.82 feet past the southwest corner of said block 21 and at 136.82 feet past the northwest corner of block 17 of the Campbell addition and at 188.82 feet past the southwest corner of this tract; thence easterly at right angles to the center of an alley 130 feet; thence northerly and parallel with the east line of South Santa Fe Street 124 feet more or less to the south line of the above-mentioned levee; thence in a northwesterly direction along the south line of said levee 135 feet more or less to the place of beginning, being part of lots 18, 19, and 20 in block 21 of the Campbell addition, and that part of Eleventh Street between blocks 21 and 17 having a width of 70 feet by 130 feet, and all of lots 11 and 12 in block 17 above referred to and the west half of the alley adjoining the lots herein mentioned. The property herein described has a frontage of 188.82 feet on South Santa Fe Street, a width of 130 feet on the south side, has approximately 124 feet on the east side, and on the north side 135 feet."

"(hereafter called the 'owners'), have agreed to erect upon such premises, or upon an equivalent area which has been approved by the Secretary of the Treasury, a building of such design, plan, and specifications as may be approved by the Secretary of the Treasury as suitable for the use of the Bureau of Immigration, the Bureau of Customs, the United States Public Health Service, and the Bureau of Plant Quarantine; the Secretary of the Treasury is authorized and directed to negotiate, and, subject to an appropriation therefor, lease such building and such premises from the owners for a term of 25 years after such building is ready for occupancy at a fair annual rental, subject to the limitations of section 322 of part II of the Legislative Appropriation Act for the fiscal year ending June 30, 1933, approved June 30, 1932. Such lease shall contain a provision for a cancelation of the lease in the event that the lots on which the building is to be constructed are determined, judicially or by agreement, to be lands subject to the jurisdiction of the United States of Mexico. In the event that such lands are so determined to be lands subject to the jurisdiction of the United States of Mexico and that as a result of such determination the owners or their assignees lose their title thereto and the lease is canceled, the United States shall pay to the owners or their assignees the fair value of the building at the completion of its construction (but not in excess of the actual cost of construction), less an amount equal to one-third of 1 percent of such cost or value for each month that the lease was in effect prior to such determination.

"SEC. 2. There is authorized to be appropriated such amounts as may be necessary to pay the installments of rent provided for in such lease."

AMENDMENT OF COPYRIGHT LAW

The bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, was announced as next in order.

Mr. WAGNER. Mr. President, I ask that the bill go over.

Mr. COPELAND. Mr. President, I desire to ask the Senator from Wisconsin [Mr. DUFFY] a question about the bill.

Mr. WAGNER. I am objecting to its present consideration.

Mr. COPELAND. I am glad my colleague is objecting, but I should like to ask the Senator from Wisconsin a question about it.

Mr. DUFFY. Mr. President, will the junior Senator from New York [Mr. WAGNER] withhold his objection a moment?

Mr. WAGNER. I ask that the bill go over today.

Mr. DUFFY. I have sat here and let the Senator from New York proceed day after day by unanimous consent, and I am willing to continue doing it. I merely ask him to withhold his objection a moment.

Mr. WAGNER. Does the Senator desire to explain the bill?

Mr. DUFFY. In the first place, the senior Senator from New York [Mr. COPELAND] desires to propound a question and I want to make a very brief statement about the bill.

Mr. WAGNER. There is no objection to that at all.

The PRESIDING OFFICER. The objection is withheld temporarily.

Mr. COPELAND. Mr. President, I should like to ask the Senator whether extensive hearings were held on the bill and if all parties in interest had an opportunity to present their views regarding it?

I ask the question because I am quite overwhelmed with protests from my State against the bill. There seems to be a feeling that it will work a great injustice; that it will deny to American authors certain rights to which they feel they are entitled, and that it is not a good bill and ought

not to be passed. I do not profess to have any knowledge of it at all and I am simply reciting to the Senator what is coming to my desk in the way of protests.

May I ask the Senator what has been done about the matter?

Mr. McADOO. Mr. President, will the Senator from Wisconsin yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from California?

Mr. DUFFY. I yield.

Mr. McADOO. Mr. President, this bill came before the Committee on Patents. While that committee did not hold extensive hearings, it had a number of conferences with representatives of the various interests affected by the bill. The matter has been under discussion for a long time between the State Department and the Patent Office; and the Senator from Wisconsin [Mr. DUFFY] has been particularly in touch with the various negotiations, in the effort to see if a bill could not be framed which would satisfy the many conflicting interests. There are many complex questions involved. They are not easy to settle, and certainly the differences are not easy to reconcile.

There have been, heretofore, extensive hearings in the House; and those hearings, of course, were available to the Senate committee. I have asked the Senator from Wisconsin [Mr. DUFFY] to take charge of the discussion on the floor, because he is more familiar with the bill than am I, since lately I have been necessarily engaged in the Banking and Currency Committee to such an extent that I have not been able to give the matter as much time as the Senator from Wisconsin has been good enough to give it. The Senator from Wisconsin is not on the Patents Committee, but he introduced the bill; and for that reason I will ask him to take charge of it on the floor.

Mr. DUFFY. Mr. President, I will say to the Senator from New York that I was chairman of the subcommittee of the Foreign Relations Committee which had hearings on the question of the adherence of the United States to the International Copyright Union. In a very large measure this bill is an enabling act. The Copyright Union Treaty, or convention, was reported to the Senate by the Foreign Relations Committee and is now on the Executive Calendar, although we had a gentlemen's understanding that it would be held on the calendar until the present bill could receive consideration by the Senate.

In the meantime, after the Foreign Relations Committee had held hearings where the various conflicting interests appeared, at the request of the Foreign Relations Committee an informal interdepartmental committee was formed, consisting of 2 members from the Copyright Office, 2 members from the Department of State, and 1 member from the Department of Commerce. They had 25 or 26 different conferences with all the various conflicting interests; and this bill is largely the result of the 25 or 26 conferences, where all parties had a chance to be heard.

I will say that authors will gain a great deal by adherence of the United States to the International Copyright Union. There is in this particular bill, however, one matter to which authors object; that is, we have eliminated the provision for $250 minimum statutory damages, which has been made a racket in this country by the organization familiarly known as the "ASCAP", the American Society of Composers, Authors, and Publishers. The United States Government is now conducting a prosecution against that organization in a case which, I understand, was commenced in New York last week. The authors do object because the minimum of $250 statutory damages has been eliminated. On the other hand, the maximum has been largely increased, from $5,000 to $20,000, and the courts will give the authors full protection, but they will not be able to go into a bootblack stand or a little pool hall somewhere and hold up the proprietor for $250 as a minimum if this bill shall become a law.

There are many things in the bill which the authors very much desire, and of which they are very much in favor. Because the treaty is on the Executive Calendar, although it was ratified and then, at my request, restored to the calendar by unanimous consent, and because of the coming conference of the International Copyright Union, I am going, as soon as possible, to ask for consideration of this bill by the Senate. I cannot do so today in view of the objection which will be made by the junior Senator from New York [Mr. WAGNER].

Mr. COPELAND. Mr. President, if the Senator from Wisconsin will permit me to make a statement, I hold in my hand a telegram from John Erskine, one of the most popular writers of the day; and I had a similar message from Gene Buck, who is at the head of the music writers.

Mr. DUFFY. He is the head of ASCAP.

Mr. COPELAND. Mr. Erskine, in his telegram, says:

> I sincerely hope you will oppose copyright bill S. 3047. The bill gives foreign authors basic copyright without formality, but denies it to American authors. The bill seems to protect chiefly the commercial enterprises which live on the authors.

Of course, I am not competent to judge the merits of the matter; but I assume that the Senator will not press the bill today, and that we shall have an opportunity to look into it.

Mr. DUFFY. I think that should be done; but I desire to give notice that as early as possible I shall try to have the bill considered by the Senate, because we are holding up the Copyright Union treaty until this bill can receive consideration by the Senate.

Mr. WAGNER. Mr. President, if the bill is a meritorious one, of course, I have no desire to delay its consideration. I have received protests from a number of people in New York in whom I have very great confidence, who tell me that the bill is unfair to their profession. I did not, of course, wish to be discourteous to the Senator in making the objection. I thought he had in mind persuading me to withdraw my objection.

In view of these protests, not having had an opportunity to study the bill in detail, I shall have to press my objection today. I will confer with the Senator a little later on.

Mr. VANDENBERG. Mr. President, before the bill goes over, I ask leave to offer a series of amendments to it, so that they may be pending when the bill comes back.

The PRESIDING OFFICER. The amendments will be received and printed.

Objection being made to the consideration of the bill, it will be passed over.

WILLIAM K. BELDIN

The Senate proceeded to consider the bill (S. 1103) for the relief of William K. Beldin, which was read, as follows:

> *Be it enacted, etc.*, That in the administration of all laws conferring rights, benefits, and privileges upon honorably discharged soldiers William K. Beldin shall be held and considered as having been honorably discharged from the military service of the United States on June 16, 1925, as a private, Company G, Thirty-eighth Regiment, United States Infantry: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. McKELLAR. Mr. President, I see that in this case fraudulent enlistment is charged. May we have an explanation of the bill?

Mr. DUFFY. Mr. President, I can give a very brief explanation on behalf of the Military Affairs Committee.

The charge was that William K. Beldin falsified when he enlisted in the Army, stating that he had not previously been dishonorably discharged. What happened was that while he had been in the Navy temporarily he had a dishonorable discharge; but, after the matter was investigated, Beldin was exonerated and was given the proper discharge, and the record temporarily made against him was changed. The Government paid him the money that he had coming to him, and then his record was cleared, as he contended at that time it was.

Technically, there may be said to have been a blot on the record until this matter was cleared up; but, as a matter of fact, Beldin was telling the truth, as subsequent events showed. The Military Affairs Committee thought, therefore, that it would be entirely proper to have this record changed so that it would not be held against him, because he was correct in his statement.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PROTECTION OF AMERICAN EAGLE

The Senate proceeded to consider the bill (S. 2990) to preserve from extinction the American eagle, emblem of the sovereignty of the United States of America, which was read, as follows:

Be it enacted, etc., That whoever, within the United States or any place subject to the jurisdiction thereof, without being permitted so to do as hereinafter provided, shall take, possess, sell, purchase, offer to sell or purchase, transport, or export, at any time or in any manner, any bald eagle, commonly known as the "American eagle", alive or dead, or any part, nest, or egg thereof, shall be fined not more than $100 or imprisoned not more than 6 months, or both: *Provided*, That nothing herein shall be construed to prohibit possession or transportation of any such eagle, alive or dead, or any part, nest, or egg thereof taken prior to the effective date of this act, but the proof of such taking shall lie upon the accused in any prosecution under this act.

SEC. 2. That whenever after investigation the Secretary of Agriculture shall determine that it is compatible with the preservation of the bald eagle as a species to permit the taking of specimens thereof for the scientific or exhibition purposes of public museums, scientific societies, or zoological parks, or that it is necessary to permit the taking of such eagles for the protection of wildlife or of agricultural or other interests in any place or locality, he may issue permits therefor under regulations which he is hereby authorized to prescribe.

SEC. 3. That for the efficient execution of this act, section 5 of the Migratory Bird Treaty Act of July 3, 1918 (40 Stat. 755; U. S. C., title 16, ch. 7, sec. 706), shall be deemed to be incorporated herein in haec verba, mutatis mutandis.

SEC. 4. That as used in this act "whoever" includes also associations, partnerships, and corporations; "take" includes also pursue, shoot, shoot at, wound, kill, capture, trap, collect, or otherwise willfully molest or disturb; "transport" includes also ship, convey, carry, or transport any means whatever, and deliver or receive, or cause to be delivered or received, for shipment, conveyance, carriage, or transportation.

SEC. 5. That the Secretary of Agriculture is authorized to employ such personal services in the District of Columbia and elsewhere and to incur such expenses as may be necessary to carry this act into effect.

The PRESIDING OFFICER. The Chair suggests an amendment, on page 2, line 24, to insert the word "by", so as to complete the sentence. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 24, after the word "transport", it is proposed to insert the word "by", so that, if amended, it will read:

"Transport" includes also ship, convey, carry, or transport by any means whatever—

And so forth.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2203) to promote the development of Indian arts and crafts and to create a board to assist therein, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, I have had some objections suggested to that measure. I ask that it go over, though I will say frankly that I am inclined to favor the bill.

Mr. FRAZIER. Mr. President, this is an administration bill.

Mr. KING. Yes; I knew that.

Mr. FRAZIER. It is one for which the authorities have been working for a long time. The committee were very strongly in favor of it.

Mr. KING. A number of Indians have spoken to me in regard to the bill. The Senator knows my profound interest in the Indians and in their welfare. I have been inclined to favor this bill, but in view of the request made, I ask that it go over until the next call of the calendar.

The PRESIDING OFFICER. The bill will be passed over.

PENSIONS TO VETERANS OF SPANISH-AMERICAN WAR, ETC.

The bill (H. R. 6995) granting pensions to veterans of the Spanish-American War including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, several Senators have asked me to request that that bill go over for the day. I think one of the Senators has an amendment to offer.

Mr. McGILL. Mr. President, I had hoped this bill might be disposed of today. The House Committee on Pensions held hearings on the bill. No amendments were suggested over there. The bill was passed unanimously by the House of Representatives. The Committee on Pensions of the Senate were called together, and unanimously reported the bill. I should have no particular objection to its going over if it could be made a special order of business of the Senate, for I feel that the bill could be disposed of within a period of 30 minutes to an hour.

Mr. KING. I will join with the Senator in asking for a special order; but the leader is not here at the moment.

Mr. McGILL. I have had no opportunity to take up the matter with the majority leader of the Senate, due to the fact that he has been absent from the floor for part of today, and I had no notice until just now that there would be any objection to the passage of the bill.

Mr. KING. Let me suggest to the Senator that the bill be passed over temporarily and called up later during the day, when the majority leader will be here.

Mr. McGILL. We may not be in session very long. May we have it called again at the conclusion of the call of the calendar?

Mr. McKELLAR. Mr. President, the session is getting very near the end, I hope; and if action is to be had upon this bill—and I think it should be acted upon—we ought to have it as soon as possible.

The PRESIDING OFFICER. Does the Senator from Kansas make a request for unanimous consent?

Mr. McGILL. I ask unanimous consent that the bill be taken up at the conclusion of the call of the calendar and disposed of.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I have no objection to the bill's being passed over and having the Senator renew his application before we adjourn.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas that the bill go over until the end of the calendar and be brought up again?

Mr. McGILL. And proceeded to final disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHANGE IN JUDICIAL DISTRICTS OF NORTH CAROLINA

The bill (S. 2513) to provide for a change in the judicial districts of North Carolina with respect to Durham County was announced as next in order.

The PRESIDING OFFICER. This bill is the same as Calendar No. 950, being a House bill, which the clerk will report.

The Senate proceeded to consider the bill (H. R. 7374) to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes, which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 2513 will be indefinitely postponed.

UNIFORM SYSTEM OF BANKRUPTCY

The Senate proceeded to consider the bill (S. 3058) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes, which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 5, after the word "thereto", to strike out the words "or the rights of such creditors", so as to make the bill read:

Be it enacted, etc., That subsection (n) of section 77B of chapter VIII of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended by the acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27, 1926, February 11, 1932, March 3, 1933, and June 7, 1934, be, and it is hereby, amended to read as follows:

"(n) Nothing contained in this section shall be construed or be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to the National Housing Act and acts amendatory thereof and supplementary thereto or to the stockholders, creditors, or officers of any corporation operating or owning a railroad or railroads, railway or railways, owned in whole or in part by any municipality and/or owned or operated by a municipality, or under any contract to any municipality by or on its behalf or in conjunction with such municipality under any contract, lease, agreement, certificate, or in any other manner provided by law for such operation: *Provided, however,* That this paragraph shall not apply to or affect any corporation or the stockholders, creditors, or officers thereof, if not more than 20 percent of its operating revenue is derived from such operations."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SHOSHONE TRIBE OF INDIANS

The Senate proceeded to consider the bill (S. 2510) authorizing the western bands of the Shoshone Tribe of Indians, as defined herein, to sue in the Court of Claims, which had been reported from the Committee on Indians Affairs with an amendment to strike out all after the enacting clause and to insert the following:

That jurisdiction be, and the same is hereby, conferred on the United States Court of Claims, with the right of either party to appeal to the Supreme Court of the United States, anything in the Judicial Code of the United States and amendments thereto to the contrary notwithstanding, regardless of lapse of time and the statute of limitations, to hear, examine, adjudicate, and render judgment for such net amount as may be found due on all legal and equitable claims of the Western Bands of the Shoshone Nation of Indians and the court shall determine as near as may be the boundaries and acreage of the lands described in article 5, under the treaty of October 1, 1863 (18 Stat. L. 689), after deducting the aggregate of any and all payments or expenditures for the benefit of said Indians, including gratuities, between June 26, 1866, and the date of filing petition in the court: *Provided,* That no expenditures for the benefit of these Indians made out of appropriations authorized by the act of June 18, 1934 (48 Stat. L. 984), shall be considered as offsets.

SEC. 2. The claims of the said Indians under the provisions of this act shall be presented by petition or petitions setting out fully and distinctly all claims of the Western Shoshone Indians against the United States within 5 years after the passage of this act, or shall be thereafter forever barred. The petition or petitions may be verified by the attorney or attorneys employed by said Indians under contract executed in accordance with existing law. The departments of the Government shall give access to the attorneys so employed to the records pertaining to said Indians on file therein.

SEC. 3. The net proceeds of any judgment recovered shall be placed on deposit in the Treasury to the credit of said Indians at 4 percent interest per annum, and shall be thereafter subject to appropriation by Congress for the benefit of said Indians, including the purchase of lands and building of homes, and no part of said judgment shall be paid out in per capita payments to said Indians: *Provided,* That the court in rendering judgment shall determine and set apart a reasonable fee for and to the attorney or attorneys of said Indians employed in the prosecution of said claims, not to exceed 10 percent of such judgment, if any, together with all reasonable and proper expenses incurred by the said attorney or attorneys in the prosecution of said claim.

Mr. McKELLAR. Mr. President, can any Senator explain what this bill means? Does it mean another imposition on the Treasury?

Mr. FRAZIER. Mr. President, this is simply a bill to allow the Indians to go into the Court of Claims and establish claims which they feel they are justified in asking to have settled.

Mr. McKELLAR. Has not legislation been enacted heretofore which provided for that?

Mr. FRAZIER. Not for this particular group.

Mr. McKELLAR. There has to be a different bill for every group?

Mr. FRAZIER. Yes; there is a bill pending now before the Committee on Indian Affairs to set up a commission to handle all such claims. If that shall be enacted, such bills as this will be referred to the commission. This is the regular form of a Court of Claims jurisdictional bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill authorizing the Western bands of the Shoshone Tribe of Indians to sue in the Court of Claims."

MIDDLE RIO GRANDE CONSERVANCY DISTRICT

The Senate proceeded to consider the bill (S. 1832) a bill to authorize the Secretary of the Interior to provide by agreement with Middle Rio Grande Conservancy District, a subdivision of the State of New Mexico, for maintenance and operation on newly reclaimed Pueblo Indian lands in the Rio Grande Valley, N. Mex., reclaimed under previous act of Congress, and authorizing an annual appropriation to pay the cost thereof for a period of not to exceed 5 years, which had been reported from the Committee on Indian Affairs, with amendments, on page 2, line 6, to strike out " (Public, No. 169, Seventieth Congress, first session)" and to insert in lieu thereof the words " (45 Stat. L. 312–313) and as therein provided, and as provided for by the provisions of the contract executed by and with the Secretary of the Interior and the said district"; on page 2, line 15, to strike out the words " Pueblo Indian lands, provided the cost thereof shall in no event exceed the per acre cost for maintenance and operation on non-Indian lands of like character " and to insert in lieu thereof the words, " Pueblo Indian lands as may be irrigable during any particular year, provided the per acre cost assessable against the acreage of newly reclaimed Indian lands shall not exceed the per acre cost of operating and maintaining the district works for the irrigation of the total irrigable area within the district, including the now irrigated and newly reclaimed Indian lands: *Provided,* That any sums appropriated pursuant hereto shall be reimbursable to the United States: *Provided further,* That the district shall be required, by the agreement herein authorized to be executed, to deliver water without discrimination on that part of the newly reclaimed Pueblo lands on which the per acre charge or assessment has been paid: *Provided further,* That the provisions of the contract heretofore executed pursuant to the act of March 13, 1928, requiring the district to recognize the prior and paramount water rights for the approximately 8,346 acres of now irrigated Indian lands and of their exemption from payment of any operation and maintenance or betterment cost, shall be carried into and made a part of the agreement to be executed pursuant hereto ", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to enter into an agreement with Middle Rio Grande Conservancy District, a political subdivision of the State of New Mexico, to provide for operation and maintenance on newly reclaimed Pueblo Indian lands, not exceeding 12,600 acres thereof now owned by said Indians, in the Rio Grande Valley, N. Mex., provided said lands have been benefited by improvements constructed under the act of Congress dated March 13, 1928 (45 Stat. L., 312–313), and as therein provided, and as provided for by the provisions of the contract executed by and with the Secretary of the Interior and the said district; and there is hereby authorized to be appropriated annually for a period of not to exceed 5 years, such amount as may be necessary to enable the Secretary of the Interior to pay the cost to Middle Rio Grande Conservancy District of such operation and maintenance on said newly reclaimed Pueblo Indian lands as may be irrigable during any particular year, provided the per acre cost assessable against the acreage of newly reclaimed Indian lands shall not exceed the per acre cost of operating and maintaining the district works for the irrigation of the total irrigable area within the district, including the now irrigated and newly reclaimed Indian lands: *Provided,* That any sums appropriated pursuant hereto shall be reimbursable to the United States: *Provided further,* That the district shall be required by the agreement herein authorized to be executed, to deliver water without discrimination on that part of the newly reclaimed Pueblo lands on which the per acre charge or assessment has been paid: *And provided further,* That the provisions of the contract heretofore executed pursuant to the act of March 13, 1928, requiring the district to recognize the prior and paramount water rights for the approximately 8,346 acres of now irrigated Indian lands and of their exemption from payment of any operation and maintenance or betterment cost shall be carried into and made a part of the agreement to be executed pursuant hereto.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ROGUE RIVER SURVEY, OREGON

The bill (H. R. 5774) to authorize a preliminary examination of Rogue River and its tributaries in the State of

Oregon, with a view to the control of its floods, was considered, ordered to a third reading, read the third time, and passed.

SIUSLAW RIVER SURVEY, OREGON

The bill (H. R. 5775) to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon, with a view to the control of its floods, was considered, ordered to a third reading, read the third time, and passed.

YAQUINA RIVER SURVEY, OREGON

The bill (H. R. 5776) to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon, with a view to the control of its floods, was considered, ordered to a third reading, read the third time, and passed.

SILETZ RIVER SURVEY, OREGON

The bill (H. R. 5777) to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon, with a view to the control of its floods, was considerd, ordered to a third reading, read the third time, and passed.

WABASH RIVER BRIDGE, INDIANA

The bill (H. R. 7083) to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind., was considered, ordered to a third reading, read the third time, and passed.

GAFFORD CREEK SURVEY, ARKANSAS

The bill (H. R. 7313) authorizing a preliminary examination of Gafford Creek, Ark., was considered, ordered to a third reading, read the third time, and passed.

POINT REMOVE CREEK SURVEY, ARKANSAS

The bill (H. R. 7314) authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River, was considered, ordered to a third reading, read the third time, and passed.

TANANA RIVER AND CHENA SLOUGH SURVEY, ALASKA

The bill (H. R. 7600) authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska, was considered, ordered to a third reading, read the third time, and passed.

TRANSPORTATION OF PRISON-MADE PRODUCTS

The bill (S. 2904) to prohibit the interstate transportation of prison-made products in certain cases was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That it shall be unlawful for any person knowingly to transport or cause to be transported, in any manner or by any means whatsoever, or aid or assist in obtaining transportation for or in transporting any goods, wares, and merchandise manufactured, produced, or mined wholly or in part by convicts or prisoners (except convicts or prisoners on parole or probation), or in any penal or reformatory institution, from one State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, or from any foreign country, into any State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, where said goods, wares, and merchandise are intended by any person interested therein to be received, possessed, sold, or in any manner used, either in the original package or otherwise in violation of any law of such State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof. Nothing herein shall apply to commodities manufactured in Federal penal and correctional institutions for use by the Federal Government.

SEC. 2. All packages containing any goods, wares, and merchandise manufactured, produced, or mined wholly or in part by convicts or prisoners, except convicts or prisoners on parole or probation, or in any penal or reformatory institution, when shipped or transported in interstate or foreign commerce shall be plainly and clearly marked, so that the name and address of the shipper, the name and address of the consignee, the nature of the contents, and the name and location of the penal or reformatory institution where produced wholly or in part may be readily ascertained on an inspection of the outside of such package.

SEC. 3. Any person violating any provision of this act shall for each offense, upon conviction thereof, be punished by a fine of not more than $1,000, and such goods, wares, and merchandise shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the seizure and forfeiture of property imported into the United States contrary to law.

SEC. 4. Any violation of this act shall be prosecuted in any court having jurisdiction of crime within the district in which said violation was committed, or from, or into which any such goods, wares, or merchandise may have been carried or transported, or in any Territory, Puerto Rico, Virgin Islands, or the District of Columbia, contrary to the provisions of this act.

TRADE IN ARMS, AMMUNITION, AND IMPLEMENTS OF WAR

The bill (S. 2998) to control the trade in arms, ammunition, and implements of war was announced as next in order.

Mr. McKELLAR. Mr. President, I think it will take more than 5 minutes to consider this bill, and therefore I ask that it go over.

Mr. POPE. I think it would not take 5 minutes.

Mr. McKELLAR. It is a very important bill, is it not? I hope the Senator will let it go over until I have a chance to examine it. It is too long for me to examine at this time.

Mr. POPE. Will the Senator object if we bring it up later in the day if we have time?

Mr. McKELLAR. Just let it go over for the present, and I will examine the bill and confer with the Senator about it.

The PRESIDING OFFICER (Mr. HATCH in the chair). Objection is heard, and the bill will be passed over.

CATHERINE GRACE

The bill (S. 2879) for the relief of Catherine Grace was announced as next in order.

Mr. McKELLAR. Mr. President, will the Senator explain this bill?

Mr. COPELAND. Mr. President, let it go over for a moment.

The PRESIDING OFFICER. The bill will be passed over without prejudice.

Mr. COPELAND subsequently said: Mr. President, I ask to return to Calendar No. 963, being Senate bill 2879, for the relief of Catherine Grace. This is a claim of the widow of the American consul at Sheffield, England.

Mr. McKELLAR. Mr. President, when did the practice grow up of having independent bills for these matters?

Mr. COPELAND. It has grown up from the fact that we have not done exactly what the Senator has in mind.

Mr. McKELLAR. Will not the Senator investigate the matter and report a bill which will be right and fair and just? I doubt very much whether the system which has grown up of having independent bills for these claims is a good one. I do not think so.

Mr. COPELAND. I agree fully with the Senator, and for 10 years I have had in the Senate, bills proposing just what he has in mind.

Mr. McKELLAR. I wish the Senator would devote a little time to such a measure and have it enacted.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the bill (S. 2879) for the relief of Catherine Grace, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Catherine Grace, widow of William J. Grace, late American consul at Sheffield, England, the sum of $4,500, such sum representing 1 year's salary of her deceased husband, who died at his post of duty on February 11, 1933.

NELLIE T. FRANCIS

The Senate proceeded to consider the bill (H. R. 3574) for the relief of Nellie T. Francis, which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Nellie T. Francis, widow of William T. Francis, late minister resident and consul general at Monrovia, Liberia, the sum of $5,000, equal to 1 year's salary of her deceased husband.

Mr. McKELLAR. Mr. President, I shall not object to this bill and the next one, but I think the policy which is being pursued as to these bills is a great strain on the Government, and I think there should be a general law covering such cases. At the next session I shall insist that we consider a measure in reference to such matters.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

LILY M. MILLER

The bill (H. R. 7254) for the relief of Lily M. Miller, was considered, ordered to a third reading, read the third time, and passed.

FRED HERRICK

The bill (S. 491) for the relief of Fred Herrick was announced as next in order.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

Mr. SMITH subsequently said: Mr. President, Senate bill 491, for the relief of Fred Herrick, has been called and went over under objection. A bill similar to this passed at a previous session. It is the most obviously fair measure on the calendar.

Mr. McKELLAR. Mr. President, will the Senator explain it?

Mr. SMITH. The claimant in this case had a contract with the Government to cut timber in the forest referred to. He contracted to cut the timber, he built a railroad into the forest, he built timber roads, but the depression came, and he became bankrupt.

He did not cut any of the timber. The Government then sued for liquidated damages and got the $50,000 he had deposited. Then, out of the property this man had to abandon, and the timber he had to leave, the Government made a clear profit over and above everything of $52,000. The Department of Agriculture heartily recommends the passage of this bill.

Mr. McKELLAR. Mr. President, the trouble is that the record says that the Department is opposed to the bill.

Mr. SMITH. I will read the Senator what the Department told the committee.

Mr. McKELLAR. Very well.

Mr. SMITH. The Senator has the wrong matter before him.

Mr. McKELLAR. I hope I have.

Mr. SMITH. The facts I have stated are of record. When the man went bankrupt he released his holdings. The Government had all the property it had leased to him, together with the improvements he made; the Government had all the timber it had sold him, had his railroad, and the logging roads, and made, according to its own books, $52,000 on the project. It seems to me this man should be reimbursed for the liquidated damages he was called upon to pay, in view of the fact that the Government was the beneficiary by $52,000 over and above all expenses.

Mr. McKELLAR. Here is what the Department says about the matter:

> Upon the question of the enactment of this bill, this Department can make no recommendation.

Which is virtually a recommendation against the bill.

Mr. SMITH. Oh, no, Mr. President! Under the law they might not be able to make a recommendation, but to the committee they did not hesitate to make it. Knowing the facts as the members of my committee know them, surely we in the Senate do not desire to quibble over a technicality when a disaster overtook a citizen of this country, and he had to abandon his lease from the Government, and the Government made money by the process. The Government did not lose money. In such a case the citizen should be reimbursed to the amount of the liquidated damages the Government collected.

Those are the facts.

Mr. McKELLAR. What would happen if we appropriated that money under this bill? The money would go to his creditors. He has gone into bankruptcy.

Mr. SMITH. It does not make a particle of difference to whom the money goes. If it was due him and his creditors, it is up to us to deal fairly with a claim which is as fair as is this one.

Mr. McKELLAR. I think it is absolutely the duty of the Government to deal fairly; but the question is, Are we dealing fairly in taking this money and turning it over to Mr. Herrick's creditors?

I read from the report:

> On June 15, 1923, the Department of Agriculture through the Forest Service entered into a contract with Fred Herrick whereby the latter became the purchaser of certain timber in the Malheur National Forests in Harney and Grant Counties in the State of Oregon. The terms of the agreement provided for the time of the cutting and removal of the timber and required a deposit of $50,000 of Liberty bonds to be retained by the United States in satisfaction of liquidated damages in case of breach of contract.
>
> At the time this contract was entered into, Mr. Herrick was a wealthy man and a large operator, owning timber in several States, and expected to finance his operations through conversion of some of these assets. He expended considerably more than a million dollars in constructing a common-carrier railroad to this timber territory and erected a large modern concrete and steel sawmill and completed logging roads through the timber, some 50 miles in length.
>
> The lumber industry became depressed.

The lumber industry became depressed and the claimant did not succeed. Now he wishes to have the $50,000 restored to him. He never would have asked it if the contract had gone through. That was his contract. He failed in that, just as he failed in business. I do not see that the Government is in any way obligated to return the money.

Mr. SMITH. But the Senator must remember that the Government has been utilizing the improvements he put in, and he was not a beneficiary of them on account of the depression. God knows we have appropriated enough money to those who do not benefit the Government. We have appropriated enough money to benefit those who have not benefited anyone.

If I may continue to have the floor for a few moments, when I finish my explanation, if the Senator from Tennessee and other Senators do not think this is a just claim, I shall have no more to say.

This man in good faith leased this timberland from the Government. He made all ordinary improvements. Then the depression came, and he went bankrupt. The amount he had deposited by way of liquidated damages, of course, the Government acquired, according to the contract. However, in the resale of the timber the Government made a profit of $52,000, and all that is now asked is that the $50,000 shall be returned to Mr. Herrick.

It does not make any difference whether his creditors or his family get the money. Those to whom he was under obligation naturally have as just and honest a claim on his assets as his family itself. It makes no difference to me whether the $50,000 is turned over to his creditors or to his family. His family certainly enjoyed the $50,000 which his creditors had extended to him, and the creditors have just as much right to whatever the Government may have of his as has his family. In view of our liberality to others to whom we are pouring out money, it seems to me that a just claim such as this ought to be met.

Mr. STEIWER. Mr. President, I should like to make a brief statement. I think the Senator from Tennessee [Mr. McKELLAR] will not wish to object to the bill when he understands something more of the facts.

The United States Forest Service has a very large body of fine timber in the area involved in this discussion. It was desired to sell that timber on what is called a "sustained-yield basis." In order to put it on that basis, the United States found it necessary to control the right of the cut and supervise the whole operation rather than merely to sell stumpage outright and permit the purchaser to use his own means of removal of the timber.

A contract was made with Mr. Herrick at a time when I am sure he thought he was financially able to carry it out.

The depression, however, ruined him in all his operations. After he had expended very large sums of money in the development of the property, the building of the railroad, and the commencement of a sawmill, which he never completed, he became bankrupt, and actually went through the bankruptcy court, and was adjudicated a bankrupt. He was not able to proceed. The Government, therefore, in the protection of its own rights, still having possession of its timber, to effect the possession of its own rights and to prevent the Government's rights being involved in controversy with creditors, and matters of that sort, canceled the contract.

I personally fully approve that. It was done some years ago after I became United States Senator.

Mr. McKELLAR. Was that done by agreement?

Mr. STEIWER. No; not by agreement. The Government exercised its right to cancel. I remember that the Chief Forester consulted the Senator from Oregon [Mr. McNARY] and myself.

Mr. McKELLAR. That was because the contractor had not carried out his agreement?

Mr. STEIWER. Because he could not. The Government did not wish to be involved in controversy between him and his creditors. The Government exercised its right to cancel its contract and then readvertised the timber. I think the bid price, Mr. Herrick's price, was $2.50 a thousand. On the new sale and the new advertisements the same timber was sold for $2.86 a thousand. The Government, therefore, was better off than otherwise it would have been.

Mr. McKELLAR. Has the sale gone through?

Mr. STEIWER. Oh, yes; to the purchaser.

Mr. McKELLAR. Has he paid the money?

Mr. STEIWER. He has made payment, kept his contract, and built a sawmill which cost a million dollars.

Mr. McKELLAR. Did not the Department make a report on this matter?

Mr. STEIWER. It did.

Mr. McKELLAR. May we not have that report?

Mr. STEIWER. The committee has the report. I read the report. The report states these facts.

Mr. McKELLAR. But it did not recommend the payment of this sum.

Mr. STEIWER. The Department declined to recommend either for or against the payment; I do not know why. Sometimes, however, our departments take the position that legislation is a matter of policy, and that Congress should determine the policy.

Let me go a little further. The United States not only retained all its property but it has suffered no actual damage. It was entitled, however, as a matter of law, to the recovery of the penalties stipulated in the contract. Mr. Herrick is a very old man. I cannot tell the Senate his exact age, but I think he is more than 75 years of age. He is now living in considerable distress, and suffering from want. I cannot conceive that there is any moral justification for the retention of this money.

Mr. McKELLAR. Have any attorneys been employed? Ought there not to be a provision in the bill for the limitation of attorneys' fees?

Mr. STEIWER. Mr. President, I think it would be very well if there were in the bill a provision for the limitation of attorneys' fees. I do not know that there are any attorneys in the matter.

Mr. McKELLAR. I should like the Senator to let the bill go over, and let us see the report of the Department of Agriculture. If it is a just claim, of course it ought to be paid, or the money refunded.

Mr. STEIWER. I am sure it is a just claim.

Mr. McKELLAR. But there ought to be a provision in the bill with reference to a limitation of lawyers' fees.

Mr. STEIWER. I am sure it is a just claim. I have no objection to the usual provision about attorneys' fees. I do not know that any attorney is seeking to take his proportionate share of this money. I am entirely convinced that such a provision ought to be in the bill.

Before I conclude I may say also to the Senator from Tennessee that a similar bill was introduced at the last session, and a hearing was held upon it by the Committee on Agriculture and Forestry, and both the subcommittee and the full committee at that time reported favorably, and the Senate passed the bill. It failed in the last days of the session in the House of Representatives. The bill was again introduced in this session, referred to the Committee on Agriculture and Forestry, and the junior Senator from Washington [Mr. SCHWELLENBACH], in order to satisfy himself, held it up, and there has been some little delay. He held it up, so he tells me, while he wrote a letter to the United States district attorney at Spokane, who had some connection with the bankruptcy proceeding. After the Senator had made inquiry in his own way he reached the conclusion that it was a just and fair claim, and, being a member of the committee, himself reported the bill favorably to the Senate. So it has been very fully examined by all concerned with it. I am sure the Senator from Tennessee does not wish to object to it, unless he desires to add to the bill the amendment he suggests. If that is proposed, I shall have no objection. The bill might go over, and we will prepare the necessary amendment between now and the next call of the calendar.

Mr. McKELLAR. Very well. Let it take that course.

The PRESIDING OFFICER. The bill will be passed over.

JOINT RESOLUTION PASSED OVER

The joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, was announced as next in order.

Mr. LA FOLLETTE. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

E. C. WEST

The bill (H. R. 4368) for the relief of E. C. West was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to E. C. West, of Dunn, N. C., the sum of $201.59 in full settlement of all claims against the United States for substitute-clerk hire paid by him from December 31, 1921, to September 30, 1922, while acting as postmaster at Dunn, N. C.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 148) granting the consent of Congress to the minimum-wage compact ratified by the Legislatures of Massachusetts and New Hampshire was announced as next in order.

Mr. McKELLAR. Mr. President, in the absence of the author of the joint resolution, I will ask that it go over for the day.

The PRESIDING OFFICER. The joint resolution will be passed over.

WILLIAM A. DEVINE

The bill (S. 2806) for the relief of William A. Devine was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Civil Service Commission is authorized and directed to pay, out of the civil-service retirement and disability fund, to William A. Devine, formerly postmaster at Madison, Wis., the sum of $812.23, such sum representing the payment made by him on October 2, 1926, to such fund for the purpose of receiving service credit for the time from August 1, 1920, to June 30, 1926, when, in fact, he was entitled to the maximum benefits of the civil-service retirement laws without making such payment.

BILL PASSED OVER

The bill (S. 1632) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by water carriers operating in interstate and foreign commerce, and for other purposes, was announced as next in order.

Mr. McKELLAR. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

MOSES ISRAEL

The Senate proceeded to consider the bill (H. R. 5393) for the relief of Moses Israel, which had been reported from the Committee on Claims, with an amendment, on page 6, after the words "sum of", to strike out "$3,500" and insert "$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Moses Israel the sum of $2,500 in full settlement of all claims against the United States for damages suffered by reason of being struck and injured by a Government automobile which was driven by an employee of the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 8297) to amend so much of the First Deficiency Appropriation Act, fiscal year 1921, approved March 1, 1921, as relates to the printing and distribution of a revised edition of Hinds' Parliamentary Precedents of the House of Representatives was announced as next in order.

Mr. COPELAND. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

JACK PAGE

The Senate proceeded to consider the bill (H. R. 298) for the relief of Jack Page, which had been reported from the Committee on Military Affairs with an amendment, on page 2, line 1, after the date "November 1, 1898", to strike out "and that the Secretary of War is authorized and directed to issue to said Jack Page, an honorable discharge from said unit which shall recite that such service was rendered from May 1, to November 1, 1898", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Jack Page shall hereafter be held and considered to have enlisted in Company M, First Regiment Alabama Volunteer Infantry, on May 1, 1898, and to have served until honorably discharged as a member of that organization on November 1, 1898: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the pasage of this act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CLAIMS OF GRAIN ELEVATORS AND FIRMS

The Senate proceeded to consider the joint resolution (S. J. Res. 72) authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President, which had been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. ROBINSON. Mr. President, this appears to be a measure of considerable importance. I think it should be discussed before action is taken on it.

Mr. SHIPSTEAD. Mr. President, due to the fact that the senior Senator from Kansas [Mr. CAPPER] has been compelled to go home by reason of sickness in his family, I can say that on two previous occasions the Senate has passed measures identical with this, with the exception that in this joint resolution there is a provision that the compensation paid attorneys shall not exceed 10 percent. In addition to having previously passed the Senate twice, a similar joint resolution has also passed the House twice, but because of some ruling of the Comptroller General in neither instance was the joint resolution finally enacted. The joint resolution was reintroduced to meet the objections of the Comptroller General. It is of a technical nature, and if it is to be discussed thoroughly it cannot very well be done in 5 minutes, although it has been gone over thoroughly heretofore.

The caption of the joint resolution explains its purpose, namely:

Authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat in the years 1919 and 1920 as per a certain contract authorized by the President.

There were many contracts authorized by the President. The large elevator companies were able to obtain settlement, whereas the small companies, the farmers' cooperatives, having claims as low as $10 and up to $800, the highest being, I think, $800, felt that the amounts in question were so small that they, as individuals, could not afford to litigate against the Government in order to collect them. So they have come here for redress.

Mr. ROBINSON. I understand the recommendation of the Department of Agriculture is favorable to the joint resolution.

Mr. NYE. It is.

Mr. SHIPSTEAD. The Senator from Arkansas is correct.

Mr. ROBINSON. I make no objection to the consideration of the bill.

The PRESIDING OFFICER. The amendment reported by the committee will be stated.

The CHIEF CLERK. On page 8, at the beginning of line 12, it is proposed to strike out "25" and insert "10", so as to make the joint resolution read:

Whereas it is provided in the act entitled "An act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel (ch. 53, 40 Stat. L., approved August 10, 1917, and ch. 125, 40 Stat. L., approved March 4, 1919), wherein the President was authorized to determine and fix a guaranteed price, to be paid producers of wheat, and wherein the President was further authorized as follows:

"Whenever the President shall find it essential in order to carry out the guaranties aforesaid, or to protect the United States against undue enhancement of its liabilities thereunder, he is authorized to make reasonable compensation for handling, transportation, insurance, and other charges with respect to wheat and wheat flour of said crops and for storage thereof in elevators, on farms and elsewhere";

and

Whereas the President by an Executive order (no. 3087), dated May 14, 1919, in pursuance of the power conferred on him by said act, did order as follows:

"I further find it essential and hereby direct that in order to carry out the guaranties made producers of wheat of the crops of 1919, and to protect the United States against undue enhancement of its liabilities thereunder, the United States wheat director utilize the services of the Food Administration Grain Corporation (now the United States Grain Corporation by reason of a change of name authorized by Executive order) as an agency of the United States, and I authorize the Food Administration Grain Corporation * * * to enter into such voluntary agreements to make such arrangements and to and perform all such acts and things as may be necessary to carry out the purposes of said act";

and

Whereas the United States Grain Corporation, in pursuance of said Executive order, and, for the purpose of carrying out and making effective the guaranteed price, made, and entered into, a certain contract, known as the "Grain Dealers' Agreement", with various independent and farmer grain firms and grain-elevator companies in Montana, North Dakota, South Dakota, Minnesota, Nebraska, Kansas, Iowa, Missouri, Wyoming, and Oklahoma, and wherein it was agreed as follows:

"Fourth. In case the dealer (the elevator firms) shall be unable, after using every effort and all diligence to ship in any week such total of grain as makes the equivalent of at least 20 percent of the amount of wheat in his elevator and owned by him at the beginning of such week, the Grain Corporation shall pay to the dealer to cover insurance and interest for such week seven-twentieths of 1 cent per bushel on the wheat in the elevator owned by him at the beginning of such week";

and

Whereas the President, in an Executive order (no. 3320) dated August 21, 1920, did approve, ratify, and confirm all acts done or authorized by the said United States Grain Corporation in carrying out and making said guaranteed price effective; and

Whereas all said grain dealers (the elevator firms) under the terms of said grain dealers' contract, were required by said United

States Grain Corporation to, and in accordance therewith each said grain dealer did, make prescribed written weekly reports to said United States Grain Corporation; and in due course there was duly and truly entered from said weekly reports upon the books of said United States Grain Corporation by said United States Grain Corporation as money earned by said grain dealers, and each of them, under the terms of said contract, and as justly due and truly owing to each said grain dealers from said United States Grain Corporation, the several sums of money, as reported by the Department of Commerce in its reports filed with the Secretary of the Senate, to which reports reference is hereinafter made; and

Whereas all the records, books of account, and files of the United States Grain Corporation were placed in the custody of the Department of Commerce by and pursuant to an Executive order (no. 4791) of the President, dated the 31st day of December 1927, and were in the custody of the Department of Commerce at the time of the making and filing with the Senate of the reports of the Department of Commerce hereinafter mentioned; and

Whereas on the 18th day of June 1929 the Senate of the United States duly adopted Senate Resolution 98 (71st Cong., 1st sess.), directing the Department of Commerce to furnish the Senate and file with the Secretary of the Senate the names and addresses of each person, firm, or corporation as they appear on the books and records of the United States Grain Corporation, who have, or appear to have, therefrom, a claim against the United States Grain Corporation or the United States, unpaid, in whole or in part, for such interest and insurance under and by virtue of said contract; and the respective amounts entered on said books and records as apparently earned by each said person, firm, and corporation under and by virtue of said contract; and

Whereas in pursuance of said resolution (no. 98) of the Senate, the Department of Commerce, subsequent to the adoption thereof and prior to the 14th day of December 1929, did furnish the Senate and did file with the Senate written reports wherein the Department of Commerce set forth the names and addresses of divers persons, firms, corporations, and grain dealers, and therein, further, did set forth opposite said names and addresses the respective amounts actually entered upon the records and books of the said United States Grain Corporation as accrued under the terms of said grain dealers' contract, to said persons, firms, corporations, and grain dealers; reference to said reports so filed being hereby made for greater particularity; and

Whereas it appears from said reports of said Department of Commerce, so filed with the Senate, that all the amounts and credits due from said United States Grain Corporation under said grain dealers' contract to the persons, firms, and corporations named in said reports still remain unpaid; and

Whereas said persons, firms, corporations, and grain dealers named in said reports of said Department of Commerce are now, and therefore have been, making claim for payment thereof: Now, therefore, be it

Resolved, etc., That the Comptroller General of the United States, upon the filing with his office of an affidavit by any person, firm, corporation, or grain dealer named in said reports of the said Department of Commerce, so filed with the Secretary of the Senate, or by an officer of said person, firm, corporation, or grain dealer, or the successor or legal representative of such person, firm, corporation, or grain dealer, stating that the person, firm, corporation, or grain dealer making said affidavit is the identical person, firm, corporation, or grain dealer named in said reports of said Department of Commerce or is the successor or legal representative of such person, firm, corporation, or grain dealer, and, as such, is entitled to receive payment of the respective amount stated in said report of said Department of Commerce as filed with the Secretary of the Senate and therein set opposite the several names of such person, firm, corporation, or grain dealer, shall, forthwith, certify to the Secretary of the Treasury of the United States for payment to such person, firm, corporation, or grain dealer, together with the reasonable and necessary expense incident to the administration of this resolution, in the office of the Comptroller General of the United States, out of any funds of the United States Grain Corporation now in the possession of the United States, or out of any funds in the United States Treasury not otherwise appropriated, the respective amounts stated in said reports of the Department of Commerce filed with the Secretary of the Senate and therein set opposite the name and address of said person, firm, corporation, or grain dealer making said affidavit or in whose behalf said affidavit is made; and in this connection and upon filing of said affidavit, it shall be taken as the fact that all conditions and acts necessary to authorize payment of said amounts set opposite the names and addresses of each of said persons, firms, corporations, or grain dealers named in said reports of said Department of Commerce have been duly complied with and performed by such persons, firms, corporations, or grain dealers; or if it appears hereafter from the books or records of the United States Grain Corporation, or said weekly reports, that any other or additional amounts were earned, or apparently earned, by the persons, firms, corporations, or grain dealers named in said reports of said Department of Commerce, now filed with the Secretary of the Senate, under the terms of said grain dealers' contract, and that said additional amounts remain unpaid; or if it appears from the books or records of the United States Grain Corporation or said weekly reports that any person, firm, corporation, or grain dealer not named in said reports of said Department of Commerce, now on file with the Secretary of the Senate, has earned or apparently earned, under the terms of said grain dealers' contract, and in the manner hereinbefore set forth, any sum, and that said sum now remains unpaid, the Comptroller General of the United States is hereby authorized and directed to, and he shall forthwith, upon the filing with his office by any such person, firm, corporation, or grain dealer, or an officer thereof, or the successor or legal representative of such person, of an affidavit stating that the person making said affidavit is the identical person, firm, corporation, or grain dealer, or an officer thereof, or the successor or legal representative of such person named in the books, records, or weekly reports and as such is entitled to receive payment of said additional amount disclosed by the books or records of the United States Grain Corporation, or said weekly reports, and that said sum is unpaid, certify said additional amounts to the Secretary of the Treasury for payment to said several persons making said affidavit or in whose behalf said affidavit is made, and upon the filing of said affidavit last mentioned it shall also be taken as a fact that all conditions and acts necessary to authorize payment of said additional amounts have been duly complied with and performed by each person, firm, corporation, or grain dealer making said affidavit, or in whose behalf said affidavit is made: *Provided*, That the amount to be paid by such persons, firms, corporations, or grain dealers to their attorneys as fees, exclusive of their expenses, shall not exceed 10 percent of the amount so paid to each such person, firm, corporation, or grain dealer hereunder.

SEC. 2. The resolution entitled "Joint resolution authorizing the President to ascertain, adjust, and pay certain claims of grain elevators and grain firms to cover insurance and interest in wheat during the years 1919 and 1920 as per a certain contract authorized by the President", approved February 4, 1929, as amended, is hereby repealed.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

FUNDS OF FEDERAL PRISONERS

The bill (S. 3120) to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners" was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to transfer, out of any moneys in the Treasury not otherwise appropriated, to the trust fund in the United States Treasury entitled "Funds of Federal prisoners", the sum of $685.62, which amount represents the loss sustained by said fund as a result of the failure of the State Savings Bank, of Leavenworth, Kans., in which part of said fund was formerly deposited. W. I. Biddle, formerly warden and special disbursing officer of the United States Penitentiary at Leavenworth, Kans., and the sureties on his bonds as warden and special disbursing officer are hereby released from all liability on account of the loss sustained by the said fund.

GEORGE W. HALLOWELL, JR.

The Senate proceeded to consider the bill (S. 2434) for the relief of George W. Hallowell, Jr., which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 7, after the words "sum of", to strike out "$438" and insert "$159.63", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to George W. Hallowell, Jr., sergeant, Ninth Squadron, United States Army Air Corps, the sum of $159.63 in full satisfaction of all claims against the United States of the said George W. Hallowell, Jr., for loss of certain personal property and tools on December 5, 1932, when an Army plane of which he was a member of the crew fell into the ocean as a result of the failure of the right motor while making certain speed tests pursuant to operations order no. 234, Eleventh Bombardment Squadron, Air Corps, March Field, Riverside, Calif., dated December 5, 1932.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INSTRUCTION OF PHILIPPINE CITIZENS AT THE MILITARY ACADEMY

The Senate proceeded to consider the bill (S. 2399) to permit citizens of the Philippine Islands to receive instruction at the United States Military Academy, which had been reported from the Committee on Military Affairs with an amendment, on line 8, after the word "regulation", to insert "and in such numbers", so as to make the bill read:

Be it enacted, etc., That upon the establishment of the Commonwealth of the Philippine Islands and pending the final and complete withdrawal of the sovereignty of the United States over said islands, and solely at the expense of said Commonwealth, the Secretary of War is hereby authorized, under such regulations and in

such numbers as he may prescribe, to permit citizens of the Philippine Islands to receive instruction at the United States Military Academy.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (H. J. Res. 237) for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund" was announced as next in order.

Mr. McKELLAR. Mr. President, I should like to have the joint resolution go over. I do not recall that the Committee on the Library has discussed it, and I do not see the chairman of that committee present.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 1381) to amend the act approved February 13, 1925, entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the Circuit Courts of Appeals and of the Supreme Court, and for other purposes", was announced as next in order.

Mr. ROBINSON. Mr. President, I think that a bill of this character ought to be explained. I do not know what the recommendation of the Department is. I have not had an opportunity of examining the record, and I suggest that the bill go over for the present.

The PRESIDING OFFICER. The bill will be passed over.

DEPOSITIONS IN CRIMINAL PROCEEDINGS

The bill (S. 1382) to provide for the taking of depositions in criminal proceedings, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the testimony of any witness may be taken by any party in any criminal proceeding by deposition de bene esse at any time before trial and subsequently to the arrest of the accused, the finding of any indictment, or the filing of any information or complaint.

SEC. 2. Reasonable notice shall be given in writing by the party proposing to take such deposition or by the attorney for such party to the attorneys for every other party to the proceeding, which notice shall state the name of the witness or witnesses and the time and place of the taking of such deposition. The deposition shall be taken before any judge of any court of the United States or before a United States commissioner. Any person may be compelled to appear and testify as provided by this act in the same manner as witnesses may be compelled to appear and testify in court.

SEC. 3. If the deposition is taken in behalf of the United States, and if any defendant or defendants are in custody, the officer having custody of such defendant or defendants shall be notified of the time and place set for such examination, and shall produce the defendant or defendants thereat, and shall keep him or them in the presence and hearing of the witness or witnesses during the examination.

SEC. 4. Any deposition taken under authority of this act shall be transmitted to the court having jurisdiction of the offense in accordance with the provisions of section 865 of the Revised Statutes (U. S. C., title 28, sec. 641).

SEC. 5. The deposition, including direct- and cross-examination, may be read in evidence at the trial by any party if it appears to the satisfaction of the court that (1) the witness is deceased, or (2) is unable to attend the trial because of sickness or infirmity, or, (3) by procurement of any defendant, has avoided the service of process or otherwise has been prevented from attending the trial, or (4) is not within the jurisdiction of the court.

ST. JOHN RIVER BRIDGE BETWEEN MAINE AND NEW BRUNSWICK

The bill (H. R. 4505) granting the consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada, was considered, ordered to a third reading, read the third time, and passed.

SABINE RIVER BRIDGES, LOUISIANA AND TEXAS

The bill (H. R. 6988) authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45 was considered, ordered to a third reading, read the third time, and passed.

The bill (H. R. 7044) authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6, in Sabine Parish, La., meets Texas Highway No. 21, in Sabine County, Tex., was considered, ordered to a third reading, read the third time, and passed.

PURGATOIRE AND APISHAPA RIVERS, COLORADO

The bill (H. R. 7870) to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters was considered, ordered to a third reading, read the third time, and passed.

WAIVER OF JURY TRIAL

The bill (S. 2617) to amend the Judicial Code to permit defendants in criminal cases to waive trial by jury was announced as next in order.

Mr. McGILL. I ask that the bill go over.

Mr. HATCH. Mr. President, I happen to know that the Senator from Kansas objected to this bill when it was before the committee, but at the last meeting of the committee the Senator from Kansas was not present, at which time the question was raised as to whether Congress could empower or authorize a defendant to waive trial by jury in a felony case and whether the Constitution would prevent his so doing. We obtained a letter from the Attorney General who explained that this bill is one which had been recommended by the conference on crime. He also submitted to us a decision of the Supreme Court of the United States in which that Court held that the defendant may waive jury trial even in a felony case.

The bill if enacted would merely add, I think, to the existing law the protection to the defendant that the waiver must be made in person in open court, and a record made of the waiver. It could not be done by counsel. That would be an added protection and safeguard to the defendant. With that explanation, I wonder if the Senator from Kansas might withdraw his objection to the bill?

Mr. McGILL. Mr. President, it is true that I was not present at the meeting of the Committee on the Judiciary at the time this bill was reported, nor had I been advised until now that there had been an opinion rendered to the committee by the Attorney General. I shall be very much interested in reading some of the decisions referred to by him, inasmuch as, if they hold as the Senator from New Mexico has indicated, they are contrary to earlier decisions which have held that in a prosecution in a felony case the accused is entitled to the right of trial by jury and that right cannot be taken away. I am opposed to this measure as a matter of principle.

My judgment is that if the courts are vested with this authority—and I am not questioning the integrity of the courts—the courts and prosecuting officers are quite likely to cause defendants, accused persons in felony cases to waive their right of trial by jury in order that a lesser penalty may be imposed in case of conviction. I object to the passage of the bill as a matter of principle.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. McKELLAR. I will read from article 3 of the Constitution. Of course the Constitution is largely an extinct document at the present time, but I want to call the attention of the Senate to this provision:

The trial of all crimes, except in cases of impeachment, shall be by jury.

Mr. McGILL. That is where there is a trial.

Mr. McKELLAR. Yes. I read from amendment seven of the Constitution.

In suits at common law, where the value in controversy shall exceed $20, the right of trial by jury shall be preserved, and no fact tried by jury shall be otherwise re-examined in any court of the United States, than according to the rules of the common law.

I wish to say that I object to the bill on principle.

Notwithstanding the opinion of the Attorney General, I think that the right of trial by jury should be kept inviolate in this country; I am opposed to this bill, and I hope it will not be passed.

Mr. McNARY. Mr. President, inasmuch as the matter is in controversy I shall object to the present consideration of the bill.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HATCH. Mr. President, merely in reply to the suggestion with reference to the constitutional provisions, I desire to say that those provisions have been uniformly held by the courts to be for the protection of the defendant and that that right cannot be taken away from him. The bill does not attempt to deprive the defendant of any right whatever. Under the decisions of the Supreme Court of the United States, the state of the law which now exists is recognized, and the bill would throw another safeguard around the defendant. I think Senators who are objecting as a matter of principle are doing that which they would not desire to do if they understood the real purpose of the bill.

Mr. McKELLAR. Mr. President, for 150 years we have considered the right of trial by jury as a constitutional right. I do not think we ought to overrule that principle after 150 years of very satisfactory application.

Mr. LA FOLLETTE. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The bill has been passed over on objection. The next order of business will be stated.

BILLS PASSED OVER

The bill (H. R. 29) to amend the laws relating to proctors' and marshals' fees and bonds, and stipulations in suits in admiralty was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3038) to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La., was announced as next in order.

Mr. McKELLAR. Mr. President, as no one seems to be interested in the bill I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2303) to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended and supplemented, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

REPATRIATION OF CERTAIN INSANE AMERICAN CITIZENS

The bill (S. 2369) to amend an act entitled "An act to provide for the repatriation of certain insane American citizens", approved March 2, 1929 (45 Stat. 1495), was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That upon the application of the Secretary of State, the Secretary of the Interior is authorized to transfer to St. Elizabeths Hospital, in the District of Columbia, for treatment, all citizens of the United States legally adjudged insane in any foreign country, colony, or dependency, whose legal residence in one of the States, Territories, or possessions of the United States, or the District of Columbia, it has been impossible to establish. Upon the ascertainment of the legal residence of persons so transferred to the hospital, the superintendent of the hospital shall thereupon transfer such persons to their respective places of residence, and the expenses attendant thereon shall be paid from the appropriation for the support of the hospital.

Upon the request of any such patient, his relatives, or friends, he shall have a hearing in the Supreme Court of the District of Columbia upon his mental condition and the right of the superintendent of St. Elizabeths Hospital to hold him for treatment.

The President shall have power to enter into executive agreements with foreign countries providing for the reciprocal repatriation of insane persons, and for their transportation, care, and treatment.

COMPROMISE OF CERTAIN INSURANCE CONTRACTS

The bill (S. 1892) to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the sixth paragraph following the subtitle "Veterans' Administration" in the Independent Offices Appropriation Act, 1934, approved June 16, 1933 (48 Stat. 283, ch. 101), be, and the same is hereby, amended to read as follows:

"That the Attorney General of the United States is hereby authorized to agree to a judgment to be rendered by the presiding judge of the United States court having jurisdiction of the case, pursuant to compromise approved by the Attorney General upon the recommendation of the United States attorney charged with the defense, upon such terms and for such sums within the amount claimed to be payable, in any suit brought under the provisions of the World War Veterans' Act, 1924, as amended, on a contract of yearly, renewable term insurance or Government-converted life insurance, which may be now pending or hereafter may be filed, and the Administrator of Veterans' Affairs is hereby authorized and directed to make payments in accordance with any such judgment: *Provided*, That the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of disbursing officers of the Veterans' Administration for all payments of insurance made in accordance with any such judgment: *Provided further*, That all such judgments shall constitute final settlement of the claim and no appeal therefrom shall be authorized."

INTEREST OF UNITED STATES IN BANKRUPTCY CASES

The Senate proceeded to consider the bill (S. 2744) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, and acts amendatory thereof and supplementary thereto", which was read, as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended, be, and is hereby, amended by striking out the last sentence of subdivision (e), clause (1), of section 77B, and inserting in lieu thereof the following: "If the United States of America, or any agency thereof, or any corporation the majority of the stock of which is owned by the United States of America, is a creditor or stockholder of the corporation seeking reorganization under this section, the Secretary of the Treasury is hereby authorized to accept or reject a plan in respect of such interests or claims of the United States which shall be deemed to be affected by the plan. As long as the United States of America, or any agency thereof, or any corporation the majority of the stock of which is owned by the United States of America, is a creditor or stockholder of the corporation seeking reorganization under this section, no plan of reorganization which does not provide for payment in full of such interests or claims of the United States within 90 days after confirmation by the judge shall be confirmed in any proceeding under this section except upon the acceptance, as aforesaid, by the Secretary of the Treasury, certified to the court."

Mr. ROBINSON. Mr. President, may I ask the Senator from Arizona [Mr. ASHURST], who introduced the bill, to explain the changes proposed to be made in the law?

Mr. ASHURST. Mr. President, I shall be glad to do so. The bill was introduced at the request of the Treasury Department.

There was a subcommittee of three or five members of the Judiciary Committee which considered the measure. My information is that they held hearings, and two witnesses were heard. The Department, as I have said, drew the bill. Of course, I approve it and think it is necessary.

Mr. ROBINSON. I do not object to the consideration of the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

M'NEIL ISLAND LAND ACQUISITION

The Senate proceeded to consider the bill (S. 3059) to authorize the acquisition of land on McNeil Island, which was read, as follows:

Be it enacted, etc., That the Attorney General is hereby authorized to acquire by condemnation proceedings all of that portion of McNeil Island which is not now owned by the United States, Gertrudis Island, and Pitt Island, all in the State of Washington, at a total cost of not to exceed $300,000.

Mr. ASHURST. Mr. President, this bill was drawn by the Department of Justice. It looks toward the acquisition of land on McNeil Island for the enlargement of the Federal prison. It has been examined by the Judiciary Committee and reported favorably.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

OLIVER WENDELL HOLMES MEMORIAL FUND

Mr. ASHURST. Mr. President, I ask unanimous consent to recur to Calendar 980, being the joint resolution (H. J. Res. 237) for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund."

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

Mr. McKELLAR. Mr. President, I may say to the Senator from Arizona that I objected to the consideration of the joint resolution when it was called because the Senator from Kentucky [Mr. BARKLEY] was not present. The Committee on the Library, of which I happen to be a member, had the measure before it for consideration, and I think it better to have a conference about it before it is finally passed.

Mr. ASHURST. I think the able Senator is correct. I merely wish to say that the joint resolution passed the House after having been submitted to the Committee on the Judiciary. As the House passed the measure it related to the acquiring of "legal literature." After it passed the House the Judiciary Committee of the House sent word to our committee that they would suggest, if the Senate passed it, that we strike out, on page 2, line 11, the words "legal literature" and insert the words "works on jurisprudence."

However, I accede to the suggestion of the Senator from Tennessee.

Mr. ROBINSON. For the information of the Senator from Arizona, I wish to say that some time ago, at the request of a committee representing the American Bar Association, I introduced and had referred to the Senate Committee on the Library a joint resolution making disposition of the Oliver Wendell Holmes Memorial Fund. That committee held hearings. A large number of witnesses appeared before the Library Committee of the Senate. I do not think the committee as yet has reached a conclusion as to what action should be taken.

The joint resolution to which I am now referring provided for the acquisition from the fund of portraits of the various members who have served on the Supreme Court of the United States, to be placed in the Supreme Court Building, and the purchase of certain scholarships from the fund.

For the reason that opportunity ought to be afforded to decide what is best to be done about the fund, I think the joint resolution now before the Senate should go over.

Mr. ASHURST. I join in that suggestion.

Mr. McKELLAR. Mr. President, I desire to say that in the hearings before the Library Committee, at which I was present, not only was the entire measure introduced by the Senator from Arkansas, as he has stated, before the committee, but especially that part of it which referred to scholarships for deserving young Americans who desire to become lawyers and are not able to acquire an education was very strongly stressed; and there were many expressions in the committee in its favor. So I think the joint resolution should go over until the matter can be worked out.

Mr. ASHURST. I wish to say that it is obvious that I could have no personal predilection, no set view, on the subject. The joint resolution came to the Committee on the Judiciary in due and regular course after it passed the House. So far as I am concerned, I think it is wise and proper that the various measures should be considered together. I certainly have no objection to this joint resolution going over.

The PRESIDING OFFICER. The joint resolution will be passed over.

Mr. ROBINSON. Mr. President, I understand that that concludes the consideration of the calendar.

PENSIONS TO VETERANS OF SPANISH-AMERICAN WAR, ETC.

The PRESIDING OFFICER. Under the unanimous-consent agreement, it was ordered that after the completion of the calendar the Senate should proceed to the consideration of House bill 6995, granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes, which bill the Chair now lays before the Senate, and recognizes the Senator from Kansas [Mr. McGILL].

Mr. McGILL. Mr. President, at the time the unanimous-consent agreement was entered into, when this bill was reached on the call of the calendar, the Senator from Arkansas [Mr. ROBINSON], the majority leader, was not on the floor. It has been stated to me that he does not wish to have the Senate take up the bill at this time, but desires to have a few days in which to consider it. Under those circumstances it is not my desire to dispose of the matter today.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. The Chair has announced that it was agreed by unanimous consent that this bill should come up at this time. I was not present at the time the agreement was made. Does it mean that the bill will become the unfinished business at this time? What is the nature of the agreement?

Mr. ROBINSON. Mr. President, from representations made to me after I returned to the Chamber I understood that there had been an agreement that the bill would be passed over to the end of the call of the calendar, and called again. I do not understand that any agreement was made to proceed with the consideration of the bill.

Mr. McGILL. Only one Senator made any objection whatever at the time the bill was reached on the call of the calendar. I think the proposal made by me at the time has been correctly stated. However, I am not disposed to seek to take advantage of that situation. I should like, if I may, to have an understanding that the bill will be taken up for consideration at a very early date. I think it should be disposed of soon. The bill, I am informed, passed the House of Representatives unanimously.

Mr. McNARY. Why does not the Senator press forward with the bill now?

Mr. McGILL. I am ready to go forward. It is my understanding, however, that the majority leader prefers to have the bill go over for a time.

Mr. ROBINSON. I inquire if there was a unanimous-consent agreement to take up the bill. We were proceeding under an agreement to consider unobjected bills on the calendar, and I did not understand that an agreement had been made to proceed with this bill this afternoon.

Mr. McNARY. I do not know anything about it.

The PRESIDING OFFICER. The Chair is advised that when this bill was reached in its order on the calendar an agreement was made to take up the bill immediately upon the completion of the calendar and dispose of it.

Mr. McNARY. Then, of course, the 5-minute rule would apply.

Mr. ROBINSON. I ask that the bill go over for the present. I should like to have an opportunity of investigating it a little further.

Mr. McGILL. Would the Senator be disposed to——

Mr. ROBINSON. I cannot now fix a time to proceed with the consideration of the bill.

Mr. McGILL. I am not asking the Senator to fix a time, but I am asking him if he would be disposed to take up the bill at an early date.

Mr. ROBINSON. After I shall have investigated the bill I will advise the Senator.

Mr. McGILL. The bill merely reenacts the pension laws pertaining to Spanish-American War veterans and veterans of the Boxer Rebellion and the Philippine Insurrection as they existed prior to March 19, 1933.

Mr. ROBINSON. I understand that. I understand that the bill repeals all laws affecting the subject which have been passed during the past 2 years, and reestablishes laws which formerly existed. I should like an opportunity to investigate the matter. I understood that the bill would be passed over today, and I also understood that that had been done with the understanding that the bill should be again called at the end of the calendar.

I do not wish to be obstinate about the matter. All I am asking is an opportunity to look into it. An opportunity will be afforded to take up the bill.

Mr. McGILL. With the understanding that it may be taken up—I should like to have it taken up as early as possible—I do not wish to press forward at a time that is not agreeable to the majority leader.

THE MERCHANT MARINE

Mr. COPELAND. Mr. President, I ask that Senate bill 2582 be laid before the Senate as the unfinished business.

Mr. McNARY. What is the request of the Senator?

Mr. COPELAND. That Senate bill 2582, the merchant-marine bill, be laid before the Senate.

Mr. LA FOLLETTE. The Senator will have to make a motion. That cannot be done by unanimous consent.

Mr. COPELAND. I move that Senate bill 2582 be laid before the Senate.

Mr. ROBINSON. The Senator should move that the Senate proceed to the consideration of the bill.

Mr. COPELAND. I make that motion.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Pope
Ashurst	Copeland	Logan	Radcliffe
Austin	Costigan	Lonergan	Reynolds
Bachman	Dickinson	Long	Robinson
Bailey	Dieterich	McAdoo	Russell
Bankhead	Donahey	McCarran	Schall
Barbour	Duffy	McGill	Schwellenbach
Barkley	Fletcher	McKellar	Sheppard
Bilbo	Frazier	McNary	Shipstead
Black	George	Maloney	Smith
Bone	Gerry	Metcalf	Steiwer
Borah	Glass	Minton	Thomas, Okla.
Brown	Gore	Moore	Townsend
Bulkley	Guffey	Murphy	Trammell
Bulow	Hale	Murray	Truman
Burke	Harrison	Neely	Tydings
Byrd	Hatch	Norbeck	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Caraway	Holt	Nye	Wagner
Chavez	Johnson	O'Mahoney	Walsh
Clark	Keyes	Overton	Wheeler
Connally	King	Pittman	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, there is a quorum present.

The question is on agreeing to the motion of the Senator from New York [Mr. COPELAND] to proceed to the consideration of the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

LESSON OF OUR STEAMSHIP "LEVIATHAN"

Mr. SCHALL. Mr. President, the *Leviathan*, 907 feet 6 inches in length and 100 feet beam, the mightiest merchant vessel of the American fleet and one of the six greatest built by man, stands idle by order of the President for its permanent withdrawal from our ocean carrying trade.

Though it is the greatest ocean carrier owned by Uncle Sam, and though the contract for its operation by the company in which the President's personal friends are stockholders has not expired, the *Leviathan*, by Executive approval stands as idle as a painted ship on a painted ocean.

I have no desire herewith to discuss the testimony brought out by Senate committees. I do not mention the case of the *Leviathan* because of the peculiar circumstance that the company, as alleged by the former Assistant Secretary of Commerce, Mr. Ewing Mitchell, has been forgiven its debt for $1,720,000 due the Government in damages pursuant to the canceled contract, and not because this alleged "gift" to the company goes to beneficiaries who include Mr. Vincent Astor, owner of the White House magazine Today, and navigator of the yacht *Nourmahal*, which carries the President on his fishing trips.

My reference to the *Leviathan* is to point an economic lesson of national significance. It is this, that our great ocean carrier stands rusting in the harbor because of national policies which have destroyed the business of American carriers on the sea. The *Leviathan* stands idle because of economic policies which have destroyed the cargo and passenger demands of American business by sabotage of the industries that call for and yield cargoes and passengers. The *Leviathan* rides in idleness as a public warning of the sabotage daily wrought by political wreckers under the deadly policies called "new deal." It may well carry, nailed to its masthead, the words from the Old Book: "By their fruits ye shall know them."

The people of the United States know what happened to the *Leviathan* when they look about them and note what has happened to their industries and employment, their home trade and foreign trade, their banks and utilities, their railways and farms and mills and mines—after only 2 years of this wrecking crew under the edicts of the new deal.

They know what happened to the *Leviathan* when they get the star-chamber tariff reports from the State Department, the Executive tariff-making machine, flooding our markets with foreign imports and destroying both our industries and export trade—destroying the jobs of the wage earners and the cargoes for our rails and ships.

They know what happened to the *Leviathan* when they hear of the 12,000,000 acres of American cotton plowed under by a fascist dynasty, thereby plowing under our greatest source of cargo exports. They read the story in the reduction of the American cotton crop from 13,000,000 bales to 9,000,000, and the curtailment of one-half our cotton-cargo exports. They read it again in the reduction of our exports of cotton cloth by the amount of 150,000,000 yards since 1932. They read it in the flood of cotton-goods imports carried in foreign bottoms—Japan alone bringing into American markets 8,000,000 yards in the first 60 days of 1935, or 10 times the amount brought by Japan during the entire year 1932.

They read the fate of the *Leviathan* in the sabotage of 6,000,000 pigs converted into useless fertilizer, though needed by the unemployed and hungry, and by the destruction of our pork exports carried in our ships abroad. They read it in the Treasury outpouring of corn-hog checks by which the Government has cooperated with drought, flood, and disease to cut down our corn crop of last year by over 50 percent to the hitherto low record of the "horse and buggy" days of 1882.

American farmers read the fate of the *Leviathan* when they read the Government reports of the Departments of Agriculture and Commerce, showing that under new-deal sabotage and star-chamber tariffs directed by the administration in violation of the legislative powers granted by the Constitution, our farm export trade has been destroyed and the flood of imports carried here in foreign ships has been stimulated, until the years 1934 and 1935 reveal this picture:

Wheat, including flour, for the fiscal year 1935: For the first time in the memory of any living American, this country, once the world's greatest exporter of both wheat and flour, practically had no exports, and showed imports of 8,000,000 bushels.

Corn in the fiscal year 1934–35: This country, which formerly produced the world's chief supply both of corn and corn-fed livestock products, has imported, this year, over 5,000,000 bushels, while exporting less than one-tenth of that.

Oats: Though in the 5 years, 1928–32, our oat crop averaged 1,200,000,000 bushels a year, our total exports in the past 2 years of the new deal have amounted to only 1,500,000 bushels in the aggregate, while our imports of only 7 months of the present fiscal year alone exceed 7,000,000 bushels.

Barley: Our barley production has been cut down 60 percent since 1932, and our exports cut down 75 percent, while our imports in the present fiscal year are more than double our exports.

Rye: Our rye crop of last year was 60 percent below the former 10-year average, and our exports during the present fiscal year beginning last July amount to a grand total of just 249 bushels, while our imports of rye during the present year and last year amount to 17,800,000 bushels.

Hay: By the combined effect of the A. A. A. and drought, including the sabotage of the livestock which makes the market for hay, our hay production has been cut down from 82,000,000 tons in 1932 to 56,000,000 in 1934, and our imports during the present fiscal year since last July have been 49 times our exports.

Butter: In the first 3 months of the present calendar year, this country imported 8,500,000 pounds of butter, or nearly twice as much as during the 3 years, 1930, 1931, and 1932, combined. Our butter imports in March alone rose to 4,928,000 pounds, or 80 times our exports. This butter came from the farthest corner of the earth, New Zealand, to make good

our home supply reduced by 40,000,000 pounds through the combined effect of drought aided by the A. A. A. slaughter of dairy cows.

Cheese: Our cheese imports beginning January this year are coming in at the rate of 4,000,000 pounds a month, or 40 times our exports. Our cheese production in 1934 was 120,000,000 pounds less than the year before.

Potatoes: Potato imports in the crop year 1933–34 exceeded 2,000,000 bushels, or three times our exports, and the Government is now making contracts and paying money out of the Treasury to induce a still smaller production in aid of still larger imports.

Canned beef: In 1934 we imported from Argentina, Paraguay, and Uruguay canned beef to the value of $40,000,000 while paying out Treasury cattle checks and slaughtering 6,500,000 cattle to help drought cut down our beef supply in aid of South American imports, which already have more than doubled since 1932.

Hogs and hog products: Our exports of lard last year declined 148,000,000 pounds from the year before, and were less than half the exports of 10 years before. We are paying out corn-hog checks at the rate of several hundred million dollars a year from the Treasury deficit and have produced a pork famine by reducing our hog population one third; and yet the pretended emergency of the 1936 Presidential election calls for further pig sabotage and further corn-hog checks to prolong the pork famine until election day.

Volume of meat imports: In 1934 this country, which for years has led the world in export of meat products, imported 101,000,000 pounds of foreign meat, while paying out hundreds of millions at the expense of taxpayers to reduce the home supply. In sausage casings, imports from abroad reached last year 22,600,000 pounds, or 10,000,000 more than in 1932. Imports of beef products, followed by the slaughter of 6,500,000 American cattle, were nearly double those of the year before—demonstrating the increasing efficiency of the new deal in favor of production abroad and cargoes for foreign vessels.

Thus it is significant that in the same week that we get the news from the Government that the *Leviathan,* our largest merchant ocean carrier, is permanently withdrawn from ocean trade we get from the A. A. A. a pamphlet on current farm imports, which opens with the following significant sentence, so characteristic of Secretary Wallace, and we read:

> Agricultural imports into the United States have become a factor in the news of the day.

This "news of the day" regarding the rising volume of farm imports must be grand news to the farmers who carry a mortgage debt of $4,000,000,000 and pay out $250,000,000 a year in taxes.

It is a new deal for American agriculture, which in the fiscal year 1920 sold abroad farm products valued at $3,800,000,000—now reduced to around $500,000,000 with an excess of imports over exports in over half the entire list of staple products.

It is a new deal for American ships, which in 1920 carried American farm and mill exports valued at over $3,000,000,000, and today one-sixth of that.

It is a new deal in American shipbuilding, which dropped from 1,051 merchant ships built in American yards in 1919 to just 2 small ships in 1933; from 4,075,000 tons built in our yards 16 years ago to a bare 18,000 last year.

Under the new deal our export trade has dropped to less than one-third of that under the old deal of 6 years ago.

It is new deal in the history of our American merchant marine by reason of which a merchant marine with 4,000 ships less than 10 years ago lacks cargoes even for the ships we have.

Only one-third of the reduced ocean trade we have is carried in American ships even by the aid of subsidies. And now, when the International Mercantile Marine Co., which I understand is under British registry—notwithstanding that Stockholder Vincent Astor, lord admiral of the President's flagship *Nourmahal,* is presumed to be American—ties up the *Leviathan* at the dock it is awarded an extra subsidy, or corn-hog check of $1,720,000.

In short, the *Leviathan* is in the same case as the 12,000,000 acres of cotton plowed under, the 6,000,000 pigs converted into useless fertilizer, and the 6,500,000 cattle sabotaged to stimulate beef imports from Argentina, Paraguay, and Uruguay.

The *Leviathan* is in the case of the several thousand cotton mills closed by the processing taxes. It is in the case of the cereal mills that are closed by imports from Canada, and the cooperative creameries that are closed by butter imports from New Zealand, and the thousands of factories closed by imports from Japan.

The *Leviathan* is in the case of our banks and railways, our utilities and mines, commandeered or electrocuted by Cohen-Corcoran bills sent over here from the White House and railroaded onto the statute books by the threats of a $5,000,000,000 White House battleax.

Indeed, the *Leviathan* is in the case of this Congress, which is tied up to the White House dock and is unable to function as the Constitution provides, unable to pass a major bill not drafted by the White House, and unable to debate a bill under the normal rules of debate, and frequently not given a chance even to read the voluminous 100-page bills conceived by a brainless "brain trust" and drafted by Cohen, Corcoran, Frankfurter & Co. without regard for, and even in direct violation of, the express provisions of the Constitution.

In brief, the *Leviathan* is typical of the new deal on a Nation-wide scale. The 48 States of this Republic are tied up to the White House dock under orders not to function as States normally function under their own and the United States Constitution.

The *Leviathan* is ordered to a permanent retirement birth. When the President, in his first annual message a year ago, demanded that his temporary "emergency" powers be made permanent, he virtually demanded that Congress and the States should permanently retire from their constitutional business.

When, in the fall of 1933 and in January 1934, the President sent 4 Cabinet ministers and 8 bureau chiefs over to Delaware to create six Soviet holding companies having charters of "perpetual existence", he had apparently in mind to resolve all American private enterprises and industries into that condition of innocuous desuetude which in the case of the *Leviathan* stands for permanent retirement.

Thus the true issue of 1936, although the censorship of this administration on all avenues of communication may prevent the people understanding it, will be: Shall we have a permanent bureaucratic dictatorship here in Washington, and permanent retirement of Congress, the Supreme Court, the States, and the Republic? Shall the Republic become an idle *Leviathan* and dictatorship become the living *Leviathan?* Or shall American citizens join to restore America to Americanism and the Ship of State to its course under the Constitution?

Mr. President, I ask leave to print an industrial control report.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report is as follows:

> Industrial control reports, issued weekly by the James True Associates, National Press Building, Washington. No. 103. June 22, 1935
>
> HOLDING DOWN THE LID
>
> Unfortunately, the big jolt of the week appears to be fading out. Monday there were hopes that the charges of Ewing Y. Mitchell would result in exposing the deplorable inefficiency in various departments. But the Senate committee has stamped out the spark before it reached the dynamite.
>
> Mitchell is absolutely honest and for many months has suffered disillusionment. He made the mistake of accepting the new deal as an honest program. The value of his charges is the resulting wide publicity regarding the dangerous maladminstration of the Steamship Inspection Service and the Aeronautics Branch of the Department of Commerce. Politically, his attack on the deal with Vincent Astor's shipping company confirms sinister suspicions in the minds of many.
>
> Unlike many honest men who have been thrown down the back stairs by the administration, Mitchell cannot be muzzled. He

has personally assured us that he will continue his attack until it results in a complete investigation. Secretary Roper's allegation of inefficiency is a joke. Mitchell would not play both ends against the middle, and Roper needed his job.

Since the bonus veto, the administration has felt the need of winning support by favoring veterans. Mitchell's successor, J. M. Johnson, of South Carolina (Roper's State), is a veteran.

Mitchell's charge regarding Senator Cutting's death and the *Morro Castle* disaster forced Attorney General Cummings to order an investigation. The more serious the findings, the less the chances for a revelation. It looks like another whitewash, unless Mitchell has fired but a small part of his ammunition. A revealed scandal in one department would force inquiries into a number of evil-smelling conditions.

WHITE HOUSE CHANGES

Roosevelt appears to have gained some weight during the last 6 months, and there is a possible improvement in physical condition. He is plainly worried, and his attitude at press conferences has radically changed. He is petulant, intemperate, and occasional questions now receive inane replies. Much of the old urbanity is gone. A more critical attitude of an increasing number of correspondents is apparently resented.

NEW-DEAL MANAGEMENT

Contradictions and mental vagaries are beginning to fulfill our predictions. Certain prominent political leaders are said to realize the mental irresponsibility. Important Members of both Houses, after recent interviews, have expressed concern. This phase is serious and, in our opinion, cannot be kept under cover many months longer.

THE FAIR-HAIRED BOY

If bad blood between Secretary Ickes and Harry Hopkins boils over, as it probably will, Ickes will go. Although Ickes has been thoroughly and properly damned by industry for many of his policies and activities, he has done the better job. The bond that holds Hopkins to his job appears to be more than the affinity between fanatical minds intent upon the same insane venture. Despite Hopkins' howling against "politics" in F. E. R. A., insiders say that he stands well with Farley and has the support of the international influence behind the administration. It is possible that he learned enough of the "inside" to hold his job as long as he wants it, while connected with the New York State administration under Governor Roosevelt.

Nothing could indicate the motives of the administration more clearly than the favoritism shown Hopkins. Every county in the country has its F. E. R. A. scandals. It is estimated that more than 50 percent of the first billion and a half intrusted to Hopkins reached the hands of grafters and political spoilsmen. Officials of more than 40 States have demanded investigations. But Hopkins, not so long ago an obscure, red-radical social worker, remains in a most important post, a pampered pet of the administration.

SPOLIATION EVIDENCE

A number of affidavits and signed statements in our possession show that in the distribution of relief there is an unbelievable amount of criminal labor exploitation, graft, political favoritism, and thievery. The condition in Philadelphia appears to be typical of many cities. There a group of citizens recently presented evidence to all local newspapers; but the editors refused to disclose the truth to the public.

This week, the Pennsylvania General Assembly has considered a resolution (no. 110) for a complete F. E. R. A. investigation. It states that taxpayers are demanding that the light of publicity be thrown on the whole system of distributing public relief, "and that some system be devised to cull from the list those who abuse the aid extended to them and those who paint false pictures of economic conditions in order to fasten a dole system foreign to American traditions on the body politic * * *."

DEFYING THE CONSTITUTION

Clearly Roosevelt is following the advice of the international despoilers. It is generally accepted here that "Karl Marx" Professor Frankfurter and his legal kikes wrote the A. A. A. amendments. Although many protests have reached the Senate Agricultural Committee and the White House, denouncing the amendments and accusing Wallace of setting himself up as a Stalen, Roosevelt has repeated his "must" on the bill.

A prominent "new dealer" is reported to have declared to a manufacturer's representative, "We know the amendments are unconstitutional, but we shall pass the bill and make you like it until a case reaches the Supreme Court. What we'll do to you will be a plenty." The constitutionality of all "must" bills now before Congress is seriously questioned by all recognized authorities here.

CONGRESSIONAL TEMPER CHANGING

The deluge of protests from the public, assisted by the few Americans in both Houses, appears to have stiffened some weak, yellow backbones and injected a little courage in cowardly, servile congressional hearts. The obvious conviction of the administration is that with $4,880,000,000 it can buy the American electorate. With the congressional majorities, greed for patronage and power is slowly giving way under the bombardment of protests from the public.

Last Thursday the change was particularly evident. The House Interstate Commerce Committee turned down Roosevelt's "death sentence" for public-utility holding companies, thus checking his similar threat against holding companies in all industries. House Republicans revolted against "new dealer" gag rule and started a filibuster that blocked passage of the deficiency bill; this action is expected to assure discussion of all "must" bills in the future. In voting to extend emergency nuisance taxes 1 year the Senate Finance Committee probably has shelved Roosevelt's "soak the rich" program until the next session of Congress.

IS SOCIALISM ON THE WAY?

Not only by means of the A. A. A. amendments, but through other proposed legislation, the administration has attempted to force licensing on industry. A recent bulletin issued by the Bureau of Foreign and Domestic Commerce approves a licensing system used by the Russian Government. The administration already has entered hundreds of lines of business, and under the Delaware corporations, is prepared to take over every industry in the country.

This is in full accord with the socialist program for which Roosevelt broke his preelection promises and junked the Democratic platform. And socialist communities are getting ready for the big day. Milwaukee, under a socialist mayor, furnishes a typical example. An ordinance to amend the Milwaukee charter has been read twice before the mayor and the common council, and referred to the legislative committee.

In part, this ordinance reads: "The central board of purchases shall have the further power to purchase from the Government of the United States or any Federal agency created by it, or the State of Wisconsin or any agency thereof, created by said governments for such purpose, without the intervention of a formal contract."

BIDDING IN THE DARK

If you sell the Government, or if you are interested in another attempt of the administration to force unconstitutional restrictions, write the National Association of Manufacturers, Investment Building, Washington, for a copy of Law Department Bulletin of June 14. This is an analysis of Circular Letter No. 100 to the heads of all departments and establishments of the Government, issued by the procurement division of the Treasury and Senate bill No. 3055. The N. A. M. finds this bill to have the identical defects of the N. I. R. A., held to be unconstitutional by the Supreme Court. The association also points out that if passed in its present form the bill would not represent a congressional determination of minimum wages and maximum hours but would represent a delegation of blanket authority to the President to decide wage and hour issues in every case.

CRACKING DOWN ON CHAINS

Representatives of manufacturers and distributors are seriously discussing and preparing to lobby for or against H. R. 8442, recently introduced by Representative PATMAN in the House. This proposed legislation would make it unlawful "for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality", prohibits the payment of brokerage or commission to buyers, eliminates pseudo advertising allowances, provides a presumptive measure of damages in certain cases to protect independents, the public, and manufacturers "from exploitation and unfair competitors."

REVIVING THE BLUE BUZZARD

Fulfilling our prediction as to "right" gestures, Roosevelt has appointed a rather conservative personnel for the new N. R. A. and has shelved the reds and Jews. When N. R. A. was in a position to control industry it was dominated by communistic radicals, some of them aliens. Now the dead Blue Eagle will be stuffed and mounted by personnel obviously selected for its value as a "front."

An effort is being made to strengthen the N. R. A. with industry by borrowing power from the Federal Trade Commission. Thursday, members of the Commission spent sometime at the White House. Since the N. R. A. Supreme Court decisions, the organization has received a great many inquiries regarding the procedure of trade-practice conferences.

Roosevelt does not like the Commission, because it cannot be readily manipulated politically. He likes it less since the Court told him he could not fire commissioners. Insiders say that he will transfer the authority to hold trade-practice conferences from the Commission to the N. R. A.

If this change takes place it will be solely for political reasons and against the interests of industry. Roosevelt has announced that the N. R. A. will be used for "research" and to combat industrial propaganda. Trade-practice conferences will give it a perfect smoke screen behind which to harass industry with threats of investigation and political reprisal.

OUR HAT IS OFF TO THE SENATOR

According to the CONGRESSIONAL RECORD, Senator THOMAS D. SCHALL, fearless and relentless administration foe, recently had this to say: "Only one newspaperman in this country had the insight to see behind the Johnsonian barrage of smoke-screen antics. Strangely enough, the man who brought this communistic set-up to light (the Wilmington corporations) was a man whom the Nation's no. 1 windbag barred from his press conferences because he told the truth about the N. R. A.—or, at least, a small portion of the truth. This man was James True, who publishes a weekly digest of uncolored business reports for business men who do not accept the pap handed out to newspapers by the 300 press agents on the pay roll of the Government * * *."

THE JAMES TRUE ASSOCIATES,
By JAMES TRUE.

THE MERCHANT MARINE

The PRESIDING OFFICER. The question is on the motion of the Senator from New York [Mr. COPELAND] to proceed to the consideration of Senate bill 2582, the merchant marine bill.

Mr. NYE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	La Follette	Pope
Ashurst	Copeland	Logan	Radcliffe
Austin	Costigan	Lonergan	Reynolds
Bachman	Dickinson	Long	Robinson
Bailey	Dieterich	McAdoo	Russell
Bankhead	Donahey	McCarran	Schall
Barbour	Duffy	McGill	Schwellenbach
Barkley	Fletcher	McKellar	Sheppard
Bilbo	Frazier	McNary	Shipstead
Black	George	Maloney	Smith
Bone	Gerry	Metcalf	Steiwer
Borah	Glass	Minton	Thomas, Okla.
Brown	Gore	Moore	Townsend
Bulkley	Guffey	Murphy	Trammell
Bulow	Hale	Murray	Truman
Burke	Harrison	Neely	Tydings
Byrd	Hatch	Norbeck	Vandenberg
Byrnes	Hayden	Norris	Van Nuys
Caraway	Holt	Nye	Wagner
Chavez	Johnson	O'Mahoney	Walsh
Clark	Keyes	Overton	Wheeler
Connally	King	Pittman	White

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from New York [Mr. COPELAND] to proceed to the consideration of Senate bill 2582, the merchant marine bill.

Mr. WHEELER, Mr. BLACK, Mr. COPELAND, and other Senators addressed the Chair.

The VICE PRESIDENT. The Senator from Montana.

Mr. WHEELER. Mr. President, I have not had a chance completely and thoroughly to investigate this bill; but I desire to say that a very thorough investigation should be made of the wisdom of passing the bill, because, as I read the measure, it is inconceivable to me that the Congress of the United States will pass a bill containing the provisions found in this one.

The bill provides, among other things, for financial aid to the merchant marine. As I read the report on the bill, it would indicate that the President of the United States favors the bill set out; but if Senators will analyze the message which the President sent to Congress, I am sure they will readily agree that there is no paragraph in the President's message which would indicate in the slightest degree that he favors any subsidy such as that which is set forth in the bill.

We have had a great many governmental scandals in connection with subsidies, particularly mail and shipping subsidies. It seems to me this bill opens the way for the greatest scandals that have ever been perpetrated by any bureau or any department of the Government of the United States.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. McKELLAR. We have before us at the present time a report from the Postmaster General saying that most of the present mail subsidy contracts are void; and he implies, if he does not say so absolutely outright, that many of them are fraudulent.

The Senator from Montana will remember that some years ago I had these contracts examined. I came to the same conclusion. I think they are all fraudulent and void except about three. They have not been canceled; and with that report coming in that they are fraudulent and void, or most of them are, the idea of Congress in that situation, before any adjustment is made, before the contracts are taken up, or certainly before their validity is determined, giving these very companies one of the most liberal subsidies in the world, seems to me to be absolutely inconceivable. I do not see how we could do it under the circumstances.

I have always been opposed to subsidies. I am opposed to them now; and I expect to vote against this bill.

Mr. WHEELER. I thank the Senator.

I desire to call attention to the fact that the bill contains a provision for regulation, and also for carrying out both the executive and the legislative will.

In his message of March 4, 1935, to the Congress of the United States, the President said, among other things:

Legislation providing for adequate aid to the American merchant marine should include not only adequate appropriation for such purposes and appropriate safeguards for its expenditure, but a reorganization of the machinery for its administration. The quasi-judicial and quasi-legislative duties of the present Shipping Board Bureau of the Department of Commerce should be transferred for the present to the Interstate Commerce Commission. Purely administrative functions, however, such as information and planning, ship inspection, and the maintenance of aids to navigation, should, of course, remain in the Department of Commerce.

Of course, the bill does not purport to carry out the President's message with reference to that feature of the subject.

I desire briefly to call attention to a few of the provisions of the bill which I have hurriedly analyzed.

The bill creates another board of five members, with salaries of $12,000 a year each, and then provides that they may employ lawyers, experts, and so on. Then they are first to study and make an investigation of this whole problem. That would be perfectly proper if they stopped with the investigation, and reported back to a subsequent Congress; but the bill goes on and says what?—

The Authority is authorized and directed to consider the application—

Of whom?—

of any citizen of the United States as defined in section 38 of the Merchant Marine Act, 1920 (U. S. C., title 46, sec. 802), for financial aid in the construction, outfitting, and equipment of new vessels, or any vessels obligated to be built under an existing contract with the United States or the reconditioning of vessels already built, to be used on an essential service, route, or line in the foreign commerce of the United States. If the Authority determines that (1) the service, route, or line requires a new vessel of modern and economical design or the reconditioning of a vessel already built, to meet competitive conditions or to further promote the foreign commerce of the United States, or if it is found after consultation with the Navy Department that the construction of such vessel is advisable for national-defense purposes; (2) the plans and specifications of the proposed vessel meet the requirements of commerce; and (3) the applicant possesses the ability, experience, financial resources, and character necessary successfully to operate and maintain such vessel in the proposed service, the authority shall, in accordance with the provisions of this act—

Do what?—

(a) determine the difference between the domestic and foreign reconditioning cost of a vessel of the type proposed to be built, or the difference between the domestic and foreign reconditioning cost of a vessel of the type proposed to be reconditioned; (b) submit said plans and specifications to the Navy Department, which shall have the right to suggest such changes therein as it may deem necessary or proper in order that the proposed vessel may be adequate as a naval or military auxiliary and otherwise suitable for the use of the Government in case of national emergency or for the national defense.

(B) In case the said specifications shall be approved by the authority and the Navy Department, the authority may grant a subsidy of such amount as will equal, but not exceed, the difference between—

What?—

the fair and reasonable cost of constructing, outfitting, and equipping or reconditioning of the said vessel in an American shipyard and the fair and reasonable cost of constructing, outfitting, and equipping or reconditioning the same, or an equivalent vessel, under—

What?—

under substantially the same specifications in a foreign shipyard of equal standing.

Just stop and think for a moment what that means! We will assume, for instance, that the authority first ascertain the cost of reconditioning a ship in England. They find that the cost of reconditioning the ship in England is about so much money. Then they say, "What will it cost in an American shipyard?" Then the Government of the United States proposes to pay the difference between those costs. The bill does not say that they shall be ships of identically the same specifications but "substantially the same specifications." Do not make any mistake at all about it. When

the specifications of one of these ships are changed, it will be like changing the specifications of a block of buildings in the United States, or a big business house. I myself have had some experience along that line; and I found that when I was building a house, if I changed the specifications in the slightest degree, a tremendous amount was added to the cost.

So there is no protection whatever. In this bill there is absolutely no protection, because it is provided that the specifications shall be substantially the same.

What does "substantially the same" mean? It means anything. It throws the gates wide open for all kinds of graft and all kinds of corruption to creep in, even assuming that the Government of the United States wanted to undertake to pay the difference and say, "We are willing to pay the difference between the cost in Great Britain and the cost in the United States." We would leave it wide open for them to say, "These are substantially the same specifications," and consequently we would have graft.

Suppose the shipping board should say, for illustration, "You can have the ship built for $5,000,000 in Great Britain, but it will cost $10,000,000 in the United States." Then the Government of the United States pays that shipping outfit $5,000,000 more than it ought to have to pay. But suppose the shipowner said, "We can get this ship built in Japan for $2,000,000, and it would cost $10,000,000 in the United States." Then the Government of the United States, instead of paying $5,000,000 extra, would pay $8,000,000.

There is nothing to provide that the difference must be the difference in wages between this country and Canada, for instance, nothing to provide that the difference must be the same as the difference in the wages between the United States and England, or the wages in Germany and the United States, but it says in a foreign shipyard of equal standing.

Nobody would deny the fact that there are shipyards in Japan which would be considered of equal standing with shipyards in the United States, because they are turning out ships, according to the reports we are getting at the present time, which are comparable with ships built in the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield.

Mr. WHEELER. I yield.

Mr. VANDENBERG. I call the attention of the Senator to another difficulty at this particular point. So long as international exchange is a fluctuating item there is no way in the world by which we can tell for more than 24 hours whether the differential is five million, or eight million, or twenty million dollars.

Mr. WHEELER. Of course. Suppose the pound sterling should drop tomorrow, or that money should become cheap in Germany, or money should become cheap in Japan tomorrow, with the fluctuating currency. I submit that there is no possible way of telling what it will be.

We have talked about the difference between the cost of goods at home and abroad, and have said that we should impose tariffs based upon the difference. There is no one on this floor who knows anything about that matter but who knows that we cannot find out the actual cost of the production of goods in foreign countries. It is an excellent theory, but when we come to investigate the costs in foreign countries, we find that it is a physical impossibility to get the facts.

Are we to say, "Here are the specifications", and are we to let bids, and say to England, "You can bid on this", and then let an American firm bid, and then say that we are going to build the identical ship in American shipyards?

Of course, the British are not going to bid, and the Japanese are not going to bid, under those circumstances, because they are not going to the trouble of sitting down and figuring out their costs when they know that after they have done it the bids will be rejected.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. WHEELER. I yield.

Mr. VANDENBERG. The average life of one of these ships is supposed to be about 20 years.

Mr. WHEELER. Yes.

Mr. VANDENBERG. Therefore the original cost of the ship is spread over a 20-year contract.

Mr. WHEELER. Yes.

Mr. VANDENBERG. So that the Government of the United States will be for 20 years at the mercy of a construction differential fixed upon one given day, at a time when international values are changing overnight.

Mr. WHEELER. Of course.

Mr. VANDENBERG. If we happened to pick the unfortunate moment to make the contract, we would have simply mortgaged the Treasury for 2 decades.

Mr. WHEELER. Absolutely. I thoroughly agree with what the Senator says with reference to that.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Does the Senator from Montana yield to the Senator from Florida?

Mr. WHEELER. I yield.

Mr. FLETCHER. The Senator is in favor of an adequate American merchant marine?

Mr. WHEELER. I am.

Mr. FLETCHER. Operated and owned by American citizens?

Mr. WHEELER. Yes.

Mr. FLETCHER. The Senator recognizes that the American shipbuilder and the American ship operator are under certain handicaps with reference to costs, does he not?

Mr. WHEELER. I presume that is so.

Mr. FLETCHER. In other words, it costs more to build a ship in an American yard than in foreign yards?

Mr. WHEELER. I have been so told, and I assume it to be true.

Mr. FLETCHER. It costs more to operate an American ship than to operate a foreign ship, generally speaking.

Mr. WHEELER. Yes.

Mr. FLETCHER. American operators pay higher salaries, and there are more expensive conditions for the crews and officers, and therefore there is a difference between the cost of operating a ship under our flag and operating a ship under a foreign flag.

How can the Senator expect that an American merchant marine can be built and maintained with such differences existing as to the cost of building ships and the cost of operating ships, and if we keep that in mind, how is that handicap to be relieved, and is it not necessary to relieve that handicap in order that we may have and maintain an adequate American merchant marine?

Mr. WHEELER. If that be true, what will we have if we enact this measure? In the first place, while I am not a prophet or the son of a prophet, if we do not have greater scandals in connection with this measure, if it shall become a law, than we have ever had in the history of the United States in connection with shipping, then I miss my guess, and I do not want to see this administration involved in the unparalleled scandals which we would have under this measure, and I know the Senator from Florida would not want that to happen.

If the shipping interests are entitled to this kind of a subsidy, then there is not an interest in the United States that is not entitled to this kind of a subsidy, and this would be an opening wedge for all kinds of things to come before Congress. In my humble judgment, it cannot be justified upon any theory of trying to protect the American merchant marine. There are no safeguards in the bill to protect the Government of the United States. As the Senator from Michigan has pointed out, with the fluctuations in the currencies of the world, it is impossible to find out what the costs will be tomorrow.

Mr. FLETCHER. Mr. President, would not that condition obtain at any time in our history? If we sit still and do nothing and wait for conditions to be stabilized all over the world, we will get nowhere. In the meantime, we re-

quire ships; our commerce and trade and national defense require ships, and there is every reason why we must have ships operated under our flag in all parts of the world.

Mr. WHEELER. This is what the President said in his message to the Congress:

> This lending of money for shipbuilding has in practice been a failure. Few ships have been built and many difficulties have arisen from the repayment of the loans.

Now, it is proposed that we lend the money, it is proposed that we continue the very thing which the President says has been a failure.

The President said:

> Similar difficulties have attended the granting of ocean mail contracts. The Government today is paying annually about $30,000,000 for the carrying of mails which would cost, under normal ocean rates, only $3,000,000.

Yet it is proposed in this bill that we give them a subsidy. In my judgment, though I have not checked up on the figures, it is proposed in this bill, after helping the builders to build ships, to pay probably 50 or 75 percent, or the Lord only knows how much is proposed to be paid, then it is proposed that the Government pay the differential on the operating expenses of the ships.

In addition to that, it is proposed that loans shall be made. If the Government of the United States is to do that, we had better take over the shipping of this country. I am not in favor of doing it, and I do not think it is necessary to do it; but if it is proposed to open up the Treasury of the United States on this basis, to let them reach their hands into the Treasury and take out this money; if we are first to build the ship for them or give them a subsidy for building it, then give them a subsidy for operating it, and then give them 80 cents for carrying one class of mail, and 8 cents for carrying some other class of mail, then, perhaps, the Government should take over the shipping.

Mr. FLETCHER. Mr. President, may I interrupt the Senator just once more? Personally, I should rather not see any subsidy. I have always contended against subsidy. However, it has been our history to a great extent that we have provided subsidies. Subsidies have led to scandals. However, that depends very largely on the administration. I believe the statement of our policy, as announced in the Shipping Act of 1920 and in the act of 1928, is a wise policy, and is sound today.

It comes down to this: We must either grant some Federal aid to our shipping or resort to the other method which the Senator suggests, namely, have the Government own and operate the ships. It seems to me we are confronted with one or the other of these conditions.

Under the act of 1928, the mail-contract provision was in the nature of what was called a subvention, but really a subsidy; and I think that act operated very well indeed. Under that act we built a great many ships; we sold a great many ships and we continued operating ships. Of course, foreign trade and commerce dropped away, and ships were idle all over the world beginning shortly after the passage of the act of 1928. As the President says, it was not, however, so much a defect in that scheme or plan that caused it to fail and brought on scandals which have been connected with it; that condition was mainly due to the errors and mistakes in the administration of the act.

I think we might have perfected that act, perhaps, by correcting some things which experience has shown should have been corrected; but the proposition now is to do away with that subvention, or indirect subsidy, and get down to a direct subsidy. It is for Congress to say whether or not it is going to grant any subsidies to shipping. If we can get along without them, I should rather not have them; but it seems to me we shall have to help our shipping somehow. We shall have to help in shipbuilding and ship operating if we are going to maintain our status as a maritime nation worthy of the name, and serve our commerce and our national defense.

It comes down to the question whether we are going to do it by granting aid both to shipbuilding and to ship operation, or whether the Government shall have to take over the whole enterprise.

Mr. WHEELER. Mr. President, I should like to ask the Senator a question. The bill provides, first, that we shall provide a subsidy amounting to the difference between the cost of building in some shipyard abroad and in the United States. How are we going to find out what it costs to build an identical ship in the shipyards in Japan? It is a physical impossibility which we shall be up against in the first place. It just cannot be done. In addition to that, we say that we are going to give a subsidy of the difference between the cost of operating an American ship and the cost of operating a foreign ship. What foreign ship are we going to base it upon? Are we going to base it upon the coolie labor of China, are we going to base it upon the coolie labor of Japan, or on what Great Britain pays, or on what Australia pays, or on what some South American country pays, or what are we going to base it upon?

Under this bill, if I am a shipowner, I have a perfect right to come to the United States maritime authority and say, "I am entitled to the difference between the cost of operating my ship from San Francisco to Tokyo and what it would cost Japan to operate a similar ship." In the case of New York, if I am shipping to Tokyo, I can say, "I am entitled to the difference between what it costs me to ship from New York to Tokyo and what it costs a Japanese shipowner to ship from New York to Tokyo." When it comes to shipping to England, I am entitled to the difference between the cost to me and the cost to an English shipowner.

If I am going around the world, as some of these vessels do, upon what shall the difference in cost be based?

I say we have nothing whatsoever upon which to base these payments except the wildest kind of judgment on the part of the maritime authority. We talk about laws being unconstitutional; we talk about not giving authority to some of these boards and commissions which have been condemned; and yet it is proposed in this bill to do what?

Here is what is proposed:

> The authority may, upon such terms and conditions as it may consider proper, authorize the exchange of any vessel or vessels owned by the Government for a vessel or vessels documented under the laws of the United States owned by American citizens.

In other words, we are going to let this board trade with some shipping outfit, trade a vessel which belongs to the United States for some vessel which belongs to them.

It is further provided in the bill that—

> The authority may lay up or scrap or sell for scrapping said vessel or vessels so acquired, or may sell, charter, or otherwise provide for the operation of said purchased vessel or vessels in some other service or route for which the vessel or vessels may be suitable.

Mr. FLETCHER. Mr. President, the Senator asked me a question. He seems to think there is great difficulty about ascertaining the difference in the cost of production in foreign yards and in the yards of the United States. Of course I understand that the Senator feels as I do, that American ships should be built in American yards. I cannot see any great difficulty in respect to ascertaining—not to a cent but comparatively accurately—the difference between the cost of constructing a ship on the Clyde, for instance, and the cost of constructing it in this country. I do not see any difficulty in ascertaining the difference in the cost of operating the ship, because we can ascertain the salaries and the needful expenses; and I think the difference can be ascertained to within a few cents.

Mr. WHEELER. It is inconceivable to me that any organization or any bureau can possibly find out what it costs the Japanese to operate one of these ships between San Francisco and Tokio, or what they pay to their labor. With coolie labor, with depreciated currencies, with all these other things, it is impossible to ascertain such costs correctly. No matter how honest the authority might be, we should be putting an impossible task upon them, and we should be putting upon them a task which the American people would not stand for, and which they would overwhelmingly repudiate the minute it was known that anything of the kind had been put in operation.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. LONG. What astonishes me—and I came here thinking subsidies were a good thing—is the way all the legislative committees I have had the opportunity to attend seem to believe that any dishonesty in subsidy ought to be accepted, and that nobody ought to be criticized; that one who criticizes rascality in subsidy is criticizing subsidy itself. I came to the conclusion that the two things were so inextricably involved that a man could not honestly vote for a subsidy.

Mr. WHEELER. I am sure the Senator will appreciate this provision in the bill, which appears on page 67:

> In case the said specifications shall be approved by the authority and the Navy Department, the authority may grant a subsidy of such amount as will equal, but not exceed, the difference between the fair and reasonable cost of constructing, outfitting, and equipping or reconditioning of the said vessel in an American shipyard and the fair and reasonable cost of constructing, outfitting, and equipping or reconditioning the same, or an equivalent vessel, under substantially the same specifications in a foreign shipyard of equal standing.

Mr. LONG. I can define what that means in language which the Senator can grasp: It means, "Let your conscience be your guide."

Mr. WHEELER. It says, not "the same specifications", but "substantially the same specifications."

Mr. BONE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. BONE. I desire to call the attention of my friend, the Senator from Montana, to the fact that in the Munitions Committee it was determined, by the evidence there produced, that the Navy Department did not even know the cost of ships built in private shipyards for the Navy Department. The evidence clearly reveals that fact. I think the Senator from Michigan [Mr. VANDENBERG], who is on the floor, will verify what I state—that the Navy itself, with all its ability or presumed ability to get at the facts, was unable to advise the members of the Munitions Committee of this body what it cost to build a battleship or a cruiser in a private shipyard in this country.

Mr. VANDENBERG. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. Certainly.

Mr. VANDENBERG. What the Senator from Washington has said is true. I want to add another thought. We have discussed the impossibility of arriving at a firm differential so long as there is no firm basis of international exchange. I call attention that the board, in addition to everything else—indeed when it starts this process—has to decide whether the new vessel is necessary to meet competitive conditions or further to promote the foreign commerce of the United States. It has to make that decision at a time when foreign trade is just as chaotic as is foreign exchange. We cannot decide today where or what the proper foreign trade line will be next year or the year after.

Mr. WHEELER. Of course, it seems to me it is perfectly asinine to say that a board sitting here in the city of Washington should have authority to decide whether it is necessary to build a vessel with which to ship commodities to India because we want to have some of that trade. If they should decide to do it, then they must figure out what the difference in cost of construction will be at some shipyard, the Lord only knows where, whether Shanghai or Tokyo or Bombay or some place in Great Britain; but we may rest assured this authority will be dominated sooner or later by the shipping interests just as the old Shipping Board was. We have had scandals enough with the old Shipping Board and with subsidies to justify us in urging that we should not set up another board to have perhaps more scandals.

Mr. McKELLAR. Is it not a fact this is just another shipping board?

Mr. WHEELER. That is all. It is just another shipping board.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WHEELER. Certainly.

Mr. McKELLAR. The last Shipping Board throughout almost its entire history as a rule acted entirely in the interest of the shipping companies. So far as I know they never protected the Government's interests. The enormous contributions of the Government to the Shipping Board were frittered away and we finally caught them lending Government money, in one case particularly, at a rate as low as one-eighth of 1 percent interest, and I have been informed that even the interest was not paid.

An enormous amount of money was borrowed to build ships and the agreement was to pay one-eighth of 1 percent interest, but even that interest was not paid, to say nothing of any of the principal. I do not believe anything was ever paid back to the Government. When a shipping company got in a close place it changed its name and organized a new company, and received further benefits from the Government, but gave nothing in return. The last Shipping Board was for many years a scandalous organization all the way through. It was a stench in the nostrils of all honest people. I am opposed to the establishment of another shipping board, regardless of what its name may be.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Washington?

Mr. WHEELER. I yield.

Mr. BONE. As I read the bill, on its face it appears to establish a board of five persons with apparent blanket authority to open the doors of the Treasury of the United States to an unlimited raid by private shipbuilders and private shipping operators. Since I have been in the Senate I believe I have not seen a piece of legislation which proposed to give five men such unlimited power as this bill proposes to give. There are no restrictions on the exercise of their judgment or on the exercise of their lack of judgment. If we are going to pass this kind of measure—and this is not said in a spirit of facetiousness—I should like to have my State enjoy some of the privileges, so that it might take money out of the Federal Treasury to help feed the poor there.

I do not believe the people of the country will ever have a piece of legislation proposed to them which is so flagrantly a proposal to raid on the United States Treasury. I cannot imagine Congress passing this kind of legislation. The records of the Black committee are so damning an indictment of this kind of business that at this time the bill constitutes a bold challenge thrown in the teeth of the hungry people of the Nation. We made multimillionaires overnight under the Jones-White Act of 1928. Men in my section of the country became multimillionaires almost overnight.

The Congress of the United States is doing a dangerous thing in flaunting this kind of a measure in the face of millions of people in the country who today do not know the meaning of economic security. We have no business to be doing this sort of thing. I do not know why the shipping business should not stand on its own feet altogether. There are thousands of little business men in the country who would not presume to come here and ask Members of the United States Senate to vote them a subsidy; and yet they have just as much right, measured by the standards of decency and fair play in business, to ask us to vote them subsidies out of the Treasury of the United States as have the shipping interests to come here and propose or suggest that we pass this kind of legislation.

When we get to the point where a shipping company, for hauling one letter across the ocean, receives sufficient to pay for the ship which hauled it, then the time has come to call a halt. It is time to call a halt before the people become so outraged because of this kind of business that they will send men to the Senate who do not entertain such views, which may not be a very happy day for some of the gentlemen who have enjoyed these largesses out of the Treasury.

Mr. McKELLAR. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. McKELLAR. Following up the suggestion made by the Senator from Washington, I recall in the investigation we made of Shipping Board contracts that one of the companies had a contract to carry the mail from San Francisco to some point on the South American coast. Within a year

it carried 3 letters at 6 cents and 45 pounds of parcel post at $2.94, making a total of $3. That concern was given a subsidy of $102,000 a year for 10 years by the Shipping Board of that day, approved by the Postmaster General of that day. That is just one of dozens of such instances which grew up under the granting of ship subsidies. Whenever we establish subsidies we establish graft, and we all know it.

Mr. WHEELER. We cannot separate the two.

Mr. McKELLAR. No; we cannot separate the two.

Mr. WHEELER. After providing that there shall be paid the difference in the cost of building a ship of substantially the same specifications, then the bill goes on to provide as follows:

Provided, however, That the said subsidy may be increased—

After giving the one subsidy to a ship company, it may be increased—

Provided, however, That the said subsidy may be increased by an amount approved by the Secretary of the Navy as representing the extent of the extra cost of constructing, outfitting, equipping, or reconditioning said vessel as a naval auxiliary, and the applicant may also be credited with the estimated present value of the increased cost of operating such vessel during its economic life by reason of such naval provisions, over the cost of operating such vessel for commercial purposes.

I would not say anything that would in the slightest degree injure the feelings of my good friend the Senator from New York [Mr. COPELAND], but I must confess that when I read the bill with this provision I felt it was inconceivable that the Congress of the United States, and particularly the Senate, should for one minute consider passing a bill of this kind with the possibilities for the almost inescapable graft and corruption that is sure to follow in the wake of the passage of such a bill.

I do not believe, and I cannot conceive, that the administration would for one second favor a bill of this kind. It is inconceivable to me that the President of the United States, if he studied this bill, if he examined these provisions, would for one moment sanction or sign a bill containing provisions which would result in scandal such as he must know and everybody else must know would follow, if they have followed the Shipping Board's operations, of which the Senator from Tennessee has spoken.

This bill not only contains the provisions to which I refer but it is filled almost from beginning to end with similar provisions; and if one subsidy is not enough, the framers of the bill have piled another subsidy upon it; and if that is not enough, they have piled another subsidy upon it. There is simply one subsidy upon another. No Government board in the city of Washington could possibly withstand the pressure which would be brought to bear upon it if this kind of legislation should be passed.

I feel that we not only should not pass this bill but, as a matter of fact, that the bill should not be brought up for consideration at all at this time, when there is so much other legislation that is pressing. I feel that it is unfortunate to bring a bill of this kind before the Senate.

Mr. McKELLAR. Mr. President, I have not examined the entire bill; but my recollection is that about 1922 the late Senator from Washington, Mr. Jones, introduced a ship-subsidy bill which probably did not go over one-third as far as this bill goes. If I remember correctly, I spoke for 8 hours and 23 minutes in order to defeat that bill, and it was defeated. Before I got through Senator Jones withdrew the bill, and it never came up again.

I have been against these subsidies for a long time. I think they are very, very bad; but even if they were good, as a general thing they could not possibly be good under the provisions of this bill. In saying that I mean no reflection upon the Senator from New York [Mr. COPELAND], whom I love very much and admire very greatly. I hope he will not think our relations are in the slightest way affected. Ever since I have been in the Senate, for many, many years, I have invariably fought this kind of a subsidy bill, and I am merely carrying out that uniform policy of fighting subsidies. I believe they are wrong.

Mr. COPELAND. Mr. President, in reply to the Senator from Tennessee I desire to say that I am much obliged to him for his kind words. Of course, this is not my bill. It is the bill of the committee which formulated it, and it did so according to the yardstick laid down by the President of the United States. So the Senator does not need to apologize to me. I am simply representing the committee.

Mr. McKELLAR. This bill, then, was not drafted by the Senator's committee, or by him?

Mr. COPELAND. It was not drafted by me.

Mr. McKELLAR. Was it drafted by the Senator's committee?

Mr. COPELAND. It was drafted by the Merchant Marine Subcommittee of the Commerce Committee in conference with the similar committee of the Merchant Marine and Fisheries Committee of the House. This bill is a composite bill. It does not represent my thought.

Mr. McKELLAR. I am very happy to hear it.

Mr. COPELAND. I am for the bill, and at the right time an effective answer can be made to every statement made by the Senator from Montana and by other Senators; but it is not worth while to do that now. It is for the Senate to decide whether or not it cares to consider a subsidy bill which has been asked for by the President. If the Senate does not care to do it, so far as I am concerned I shall be glad of it. I shall have more leisure. I shall be able to do many other things which will be less onerous than this particular thing.

Mr. McKELLAR. I hope the Senator will use his great influence in not pressing the bill at this late time of the session.

Mr. COPELAND. Let me say to the Senator from Tennessee that he brought out, as have the Senator from Montana and other Senators who have spoken, the scandals of the past. In the independent offices appropriation bill of last year a provision was made that the mail contracts should be modified or canceled by the 30th of April of this year. It was then found that we could not get the bill ready by that time, so the time was extended until the 31st of October, because the President desired that some way might be found to cancel or modify those contracts, and not have our country involved in 42 lawsuits.

Mr. McKELLAR. Let me say to the Senator that in my judgment there is danger only in 3 of the 42 lawsuits. There will be no trouble about the Government successfully defending the other 39 lawsuits, because the contracts are void. I hoped we might make some other arrangement on the subject, though not by way of extension of the contracts now in existence, for every one of them except three smells to heaven, and ought to be canceled. The Postmaster General has issued an order canceling them, and they ought to be canceled.

Mr. COPELAND. Oh, no, Mr. President!

Mr. McKELLAR. He has made a report saying that for the most part they are dishonest and corrupt, and that they ought to be canceled.

Mr. COPELAND. I desire to say to the Senator from Tennessee, if I may, with the permission of the Senator from Montana, that I have very serious question if a half dozen of those contracts can be canceled.

Mr. McKELLAR. I examined them very thoroughly a number of years ago. I think it was 4 or 5 years ago that we had an investigation before our committee; and with the exception of one contract which I think was fraudulent in the beginning but which the Congress unfortunately ratified, and two others about which there was a doubt, I came to the conclusion that about 39 of them were fraudulent and void.

Mr. COPELAND. There may be a difference of opinion, of course. Nevertheless, under the provisions of law the President may determine what contracts he thinks may be modified or canceled. He then may offer the amount of money which he feels will liquidate the damage. Then the claimants are permitted to go into the Court of Claims; but just as surely as fate there will be 42 lawsuits, and when we get through we do not know how many millions may be involved.

Mr. McKELLAR. Mr. President——

Mr. COPELAND. Just a moment. I do not desire to enter into any controversy.

Mr. McKELLAR. I am not going to enter into any controversy, but I wish to cite a precedent. We were told the same thing when the air mail contracts were canceled. We were told about the lawsuits that would follow, and I believe there were two or three, and I think one or two of them may be still in the courts. The Government, however, does not stand to lose anything by the cancelation of the air mail contracts, and they were canceled for exactly the same reasons that these contracts ought to be canceled. They were canceled for fraud in their make-up.

Mr. COPELAND. Mr. President, will the Senator from Montana yield further?

Mr. WHEELER. I yield.

Mr. COPELAND. I am not going to undertake for one moment to defend what has happened in the past. That is over the dam so far as I am concerned; but we have an American merchant marine, and we desire to preserve it. Ninety percent of our vessels are over 13 years of age. Seven or 8 years from now we shall have no merchant marine unless we find a way to build it up. The shipping business is not like a railroad within our own country. It is an international business with which we are dealing; and, in my judgment, we shall have to choose between subsidies which represent the difference between the cost of American and foreign operation and subsidies to help in building the ships.

We have chosen to place American workmen upon the seas and to give them exactly the same privileges accorded American workmen upon land, such as an 8-hour shift, plenty of air space in their quarters, and wholesome food. Through the La Follette Acts, of which I myself approve, we have given the American seaman a chance to live, and to live decently. We cannot do that if we do not maintain our American merchant marine.

Senators may choose; they may wipe out all the laws which make for decency and fair treatment of American labor upon the seas; they may wipe out the American merchant marine; but, in my judgment, if we are to do right by our country, we will see to it that we have an effective merchant marine, and if any wise man here can rise in his place and tell us how that can be done except by the payment of subsidies, as proposed by the President in his message of March 4, he will be the wisest man in our whole country.

Mr. BONE. Mr. President, I should like to ask the Senator from New York a question, if I may.

Mr. WHEELER. I yield.

Mr. BONE. I recognize that the Senator is very sincerely devoted to the principle of preserving a merchant marine with the aid of subsidies.

Mr. COPELAND. No; I am in favor of having laws to preserve the American merchant marine. If it can be done without subsidies, I shall be happy.

Mr. BONE. If subsidies be necessary; I will add that qualification.

I have a letter from my State enclosing an advertisement which appeared in a Seattle newspaper. It was the advertisement of a big chain store which is part of a national chain. It advertised coffee, cigarettes, a certain type of lard, canned milk, and one or two other items which I do not at the moment recall.

Mr. LONG. Louisiana molasses.

Mr. BONE. Perhaps molasses. Those articles were advertised at prices which my correspondent advised me were considerably less than the wholesale prices which the independent merchant had to pay for the same merchandise.

This big chain, organized with its headquarters in the East, advertising to the people, the merchants, and the business men of my State, is as much foreign to the population of my section of the country as is the Mitzubishi a foreign corporation to Puget Sound. It makes no difference to me who destroys me; I have no choice of master or executioner. If I am to be destroyed economically, I do not care whether it be a Jap or an American who does it. What I object to is economic or physical destruction.

So the independent merchant in my State has no choice of executioners. If he is to be destroyed, he might as well be destroyed by Japanese competition as to be destroyed by the competition of a gigantic chain store whose competition he can in no wise meet. And he cannot meet competition where the advertised price is far less than the price for which he can buy at wholesale, and he stares destruction in the face.

This is a somewhat roundabout way of getting to my question to the Senator from New York. Does the Senator from New York think that this business man in the State of Washington is entitled to be subsidized in order that he may meet the competition from the chain combine, and if he does not think so, is not this question in order? Is not that merchant in Seattle, or Tacoma, or Spokane, or San Francisco, this independent merchant, who the President says is the foundation of our economic life in this country, and a very important part of our economic life, as much entitled to protection against the ruthless competition of the chain combine as a shipper is entitled to protection against the competition of foreign shipping? I believe he is. If we are to subsidize at all I think the independent business man is as much entitled to protection against the chain combine competition as the shipper is entitled to protection against foreign shipping.

Mr. NYE. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. NYE. The point is made, and there seems to be general agreement, that other nations are able to build ships much more cheaply than we can in the United States. Since many of those nations owe the United States considerable sums of money, and since they seem to be unable to pay because of inability to send to the United States the things which the United States needs, it seems to me that there might be a chance now to afford to ourselves an adequate merchant marine and satisfy in part this indebtedness.

With this in mind I am offering the resolution which I send to the desk and ask to have read and printed.

The PRESIDING OFFICER. The clerk will read.

The resolution (S. Res. 162) was read, as follows:

Whereas various European nations indebted to the United States, with the exception of the Republic of Finland, have ceased to make payment of their obligations to the United States; and

Whereas the United States holds the unconditional obligations of said nations, duly ratified by the parliaments thereof, agreeing to make payment of principal and interest of the amounts due the United States; and

Whereas it has been repeatedly stated that while said nations are desirous of discharging their obligations according to the terms thereof, exchange difficulties and lack of sufficient gold prevent payment in full in money, and that payment in goods manufactured or produced in said debtor nations is the only practicable method of payments of a large part of said obligations; and

Whereas the United States has an inadequate merchant marine, particularly as to modern passenger vessels; and

Whereas several of said debtor nations have recently built passenger vessels of the largest size and highest speed, of a type which the United States does not possess, but which it is desirable and necesary for the United States to possess; and

Whereas it is both possible and practicable for said debtor nations to build for the United States, in part payment of their debts, passenger and freight vessels of modern type, thereby employing labor and utilizing material in the countries of said debtor nations, and avoiding exchange difficulties arising from the transfer of money between debtor and creditor: Now, therefore, be it

Resolved, That the President of the United States be, and he is hereby, respectfully requested to bring the facts above set forth to the attention of maritime European nations indebted to the United States, and invite them to build and furnish to the United States such number and types of passenger and freight vessels as may be mutually agreed upon, the value of said vessels to be applied in part payment of the obligations due to the United States from said nations.

Mr. COPELAND. Mr. President, why does not the Senator include a provision that these vessels shall be operated by foreigners at the expense of foreign nations, so that American labor may be entirely put out of business?

Mr. NYE. Mr. President, I expected that the point would be made that this kind of a program would deprive American labor of the opportunity to labor, and I should like to

call the attention of the Senator from New York to the fact that American shipbuilding yards have never been as busy as they are right now, building under naval contracts for which the Government is responsible. I think we need not be alarmed about that.

Mr. NORRIS. Mr. President, if I may ask a question, I should like to inquire whether this would be constitutional? [Laughter.] Has the Senator given that any attention?

Mr. ROBINSON. Mr. President, does the Senator from North Dakota ask to have the resolution referred?

Mr. NYE. I ask to have it printed and lie on the table.

The PRESIDING OFFICER. The resolution will be printed and lie on the table.

EXECUTIVE SESSION

Mr. ROBINSON. Mr. President, if the Senator from Montana will yield for that purpose, I move that the Senate proceed to the consideration of executive business.

Mr. WHEELER. I yield.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Col. James T. Buttrick to be a brigadier general in the Marine Corps from the 14th day of May 1935.

He also, from the same committee, reported favorably the nominations of sundry midshipmen to be ensigns in the Navy, revocable for 2 years, from the 6th day of June 1935.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

POSTMASTERS

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. Let that nomination go over.

The PRESIDING OFFICER. The nomination will be passed over.

The legislative clerk read the nomination of William E. Emick to be postmaster at Temple City, Calif.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the other nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

NATIONAL EMERGENCY COUNCIL

The legislative clerk read the nomination of John Galleher to be State director for Virginia of the National Emergency Council.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Wednesday, June 26, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 25 (legislative day of May 13), 1935

UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS

Frank Murphy, of Michigan, to be United States High Commissioner to the Philippine Islands, to take office upon the inauguration of the government of the commonwealth of the Philippine Islands.

ADMINISTRATOR OF WORKS PROGRESS ADMINISTRATION

Harry L. Hopkins, of New York, now Federal Emergency Relief Administrator, to be also Administrator of the Works Progress Administration.

APPOINTMENTS IN THE REGULAR ARMY

AIR CORPS

To be second lieutenants with rank from June 30, 1935

Staff Sgt. Ray Willard Clifton, Air Corps.
Sgt. (1st cl.) Randolph Lowry Wood, Air Corps.
Corp. Arnold Theodore Johnson, Air Corps.
Corp. John David Pitman, Air Corps.
Pvt. (1st cl.) Mervin Frederick Stalder, Air Corps.
Pvt. (1st cl.) Noel Francis Parrish, Air Corps.
Pvt. Dolf Edward Muehleisen, Air Corps.
Pvt. Carl Swyter, Air Corps.
Pvt. Richard Cole Weller, Air Corps.
Pvt. Edward Morris Gavin, Air Corps.
Pvt. Robert Edward Jarmon, Air Corps.
Pvt. Harry Crutcher, Jr., Air Corps.
Pvt. Jack Mason Malone, Air Corps.
Pvt. Frank Neff Moyers, Air Corps.
Pvt. Edward Schwartz Allee, Air Corps.
Pvt. Harry Noon Renshaw, Air Corps.
Pvt. Joseph Bynum Stanley, Air Corps.
Pvt. Thomas Frederick Langben, Air Corps.
Pvt. Clarence Morice Sartain, Air Corps.
Pvt. James Hughes Price, Air Corps.
Pvt. Joseph Caruthers Moore, Air Corps.
Pvt. Lawrence Scott Fulwider, Air Corps.
Pvt. Lester Stanford Harris, Air Corps.
Pvt. Eyvind Holtermann, Air Corps.
Pvt. Donald Newman Wackwitz, Air Corps.
Pvt. James Hume Crain Houston, Air Corps.
Pvt. Charles Henry Leitner, Jr., Air Corps.
Pvt. Clair Lawrence Wood, Air Corps.
Pvt. Charles Bennett Harvin, Air Corps.
Pvt. George Henry Macintyre, Air Corps.
Pvt. Bob Arnold, Air Corps.
Pvt. Burton Wilmot Armstrong, Jr., Air Corps.
Pvt. Mell Manley Stephenson, Jr., Air Corps.
Pvt. Harold Lee Neely, Air Corps.
Pvt. Erickson Snowden Nichols, Air Corps.
Pvt. Jasper Newton Bell, Air Corps.
Pvt. Russell Lee Waldron, Air Corps.
Pvt. William Foster Day, Jr., Air Corps.
Pvt. Robert Strachan Fisher, Air Corps.
Pvt. Harry Coursey, Air Corps.
Second Lt. Daniel Edwin Hooks, Air Corps Reserve.
First Lt. Raymond Patten Todd, Air Corps Reserve.

(NOTE.—All of the above are either second or first lieutenants, Air Corps Reserve.)

PROMOTIONS IN THE NAVY

The following-named commanders to be captains in the Navy from the 30th day of June 1935:

William F. Amsden	Jonas H. Ingram
Harry A. McClure	Schuyler F. Heim
Cortlandt C. Baughman	Patrick N. L. Bellinger

Commander Newton H. White, Jr., to be a captain in the Navy from the 1st day of July 1935.

The following-named lieutenant commanders to be commanders in the Navy from the 30th day of June 1935:

William A. Teasley	Wilder DuP. Baker
John B. W. Waller.	Harold J. Nelson
Charles F. Martin	Ralph O. Davis
Benjamin S. Killmaster	Thomas C. Latimore

Lloyd J. Wiltse
Leon O. Alford
William H. Porter, Jr.
Walter A. Hicks
Warner P. Portz

Lt. Comdr. Benjamin F. Perry to be commander in the Navy from the 1st day of July 1935.

The following-named lieutenants to be lieutenant commanders in the Navy, from the 30th day of June 1935:

Augustus J. Wellings
John P. Vetter
John F. Gillon
Royal W. Abbott
Richard R. Hartung
Carleton C. Champion, Jr.
William H. Buracker
John W. Higley
John F. Crowe, Jr.
Francis P. Old
William H. Wallace
Joseph U. Lademan, Jr.
Hugh W. Turney

Lt. (Jr. Gr.) Cameron Briggs to be a lieutenant in the Navy from the 22d day of May 1935.

Lt. (Jr. Gr.) William L. Messmer to be a lieutenant in the Navy from the 31st day of May 1935.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 30th day of June 1935:

Frederick N. Kivette
Ira E. Hobbs
Monroe Y. McGown, Jr.
Harold O. Larson
John O. Lambrecht
John H. Griffin
Russell S. Smith
Thomas H. Tonseth
Joseph H. Wellings
Clyde F. Malone

Lt. (Jr. Gr.) Adolph Hede to be a lieutenant in the Navy from the 1st day of July 1935.

Ensign Samuel H. Porter to be a lieutenant (junior grade) in the Navy from the 4th day of June 1934.

The following-named ensigns to be lieutenant (junior grade) in the Navy from the 2d day of June 1935:

Albert A. Wellings
Thomas G. Warfield
Charles F. Brindupke
John P. Roach
William H. Raymond, Jr.

The following-named midshipmen to be ensigns in the Navy, revocable for 2 years, from the 6th day of June 1935:

Warren W. Armstrong
Rodney J. Badger
Robert Van R. Bassett, Jr.
Charles R. Beaman
John J. Becker
John W. Bottoms
Graham P. Bright
Frederic W. Brooks
Thomas A. Brown
Romondt Budd
Glenn W. Clegg
John B. Cline
Edward F. Denney
Christian L. Ewald
Charles Fadem
George S. Fuller
Henry C. Gearing, 3d
Stephen H. Gimber
Herschel J. Goldberg
Thomas H. Henry
Edgar S. Keats
Page Knight
Henry P. Knowles
Fletcher McC. Lamkin
Holman Lee, Jr.
Joseph M. Lyle
Robert S. Mandelkorn
Charles H. McCarthy, Jr.
Thomas D. McGrath
William A. McManus
Norman H. Meyer
Byron H. Nowell
George A. O'Connell, Jr.
John G. O'Handley
Eli T. Reich
William T. Samuels
Matthew S. Schmidling
Howard Z. Senif
Thomas F. Sharp
Charles S. Sharrocks
Eugene W. Shellworth
Stephen Sherwood
Thomas D. Shriver
Emory D. Stanley, Jr.
Henry L. Thomas
Edgar D. Vestel, Jr.
Howard S. Westin
James W. Whaley
Richard B. Winfield
Robert C. Wing
Barclay J. Woodward, III

The following-named surgeons to be medical inspectors in the Navy, with the rank of commander, from the 30th day of June, 1935:

Lyle J. Roberts
Morton D. Willcutts
John W. Vann
Sterling S. Cook
Bertram Groesbeck, Jr.
Louis E. Mueller
Carl A. Broaddus

The following-named paymasters to be pay inspectors in the Navy, with the rank of commander, from the 30th day of June, 1935:

William V. Fox
Charles L. Austin

Passed Asst. Paymaster Julius J. Miffitt to be a paymaster in the Navy, with the rank of lieutenant commander, from the 1st day of January, 1934.

The following-named assistant naval constructors to be naval constructors in the Navy, with the rank of lieutenant, from the 3d day of June, 1935:

Armand M. Morgan
Robert S. Hatcher
John J. Herlihy
Edward W. Clexton
Edward V. Dockweiler
Wendell E. Kraft
John J. Scheibeler

CONFIRMATIONS

Executive nominations confirmed by the Senate June 25 (legislative day of May 13), 1935

NATIONAL EMERGENCY COUNCIL

John Galleher to be State director of the National Emergency Council for Virginia.

POSTMASTERS

CALIFORNIA

William E. Emick, Temple City.

NEBRASKA

William J. McCorkindale, Bellevue.
Fred B. Householder, Bladen.
Henry A. Georgi, Dawson.
Kenneth A. Scofield, Neligh.
Frank C. Allen, Newport.
Adolpf E. Kaspar, Prague.
Mary B. Kanaly, Rulo.
Tarsney H. Winfrey, Stella.

NEW YORK

Thomas LeRoy Wardle, Amityville.
Andrew J. Melton, Bay Shore.
Benjamin F. Griffin, Camillus.
Milton L. Rogers, Fayetteville.
John L. Mack, Gasport.
Grant W. Fuller, Gouverneur.
Everard K. Homer, Livingston Manor.
Donald Decker, Port Ewen.
Mary F. Chambers, Shortsville.
Albert B. Sabin, Wolcott.

NORTH DAKOTA

Walter E. Harke, New Leipzig.

UTAH

Clarence E. Smith, Spanish Fork.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 25 (legislative day of May 13), 1935

POSTMASTER

VERMONT

Earl W. Davis to be postmaster at Bridgewater, in the State of Vermont.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 25, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, only Thou art holy. Thou art the Infinite One, in whom there is supreme excellence. Centering in Thyself are purity, sacrifice, moral power, and affluence transcending everything of which we could possibly conceive. Blessed Lord God, kindle in us zeal, enthusiasm, and self-consecration that shall give us the divinest of all powers. Brood over our land; many there are whose morning sunshine is darkness; countless lives that should be happy are embittered and blighted by poverty, unkindness, and injustice; help them to see the bow in the clouds. We praise

Thee that the mystery of love is profounder than the mystery of affliction, and Thou art love. Inspire us to walk out of the chapters of the Holy Bible and put into our daily conduct a power that restores and opens up the heart of God. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 805. An act for the relief of Luther M. Turpin and Amanda Turpin;

H. R. 1315. An act for the relief of Thomas J. Gould;

H. R. 1703. An act for the relief of Cletus F. Hoban;

H. R. 2708. An act for the relief of James M. Pace;

H. R. 2987. An act for the relief of E. W. Tarrence;

H. R. 4817. An act for the relief of Matthew E. Hanna;

H. R. 6504. An act to amend an act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America and providing compensation therefor"; and

H. R. 6630. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 4760. An act to increase the statutory limit of expenditure for repairs or changes to naval vessels; and

H. R. 6453. An act to amend the act of May 13, 1924, entitled "An act providing for a study regarding the equitable use of the waters of the Rio Grande", etc., as amended by the public resolution of March 3, 1927.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2276) entitled "An act to authorize participation by the United States in the Interparliamentary Union."

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 166. An act for the relief of Jack Doyle;

S. 810. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States;

S. 1084. An act for the relief of W. F. Lueders;

S. 1225. An act for the relief of Harry H. A. Ludwig;

S. 1313. An act providing for waiver of prosecution by indictment in certain criminal proceedings;

S. 1689. An act for the relief of Frank Fisher;

S. 1690. An act for the relief of R. G. Andis;

S. 1735. An act for the relief of the estate of W. W. McPeters;

S. 1861. An act to incorporate the National Association of State Libraries;

S. 1935. An act for the relief of Marion Shober Phillips;

S. 1980. An act for the relief of Lewis Worthy and Dennis O. Penn;

S. 2253. An act to make better provision for the government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience;

S. 2367. An act to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes;

S. 2551. An act to make immediately available the unexpended balances of certain appropriations for the construction or reconstruction of roads and bridges in the flood areas of Missouri, Mississippi, Louisiana, Arkansas, Kentucky, and Alabama; and

S. 2818. An act for the relief of Blanche L. Gray.

CALENDAR WEDNESDAY

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday may be dispensed with tomorrow.

The SPEAKER. Is there objection?

There was no objection.

THE AVENUE OF MEMORIES

Mr. DUFFEY of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by the gentleman from Massachusetts [Mr. HEALEY] at Medford, Mass., on Sunday, June 23, 1935, at the dedication of The Avenue of Memories.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DUFFEY of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by the gentleman from Massachusetts [Mr. HEALEY] at Medford, Mass., on Sunday, June 23, 1935, at the dedication of The Avenue of Memories.

Comrade Chairman, Comrade Commander, comrades, and fellow citizens, Medford Post, American Legion has sponsored this occasion today for the purpose of paying a unique and signal honor to its departed comrades—men of the World War who paid the supreme sacrifice in the service of their country.

Today the veterans of this city and their fellow citizens are commonly united in one purpose, to dedicate to their hero dead a lane of trees, to be known as the "avenue of memories", each tree to perpetuate the patriotism of a Medford boy who sacrificed his life for his country.

It is strikingly in keeping with the traditional patriotism of the residents of Medford—in the historic county of Middlesex—that they should honor their heroic dead in such an appropriate manner.

For was it not here on this ground that so much transpired which led to the birth of a new freedom and gave to the world a new principle of government—a government controlled by the people and exercised for their common benefit? When the original Thirteen Colonies were struggling for the recognition of what they conceived to be their inalienable rights it was here in this historic county that a new leadership was evolved, a leadership destined to bring forth a new nation which was to blossom and to flower into world-wide supremacy.

Here in this county are recorded the first acts of the glorious struggle which led to our independence and nowhere were there more heroic and glorious sacrifices.

The spirit of the original settlers of this community, who so valiantly and unselfishly devoted their lives and property to the cause of freedom has hallowed this ground. It has been transmitted—not alone to their posterity—but also to those who came here from foreign shores to adopt this country as their own, and to their sons and daughters.

When, approximately a century and a half after our early struggle, this Nation—now grown to leadership among nations—through force of circumstances was plunged into a world-wide conflict, animated by the traditional patriotism nurtured here, the youth of Medford quickly responded to the service of their country. They mingled with their fellows from the four corners of this great Nation, to engage in the grimmest and most bloody holocaust in the history of civilization. Many of them were destined never to see their native land again. Their memories we honor today, and it is indeed a fine tribute to their sacrifice that so many of the citizenry of this community have assembled here to pay homage to them.

Our land is dotted with buildings, monuments, and temples in honor of our heroic dead of all wars, beautiful in architecture, ornamental in design, and wrought in enduring materials. But how beautiful the thought which inspired the planting of this row of saplings, each designated to commemorate the life of a fallen comrade. A few years and they will attain a luxuriant growth and this avenue will be transformed into a lovely sylvan lane. Living memorials, vibrant with life, the handiwork of the Creator Himself, to be nurtured by His life-giving soil, sustained and strengthened by the warmth of His sun. What is more conducive to reminiscence and contemplation than such a lane as this will be—shadowed by sylvan branches—a fretted vault and lengthy aisle of the cathedral of the sky. Here will be instilled in the hearts of the young who shall play here the principles of loyalty and devotion, and upon the hearts of those lovers who may seek its future sylvan beauty, will be impressed the price their forbears paid that they might enjoy its peace and serenity.

In such a place we may well conjure the thoughts of a soldier—tired, war weary, discouraged—pausing gratefully beneath the cooling shade of a tree and contrasting its God-given loveliness with the horrors of man-made war.

In the lulls between the fighting many a soldier must have dreamed and longed for just such a lane as this is to be, shaded by cool, tall trees, in peace and tranquillity—traversed by those he knew and loved—many long, weary miles away, across the heaving ocean. Joyce Kilmer, the soldier-poet, found his inspiration in trees and gave to us not only the example of his sac-

rifice but his splendid tribute to them, phrased in the language of immortality; and when, a short time later, he received his mortal wound and his eyes, closed forever in the sleep that knows no waking, perhaps there sounded in his ears the sweet symphony of his own words:

"I know that I shall never see
A poem lovely as a tree
A tree whose hungry mouth is pressed
Against the earth's sweet flowing breast."

But while we are gathered here to pay solemn honor to the memory of our departed comrades, it is singularly appropriate that we should dedicate ourselves to their unfinished task.

Today we are still engaged in a titanic struggle against the havoc of depression, although we are slowly but surely emerging from the numbing despondency of its deathly grip. We have witnessed the most complete economic and industrial collapse the Nation has ever known. We have experienced a great emergency, an emergency at least as great as any ever created by the devastating hand of war. Never before was destitution so wide-spread and universally experienced. Rich and poor, high and low, all have felt its withering grasp or seen its shadow cross their threshold. It has known no local aspects but has spread to every corner of our land, transcending our national boundaries, and, like some awful plague of old, swept the earth, in the intensity of its onslaught. While engaged in war we have at least known the identity and nature of the foe, but in our struggle against depression we have been harassed by a great unseen and unknown enemy.

The destructive causes of this great economic collapse were so insidious that they were not discovered until our racking illness had progressed almost to the point of economic and national death.

Within the last three decades our Nation underwent a period of tremendous industrialization and economic expansion, culminating in the period of the World War—when the United States changed from a debtor to a creditor Nation. During the progress of this great industrial development our Government consistently maintained a "hands off" policy but—with maternal care—furnished every protection to its infant industries, and, in many cases, aided by subsidizing their development.

But, while the offspring thus aided developed into an apparently robust maturity, it was only a surface healthfulness, for grave dangers lurked within, which in the startling growth from adolescence to virility had been all but overlooked. In place of the personal relationship of consumer and merchant, employer and worker, producer and distributor, there was developing an impersonal, intangible organization of industry and commerce. The rise of giant corporations so far removed workers from their employers that they became almost automatons. In place of the small business man who actively managed his business, there developed the remote control of business through sheer possession of money. The personal pride of man in serving, and serving well, his fellow man, gave place to the mere sale of services in return for an equivalent in dollars and cents. The spiritual satisfaction of service and work was lost in the scramble for money and material gains. Money became almost the sole object of all striving, and the humane, social, and spiritual values of our forbears were lost in the new order.

While there may have been some temporary material gains and advances accruing from this development, it gave rise to abuses and evils which far offset any of its benefits. The scorching pace in the race for power obtained through money and the control of money left little time for consideration of humane and social standards. Business ethics gave way to cutthroat competition. Child labor, sweatshops, overcapitalization, centralization of control in the hands of a few, excessive hours of employment, wage cutting, subordination of the man to the machine—in short, the evils had so intrenched themselves as to command the situation, The machine, which should have been the servant of man, now became his master and millions of American workers were reduced to economic serfdom and millions of others thrown out of employment.

Our Constitution was designed to promote the general welfare of all the people of the United States. Under its terms the people of this country have enjoyed and still are enjoying a greater measure of freedom and opportunity than is afforded by any other charter or instrumentality of Government conceived by the mind of man. But a constitution enacted to promote the general welfare of all the people can certainly not be held to be an instrumentality for the perpetuation of those evils most destructive of that welfare. But in our desire to perfect legislation to eradicate evils—the evils of our economic and social order, which are now apparent—we should not abridge any of those safeguards afforded our liberty by that great instrument.

During the past 2 years much has been accomplished to check the onslaught of the depression and foster a return to normalcy. Legislation was enacted—sometimes hurriedly—designed to remedy the evils which harassed our economic and social existence, and a sincere and humane effort has been made to provide to every man the opportunity of earning a living for himself and family and to attain a measure of security in old age and adversity. The situation called for speedy and decisive action. Perhaps mistakes were made. But it is beyond question that the benefits derived from this legislation were numerous and known to all.

A momentous decision has just been rendered by the highest court of our land, declaring the foremost instrument of the new recovery program unconstitutional and setting forth that certain other constitutional guaranties are inviolate. The doctrine of State rights, a doctrine always dear to the American people, has been sustained against invasion by national legislation. Our Government is a government of laws and not of men. It is the duty of all Americans to maintain it so.

However, we cannot consent to the view that the decision of the Supreme Court is the signal for business to again plunge into an orgy of destructive competition and ruthless labor policies. It means no such thing. Now that we have recognized those elements of the codes of fair competition which have proven to be beneficial, we cannot tolerate again the unsound and suicidal methods rampant before their advent. Certainly somewhere within the four corners of the Constitution there will be found some means whereby we may safeguard the American people from the ruthless exploitation of a favored few. We cannot believe that those men who set out to guarantee to all Americans life, liberty, and the pursuit of happiness preempted us from accomplishing the very ends which they espoused, a people free from tyranny of any sort, whether it be political or economic.

Our own Commonwealth of Massachusetts has been a leader in the enactment of humane and progressive legislation. For many years now, it has had laws in its statute books which have prevented the employment of children in industry, regulated hours of employment, and established minimum wages, and other laws designed for protection of the safety and health of employees. But, by the enactment of these very laws, we have been placed in a disadvantageous position in industrial competition with those States which have little or no regulatory legislation of this nature.

During this session a bill was passed by the lower branch of Congress giving its consent to the several States to enter into compacts or agreements affecting the relationship of employer and employee. Here, it seems, may be a vehicle by which the known beneficial results of the new order may be achieved and perpetuated in conformance with the Constitution and the doctrine of State rights.

Of course, the formation of such agreements will depend upon an awakened public conscience and a persistent demand by the people of those States which have been backward in the enactment of such humane legislation.

It is the task of Congress and the people of the United States to solve this problem. Even now, in the Halls of Congress, a determined study is being made of the situation. Throughout the Nation statesmen and scholars are engaged in its solution.

But in the ultimate sense the solution can come only from the great body of the American citizenry. It is their will which eventually governs and determines the policies of our Nation. From their awakened consciousness is evolved the leadership to carry out progressive policies suited to their needs. Under our form of government theirs is the ultimate power to ratify or reject such policies as have been undertaken.

Through the agencies of the new order the people of the United States have been awakened to the destructive methods which have existed in our economic order. We have been lifted to higher standards. It is my firm conviction that an aroused citizenry will cling determinedly to the beneficial gains which have been made and will never permit a return to the dangerous and destructive conditions which threatened the very existence of our Government.

It is indeed fitting that those men who engaged in the World War should engage again in peace-time efforts in the cause of their country. Among them are to be found the leaders of their respective communities. The American people have always respected and honored those men who wore the uniform of their country in time of distress and emergency. They underwent the dangers and rigors of war and placed the disposition of their lives in the hands of the Nation. Over all hovered the shadow of possible death and all were baptized in the highest ideals of patriotism and love of country.

Our Nation is fortunate to have such an organization as the American Legion and similar veterans' organizations, composed of men who bore arms in its service. These organizations are ever vigilant to preserve the integrity of our institutions, our traditions, and ideals.

Comrades of the American Legion, you have dedicated today a beautiful and enduring memorial to preserve the memories of your departed comrades, a living tribute which will serve as a lasting reminder throughout your generation and generations to come of the unselfish, undying devotion of those men whom we have honored today. May God grant that just as these trees shall blossom and flourish from spring to spring, so, too, may our Nation prosper; and as their leafy branches spread their cool shelter, so, too, may our Government safeguard and preserve the liberty and happiness of its people, disseminating its beneficence with equal justice to all.

REPORT FROM RULES COMMITTEE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the Rules Committee may have until midnight tonight to file a report from that committee.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. DUNN of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial appearing in the Meridian (Miss.) Star,

under date of Sunday, June 23, 1935, entitled "The Goal Is Near."

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. RICH. Reserving the right to object, I think the gentleman from Mississippi, as well as other Members of the House, know that we are not permitting editorials to go into the RECORD. For that reason I shall object.

Mr. DUNN of Mississippi. Will the gentleman withhold his objection for me to make this observation?

This is an editorial commemorating the five hundred and tenth hour of two young Mississippi boys who have been attempting to establish a nonstop refueling record. They are in the air now, making a contribution to science and patriotism.

Mr. RICH. I want to say that the RECORD will be in the air if we would permit all of these editorials to go in from newspapers. For that reason I must object.

AMERICAN MERCHANT MARINE

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 275.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 8555, a bill to develop a strong American merchant marine, to promote the commerce of the United States, and so forth. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. GREENWOOD. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] such time as he may desire.

Mr. RANSLEY. There is no time desired on this side of the aisle.

Mr. GREENWOOD. Mr. Speaker, House Resolution 275, which I am calling up from the Rules Committee, provides for consideration of H. R. 8555, from the Committee on Merchant Marine and Fisheries. This is known as the bill providing for subsidies for the merchant marine. It is an administration measure to take care of the shipping interests of the Nation, and to take care of certain contracts for carrying the mail which have been canceled and which are up for readjustment.

It is an open rule, providing for 3 hours' general debate, which shall be confined to the bill and allowing full freedom of amendment. I shall not attempt to discuss the merits of the bill, because the gentleman from Virginia [Mr. BLAND] and other members of the committee are much more familiar with it than I.

I now yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, I shall vote for this rule, although I think it is obvious to the Membership of the House that it would be impossible to intelligently and orderly consider the bill and the subject matter of it in the amount of time allotted under the rule. I am sure it is a good bill because it comes from a great committee with a great chairman. That committee has given long, conscientious and faithful consideration to the subject and has conducted hearings which consumed about 1,200 pages of printed matter.

Mr. Speaker, I have no objection to being gagged, reasonably. I would like for it to be done in a sort of a decent manner, so that I can, to some extent, retain my legislative self-respect, though I am not particularly complaining about this particular matter. What I want to say at this moment in relation to this subject is to comment upon headlines in the Washington Post this morning, which serve notice that the House of Representatives will be asked to pass a tax bill in 5 days.

Mr. Speaker, I am willing to vote for a tax bill. I am willing to help levy taxes necessary to pay for the unusual and the emergency expenditures that we have been called upon to make, because I voted for those expenditures. If the President feels this is an opportune time to embark upon that program, I am willing to do it. I am willing to subscribe to the proposition that "those who have should give", and that people should contribute to the cost of government, reasonably in proportion to their benefits and their ability. I am not, however, going to vote for any share-the-wealth or soak-the-rich proposition, and I dislike being classed with those who advocate such proposals. I am somewhat amazed that the administration and our leaders have permitted their tax proposals to go labeled as a share-the-wealth scheme.

Mr. O'CONNOR. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. O'CONNOR. The gentleman knows, of course, that those are just newspaper headlines.

Mr. WOODRUM. Well, it is just newspaper headlines, and this is the headline in the newspaper this morning, serving notice, "President Rushes Tax Program—Leaders Seek Passage in 5 Days."

Who are the leaders? Who are the leaders of either branch of this Congress who are going to ask a national legislative body to pass such a comprehensive tax bill in 5 days? Now name them. [Applause.]

Mr. O'CONNOR. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from New York.

Mr. O'CONNOR. I have reason to believe that there is no truth whatsoever in that story, and I may say, to pass a tax bill of that kind by the end of this week would be a good trick if we did it.

Mr. WOODRUM. Yes; and it will not be done, either.

Mr. O'CONNOR. Of course it will not be. [Applause.]

Mr. WOODRUM. Mr. Speaker, I believe there are Members of this House on both sides of the aisle who will stand against any such asinine and ridiculous proposal, no matter who may suggest it. [Applause.]

In the first place, a careful reading of the body of the newspaper article does not support the headlines. I am absolutely convinced that the President of the United States never made any such suggestion, nor have any of the responsible leaders of the House made any such suggestion. My purpose here is to serve notice to the Congress and to my constituents that, so far as I am individually concerned, I am willing to stay here all summer, if necessary, to work out in an orderly manner a reasonable, proper tax program in order to raise the necessary revenue to run this Government; but if anybody undertakes to ram a tax bill down my throat in 5 days, I believe with 12 years' experience in Congress I know a few tricks, and it will not be done that quickly.

Mr. TAYLOR of Colorado. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Colorado.

Mr. TAYLOR of Colorado. May I say on behalf of myself individually and so far as I have the authority to speak for anybody else that I coincide substantially with what the gentleman says. I have not been consulted in reference to any tax program. But I am confident there will be no 5-day rush legislation, as indicated by some newspapers. I believe headlines and newspaper articles of that kind are politically inspired for the purpose of creating trouble and stirring up strife in Congress and dissension throughout the country for partisan purposes. I feel that is the basis of it. I think there is really no truth in the statements.

Mr. WOODRUM. I am glad to have the gentleman's disavowal.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I offer an amendment to the resolution, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. O'CONNOR: On page 2, line 3, after the comma, insert "and the previous question shall be considered as ordered on the bill."

Mr. O'CONNOR. Mr. Speaker, I may say that this amendment covers a line that was dropped out inadvertently by the Government Printing Office.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was agreed to.

Mr. GREENWOOD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. BLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

The question was taken; and on a division (demanded by Mr. LEHLBACH) there were—ayes 79, noes 0.

Mr. LEHLBACH. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 335, nays 14, not voting 80, as follows:

[Roll No. 105]

YEAS—335

Adair	Daly	Higgins, Conn.	Mead
Allen	Darden	Higgins, Mass.	Meeks
Andresen	Darrow	Hildebrandt	Merritt, Conn.
Andrew, Mass.	Delaney	Hill, Ala.	Merritt, N. Y.
Andrews, N. Y.	Dempsey	Hill, Knute	Michener
Arends	Dickstein	Hill, Samuel B.	Millard
Arnold	Dies	Hobbs	Miller
Ashbrook	Dirksen	Hoeppel	Mitchell, Ill.
Ayers	Disney	Hoffman	Mitchell, Tenn.
Bacharach	Ditter	Holmes	Monaghan
Barden	Dobbins	Hook	Montet
Beiter	Dockweiler	Hope	Moran
Biermann	Dondero	Huddleston	Moritz
Binderup	Dorsey	Imhoff	Mott
Blackney	Droughton	Jacobsen	Murdock
Bland	Doxey	Jenckes, Ind.	Nelson
Blanton	Drewry	Jenkins, Ohio	O'Brien
Bloom	Driscoll	Johnson, Tex.	O'Connell
Boehne	Driver	Johnson, W. Va.	O'Connor
Boland	Duffey, Ohio	Jones	O'Day
Bolton	Duffy, N. Y.	Kahn	O'Leary
Boylan	Duncan	Kee	O'Neal
Brennan	Dunn, Miss.	Kelly	Owen
Brown, Ga.	Dunn, Pa.	Kennedy, Md.	Parks
Brown, Mich.	Eagle	Kennedy, N. Y.	Parsons
Brunner	Eckert	Kenney	Patman
Buck	Edmiston	Kerr	Patterson
Buckbee	Ekwall	Kimball	Patton
Buckler, Minn.	Ellenbogen	Kinzer	Pearson
Burch	Engel	Kleberg	Peterson, Ga.
Burdick	Evans	Kloeb	Pettengill
Burnham	Faddis	Knutson	Pfeifer
Caldwell	Farley	Kocialkowski	Pierce
Cannon, Mo.	Fenerty	Kramer	Plumley
Carlson	Ferguson	Kvale	Powers
Carmichael	Fernandez	Lambertson	Rabaut
Carpenter	Fiesinger	Lambeth	Ramsay
Cary	Fish	Lanham	Ramspeck
Castellow	Fitzpatrick	Lea, Calif.	Randolph
Cavicchia	Flannagan	Lee, Okla.	Rankin
Celler	Fletcher	Lehlbach	Ransley
Chandler	Focht	Lewis, Colo.	Reece
Chapman	Ford, Calif.	Lloyd	Reed, Ill.
Christianson	Ford, Miss.	Lord	Reed, N. Y.
Church	Fuller	Lucas	Reilly
Citron	Fulmer	Luckey	Rich
Claiborne	Gassaway	Ludlow	Richards
Clark, N. C.	Gavagan	Lundeen	Richardson
Coffee	Gildea	McAndrews	Robertson
Colden	Gillette	McCormack	Robinson, Utah
Cole, Md.	Gingery	McFarlane	Robsion, Ky.
Cole, N. Y.	Goldsborough	McGrath	Rogers, Mass.
Collins	Granfield	McGroarty	Rogers, Okla.
Colmer	Gray, Ind.	McLaughlin	Romjue
Connery	Gray, Pa.	McLean	Rudd
Cooley	Green	McLeod	Sabath
Cooper, Ohio	Greenwood	McMillan	Sadowski
Cooper, Tenn.	Greever	McReynolds	Sanders, La.
Costello	Gregory	McSwain	Sanders, Tex.
Cox	Griswold	Maas	Sandlin
Cravens	Guyer	Mahon	Schaefer
Crawford	Gwynne	Maloney	Schuetz
Crosby	Halleck	Mansfield	Schulte
Cross, Tex.	Hamlin	Mapes	Scrugham
Crosser, Ohio	Hancock, N. Y.	Marshall	Secrest
Crowe	Harlan	Martin, Mass.	Shanley
Crowther	Hart	Mason	Sirovich
Culkin	Harter	Massingale	Sisson
Cullen	Healey	Maverick	Smith, Va.
Cummings	Hess	May	Smith, Wash.
Smith, W. Va.	Tarver	Umstead	Whittington
Snell	Taylor, Colo.	Utterback	Wigglesworth
Snyder	Taylor, S. C.	Vinson, Ga.	Wilcox
South	Terry	Vinson, Ky.	Williams
Spence	Thom	Wadsworth	Wilson, La.
Stack	Thomas	Wallgren	Wilson, Pa.
Starnes	Thomason	Walter	Wolcott
Steagall	Thompson	Warren	Wolfenden
Stefan	Tinkham	Wearin	Woodruff
Stewart	Tobey	Weaver	Woodrum
Stubbs	Tolan	Welch	Young
Sutphin	Tonry	Werner	Zimmerman
Sweeney	Treadway	West	Zioncheck
Taber	Turner	Whelchel	

NAYS—14

Amlie	Gilchrist	Pittenger	Truax
Boileau	Hull	Sauthoff	Withrow
Cannon, Wis.	Johnson, Okla.	Schneider	
Gehrmann	O'Malley	Thurston	

NOT VOTING 80

Bacon	Dingell	Kopplemann	Quinn
Bankhead	Doutrich	Lamneck	Rayburn
Beam	Eaton	Larrabee	Rogers, N. H.
Bell	Eicher	Lemke	Russell
Berlin	Englebright	Lesinski	Ryan
Brewster	Frey	Lewis, Md.	Scott
Brooks	Gambrill	McClellan	Sears
Buchanan	Gasque	McGehee	Seger
Buckley, N. Y.	Gearhart	McKeough	Shannon
Bulwinkle	Gifford	Marcantonio	Short
Carter	Goodwin	Martin, Colo.	Smith, Conn.
Cartwright	Greenway	Montague	Somers, N. Y.
Casey	Haines	Nichols	Sullivan
Clark, Idaho	Hancock, N. C.	Norton	Sumners, Tex.
Cochran	Hartley	Oliver	Taylor, Tenn.
Corning	Hennings	Palmisano	Turpin
Dear	Hollister	Perkins	Underwood
Deen	Houston	Peterson, Fla.	White
DeRouen	Keller	Peyser	Wolverton
Dietrich	Kniffin	Polk	Wood

So the motion was agreed to.

The Clerk announced the following pairs until further notice:

Mr. Buchanan with Mr. Seger.
Mr. Martin of Colorado with Mr. Wolverton.
Mr. Cochran with Mr. Perkins.
Mr. Sears with Mr. Gifford.
Mr. Hancock of North Carolina with Mr. Carter.
Mr. Beam with Mr. Bacon.
Mr. Cartwright with Mr. Doutrich.
Mr. Corning with Mr. Goodwin.
Mr. Bulwinkle with Mr. Brewster.
Mr. Lewis of Maryland with Mr. Eaton.
Mr. Somers of New York with Mr. Gearhart.
Mr. Gasque with Mr. Englebright.
Mr. Sumners of Texas with Mr. Hollister.
Mr. Haines with Mr. Short.
Mr. Bankhead with Mr. Turpin.
Mr. Kniffin with Mr. Hartley.
Mr. Underwood with Mr. Taylor of Tennessee.
Mr. Sullivan with Mr. Lemke.
Mr. Rayburn with Mr. Marcantonio.
Mr. Polk with Mr. Russell.
Mr. Peterson of Florida with Mr. Eicher.
Mr. Oliver with Mr. Dingell.
Mrs. Norton with Mr. Deen.
Mr. Montague with Mr. Clark of Idaho.
Mr. Larrabee with Mr. Casey.
Mr. Rogers of New Hampshire with Mr. McClellan.
Mr. Lamneck with Mr. Bell.
Mr. McGehee with Mr. Lesinski.
Mr. Berlin with Mr. Dear.
Mr. Nichols with Mr. Brooks.
Mr. McKeough with Mr. Buckley of New York.
Mr. DeRouen with Mr. Quinn.
Mr. Scott with Mr. Dietrich.
Mr. Frey with Mr. Smith of Connecticut.
Mr. Gambrill with Mr. Hennings.
Mrs. Greenway with Mr. White.
Mr. Houston with Mr. Keller.
Mr. Wood with Mr. Peyser.

Mr. GEHRMANN and Mr. GILCHRIST changed their votes from "aye" to "no."

The result of the vote was announced as above recorded.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, with Mr. MAY in the chair.

The Clerk read the title of the bill.

Mr. BLAND. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLAND. Mr. Chairman, of the time allotted to me I yield 30 minutes to the gentleman from Iowa [Mr. WEARIN], to be disposed of as he may see fit.

I yield myself 25 minutes, Mr. Chairman.

Mr. Chairman, I desire to pay a tribute to the members of the committee over which I have the honor to preside. When you consider the hearings on this bill and the time that was taken in the preparation of the measure you will realize the burden that has rested upon these men on both sides. They have attended the hearings, they have worked diligently day after day in trying to formulate a bill that would provide an American merchant marine. I may say with respect to those who did not agree with us that they have rendered valuable service in the formulation of the measure.

On March 4 the President of the United States sent to the Congress a message dealing with this subject, and accompanying this message was a letter from the Postmaster General, and also a report from the interdepartmental committee. We have considered this message in its entirety. We have also considered the reports. While we have not been able to present at this time many of the salutary things contained in some of these reports, they will be the subject of future legislation.

The hearings were held on March 19, 20, 21, 22, 23, 26, 27, April 30, May 1, 2, 3, 4, 6, 7, and 8, and almost continuously from the conclusion of these hearings up to the time the bill was reported, the committee has been in session considering the measure. We believe we have complied with the message of the President, and there will be found in the report a letter from the Secretary of Commerce to the effect that the Department of Commerce endorses this bill.

In two respects we have departed from the message of the President. I shall discuss them before going into a discussion of the details of the bill.

First, we have continued the Construction Loan Fund. The President suggested that it be eliminated. We gave most careful consideration to this proposed elimination, but we felt that in the interests of all of the ports of the country, in the interest of protection from monopoly, it was necessary to provide a fund which might be used as an aid in the way of loans for the purpose of construction.

This security is ample. I wish to call attention to the fact that in the beginning of the Construction Loan Fund there was originally authorized loans amounting to $148,000,000, of which $47,000,000 has been repaid. Of the outstanding loans to date of $101,000,000, 7 companies out of 34 are in arrears amounting to 3½ percent of the total loans outstanding. No losses have been sustained by the Government as a result of the construction loan transactions, and the Government today can take over the ships on which the loans have been made at any time there is default, and protection to the Government is afforded.

The other particular is with respect to the transfer of regulatory powers to the Interstate Commerce Commission. We felt it would be unwise at this time to make this transfer, first, because foreign commerce regulation has not been centered in the Interstate Commerce Commission; second, they are not familiar with the problems; and, third, in this period of transition from the policy that has been pursued in the past to the new policy we seek to inaugurate, we felt that this transfer should be at least held in abeyance.

Furthermore, in the testimony of Mr. Eastman before the committee on the water carrier bill—and I had expected to have a copy of that testimony with me—he stated that the insertion of the suggestion that foreign-commerce regulation should be transferred to the Interstate Commerce Commission was put in at the last hour, and that he did not know anything about foreign commerce or matters pertaining to its regulation, very frankly and openly admitting, so far as that was concerned, he was not acquainted with the details of that regulation. We feel, therefore, that this suggestion is possibly an eminently wise one to defer until there shall be a new set-up and further consideration.

Mr. Chairman, the President in his message distinctly said that he proposes to end the subterfuge of mail contracts as subsidies and he made distinct and definite recommendations.

Approached in this way a subsidy—

Said the President—

amounts to a comparatively simple thing. It must be based upon providing for American shipping Government aid to make up the differential between American and foreign shipping costs. It should cover first the difference in the cost of building ships; second, the difference in the cost of operating ships; and, finally, it should take into consideration the liberal subsidies that many foreign governments provide for their shipping.

This we have undertaken to follow.

The bill begins with a declaration of policy on the part of the United States, which is very slightly different from the policy that has been announced in the past; the policy announced in the 1920 act, the policy announced in the 1928 act, and the policy which we believe to be the true objective of this Nation if it is to keep its place on the seas, to provide adequate defense in time of war, and the promotion of foreign commerce in time of peace. Practically the only difference that we have made is that we have provided that our merchant marine shall be sufficient to carry 50 percent of the foreign and domestic water-borne commerce, outgoing and ingoing.

The importance of this measure is so great that we felt that there should be a board appointed by the President, composed of men peculiarly qualified to handle these important problems, and so we have provided a United States Maritime Authority.

They are men carefully selected, to be chosen by the President of the United States, and to be confirmed by the Senate. They are to be men who shall not at the time of their qualification and taking office be employed or hold any relation to any water carrier. They shall not be in the employ of or hold any official relation to any carrier by water or any person carrying on the business of shipbuilding, ship repairing, marine insurance, stevedoring, ship chandler, or forwarding or furnishing towboats, wharfage, docks, warehouse management, operating or other services of a like character in connection with any carrier by water, or own any stock or bonds of any such carrier or person, or be pecuniarily interested directly or indirectly therein.

Mr. DARDEN. Will the gentleman yield?

Mr. BLAND. Yes.

Mr. DARDEN. Would he be ineligible at the time of his appointment or could he divest himself of those relations after appointment?

Mr. BLAND. He must not be in any of these businesses at the time he is appointed. If there is any other particular concerning which it is felt that he would be impaired in the performance of his duty, there is afforded protection in confirmation by the Senate before he can receive this position. He can be removed at any time.

In the limited time I have, I cannot go into the full details, but one of the first duties to rest on the maritime authority is the adjustment of these existing ocean mail contracts.

The President, by an Executive order, or rather by section 5 of the independent offices bill in 1933, was authorized to examine all of these ocean mail contracts, and after hearing, cancel or modify them, if he saw fit.

Hearings were to be held, and those hearings have been held. We have the benefit of the hearings before the Black committee and the benefit of the hearings before the Post Office Committee, consisting approximately of 34,000 pages.

The President's power expired on April 30, or was to expire on that date. At the request or suggestion of the President that power was extended to October 31. In this bill we have extended the power to June 30, 1936.

But remember this, in considering this extension we have not taken away one iota of the power given by law to the President of the United States.

We say to the President that from this good hour he has the right to cancel or modify any contract which may ex-

ist; or, if he desires, he may call upon the Maritime Authority for assistance in adjusting these contracts so that the Government will be protected from losses in large sums. The President indicated that it was his desire for the extension to October 31.

Mr. Chairman, this Maritime Authority must be composed of good men, of skilled men, and men of unusual ability. They are taken from five regions, the Atlantic coast, the Pacific coast, the Great Lakes, the Gulf States, and the interior. Three of them must be from the majority party and two from the minority party. These men have imposed upon them the duty of working out the construction differential, of working out the operating differential, and of working out the various policies of the administration of this subsidy act. We have provided a construction differential which is paid to the shipbuilder during the construction of the ship. We have provided an operating differential to take care of the difference in cost between the operation of the American ships and the operation of foreign ships. The evidence is indisputable that the cost of building in the United States is greater than the cost of building in foreign countries. If we are going to have a merchant marine, that feature must be taken care of. Those differentials, those subsidies, are vastly better than the subsidy provisions under existing law. Under existing law the ocean mail contract includes the construction subsidy over a period of years. The operating subsidy is carried over a period of years. The construction subsidy under this bill is determined at the time that the ship is built. It is determined by the maritime authority.

It is determined what that amount shall be, what is the principal differential between the principal nations where the foreign competitors are and it is then settled once and for all as to the particular ship to be built. If there is a change in that construction differential in a subsequent year, as we hope there will be, whereby the differential between American shipbuilding and foreign shipbuilding is reduced, the Government gets the benefit of it, and it is not a subsidy running over a long period of years. As to the operating subsidy, it is determined year by year. It is determined at the end of the year, and is based on specified items. There must be taken into consideration the extra cost of operating, and only 75 percent of the estimated differential can be paid before the end of the year, with security to protect from overpayment. At the end of the year the amount for that year is definitely fixed by the maritime authority. If any question arises as to an improper amount, the party claiming more must go into the Court of Claims. Therefore, year by year the operating differential is raised or lowered in accordance with the facts of that particular year. The provisions we have made for operating differentials and for the construction differential are guarded by formulas determining how those subsidies shall be ascertained, and they afford no opportunity for the abuses that have existed in the past. They give no opportunity for the payment of salaries to lobbyists and for similar expenditures.

The President in his messages called attention to abuses in respect to stevedores, affiliated companies, associated companies, holding companies, and similar organizations. We realize that at times such companies may be necessary, but we have provided that they shall not exist except with the consent of the maritime authority, and that none of these contractors may participate in holding companies or be affiliated with them except where in exceptional circumstances the authority may permit.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. JOHNSON of Texas. What about ocean mail contracts? Does the gentleman think this legislation will safeguard the Government better than in the past, with reference to the amount paid for carrying the mail?

Mr. BLAND. We have definitely provided in this bill that from this day, no ocean mail contracts can be entered into. While we have not definitely repealed that provision of the law, the only reason we have not done it is that we have felt there may be some provisions in the law that would be beneficial to the Government, so that it would probably be unwise to repeal the law. So far as granting ocean mail contracts is concerned, it is definitely provided in the bill that they shall not be granted hereafter. The only ocean mail provision is the requirement of preference to ocean ships such as exists in the law, and the mail shall be carried as before the ocean mail contracts.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. MASSINGALE. Can the gentleman give us an estimate of what it is going to cost the Government to initiate and set up this program, say, for the first 2 years?

Mr. BLAND. That would depend entirely upon the number of ships to be built. Let us say that the differential as to a million-dollar ship is about $400,000, as between American cost and foreign cost. The interdepartmental committee estimates in respect to the 282 ships now in operation that the operating differential is about $11,000,000.

Mr. MASSINGALE. Does the gentleman mean to say that it will take an appropriation of only $11,000,000 to inaugurate this program?

Mr. BLAND. No. It will depend upon the ships that we are to build and operate.

Mr. DONDERO. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. DONDERO. Will the maritime authority determine the number of ships to be built, which will result in the amount of expense to the Government of the United States?

Mr. BLAND. Yes; the maritime authority.

Mr. DONDERO. Under this bill?

Mr. BLAND. Yes. First, an application for a ship must be made by the applicant. He must set out his financial standing. The authority can control that. Then when they have worked out the differential and they want bids on a ship, they call for bids from responsible shipbuilders. We have provided that those bids shall be accompanied by estimates and necessary information for the maritime authority to determine if they are fair bids. We have provided penal provisions against collusion between shipyards, with a heavy penalty against anyone giving any information to anyone else with respect to his bid. We have provided that the shipbuilder and the ship operator must keep his books in the form and under rules and regulations provided by the maritime authority. The authority may go to the shipbuilding companies and examine their books at any time; they can compel the production of those books and statements. The balance sheets, whenever called for by the maritime authority, must be submitted. The maritime authority and the applicant may reject any or all bids. These are only some of the safeguards, and I submit that with the safeguards we have thrown around these contracts, there could not be any possibility of collusion, assuming we have an intelligent and competent authority.

Mrs. KAHN. Will the gentleman yield?

Mr. BLAND. I yield.

Mrs. KAHN. Will the gentleman kindly explain just what the status of the ocean mail contracts under this bill will be?

Mr. BLAND. The President has the power to cancel or modify them. If the President says, "I want to have these contracts considered by this maritime authority" and an effort is made to work out an adjustment between those contractors and the maritime authority, considering a settlement of the claims of the United States against the contractors and of the contractors against the United States, the maritime authority will undertake the adjustments, but the maritime authority can enter into no contract of settle-

ment without the consent of the President. It must report back to the President what it has done, and the President then determines whether the adjustment may be made and a new contract entered into.

Mrs. KAHN. How about new contracts? How will they be awarded?

Mr. BLAND. New contracts are to be awarded by the maritime authority upon the basis of an application filed with the maritime authority and in the order which I have indicated. The authority will work out also the operating differentials.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. BLAND. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MEAD. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. MEAD. Will the gentleman explain what authority the Post Office Department will have? Will the Post Office Department be called into consideration in connection with the issuance of new ocean mail contracts?

Mr. BLAND. We have no new ocean mail contracts.

Mr. MEAD. In the future, in the event new ocean mail contracts are granted, will the Post Office Department be called upon to pass upon them?

Mr. BLAND. No; there will be no new contracts under the 1928 act. All the Post Office Department does is to send its mail in any ship.

Mr. MEAD. Ocean mail contracts are eliminated?

Mr. BLAND. Ocean mail contracts are eliminated in this way: There is no express provision here for their termination, but the President can cancel them today if he wants to. We go farther than that. We say to the ocean mail contractor, "If you cannot work out an agreement with the maritime authority satisfactory to them and to the President, you cannot apply for any new contract under the act without the consent of the President of the United States."

Mr. LEHLBACH. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. LEHLBACH. With respect to ocean mail transportation and contracts, up until 1928 mail contracts on a poundage or other basis were entered into between the ships and their owners and the Post Office Department, strictly on the basis of the value of services rendered. Under the act of 1928 mail contracts were instituted, and carried with them Government aid to the lines which secured those contracts. That has been wiped out by this bill with respect to mail carried and we are back just where we were before the act of 1928. We pay for the services that are rendered.

Mr. BLAND. Now, I do not want to consume much more time.

Mr. BROWN of Michigan. Will the gentleman yield for a question?

Mr. BLAND. I yield.

Mr. BROWN of Michigan. I am interested in the application of this bill to the Great Lakes. Does the term "coastwise shipping" apply to the waters of the Great Lakes?

Mr. BLAND. I do not know. I do not think so. I may be mistaken.

Mr. BROWN of Michigan. Will Great Lakes shipping be affected in any way?

Mr. BLAND. I do not think so.

Mr. BROWN of Michigan. Could any aid be given to Great Lakes shipbuilders or owners under this bill?

Mr. BLAND. I do not think the ship operators would be entitled to it under this bill. Some of the lake people said they did not want to come in; others did. We thought that was a matter that should receive further consideration.

Mr. THURSTON. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. THURSTON. In view of the fact that about one-third of the railroads are now in bankruptcy and it is predicted that another third will be in the same plight in a few months, does not this measure tend to take away freight and patronage from the railroads of the country?

Mr. BLAND. No. We are dealing with ocean-going shipping. The development of our merchant marine ought to help the railroads and certainly if we develop any further commerce.

Mr. THURSTON. Will some of these ships be diverted to the coastal trade?

Mr. BLAND. They cannot be diverted to the coastal trade except with the express consent of the maritime authority, in which event they must repay the construction subsidy and must lose their operating differential, and such ships can be operated only on a line where such vessel is needed.

Mr. THURSTON. The gentleman understands the coastal lines have a preference in differentials and get a much lower operating rate?

Mr. BLAND. Yes; that is true. We do not give any operating differential.

Mr. THURSTON. But those ships can be diverted to the coastal trade if the authority so determines?

Mr. BLAND. Yes; under special circumstances where a vessel is needed for a particular trade. In that event it gets no operating differential and its construction differential must be repaid to the Government in proportion to the time it is in coastwise trade.

A question has been asked as to what it is going to cost. I cannot answer definitely, for that will depend upon how many ships we build; but, Mr. Speaker, I want to call attention to a very startling situation graphically depicted by these charts. This chart shows the situation of the American merchant marine today. At the top are shown vessels of 2,000 gross tons and over normally engaged in carrying goods and passengers in international trade. The order here is Great Britain, Japan, and the United States. The United States is third in tonnage; but, Mr. Chairman, tonnage means nothing unless you are going to use the ships for storage warehouses, or it means little; tonnage is only one of the factors that must enter into the building up of a merchant marine.

Next we come to the gross tonnage of vessels of 12 knots and over. In this list the United States stands fourth, the list being headed by Great Britain, with Germany second and Japan third.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I yield myself 5 additional minutes.

Then we come to gross tonnage of vessels of 10 years of age and under; what is the position of the United States? The nations follow in this order: Great Britain, Germany, Japan, Italy, the Netherlands, Norway, France, United States.

Mr. Chairman, we are facing the time when the American flag is going from the seas. These old ships must be retired soon. Twenty years is the useful life of a ship. If we are to continue in competition some of these old ships must be replaced. When old ships are replaced the operating differential is reduced considerably. When they are replaced it will be found that the operating differential in fuel alone will be considerably reduced.

What is the standing of the art of shipbuilding in the United States today? This chart shows shipbuilding as of March 31, 1935. The nations come in this order: Great Britain, Germany, France, Sweden, Japan, Denmark, Netherlands, Italy, and Spain. We find the United States at the bottom of the list, today, with only 18,473 tons of shipbuilding in the shipyards of this country, consisting of two tankers and a few vessels of about 400 or 500 tons each.

Do you want to preserve the American merchant marine, preserve it for national defense? It is departing from the seas and in a little while, with the age limit that is on it now, it will go. Our building must begin at an early date, or in 7 years we shall find nothing but old tonnage in the merchant marine.

There are other features of the bill to which I should like to call attention. One of the most important is the protection of life. [Applause.] We have raised the limitation of liability to $60 per gross ton of the ship. We used this as a minimum in the event of loss of life, and not the rule which prevailed in the case of the *Morro Castle* where the

limit of liability was the value of the hulk and the unearned freight money.

We have done something for the seamen in this bill. We are providing that there shall be a 3-day watch for the sailors, so that conditions cannot exist such as existed in the case of the *Morro Castle*, when the sailors were off duty, and some of them asleep. Had the 3-day watch been in operation and the sailors been on deck, had been properly distributed in watches with an adequate crew, the fire might have been discovered earlier, or at least earlier protection afforded.

We have tried to safeguard against abuses, we have tried to safeguard against evils. We do not claim this to be a perfect bill. Reports are required to be made to the Congress. Operations under the bill come under the scrutiny of the Appropriations Committee and are subject to the scrutiny of our committee. We think we have provided reasonable safeguards. I have not by any means touched all of the main provisions, but let me say that this bill will result in the building up of the American merchant marine and will afford an opportunity for the seamen in this country that has never been afforded them before. [Applause.]

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. CONNERY. Mr. Chairman, I want to say to the gentleman from Virginia that I am in entire sympathy with the idea of building up the merchant marine. If we had had a merchant marine during the war we would not have had to have paid England enormous sums for transporting our men to France.

I understand amendments will be offered to this bill to protect labor, for instance, in the matter of minimum wages, which is not mentioned in the bill at the present time, and to protect seamen as to the service book, as they call it, which is used as a blacklist.

Mr. BLAND. The blacklist clause is out. The service book for which we have provided is along the lines suggested by Mr. O'Brien. No reference is made to certifying character, and that is the thing they principally objected to. That is not in this bill.

Mr. CONNERY. Do they not use the service book as a blacklist by putting such things in there as attempts of the seamen to form unions, and so forth?

Mr. BLAND. No; not under the provisions in this bill. We have followed Mr. O'Brien's suggestion and have not provided for a service book that will require such information.

Mr. Chairman, I reserve the balance of my time.

[Here the gavel fell.]

Mr. WEARIN. Mr. Chairman, I yield myself 10 minutes.

Mr. LEHLBACH. Mr. Chairman, I yield of my time 30 minutes to the gentleman from Iowa [Mr. WEARIN] to be disposed of as he may see fit.

Mr. WEARIN. Mr. Chairman, I want to take this opportunity of saying to the members of the Committee on Merchant Marine and Fisheries, and especially to the distinguished Chairman and to the ranking Member on the Republican side, that I appreciate the fair treatment that has been received on the part of the opposition in the committee and on the floor of the House today. I want to state my position very clearly and very definitely in the beginning of this debate as being opposed to the pending legislation for reasons that will be set out in the course of the argument and the reading of the bill.

It will be recalled that last winter the President of the United States considered this subject to be of sufficient importance that he sent a special message to Congress to serve as a guide for the members of the Committee on Merchant Marine and Fisheries as well as the Members of the House. It is this message of the President that I expect to consider before I conclude my remarks today, because it represents the viewpoint of the executive department.

Before doing so I desire to call your attention to a situation that exists at the present time. We are at present administering subsidies under the 1928 act. It is under title IV of which we have been paying the said mail subsidies that have occasioned such terrific scandals in the Post Office Department during the past few years. They have occasioned a sweeping investigation on the part of the Postmaster General of the United States, resulting in a report to the President of the United States, under an Executive order, mind you, pointing out the evils and the bad effects of the 1928 act and suggesting certain corrective measures that should be adopted by the Congress during this session.

Let us pause and consider the situation as it exists under the present law. We are granting subsidies today about as follows: We are paying under the provisions of the ocean mail contracts. We are supplying loans at low rates of interest, and previously we have sold ships at excessively low prices to operators in order that they might assume the vast trade routes that were developed under Government ownership during the war period. Furthermore, they assumed them at an unusually advantageous stage in the particular game in which we are interested.

Before I go into these various reports of the Postmaster General, the President of the United States, and other interested parties in this legislation, I want to take up briefly the situation as it exists under the bill today that is being proposed by a majority of the Committee on Merchant Marine and Fisheries, and to which I have objected in the minority views signed by the gentleman from Maine [Mr. BREWSTER] and myself, which minority report appears on four pages and a little more in the report, which I trust the Members will read before they vote on this bill. I want to remind you that under this act, if it is passed, we will set up a system of paying operating subsidies to the shipowners of America, in the first place. In the second place, we will set up a system of construction subsidies to the shipbuilders of the United States. In the third place, we will set up additional construction costs incurred for the benefit of the Navy, to be paid by the Government.

Fourth, we will increase the percentage of construction costs in loans to the owner at most reasonable rates of interest. Fifth, we are going to purchase old vessels from the owners at cost less depreciation, to be sold for scrap, the Government taking the loss thereon; in other words, making a scrap or junk dealer out of Uncle Sam in the face of the fact that the recent ship-subsidy legislation enacted in England provided that for every 1 ton of new shipping built by the Government 2 tons should be scrapped at the expense of the owner, not the Government and not the taxpayer.

Mr. Chairman, this is only the beginning.

Sixth, provides for an operating subsidy to the intercoastal operators, some twenty in number. If you stop and consider the fact they are going to provide a subsidy to those lines that are operating in intercoastal service where they touch a foreign port, that in itself is a subsidy.

Seventh, they are going to establish operating and construction subsidies that may be paid to two or more operators engaged in exactly parallel services to compete with one another at the expense of the taxpayer. That is another subsidy that will be paid.

They are going to pay a construction differential to the Pacific-coast yards and here, may I say to my distinguished friends from the Pacific coast who fought an able battle for that provision, that it is perfectly permissible when considered in the light of the features of the pending bill. If we are going to pay a subsidy, that is all right; the Pacific coast should participate and the shipyards on the Pacific coast should have the benefit, if we are going to have a subsidy system of some kind.

Eighth, under section 522 (e) of this bill an equalizing operating subsidy is going to be paid in case the subsidies paid under no. 1 as I outlined in the beginning are insufficient.

Ninth, we have another provision in this bill whereby we are going to provide for unfair competition of foreign vessels under section 1109. That in effect is no more or no less than a trade penetration, or, as has been said by the distinguished gentleman from Maine, a Treasury-penetration subsidy. The specific provision that was originally placed in this bill providing for that trade-penetration sub-

sidy was stricken by an amendment which I introduced in the committee, but it has been written in again under section 1109 of the bill that I refer to at this time.

Mr. Chairman, there are a total of between 9 and 10 subsidies that are going to be paid under the existing bill, if adopted by the Congress of the United States, in spite of the fact that we have before us a graphic example of what has happened to the United States Government and to the taxpayers under a subsidy program for the purpose of building up an American merchant marine.

I select here the charts as presented by the distinguished Chairman of the Committee on Merchant Marine and Fisheries a few moments ago and ask the Members to observe them. They indicate that in spite of vast expenditures we do not have an adequate merchant marine today. Under the 1928 act we have spent, let us say, in round numbers $119,000,000 in mail subsidies, and we may very possibly pay out in the future $188,000,000 more plus if the terms of this law are carried out as provided for in the existing bill before the Congress.

I mean by this that existing mail contracts can be continued under the present bill to their termination. I understand that difference, and the people of this country should understand that under the terms so provided it might be possible to pay out $188,000,000 to get the kind of a merchant marine portrayed on these charts out of operators who evidently do not have the interests of the American people at heart, and who have come before us in many instances saying that this legislation is, and will be, of great benefit to ship operators in this country, and one of them was none other than the distinguished gentleman from New York, the Honorable Ira A. Campbell, who was the fair-haired boy before the House committee and the Senate committee in support of the type of legislation that is being proposed in the American Congress today.

Now, I say, Mr. Chairman, I am not necessarily opposed to a merchant marine. I am favorable to an American merchant marine, but I say if the American Government is going to pay the bill, the American Government ought to get some of the benefits out of it, and not be left continually holding the sack.

[Here the gavel fell.]

Mr. WEARIN. Mr. Chairman, I yield myself an additional 5 minutes.

Let us now take up this message of the President of the United States about which we have heard, and I want to remind you, as Members of the House, that the President has suggested some very fundamental things that he thinks should be included in this legislation, and as has been stated to you from the floor of this House, by the proponents of the bill are not in this proposed legislation, and at no time during the deliberations of the Committee on Merchant Marine and Fisheries on the bill that has been produced here, has anyone in the said committee dared to say that this is an administration bill, and it should be an administration bill when the President of the United States considers it of sufficient importance to send a special message to the Congress and outlines what should be done.

I say to you, in the first place, that the matter of construction loans, according to the President, should be terminated. These were his approximate words—that they should be terminated—and yet they are continued under this bill. The statement has been made that there are no losses or that no losses have been suffered under the Construction Loan Fund which has been in existence for some time.

This all depends on the way we look at it. In my opinion, when we have lent money to the American shipping interests for as little as one-eighth of 1 percent, this constitutes a loss to the American taxpayer on the Construction Loan Fund that ought to be considered. I know we have a minimum rate of interest in this bill, but I bring out this point to show you the altruistic attitude of the American operators who are supporting this legislation, and in fact are pressing for its enactment, the same crowd that handled the mail contracts.

Let us go a little further into the recommendations of the President. I want to remind you that he stated that in setting up provisions for subsidies for American shipping the Congress should provide for the termination of existing ocean-mail contracts. Termination of them, he said, not their continuation under the terms of this bill, possibly, with his permission, until they are at an end, costing the American taxpayers another $188,000,000 unless canceled by the President. No; not their continuation until the end, but that Congress should terminate the 1928 mail subsidies, and Postmaster General Farley concurred in this statement by sending to the Committee on Merchant Marine a letter asking for the repeal of title IV of the 1928 act. Title IV, mind you, provides for the mail subsidies, and yet they are continued.

I claim that this is a very decisive point wherein this legislation differs from the recommendations of the President, legislation based upon recommendations of the President formulated as a result of the investigations before the Postmaster General and before the distinguished Senate committee, headed by Senator BLACK. I would remind you, in connection with these very outstanding and decisive reports, that never at any time has our committee considered the matter of the Postmaster General's reports on the individual companies and the recommendations therein, except as the opposition to this bill advanced them and injected them into the RECORD. I would also remind you that the principal recommendations that have been considered have been those of the interdepartmental committee, and what about the interdepartmental committee? I will tell you about that.

Postmaster General Farley's reports on the individual companies were under Executive order from the President of the United States, and, furthermore, the report of the Black committee, which in many respects is exactly opposite to the recommendations and provisions of this bill, was a legislative committee set up by the United States Senate, and the interdepartmental committee was what? It was a committee appointed by the distinguished Secretary of Commerce, and the report of that interdepartmental committee was transmitted to the Congress by the President without recommendation, and yet this has been the guide post for the legislation that has been considered before our committee. I claim that the interdepartmental committee report is a good deal like a blind pig trying to find its way to the trough, in the face of the recommendations of the President of the United States, the reports of the Postmaster General, and also the distinguished Senate committee that has investigated and exposed the scandals with respect to the air and ocean mail contracts.

Mr. Chairman, I should like to go into the details of these reports, but it will be impossible for me to do so in general debate or until we get to the point where we begin the reading of the bill, at which time I shall take up some of these evils and some of these unfortunate conditions. I know that the present proponents of this bill have stated and will continue to state from the floor of this House that such evils as holding companies, such evils as subsidiaries, and such evils as we have examples of in the various reports that have been made to Congress have been eliminated, but they have been eliminated and then revived by a provision saying that the Authority may continue their existence and the handing out of subsidies to this particular type of business enterprise with the advice and consent of the authority. I say that according to the President of the United States and according to Postmaster General Farley they should be terminated, and this Congress should terminate them. [Applause.]

The pending bill does not properly safeguard the public interest and does not insure the development of an American merchant marine. It should therefore be defeated.

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I desire to be notified when I have used 20 minutes. Mr. Chairman, if a person is absolutely opposed to Government aid for a merchant marine, there is no kind of a bill designed for the purpose, no matter how safeguarded and how circumscribed it may be, that will satisfy him.

A person opposed to Government aid of a merchant marine is opposed to a merchant marine, because every nation

that maintains a merchant marine, or has for centuries maintained one, has maintained one with government aid, and there has not been in modern history, from the time of Christopher Columbus, a merchant marine that was not maintained by government aid. It is just that kind of a proposition that is accepted by the world.

If we are to continue to have a merchant marine, we have got to extend to it Government aid, just as Great Britain extends it, just as France extends it, just as Germany extends it, just as Japan extends it, and just as Italy extends it, and every other nation that has any kind of a merchant marine or a commercial fleet sailing under its flag. [Applause.]

Now, we have tried to devise Government aid by the means of using mail contracts under which we extended that aid, which is a device that has been used by the foremost maritime nations.

We have determined at the present time that that form of aid shall be withdrawn, and there is no use of discussing what happened as a result of legislation for that form of aid, because it is water that will shortly have gone under the bridge.

We provide in this bill that no mail contracts under the act of 1928 shall be entered into or an existing mail contract renewed. We have heretofore passed legislation that the President may have complete control over the mail contracts and may cancel them or modify them or do anything he sees fit to do with them.

This bill, notwithstanding the statement of the gentleman from Iowa [Mr. WEARIN] that the mail contracts are continued as they have been in the past, puts them completely under and entirely up to the President. We renew in specific language the power the President now has over these contracts. We provide that in the event the President desires to modify or substitute, under the provisions of this bill, a different contract for the mail contract, or deal with them in any way he wants, or treat the mail contracts as basis for future negotiations, he may refer the question to the Maritime Authority created in the bill, which shall examine into all the circumstances and facts having any bearing on the situation, and then shall report back to the President, and the President thereupon makes his determination with respect to that mail contract exactly as he may do under the legislation passed by this House at his request.

The gentleman says that we may be subsidizing two or three parallel lines, operating in competition with each other. That is absolutely impossible under the provisions of the bill because in the first place no Government aid may be paid for the operation of a line if services which that line intends to render are already adequately handled; so, consequently, there cannot be two lines in one service getting Government aid. Another suggestion he makes is that there is nothing in here for the protection of seamen. Of course, there is not. We guarantee three watches, we give adequate compensation for the loss of seamen's lives as well as passengers, and also for bodily injury by raising the limitation of the liability of the shipowner, and that means crew as well as passengers.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. KENNEY. As I read the bill, there is no provision in it about fixing the rates of pay of the men who build the ships, in any way.

Mr. LEHLBACH. Of course, there is no fixing of wages in the bill, and as I understand the position of labor, the last thing they want to do is to have wages fixed by legislation.

Mr. KENNEY. They want the prevailing rate of wage, do they not?

Mr. LEHLBACH. We provide that the Government pay to the ship operator in a service which is necessary to maintain for our prestige on the sea and for the service of commerce, the difference between the wages in this country and the wages paid abroad. How on earth can an American profit by cutting down the wages of his employees on the sea?

Mr. KENNEY. Does not the gentleman think the contracts for the building of ships which the Government subsidizes in the future should contain a provision that the men who build the ships shall receive the prevailing rates of wages?

Mr. LEHLBACH. Those ships will be affected with a Government interest, and I believe that the same provision that now prevails in connection with Government construction will prevail here, namely, that wherever construction is carried on, the prevailing rate of wages will be paid to labor. That is the law today.

Mr. KENNEY. The gentleman is familiar with the contracts awarded by the Navy Department to the New York Shipbuilding Co. at the Camden yard, and I suppose the gentleman knows that no provision is made in those contracts for the prevailing wages; also, that the gentleman knows there has been a strike there which started on May 13 and still persists.

Mr. LEHLBACH. I do not want to discuss the Camden strike with the gentleman.

Mr. KENNEY. Nor do I; but I want to point this out: That this Congress raised that money through the public-works money which we appropriated, to put men to work, and evidently in that case it did not carry out its purpose, because that strike has lasted for over a month.

Mr. LEHLBACH. If the gentleman wants to discuss that strike, I shall be glad to discuss it with him at some appropriate time, but not now in the consideration of this ship-subsidy bill.

Mr. KENNEY. My point is that in these contracts that are made, where the Government is putting money into contracts to build our merchant marine, we ought to take care of situations like that.

Mr. LEHLBACH. As a matter of fact, the wages paid in the Camden shipyards were the wages provided in the agreement made between the employees and the employers a year ago.

Mr. KENNEY. I understand they are not.

Mr. LEHLBACH. I cannot help what the gentleman understands, and I do not yield further on that subject. I am sorry, but my time is extremely limited. I am sorry I cannot go on. I do not want to be brusque with my friend, but I trust we will have an opportunity to discuss that fully sometime at his convenience.

Mr. Chairman, with respect to the construction differential, and with respect to the fact that it may be manipulated, of course, I assume that the President is not going to appoint seven crooks on the Maritime Authority. You have read the newspapers about the *Normandie*. We propose in this bill to pay the difference of what it will cost in America to build a ship and what it would cost an American to build the ship in a foreign yard. What did the French do with respect to the *Normandie?* They loaned the money to build the *Normandie*, and then they granted 150,000,000 francs annually, or about $10,000,000, at current rates of exchange for its operation. There is now pending and on its way to passage in the Chamber of Deputies in France a bill providing that the Government shall pay amortization as to principal and interest on the *Normandie*. In other words, the money that France in the first instance loaned to the French Line for the construction of the *Normandie* is to be paid by the French treasury and $10,000,000 is appropriated to operate that ship annually. So you have here the proposition of our competitor giving the *Normandie* to the company for nothing and paying the cost of its operation, and yet when we are to pay only the difference, due to our standard of living with respect to both the construction of the ship and the operation of the ship, and to pay her operators the difference between foreign cost and American cost, we are met with charges that we are trying to loot the Treasury, that we are trying to engage in all kinds of extravagances, fraud, and corruption.

There has not been a nation that has amounted to anything in this world in the last 400 years that did not carry on foreign commerce. Without foreign commerce a nation

dies. Foreign commerce cannot be carried on without a merchant marine. That has been demonstrated by history. That is an axiom. Who opens the new markets for the products of a nation? The men who go down to the sea in ships open these markets, because they want to carry the goods. That is their business. As scouts for markets for our agricultural, our mineral, and our manufactured products, the merchant marine is necessary. It has been demonstrated by history that nowhere in the world can they operate without government aid. We would be foolish and unpatriotic and deserve to sink as a first-class nation if we did not do the common-sense thing provided for in this bill.

Mr. FORD of California. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. FORD of California. Is it not true that every maritime nation on the globe is subsidizing its ships at the present time?

Mr. LEHLBACH. Absolutely. It is also true that from the time the King and Queen of Spain subsidized Columbus, there has not been a first-class mercantile operation carried on anywhere without a subsidy. It is in the very nature of the enterprise. It is a quasi-public enterprise that must be carried on by private individuals, with the support and assistance of the Government.

Mr. BLAND. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BLAND. If the gentleman from California [Mr. FORD] will refer to page 13 and the next three succeeding pages of the report, it gives the high lights of the subsidies, and they have been checked.

Mr. LEHLBACH. Yes. Present legislation by Great Britain grants a subsidy of £2,000,000 for the operation of tramp ships; a £10,000,000 loan for the replacement of all-cargo ships; £3,000,000 for the completion of the *Queen Mary;* £1,500,000 for working capital for the Cunard Co. and the merged companies. The White Star and the Cunard have merged, under Government supervision, with Government financing. Also £5,000,000 with which to complete a sister ship to the *Queen Mary*. In that way the *Lusitania* and *Mauretania,* by the Cunard Line, were built. The Government put up 100 percent of the cost of construction and amortized that loan over a period of 20 years, and then paid to the Cunard Line subsidies sufficient that they could take the subsidies from the Government and pay the Government for the loans with which they constructed the *Mauretania* and the *Lusitania*. In other words, the Government made a present to the Cunard Line of both the *Lusitania* and the *Mauretania,* and in effect they are doing so with the *Queen Mary* and with the proposed sister ship of the *Queen Mary*. We have not proposed anything of that sort.

Mr. BIERMANN. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BIERMANN. Did this country pay a subsidy before 1860?

Mr. LEHLBACH. I am not informed as to that.

Mr. BIERMANN. Is it a fact that this country had the second largest merchant marine afloat before 1860?

Mr. LEHLBACH. Yes; and in those days a man owned his ship and sailed it, and his neighbors in Gloucester, his neighbors in Weymouth and his neighbors in Norfolk or in Egg Harbor or Atlantic were his crew. Shipyards were in various places along the coast, and there was no substantial differential in cost, because there was not that difference in the cost of employed labor then between the United States and its foreign competitors as there is now. There was not such a difference in the standard of living, and we are only asking the Government to make up the difference now.

Mr. MANSFIELD. And in those days the ships were built of wood.

Mr. LEHLBACH. Yes.

Mr. BIERMANN. The gentleman states that a large merchant marine and a large foreign trade go together. The gentleman does not want to state that a large merchant marine creates a large foreign trade?

Mr. LEHLBACH. It helps build it up.

Mr. BIERMANN. The gentleman does not mean to say that if we had the largest merchant marine afloat it would break down these tariff barriers and give us more commerce?

Mr. LEHLBACH. It would have a great tendency so to do, because the ships are the scouts that open the markets.

Mr. BIERMANN. The people of northeastern Iowa want to sell pork to Germany. Germany has put a prohibitive tariff on our pork. The gentleman does not mean to say that if we had a tremendous merchant marine we could sell our pork in Germany, in spite of the tariff?

Mr. LEHLBACH. No. If the gentleman has something that Germany will not buy, he cannot sell it to Germany, but unfortunately for the gentleman and fortunately for the rest of the country, the same circumstances do not obtain with every other commodity that is produced here.

Mr. BLAND. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BLAND. As the gentleman from Texas [Mr. MANSFIELD] said, we had the wood and the naval stores, and we could build wooden ships cheaper than any other nation, before the Civil War.

Mr. LEHLBACH. Yes. In the building of the modern ship, 80 percent and more is labor. It is not only labor employed in the shipyard, but when they get the steel plates to make the hull of the ship they come from steel works; the iron that is processed into steel comes from mines; all the different materials that go into a ship reach back into the far reaches of our country; and it has been said that in the building of a ship, material and labor is procured from practically every State in the Union. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. WEARIN. Mr. Chairman, I yield 30 minutes to the gentleman from Maine [Mr. MORAN].

Mr. MORAN. Mr. Chairman, in his message to Congress on March 4, 1935, the President of the United States presented to Congress the question as to whether or not the United States should have an adequate merchant marine. He answered that question in the affirmative. In a vigorous message he enunciated as an integral part of the administration's national policy that the abuses, waste, and subterfuge which had accompanied the previous pouring out of vast sums of public moneys, with no substantial result except the enrichment of a few privileged insiders, should cease. He demanded that the American people should be given the opportunity to have and to use American ships. He called for legislation which provided not only for adequate appropriations to that end but also safeguards for their expenditure and, consequently, for a complete reorganization of the machinery for the administration of these public moneys.

It is my contention that the high and desirable purpose of the President is not fulfilled by the Bland bill; that, on the contrary, this bill not only perpetuates the flagrant abuses of the past but intensifies, magnifies, and aggravates them. There is no new deal in shipping if this bill passes. Instead it is the same old racket, played with jokers and aces up the sleeves of those who have received millions and given to the American people next to nothing in return.

No one contends that the Bland bill is an administration bill. The chairman of the committee specifically admitted that it is not an administration bill, as will be noted on page 885 of the hearings.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. MORAN. I yield.

Mr. BLAND. During the hearing that was true. They were considering the original bill; but the perfected bill, which is materially different from the original bill, has received the approval of the Secretary of Commerce.

Mr. MORAN. I understand the letter of the Secretary of Commerce and I am going to refer to that later. I do not consider the letter of the Secretary of Commerce pointing out specific reasons why this bill does not abide by the President's desires as administration support.

Assuming that the Congress desires to make provision for a merchant marine, there are three possible methods: (1) Government ownership and operation, the first choice of the Black Senate Investigating Committee; (2) Government ownership and private operation, the alternative recommendation of the Black Senate investigating committee; and (3) subsidized private ownership and subsidized private operation, which is the fundamental principle of the Bland bill.

Let us examine the Bland bill. Members who have copies of the bill can follow this discussion, as the various parts of the bill will be considered in order.

TITLE 1

Title 1 contains the declaration of policy. It provides for private ownership and operation. As shown on page 3 of the Black committee report, the merchant marine we now have cannot fairly be described as "privately owned." When all mail contractors, except the industrial United Fruit Co., are considered it is found that the Government has "invested" by loans and ship-sale mortgages on contractor's vessels 1.39 times the stockholders' interest in their companies, not counting at all $120,000,000 paid by the Government as mail subsidies. Every conceivable form of subsidy has been advanced to private shipping interests—sale of Government vessels at gift prices, sometimes as low as 2 cents on the dollar; big loans at low interest, as low as one-eighth of 1 percent; and ridiculously extravagant mail contracts. These subsidies have been granted on the theory that they were needed to build up an adequate merchant marine to serve our foreign trade in peace time and as a potential naval auxiliary in war time. But the subsidies have not been used for that purpose. They have been drained off into the pockets of promoters—men who have been much more interested in high finance than in the high seas.

What has been the result of this policy? Read the majority report of the committee, which admits utter failure. The combined free resources of all presently subsidized companies is insufficient to build even one ship of the *Manhattan* type. As the Black committee report (p. 37) states:

> Those who are in theory to become the private owners calculate substantially as follows: 2 and 2 are 4; the Government should give us 2, and, inasmuch as we do not have the other 2, the Government should loan us that 2 also.

The Bland bill proposes to continue that system and make the Government contributions even more liberal, and, in face of those facts, states the object to be obtained is "private ownership and operation."

TITLE 2

Section 201 (b), page 4: This section qualifies a man for appointment to the United States maritime authority, if he has no present interest in ships or shipping, and forbids him to have such interest in the future so long as he is a member of the board. But it does not concern itself, as it should, with the past. This section does not prevent a man's resigning from the pay roll of a steamship company or shipyard on one day and assuming duties with the authority the next day. The Black committee significantly recommended that such interests within the 3 years immediately preceding an appointment should disqualify. If this authority gets loaded up with the wrong men, the Teapot Dome scandal will be a Sunday-school picnic compared to this proposition, with the authorities made available under this bill.

TITLE 3

Section 302 (b), page 12: This section provides discretionary cancelation of mail contracts. In his message the President said:

> Congress should provide for the termination of existing mail contracts as rapidly as possible.

You notice he said "Congress." That is what Congress should do. This bill does not do it; and, therefore, is in conflict with the message of the President.

Under section 303 (a) of this title 3 (p. 12), private negotiations are contemplated, as evidenced by the wording of previous prints of the bill significantly omitted. Private negotiation opens the door to fraud.

Section 402 (a), page 15: Under this section Uncle Sam becomes a junk dealer. Evidently it is contended that it is all wrong for the United States to own modern ships, but it is perfectly all right for the United States to buy "obsolete" ships and then junk them. Note the permission in line 1 on page 16 to apply an obsolete ship as a "trade in" on a new ship.

Section 501 (a), page 16: Under this title there is nothing to prevent the payment of subsidies to industrial giants that transport their own products in their own ships. It is certainly impossible to justify the disbursement of taxpayers' money to aid a huge oil, steel, or any other industrial corporation in the transportation of its own products in its own vessels. Let no Member think that is merely a theoretical possibility; on the contrary, exactly that thing is being done right now under existing legislation.

Under this section it will be noted that there is nothing to prevent subsidizing more than one line on the same route. Certainly no valid purpose can be served by subsidizing lines which compete with each other.

Section 502 (a), page 19: In this section construction loans are granted. In his message the President said that Congress "should terminate the practice of lending Government money for shipbuilding." The President has stated his views in the clearest of language. This bill conflicts with the President's view in this all-important respect. It becomes increasingly clear why the administration has not placed its stamp of approval on the Bland bill.

Section 502 (b), page 19: Under this section a construction-differential subsidy is provided to be paid, being the difference between American and foreign cost. The ascertainment of this difference is an impossibility; the Black committee report states:

> In the judgment of your committee, it is impossible to prescribe the exact formula for the computation of foreign construction costs. This conclusion is borne out by the testimony of Alfred H. Haag, Chief of the Division of Shipping Research of the United States Shipping Board Bureau, Department of Commerce, before the Committee on Merchant Marine and Fisheries of the House of Representatives on May 6, 1935, when he stated that he knew of no method by which this cost should be determined.

Material costs, overhead, distribution of overhead to individual ships are all impossible to ascertain; this plan assumes the possibility of a United States Government agency examining the books of foreign shipbuilding lines in a foreign country. (The experience of the Tariff Commission shows the futility of such an effort.) Yet this is the basis upon which this construction subsidy is to be computed.

Section 502 (c), page 20: Let me translate this section by presenting an example, as follows:

Assume that it costs to build a certain American cargo ship	$1,000,000
If differentials are as alleged (see p. 13 of report on Bland bill), foreign cost would be	600,000
Determining that the construction subsidy to be paid in cash to shipbuilder is	400,000
Government loan offered in addition (75 percent of foreign construction cost of $600,000)	450,000
Total grant and loan by Government (85 percent of American cost)	850,000
Applicant pays only 25 percent of foreign (15 percent of American cost)	150,000
Which may be met by a trade-in of an obsolete ship for which the Government will get next to nothing, and thus for little and perhaps no cash outlay whatever, gets a ship costing	1,000,000

Under present legislation an applicant's initial cash outlay would be $250,000 of the cost, but under this bill he would stand only $150,000 of the initial cost of a million-dollar vessel, and under the trade-in there could be no cash outlay. This is certainly a strange answer to the President's recommendation that "Congress should terminate the practice of lending money for shipbuilding."

With the Government putting up at least 85 percent of the money, and perhaps the full 100 percent, you see in full bloom that type of spurious Americanism and individualism and private initiative which enable these ship operators to let the taxpayer buy their ships and pay most of the cost of

operating them while they wave the flag, pocket the profits, and argue that Government ownership is bolshevistic and un-American.

Section 505 (b), page 23: Under this section it is permissible to pay a construction subsidy for ships used in the coastwise trade, which have no foreign competition whatever; yet the argument for the subsidy is foreign competition. No foreign ship is allowed to engage in American coastwise trade, so no construction subsidy should be allowed. Let these high-powered individualists who prate about the glories of private ownership stand in line over at the R. F. C. and get their money on a business basis, and take their hand out of Uncle Sam's pocket.

Section 522, page 27: Here is a juicy plum. First, these ship operators who consider Government ownership bolshevistic are provided with 20-year operating subsidies. I realize the section is worded "not exceeding 20 years", but in Government administration maximums become the regular order. This section provides, as in the construction subsidy, that the differential shall be determined by the difference in American and foreign costs, a determination previously proved unascertainable.

But notice paragraph (e). If it is determined that the subsidy is inadequate, it can be increased. But if it is determined, under experience, to be more than adequate, can it be reduced? Oh, no. The only adjustment permitted is upward.

And notice paragraph (c). The operator can cancel the arrangement by 60 days' notice if he does not find it profitable. It does not seem possible that such a contingency should arise. Now, what about the Government? Under section 524 the Government can cancel only for "repeated and intentional" violation. The chance to prove "intent" is well known to every attorney. Under section 524 even the fines provided for violations of contract can be remitted; anyone who knows the record of the Bureau of Navigation and Steamship Inspection knows what that means.

No ship operator could have written a more one-sided agreement all in his favor than sections 522 and 524 of this bill.

Section 527: Section 527 starts out bravely to meet the scandals caused by connected holding companies, affiliates, and subsidiaries, as pointed out in detail by the Black committee report, and then concludes by making their use by contractors as discretionary with the authority. If Congress refuses to demand this reform, you may be sure the authority will not. Women and children first has always been a rule of the sea, but this is the first time that the able and astute gentlemen who have been so successful in milking the Treasury have managed to apply this wisdom to the financial aspects of shipping by having their wives and children as the dummy stockholders in these profit-absorbing subsidiaries.

Section 534 (a) (2): This paragraph is ingenious. On the face of it, it limits salaries to $25,000. If it accomplished that purpose, the natural question would be, Why should men receiving this dole and bounty from the taxpayers be allowed to receive such salaries? But it does not accomplish what it purports. All a contractor needs to do is to accept no salary on the books of the contracting company and then he is perfectly free to continue the present practice of receiving a tremendous salary from affiliates or holding companies, who may draw their revenues from the contracting companies and thus from the taxpayer.

Section 534 (b): Under this section the authority has discretionary power to permit an operator to use foreign-flag ships. The expenditure of the American taxpayers' money to aid in operating foreign ships certainly will not build an American merchant marine. Foreign-flag ships also mean low wages and depress wages on American ships; that is why foreign ships are used.

Section 537 (p. 39): Under this section American insurance should be required. When foreign insurance is bought the plans of our ships, including naval arrangements, such as gun-turret emplacements, become known to foreign nations, as the plan of the ship is given to foreign insurance companies. To prevent exorbitant charges by American companies, the present Government fund should be made increasingly available.

Section 602 (p. 40): All through the bill you will find references, as in this case, to the allocation of some authority to the Secretary of Commerce. The scattering of these powers to the four winds should not be permitted, as it permits high-priced lobbyists and "fixers" to play one Government agency against another, to the disadvantage of the public. Oh, yes; there are real high-priced lobbyists in this game; on page 898 of the hearings you will see where one Washington group of companies paid to lobbyists and attorneys $754,158.20 for the years 1928 to 1933. This is no mean, common, ordinary crowd that we are trying to hold away from the Treasury of the United States. These people admitted—in fact, bragged of the fact—that they spent $150,000 to get the 1928 Merchant Marine Act through Congress, as will be noted on page 683 and 684 of the hearings.

TITLE VII

Section 701, page 43: This section vests regulatory functions in the same agency that will determine subsidy payments. This is not only economically and administratively unsound, but violates the President's recommendation in his message, from which I quote:

> The quasi-judicial and quasi-legislative duties of the present Shipping Board Bureau of the Department of Commerce should be transferred for the present to the Interstate Commerce Commission.

Here is another important conflict with the recommendations of the President.

Section 703 (a), page 45: This section creates another new agency, which is absolutely unnecessary; it handles matters which could easily be taken care of by an aggressive authority personnel. This proposes one more of those joke interdepartmental committees, on which subordinates serve, and which produce no result except the expenditure of the taxpayers' money.

Section 801, page 46: The bill devotes nearly three pages to the welfare of the American seaman, and with what result? Although the main excuse for an operating subsidy is the so-called "American standards", necessity of higher wages and better living conditions, and so forth, there is no provision in this bill for adequate wages. There is no minimum wage provided. The Farley reports are filled with illustrations, during the last few years, of wages cut, and men thrown out of work on account of lack of manning scales; these two schemes are estimated to have taken away from labor over $2,000,000 a year during the last 4 years. Well, what does labor get out of this bill? Nothing but a service book, which labor representatives tell us is a blacklist. Certainly no one interested in labor could ever vote for the archaic Dark Age theories contained in this bill.

Section 1102, page 62: If you do not read anything else in this bill, read section 1102. Here is a subsidy of no limits, and the cost is unknown. Here is our old friend the trade-penetration-subsidy idea; it should be called "Treasury penetration." In this section there is no provision for operating ships now owned by the United States—remember the Government now owns 288 ships and operates 40 of them on four trade routes to England, France, South America, India, Australia, and China—because they were not "taken over by the United States" as required by this bill.

Section 1103, page 63: This section provides the transfer of appropriations to continue the present mail contracts, all but one of which were obtained without competitive bidding in direct violation of law, in spite of the President's statement that these contracts should be terminated.

Section 702, page 65: Just read paragraph (b) and see what nice difficulties Uncle Sam will have taking over these ships that he does, but does not own, in event of war; this paragraph requirement of "fair actual value" without standards of determination, is productive of controversy and favoritism. Certainly there should be a maximum figure in the contract. Certainly the purchase price from the Government should be that maximum.

Section 1106, page 67: This section legalizes deferred rebates—a distinct detriment to, and discrimination against,

the small shippers. Again the little fellow is squeezed to death.

Section 1109, page 68: I plead with every Member to read this section 1109; let me quote it:

> The authority shall have full power and authority to use any funds not specifically designated for other purposes to give in such manner as it deems desirable aid and support to the holder of any contract under this act, in meeting any unfair competition or practice by any foreign vessel or vessels.

Think that through! First, we are building the ship and advancing 85 percent of the cost, and allowing a trade-in of some old tub by the operator. Second, we arrange to pay the operator the difference between foreign and domestic operating costs. Third, the gift available under section 1102. And last, as if all that is not enough, an additional subsidy without limit or restrictions, and no guard against favoritism. Translated, this section invites every ship operator to drive a truck up to the Treasury and load it full of the American taxpayers' money and come back for more as often as he likes.

CONCLUSION

In conclusion, it is my sober and considered opinion that the Bland bill could not have been more beneficial to the private operators than if they had written the bill themselves. When lobbyists like Ira Campbell are permitted to make suggestions as to what is to go in the bill, it is no wonder that we have such a bill before us.

For the sake of the American people, whose interest is entrusted in our hands, let us vote down this bill, and thereby serve notice upon this ship-operator crowd that they cannot influence the American Congress to rob the American people. [Applause.]

Mr. LEHLBACH. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman, the Congress of the United States recently appropriated one-half billion dollars with which to bring our Navy up to treaty strength and to replace obsolete and antiquated vessels with up-to-date and more speedy vessels. This was done, not because we are a warlike Nation, but because with so many thousands of miles of coastline an adequate Navy to meet any emergency is necessary for its protection and for the security of the Nation as a whole.

In time of war or other emergency, however, our Navy can only be as effective as our merchant marine will permit it to be. Our merchant marine is auxiliary to the Navy, but it is essentially a part of the Navy in time of national emergency. The merchant marine must be sufficient at all times to meet any demands which may be placed upon it by the Navy. Its vessels must be sufficient in number, sufficient in speed, and sufficient in operating personnel. The truth of the matter is that under present circumstances, with the present average speed limit of the vessels of the American merchant marine, it could not efficiently serve our Navy. The merchant marine is simply a link in our chain of national defense, and that defense can only be as strong as its weakest link.

For almost a century we have been notoriously weak in the proper care of our merchant marine. When Theodore Roosevelt sent the American Fleet around the world in 1907, our merchant marine was so inadequate that it was necessary to employ Scandinavian vessels to assist in that enterprise. When we entered the World War we had to hire and pay whatever price was asked for the ships of our allies to transport American goods and troops. Goods and merchandise of American production were piled high on every wharf and dock in the country. Out of that expensive experience grew a realization that something must be done to aid the American merchant marine. The result of this was an indirect subsidy under the guise of mail contracts. This has been unsatisfactory and has led to much justified criticism.

On the other hand, every major maritime nation on the face of the earth subsidizes its merchant marine because of its necessity as an important part of national defense. The time has now come when we must do likewise. We have utterly failed under the old method to keep our merchant marine modernized. We have failed to replace outworn vessels. Of our entire merchant marine, the United States has only built 11 percent since January 1, 1924, while Great Britain has built 42 percent; Germany, 38 percent; France, 25 percent; Italy, 28 percent; and Japan, 21 percent. With 89 percent of our merchant marine composed of ships over 11 years old, economy in their operation and fair competition with the ships of other nations is almost futile. Likewise, they cannot hope to adequately serve our Navy in time of national emergency.

If the United States is ever attacked by a foreign foe it will be at some point along its thousands of miles of coastline. It is therefore essential that three things be borne in mind as necessary to our national defense. They are, first, an adequate Navy; second, an adequate merchant marine; and third, adequate shipyards distributed throughout our entire coastline capable of caring for any need.

Within recent weeks, charges have been made in some quarters to the effect that this bill has been written by representatives of the shipping interests or others having a personal gain motive. I have attended every hearing and every meeting of the Committee on Merchant Marine and Fisheries in its deliberations and state unequivocally that nothing could be further from the truth. This bill is the result of careful study after long and exhaustive hearings extending over more than 7 weeks and during which time representatives of the shipping interests and shipbuilders, as well as of labor and independent organizations interested in the protection of life at sea, appeared before your committee to furnish information.

This legislation is not simply a subsidy bill. It has other features of paramount importance to the American people and American seamen. Title X of the bill deals with the limitation of shipowner's liability. It completely revises the law on this subject as it relates to both passengers and crew and gives them greater security.

The *Morro Castle* was a 10,000-ton ship. When it was destroyed its owners received some four and one-half million dollars. There were 167 lives lost and it is reported that 100 more were permanently injured. Under present law the total liability of the steamship company to not only the 100 injured but to the heirs of the 167 lost amounts to only $20,000. Under this proposed legislation their liability would have been $600,000. A shipowner will naturally take greater precautions to prevent such calamities if his liability is greater.

Likewise, this bill will provide much-needed legislation in behalf of American seamen. At the request of the president of the International Seamen's Union I introduced H. R. 7290. Many of its provisions have been incorporated into this merchant-marine bill. For example, section 11 of H. R. 7290 seeks to amend section 4351 of the Revised Statutes, dealing with seamen's discharge certificates. Section 803 of the merchant-marine bill now being considered, includes a much more effective provision covering the subject than does my bill, H. R. 7290.

The suggestion has been made that vessels and routes in our foreign trade be taken over under Federal ownership. It would be inconsistent to put any branch of our merchant marine under Federal ownership unless we take over all of it. Vessels entering into coastwise and intercoastal commerce are interchangeable with those entering into foreign commerce. If vessels entering into foreign commerce are to be placed under Federal ownership then we should also place our coastwise and intercoastal vessels under Federal ownership.

Further than that, Mr. Chairman, if our merchant marine is to be placed under Federal ownership and operation, so should our rail and other common carriers engaged in interstate or foreign commerce. My own disposition is to generally favor public ownership and operation of public utilities, but I cannot support any proposal which will provide for only taking over a part of our transportation system and not take it over in its entirety. [Applause.]

Mr. LEHLBACH. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, the distinguished gentleman from Iowa made a very able and scholarly analysis of the pending bill. I fear, however, that his discussion of the bill was based very largely upon what has occurred in the past and what was disclosed by the Black committee, and, incidentally, by the very careful investigation that was made under the auspices of the Postmaster General, into the operation of subsidies.

There is absolutely no question but that the operation of the subsidy principle in America has been very unfortunate, and that those who were the beneficiaries of it were definitely untrue to America and untrue to anything except their own pockets. I have spoken here on the floor before in favor of what I call a vigorous nationalism—a nationalism which takes into account first the needs of America. It is my belief that with a gross expenditure of $800,000,000 for shipping, America should have her place today on the sea, but America has not got it because those who were the beneficiaries of these subsidies definitely violated the pledge they made to the Government when they accepted these benefits.

In this connection, I want to say that I have great faith in the integrity of this committee. I am a member of the committee. During the period of the hearings on this measure, unfortunately, I was ill and unable to attend and become familiar with some of the problems presented by this bill.

It is my hope that the corrupt acts so feelingly referred to by the eloquent and able gentleman from Maine will never occur again. If they do, in my judgment, someone should be shot summarily at dawn.

This bill is a workable bill. The principle of subsidy, of course, is a part of the statute law of every nation today, and no flag can fly on the seas unless there is a heavy subsidy. The case of the *Normandie* was referred to today, the new ship which recently docked in New York on her maiden voyage from France; and another illustration was given by reference to the *Queen Mary*, built by the Cunard Line on the Clyde.

This bill makes definite provision for the creation of a maritime authority and gives it complete jurisdiction over this whole question. The future of the American flag on the seas, the future of the American merchant marine both as to ships and personnel, depend on the integrity and character of this authority. The gentleman from Maine is right when he says that this bill is susceptible of as grave abuses as were present at Teapot Dome. Its administration depends entirely upon the Americanism and the integrity, technical and civic, of the men appointed by the President to this authority. If they are not under the control of the Shipbuilding Trust, which I condemn just as vigorously as does the gentleman from Maine and the gentleman from Iowa, if they are true to their trust and are selected for character and ability to carry out the spirit of this bill, then, indeed, will the American flag have its place on the seas.

One thing I regret is that the bill does not stress fully enough the question of personnel. Ships without American crews do not fill the bill. One of the functions of ships built by subsidies is to develop an American personnel. The beneficiaries of these subsidies have been untrue to America in this respect. Under proper encouragement I can visualize high-school boys from the inland States coming to the seacoast to work on these ships, high-school graduates, who can work up to the officer grade. This is the type of merchant marine personnel we wish to develop. I do not mean to question the character of the young men who live along the coast; my purpose is to emphasize the thought that American youth should be recruited into the merchant marine.

So, while acknowledging the evils of the past and the viciousness of past raids on the Treasury which are without parallel, I say that with this bill creating, as it does, this authority, giving the President the power to appoint the members of this authority, with the advice and consent of the Senate, is a step in advance. If this power is exercised with care, and if the money changers, the corrupt shipbuilding group, the four floors of vice presidents which are in some of these merchant marine organizations, will cease to exist, and we shall have an American merchant marine built on merit. All this is in the lap of the President; and I may say in this connection that I do not believe there is any man in America who loves the sea or knows the sea better than the President himself.

I have no sympathy with those who criticize him for going on the sea, even under the palatial auspices of the *Nourmahal* because it gives him health, it gives him vigor, and he loves it. He has it in his blood. He wishes to see the American merchant marine developed. He will sign this bill if you send it to him.

Mr. Chairman, I say that this bill, assuming that the personnel is selected with care, and assuming they are spiritualized in the interest of America and removed from the influences of these corrupt groups, is a step in advance and insures a merchant marine which will place the American flag on the seven seas. In this connection I wish to stress anew the necessity for personnel, which is just as important as ships themselves. The question of personnel has been largely ignored in the past. The sailors on the sea are just as important and just as necessary to the supremacy and standing of America as are the ships themselves. I stress this phase with all the power I have at my disposal.

There are, of course, in America men who know every phase of this question. There are in America men who know the technical side of it. There are men in America who have the ability, the knowledge and the integrity to give adequate service to the Nation. Such appointments will correct the conditions existing in the past where officials in the steamboat and related inspection services have been more or less under the influence of some phases of the corrupt Shipbuilding Trust.

Mr. Chairman, I am for this bill with the reservations I have noted. I am for the bill because I know this committee has worked faithfully with the public interest in mind in connection with the writing of this legislation. [Applause.]

[Here the gavel fell.]

Mr. WEARIN. Mr. Chairman, I yield myself 19 minutes.

Mr. LEHLBACH. Mr. Chairman, I have no objection, but a Member is not entitled to speak on a bill in general debate more than once.

Mr. WEARIN. I did not understand the gentleman.

Mr. LEHLBACH. I believe under the rule a Member is not entitled to speak in general debate more than once on a bill, either in Committee or in the House, but I have no objection. I may be in error.

Mr. WEARIN. The gentleman is correct in one sense of the word and an objection may be raised.

Mr. LEHLBACH. I have no intention of raising an objection.

Mr. BLAND. Mr. Chairman, the gentleman is correct about the rule. I ask unanimous consent that the gentleman from Iowa may proceed for 19 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WEARIN. Mr. Chairman, in considering finally the subsidy legislation that is before the Congress, may I remind the members of the committee of some very significant things that should be kept in mind.

In the first place, I would have the Members of the House keep definitely before themselves the fact that the experience of the United States Government in the operation of the merchant marine under the 1928 act has been most disastrous. It has been disastrous from the standpoint of a lack of faith and evidently a lack of willingness on the part of the ship operators to cooperate with a program for the purpose of building up the American merchant marine. In the face of this fact we must also recollect that the Congress today is faced with the situation of having the same group of operators, the same interests that desired the 1928 act, and they have abused their privileges under the 1928 act, asking this Congress for the legislation that is being proposed here today as a program for the advancement and the development of an American merchant marine. We

have no greater assurance as we deliberate here today that they will keep faith with the American people any more under this act, if passed, than they did under the 1928 act.

Mr. HARLAN. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Ohio.

Mr. HARLAN. What would the gentleman propose in order to keep our merchant fleet on the ocean if this act fails?

Mr. WEARIN. I will answer the gentleman's question in this way. If the pending bill is defeated, there is a resolution that I have introduced this morning providing a method of cancelation of the mail contracts under the 1928 act and a proper protection for the United States against those self-same operators recovering against the United States to the extent of securing damages for the incompleted portions of their contracts. That is the first portion of the reply. Secondly, the gentleman from Maine who preceded me this afternoon pointed out to the House that under this new act we are in effect through the payment of a construction subsidy loan paying in the neighborhood of approximately 85 to 88 percent of the cost of the ships that are to be built.

Following that we incorporate in this bill a provision that permits the same shipping interests to turn in the old ships—or, in other words, the junk that is navigating the seas—as part payment for new tonnage. As pointed out by the distinguished gentleman from New Jersey [Mr. LEHLBACH], who stated that our American merchant marine was depreciating and going downhill, we permit them to turn in these old ships as part payment and the first payment on the new merchant marine. We permit them to turn them in for what may prove to be the first payment that is due the Government as a result of the building of a new ship. There is nothing to prevent that amount making up the full first payment on their construction loan, and, following that, it is not inconceivable that the operating subsidies might possibly exceed or at least equal the amount of the payment due on the ships. The result of this situation might mean a new merchant fleet for practically no cash outlay on the part of the operators.

Mr. HARLAN. Is that not substantially one of the systems Germany is using at the present time?

Mr. WEARIN. Germany has a system of subsidies, but they have been utilizing them with greater success than the American Government has ever been able to operate under a subsidy, as demonstrated by the 1928 act and the failure of the American operators to cooperate with our system. If we are faced with the problem of furnishing, we will say, anywhere from 80 to 88 percent of the money invested in these ships, what is the difference between ownership on the part of the man who has the largest investment and the operation of those ships by private operators on a lease basis, which would protect the public interests far better than any provision with reference to the establishment of a costly series of subsidies, as is provided in this bill?

Mr. MORAN. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Maine.

Mr. MORAN. In section 521 appears the date April 1, 1935. Will the gentleman explain why that particular date, April 1, 1935, is in there instead of the former date of February, as appears in the old act?

Mr. WEARIN. As I understand this provision, it was inserted in the bill in order to permit such ships as the *Belgenland,* which has been renamed and placed under the American flag at a very recent date, to operate under the provisions of this subsidy and secure the benefits therefrom. That situation is certainly something that cannot be referred to as one of the benefits of this act when you can transfer a foreign ship operating under a foreign flag to the American flag and operate it under a subsidy program as provided in the proposed subsidy bill.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. If a line is operating and has not enough vessels to take care of the business offered, does the gentleman think it is better not to allow a ship to be included that can take care of the overflow and send that trade to foreign ships, or, temporarily, to use such ships to hold the overflow and save the commerce for America when the new ship is built. That is the situation.

Mr. WEARIN. In answer to the gentleman's statement, I will say that in my judgment it would be far better, if we are going to develop an American merchant marine, to build ships in American yards, to operate under the American flag, and under no conditions transfer foreign ships to the American flag in order to profit at the expense of the taxpayers.

Mr. LEHLBACH. Of course, but I am talking about a temporary situation. You cannot build such a ship overnight. It takes 18 months to build such a ship.

Mr. WEARIN. That is no reason why you should transfer the benefits under this bill provided by the American taxpayers over to some foreign-built ship. It is a bad principle to be injected into this legislation.

Mr. LEHLBACH. The gentleman again begs the question.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. MARCANTONIO. Would not the ideal solution be Government ownership and operation, and then we would have a real American merchant marine?

Mr. WEARIN. I may say in answer to the gentleman it would be far superior to our having an equity in these ships that amounts to 80 or 85 or 88 percent, and having the balance paid to the United States Government with obsolete ships, under which we would be holding the sack.

Mr. MORAN. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Maine.

Mr. MORAN. Section 1101 provides the usual authorization for appropriations. Can the gentleman tell the House how much the Bland bill will cost the taxpayers of this country?

Mr. WEARIN. No; I cannot, and I may say to the gentleman from Maine that no one else would dare be so presumptuous as to try to tell the House what this bill will cost the American taxpayers, either in the form of construction subsidies, or in the form of operating subsidies, or in the form of penetration subsidies provided under this proposed measure.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. WHITTINGTON. Do I understand the gentleman from Iowa to say there is no limitation upon the amount that may be appropriated under the terms of this bill?

Mr. WEARIN. There is no limitation upon the amount the authority may recommend or grant if it has the funds.

Mr. WHITTINGTON. Am I not correct when I say that in the acts of 1920 and 1928 there was a maximum that could be appropriated under those acts?

Mr. WEARIN. The gentleman is exactly correct.

Mr. WHITTINGTON. And there is no maximum fixed in this act?

Mr. WEARIN. There is no such maximum fixed, and, furthermore, there is blanket authority given to the authority to proceed toward the conclusion of construction subsidies and operating subsidies without any definite limitation upon the amount.

Mr. CROWE. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. CROWE. At the beginning of the World War American ships carried approximately 10 percent of the products of America that were shipped and then the World War came along and we spent $3,000,000,000 building ships. Does the gentleman want to see the same thing obtain or would the gentleman rather take a few chances, if necessary, to build up a proper merchant marine?

Mr. WEARIN. I may say to the gentleman that I have never, at any time, said to this House I was opposed to building up a merchant marine, but I am certainly opposed to building up a merchant marine with the aid of a construction subsidy which the President has committed himself as being opposed to, with the aid of a continuation of title IV of the 1928 act, which will permit the provisions of mail contracts

to continue to their termination, if the President desires them to do so; in other words, passing the buck to the President to cancel them. I certainly am not in favor of building up an American merchant marine in that manner.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. The President, so far from saying he was not in favor of a construction subsidy, has explicitly recommended a construction subsidy. The gentleman has read his message and ought to know this and ought not to misquote what the President states.

Mr. WEARIN. I have read the President's message. I have not misquoted him, and I fully understand that he asked the Congress to take those things into consideration. He said definitely that the United States Congress must stop this business of lending money for shipbuilding.

Mr. LEHLBACH. That is an entirely different question from a construction subsidy. The President in express language has recommended a construction subsidy.

Mr. WEARIN. The gentleman has not read the message the same way that I have.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I want to call the gentleman's attention to an article in The Nation, which specifically analyzes the President's message and states that the President asks that subsidies be paid openly and not through building loans and mail contracts, but that they cut out these building loans and mail contracts.

Mr. WEARIN. The gentleman is correct.

Mr. O'MALLEY. So the President does not ask for a construction subsidy.

Mr. WEARIN. The gentleman is correct.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. FORD of California. The gentleman states that this bill is open and that there is no limit on the amount that will be appropriated for the building of ships. Is there any limit to the amount that will be paid for the processing tax and other benefits to other classes in the country?

Mr. WEARIN. I think the gentleman's question is entirely beside the point, because processing taxes are being levied for the purpose of paying benefits to the American people, while, certainly, the lending of money to the shipbuilders is for the purpose of benefiting a particular class of people who have not demonstrated their friendliness toward the American spirit in developing a merchant marine, nor have they cooperated in achieving such an end.

Mr. MORAN. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. MORAN. Has any farm program yet been presented to the Congress, in answer to the last question, whereby the Government would purchase a worthless farm from the owner and then lend to the owner 88 percent of the cost of a new farm?

Mr. FORD of California. Yes; just that program.

Mr. WEARIN. Certainly not. I must now conclude my remarks.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield for just one more question.

Mr. WHITTINGTON. What is the amount of appropriation contemplated annually under the terms of this bill?

Mr. WEARIN. The bill does not provide for an appropriation.

Mr. WHITTINGTON. I understand it is not an appropriation, but what is the amount contemplated, and I am asking this with respect to the amount the Treasury will be called upon to pay.

Mr. WEARIN. No one knows, and I do not think we even dare estimate the cost of the operation of this act. The sky may be the limit.

Mr. WHITTINGTON. I am simply wondering what the program is.

Mr. WEARIN. There is no limitation. Now, I decline to yield further. I want you to keep before you these facts. The President of the United States sent a special message to Congress requesting us to pass merchant-marine legislation, and made definite suggestions that we stop loaning money for shipbuilding and consolidating regulatory features for the Interstate Commerce Commission, and that we should terminate the practice of furnishing subsidies provided under the 1928 act. We have not provided for the definite termination of contracts, but we have passed the buck to the President of the United States, who must take the responsibility.

I call your attention to the fact that the remedies proposed by the Postmaster General in his report to the President of the United States have not been taken into serious consideration by this Congress in passing merchant-marine legislation.

I would remind you also that the committee has been guided in the preparation of the bill by the interdepartmental committee's recommendations, which were not prepared under an Executive order, but were submitted to Congress by President Roosevelt without recommendation.

I want you to keep this thought before you: That the matter of construction subsidy, the matter of operating subsidy, and trade-penetration subsidy provided for in this bill may rise to almost any height, with no definite assurance that we are going to have a merchant marine when we get through.

We have no more definite assurance in this bill that the 1928 act for a merchant marine will be any better 10 or 20 years from now, in spite of the unlimited expense herein authorized. [Applause.]

In conclusion, I desire to offer the following comment on the majority report on H. R. 8555.

SO-CALLED "GOVERNMENT OPERATION"

The following sentence is taken from page 3, paragraph 2:

> It may bring back Government ownership and either Government or private operation of some of these lines and so result in a return to those conditions which existed after the war when annual appropriations for the Shipping Board were something like $40,000,000, and sometimes more, with no permanency in sight.

The inference from the above is that it cost the Government $40,000,000 a year to maintain the same lines now operated by mail contractors. The facts are the Government had over 2,000 ships after the war, many of which were obsolete from the outset. A great percentage of these appropriations referred to above was expended for liquidating purposes and in the maintenance of an inactive fleet of which there are still approximately 280 vessels. Moreover, after 15 years, private ownership has not been obtained. Some 40 ships, owned by the Government, are still operated in essential foreign services not covered by mail contracts under liberal operating agreements.

In regard to the cost of operating the so-called "essential foreign-trade services", most of which are now operated by mail contractors, the records show that it cost the Government $115,000,000 to operate all of its services from 1923 through 1935. Only one of the lines included in this loss represented direct Government operation; the other lines were operated under some form of percentage agreement, where all the operators received the profits and the Government stood the losses.

Some of this money went for development or pioneering "trade penetration" purposes, and at the same time, managing operators on practically no capital realized net profits of an amount estimated to be over $10,000,000, while the Government was losing $115,000,000. As unfair to the Government as this form of operation may have been, it has proven less costly than operation under the mail contracts. Under the existing 43 mail contracts, the Government stands to expend approximately $320,000,000 over a period of 10 years. Thus far, these mail contractors have invested only approximately $59,000,000 of their own money in new vessels, and if the contracts remain in force and they construct all the vessels actually required under the

contract, it is doubtful if their total expenditure in new vessels during the period of the mail contracts will equal $100,000,000. Suppose it does equal $100,000,000? Deduct this sum from the $320,000,000 and there will be an operating cost to the Government of $220,000,000 over a period of 10 years as against the $115,000,000 expended during the 12-year period of the iniquitous managing-operator agreement system.

FOREIGN SUBSIDIES

A considerable amount of information has been given regarding foreign subsidies today, however too general to be of any value for comparative purposes. It is, no doubt, true that other countries aid their merchant marine. There is no evidence, however, that they are anything like as recklessly extravagant as has been proposed for American operators under the pending bill. Moreover, it is believed that a careful investigation of subsidies in most of the foreign countries will show that where the government loans a sizable sum for construction purposes, or otherwise aid their merchant marine, it not only exercises a strict control but puts government men on the board of directors and, believe it or not, they recapture all excessive profits.

Another thing might be pointed out: A great percentage of the aid extended in some of the foreign countries is used for the construction, maintenance, and operation of superliners of which we now have none in operation, and there is no specific provision for superliners under this act.

DEPRECIATION VERSUS SURPLUS

Much has been said in favor of permitting the operator to retain all profits, even though excessive at times, that he might build up a surplus for the construction of new vessels. Under the liberal terms proposed by H. R. 8555, there is absolutely no necessity for creating a surplus for construction purposes since the operator depreciates his vessels on a 20-year life basis and includes such depreciation as a part of his operating expense. All that is necessary for him to do to repay the Government the construction loans extended over 20-year periods and to set aside sufficient money to make the down payment on a new vessel (assuming he starts off with a new vessel) would be for him to set aside currently in a special fund the amount of the depreciation actually allowed in operating expense.

Mr. LEHLBACH. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman, ladies and gentlemen of the Committee, a rejuvenated merchant marine has been the ideal of America ever since those glorious days when American clipper ships entered into the lines of trade and absolutely dominated the seas of the world.

Then there came a period when we turned inland to develop the great national resources that were incomparable in this land. The opportunities on shore were so rich that the gains from the sea were insufficient to hire the youth, on the one hand, and the capital on the other.

The romance of the unexplored West was more potent than that of the seven seas.

Free land, abounding opportunities, a fortune for the taking—these were what drew our youth and our capital from the seas.

Naturally, as a result of the tremendous development that took place as a result of the opening of the great West our seagoing proclivities declined materially.

A lesson was taught to us during the World War of what it means for a great nation to be devoid of the necessary shipping facilities to handle commerce under any contingency that arises. As a result of the decline of our merchant marine we were forced to pay foreign nations immense sums of money to transport our troops to Europe, and I hope to God we will never have to do anything of that kind again; but also I hope to God that if we do we will have the necessary ships to transport them without being dependent upon any other nation.

The eloquent gentleman from Iowa [Mr. WEARIN] said that this bill has no limit as to the amount that will be granted. The amount that will be granted will depend upon the number of ships that are constructed and the number of ships that are operated. Necessarily you could not put a definite limit upon that. The number of ships operated will depend upon the number of ships needed to carry the commerce of the country, and naturally the number of ships constructed will be the number of ships needed to fill that need. We have given subsidies to every other class, with perhaps one exception, and we are trying to do that now—with the processing tax to take care of the farmer. There are home loans to take care of the home owner and all kinds of loans to take care of insurance companies, banks, railroads, and all the rest; and now, when we are going to need a merchant marine, and when all the indications are that we will need one to carry our commerce, we ought to have a merchant marine to carry it.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. FORD of California. Yes.

Mr. COLDEN. Speaking of the number of various classes in the United States, how much of the amendment suggested by Andrew Furuseth, the president of the International Seamen's Union, is carried in this bill?

Mr. FORD of California. I could not say as to that, but if we do not have a merchant marine of any kind, no kind of a grant to the seamen will be needed.

Mr. COLDEN. That is what he says?

Mr. FORD of California. That is the answer.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. FORD of California. Yes.

Mr. WHITTINGTON. Wherein is this subsidy act an improvement over the act of 1928?

Mr. FORD of California. I do not know that it is an improvement, but it will be handled by a different group and probably administered more carefully.

Mr. WHITTINGTON. I should not like to see a repetition of the 1928 matter.

Mr. FORD of California. I do not believe we will have such an administration.

It seems to me that a merchant marine capable of handling American developed traffic is necessary if the American merchant is to enjoy anything like equality with his foreign competitor.

If this is not true, no one opposing this bill has presented facts or figures to the contrary. Most of the opposition argues for Government-owned ships. That is a desirable end. I doubt, however, that it is the step we are wise in taking at this moment.

Let me assure the advocates of Government-owned ships that whenever the time comes for that step I am with you. In the meantime let us protect American ships, American ship workers, American sailors, and American merchants.

That, my friends, is my philosophy. On that philosophy I appeal to you for support of this bill

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. BLAND. Mr. Chairman, I yield the remainder of my time, 25 minutes, to the gentleman from New York [Mr. SIROVICH].

Mr. LEHLBACH. Mr. Chairman, I yield the remainder of my time to the gentleman from New York.

Mr. SIROVICH. Mr. Chairman, when ancient man found that certain things would float on water some genius, possibly cousin to the inventor of the wheel, gathered together floatable objects and used them to help him cross streams, ponds, and lakes that blocked his progress to some desired goal.

The earliest navigation was on rivers and the oldest records we have are concerned with Egypt and the Nile on which, nearly 5,000 years before Christ, boats were made of papyrus reeds woven in the style of an elongated basket and smeared with pitch within and without in order to make them waterproof. The Egyptians had no forests from which to obtain wood, but later on from the time of the first navigational experiments the Egyptians imported wood, probably from the coasts of Phoenicia and made their ships of wood, using papyrus, stiffened by slats, for sails to augment the sweeps, or oars, previously used.

Coeval with the Egyptians the inhabitants of the lands fronting on the Euphrates and Tigris Rivers turned to these watercourses for transport of persons and goods. Herodotus relates that the general custom of those along the upper reaches of these rivers was to build a framework of osier withes—that is willow branches—and cover them with skins, which in turn were coated with pitch, of which there was a plenitude in that region. Carried down the river by the current these early traders brought their produce to Nineveh and Babylon, sold or bartered it there, and then knocked down their coracle, as the bowl-shaped boats they used were called, loaded the whole on the back of a donkey which had been brought down in the coracle for this purpose, and made their way back overland to their homes.

The earliest occidental navigators of the open sea were the Phoenicians, especially those of Sidon and Tyre. They struck boldly out on the waste of waters in wooden vessels probably fabricated from the cedars of Lebanon. These early navigators of Philistia used first one bank of oars and sails and then added another, and possibly two more banks of oars, manned by captives, although the final perfection of the bireme, the double-banked vessels propelled by oars and sails, is given by credit to the Greeks long before the time of Pericles. It is tradition that Cadmus, a Phoenician, landed on the peninsula of Greece before the Dorians and Ionians came down from the north and took over the land, and not only gave the earliest inhabitants of the Hellenic Peninsula the alphabet but also inducted them into the arts of navigation.

The Greeks took their lessons well and soon were building ships that were used centuries before the Christian era to found colonies in Magna Graecia, the present Sicily, and on the south of the Italian Peninsula. So we find that the navigation of river courses and small lakes was the first attempt of man at water transportation, and that this gradually expanded through the centuries into marine transport on the Mediterranean, the Adriatic, the Tyrrhenian, the Aegean, and the Black Seas. Of navigation on the Red Sea, the Gulf of Persia, the waters of the great bays, and seas of the Orient, we have little record, but it is certain that such was accomplished by the natives of those regions.

Ancient vessels connected with ancient caravan routes and river mouths at strategical points along the coasts, such as the present Smyrna; olden Issus, far older than the famed Damascus; Gaza, various ports on the delta of the Nile, of which Alexandria became the most famous; Arsinoe, at the head of the Gulf of Suez. The rivers and the caravan routes performed the functions of modern railroads and brought the produce and products of the hinterland to the coast. The interior prospered because it had outlet to the sea through its coastal harbors; the coast prospered because the deep waters of the earth opened up highways over which the goods of one country could be rowed or sailed to another country and there bartered for that country's goods or sold, and these products brought home again for another sale.

Brigands raided the caravans on land; pirates looted the vessels at sea, but despite these levies by lawless force, trade prospered. Corinth sent the bronze to Athens and the Ionian settlements along the coast of Asia Minor, to Media, Persia, and Rome for armor and statuary. Tyre brought Corinth the tin that made possible the bronze alloy from copper and took factored bronze in exchange—the famous "aes Corinthia" or bronze of Corinth and brought the fine ladies of Corinth the fashionable Tyrian purple, that beautiful dye of the ancients that smelled so terribly in the making and looked so beautiful in the wearing.

Mr. Chairman, I could unfold a most fascinating tale of the merchant marine of ancient nations and the intriguing story of the development, step by step, of vessels capable of taking and holding the seas and of trade between all the civilized and barbarian nations of the days before Christ, but time does not permit.

At the head of the Adriatic Sea, which lies between the long boot of Italy, thrust deep into the Mediterranean, and the present Yugoslavia, Albania, and Greece, for centuries 11 streams swept down to the shores of this sea great quantities of alluvial soil from the mountains and piedmont that crown the head of the Adriatic. Due to an easterly flowing current, this silt was formed into long banks of alluvial mud, called "lidi"—lido in the singular. On these banks fishermen settled, and the first commerce of the ambryotic Venice was with fresh and salted fish to the mainland nearby.

The Goths, Huns, and Lombards overran the Alps, and to escape them the inhabitants of the cities of the mainland at the head of the Adriatic fled to the mud banks and lagoons offshore. This was in the fourth century of our era. There were 12 low mud-bank islands, and the settlers from the mainland formed themselves into lagoon townships and, in time, chose tribunes to represent them in the growing form of republican government.

The aboriginal inhabitants were absorbed by the mainland folk. Trade turned from the local barter with the mainland to the open Adriatic and, league by league, spread over the Mediterranean, up the Dardanelles, and through the Black Sea and across the southeastern Mediterranean to Egypt and the Red Sea, and thence to the Orient.

Venice prospered through her eastern trade until she became the great maritime nation of her times, but her supremacy was to be challenged by another Italian city, Genoa the Superb, built not on mudbanks but on the footing of high hills at the head of the gulf of the same name which tops the Tyrrhenian Sea, on which the "boot" of Italy fronts. Genoa itself is from genu—the knee—and well describes its location at the top of the "boot."

Genoa and Pisa first fought for trade and Genoa defeated Pisa. Then the Venetians and Genoese clashed over the riches of marine commerce and were each alternately victors and vanquished until the battle of Chioggia, in which the Venetians finally were victors. Genoa's trade had penetrated as far as the Euphrates and there the Italian city had erected strong fortresses for the protection of her commerce.

Out of the city of Lisbon, in the then weak nation of Portugal, in 1497 sailed Vasco da Gama with four vessels, instructed by Emmanuel the First to find a sea route to the eastward to India and China. Da Gama rounded the Cape of Good Hope and continuing his northeastward course reached Calicut in India. Later, with 10 ships, Da Gama sailed again to Calicut and in revenge for the treatment of the Portuguese he had left to establish a factory on his first visit bombarded Calicut and then swept onward to Cochin-China destroying everything he could that he found at sea. Calicut, from the cloths of which we get our name of calico, must not be confounded with Calcutta, which was not in existence then, being founded in 1690 by Job Charnock, of the English East India Co.

The discovery of an easterly all-sea route to the Orient by the Portuguese crippled the caravan-vessel routes, part overland, part seaway, of the Genoese and Venetians. An all-water route was cheaper than a mixed land and sea route. Furthermore, the crusades had endangered the western caravans that fell into the hands of the Saracens. Vessels were laden at the prime port and unladen at the home port or vice versa and a single shipment was made of goods instead of many transfers en route. To the Portuguese, rather than any other of the nations of the Middle Ages is due the discovery of the great value of all-water, long-distance transport of passengers and goods. Lisbon prospered as Genoa and Venice declined.

Much else of historical interest, for which we have not time, occurred between this period and the time of Elizabeth of England and Philip II of Spain, in the next century. With this "woman of England" and this "man of Spain" came the conflict for the control of the western ocean—the North Atlantic—and the sea routes to the New World and around the Horn to the Pacific, the Indian, and the China waters and their rich coasts. Elizabeth and Philip would have little more than academic interest for us were it not for the fact that the victories of Drake, Howard, Hawkins, and other English captains over the Duke of Medina Sidonia, in command of the Armada of Spain, closed the Continent of North America to further expansion by Spain and opened up English colonization of the eastern coast of North America above Florida, from which grew the British Colonies in North America, out of which developed the United States of Amer-

ica, based on English law and customs, and speaking the English language.

Had the Lord High Admiral of Spain, in any one of four engagements, been able to inflict a decisive defeat of the Lord High Admiral of England, and then to join with the Duke of Parma in the low countries—the Netherlands and Flanders—and together land victorious troops on English soil—Spain had the best infantry in Europe at that time—the very name infantry coming from Infante—the royal title of princes of Spain—the whole course of American history might have been changed and England herself become an appendage of Spain as had Naples and Sicily, Peru and Mexico.

Man proposes—God disposes. The storms of the skies, rather than the artillery of the English, scattered the Armada. Elizabeth Tudor herself was gracious enough to give Providence credit though she had two medals struck to commemorate the victory, one of which showed the Armada in flight and bore the inscription "Venit, vidit, fugit"—"They came, they saw, they fled."

English Elizabeth fostered merchant-marine commerce by instigating navigation acts for the protection of English mariners, by giving new charters to merchant adventurers, and organizing and financing new companies. She secretly upheld the piracies of Drake and Hawkins while she apologized for their buccaneering in public. From 1558, when the red-haired daughter of Henry VIII and Anne Bullen, or Boleyn, as we know her today, came to be Queen of England, until her death in 1603, she forwarded the dreams of her father, Henry VIII, and grandfather, Henry VII. The first of the Tudor dynasty obtained concessions for English cloth merchants in the Netherlands and increased trade with Scandinavia. Allying himself with John of Denmark, Henry VII broke the monopoly of the Hansa cities and gained free trade with Denmark. Venetian caracks had brought the goods of the Mediterranean to Southampton or Sandwich, but Henry Tudor concluded a treaty with Florence by which that republic opened its ports to English vessels, and the Venetian monopoly of trade with England ceased. English ships began to carry English goods north, south, and east.

John Cabot, a Genoese, settled in Bristol, fired by the exploit of his fellow Genoese, Columbus, got authority in 1497 from Henry VIII to sail the western sea and set up the English banner on all lands he might discover. Cabot ranged the North American coast from Labrador to the mouth of the Delaware—a great heritage for England, but one that was to lie latent until more than a century later under the Stuarts. Cabot received £7 sterling for his discovery.

Portugal had found Brazil and the route around the Cape of Good Hope to the Indian and west and south Pacific Oceans. Francis Drake for England had entered the Pacific around the horn. The Hollanders had found the route to the Orient. Spain was busy with the looting of Mexico, Central and South America, and under Philip had taken the Philippines. Trade was the base of all these exploits. The Spice Islands were in the thoughts of every mariner skipper. The famous Spice Islands were sought because there was to be obtained the condiments that would preserve and make palatable the stale and often putrid meat of the times, and that had marvelous medicinal powers, according to the beliefs of that day.

In all of this the three first Tudors, the two Henrys, and Elizabeth had much hand. Thwarting Spain here, checkmating Portugal there, blocking the Dutch elsewhere, overcoming the advantage of the German Hansa cities in the trade with the Continent of Europe and the circumnavigation of the globe by Francis Drake in the *Golden Hind*.

Under Elizabeth the English East India Co. came into being in 1600. Its original object was to compete with the Dutch East India Co., which had obtained a monopoly of the trade with the Spice Islands and had raised the price of pepper from 75 cents to $2 a pound, though the shilling of Elizabeth's time was worth much more than the quarter dollar of our time in purchasing value. For 258 years the English East India Co. monopolized English trade with all lands and islands lying between the Cape of Good Hope in Africa and Cape Horn in South America—that is, according to the charter granted by Elizabeth to "the governor and company of merchants trading into the East Indies"—and in the early days interlopers were liable to forfeiture of their ships and cargoes. James I granted subsidiary licenses to private traders induced thereto by the great profits of the trade, but in 1609 he renewed the East India Co.'s charter "forever."

France, Denmark, Scotland, Spain, Austria, and Sweden, also established East India companies and traded their home products for, or bought for cash the spices, silks, gems, and other valuables of the Orient. East India merchantmen became the finest ships that plied the seas, down to the advent of the American clipper ships in the early part of the last century. Cromwell renewed the East India Co.'s charter and Charles II made it his especial concern granting five charters to the company. I have dealt at length with certain aspects of English marine history because it was the root from which sprung American merchant marine. From the first, England subsidized her shipping. Not by outright gifts of money but by granting monopolies of trading rights to her mariners with the prospects of huge profits for private capital and joint stock capital in the beginning. This was an indirect subsidy and it was the foundation of England's greatness at sea. Over a long period of years, one by one she crushed or weakened her rivals in trade.

The wars with the Dutch, the Danes, the Spaniards, the piracy of Elizabeth's time, and the privateering, a polite term for piracy, of the Stuarts, and the alleged free trade of later monarchs had only one object—the expansion, with profit, of England's trade over the seas, north, west, south, and east.

American shipping had its origin in the seaports of the peninsula of Penzance. The names of the cities and towns in New England, the middle colonies, and Virginia show the love in which the early immigrants held their English homes. Plymouth, Bristol, Falmouth, Biddeford, Barnstable, Bridgewater, Weymouth, Dorchester, Portland, Southampton, Exeter, Truro, towns east of the Hudson and well known, indicate the early immigration to the American shores and the establishment of colonies by the men and women of Cornwall, Devon, Somerset, and Dorset, and it was the descendants of these men and women who built the early vessels of the merchant marine of the American colonies of Great Britain; and their descendants, in turn, aided by others, who built and manned the fishing, whaling, and trading fleets of New England.

Ships and the seas were in their blood and the same Atlantic Ocean that washed the shores of New England also bathed the strands of Old England, and called to them to venture forth on its broad highways as it had called to their forbears in the times of the Tudors and Stuarts.

Privateers and pirates are often confused in the modern mind. Privateers were privately owned vessels armed with cannon which sailed under the commission and flag of some recognized government. They might be called the militia of the sea. Another class of privateers consisted of vessels either owned or chartered by a colonial government. Their mission was to capture the ships and cargoes of any enemy, either factual or assumed. Pirates carried no commissions from any recognized government, but preyed on the vessels of all nations indiscriminately without regard to war or peace. Privateers sometimes turned pirates deliberately. Sometimes they became such technically by overlooking or misinterpreting the laws and usages of the seas. Both privateers and pirates became the equivalents of the land robber barons on the sea.

Privateering was really a sort of commercial venture. Skippers and crew worked on a sharing-in-prizes basis and were not paid regular wages. Privateers were an important adjunct to the naval operations of the American Revolution and of the War of 1812. They raided British commerce carried in British merchant ships. Privateering fell into dis-

repute finally. Pirates claimed to be privateers and privateers denied that they were pirates. So Europe abandoned privateering under the Declaration of Paris of 1856.

American vessels built on the coasts of Maine, Massachusetts, Narragansett Bay, Long Island Sound, the Hudson, Delaware and Chesapeake Bays, and even farther south, ventured on voyages across the Atlantic and back as well as along the coast. They traded agricultural and forest products of the Colonies for industrial products of England and Europe.

Fishing increased along the banks that lie off the shores of New England as far as the Grand Banks of Newfoundland. A hardy race of mariners developed there, and there are authenticated cases of fishing vessels driven by northwesterly gales in record time to the coasts of Ireland, England, and the Spanish Peninsula. Then came whaling.

Nantucket, Marthas Vineyard, New Bedford, Fairhaven, and Salem became the home ports of a series of fleets of whalers that ranged far and wide, from the Arctic to the Antarctic in the Atlantic Ocean, and up the Pacific to Bering Sea and the Arctic Ocean. Whaling trained seamen of fine quality for the merchant marine in the first half of the last century, and whaling brought at least $500,000,000 to the strong boxes of New England, much of which later was invested in clipper ships and sea-borne trade.

At the end of the eighteenth century France evolved a fast vessel of war along new lines. Intended for a convoy for merchant ships this new, swift type of vessel was also built for ocean commerce by France. England copied the French design, but it remained for American designers of naval and merchant vessels to evolve an entirely new type of sailing-vessel hull, sail rig, and mast stepping which became known as the "frigate type", of which the *Constitution, Constellation, United States, Ranger, Lexington,* and *Saratoga* were the prototypes. These vessels of war were slim hulled with clean runs aft, heavily sparred and canvassed, carried a cloud of sails forrad—forward—were quick in stays, ardent on the helm, and highly maneuverable at sea or in tight waters. The frigates of the 1790's were the parents of the clipper ships in the merchant marine service of the United States in the first half of the nineteenth century. Commerce learned from war and improved on its teacher.

The North Atlantic, the South Atlantic, and the Indian Ocean were common routes to the new steamships a little over a hundred years ago. From the *Savannah* to the *Civil War*, the new steamers were challenged by the full and medium clipper ships. England had plenty of coal and iron and little forest; America had few developed coal and iron mines but did have great forests. England pinned her faith on coal and iron, and the United States cleaved to hardwood hulls, great pine masts and spars and canvas. It was the conflict between beauty and utility, and utility won.

England built the *Britannia,* a paddle-wheel steamer, in 1840. The Great Western Railway of England built the first single-screw, iron-hull steamer in 1843, and the screw-propelled ship gained 3 knots an hour in speed over the paddlers. The seagoing world was astonished when the American Collins Line built the *Arctic,* in New York, in 1850, and she made the startling speed of 12½ knots an hour!

The Collins Line operating from New York and Boston to England from 1840 to 1856 was subsidized by the Government of the United States. When the Government in 1856 ceased subsidizing this line, the entire merchant marine of our Government collapsed.

The discovery of gold in California did more than enrich the pioneer miners and their backers. The names of Flood, Fair, Mackey, are known to many, but the names of the men and women who crossed the plains, the Rockies and the Sierras to reach the gold coast are buried in history. The great plains between the Alleghanies and the Rockies were the haunt of the Indian and the range of 20,000,000 bison, or buffalo, as they are improperly called.

Railroads were extended into the new territories. The eyes of the East were turned toward the fertile plains. The seacoast, Original Thirteen States, sent their sons and daughters westward and the empire of the sea was abandoned for the land empire of the West. Money that had financed clipper ships was poured into the coffers of the new railroads. The Federal Government heavily subsidized in money and great strips of marginal land the iron rail transport.

Seven railway systems received 81 percent of these land grants; and five systems, the Northern Pacific, Southern Pacific, Union Pacific, Santa Fe, and Chicago & North Western Railroads, received 79 percent of the Federal land grants, which amounted to a total of 129,947,000 acres, and from various States additional grants of 48,424,000 acres, making a total of Federal and State land grants to railroads of 178,371,000 acres. The value placed upon this immense acreage was the extremely reasonable one of $1 an acre computed on the average price received in the sale of Government lands in the 20-year period from 1851 to 1871. In addition to these grants the railroads also received about 600,000 acres of right-of-way grants generally in the proximity of or within the limits of cities and towns and additionally various other forms of financial aid. The price of $1 an acre does not in any way indicate the price per acre received by the railroads on a resale to settlers at later periods. Some of the land given away in order to forward rail transportation now sells for as much as $2,000 an acre. It must be remembered, however, that the railroad in some instances carried Government troops and property free of charge and in other instances at half the normal charge for such transportation.

In addition to the land grants, the railroads sold securities in the shape of bonds and their variants and stocks to municipalities, States, and private investors, and of this money represented today by the refunding, but not the payment, of these security debts runs into a standing funded debt of $12,000,000,000, to which must be added ten billions of money received from the sale of stocks estimated at par value. A total of $22,000,000,000 present-day valuation.

The railroads have certainly been well cared for financially by the Government and by private investing.

As the railroads gained in power and scope of operation the merchant marine declined. Confederate gunfire destroyed most of the beautiful full clipper and medium clipper ships, the ownership of which was mainly held in the Northeastern States, mostly in New England and New York.

In order to place the merchant marine on an equality with railroads, it would be necessary for Congress and the investing public to put in $200,000,000 a year, not counting interest, to provide the equivalents of the twenty-odd billion of the railroads.

Since the export and import ocean transportation of the United States represents about 10 percent at its best of the land transportation, the merchant marine should have received in this period $2,000,000,000, which figure could have been reached by an annual appropriation and investment of twenty millions a year.

Before the outbreak of the Civil War the United States had a merchant marine tonnage of 5,600,000 tons; England had a merchant marine tonnage of 5,900,000; the rest of the nations had 5,600,000 tons of shipping. Before the Civil War 75 percent of the export and import cargo of the United States was carried in American ships; this dropped to 8 percent in 1914 at the outbreak of the World War. With the start of this last disastrous conflict the European Allies withdrew all their shipping to their own purposes. American cotton was left in the fields unpicked, or stored in warehouses because there were no American ships to transport it abroad. The same thing was true of wheat and other commodities, except, in such cases where these commodities were required by the Allies for their own use.

When the United States entered the war, we had no vessels to transport troops and material and our Government had to rely upon foreign shipping, for which it paid a high price to England and France and later to Italy to transport troops and personnel.

In a belated effort to provide ships for its own war needs the United States spent $3,500,000,000, most of which went into wooden ships, which later were found to be absolutely unsuited for the purpose, involving a total loss of the money spent for these archaic structures.

For the transport of men, munitions, and material overseas and their return, the United States Government paid out to foreign governments or their nationals the astounding sum of $110,000,000.

Had this amount been paid to American shipping interests instead of to the foreign countries, who later repudiated their debts to the United States, American shipping would have been ably financed and our flag today would be flying over an efficient and competent American merchant marine. [Applause.]

From 1789 to 1860 American-built, manned, and owned ships carried the products of this Nation to all the ports of the world. There was a steady growth in our sailing merchant marine, mostly vessels of wood, of which we had ample supplies in our abundant forests. Oak, hickory, pine—and nothing devised by man in metal could equal the suitability of Maine pine for masts and spars. England had few forests but ample coal and iron. Iron for ships and coal for fuel. So naturally the Britons turned to the steamship as their means of carrying ocean-borne commerce. Americans also built steamships, and their efforts climaxed in 1840 in the Collins Line, which for 7 years gave keen competition to European steamships. The Collins Line was helped by the Federal Government through a mail subsidy. When this was withdrawn, about 1856, and the Collins Line lost two vessels, the line went into bankruptcy, and that was the end of that competition.

The destruction by the *Alabama* and other Confederate privateers of Federal shipping almost cleared the oceans of the American flag. Shipping had been highly profitable to the seaboard States, notably New England, and these profits were turned to the development of the great West. Coastwise trade still held its own but the deep sea was practically abandoned by Americans.

The Europeans were not idle. The heavily settled nations on the northwest of Europe clung to the sea. It was their route to world commerce. They had no great interiors to develop and the only export market for their surplus goods was by way of the sea, and to the sea they held tenaciously.

Each new vessel that was launched in Europe was larger and better than those that preceded her. European consuls in other nations sought out new fields for their nationals' goods—they were, and still are, commerce scouts. It is only recently that through the Bureau of Foreign and Domestic Commerce of the Department of Commerce that an organized attempt has been made to learn, on the ground, what American goods foreign nations would buy and that has been heavily curtailed in its activities.

From 1800 to 1860 American ship captains were not only skippers of their ships but were also first-class salesmen of American goods in foreign ports. The real work fell on the supercargo, an officer aboard ship who was in charge of the cargo. It was his job to find out what demand there was or could be created for American manufactured goods and to report the results to the captain and the owners. On the return home such cargoes were shipped as could find ready sale, in foreign ports. The historic ship load of warming pans, discarded in New England, taken down to the Tropics and sold to cook over open fires; the sale of ice to the southern countries; the introduction of Yankee clocks, shoes, rubber boots, horse plows, and other farming implements used by hand are examples of old-time Yankee enterprise. For many generations the young women of Buenos Aires would wear no other footgear but American kid boots.

South American countries are accustomed to long credit. Six months used to be considered cash in the last century. The American manufacturers would only sell for cash—spot cash. The English, German, French, and Scandinavian countries were willing to give long credit and to adopt the leisurely method of dealing customary in South America and the Orient. The Yankees were always in a hurry, anxious to do business out of hand. Their European competitors, adopting the methods of the countries they dealt with, gradually cut into the sales of American manufacturers. Americans offered better goods at better prices, and, when the motor car came in, with improved agricultural machinery, smarter shoes, better hats, and clothing.

These American goods had to be shipped in foreign vessels, and the foreigners saw to it that deliveries were slow and freight charges high—for Americans—while their own national goods were expedited and at lower freight rates. The edge was always against the Americans so far as ocean-borne commerce is concerned, which would not have been the case had there been enough American hulls to transport exported American products.

When the World War broke out the United States had only four vessels plying to South America regularly. Had we then been possessed of ample shipping the tremendous market in South America, which the nations at war were compelled to abandon, would have produced billions in profits to American manufacturers, exporters, and manufacturers. We need never have sold a dollar's worth of goods to the warring nations, but could have dealt with, and legitimately so, South America, the Far East, South Africa, and Australasia to the upbuilding of our export trade and the profit of all concerned. We would have gotten paid for our goods, which is more than can be said for the goods we shipped to the Allies.

When we finally established the United States Shipping Board and began to build ships overseas export trade which had dropped from a percentage of goods carried in 1860 in American ships amounting to 77.3 of the total to 8 percent in 1914. Our lowest point in tonnage and percentage of goods carried in American ships was in 1910, when the shameful figures of 782,517 tonnage and 8.7 percentage of goods carried in American ships were reached.

Due to legislation favoring the American merchant marine from 1917 on, the number of American vessels engaged in trade with Europe has risen from 6 to 193 vessels; with South America from 4 ships to 169; with the Pacific coast and Far East from 6 ships to 87 vessels; with Africa from no ships to 20 ships; and with the Pacific coast-Australasia from 3 ships to 19 vessels. To the Carribean, West Indies, and Canada in 1914 only 66 American ships were trading; in 1932 this had risen to 164 vessels. The total of all overseas ships in 1914 was 85, and this had increased to 652 vessels. The gross tonnage of these vessels has risen from 510,271 tons in 1914 to 3,282,022 tons in 1932.

The only thing that has enabled this increase in American shipping is the granting of mail subsidies, of which 44 are now in effect. To those who shudder at the word subsidy as if it were something malefic let me cite the figures of increase in tonnage to Europe, South America, the Orient, Africa, and Australasia which are from 187,333 tons in 1914 to 2,534,595 in 1932. All this is due to subsidies in the form of mail contracts which enabled our shipowners to compete with foreign ships in these trade routes, since a subsidy meant the difference between a continuous deficit and a slight but encouraging profit.

In 1924, due to world conditions, ships to the number of thousands were withdrawn from our trade. The farmers had a surplus of wheat of 250,000,000 bushels and no means of moving it to Europe. At a cost of less than $1,000,000 the Shipping Board moved this wheat abroad and thus prevented a price collapse that would have meant the loss of $600,000,000 to farmers.

When the British coal strike in 1926 caused the withdrawal of British ships the United States Shipping Board took out its laid-up ships, and came to the rescue of our farmers and industrialists, saving them a loss estimated to reach $300,000,000.

Two billions have been saved American shippers, to be added to their profits, by the reduction in ocean freight rates caused by the competition of American vessels in the period between the World War. Not alone is this saving but discrimination against American ships has been prevented, because we could compete for our own export trade with our own ships, and do not have to rely on foreign vessels for export carriage.

Nine billions is the amount of America's ocean freight bill for the decade of 1921–30. American ships of this

amount received three billions. We should have got every dollar of that nine billions instead of handing six billions over to foreign vessels. We shall get our legitimate share of freight, which is all that is paid for export of American goods, when we have the ships and they are properly supported by the American people through Congress. [Applause.]

Confining the citation to ocean-going vessels competing in the international carrying trade, we find the total of the world's merchant marine tonnage to be today about 36,000,000 tons. Of this tonnage, Great Britain has about thirteen and one-half million; Japan, slightly over three million; the United States, slightly less than three million; Germany, 2,700,000; France, about 2,250,000; and Italy, about 2,100,000. Compared with the situation in 1914, the American merchant marine engaged in ocean foreign trade has much improved, but we are still near the foot of the list from the viewpoint of competitive tonnage, although as a result of the act of 1928 in a period of 4 years subsequently 450,000 gross tons of vessels were launched, including 9 tankers and 2 ships of special type, leaving us high types of combination passenger and freight vessels valued at $142,000,000, or about $4,600,000 each vessel.

In the President's message he contended that we had given thirty millions in subsidies to ships of United States registry which is less than one-third of the one hundred and ten millions the United States paid to Great Britain and France for transport during the war.

In marine commerce between the elements of the British commonwealth of nations 90 percent of that trade a few years ago was carried in British ships although this transport, theoretically, is open to all nations However, as we all know, there is a vast difference between theory and practice. England has always cared most scrupulously for her commercial navy. Build as she would, Germany before the war was never able to set afloat more than one-quarter of the amount of British tonnage with all of Germany's naval technical advance. Remember, in this connection, that in 1858 the United States had as much ocean-going tonnage as all the other nations of the world put together, except Great Britain, and the United States was only 300,000 tons behind Great Britain at that time. From this splendid condition in less than 40 years the United States dropped to 8 percent of the carrying capacity of its own exports and imports, in 1914 the year that witnessed the outbreak of the World War.

When President Theodore Roosevelt sent the United States Navy on its voyage around the world, he had to go to foreign nations to get colliers, auxiliary ships, and tenders to accompany that fleet on its way around the world.

During the last decade foreign countries have carried about 75 percent of the ocean trade of the United States. Since this was profitable to them, it seems to me, that an opportunity was presented our former associates in the World War to devote part of this profit to the payment of the war debts to the United States, particularly also in view of the fact that between August 1914 and April 1917, when the United States entered the war, American shippers paid increased ocean freight charges boosted tenfold or more, which cost industry and agriculture of the United States nearly a billion dollars, and it might also be recalled during the British coal strike, after the World War, which withdrew many of their ships from service, that the United States Shipping Board was able to put ships to service to carry wheat and cotton out of Gulf ports, which saved American shippers 650 millions of dollars, which went into the pockets of American industrialists and farmers.

Were we able to build ships such as the American merchant marine needs, 85 percent of the cost would go for labor and 15 percent for material, to the advantage of the reemployment of labor and the development of the merchant marine. That is the purpose of the present bill. [Applause.] To put American shipping under the American flag back on the ocean trade routes of the world, where it belongs by the right of a great people to have their own means of waterborne transport to all the nations of the world, three things are necessary:

First. A construction differential subsidy, to be granted to shipbuilders and their shipyards to equalize the difference in cost between vessels built in the United States and vessels built in other countries due to the higher cost of materials and skilled labor in the United States over that obtaining in other countries.

Second. An operation differential subsidy, which would be a subsidy to equalize the difference in the cost of operating American shipping in competition with the shipping of other nations operated under lower labor costs for personnel, supplies, and repairs.

Third. A trade penetration subsidy, a grant to United States ships to enable their owners to open up trade with other countries not now open to or traded with by American ships.

No further mail subsidies should be granted. Their operation was permeated with fraud and corruption. I confidently believe that these methods will put the shipping of the United States of America on a parity with the shipping of the world and that through them the American flag again will be seen flying in all the ports of the world as it was in the days of the clipper ships. [Applause.]

The United States is now giving subsidies—there is no other name for it—to industry through the tariff; to agriculture through bounties; to bankers through the operations of the Federal Reserve Banking System; to labor and the American Federation of Labor through restricted immigration, thereby keeping out the competition of foreign labor; to Boulder Dam, Muscle Shoals, through flood control—all local in their operation and only indirectly, if at all, affecting the Nation at large.

In the building of ships 70 to 75 percent goes to labor and 30 to 25 percent to material; in the operating of built ships plying in trade 80 to 90 for labor and 20 to 10 percent for supplies; that is, for material. Testimony was adduced before the Committee on Merchant Marine and Fisheries during the hearings that the cost of labor in the building of ships was 80 to 90 percent of the total cost, and of material 20 to 10 percent; but the figures I first cited are based on construction costs of vessels built by or for the Navy, and I feel that these figures are the most certain. Whichever be true labor gets at least three-quarters of the amount spent for ships and may get as high as 90 percent. Labor is the great beneficiary in the end.

Washington, Jefferson, and Madison, in the early days clearly saw the value of shipping to the young United States when all they had to ship were agricultural, lumber, and fishing products. How much more is American shipping needed today, when the industrial products of the Nation have reached a development far beyond that of any other single nation and surpassing in variety and magnitude the entire products of many nations?

Are these products to be carried to foreign buyers of American goods in American export trade in foreign vessels so that our exporters are at the mercy of any freight charges that these foreigners may choose to extort, to their great profit, or are we going to arrange it so that the freight charges for American cargoes will go to the profit of Americans, as they should, and as they will when again we have an American merchant marine worthy of the name?

When the Cunard Line had obtained the cream of passenger and freight traffic on the North Atlantic from 1840 to 1847 the United States granted a subsidy to the American Collins Line, and in a short time the faster and abler Collins steamers had captured 50 percent more passengers and 30 percent more freight from the Cunarders and forced the Cunard to reduce its freight rates from $35 to $20 a ton, to the saving of American shippers. The withdrawal of this subsidy and the loss of two ships, about which there was much mystery, caused the Collins Line to suspend and left the North Atlantic to the Cunard Line. When Congress in 1857 abolished ship subsidies, it sounded the death knell of the American merchant marine.

In the 50 years from 1860 to 1910 American shipping fell from 77.3 to 8.7 percent of American foreign trade. Where once the stars and stripes had been seen in every important

seaport of the world it now became so seldom seen as to excite wonder.

American manufacturers and farmers were paying to foreigners every year hundreds of millions of dollars for freight that should have gone to American owners of American vessels—had there been any such.

Grover Cleveland, William McKinley, and Theodore Roosevelt in turn earnestly warned the American people of the dangers inherent in a policy of allowing American shipping to decline. Woodrow Wilson said:

> How are we to get the ships if we wait for the ocean trade to develop them? The Government must open these gates of sea trade, and open them wide.

When the World War broke out there were only 19 American ships in ocean trade, of which only 6—only 6, think of it—were in the North Atlantic trade. When the European belligerents withdrew their ships from trade we had none to replace them. If we had ships then the whole of South American trade could have been ours for the taking. But we could not ship our products south of the Caribbean since we had no vessels to ship them in, and a vast and profitable trade was entirely lost. Because it could not be shipped abroad, cotton fell to 5 cents a pound.

It cost the United States three billions to try to put ships on the ocean when we entered the war. If we add what we paid England, France, and Italy to this and then surcharge it with the lost profits we might have had from sea trade between 1914 and 1917 the amount is so staggering that I hesitate to give it. It would have provided the United States with a merchant marine surpassing any in the world, surpassing all in the world.

In shipbuilding 16 principal items are used. Each of the 48 States of the Union produces several of these materials. The benefit would not be confined to the seaboard States if we built proper ships for a new merchant marine. Every producer of cotton, corn, wheat, lumber, coal, oil would benefit; every State in the Nation would benefit; and at least 75 percent of the money spent would go to labor—in some special cases as high as 90 percent.

Therefore, it would not only be the shipyards of the seaboard States that would benefit from the upbuilding of a competent merchant marine by the United States but every section of the country, every State in that section, every county in that State, and I might almost say every village and hamlet in that county. This was true in New England in the days of the Boston, Salem, Portland, New Bedford, and Nantucket shipping; and what was true on a small scale in the days of the sailing ships would be as true in these days on a far greater scale.

We must have ships. We must have American ships, built by Americans and manned by Americans and flying the American flag. [Applause.] Our great prosperity lies in the export of or surplus products. When the United States is sending its industrial and agricultural products abroad that means that there is opportunity for the use of the full potentials of our producing capacities and abilities, not only in industry but in agriculture. There are great markets yet to be developed. The little town of Salem built ships and traded to the Orient and grew wealthy. The ships of Nantucket scoured the Antarctic, rounded the Horn, and sailed to Bering Sea and the Arctic. Were they hardier and better men than we? They had no trade. They had to make trade or find whales and they did both. Let the Government provide the three requisites that I have named: Construction differentials, operation differentials, and trade-penetration subsidies, and American men and firms will do the rest. But the ships we are to build must be real ships.

They must be able to compete in speed and comfort and cargo-carrying capacity with the best that the rest of the world has to offer in competition. I would rather we had 5 first-class 20,000-ton ships than 1 super 100,000 tonner. It is the combined cargo and passenger ship that Great Britain relies on. The *Queen Marys* are advertisements—splendid ones to be sure—but advertisements nevertheless. We must build our great superliners to match them later on. At present we need what are known as " combination ships ", carrying passengers and cargo, tankers, and cargo ships. Let the thousand-footers wait about 2 years until we have the solid fleets of handleable and profitable vessels plying into all the ports of the world from all the ports of the United States.

The ships must be made, as they can be made, as safe as human ingenuity can make them. They must be wholly manned by American officers and crews and wholly built of American material in American shipyards by American workmen. Then we shall know what we have got and how they will stand up in the times of stress that are bound to come at sea.

The sea is a rough master once it gets the upper hand. It takes skill, competent skill, to operate safely any ship at sea. Our American seamen have the intelligence so to operate their vessels when they get them and they can be trained. This cannot be done in a year nor in a few years. It takes years to make and mold an ocean line. Half a dozen ships under a house flag will not make a line. But American lines can be established and the time to begin is now. [Applause.]

The loss of lives of crews and passengers due to destruction of vessels at sea is estimated to have been 100,000 persons in the past century; the loss of cargo mounts to countless millions. Man has not conquered the sea and man never will. An icefield, solid and just awash, tore out the forefoot of the great *Titanic* and hundreds met their death. Spasmodic and unpredictable variation of the compass off the California coast made a fleet of torpedo boats pile up on the rocks. Ice in the Arctic has crushed whaling and exploring vessels as if they were made of thin glass instead of sturdy oak. Wind and wave have driven vessels ashore on lonely coasts with the loss of the ship and all hands.

But man must use the seas for his surface transport, and man will continue to use it if he cannot conquer it, defying its terrors and dangers with stout heart. Every new vessel that is launched is built better to combat that " Ol' Dabble Sea." Science in marine architecture reduces the dangers incident to shipping every year, but owners of vessels do not always take advantage of the advances made in design, construction, and operation. Vessels can be made practically fireproof, but not all are. Double hulls reduce the danger of sinking, as do athwartship and fore-and-aft compartments. But all vessels, passenger as well as freight, are not so equipped.

Trained and competent crews are obtainable, but it saves money for owners and ship's stockholders to discharge crews at the end of a voyage and rehire at the start of the next one. It takes more than one voyage for the bridge, engine room, and forecastle staffs to know their ship and what she will do and will not do under stress.

Two ships built from the same plans and materials, by the same construction crews, and in the same shipyard will differ even more than human sisters will. One will have an ardent helm and steer quickly; the other will have a slow helm and steer lazily. One will work to leeward despite all the helmsman can do, and thereby lose way, and the other will hold her course through the eye of a needle, as seamen say.

No vessel or any other human structure can be made wholly fireproof, but ships, as well as structures ashore, can be made strongly fire resisting and fire retarding, and ships can be equipped with proper fire-fighting apparatus and their crews trained in its instant and continuous use. Patent davits and practically unsinkable lifeboats and life rafts are obtainable in the market, but many shipowners carrying passengers will not go to the extra expense their purchase and use aboard ship involve.

The *Vestris, Morro Castle, Havana,* and *Mohawk* are the recent additions to disasters at sea in which many lives have been lost. There is no doubt in my mind that inefficient officers and crews and ineffective disaster-preventing and life-saving equipment were responsible in each case for the extent of these disasters.

Mr. Chairman, the greatest, most outstanding, and humane feature of this bill is the section that deals with the provision of my limitation-of-liability bill which I had inserted as a part of the ship-subsidy bill which we are now

considering. It is designed to protect the life of every human being that travels on an American ship. Let me briefly narrate to you the first statutory enactment of limited-liability law which took place in Great Britain in the year 1734. The first statutory enactment of limited liability was only for acts of embezzlement on the part of the master and crew and other acts caused by them. It limited liability for nothing else, just acts of the master and crew. In those days the enemies of the shipowners were the captain and the crew who took out the vessel and embezzled the cargo. They operated against the interests of their owners. Therefore the owner of the ship had to be protected against the master and his crew.

In 1786 the limitation of liability was extended to robbery and to losses in which the master and crew had no part. In 1813 the limited liability of shipowners in England was still further extended to include other causes of losses, including cases of collision. The only funds against which those who had lost their life or cargo could sue was against the money that was raised from the salvage of the ship, and if the ship was sunk there was no money, plus the money that was received for the transportation of passengers and its cargo. This was known as the "Limited Liability Act of Great Britain."

In 1851 Hannibal Hamlin, the distinguished Senator from the State of Maine, Chairman of the Senate Commerce Committee, introduced the limited liability law that was upon the statute books of Great Britain as part of the laws of the United States. His fundamental purpose was to put the American merchant marine on a parity with that of Great Britain.

In 1862 Great Britain, because of the protests of her citizens, who felt this limited liability law was written for the interests of the merchant marine and not for the traveling public, abolished the entire law. In its place it substituted a bill which makes it mandatory upon all British shipping organizations to pay £15, which is $75, per ton for each of its registered tonnage, for the protection of human life and cargo.

This law was approved in Great Britain in 1862. We never changed our law of 1851. Therefore we are in the tragic position of being the worst Nation of the world in taking care of its traveling public, our American citizens. Take the *Morro Castle* as an example. When that ship was sunk, 147 lives were lost and 100 people were permanently injured. The total amount of money for which these 247 people who lost their lives and were injured can sue is the sum of $20,000, while the Ward Line Co., the owners of the *Morro Castle*, have received the sum of $4,500,000 for its insurance. Behold the *Mohawk*, which was sunk. Forty-seven lives were lost and 50 to 70 permanently crippled and injured. All these people can sue since the ship has sunk is the money that the company received for the transportation of passengers and cargo, which amounts to $9,000, while the company received $2,500,000 for loss of its ship.

Is it fair? Is it just? Is it humane? Is it American? The limitation of liability which our distinguished committee helped me to put in this bill, and for which I want to express my personal thanks to all of them, particularly Mr. WELCH, of California; Mr. O'LEARY, of New York; Mr. WEARIN, of Iowa; Mr. BLAND, of Virginia; Mr. LEHLBACH, of New Jersey; Mr. CROW, of Indiana; Mr. HAMLIN, of Maine; Mr. WALGREN, of Washington; provides for paying a minimum of $60 per registered ton for the loss of human life alone.

In the case of the *Morro Castle* instead of only having $20,000 for the victims to sue for, they would at least have had between $600,000 and $700,000 if my provision for limitation of liability had been in operation. This section of the bill alone, Mr. Chairman, entitles every Member of the Congress to vote for this bill, because for the first time in the American history of our merchant marine it takes care of the life, the limb, the health of every American citizen traveling upon our sea-going ships. [Applause.]

Mr. Chairman, in the past, property rights, the property of shipowners, were guarded and protected, but human life took its chance not only with the dangers originating with wind and wave but also with the dangers from incompetent crews and officers and ineffective equipment and inefficient operation of vessels in times of emergency and danger. The present section of limited liability in this subsidy bill makes our laws the most humane and progressive in all the world.

I have traveled on foreign vessels to Europe and I have used American ships on coastal voyages and ocean journeys.

I hate to admit it, but the foreign vessels engaged in trans-Atlantic transport have the advantage of American shipping in the long and continuous operation of lines. A flotilla of vessels does not make an ocean line. It takes decades of continuous operation to form an ocean line—or rather it takes Europeans that length of time.

If American lines were subsidized directly, as are European ocean lines, the story would be different. Give us ships competent to compete with the ships of Great Britain, France, Germany, and Italy, and the means of training officers and crews to man them, and it will not take long for American passenger and cargo vessels to get their full share of ocean passenger and cargo traffic.

The golden age of American clipper ships lasted only 25 years, from 1833 to 1858, yet in that time the American flag, carried by these wonderful American designed, built, and manned ships, was flown in every important seaport of the world. When the discovery of gold in California and Australia provided demand for fast vessels, full rigged and entirely seaworthy ships were built in 90 days.

Given sustaining subsidies, as were the railroads in their early days and since, American built and manned shipping would again compete for its own foreign trade and the trade of the world. Given the protection of a satisfactory limited liability law for the protection of passenger and cargo at sea, as this present bill provides, and our vessels would be used to capacity.

There are many other provisions looking toward the safety of passengers, cargo, insurance, security for insurance and other features, all designed for the fair treatment of passengers, shippers and vessel owners and for the advancement of American shipping on the trade routes of the world in order that the Stars and Stripes shall again be a familiar sight in the seaports of the world, and as a beginning in the formulation of legislation that shall operate to put American shipping where it belongs—at the head and forefront of the shipping of all the nations of the earth. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted etc.,

TITLE I—DECLARATION OF POLICY

SECTION 1. It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and at least one-half of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States and so regulated by the Government as to secure to the shipper and receiver of products in the domestic and foreign water-borne commerce of the United States adequate service and equitable rates, and (d) composed of the best equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine. All the agencies of the United States Government shall keep always in view the purpose and object of the policies herein expressed as the primary end to be attained.

Mr. WIGGLESWORTH. Mr. Chairman, I move to strike out the last word. I am sure that no word from me is necessary to insure the passage of this legislation with such amendments as may be appropriate. I rise to emphasize the importance which I attach to proper legislation at this time for the development of the American merchant marine.

The bill may not be perfect in every detail, but it gives every evidence of careful consideration by the Committee on

Merchant Marine and Fisheries, which has had it in charge for some months, and such imperfections as it may embody can be corrected prior to enactment, or in the light of experience by a subsequent Congress. Personally I am prepared to accept the belief of the majority of the committee that this bill, with such amendments as may be appropriate, will prove a long step forward in preserving the American flag upon the seas and will provide ships to serve for national defense in time of emergency and for promotion of commerce in time of peace.

I believe that proper legislation to develop a strong American merchant marine is highly important with a view to the proper handling of our foreign commerce. The eloquent words of the distinguished chairman of the committee in charge of this bill, the gentleman from Virginia [Mr. BLAND], proved this fact conclusively to my mind this morning. A fleet of but 3,000,000 gross tons, carrying less than one-third of our exports and imports during the past year, or less than one-sixth of our foreign trade on a 1929 basis; a fleet less than one-quarter as large as that of Great Britain, about the same size as that of Japan, only slightly larger than that of France, of Germany, of Italy; a fleet which will be nearly 90 percent obsolete by 1940 with replacements in process amounting to less than 2 percent of the world's total—this, in a word, is the situation confronting us in America today.

I believe that proper legislation to develop a strong American merchant marine is also highly important in the interest of national defense. Any of us who had anything to do with the World War appreciate fully what a vital part the merchant marine played in that connection. Proper legislation in advance of the war would have served to eliminate the tremendous drive and expenditure involved in the construction of some 300 naval vessels between April 6, 1917, and November 11, 1918. I quote in this connection from a statement made by General Pershing at the National Conference on the Merchant Marine held in Washington some years ago:

> I feel that I can speak with some authority on this subject. At the head of our armies, 3,000 miles away, the responsibility rested upon me of upholding our country's honor and directing our part in the gigantic struggle which we had chosen to share with the Allies. Everything depended upon sea transportation. Our troops and most of our munitions, materials, and supplies had to come to us from home. Throughout that whole period there was scarcely a day when the danger of lack of sea transportation facilities was not present. It was a desperate race against time, in which we had to depend in large measure upon our Allies for the necessary shipping, in spite of the fact that they were constantly suffering the severest losses by enemy submarines.
>
> Two lessons stand out clearly from that experience. The first is the wisdom of the historic national policy of Great Britain in maintaining a strong merchant marine. But for her merchant fleet and her ability to replace losses rapidly, the U-boat campaign might well have been successful. The other lesson is the unwisdom of America and our risk of defeat because we had practically no ships on the high seas when we entered the war.

Mr. Chairman, I also urge at this time the passage of proper legislation to develop a strong American merchant marine as an aid to relief and recovery through the construction of public works. The construction of a ship, of course, affords essential employment for all those working in our great shipyards and the members of their families, but it does far more than that. Every State of the Union contains industries producing materials and equipment utilized in the construction of a ship. From 80 to 85 percent of the total cost of construction is expended directly or indirectly for labor, one-half for labor within the shipyard, one-half for labor outside the shipyard. Every State of the Union, therefore, is in a position to benefit from ship construction.

For all these reasons, Mr. Chairman, the construction under proper regulation of an adequate merchant marine seems to me to be a vital matter. I trust that this legislation with such amendments that may be appropriate will be adopted by the House. [Applause.]

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. MORAN: On page 2, line 3, after the symbol "(c)" and the word "owned", strike out in line 4 the words "and operate under the United States flag" and insert in lieu thereof the words "ultimately to be owned and operated privately."

Mr. MORAN. Mr. Chairman, the purpose of this amendment is to place back in this bill the same phraseology that existed in the 1920 Merchant Marine Act, reaffirmed in the act of 1928. It recognized the necessity, in the first place, of a merchant marine, and the desirability, if it were possible to accomplish it in a practical manner, of having that merchant marine under private ownership and private operation; but nevertheless to have a merchant marine.

Some persons are more interested in their personal end of the merchant marine than they are in the general question of having a merchant marine. The problem before us is whether we need a merchant marine. If it is possible to attain a merchant marine under private ownership and private operation, then we can have that written into the bill as in the 1920 and 1928 acts.

This amendment would change it to read "ultimately to be owned and operated privately by citizens of the United States."

I see no particular reason for changing that phraseology in this particular act, because at the present time we have a large number of ships owned by the United States Government, which necessarily still have to be operated by the United States Government in the various trade routes in many parts of the world. By so doing we would make no change whatever in the present existing legislation. The one point of this amendment is that if it is practical to have private ownership and operation, this amendment provides for and states that to be the policy. It reenacts the words of the 1920 and the 1928 acts, "that ultimately they are to be owned and operated privately."

The CHAIRMAN. The time of the gentleman from Maine [Mr. MORAN] has expired.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

The amendment which was offered was a necessary provision or certainly a desirable provision in the act of 1920 and the act of 1928. The same conditions do not exist now except in a very limited way. When the 1920 act was passed there were practically no vessels that were owned by private owners; or, to state it differently, there was a very large fleet in the possession of the Government that was constructed in time of war, for which provision was being made for private operation and ultimate private ownership. The objective then was private ownership. The same condition existed when the 1928 act was passed. We tried the 1920 act. We tried it with Government ownership. We tried it with Government ownership and private operation. Many of the injustices and abuses that are being complained of today arose during that period, and these abuses were incident to that sort of service. Today we have only a very limited number, I think about 288, or possibly 290, vessels in the laid-up fleet. These are being separated now into those that are serviceable and those that are not serviceable, with a view to disposing of some of them. To pass this amendment simply means a step toward Government ownership and an indication of Government ownership as a policy. I can see no necessity for this particular amendment at this time.

I ask that the amendment be voted down.

Mr. FOCHT. Mr. Chairman, I move to strike out the last word. Of course, Mr. Chairman, there cannot be found here a Member of Congress who would not favor American fleets that would sail the Seven Seas with the commerce of America, to be exchanged for the products we do not produce of other countries, or whatever may be of benefit to the American people; but it is possible that there are a few Members of Congress in this day whose enthusiasm seems to run to the point of overleaping the horse on this question, men who forget that famous Shipping Board we had in this country. I am amazed that someone here, if they knew about it, did not ask, as I tried to ask the gentleman from New York, who refused to yield, what became of the money that the Shipping Board used. I now ask someone favoring this bill, although I am not prepared to say I am against

it if it is properly amended, if he can explain away that old Shipping Board and tell us how much it cost the United States; how much the United States was robbed of, and what became of the ships that were built with the taxpayers' money, before you start to duplicate that same thing? That is all I have to say. I hope the gentleman from New York, who refused to answer that question, will be given time to tell us what became of the Shipping Board, and what was done with the money they are charged with stealing from the United States Government?

Mr. WEARIN. Mr. Chairman, I rise in opposition to the pro forma amendment.

I will answer the gentleman's question with reference to what became of that money. I refer the gentleman to page 40 of the preliminary report of Senator BLACK's committee, which has come out within the last few days.

I may say before I start reading this, that copies of the report of Senator BLACK's committee are available to the Members and can be secured by requesting a page to bring one.

On page 40 of the report I find this statement:

> True Government operation has had only one trial. Although certain marine profiteers and some portions of the press have repeatedly asserted that the Government has lost huge sums by direct Government operation and drawn therefrom the unsound conclusions that such losses are inevitable in true Government operation, the truth is that this Government has not, since 1920, with the exception of one fleet, engaged in any such operation. The exception is the fleet operated as the United States Lines. After spending $5,565,327.05 during a period of 4 years in the development and operation of this line in a manner similar to the development of lines privately operated, the Government, for the fiscal year 1927, showed a profit of $404,017.12 in the operation of this line. During that same year so-called "private operations" on other Government-owned lines operated for private profit, cost the American taxpayers $9,283,035.31. This was prior to the widespread decline in maritime business conditions. This line was sold to private interests in the year 1929 and has been privately operated since that time with the aid of huge grants of so-called "mail pay." The result of this single instance of true Government operation does not show the impracticability of such operation, but, on the other hand, demonstrates that true Government operation, under normal business conditions, has been and can be profitable.

Turning now to the amendment offered by the gentleman from Maine, Congress should remember that the United States Government still owns 288 ships, and the time might come when it would be unusually advantageous to put them on the high seas. This amendment is intended to take care of that situation specifically and within the bill.

I would also recall the fact in connection therewith that this amendment does not alter the provisions of the previous Merchant Marine Act, as pointed out by the gentleman from Maine. Certainly there is no reason why we should shut the door to the proper consideration of any merchant-marine legislation for the development of any merchant-marine policy we might consider advisable, be it Government ownership and operation or Government ownership and private operation under charter hire as provided in the Moran bill.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. BLAND. Under the pending bill the Government could use them any way it pleased.

Mr. WEARIN. I understand that under the bill the Government could dispose of the ships, operate them too, if it is so desired, therefore there should be no objection to this amendment.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. DONDERO. Referring to the 288 ships owned by the Government and referred to by the gentleman, is it not a fact that most of them are obsolete?

Mr. BLAND. Most of them are about 20 years old.

Mr. WEARIN. They are obsolete in one sense of the word.

Mr. MORAN. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. MORAN. Is it not true also that 28 of those ships are now sailing to five different continents from this country on trade routes owned and operated by the United States Government?

Mr. WEARIN. About all that we have at the present time on the high seas, according to statements from the floor today, is a substantial number of obsolete ships, in spite of the act of 1928 which was passed presumably to create a growing merchant marine, and under which the public has been fleeced of millions of dollars.

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the crux of this question is whether in this bill we should affirmatively recognize Government ownership and Government operation of a merchant marine. I do not care what happened under the old Shipping Board to which the gentleman from Pennsylvania referred. He said operation under the Shipping Board immediately after the war. I do not care what happened since that time. Under the act of 1928, under any form of operating our ships, there was not the confusion, the extravagance, the waste, and the corruption that followed immediately after the war under Government ownership and Government operation. Be that as it may, this bill provides, in accordance with the recommendations of the Chief Executive, for private construction and private operation of ships in the American merchant marine with Government aid.

A declaration such as contained in the amendment offered by the gentleman from Maine is repugnant to the bill, is repugnant to the President's message, is repugnant to the report of the interdepartmental committee, and is repugnant to the expression of the Secretary of Commerce, in whose department the shipping under consideration is now lodged. It is repugnant to everything excepting the views of the gentleman from Maine and the views of the gentleman from Iowa.

Mr. BLAND. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do close in 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. O'MALLEY. Mr. Chairman, this particular amendment seems to me to be directed toward the real issue of this bill. If the Government is to finance American shipping to the extent of 88 percent of the cost of building the ships, the Government should also have the opportunity, if necessary, of operating the ships the building of which it finances.

This morning there came across my desk a particularly pungent article from the Nation, which magazine cannot be classed as anything but a somewhat semi-conservative publication, literally tearing the lid off this ship subsidy proposition. I wish to quote a little from this article because the article seems to direct itself so pertinently toward this particular issue. I read the following:

> Hiding behind the argument of national defense, the shipowners are preparing again to raid the Treasury for their enormous profit. This was a familiar spectacle under a Republican administration. It reached a climax of shamelessness in the Jones-White Act of 1928. Now it is being repeated, hardly more subtly, in the Bland-Copeland bill, on which early action is expected in Congress. Despite the traditional hostility of the Democratic Party to subsidies, despite the President's message to Congress, asking that subsidies, since they were to be continued, be paid openly and not through building loans and mail contracts, the shipping interests are demonstrating that they are stronger than parties.

The language of the bill pending before us shows that the gentleman who wrote this article certainly knew what he was talking about. Now we come to the point: Certain minority members of the committee desire to make this a real bill by including a provision which will enable the Government to keep its hand in the shipping business which it is financing as long as the provisions of the bill are operative, and we find that the committee and the gentlemen on the opposite side oppose us.

I want to quote something that we ought to bear in mind when we vote upon this particular bill:

> When it comes to socialization we prefer to socialize something other than losses which a Government-owned merchant marine

might amount to. But if this is the only price for ending the plunder of the Treasury by shipping interests, we are ready to see it paid. It is an insult to American intelligence for the owners to argue that Government ownership is bolshevism, hence un-American. But we can understand their delight in an Americanism which lets the Treasury buy their ships, and the Post Office pay the entire cost of operating them, while they wave the flag and pocket the profits.

Whenever a group of big business racketeers of this country want to reach into the pockets of the people and the Treasury they have somebody go down and wave the flag. I think we, as members of the Democratic Party, ought to live up to some of our platform pledges and live up to some of the things our party has gone on record for in our national conventions time and again. We ought to defeat this bill, rewrite it, and come back here with the kind of a bill which the President asked for in his message.

Mr. McFARLANE. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Texas.

Mr. McFARLANE. Does not the gentleman think, since we are going to put up at least three-quarters of the money for this Shipping Trust, that we ought to retain title to the ships until we are paid back?

Mr. O'MALLEY. I agree with the gentleman.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from New York.

Mr. MARCANTONIO. As a matter of fact, the Al Capones, the Dillingers, and the Jesse James boys were Sunday-school boys compared to the beneficiaries under this bill.

Mr. O'MALLEY. In the next campaign there is going to be lots said about supporting and not supporting the President. The President has specifically stated he is opposed to these kind of subsidies. Now we have a committee controlled by the Democrats bringing in this kind of a bill. I believe that the bill ought to be defeated by the Democrats of this House.

In conclusion, before voting on the question of passage of this bill tomorrow, it might be well for Members of this House to read the other portions of the article in the Nation from which I just quoted. I am, therefore, asking that it be inserted herewith, together with an extract from the Democratic platform, which clearly and succinctly states the traditional opposition of our great party to the type of special-interest, "pork barrel" legislation which will only be defeated if the Democrats in this House live up to the pledges of their party and the desires of their President.

[From the Nation of June 26, 1935]

STOP THE SHIP-SUBSIDY PLUNDER

They (the shipping interests) themselves drafted the Bland-Copeland bill, and it was introduced a few days after the President's message. If nobody chanced to study it, it would pass the House Merchant Marine Committee unanimously and might slide through Congress without a record vote. Since it was sponsored by two Democrats, it easily could be mistaken for an administration bill. But the bill was studied—there are still some public-spirited Congressmen—and it was found to continue the plunder of the act of 1928 under a new and even more rapacious guise. Construction subsidies and loans were to remain, and even mail contracts could be made. According to Congressman Moran, the first to expose it, shipowners under the bill could borrow up to 88 percent of the value of ship, and then operate it with Government help the maximum of which was not clearly specified. The possibility of making new mail contracts has since been deleted, but the bill remains a fraud and merely perpetuates the scandal of subsidies in other forms.

Now, it should have fallen to Secretary Roper to defend the President and the country from this bill. If he were a loyal Secretary of Commerce instead of a special lobbyist, he would have done so. Instead, when asked point blank by the House committee for his judgment on the bill he replied that while it differed from the President's recommendations he did not object to it. The committee likewise asked Postmaster General Farley for his judgment, and he declined to give an opinion. Thus the President has no one in his Cabinet to lead a fight for him against the shipping interests, and MORAN, BREWSTER, and WEARIN in the House committee and BLACK in the Senate have been like snipers firing on a marching army. Even if the bill is reported to both Houses with minority reports there is no certainty of its being defeated.

It would not be enough to defeat it, since legislation to protect the public must be passed in its place. The shipping interests are in a happy position. If they fail to get the Bland-Copeland bill and no legislation is passed, the Shipping Board remains, it has a melon of $20,000,000 ready to cut, and the only action left to the Government to end the mail-subsidy scandal is for the President to cancel existing contracts. This he can do until October 31. But this will stir up a hornet's nest of litigation, and with the memory of the canceled air-mail contracts he will be loath to do it.

The only available substitute for the Bland-Copeland legislation is Government ownership, proposed by Senator BLACK and Congressman MORAN. Since the Government is putting up nearly all the cost for building and operating the merchant marine, they argue it might as well own it outright, and since objection is made to Government operation MORAN is willing to have private operation by license.

We prefer not to have any ship subsidy whatever, since we do not share the mystic faith in the benefits of a subsidized merchant marine. If foreign shippers carry our freight at reasonable rates we are leaving to them one avenue for paying their debts to this country. The only argument against relying on foreign ships is that in time of war we are left without enough vessels to safeguard our interests. The chief of these interests is the transport of men and supplies to fight abroad. It is still the official conception that national defense entails our being able to send 4,000,000 Americans to fight overseas. It is a defiance of public opinion to maintain this conception and to enrich shipowners to carry it out. If there is any proposition which would lose in a national referendum it is this idea that we must be prepared to repeat the calamity of 1917. The other argument is that in time of a war in which we do not participate we shall not be able to continue our neutral trade because of the shortage in shipping. No doubt shipping costs would be high. But this is a question of dollars and cents. Is it not cheaper to pay this cost for the duration of a foreign war than to pour out annually our tens of millions to enrich a handful of shipowners?

We are not so sanguine as to expect Congress, trained by years of propaganda by shipowners, to abandon subsidies altogether, so we must come back to the Roosevelt policy of paying out public money openly, and ending the sickening abuses of the past. Government ownership is at least an honest solution of the problem. If the Government is going to advance 88 percent of the cost of new ships, and pay the differential between American and foreign costs of operation, it might as well assume all the responsibility, own its own fleet, and get it operated as efficiently as possible. That will close off the era of corruption described in the report of the Black committee on mail and air contracts. It will put an end to the shipowners' lobby and to the firm of Ira S. Campbell (presumed to be the author of the Bland-Copeland bill), drawing a legal fee of $252,000 for representing one company of shipowners in Washington. Then the shipping men who honeycomb the Department of Commerce can be weeded out, and that Department made more capable of rendering disinterested public service.

EXTRACTS FROM THE DEMOCRATIC NATIONAL PLATFORMS ON THE SUBJECT OF A MERCHANT MARINE

We oppose as illogical and unsound all efforts to overcome by subsidies the handicaps to American shipping and commerce imposed by Republican policies. * * *

We declare that the Government should own and operate such merchant ships as will insure the accomplishment of these purposes and to continue such operation so long as it may be necessary without obstructing the development and growth of a privately owned American-flag shipping.

We reaffirm our support of an efficient, dependable American merchant marine for the carriage of the greater portion of our commerce and for the national defense. * * *

We are unalterably opposed to a monopoly in American shipping and are opposed to the operation of any of our services in a manner that would retard the development of any ports or sections of our country.

We oppose such sacrifices and favoritism as exhibited in the past in the matter of alleged sales and insist that the primary purpose of legislation upon this subject be the establishment and maintenance of an adequate American merchant marine.

[Here the gavel fell.]

Mr. BIERMANN. Mr. Chairman, I was quite astonished when my friend, the distinguished gentleman from Pennsylvania, made the statement that he wanted to see the merchant marine of America travel the seven seas, carrying the products of America to all ports of the world and bringing back the products of those countries to our ports. That is the rankest kind of heresy for a Republican. I invite the gentleman to come over and join the Democratic Party. The proper theory should be that the American merchant marine shall sail the seven seas, carrying goods to every port of the world and come back empty.

Mr. FOCHT. I may have committed an error, but I would not be so stolid as to advocate that the ships of the American merchant marine go to a port loaded and come back light.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine [Mr. MORAN].

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 22, noes 48.

Mr. MORAN. Mr. Chairman, I demand tellers.

Tellers were refused.

The amendment was rejected.

The Clerk read as follows:

TITLE II—UNITED STATES MARITIME AUTHORITY

SECTION 201. (a) A board is hereby created to be known as the "United States Maritime Authority" (in this act referred to as the "Authority"). The Authority shall be composed of five persons (in this section referred to as "members") to be appointed by the President by and with the advice and consent of the Senate. The President shall designate the member to act as chairman of the Authority, and the Authority may elect one of its members as vice chairman. The members of the Authority shall be appointed as soon as practicable after the enactment of this act, and shall continue in office, as designated by the President at the time of nomination, for terms of 3, 4, 5, 6, and 7 years, respectively, from the date upon which they qualify and take office; but their successors shall be appointed for terms of 7 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he succeeds. The members shall be appointed with regard to their special fitness for the efficient discharge of the duties imposed upon them by this act. One member shall be appointed from the States touching on the Atlantic Ocean, 1 from the State touching on the Pacific Ocean, 1 from the States touching on the Gulf of Mexico, 1 from the States touching on the Great Lakes, and 1 from the interior. Not more than three of the members shall be appointed from the same political party. A vacancy in the Authority shall be filled in the same manner as the original appointment. Any member may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. Vacancies in the Authority so long as there shall be three members in office shall not impair the powers of the Authority to execute its functions, and three of the members in office shall constitute a quorum for the transaction of the business of the Authority.

(b) No member on the date upon which he qualifies and takes office shall be in the employ of, or hold any official relation to, any carrier by water, or any person carrying on the business of shipbuilding, ship repairing, marine insurance, stevedoring, ship chandler, or forwarding, or furnishing towboat, wharfage, dock warehouse, management, operating, or other services of a like character in connection with any carrier by water, or own any stock or bonds of any such carrier or person, or be pecuniarily interested directly or indirectly therein. No member while in office shall engage in any other business, vocation, or employment, or be in the employ of, or hold any official relation to, or own any stock or bonds of, or be pecuniarily interested, directly or indirectly, in any such carrier or person. No member shall take any part in the consideration or decision of any claim or controversy in which he, or any person in his immediate family, has a pecuniary interest.

(c) The Authority shall, through its secretary, keep a true record of all its meetings and the votes taken therein. The Authority may adopt rules and regulations in regard to its procedure and the conduct of its business. Attorneys employed by the Authority may appear for or represent it in any case in court or other tribunal. The Authority shall have an official seal, which shall be judicially noticed.

(d) Each member shall receive a salary at the rate of $12,000 per annum. The Authority is authorized to appoint a secretary, who shall receive a salary at a rate not in excess of $7,500 per annum, and employ and fix the compensation of such attorneys, officers, naval architects, special experts, examiners, clerks, and other employees as it may find necessary for the proper performance of its functions and as may be appropriated for by the Congress. With the exception of the secretary, a clerk to each member, the attorneys, naval architects, and special experts and examiners, all employees of the Authority shall be appointed from qualified employees of the United States Shipping Board Bureau or United States Shipping Board Merchant Fleet Corporation, or, in case no qualified employee of such Bureau or Corporation is available, from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service laws.

(e) The Authority may make such expenditures as are necessary in the performance of its functions. Each member, any employee of the Authority, and any person detailed to it from any other agency of the Government shall receive necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law, while away from his official station upon official business of the Authority. Expenditures by the Authority shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman of the Authority, or a designated employee of the Authority.

Mr. WEARIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WEARIN: Amend section 201 (a) to read as follows:

"A Board is hereby created to be known as the 'United States Maritime Authority', and hereinafter referred to as the 'Authority.' The Authority shall be composed of three persons, hereinafter referred to as 'members', to be appointed by the President, by and with the advice and consent of the Senate; and the President shall designate the member to act as chairman of the Authority, and the Authority may elect one of its members as vice chairman. The members of the Authority shall be appointed as soon as practicable after the enactment of this act, and shall continue in office for terms of 2, 4, and 6 years, respectively, from the date of their appointment, the term of each to be designated by the President, but their successors shall be appointed for terms of 6 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he succeeds. The members shall be appointed with regard to their special fitness for the efficient discharge of the duties imposed upon them by this act. Not more than two of the members shall be appointed from the same political party. A vacancy in the Authority shall be filled in the same manner as the original appointment. No member shall take any part in the consideration or decision of any claim of particular controversy in which he has or has had a pecuniary interest."

Mr. WEARIN. Mr. Chairman, the effect of this amendment is to reduce the authority from the total number of five members to three. There is a very specific reason for offering this amendment and for adjusting the terms to conform with this situation.

If we have a 5-man regional board, as is provided for in this bill, it permits entrance into the deliberations of this board of some very unfortunate situations. For example, each man has a tendency to represent his own regional district, while this Authority should by virtue of its importance to the merchant marine industry as a whole, represent the national Government and the national viewpoint. For this reason we should by all means make this Authority a board consisting of three men and eliminate the regional feature.

At the time we do so we will eliminate the disadvantage of log rolling that naturally appears under such circumstances. If we can achieve that end and make the Authority a group of men who are interested in the welfare and the progress of merchant-marine legislation in America from the standpoint of the benefit that is going to accrue to the United States Government as a whole, it will be a far more beneficial set-up and secure far better results. That is the substance of the amendment I have offered, and I am confident that if accepted it will materially improve the administration of the bill.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this section was carefully considered by the committee. I will admit that originally the ideas that have been advanced by my good friend, the gentleman from Iowa, appealed to me. However, upon reflection, I felt that the provision for the Maritime Authority should be as we have provided in the bill.

First, there might be a tendency to a concentration of appointments in a particular section of the country who would not have regard for the outlying ports, and who would not be informed as to the commercial and transportation problems that obtain in the South, in the West, or in other sections of the country. The feeling prevailed that in order that this board may have general information as to the country as a whole and the desirability of developing lines from the various ports of the country and developing those ports themselves, it would be much better to have the five-man board, regionally appointed as we have provided in this act, than to have the three-man board.

In addition we are placing upon this Authority more responsibility than ever rested upon the Shipping Board. We are placing in them the power to control and prevent the abuses that have existed in the past. This Authority has the important duty of working out this problem and correcting the chaos in which we find ourselves. With all of these things appealing to the committee, the committee felt it would be far more desirable to have a five-man board now, even if the number should be subsequently reduced, than to have a three-man board.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. DONDERO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DONDERO: Page 5, line 4, after the word "of", strike out $12,000 and insert $10,000.

Mr. DONDERO. Mr. Chairman, my purpose in offering this amendment is the fact that in the last few days this

House has provided for the salary of the members of a board of equal importance to the board set up in this bill, and that salary was fixed at $10,000. I am wondering whether the services of the members of the board set up under this bill are of any greater value to the Nation than the services of the members who are to sit upon the Labor Disputes Board, whose salary was fixed at $10,000. I have a further amendment providing that the salary of $7,500 a year provided for the secretary to each member of the board be reduced to $5,000 a year.

While I am on my feet I should like to ask the distinguished chairman of the committee a further question. He was asked on the floor of the House today whether or not anything in this bill applied to mail contracts on the Great Lakes and his answer was "no." I ask the further question, whether there is anything in this bill applicable to private ship building on the Great Lakes.

Mr. BLAND. I would say there is not.

Mr. DONDERO. There is not?

Mr. BLAND. That is my recollection.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield so that I may ask the chairman of the committee a question?

Mr. DONDERO. I yield.

Mr. BROWN of Michigan. Surely, the shipbuilders on the Great Lakes could build this type of vessel.

Mr. BLAND. I do not think they are excluded under the act in any way.

Mr. BROWN of Michigan. It would be beneficial to the shipbuilders on the Great Lakes if they were able to participate.

Mr. BLAND. I do not think they are excluded anywhere in the bill.

Mr. BROWN of Michigan. I certainly should not want the gentleman's statement to be construed to the contrary.

Mr. DONDERO. In other words, they could enter into competition with any other shipbuilders in the country.

Mr. BLAND. I would say so; yes.

Mr. GRAY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I yield.

Mr. GRAY of Pennsylvania. Inasmuch as the gentleman is interested in bringing these salaries down from $12,000 to $10,000, and inasmuch as the Government is now employing in all of its work projects only those who are on relief and compelling people to go on relief in order to get work, I wonder if the gentleman has any information as to whether the members of this board are going to be taken from the relief rolls?

Mr. DONDERO. I will say to the gentleman that I have no information on that subject.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, this matter received very serious consideration in the committee. It is our desire to have a body that shall be composed of as able men as can be obtained in the country. Upon the shoulders of this body will largely rest the success of this policy. It is doubtful whether you can get men of the caliber needed to work out these policies for less than $12,000. Possibly you could get them, but these men will have far greater responsibilities than the members of the Labor Disputes Board. In the adjustment of the ocean mail contracts they will have to go through many contracts and study 34,000 pages of testimony. They will have the consideration of millions of dollars of claims both on the part of the contractors and on the part of the Government based on these contracts which will have to be worked out. They are also to work out the development of a shipping policy which we hope will bring about a time when subsidies may be abolished. I have no more desire than any other man to continue subsidies, and it is only the necessity of the occasion, as well as the appeal of the President himself that we must have subsidies that brings me to this conclusion.

I understand that the members of the Interstate Commerce Commission receive a salary of $12,000, and the functions of this body in working out these policies will be as great and as important as those of the Interstate Commerce Commission. It must also be remembered that they must give up all their other business connections.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. WOODRUM. I am in hearty sympathy with what my colleague has said about the necessity of having men of a high order on this board, but I want to call the attention of my colleague to the fact that if this salary for the members of this board obtains, it will be the only independent establishment in the Government paying more than $10,000 a year.

Mr. BLAND. My information is that $12,000 is the salary of the members of the Interstate Commerce Commission.

Mr. WOODRUM. Yes; with the exception of the Interstate Commerce Commission, but the members of the Tariff Commission, the Federal Trade Commission, and a great many other very important commissions are on a $10,000 basis, and I very much hope the committee will feel like accepting this amendment.

Mr. LEHLBACH. Mr. Chairman, I move to strike out the last word.

I do this simply to state that the difference of $2,000 that the individuals who comprise this board will receive in itself is not much, and I am not viewing this question at all from the standpoint of the men who are to receive the salary, but there is this to be considered.

This maritime authority is to be to the sea what the Interstate Commerce Commission is to the land, and this maritime authority will have at its inception problems infinitely harder to solve, more intricate, and upon which the result of the welfare of industry depends more than the welfare of the railroads and other means of transportation rest upon the Interstate Commerce Commission.

We should place them on a plane comparable to the Interstate Commerce Commission. If they are to be on the same basis, if they are to have the same recognition, they should be on a parity as to salary.

If you adopt this amendment you are handicapping the bill from the start.

Mr. MILLARD. Will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. MILLARD. What is the salary of the present members of the Interstate Commerce Commission?

Mr. LEHLBACH. Twelve thousand dollars.

Mr. COLDEN. Are not the duties of the Interstate Commerce Commission greater and more complex, investigating matters that involve millions and millions of dollars, than will be the duties of this board?

Mr. LEHLBACH. I think the duties of this board at the inception will be infinitely more complex and infinitely more important to the welfare of the country than that of the Interstate Commerce Commission.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. DONDERO) there were 35 ayes and 45 noes.

So the amendment was rejected.

Mr. WEARIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend section 201 (b) by changing the first sentence thereof to read:

"No person shall be eligible for appointment as a member who has or has had within a period of 3 years prior to appointment, any financial interest in any carrier by water, or other person subject to this act or the shipping laws, or any subsidiary or affiliate thereof, or in any business or concern deriving a substantial portion of its revenue from such sources, or who has within 3 years prior to appointment, been employed by any such firm, person, company, or corporation."

Mr. WEARIN. Mr. Chairman, in my judgment this is a very important amendment, and one that has significance in the operation of the authority. Under the present bill as proposed, this authority can be composed of members who have only yesterday maintained connection with any

steamship company or any operator who may be benefited under this particular type of subsidy legislation. That man could become a member of the authority tomorrow, if he desired to do so, and there should be no provision in this bill which would permit him such an immediate transfer of interest from one field to another. Such a condition is not conducive to impartial administration when such a man is going to sit as a judge, so to speak, of the very concern with which he may have been connected and to which he will be in position to extend favors. It is to the interest of the public that they be safeguarded against such a contingency by the adoption of the pending amendment.

I would remind you, Mr. Chairman, that Senator BLACK's investigating committee, which so recently reported, recommended this procedure, and has recommended also that there be a limitation with reference to the time that must elapse between the period when a man must sever his connection with a shipping company and when he becomes associated with the authority. This report says, and I read from the report of the investigation of air mail:

No person should be eligible to appointment to any executive or supervisory position in the agency administering the subsidy, who has, or who has had, within the period of 3 years prior to the appointment any financial interest in any shipping company, shipbuilding company, etc., its subsidiaries or affiliates.

I recognize only too well that some representatives of shipping interests such as Ira Campbell—I do not know whether he is in the galleries or not, but if he is not his representatives may be—would probably oppose this kind of a provision, or any other representative of a subsidized shipping interest that came before our committee and testified that this bill is the type of legislation desired by shipowners. I would remind you also in connection with this fact that we should safeguard the public at least to the extent of 3 years, when we have, in connection with the Railroad Commission, the Interstate Commerce Commission, for example, at least a gentleman's agreement that no representative of railroads can be appointed to that board. The argument will be advanced, probably, that we must select men who are highly trained in the field of shipping in order that they may judge the marine question intelligently.

We have a remarkably efficient Railroad Commission, and the members have never been railroaders, nor have they held large blocks of stock in the Burlington or the Union Pacific or the Baltimore & Ohio and transferred those interests today to become a member of the Interstate Commerce Commission tomorrow; but this bill would permit shipping representatives to do that very thing. I insist that in order to safeguard against it the amendment should be agreed to.

Mr. McFARLANE. In other words, the gentleman's amendment is an endeavor to encourage them to be honest, and to permit the selection of officials who might not be too closely connected with the interest they are supposed to serve.

Mr. WEARIN. Yes. I want to remove them as far as possible from the interests they are associated with as business men, and I think it is of the utmost importance that the Congress place a limitation of 3 years within which a man must have had no connection with a shipping interest; otherwise he should not be eligible to membership on the authority.

Mr. BLAND. Mr. Chairman, I do not desire to consume too much time, but I wish to discuss certain phases of this amendment and also certain references made in an article appearing in the Nation, and particularly the supposed influence of Mr. Ira Campbell. There is one practice that I pursued during the hearings on this bill. When shipping companies came around and wanted to talk to me, I told them they must present their views in open session before an open committee, that they could not talk privately with me on these matters. Ira Campbell has not talked privately with me, and I believe the gentleman will admit that the imputation which has appeared at times in certain newspapers is unjust. I have tried to protect the committee and myself against every such accusation or imputation.

So far as the amendment is concerned, when Mr. Chief Justice Hughes was placed on the supreme bench he doubtless came from the practice of his profession. A 3-year limitation was not imposed in his case. I have no desire to see a shipping man or anybody else on the board, but I am willing to trust the President of the United States to make wise selections. I am willing to trust the Senate of the United States, with the Senator from Alabama [Mr. BLACK] present. He has rendered a distinct service to the Nation. I am willing to trust these Senators to consider most carefully the selections made and to find out whether the men are eligible for the position to which they have been nominated. I would not want to cut off a man who may occupy a high position in admiralty law as an admiralty lawyer, a man of such high standing that the finger of scorn and suspicion could never be pointed at him.

Mr. LEHLBACH. The introducer of the amendment spoke of the excellent appointments made by the President of the United States with reference to the Interstate Commerce Commission, which act has no such limitation as he seeks to impose in this bill. Is there any reason why this President should be discriminated against, when the other Presidents have made good appointments, as the gentleman himself says?

Mr. BLAND. No; I desire not to tie his hands. I want to give him every opportunity to go into the Nation and select the best men he can for these positions.

Mr. WEARIN. Has our experience with the selection of public officials to administer the 1928 act indicated that we could place our faith in men who have been connected with the shipping interests?

Mr. BLAND. Franklin D. Roosevelt did not make the appointments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The question was taken; and on a division (demanded by Mr. WEARIN) there were ayes 22 and noes 58.

So the amendment was rejected.

Mr. DONDERO. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. DONDERO: Page 5, line 6, after the word "of", strike out "$7,500" and insert "$5,000."

Mr. DONDERO. Mr. Chairman, we have just listened to the argument advanced that the members of the board set up under this bill would be members of a very important board to function under the United States Government, and therefore they must be of such high standing that it is necessary to pay them salaries of $12,000 a year, in order that the President of the United States might have a field from which to select men capable of discharging the duties of those positions, who would not serve for less than that amount of money. If that is so, then the secretaries to those men, whoever they may be, who serve on that board will do nothing more nor less than clerical work similar to the work done in the office of every Member of this House; as Members of Congress, we are allowed $5,000 annually with which to employ two secretaries. Their work is also important to the people. I submit to the Members of this House that $5,000 per annum for each secretary to the members of the board is sufficient, adequate, and reasonable. If you agree with me, I ask you to support this amendment.

Mr. BLAND. Mr. Chairman, I just want to call attention to the fact that this is a general secretary. He has very important responsibilities and the bill provides "not in excess of this amount."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DONDERO].

The question was taken; and on a division (demanded by Mr. DONDERO) there were—ayes 28, noes 50.

So the amendment was rejected.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 201 (b) by adding thereto the following sentence: "The receipt of any gratuity or valuable thing from any person, directly or indirectly,

subject to this act or the shipping laws shall constitute cause for immediate dismissal of any member or employee of the Authority, and the receipt of employment, any gratuity or valuable thing from any such person by any immediate relative of a member or an employee of the Authority shall also constitute cause for dismissal of such member or employee, if in the opinion of the Authority such action is required in the public interest."

Mr. WEARIN. Mr. Chairman, I understand the committee will accept the amendment.

Mr. BLAND. I stated that I accepted the amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa.

The amendment was agreed to.

Mr. WEARIN. Mr. Chairman, I offer a further amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 201 (d) by adding after the word "Congress", on line 10, the following: "*Provided*, That no employee other than the members of the Authority shall receive a salary in excess of $10,000 per annum."

Mr. WEARIN. Mr. Chairman, I see no reason why the authority, when its members are to receive, according to the action of the House, $12,000 per year and its secretary $7,500, should be permitted to pay salaries in excess of $10,000 per annum for those other or additional employees who may be associated with it. It seems to me that is a reasonable limitation upon the salaries of subordinates who are functioning under that authority. If there is any necessity for expert assistance as intended, the authority has the right to draw upon other departments of the Government for such temporary services.

Mr. LEHLBACH. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa.

It is not within the realm of common sense that any ordinary employee would receive more than $10,000, but there are occasions when experts must be employed, and to put this limitation in this section is simply to that extent to hamstring and hamper and handcuff the authority. There are occasions when the Department of Justice pays special compensation to those assisting in its work, far in excess of what the Attorney General of the United States receives. There have been times when the Shipping Board for technical service has been paid more than the members have received. There are occasions when technical and special knowledge, aptitude, and experience must be had and must be paid for. There is no reason for putting in this limitation any more than there was reason for putting in the amendment that employees of the authority should not accept bribes. It is a gratuitous insult, but with respect to this amendment, it may be harmful. The other amendment merely besmirches those who accept employment under the maritime authority. This amendment is serious in that it hampers the authority.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment. As a general proposition, I do not think there would be the slightest danger of this happening, but there are special occasions when the limitation may prove a hardship, and certainly the Committee on Appropriations will be able to watch it from year to year as they did in the case of the Shipping Board.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was rejected.

The Clerk read as follows:

SEC. 203. The Authority shall make studies of and make a report to Congress as soon as practicable on—

(a) The scrapping or removal from service of old or obsolete merchant tonnage owned by the United States or in use in the merchant marine;

(b) Tramp shipping service and the advisability of citizens of the United States participating in such service with vessels under United States registry;

(c) The construction by or with the aid of the United States of superliners comparable with those of other nations, especially with a view to their use in time of war or national emergency;

(d) The relative cost of construction or reconditioning of comparable ocean vessels in shipyards in the various coastal districts of the United States, together with recommendations as to how such shipyards may compete for work on an equalized basis.

Mr. McLEOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McLEOD: Page 8, line 2, after the word "basis", strike out the period, insert a semicolon and a new subsection, as follows:

"(e) Revision of the navigation laws necessary to insure the maintenance of standards and equipment which will provide the highest possible degree of safety for passengers and crews on vessels."

Mr. LEHLBACH. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. LEHLBACH. Section 203 directs the authority to make studies of and make a report to Congress as soon as practicable on the scrapping or removal from service of old or obsolete merchant tonnage, tramp shipping service, the construction of superliners, the relative cost of construction or reconditioning of comparable ocean vessels in shipyards in the various coastal districts of the United States. These all have to do with research, and the reports all have to do with the building up of a merchant marine by means of Government aid in the construction and operation of vessels.

The amendment offered by the gentleman from Michigan authorizes a study and report on the revision of the navigation laws necessary to insure the maintenance of standard and equipment which will provide the highest possible degree of safety for passengers and crews on vessels.

The purpose of the amendment, of course, is very laudable, but it has nothing whatever to do with the subject under consideration.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. McLEOD. Mr. Chairman, the declaration of policy on the second page of the bill deals strictly with things which are necessary to carry out the policy contained in the bill. If the gentleman thoroughly understood my amendment he would realize that it comes within the declaration of policy. The policy declared is that the United States shall have a merchant marine sufficient to carry its domestic water-borne commerce and at least one-half of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times. More especially I call attention to the declaration as found on page 2, line 12:

It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine. All the agencies of the United States Government shall keep always in view the purpose and object of the policies herein expressed as the primary end to be obtained.

I offered this amendment, Mr. Chairman, with the hope that the committee would accept it more or less as a perfecting amendment. I believe that in drafting the bill the committee unintentionally omitted this matter, which is all important in carrying out the actual provisions of the bill. For this reason I submit the amendment is strictly germane.

The CHAIRMAN. The Chair is ready to rule. The section of the bill to which the amendment is offered relates to the granting of authority to make studies concerning the scrapping or removal from service of tonnage that is not necessary, that is out of date, or out of repair. The amendment offered by the gentleman from Michigan relates solely to the navigation laws and the safety of passengers, and is not, therefore, germane to the section of the bill to which it is offered.

The point of order is sustained.

Mr. MASSINGALE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, my real purpose in rising is to secure a little information from the chairman or some member of the committee. We listened to a very learned discourse by the gentleman from New York [Mr. SIROVICH] on the origin of commerce. In his address he discussed a law that we had in the early days of this Republic under which he said

the commerce of the world was carried largely under our flag. I should like to see a return to that condition. During the time the gentleman from New York [Mr. SIROVICH] was talking I was hoping I might have the opportunity of asking him to tell us the fundamental bases of that law which must have been enacted about the beginning of the last century, but I did not have the opportunity. I think the matter is important and I should like for him to tell us, for I am sure he knows, in just what respect that law differs from this law. In other words, did the Government of the United States, or the Congress of the United States, along about the year 1800, subsidize owners of ships to the extent of giving them 88 percent of the cost of building the ships?

Mr. BLAND. May I answer the gentleman?

Mr. MASSINGALE. Certainly.

Mr. BLAND. The Government did not at that time. One of the earliest laws passed by Congress affecting American ships I think was in 1789. One of the first acts passed by the First Congress imposed a lower duty on goods coming into this country on American ships, an additional duty was placed on such goods coming in foreign bottoms. That law continued for a long time with varying changes, and was later repealed. Then we reached the period of the construction of wooden ships. We had the naval stores, we had the forests, we had the material; we could build ships much cheaper than they could be built abroad. That was the period of the clipper ship, the time when we carried an immense amount of commerce. Then we come to the days the gentleman from New York [Mr. SIROVICH] spoke of when the subsidy was given. I think it was at about that time we began to change from the clipper ship to steam and to the use of the steel or iron ship, and as England could underbid us on that, she commenced to beat us. Then the War between the States came on and we lost a lot of our commerce.

The Clerk read as follows:

SEC. 302. Section 5, as amended, of the Independent Offices Appropriation Act, 1934, is amended—

(a) by striking out "October 31, 1935" and inserting in lieu thereof "June 30, 1936", and

(b) by adding at the end of such section, as amended, the following: "If the President finds in the exercise of the powers vested in him by this section, in respect of any contract in force under title IV of the Merchant Marine Act, 1928, as amended (U. S. C., Supp. VII, title 46, secs. 891e to 891r, inclusive), that the substitution, in whole or in part, for such contract, of a direct subsidy contract or contracts under title V of the Merchant Marine Act, 1935, is desirable in the public interest and will aid in carrying out the purposes and policy of such act, he may, in his discretion, direct the United States Maritime Authority to negotiate with the holder of such contract for a cancelation or modification thereof, and the substitution in whole or in part thereof of a direct subsidy contract or contracts. The Authority shall not make any agreement for, or consummate, any such cancelation or modification, and substitution, without the approval of the President after submission to him of the terms and conditions of the proposed cancelation or modification, and substitution."

Mr. WEARIN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend title III by striking therefrom sections 301, 302, and 303.

The CHAIRMAN. Section 303 has not been read as yet.

Mr. BLAND. Mr. Chairman, I make the point of order against the amendment that section 301 has been passed, section 302 has been read. Section 301 having been passed, it is not now open for amendment.

The CHAIRMAN. The point of order is sustained to section 301.

Mr. WEARIN. Mr. Chairman, I should like to offer the portion of the amendment which refers to 302.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend title III by striking out section 302 and inserting in lieu thereof the following:

"SEC. 302. The holder of any such canceled contract may, within 1 year from the date of the passage of this act, be entitled to sue the United States to recover just compensation in the manner provided by paragraph 20 of section 41 and section 215 of title 28 of the United States Code. The claimant and the United States shall have the right in said court to set up and have determined and adjudged by said court all legal and equitable claims, defenses, offsets, credits, and recoupments, to which either may show it is entitled, to the end that all conflicting claims, assertions, and rights may be fully, fairly, and completely settled and adjudged by said court. The jurisdiction of said court is hereby limited to an award of just compensation, which compensation shall not include any allowance for prospective or speculative future profits that might have been realized by the claimant if permitted to further perform his contract.

Mr. WEARIN. Mr. Chairman, I am sorry the chairman of the committee lodged a point of order against the amendment to the previous section of the bill. This section refers to the matter of cancelation of the existing mail contracts and is of the utmost importance if this Congress is interested in what the President wants. He has asked that we make specific provision for the cancelation of those contracts. Certainly if he had wanted the responsibility shifted on his own shoulders and to continue as is, he would have so stated. He would not have specifically requested the Congress to provide for the cancelation of these contracts under title IV of the 1928 act.

There is no question, according to the findings of Postmaster General Farley in connection with the investigation of that Department, but what the bids and the contracts entered into by those contractors were the result of collusive bidding. That is a matter of record, taken under oath before the Post Office Department. For this reason there should be no hesitation on the part of the Congress to terminate these illicit mail contracts rather than being afraid to assume the responsibility and passing the buck to the Chief Executive who is going to have to shoulder the burden.

Mr. Chairman, it is time the Congress canceled these contracts and took a step forward to protect the public interest by regulating the amount of just compensation for these matters. I would remind you in connection with that same matter that we have taken such action prior to this time in the House with reference to the processing taxes under the terms of a bill introduced by the Committee on Agriculture and passed by the House, in which we prevented processors from recovering this tax. This is the same kind of protection.

If the Members of the House are interested in preventing the mail contractors, who have entered into these contracts by means of collusive bidding, from recovering an excessive amount of damages on the basis of the unmatured portions of their contracts through an action in court, that, even though it may not be successful, will be costly to the United States Government and will string out the procedure of cancelation of these contracts for a long time, again shifting the responsibility to the shoulders of the President, they should vote for this amendment, which will protect the interests of the public. A question was raised in the committee as to the constitutionality of limiting just compensation for cancelation of the contracts under the 1928 act, in support of which I offer the following brief:

CANCELATION OF GOVERNMENT CONTRACTS

The liability to make compensation for private property taken for public uses is a constitutional limitation of the right of eminent domain. Only to the extent of the limitation can the citizens obtain any redress (*Winona, etc., R. R. Co.* v. *Waldron* (11 Minn. 515, 539)).

The fifth amendment "has always been understood as referring only to a direct appropriation and not the consequential injuries resulting from the exercise of lawful power" (*Knox* v. *Lee* (79 U. S. 457)).

When property rights are not taken for public use, the injury, no matter how grievous, is merely incidental to the exercise of lawful governmental action. The injured party has no right of action by virtue of the fifth amendment and has no remedy at all unless same is provided by statute (*Bedford* v. *United States* (192 U. S. 217–224)).

In the *Legal Tender cases* (79 U. S. 457) the Supreme Court said:

"There is a well-recognized distinction between the expectation of the parties to a contract and the duties imposed by it. * * * Were it not so, the expectation of results would be always equivalent to a binding engagement that they should follow. * * * Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligations of contracts, if by the expression be meant rendering contracts fruitless, or partially fruitless. Directly, it may pass a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely."

In *Monongahela Navigation Co.* v. *United States* (148 U. S. 312) the question presented was whether just compensation for the taking of the franchise to exact tolls, which franchise had previ-

ously been granted to the company by a State, must be paid by the United States when, in the exercise of the right of eminent domain, the lock and dam erected by the company was appropriated and taken over by the United States.

The Supreme Court said (p. 327):

"By this legislation, Congress seems to have assumed the right to determine what shall be the measure of compensation. But this is a judicial and not a legislative question. The legislature may determine what private property is needed for public purposes—that is a question of a political and legislative character; but when the taking has been ordered, then the question of compensation is judicial. It does not rest with the public, taking the property, through Congress or the legislature, its representative, to say what compensation shall be paid or even what shall be the rule of compensation. The Constitution has declared that just compensation shall be paid, and the ascertainment of that is a judicial inquiry."

The Court also said (p. 328):

"What amount of compensation for each separate use of any particular property may be charged is sometimes fixed by the statute which gives authority for the creation of the property; sometimes determined by what it is reasonably worth; and sometimes, if it is purely private property devoted only to private use, the matter rests arbitrarily with the will of the owner. In this case, it being property devoted to a public use, the amount of compensation was subject to the determination of the State of Pennsylvania, the State which authorized the creation of the property. The prices which may be exacted under this legislative grant of authority are the tolls, and these tolls, in the nature of the case, must enter into and largely determine the matter of value. * * * So, before this property can be taken away from its owner, the whole value must be paid; and that value depends largely upon the productiveness of the property, the franchise to take tolls."

The Court further said (p. 337):

"And here it may be noticed that, after taking this property, the Government will have the right to exact the same tolls the navigation has been receiving. It would seem strange that if by asserting its right to take the property, the Government could strip it largely of its value, destroying all that value which comes from the receipt of tolls, and, having taken the property at this reduced valuation, immediately possess and enjoy all the profits from the collection of the same tolls. * * * Much reliance is placed upon the case of *Bridge Co.* v. *United States* (105 U. S. 470). But that was a case not of the taking, but of the destruction of property."

After referring to the facts in the Bridge case, showing that Congress had merely destroyed the right of the bridge company to maintain the bridge, but there was no taking of private property for public uses, the Court pointed out in the Monongahela case there was no attempt to destroy property and there was simply a case of taking by the Government for public uses of the private property of the Navigation Co. The Court said (p. 341):

"Such an appropriation cannot be had without just compensation, and that, as we have seen, demands payment of the value of the property as it stands at the time of taking."

After the World War many contracts between the Government and private parties were canceled pursuant to authority of various acts of Congress authorizing such cancelation by the Executive. In *Omnia Commercial Co.* v. *United States* (261 U. S. 502) it was shown that extremely valuable contract rights vested in the Omnia Co. prior to the entry of the United States into the war had been destroyed by the Government's requisition of the entire output of the United States Steel Corporation. The opinion of the Supreme Court in that case illustrates the difference between "the taking" of property as protected by the fifth amendment and the "destruction" of property (contract) rights by governmental action. The Supreme Court said (p. 513):

"There is nothing in *Monongahela Navigation Co.* v. *United States* (148 U. S. 312) or in the other cases cited by the appellant which in any way conflicts with what we have said."

In the case of *Russell Motor Car Co.* v. *United States* and the case of *Freygang* v. *United States*, decided by the Supreme Court the same day the *Omnia Commercial case* was decided (261 U. S. 514), the question presented was whether the just compensation to be paid by the United States when it canceled its own contracts include the prospective profits the contractor might have earned if permitted to fully perform the contract. The claimant's brief filed in the Supreme Court urged that their right to claim the loss of profits was established by the Monongahela decision. In denying this contention the Court said (p. 523):

"This contention confuses the measure of damages for breach of contract with the rule of just compensation for the lawful taking of property by the power of eminent domain. In fixing just compensation the Court must consider the value of the contract at the time of its cancelation, not what it would have produced by way of profit for the Car Co. if it had been fully performed."

In the later case of *Barrett Co.* v. *United States* (273 U. S. 227), the Supreme Court said:

"Just compensation for canceling a contract requires the contractor shall be made whole and recover the expenditures necessary to perform the contract. * * * The contract in fixing the elements of the price per gallon of Xylol speaks of adding 6.6 cents to cover overhead, profit, and uses of patents; but we are not concerned with profits in this case (citing *Russell Motor Car Co.* v. *United States*, 261 U. S. 516)."

In *Ingram Day Lumber Co.* v. *McLouth* (275 U. S. 471), in discussing the effect of the statutes authorizing the Government to cancel its own contracts, the Supreme Court said (p. 473):

"The statute authorizes the cancelation of the Government's own contracts * * * and just compensation for such cancelation does not include anticipated profits, ordinarily recoverable in an action of assumsit" (citing *Duesenberg Motor Corp.* v. *United States* (260 U. S. 115); *Russell Motor Car Co.* v. *United States* (261 U. S. 514)); "it authorizes also the exappropriation or requisition of private contracts, and in computing the just compensation for these the value of the anticipated performance of the contract may be considered" (citing *Brooks Scanlon Corp.* v. *United States* (265 U. S. 106, 125)).

The United States cannot be sued in any court without express authority of Congress, and when it consents to be sued the act is jurisdictional and must be strictly followed (*Louisiana* v. *McAdoo* (234 U. S. 627); *United States* v. *Pfitsch* (256 U. S. 547)).

The right to sue the United States is given by section 145, Judicial Code, conferring jurisdiction on the Court of Claims to entertain suits, and by section 24, paragraph 20, Judicial Code (Tucker Act), authorizing suits against the Unted States in the district courts.

In *United States* v. *Babcock* (250 U. S. 328–331), the Supreme Court said:

"These general rules are well settled: That the United States when it creates rights in individuals against itself is under no obligation to provide a remedy through the courts; that when a statute creates a right and provides a special remedy, that remedy is exclusive."

The principle applicable to all Government cancelation cases was well stated by the Court of Claims in *Meyer Scale & Hardware Co.* v. *United States* (57 C. C. 26), where it was said:

"If it should be said that the contract gave the contractor the right to perform the entire contract with resultant profit, the answer would be that the contract, necessarily with the consent of the contractor, gave the Government the right to terminate it at any desired stage during its performance, as a result of which any further rights thereunder, with resultant advantage to the contractor by way of profits, ceased. At that point, as by a distinct line of demarcation, the future is separated from the past and adjustment of rights on the basis of just compensation to the contractor has its proper field of operation behind and not beyond that line."

From the foregoing decisions the following principles are clear:

First. When the United States takes and uses private property, whether such property is tangible or is merely a contract right, the fifth amendment requires that just compensation be paid to the individual whose property has been taken and used. However, the injured party will have no redress against the United States in the courts except in the manner in which Congress has permitted suits to be brought against the United States.

Second. When the Government cancels its own contract, if such cancelation is a wrongful breach, the courts would compel the United States to respond in damages in the same way a private individual would have to respond for wrongful breach of his contract. (See *Purcell Envelope Co. case*, 249 U. S. 313.)

Third. When the United States, by authority of an act of Congress, cancels its own contracts and provides that just compensation may be recovered therefor, the claimant may not recover for the loss of profits he might have earned if permitted to further perform the contract, but is limited to recovery for what has been done and for the expenditures he has made in preparing to perform the contract.

Fourth. Since Congress may permit suit against the United States or withhold such permission at its pleasure, it would not be unconstitutional for the Congress to deny jurisdiction to the Court of Claims and to the district courts of the United States to award more than just compensation for cancelation of the mail contracts.

Fifth. An act of Congress limiting the jurisdiction of the Court of Claims and of the district courts to just compensation in such cases and declaring that just compensation shall not include loss of prospective profits on mail contracts is merely a restating by statute what the Supreme Court of the United States has already declared to be the law, namely, that when contract rights are destroyed by governmental action, and recovery therefor is permitted by Congress, such recovery is limited to just compensation, and such just compensation does not include loss of profits.

Mr. LEHLBACH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not know why I should occupy the anomalous position of defending the President's position and interpreting it on the floor of the House. May I say, however, that he wants this kind of legislation and I believe it is for the best interest of the country. For that reason I am trying, with the majority of the committee, including the Chairman of the Merchant Marine and Fisheries Committee, to follow out what I conceive is the President's wish and the best interest of the merchant marine, which means the material interest of our country.

The President requested the Congress to place in his hands the control of the mail contracts. In the Independent Offices Appropriation bill a section was placed which gave to the President the right to deal with these contracts

as he sees fit; that is, cancel, modify, or do what he thought was in the best interests of the country in connection with those contracts. The President asked a month ago that this right be exended from June, when it expired, to October 31. The Congress passed a joint resolution extending the right to the President to deal with these contracts. The President wanted the act extended to October 31 in anticipation of the passage of this bill in order that, with the aids granted in this bill, he might do justice with respect to the existing mail contracts. He does not want the Congress to take this right from him and do anything at all with those mail contracts. I stand here in opposition to the amendment offered by the gentleman from Ohio, and in support of the President of the United States and his expressed wish in this matter.

[Here the gavel fell.]

Mr. WEARIN. Mr. Chairman, I move to strike out the last word.

Mr. LEHLBACH. Mr. Chairman, I object to a further speech by the gentleman from Iowa [Mr. WEARIN].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was rejected.

The Clerk read as follows:

SEC. 303. (a) The Authority is hereby authorized, when directed by the President under section 5, as amended, of the Independent Office Appropriation Act, 1934, to negotiate with the holder of any contract in force under title IV of the Merchant Marine Act, 1928, for the cancelation or modification of such contract, and the substitution therefor, in whole or in part, of a direct subsidy contract or contracts under title V of this act, and if the terms and conditions of such cancelation or modification and substitution are approved by the President, to consummate the same.

(b) If it is impossible to negotiate the cancelation or modification, and substitution provided for in subsection (a) of this section, the Authority shall report such fact to the President, together with such recommendations in respect thereof as it deems advisable. If no such cancelation or modification, and substitution is effected by the Authority under subsection (a) of this section, or if no cancelation or modification is effected by the President under section 5, as amended, of the Independent Offices Appropriation Act, 1934, no application from the contractor for any benefits under title V of this act shall be considered by the Authority unless such application shall have been approved by the President. In case such application is approved by the President, however, or in case a cancelation or modification is effected by the President under section 5, as amended, of the Independent Offices Appropriation Act, 1934, and the contractor receives just compensation therefor, and applies for any benefits under title V of this act, the Authority shall consider the extent to which differences between domestic and foreign construction, reconditioning, or operating costs are reflected in payments under such contract, or in such just compensation received in respect of the modification or cancelation thereof.

Mr. WEARIN (interrupting the reading of the section). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WEARIN. I desire to inquire of the Chair whether or not amendments to these sections should be offered as the subsections are read or should be offered at the conclusion of the reading of the section.

The CHAIRMAN. When the entire section has been read, amendments may be offered to any part of the section.

Mr. WEARIN. Then it is not in order to offer the amendment at this time which I have on the Clerk's desk.

The CHAIRMAN. An amendment to the paragraph just read is not in order at this time.

The Clerk concluded the reading of the section.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

Mr. BLAND. Mr. Chairman, if the gentleman will permit, I should like to make a statement. Lest there be some misunderstanding, I may state that I am going to move that the Committee rise, because the Speaker has stated that a gentleman has a report that he wants to get in this afternoon. For this reason I am going to move that the Committee rise and then, after the report is filed, I shall immediately move to go back into Committee.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill H. R. 8555, had come to no resolution thereon.

PUBLIC UTILITY HOLDING COMPANY BILL

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent that during the current legislative day I may have unanimous consent to file an additional report on the public utility holding company bill so that it may go to the Printer tonight.

The SPEAKER. The gentleman from Indiana asks unanimous consent to file an additional report upon what is known as the "public utility holding company bill." Is there objection?

There was no objection.

MERCHANT MARINE ACT, 1935

Mr. BLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8555.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8555, with Mr. MAY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The gentleman from Iowa offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Strike out section 303 and insert in lieu thereof the following:

"SEC. 303. Within 60 days from the date of the passage of this act, the present holder of any of such contracts may file an application with the Authority to receive the benefits of the provisions of this act. Notwithstanding any other provisions of law, the Authority may consider and grant or deny such application if such mail contractor meets all the requirements of this act, including requirements of the Authority as to capitalization and the construction and placing in service of such new vessels which the Authority may find necessary to aid in carrying out the purposes of this act.

"If said application should be approved, in whole or in part, at or prior to the time of the making of a new contract, the Authority shall adjust all differences with such contractor, including any claims of the contractor against the United States or of the United States against such contractor, arising out of its foreign ocean-mail contract, and such mail contract shall be canceled by mutual consent of such contractor and the United States. In adjusting such differences and claims, the Authority shall not take into consideration any prospective or speculative future profits, but shall consider any and all payments theretofore made by the United States pursuant to such mail contract and the profits realized as a result thereof."

Mr. WEARIN. Mr. Chairman, the amendment which I have offered contains a similar provision to the one offered to the preceding section with reference to the protection of the public from the standpoint of the matter of claims filed in the Court of Claims against the United States Government, and provides a method by which existing contractors are able to transfer their mail contracts and assume the obligations proposed under this bill, and in so doing they naturally waive their rights, or at least they should waive their rights, to recover against the United States Government on the portion of their contracts that have not yet matured. This argument I have advanced to the previous amendment offered to this same title and it is a provision that will protect the Public Treasury from attempted vast raids in the form of suits against the United States for the unmatured portions of the contracts under the 1928 act and the amendment certainly should be adopted for the protection of the public interests.

In concluding this argument on this section I want to quote what the President has to say about this. We have been hearing a good deal about what the President wants and what he does not want. I read his message this way, for the reason he sent it up here printed in the English language. In this message he said:

In setting up adequate provisions for subsidies for American shipping the Congress should provide for the termination of existing ocean mail contracts as rapidly as possible.

This is exactly what I have been trying to do in the amendments that have been offered to this bill, and it is

exactly what the pending bill does not do because it permits them to be continued until the end of the existing contracts unless the President himself wants to effect the cancelation rather than the Congress, as he has requested in this message.

This is the reason these amendments have been offered and I trust they will be adopted in order to protect us from severe and serious suits brought against the United States Government as demonstrated prior to this time by some of the shipping interests that now have suits pending against us for similar claims.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

We are trying to accomplish much the same end, but in a different way. I read the message of the President and I find nothing in the language which the gentleman has read with reference to cancelation. The President said:

In setting up adequate provisions for subsidies for American shipping the Congress should provide for the termination of existing ocean mail contracts as rapidly as possible.

Mr. WEARIN. Will the gentleman yield?

Mr. BLAND. Not just now. There is not one single word about cancelation—cancelation power rests in the President, given him by section 5 of the act of 1933.

Mr. WEARIN. The gentleman understands that I read a sentence from the President's message.

Mr. BLAND. And I read the same sentence providing for the termination. We have provided for the termination here by letting the authority with the President's consent without adjustments and so terminate the ocean mail contracts.

If this bill passes, the President at any time down to June 30, 1936, may cancel the contracts.

The gentleman from Iowa says that provision should be made for these contractors coming in for contracts under this bill. We have a provision that these people may have an operating differential. They may apply as a matter of right when adjustments are made. We are not imposing any additional responsibility on the President. We are continuing the responsibility which Congress placed on him, and which he may desire to exercise. We are continuing the responsibility where Congress placed it for the protection of the American people. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was rejected.

Mr. WEARIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend section 401 by striking out the following words, beginning on line 7, page 15: "If it deems it necessary to effectuate the purposes and policy of this act."

Mr. WEARIN. Mr. Chairman, the safeguards mentioned in this section contain weasel words and weasel phrases that are going to result in defeating the purposes of this act and the intent of Congress to establish an adequate merchant marine. Here is an excellent example on page 15 of the bill, where the authority is permitted to require the construction of new ships as we want under this title, referring to construction subsidy:

If it deems it necessary to effectuate the purposes and policies of this act.

But if it does not it can go on and pay the subsidies provided for in the bill without in any manner affecting the public interest to the extent of developing an adequate merchant marine, and if we want a merchant marine then let us so write the bill that there will be no question but that we will be assured of the development of said merchant marine through the agency of building ships. Surely the shipping interests that have been so active in behalf of this bill and who are going to benefit to an almost unlimited extent, ought to be required to deliver the goods, otherwise the taxpayers' money will again be wasted.

Mr. BLAND. Mr. Chairman, I rise to oppose the amendment. It is vesting in the authority the necessary discretion with reference to this replacement policy, and they will determine on the contract just how far they may go in requiring additional vessels in the future at the time the contract is made.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

SEC. 402. (a) In case any new vessel is constructed, pursuant to any contract under title V of this act or with the aid of a construction loan under section 11, as amended, of the Merchant Marine Act, 1920 (U. S. C., Supp. VII, title 46, sec. 870), to replace any vessel in use in foreign or coastwise trade, which in the judgment of the Authority is old, slow, or otherwise inadequate or obsolete for the service in which engaged, the Authority is authorized in its discretion to buy such replaced vessel from the owner at a reasonable value (which in no case shall exceed the cost to the owner plus the expense of reconditioning, and of improvements to, such vessel, less a reasonable and proper depreciation, and a proper deduction for obsolescence, thereon), and apply the purchase price to that part of the cost of the construction of such new vessel to be borne by the owner.

(b) The Authority may, upon such terms and conditions as it may consider proper, authorize the exchange of any merchant vessel owned by the United States Government for a vessel documented under the laws of the United States and owned by a citizen of the United States. Any vessel acquired under this section shall be held in the care and custody of the Secretary of Commerce, and be subject to sale, charter, or operation under the provisions of existing law. The Secretary of Commerce may scrap or sell for scrapping any vessel in his custody on the date of the enactment of this act, or thereafter placed therein, if in his judgment it is of insufficient value for commercial or military operation to warrant its further preservation.

(c) No vessel acquired under this section shall be sold or chartered for use, or placed in a service, route, or line which in the judgment of the Authority is adequately served by vessels documented under the laws of the United States.

Mr. MORAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MORAN: "Strike out all of section 402, title IV, beginning on line 14, page 15, and ending on line 21, page 16."

Mr. MORAN. Mr. Chairman, there are two very interesting points in section 402 that I desire to call to the attention of the Members of the House. The first point is that the United States Government will have the privilege of buying back obsolete vessels. A great deal has been said here this afternoon about subsidies granted by other nations. Let us take one of them in comparison with this very section. Does Great Britain, for example, which country has been mentioned here this afternoon as paying great subsidies to its merchant marine, buy the obsolete ships? Not at all. Instead, it requires the owner himself to scrap at his own account and not at the expense of the British Government. That is one difference which is important from the standpoint of the Treasury. There is another difference. The British require applicants for loans to scrap two tons of old obsolete tonnage for every ton on which they receive a new construction loan.

The second point is to be found at the top of page 16—

and apply the purchase price to that part of the cost of the construction of such new vessel to be borne by the owner.

Again, we have the opportunity, as I pointed out this afternoon, to allow some old obsolete tubs to be handed in to the United States Government, on the payment of the new ship, and as illustrated this afternoon, that might even take care of practically all of the initial payments by the applicant for any ship, because on a million-dollar ship these contractors have spent only an initial expenditure of $150,000. The Government under this bill is going to give the shipbuilder $400,000 on a million-dollar ship.

Mr. LEHLBACH. Mr. Chairman, the only reason that the provision was written in this bill to allow an owner to turn in an obsolescent ship was not as a matter of advantage to the owner of that ship, but to bring that tonnage under the direct control of the maritime authority. It is provided in the next paragraph that any ship acquired under this section shall be held in the care and custody of the Secretary of Commerce and be subject to sale, charter, or operation under provisions of existing law, or the Secre-

tary of Commerce may scrap or sell for scrapping any vessel in his custody so acquired. The Secretary of Commerce can, in his judgment, do precisely what the owner of the vessel might do with that vessel if he retained it in his control, and the maritime authority will not allow any owner of a vessel so turned in one penny more than he can realize out of that vessel, which the owner on his own account could have realized. It is only that the title to that ship and its control and disposition shall be in the hands of the maritime authority and not in the hands of the owner, who might allow it to be turned into channels where it would be detrimental to the best interest of the mercantile marine and our foreign commerce. It is not a matter of money, it is merely a matter of giving the Government control of the obsolete ship. The amendment should be defeated.

Mr. WEARIN. Mr. Chairman, I rise to make this brief statement. There is a provision in the bill, page 15, section 402 (a), the section this amendment applies to, wherein the language reads as follows:

Which in no case shall exceed the cost to the owner.

That means from the standpoint of determining the cost to Uncle Sam of the ship that is going to be turned in to the United States Government to junk. Did you ever stop to think that the owner himself who sells it to the Government may not have been the original owner, that the ship may have changed hands several times before it reached the owner who makes the sale to the United States Government? In other words, just keep this before you, that in cases where we have sold ships to the present operators at a fraction of their value it is not impossible to conceive that they might have resold the same ship some three or four times at an appreciation in value, and that will be the price of the junk that will be cashed in on the taxpayers unless this amendment is agreed to.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment. It is impossible to conceive that the President of the United States would appoint such a set of crooks as the maritime authority would be if they should permit any such condition to arise or any such condition to exist. All in the world we say is that where the maritime authority finds it is better to buy in these old, obsolete ships and retain them or scrap them, it shall have the authority to do it. An important point is that the operating differential on a new ship would be much less than on an old ship. The fuel cost on a new ship is much less. A modern ship can be operated much more economically. Furthermore, it is important for relief of unemployment. No greater relief could be given to the people of this country than in the building of ships. A building program of this character will put people to work in every State in the United States.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Maine [Mr. MORAN].

The question was taken; and on a division (demanded by Mr. MORAN) there were—ayes 18, noes 50.

So the amendment was rejected.

Mr. ANDREWS of New York. Mr. Chairman, I ask unanimous consent that the bill be considered as having been read for amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ZIONCHECK. Mr. Chairman, I object.

The Clerk read as follows:

SEC. 502. (a) If the Secretary of the Navy certifies his approval under section 501 (b) and the Authority approves the application, it may—

(1) Subject to the provisions of section 504, secure, on behalf of the applicant, bids for the construction or reconditioning of the proposed vessel according to the approved plans and specifications;

(2) If the bid of the shipbuilder who is the lowest responsible bidder is determined by the Authority to be fair and reasonable, approve such bid, and insofar as necessaray to protect the interests of the United States, become a party to the contract or contracts or other arrangements for the construction or reconditioning of the proposed vessel by such shipbuilder;

(3) If such bid is approved by the Authority and accepted by the applicant, agree to pay to such shipbuilder, on behalf of the applicant, pursuant to the provisions of subsection (c) of this section, a construction subsidy in an amount determined by the Authority in accordance with the provisions of subsection (b) of this section;

(4) If the applicant is eligible and applies therefor, grant a construction loan to such applicant in accordance with section 11, as amended, of the Merchant Marine Act, 1920 (U. S. C., Supp. VII, title 46, sec. 870), subject to the provisions of subsection (c) of this section.

(b) The amount of the construction differential subsidy shall equal, but not exceed, the excess of the bid of the shipbuilder constructing or reconditioning the proposed vessel pursuant to the provisions of subsection (a) (2) of this section, over the fair and reasonable cost, as determinined by the Authority, of the construction or reconditioning if the proposed vessel were constructed or reconditioned under like plans and specifications (but not including the changes made therein pursuant to the provisions of section 501 (b)) in a principal foreign shipbuilding center, which is availed of by any of the principal foreign competitors in the service in which the vessel is to be operated, and which is deemed by the Authority to furnish a fair and representative example for the determination of costs of construction or reconditioning in foreign countries of vessels of the type proposed to be constructed or reconditioned.

(c) The construction subsidy shall be paid out of the construction-loan fund created by section 11, as amended, of the Merchant Marine Act, 1920, or out of other available funds, to the shipbuilder ratably with the payments made by the applicant, or otherwise, as the Authority may determine. In case a construction loan is granted to the applicant, such loan shall not be for a sum greater than three-fourths of the foreign cost of construction or reconditioning as determined by the Authority under subsection (b) of this section, and no advance shall be made on such loan until the applicant has paid to the shipbuilder not less than 25 percent of such foreign cost. In case a construction loan is made for the reconditioning of any vessel, it shall be repaid within a predetermined period, which shall not exceed the life expectancy of the vessel after such reconditioning.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 502 (b) by adding thereto after the word "reconditioned" on line 5, page 20: "In computing the construction differential subsidy, the Authority shall take into consideration that amount which would be required to place the vessel in operation at a point equal in advantage to that point where it will be placed in operation by such American shipyard."

Mr. WEARIN. Mr. Chairman, that is merely a correcting amendment in one sense of the word. All it does is provide for the consideration of the differential in bringing the ship from one point to the point of service, where it is to begin operation. That matter is of importance to the shipbuilder as it is to the operator. Consequently I recommend to the Congress that this matter be given very careful consideration.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

After the reading of the amendment and the explanation offered by the gentleman from Iowa, who is usually very clear, I fail to understand just what it does mean. I think it is more confusing than otherwise. I do not see why we should take into consideration carrying the vessel to a yard or something like that.

Mr. WEARIN. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. WEARIN. I will try to make myself clear. What I mean is this: In figuring the differential in the cost of construction abroad and the cost of construction at home, we should take into consideration the amount that will be required to transport that vessel from the point of origin or its point of construction to the point where it begins its operation. That charge should not be carried by the Federal Treasury.

Mr. BLAND. It is too refined for me, Mr. Chairman. I think the best thing to do is to defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was rejected.

Mr. MORAN. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Amend the first sentence of section 502 (c) to read as follows: "The construction subsidy shall

be paid out of the construction-loan funds created by section 11, as amended, of the Merchant Marine Act of 1920, or out of other available funds to the shipbuilder: *Provided*, That no subsidy payment shall be made to the shipbuilder by the Authority until after the applicant has paid to the shipbuilder not less than 50 percent of the foregoing construction cost of such vessel constructed under part 1 of this title."

Mr. MORAN. Mr. Chairman, the principle of this amendment is to change the condition provided in the bill, that makes it possible for the shipbuilder and operator to obtain a combined gift and grant of $850,000 on a $1,000,000 boat. The foreign cost of an American ship which would cost $1,000,000 to build would be $600,000, if we allow the differentials as they are contended to exist, meaning that $400,000 shall be paid in cash to the shipbuilder. Therefore there is a construction cost, an outlay of cash on the part of the Government paid to the shipbuilder, of $400,000. In addition to that, the shipbuilder can borrow from the Federal Government 75 percent of the foreign construction cost.

Mr. BLAND. The gentleman means the shipowner?

Mr. MORAN. Yes; the shipowner. The foreign cost in this illustration is $600,000. Therefore a loan can be made for $450,000. Thus we have $400,000 and $450,000 or a total of $850,000, total grant and loan by the Government, which equals 85 percent of the American cost of constructing that American ship. Then combined with the previous section pointed out, although only $150,000 needs to be initially put in, a trade-in is possible on an obsolete boat. So it is entirely possible that the initial outlay would be practically nothing for a $1,000,000 boat. I point that out particularly at this time because this is the section that provides that tremendous benefit.

It seems to me such a high-finance scheme as this ought to merit the attention of Congress.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in the case of a ship costing $1,000,000, the construction differential would be $400,000. The ship owner, if he wants to borrow, must put up $150,000 in cash. The rest is not a gift from the Government, but is a loan to him with ample security, a loan secured by a first lien on the vessel.

The material purpose of this section of the bill is to prevent a few big lines monopolizing the shipping of the country. The committee very carefully considered the operation of this construction-loan fund. It developed that today there are about six lines which probably could negotiate the construction of their ships without the aid of a construction loan. The result would be that the smaller lines in the South and other places would go out of business, for they could find no means of negotiating a loan for construction. These big companies would become giant monopolies and would concentrate the shipping in such ports as they pleased.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. Moran) there were—ayes 13, noes 49.

So the amendment was rejected.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 502 by adding thereto:

"(d) The Authority shall not extend aid in the construction of a vessel or vessels to more than one line engaged in any one particular foreign service."

Mr. WEARIN. Mr. Chairman, if there has been an amendment offered today that is fair to the taxpayers, this one is, because it provides an express preventative, so to speak, for the Authority to refuse to subsidize more than one line operating in the same service. If Congress wants to subsidize shipping lines operating on the same trade routes in competition with one another, if they want to subsidize lines operating on such routes in that manner and pay the bill in the form of subsidies, in one sense financing a trade war between competing companies, then defeat this amendment. But if you are subsidizing for the purpose of trying to develop a line on a trade route, then certainly you should accept this amendment; and I offer it to the House in good faith.

Mr. LEHLBACH. Mr. Chairman, this is an amendment to the construction provision of the bill, and the gentleman is seeking to prevent the subsidizing of operation of more than one line in the same service or over the same trade route. This is amply taken care of in the bill, specifically and in language as strong as it is possible to write; so this amendment is entirely unnecessary and out of place.

Mr. BLAND. Mr. Chairman, I call attention to the provisions of the construction section of the bill, section 535 (a):

* * * and no contract shall be made with respect to a vessel operated or to be operated in a service, route, or line served by two or more citizens of the United States with vessels of United States registry, if, in the judgment of the Authority, the effect of such a contract would be to give undue advantage or be unduly prejudicial, as between citizens of the United States, in the operation of vessels in competitive services, routes, or lines.

The matter of determining what lines are in competition is a very serious one and ample power has been given the maritime authority to prevent the subsidizing of competing lines.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 15, noes 45.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty Members are present, a quorum.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend Section 502 by adding thereto:

"(e) Notwithstanding any provisions of section 11, as amended, of the Merchant Marine Act, 1920, no loans shall be made by the Authority for the construction or reconditioning of a vessel or vessels for a period in excess of 15 years."

Mr. WEARIN. Mr. Chairman, the only thing this amendment does is to reduce the number of years over which these particular provisions pertaining to finance shall extend from 20 to 15.

The reason for the amendment is this: The committee has constantly impressed upon the Congress the fact that the average life of a ship is 20 years. This is developed also by the committee in its hearings. Why should we insert in the bill any provision that will extend the financing over a period of time as long as the useful life of a ship? During the latter period of the life of a ship it is depreciating in its producing capacity more rapidly than it does in the forepart of its life.

If the United States Government is to lend the money with which to build these ships, the Government should be repaid during the most productive period of the ship's service on its route. Certainly there can be no reasonable objection to limiting this period to 15 years rather than extending the period to 20 years. This is in the interest of protecting the public in the matter of collection of the loan. We should, by all means, take every precaution to insure the repayment of the proposed loans for shipbuilding.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

SEC. 507. When used in this part the terms "construction" and "reconditioning" each include necessary outfitting and equipment.

Mr. WEARIN. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend title V by adding thereto:

"SEC. 508. The cumulative net profits in excess of 6 percent per annum of any shipbuilder receiving a contract under this act (dating from the first subsidy contract) shall be subject to recapture by the Authority at the end of each calendar year to the extent of 75 percent of such excess: *Provided*, That the

total recovery by the Authority shall not exceed the cumulative subsidy payments to the shipbuilder: *And provided further*, That the Authority shall prescribe the accounting formula for determining these net profits."

Mr. WEARIN. Mr. Chairman, the sum and substance of this amendment is the recapture clause, which is to protect the public from excessive profits of shipbuilders. I may say that any important program of subsidies should carry with it the feature of recapture. I pointed out in my opening remarks this afternoon with reference to this bill that the subsidies provided for in this act have practically no limitation, if any, upon the amounts that may be recommended to be paid by the authority. This includes the construction subsidy, the operating subsidy, and the penetration subsidy.

It is of vital importance, therefore, to the American public who are paying the bills to have a recapture clause incorporated in this section and in every section which provides for benefits to shipbuilders. I insist, Mr. Chairman, that we give this matter our utmost and careful consideration; because if we are going to pay operating subsidies, if we are going to pay construction subsidies, if we are going to pay trade penetration subsidies and place no limitation upon them, and place no boundary line beyond which the authority may proceed, then certainly we ought to protect the public by the insertion of a provision for the recapture of any excessive profits that might be made at the expense of the American people.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment is not confined to the recapture profits on ships built with the aid of subsidies but extends to all construction work. The amendment makes no distinction. The subsidy is a differential, as I have previously explained, and the issuance of the contract is protected. The work must be submitted to competing bids. The companies must submit their estimates. They are required to submit the bids of the subcontractors. The authority may call for all the information it desires as to the bids that are sent in. In addition there is a limitation against collusion and the shipyards are required, as well as the contractors, to keep their books according to forms that are prepared and submitted by the authority.

The authority can get all of this information at any time. It may call for the books and subpena the witnesses. It may examine the books of the competing yards and find out if there is any collusion or any unreasonable profit in connection with the bid.

Mr. Chairman, if there are not safeguards thrown around the bids in this bill, I do not know any way in which the bids could be safeguarded.

The CHAIRMAN (Mr. SCHAEFER). The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 17, noes 54.

So the amendment was rejected.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word. I should like to ask the Chairman of the Merchant Marine and Fisheries Committee or some member of the committee a few questions. Has a calculation been made as to how much this construction differential is going to cost the Government per year?

Mr. BLAND. That would be impossible to tell, because it depends on the character of ships to be built as well as the number of ships to be built. On an 8,000 gross cargo ship there would be a differential of about $400,000.

Mr. BIERMANN. In this calculation, what construction differential is taken, England or Japan?

Mr. BLAND. That gave us the great trouble. As a matter of fact, however, it appears that there may not be as much difference between England and Japan as we supposed. The evidence was presented to our committee that France, I think it was, called for the construction of several ships. They submitted the bids to Japan and Great Britain, and Great Britain got the job. The theory is that Japan does not have the raw material and has to bring it in from abroad. We have guarded against that in this bill by requiring and empowering the authority to take into consideration the principal yards in the country from which the principal competitors come. As a matter of fact, to be fair with the gentleman, I think Great Britain is going to be the measure.

Mr. BIERMANN. Can the gentleman tell us how much the Jones-White Act of 1928 has cost the Government to date?

Mr. BLAND. That is set forth in the papers accompanying the President's message.

Mr. BIERMANN. It is in the report?

Mr. BLAND. Yes. If the present contracts should continue, there will have been paid a total of $308,000,000, and there has been already paid by the Post Office Department $119,000,000. I am speaking in round figures. The reports accompanying the President's message present the facts.

Mr. BIERMANN. Has the Jones-White Act assisted in enlarging our merchant marine?

Mr. BLAND. No; it has not. It has helped to give us some good ships, but they came into operation shortly before the depression, and with the depression came attacks on that policy. Owners were discouraged in building. In addition, I may say that I have come to the conclusion that the provisions for inflexible subsidies covering a long period of time is fundamentally unsound.

Mr. BIERMANN. Is there at the present time a crying shortage of merchant-marine ships with which to carry American goods?

Mr. BLAND. Yes; and the United States will be off the seas in about 7 years. If the gentleman will look at the report which I filed, he will note that fact.

Mr. BIERMANN. The gentleman calculates that this act will do for our merchant marine what the Jones-White Act did not do.

Mr. BLAND. I firmly believe so.

Mr. BIERMANN. Can the gentleman use the rest of my time and tell us what the difference is?

Mr. BLAND. I have tried to show that in the report.

[Here the gavel fell.]

The Clerk read as follows:

PART II—OPERATING DIFFERENTIAL SUBSIDY

SEC. 521. (a) Any citizen of the United States may make application to the Authority for an operating differential subsidy to aid in the operation of a vessel or vessels in a service, route, or line in the foreign commerce of the United States determined to be essential under section 204 (a) of this act. No such application shall be approved by the Authority unless it determines that:

(1) The operation of such vessel or vessels in such service, route, or line is required to meet competitive conditions or to promote the foreign commerce of the United States, and that such vessel or vessels have been documented under the laws of the United States not later than April 1, 1935, or constructed in shipyards within the continental United States after such date.

(2) The applicant owns, or can and will build or purchase, a vessel or vessels of the size, type, speed, and number, and with the proper equipment, required to enable him to operate and maintain the service, route, or line in such manner as may be necessary to meet competitive conditions, and to promote foreign commerce.

(3) The applicant possesses the ability, experience, financial resources, and other qualifications necessary to enable him to so conduct the proposed operations of the vessel or vessels as to meet competitive conditions and promote foreign commerce.

(4) The granting of the aid applied for is necessary to place the proposed operations of the vessel or vessels on a parity with those of foreign competitors, and is reasonably calculated to carry out effectively the purposes and policy of this act.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 521 (a) (1), line 14, page 26, by striking out "April 1, 1935" and substituting therefor "February 1, 1928."

Mr. WEARIN. Mr. Chairman, the avowed purpose of this bill, according to its proponents, is to benefit shipbuilders and ship operators from the standpoint of developing a merchant marine; and if we have incorporated in this bill a provision which will permit foreign ships, such as the *Belgenland*, to be transferred from a foreign flag to the American flag in a short period of time, let us say a few months, then certainly we are defeating the very purpose of the bill in developing an American-built, American-

operated merchant marine. I insist that it is unfair to permit such an abuse of a subsidy bill as drawn and introduced here and require the taxpayers of this country to subsidize a ship built in a foreign yard and transferred to the American flag within a brief period of time, less than a year. For this reason we should set this date back far enough to exclude, to be specific, the *Belgenland*.

Mr. LEHLBACH. Mr. Chairman, the gentleman has referred to the *Belgenland* with respect to this proposition. The *Belgenland*, I believe, is now called the "*Columbia*", and flies the American flag.

This is the situation which the gentleman complains of which is made possible by the bill as drawn. The United States Lines, the foremost and only passenger competitor of the United States with the French, the Italian, and the British, have two first-class ships in service, the *Manhattan* and the *Washington*. Applications for passage on these ships exceed the room there is on them. If this bill is passed as it is drawn it is possible for the United States Lines to use the *Columbia* for the overflow of Americans who want to ride on American ships and conserve this patronage for the American lines during the period only that is necessary to elapse before a new ship, built in an American yard under the provisions of this bill, can be added to the service of the *Manhattan* and the *Washington*.

If the amendment of the gentleman from Iowa prevails the result will be that the Americans who want to sail under the American flag on the *Washington* and on the *Manhattan*, and for whom there is no room, will have to travel on foreign ships, and having become patrons of foreign ships they may in the future continue to patronize them. If we let this gap be filled up with the *Columbia* until a new *Washington* or a new *Manhattan* is ready for the service, then we retain this American patronage and continue to serve these Americans who want to sail on American boats. This is the issue that is involved here and you can determine it as you see fit.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. HOFFMAN. How much does it cost the Government to enable these Americans to ride on the *Columbia* instead of on the other ship?

Mr. LEHLBACH. I do not know. It is precisely the difference that it will cost for the period that the *Columbia* is temporarily running, to pay American seamen over what it costs to pay European seamen and the cost of American materials over and above the cost of foreign materials. This will be the cost.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken and the amendment was rejected.

The Clerk read as follows:

SEC. 522. (a) If the Authority approves the application, it may enter into a contract with the applicant for the payment of an operating differential subsidy determined in accordance with the provisions of subsection (b) of this section, for the operation of such vessel or vessels in such service, route, or line for a period not exceeding 20 years, and subject to such terms and conditions, consistent with this act, as the Authority shall require to effectuate the purposes and policy of this act.

(b) Subject to the provisions of subsection (e) of this section, the amount of the operating differential subsidy shall not exceed the excess of the fair and reasonable cost of insurance, maintenance repairs, wages and subsistence of officers and crews, and any other items of expense (excluding shore expenses) in which the Authority may deem that the applicant is at a substantial disadvantage in competition with vessels of the foreign country hereinafter referred to, in the operation under United States registry of the vessel or vessels covered by the contract, over the estimated fair and reasonable cost of the same items of expense (after deducting therefrom any estimated increase in such items necessitated by changes made pursuant to the provisions of section 501 (b)) if such vessel or vessels were operated under the registry of a foreign country whose vessels are substantial competitors of the vessel or vessels covered by the contract.

(c) The amount of such subsidy shall be determined and payable on the basis of a final accounting made as soon as practicable after the end of each year or other period fixed in the contract. The Authority may provide for in the contract, or otherwise approve, the payment from time to time during any such period of such amounts on account as it deems proper. Such payments on account shall in no case exceed 75 percent of the amount estimated to have accrued on account of such subsidy, and shall be made only after there has been furnished to the Authority such security as it determines to be reasonable and necessary to insure the refund of any overpayment.

(d) No such subsidy shall be paid in respect of any vessel for any time during which it is engaged exclusively in coastwise trade, and in case it is engaged in joint coastwise and foreign trade the subsidy shall not exceed an amount which bears the same ratio to the subsidy otherwise payable as the gross revenues derived from the foreign portion of such joint coastwise and foreign trade bears to the gross revenues derived from all portions of such joint trade. No vessel operating on the Great Lakes or on the inland waterways of the United States shall be considered for the purposes of this part to be operating in foreign trade.

(e) In any case where the contractor shows to the satisfaction of the Authority, and the Authority after investigation so finds and declares of record, that for any year or other period the operating subsidy as above provided for is inadequate to offset the effect of governmental aid or subsidies paid to foreign competitors, the Authority may adjust the operating subsidy to such extent as is necessary to accomplish the purposes and policy of this act.

Mr. RAMSPECK. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 29, after line 16, add a new paragraph, as follows:

"(f) In the operation of any vessel for which an operating differential subsidy is paid under this part, the Authority may require that the contractor shall use only articles, materials, and supplies of the growth, production, or manufacture of the United States, except when it is necessary to purchase supplies and equipment outside the United States to enable said vessel to continue and complete a voyage."

Mr. RAMSPECK. Mr. Chairman, this amendment is merely permissive and gives authority to the maritime authority, set up under this act to require that persons operating ships and operating subsidies, shall use materials and equipment of the growth and manufacture of the United States. I do not think the committee has any objection to this amendment; we discussed it in the committee, and we were sympathetic, but at that time had not worked it out.

Mr. BLAND. The committee will accept the amendment.

The question is on the amendment offered by the gentleman from Georgia.

The question was taken and the amendment was agreed to.

Mr. MORAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Eliminate section 522 (e) by striking out lines 9 to 16, inclusive, page 29.

Mr. MORAN. Mr. Chairman, paragraph (e) provides that where the authority after investigation finds that the operating subsidy is inadequate to offset the effect of government aid the authority may adjust the operating subsidy to such an extent as is necessary to accomplish the purposes of the act. It is clear that that part of the section adjusts only upward. Paragraph (c) of the same section seeks to meet this ambiguity. It seems that if under paragraph (c) it is determined what should be the proper subsidy, and it can be adjusted upward or downward, then we do not need section (e). On the other hand, if we do need section (e) to adjust upward we need the language provided in this amendment to permit an adjustment downward if an excessive subsidy allowance has been made.

Mr. BLAND. Mr. Chairman, the matter was investigated by the authority, and this is only to meet the provision of the President to take care of additional subsidies. If the Government should run onto some subsidy that ran things up, this provision is intended to meet that subsidy.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

SEC. 524. Any contract executed under this part may be canceled by the Authority for repeated and intentional violations of such contract for this act. The Authority may impose appropriate penalties for violations of such contract, this act, or rules and regulations prescribed pursuant thereto, not to exceed $500 for each offense, which shall be deducted from subsidy payments. The Authority may, in such circumstances and subject to such conditions as it deems reasonable, mitigate or remit such penalties.

Mr. WEARIN. Mr. Chairman, I offer an amendment which I send to the desk.

Mr. MICHENER. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Michigan makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and eleven members present, a quorum. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 524 by eliminating the last sentence beginning in line 23, page 30, which reads as follows:

"The Authority may, in such circumstances and subject to such conditions as it deems reasonable, mitigate or remit such penalty."

Mr. WEARIN. Mr. Chairman, this section deals with repeated and intentional violations on the part of the contractors who are operating under this subsidy bill. Then it proceeds down at the last sentence of the section to say that the authority in such circumstances and under such conditions as it deems reasonable may mitigate and remit such penalty. In other words, it is turning the criminals loose. That is the size of the whole situation, no matter what portion of the paragraph the concluding sentence may refer to. The only people I can visualize who will be favorable to that will be contractors under this provision who are apt to be guilty of repeated and intentional violations of the terms of their contract, and want them mitigated by the authority in charge of the administration of the act.

No doubt such a section, of course, would meet with the entire approval of the American Steamship Owners' Association. Certainly we do not want to write into law a provision that the authority or any department of the Government can set aside penalties that are set out in the proposed bill as being necessary for the proper enforcement of such an act.

Mr. BLAND. Mr. Chairman, I am surprised that, with his usual clarity, the gentleman should have made this mistake. The first sentence of the section provides that any contract may be canceled by the authority for repeated and intentional violations of the contract or of this act, and then the section provides that the authority may impose appropriate penalties for other violations of rules and regulations. The authority is given power to remit these later penalties—an entirely different situation from that described by the gentleman from Iowa.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. ANDREWS of New York. Mr. Chairman, I ask unanimous consent that the remainder of the bill may be considered as having been read for amendment.

The CHAIRMAN. Is there objection?

Mr. ZIONCHECK. Mr. Chairman, I object.

The Clerk read as follows:

SEC. 527. No contractor under a contract for aid in force under this part shall suffer or permit any insurance, stevedoring, terminal, ship repairing, towboat, management, operating, or other services of like character to be supplied vessels operated under such contract, by any affiliate, subsidiary, or holding company connected with, or directly or indirectly controlling or controlled by, such contractor, or by any officer, director, or employee of such contractor, except with the written consent of, and upon such conditions as may from time to time be prescribed by, the Authority.

Mr. WEARIN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amend section 527 to read as follows:

"(a) No contractor under a contract in force under this title, or no holding company of such contractor, or no officer, director, or executive, or no member of the immediate family of any of such officers, directors, or executives of such contractor or such holding company, shall (1) own any pecuniary interest in any person performing or supplying stevedoring, terminal, ship-repair, ship-chandler, towboat, wharfage, or kindred services in any domestic port or ports; (2) own any pecuniary interest in any person servicing any vessels of the contractor in a foreign port or ports: *Provided*, That with the express approval of the Authority, such contractor, or a wholly owned subsidiary of such contractor, may render services to vessels in a foreign port or ports if the profits, if any, incident thereto are included in the earnings contemplated in section 522 (c) of this act; (3) own, operate, or charter any vessel or vessels engaged in the domestic intercoastal or coastwise service, or own any pecuniary interest in any person that owns, charters, or operates any vessel or vessels in the domestic intercoastal or coastwise service; (4) own, charter, or operate any foreign-flag vessel or vessels, or own any pecuniary interest in any person that owns, charters, or operates any foreign-flag vessel or vessels; (5) perform or supply at any domestic port or ports, stevedoring, towboat, ship-repair, ship-chandler, terminal, or wharfage services for any vessel: *Provided*, That such contractor may itself, with the express approval of the Authority, perform stevedoring services to and/or utilize its own terminal and/or wharfage facilities for its own vessels; or (6) own any pecuniary interest in any person employed as agent or broker for any contractor under a contract in force under this act.

"(b) No contractor under a contract in force under this part shall employ any person as the managing or operating agent of such contractor, or shall charter its vessels for operation by another person, or shall employ chartered vessels under such contract.

"(c) No contractor under a contract in force under this part, or no holding company of such contractor, or no officer, director, or executive, or no member of the immediate family of such officers, directors, or executives of such contractor, or of such holding company, shall own any pecuniary interest in, or shall be owned to any extent by, any person engaged in the building of ships, or any holding or subsidiary company of such person, or any officer, director, or other executive of such person, or of such holding company.

"(d) No contract under the provisions of this act shall be made with any person who shall employ any Member of Congress, either with or without compensation, as an attorney, agent, officer, or director of such person.

"(e) Any violation of any provision of section 527 (a), (b), (c), (d), or (e) shall constitute a breach of contract in force under this title, and upon determining that such a violation has occurred the Authority shall forthwith cancel such contract."

Mr. WEARIN. Mr. Chairman, I am sure that the Members of the House are fully aware of the importance of this legislation, in view of the facts that have been pointed out during the course of the debate, in which we have endeavored to indicate the evils of the subsidy system which has been operated under the 1928 act. I am very certain that every Member of the House realizes the importance of a measure that proposes to set up a system of subsidies involving various forms that have previously been mentioned without limitations. I am sure they appreciate the importance of that when they are attempting to draft legislation with the thought in mind that it is to last for a period of 20 years at least, during all of which time Mr. Roosevelt will not be President, in an effort to build a merchant marine for this country.

In the face of that fact I feel justified in continuing to offer such amendments as appear, in my judgment, necessary to protect the interests of the American public and the taxpayers who are going to pay this bill.

Mr. ANDREWS of New York. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. ANDREWS of New York. Is not the gentleman in favor of pretty large appropriations that affect the taxpayers in Iowa?

Mr. WEARIN. I do not know what the gentleman refers to, but I have never voted for any subsidy bills that provide for the payment of excessively large subsidies to any small group seeking a position at the public trough.

I would say it is of vital importance that we give this question full consideration. It goes from the House to the branch of our legislative body at the other end of the Capitol where it will be considered from every angle. For that reason it is necessary for the House to make an adequate record upon this particular question, including such things as the recapture of excessive profits in subsidies, both construction and operation. That is the reason why I have introduced this amendment, which is rather long. I did not expect the Members of the House to follow it, but I would call to your attention that it does a number of things. It eliminates the danger of the holding company and its existence among shipping interests which would be benefiting under this act.

Furthermore, it does something else. It provides that there shall not be transfers to individuals, within a family

circle of ship operators, affiliates, and other associate companies. It prevents transfers of those concerns to the hands of wives and children. As the gentleman from Maine said this morning, the rule of "women and children first" is the law of the sea, but this is the first time I have ever known it to be the law of finance, and public finance at that. For that reason we are particularly anxious, in putting into this bill a safeguard that will absolutely prevent the possibility of such family ownership; not to include permissive authority to the maritime authority to grant such conditions and permit them to exist, but to prohibit them, as a result of the investigations that have been carried on by this Congress recently, and which have been brought to the attention of the public and which have resulted in some of the outstanding new-deal legislation that has been proposed or enacted.

For that reason I feel it is of importance that we adopt the pending amendment, which will remove any possibility of any members of a family operating subsidiaries to benefit under this subsidy bill. At the same time it will terminate any possibility of the existence of such subsidiaries.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. WEARIN] has expired.

Mr. BLAND. Mr. Chairman, we have covered practically everything in the amendment in less language. The authority is granted full power. It can only permit these affiliates when it is necessary. The authority may go into their books, subpena them, and punish them if necessary.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was rejected.

The Clerk read as follows:

SEC. 532. (a) Every contract executed under this title shall contain provisions requiring:

(1) Each party to the contract (except the Authority) and every affiliate, subsidiary, or holding company connected with, or directly or indirectly controlling or controlled by, such party, to keep its books, records, and accounts relating to such contract, and to the maintenance and operation of the vessels, services, routes, and lines covered by the contract, in such form and under such regulations as may be prescribed by the Authority: *Provided*, That the provisions of this paragraph shall not require the duplication of books, records, and accounts required to be kept in some other form by the Interstate Commerce Commission; and

(2) Each party to the contract (except the Authority) and every affiliate, subsidiary, or holding company connected with, or directly or indirectly controlling or controlled by, such party, to file, upon notice from the Authority, or any agency of the Government designated by it, balance sheets, profit-and-loss and surplus statements, and such other statements of financial operations, special reports, memoranda of any facts and transactions, appertaining to the performance of, or transactions or operations under, such contract directly or indirectly affecting the financial results of such operation, and including all transactions or operations appertaining or subsidiary thereto, insurance, stevedoring, handling of cargo, wharfage, terminal charges, and any other matters which in the opinion of the Authority affect the financial results in the performance of, or transactions or operations under, such contract.

(b) The Authority, or any agency of the Government designated by it, is authorized to examine and audit the books, records, and accounts referred to in this section, whenever it may deem it advisable, or whenever requested by either House of Congress. The parties to the contracts referred to in this section (except the Authority), and every affiliate, subsidiary, and holding company connected with, or directly or indirectly controlling or controlled by, such party shall keep their books, records, and accounts referred to in this section open to inspection and audit at all times by accredited representatives of the Authority. The provisions of this subsection shall apply to the builder of any ship in the construction of which aid is received under this title.

(c) The Authority may employ special agents or examiners who shall have authority to examine all accounts, records, and memoranda kept or required to be kept hereunder. The Authority may prescribe the length of time such accounts, records, or memoranda shall be preserved.

Mr. CITRON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CITRON: On page 35, at the end of line 22, insert a new paragraph as follows:

"(e) That the prevailing rate of wages shall be paid to employees engaged in any construction work under the provisions of this Act."

Mr. CITRON. Mr. Chairman, this bill assures builders and contractors a fair opportunity of reasonable profits. My amendment provides that labor should get a fair return for its hire. This amendment provides that the prevailing rate of wages should govern in all construction work. It will save a great deal of trouble to the country if we put it into effect, because it will help solve many arguments between the laboring people and the employers. If we are loaning money to contractors and builders of these ships and they can get all they need from the Government, I do not see why we should not have a clause in this bill providing that every contract should contain a clause that the prevailing rate of wages should be paid. If we let the builders have money at a rate of interest which is fair to them and the Government and beneficial to the merchant marine, it is not to the best interest of all concerned to say that in the matter of wages we are simply relying on the good faith of the builder. If we insert this amendment in the bill, we are adding a necessary requisite. It will create harmony and friendship between employer and employee. It is applying a fair rule to the worker, guaranteeing to him the prevailing rate. No one can object to this, especially as it avoids any future argument about wages between the laboring interests and the builders and contractors of these ships. [Applause.]

Mr. CONNERY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think this is a very good and necessary amendment offered by the gentleman from Connecticut [Mr. CITRON]. It simply provides that the prevailing rate of wage will be paid on ship construction. We have that in the Davis-Bacon bill with respect to public buildings. This is simply putting it into the provisions of the contracts for shipbuilding. If we are going to give these shipbuilders a subsidy, for instance, if a ship costs a million to build in this country, and $600,000 abroad, we are going to give them a $400,000 subsidy to offset European shipbuilding, I think we ought to take care of our American workers who are going to build those ships. I think this amendment is very clear to the Members of the House. This discussion on prevailing rate of wage has been held many times in the past, particularly when Mr. BACON, of New York, offered the original Davis-Bacon bill. The gentleman from Connecticut [Mr. CITRON], by offering this amendment, is but continuing the friendly attitude toward labor which he has continually shown before and since becoming a Member of this House. I hope this amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. CITRON].

The amendment was agreed to.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend part 3 of title V by adding a new section at line 16 on page 36:

"SEC. 529. The cumulative net profits in excess of 6 percent per annum of any ship operator receiving financial aid under this act (dating from the first subsidy contract), shall be subject to recapture by the Government at the end of each calendar year to the extent of 75 percent of such excess. In calculating net worth for the purposes of this act, intangible assets and appreciation of assets shall be excluded, provided that the Authority shall prescribe the accounting formula for determining net profit contemplated in this section."

Mr. BLAND. Mr. Chairman, I make the point of order against the amendment that the Clerk has read only to the end of section 533, and the amendment is not in order.

The CHAIRMAN. The section of the bill to which the amendment is offered has not been reached.

The point of order is sustained.

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Amend section 532, (a) (1), page 34, lines 5, 6, 7, by eliminating the words "Relating to such contract, and to the maintenance and operation of the vessels, services, routes, and lines covered by the contract."

Mr. MORAN. Mr. Chairman, we have heard a great deal about the need of examining the books of affiliated, holding, and subordinate companies. That is all this amendment seeks to accomplish. It eliminates a limiting phrase, which phrase would allow the authority to look at books relating

only to such contracts whereas it might be very advantageous to the Government to be able to get more information from some of the various subordinate and holding companies.

The language stricken by this amendment is technical and has been submitted to accounting experts who advise me that it is so limited that the authority might as well make no attempt to look at books of subsidity or holding companies if that phrase is left in the bill.

Mr. BLAND. Mr. Chairman, there should be no justification for a general fishing expedition. Under the provisions of the bill as drawn any germane books may be examined by the authority.

I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MORAN) there were—ayes 14, noes 46.

So the amendment was rejected.

Mr. MICHENER. Mr. Chairman, I object to the vote on the ground there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and thirteen Members are present, a quorum.

Mr. MORAN. Mr. Chairman, I send an amendment to the desk.

The Clerk read as follows:

Amendment by Mr. MORAN: Amend section 532 (a) (2), page 34, lines 21–25, and page 35, lines 1–3, by eliminating the words "appertaining to the performance of, or transactions or operations under, such contract directly or indirectly affecting the financial results of such operation, and including all transactions or operations appertaining or subsidiary thereto, insurance, stevedoring, handling of cargo, wharfage, terminal charges, and other matters which in the opinion of the Authority affect the financial results in the performance of, or transactions or operations under, such contract", and substitute the following words: "in the form and manner required by the Authority."

Mr. MORAN. Mr. Chairman, this amendment has the same effect as the previous amendment, it eliminates a limiting clause with regard to the possibility of examination of books of holding companies.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The amendment was rejected.

Mr. MORAN. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Amend section 532 (b), page 35, line 6, by eliminating the words "referred to in this section" and substitute the following words: "of any contractor, affiliate, subsidiary, or holding company connected with or directly or indirectly controlling or controlled by such contractor."

Mr. MORAN. The purpose of this amendment is obvious. In one sentence it provides merely the opportunity of examining the books of various subordinates; it removes a restriction.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MORAN) there were—ayes 35, noes 72.

So the amendment was rejected.

The Clerk read as follows:

SEC. 533. In case of willful failure or refusal on the part of any person to keep such accounts, records, and memoranda in the manner prescribed by the Authority, or to submit such accounts, records, and memoranda to the inspection of the Authority or any of its authorized agents or examiners, such person shall forfeit to the United States not to exceed the sum of $5,000 for each such offense. Such forfeiture shall accrue to the United States and be recovered in a civil action brought by the United States. Any person who shall willfully falsify any account, record, or memoranda, or who shall willfully destroy, mutilate, or alter any such account, record, or memoranda, shall be guilty of a misdemeanor and shall be subject upon conviction thereof to a fine of not more than $5,000, or imprisonment for not more than 3 years, or both such fine and imprisonment. The Supreme Court of the District of Columbia and the several district courts of the United States are hereby authorized to try and punish offenses hereunder within their respective jurisdictions.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend part of title III of title V by adding a new section at line 16 on page 36, as follows.

Mr. WEARIN. Mr. Chairman, I ask unanimous consent that the amendment be not read, but that I may be permitted to discuss the amendment.

Mr. ANDREWS of New York. Mr. Chairman, I object.

The Clerk read as follows:

SEC. 529. The cumulative net profits in excess of 6 percent per annum of any ship operator receiving financial aid under this act (dating from the first subsidy contract) shall be subject to recapture by the Government at the end of each calendar year to the extent of 75 percent of such excess. In calculating net worth, for the purpose of this act, intangible assets and appreciation of assets shall be excluded: *Provided*, That the Authority shall prescribe the accounting formula for determining the net profit contemplated in this section.

Mr. WEARIN. Mr. Chairman, this is a recapture clause and provides for the recapture of operating subsidies in excess of the amount named in the amendment, 6 percent.

It will be recalled that under the Shipping Act of 1928 where a limitation of the subsidies was provided by law, the rates to be charged for carrying the mails were such that excessive profits were realized on the part of certain operators. I call attention to page 202 of the investigations of air and ocean mail contracts by the Senate committee with reference particularly to one ship line, the Lykes people, which, with an initial investment of only $115,439.13 in 1918, was from October 1918 to June 20, 1933, able to realize a profit of $5,891,222.66—this on an initial investment of $115,000.

My purpose in offering this amendment providing for a recapture clause is to prevent such things occurring under the present law. When we pay subsidies to operators the United States Government certainly ought to be entitled to collect profits over and above 6 percent. Why should we permit the realization of more from the public purse? If we fail to include such a provision in the bill, we shall be in the position of subsidizing excessive profits to these concerns, for excessive profits can be realized when no limitation is placed upon earnings. So it is of the utmost importance for the protection of the American public that a recapture clause be included in the bill in connection with operating subsidies.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this bill amply provides for the establishment of a reserve fund for a depreciation and a replacement fund. If we are going to undertake to recapture, as provided in this amendment, we will never get away from the Government contributing to the building of ships. The policy that has been provided by this committee is that before any dividend is paid, before a penny in the way of a dividend to the stockholders is paid, they must provide a replacement fund and a reserve to take care of operation in the lean years. There are other similar provisions in this bill. This amendment would defeat that objective.

I would also call attention to the fact that the very case mentioned covered profits from the years 1918 to 1933, during which time they were operating under the old system of Government ownership. The operators were the agents and they were being paid a fund for operation. Here we are giving a differential covering only difference in cost of operation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 35, noes 46.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I demand tellers.

Tellers were refused.

The Clerk read as follows:

SEC. 534. (a) To safeguard the public interest in the administration of financial aid under this act, every contract executed under part II of this title shall contain provisions requiring:

(1) The contractor to conduct its operations with respect to the vessels, services, routes, and lines covered by its contract in the most economical and efficient manner;

(2) That no officer, director, or employee of any contractor under a contract in force under this title shall receive a salary or allowance (including compensation in any form for personal service) from such contractor which shall result in such person receiving a total compensation from all sources exceeding $25,000 per annum;

(3) That there shall be set aside out of the operating profits of any fiscal year, before charging depreciation on the vessels and before the payment of any dividends or bonuses or the distribution of profits, a depreciation reserve fund to provide for the payment of any mortgage debt and the replacement of vessels, and a reasonable operating reserve fund. Such reserve funds shall be maintained for these purposes with appropriate provisions permitting their proper investment and their use to meet the operating requirements of any subsequent fiscal year. Any withdrawal for such latter purpose shall be replaced in any subsequent year whenever the earnings under the contract make such replacement possible.

(b) No contractor under a contract in force under this title, or any subsidiary, holding, or affiliate company connected with, or directly or indirectly controlling or controlled by, such contractor, or any officer or director of such contractor or company shall own, operate, charter, or act as agent for foreign vessels or foreign interests, unless permission is first obtained from the Authority in accordance with rules and regulations prescribed by the Authority.

Mr. MORAN. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Amend section 534 (a) and (2) to read as follows: "that no officer, director, or employee of any contractor under a contract in force under this act, shall receive a salary or allowance (including compensation in any form) from such contractor and/or the holding, subsidiary, and affiliated companies of such contractor, which will result in such individual receiving a total compensation for full-time service at a rate in excess of $17,500 per annum: *Provided*, That it shall be the duty of the Authority to exercise continuing supervision to assure that this provision is not violated."

Mr. MORAN. Mr. Chairman, this particular paragraph consisting of one sentence is apparently designed to prevent the payment of salaries in excess of $25,000 per annum. Since it contains only one sentence I call to your attention the exact wording in the present bill, which reads:

That no officer, director, or employee of any contractor under a contract in force under this title shall receive a salary or allowance (including compensation in any form for personal service) from such contractor which shall result in such person receiving a total compensation from all services exceeding $25,000 per annum.

A Pacific coast contractor testified before the Post Office Investigating Committee that he did not receive a single penny as an officer of the direct contractor who was doing business with the Government. This looked like a very unusual situation, and when the matter was investigated further, what was found? We found a man who was not receiving a cent of salary from the direct contractor, but was receiving a salary in excess of $100,000 per year, and had been receiving it for several years, from subsidiary companies. The affiliated companies drew the bulk of their operating revenues from the operating companies. This bill does not prevent that particular thing because the officer might not be obtaining his salary out of this particular contract from this particular contractor. By this paying out of funds to a subsidiary, the taxpayers were paying an exorbitant salary to this man. For the reasons set forth, Mr. Chairman. I advocate the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine [Mr. MORAN].

The question was taken; and on a division (demanded by Mr. MORAN) there were—ayes 32, noes 42.

So the amendment was rejected.

Mr. BLAND. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MAY, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to include in the revision of my remarks the article from which I quoted, together with extracts from the Democratic platform on the subject of subsidies.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I should like to inquire whether or not the House is to consider the so-called "share-the-wealth tax program" as it was outlined in the papers this morning. We are asked to meet at 11 o'clock tomorrow to further consider this ship subsidy bill for the millionaire Shipping Trust outfit.

Mr. TAYLOR of Colorado. I may say to the gentleman that we are anxious to finish the consideration of the pending bill, because we are going to take up the holding-company bill, and the rule for the consideration of that bill provides for 8 hours of debate. There are a number of pages in the bill and we are hopeful we can dispose of it this week.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. COLMER. Mr. Speaker, I ask unanimous consent that on tomorrow, immediately after the reading of the Journal and the disposition of business on the Speaker's table, I may proceed for 10 minutes.

Mr. MARTIN of Massachusetts. I object, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. SMITH of Connecticut (at the request of Mr. SHANLEY) for 4 days, on account of illness.

To Mr. WOLVERTON (at the request of Mr. BACHARACH), on account of serious illness in his family.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 805. An act for the relief of Luther M. Turpin and Amanda Turpin;

H. R. 1315. An act for the relief of Thomas J. Gould;

H. R. 1703. An act for the relief of Cletus F. Hoban;

H. R. 2708. An act for the relief of James M. Pace;

H. R. 2987. An act for the relief of E. W. Tarrence;

H. R. 4817. An act for the relief of Matthew E. Hanna;

H. R. 6504. An act to amend an act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor"; and

H. R. 6630. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.

The SPEAKER announced his signature to an enrolled bill and an enrolled joint resolution of the Senate of the following titles:

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union; and

S. J. Res. 131. Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the

President, for his approval, bills of the House of the following titles:

H. R. 7205. An act to amend the Ship Mortgage Act, 1920, otherwise known as "section 30" of the Merchant Marine Act, 1920, approved June 5, 1920, to allow the benefits of said act to be enjoyed by owners of certain vessels of the United States of less than 200 gross tons; and

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 32 minutes p. m.) the House adjourned to meet, in accordance with its previous order, tomorrow, Wednesday, June 26, 1935, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Wednesday, June 26, 10 a. m.)

Subcommittee will hold hearings on bill (H. R. 6278) pertaining to postal rates, Queens County, N. Y.

EXECUTIVE COMMUNICATIONS, ETC.

395. Under clause 2 of rule XXIV, a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Public Resolution No. 18, Seventy-third Congress (S. J. Res. 74), three copies of the domestic and residential electric energy rates in the State of Wyoming on January 1, 1935, was taken from the Speaker's table and referred to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 8599. A bill to provide for a change in the designation of the Bureau of Navigation and Steamboat Inspection, to create a Marine Casualty Investigation Board and increase efficiency in administration of the steamboat inspection laws, and for other purposes; without amendment (Rept. No. 1319). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 8598. A bill to provide for the inspection and regulation of vessels engaged in the transportation of inflammable, explosive, and like dangerous cargoes in navigable waters of the United States; without amendment (Rept. No. 1320). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. S. 2001. An act to amend section 4426 of the Revised Statutes of the United States, as amended by the act of Congress approved May 16, 1906; without amendment (Rept. No. 1321). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 8597. A bill to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion, and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to maintain discipline on shipboard; and for other purposes; without amendment (Rept. No. 1322). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. S. 1404. An act to promote the efficiency of national defense; without amendment (Rept. No. 1323). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. S. 2917. An act authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the Commander in Chief, officers, and men of the Expeditionary Forces; with amendment (Rept. No. 1324). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 8629. A bill authorizing an appropriation for payment to the Government of Norway in settlement of all claims for reimbursement on account of losses sustained by the owner and crew of the Norwegian steamer *Tampen*; without amendment (Rept. No. 1325). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 276. Resolution for the consideration of S. 2796; without amendment (Rept. No. 1327). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 8628. A bill to provide for the relief of public-school districts and other public-school authorities, and for other purposes; without amendment (Rept. No. 1328). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 8127. A bill for the relief of Blanche I. Gray; without amendment (Rept. No. 1326). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H. R. 8664. A bill for the relief of sundry claimants, and for other purposes; with amendment (Rept. No. 1329). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 208. An act for the relief of the Consolidated Ashcroft Hancock Co., Inc., Bridgeport, Conn.; without amendment (Rept. No. 1330). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. S. 280. An act for the relief of Hazel B. Lowe, Tess H. Johnston, and Esther L. Teckmeyer; without amendment (Rept. No. 1331). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 283. An act for the relief of Beatrice I. Manges; without amendment (Rept. No. 1332). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. S. 373. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson; without amendment (Rept. No. 1333). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. S. 490. An act for the relief of F. T. Wade, M. L. Dearing, E. D. Wagner, and G. M. Judd; without amendment (Rept. No. 1334). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 540. An act for the relief of Fred Luscher; without amendment (Rept. No. 1335). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 658. An act for the relief of K. W. Boring; without amendment (Rept. No. 1336). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 895. An act to carry out the findings of the Court of Claims in the case of the Atlantic Works, of Boston, Mass.; with amendment (Rept. No. 1337). Referred to the Committee of the Whole House.

Mr. STACK: Committee on Claims. S. 985. An act for the relief of Hudson Bros., of Norfolk, Va.; with amendments (Rept. No. 1338). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1045. An act for the relief of A. Cyril Crilley; without amendment (Rept. No. 1339). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 1046. An act for the relief of E. Jeanmonod; with amendment (Rept. No. 1340). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 1070. An act for the relief of William A. Thompson; without amendment (Rept. No. 1341). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 1214. An act for the relief of Oliver B. Huston, Anne Huston, Jane Huston, and Harriet Huston; with amendment (Rept. No. 1342). Referred to the Committee of the Whole House.

Mr. EVANS: Committee on Claims. S. 1326. An act for the relief of Robert A. Dunham; without amendment (Rept. No. 1343). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 1409. An act for the relief of the General Baking Co.; with amendment (Rept. No. 1344). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. S. 1577. An act for the relief of Skelton Mack McCray; with amendment (Rept. No. 1345). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. S. 1640. An act for the relief of Dan Meehan; with amendment (Rept. No. 1346). Referred to the Committee of the Whole House.

Mr. SOUTH: Committee on Claims. S. 1696. An act for the relief of Mary Sky Necklace; with amendment (Rept. No. 1347). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 1960. An act for the relief of the Florida National Bank & Trust Co., a national banking corporation, as successor trustee for the estate of Phillip Ullendorff, deceased; without amendment (Rept. No. 1348). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. S. 2076. An act for the relief of Domenico Politano; without amendment (Rept. No. 1349). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. S. 2119. An act for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard, and/or the widows of such of them as may be deceased; without amendment (Rept. No. 1350). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2168. An act for the relief of the Bell Telephone Co. of Pennsylvania; with amendment (Rept. No. 1351). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2225. An act authorizing adjustment of the claim of the Western Union Telegraph Co.; without amendment (Rept. No. 1352). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2312. An act for the relief of the Western Construction Co.; without amendment (Rept. No. 1353). Referred to the Committee of the Whole House.

Mr. GUYER: Committee on Claims. S. 2373. An act for the relief of Harry Jarrette; without amendment (Rept. No. 1354). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. S. 2374. An act for the relief of Elliott H. Tasso and Emma Tasso; with amendment (Rept. No. 1355). Referred to the Committee of the Whole House.

Mr. TOLAN: Committee on Claims. S. 2393. An act for the relief of the widow of Ray Sutton; without amendment (Rept. No. 1356). Referred to the Committee of the Whole House.

Mr. EKWALL: Committee on Claims. S. 2533. An act for the relief of the rightful heirs of Tiwastewin or Anna; without amendment (Rept. No. 1357). Referred to the Committee of the Whole House.

Mr. DALY: Committee on Claims. S. 2635. An act authorizing the appropriation of funds for the payment of the award in claim of Sudden & Christenson, Inc., and others; with amendment (Rept. No. 1358). Referred to the Committee of the Whole House.

Mr. HOUSTON: Committee on Claims. S. 2993. An act for the relief of Carrie Price Roberts; with amendment (Rept. No. 1359). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 6392) granting a pension to Clara M. Curtis, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROSSER of Ohio: A bill (H. R. 8651) to establish a retirement system for employees of carriers subject to the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 8652) to levy an excise tax upon carriers and an income tax upon their employees, and for other purposes; to the Committee on Ways and Means.

By Mr. DEROUEN: A bill (H. R. 8653) to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration Facility, Alexandria, La.; to the Committee on Public Buildings and Grounds.

By Mr. CULLEN: A bill (H. R. 8654) to provide for the deductibility of dividends paid or accrued by banking associations and insurance companies on preferred stock owned by certain governmental agencies; to the Committee on Ways and Means.

By Mr. GEHRMANN: A bill (H. R. 8655) providing for the transfer of certain Government property in Wisconsin to the State; to the Committee on Indian Affairs.

By Mr. BOEHNE: A bill (H. R. 8656) to restore compensation benefits in case of veterans who served in Russia; to the Committee on Expenditures in the Executive Departments.

By Mr. CELLER: A bill (H. R. 8657) to provide for the appointment of an additional district judge in the United States District Court for the Eastern District of New York; to the Committee on the Judiciary.

By Mr. CANNON of Wisconsin: A bill (H. R. 8658) providing that any citizen of the United States who shall marry an alien shall pay a capital tax on his fortune; to the Committee on Ways and Means.

By Mr. McGRATH: A bill (H. R. 8659) to promote shipbuilding to aid the national defense, and for other purposes; to the Committee on Naval Affairs.

By Mr. MILLARD: A bill (H. R. 8660) to authorize the issuance of reentry permits in certain cases of aliens ineligible to citizenship, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. O'NEAL: A bill (H. R. 8661) supplementing the act of Congress approved February 25, 1928, entitled "An act authorizing the city of Louisville, Ky., to construct, maintain, and operate a toll bridge across the Ohio River at or near said city; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H. R. 8662) to provide for the study and report on the need of a subway system for transportation in the District of Columbia; to the Committee on the District of Columbia.

By Mr. RANDOLPH: A bill (H. R. 8663) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia, and for wharfage facilities in connection therewith; to the Committee on the District of Columbia.

By Mr. DISNEY: A bill (H. R. 8665) for the construction of Indian hospitals in Oklahoma; to the Committee on Indian Affairs.

By Mr. ELLENBOGEN: A bill (H. R. 8666) to establish the United States Housing Authority, to provide modern and adequate large-scale housing for families of low income under a long-range program, to provide employment in the building and allied trades, to stimulate and stabilize the building industry, to increase consuming power, to further national recovery, and to promote the public health, safety,

morals, and welfare; to the Committee on Banking and Currency.

By Mr. SCOTT: A bill (H. R. 8667) to provide for the disposition, control, and use of surplus real property acquired by Federal agencies, and for other purposes; to the Committee on Public Buildings and Grounds.

Mr. WILCOX: A bill (H. R. 8668) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Fort Pierce, Fla.; to the Committee on the Judiciary.

By Mr. CITRON: Resolution (H. Res. 277) directing the Secretary of State to furnish the House of Representatives with certain information; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McREYNOLDS: A bill (H. R. 8664) for the relief of sundry claimants, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ANDRESEN: A bill (H. R. 8669) for the relief of Frank W. Farrington; to the Committee on Claims.

By Mr. ASHBROOK: A bill (H. R. 8670) granting a pension to Lenora B. Easterday; to the Committee on Invalid Pensions.

By Mr. BLAND: A bill (H. R. 8671) for the reimbursement of R. H. Quynn, lieutenant, United States Navy, for loss of property by fire at the naval operating base, Hampton Roads, Va.; to the Committee on Claims.

By Mr. GOLDSBOROUGH: A bill (H. R. 8672) for the relief of William Zeiss; to the Committee on War Claims.

By Mr. SANDERS of Texas: A bill (H. R. 8673) for the relief of Hiram G. Hines; to the Committee on Claims.

By Mr. PLUMLEY: A bill (H. R. 8674) for the relief of John W. Sargent and John L. Sargent; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 8675) for the relief of Emily Coffey; to the Committee on Claims.

By Mr. TURPIN: A bill (H. R. 8676) granting a pension to Minnie Loch Durshimer; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8986. By Mr. ANDREW of Massachusetts: Petition of the Massachusetts State Council, Knights of Columbus, urging an official investigation of religious conditions in Mexico; to the Committee on Foreign Affairs.

8987. By Mr. BLAND: Petition of 32 citizens of Northampton County, Va., requesting Congress to allow the Federal gasoline tax to expire on June 30, 1935, never to be levied again; to the Committee on Ways and Means.

8988. By Mr. BUCKLER of Minnesota: Petition of Ely R. Schenek, president, and Howard Devine, secretary, of the Wilkin County Farm Bureau, of Breckenridge, Wilkin County, Minn., praying for the passage of House bill 3263, the so-called "Pettengill bill"; to the Committee on Interstate and Foreign Commerce.

8989. By Mr. GOODWIN: Petition of J. E. Maynard and other residents of Roscoe, N. Y., protesting against the passage of the Wheeler-Rayburn holding company bill; to the Committee on Interstate and Foreign Commerce.

8990. By Mr. PFEIFER: Petition of the Federation of Architects, Engineers, Chemists, and Technicians, New York Chapter, New York City, urging the passage of House bills 8458 and 8459; to the Committee on the Civil Service.

8991. By Mr. PLUMLEY: Petition protesting against the proposed one-half cent tax on fuel oil, and petitioning to prevent this law from being passed; to the Committee on Ways and Means.

SENATE

WEDNESDAY, JUNE 26, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, June 25, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union;

H. R. 805. An act for the relief of Luther M. Turpin and Amanda Turpin;

H. R. 1315. An act for the relief of Thomas J. Gould;

H. R. 1703. An act for the relief of Cletus F. Hoban;

H. R. 2708. An act for the relief of James M. Pace;

H. R. 2987. An act for the relief of E. W. Tarrence;

H. R. 4817. An act for the relief of Matthew E. Hanna;

H. R. 6504. An act to amend an act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor";

H. R. 6630. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.; and

S. J. Res. 131. Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes.

LOANS AND RELIEF IN STRICKEN AGRICULTURAL AREAS (S. DOC. NO. 91)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting draft of a proposed provision of legislation affecting an existing appropriation of the Department of Agriculture, namely, "Loans and relief in stricken agricultural areas, 1934 and 1935", which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

BUILDINGS FOR UNITED STATES REPRESENTATIVE IN THE PHILIPPINES (S. DOC. NO. 94)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the fiscal year 1935, to remain available until expended, for the War Department, Bureau of Insular Affairs, for the construction of buildings for the United States representative in the Philippine Islands, amounting to $750,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES—BUREAU OF BIOLOGICAL SURVEY AND BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE (S. DOC. NO. 93)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, two supplemental estimates of appropriations for the fiscal year 1936, for the Department of Agriculture, namely, "Bureau of Biological Survey: Maintenance of mammal and bird reservations, $35,000; Bureau of Entomology and Plant Quarantine; West Indian

fruit fly and black fly, $36,000, in total amount $71,000", which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—GERMAINE M. FINLEY (S. DOC. NO. 92)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Department of State, fiscal year 1936, amounting to $2,750, for the relief of Germaine M. Finley, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

ALASKAN COLONIZATION BY F. E. R. A.

The VICE PRESIDENT laid before the Senate a letter, and a supplementary letter, from the Administrator of the Federal Emergency Relief Administration, reporting in response to Senate Resolution 158 (submitted by Mr. VANDENBERG and agreed to on the 21st instance), respecting the Alaskan colonization project being carried out under the direction of the Federal Emergency Relief Administration, which, with the accompanying papers, were ordered to lie on the table.

RALPH SOLLITT & SONS CO., F. L. FORBES, AND JOHN L. ABBOT *v.* THE UNITED STATES

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of Ralph Sollitt & Sons Construction Co., F. L. Forbes, and John L. Abbot against the United States, which, with the accompanying report, was referred to the Committee on Claims.

ELECTRIC RATE SURVEYS IN DELAWARE AND WYOMING

The VICE PRESIDENT laid before the Senate letters from the Chairman of the Federal Power Commission, transmitting, pursuant to law, compilations completed through the electric rate survey of the domestic and residential rates in effect in the States of Delaware and Wyoming on January 1, 1935, which, with the accompanying papers, were referred to the Committee on Interstate Commerce.

PETITION AND MEMORIAL

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from Ignatius K. Werwinski, of Chicago, Ill., praying for the prompt enactment of pending legislation authorizing the appropriation of $5,000 for the erection of a memorial tablet to commemorate the heroic services rendered by General Pulaski at Savannah, Ga., during the Revolutionary War, which was referred to the Committee on the Library.

He also laid before the Senate a letter in the nature of a memorial from Florence G. Martin, of Hialeah, Fla., remonstrating against the confirmation, when and if nominated, of Fred Ewing, to be postmaster at Hialeah, Fla., until investigation is made thereof, which was referred to the Committee on Post Offices and Post Roads.

REPORTS OF COMMITTEES

Mr. BYRD, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5532) to provide for the acquisition of a portrait of Thomas Walker Gilmer, reported it without amendment and submitted a report (No. 958) thereon.

Mr. JOHNSON, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 2118. A bill for the relief of John P. Seabrook (Rept. No. 959); and

H. R. 2555. A bill to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men (Rept. No. 960).

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 2611) for the relief of John E. Fondahl, reported it without amendment and submitted a report (No. 961) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (S. 3040) authorizing the Secretary of the Navy to accept gifts and bequests for the benefit of the Office of Naval Records and Library, Navy Department, reported it without amendment and submitted a report (No. 964) thereon.

Mr. COSTIGAN, from the Committee on Banking and Currency, to which was referred the bill (S. 2470) to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended, reported it with an amendment and submitted a report (No. 962) thereon.

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 3061) to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington, reported it without amendment and submitted a report (No. 936) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (H. R. 6656) to authorize the Pennsylvania Railroad Co., by means of an overhead bridge to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial side tracks, and for other purposes, reported it without amendment and submitted a report (No. 965) thereon.

He also, from the same committee, to which was referred the bill (H. R. 7447) to amend an act to provide for a union railroad station in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 966) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 1314) to make the husband or wife of accused a competent witness in all criminal prosecutions, reported it without amendment and submitted a report (No. 967) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. McNARY:

A bill (S. 3153) for the relief of veterans of the Spanish-American War, including the Philippine Insurrection and Chinese Boxer Rebellion; to the Committee on Pensions.

By Mr. ROBINSON:

A bill (S. 3154) making it unlawful for any person engaged in commerce to discriminate in price or terms of sale between purchasers of commodities of like grade and quality, to prohibit the payment of brokerage or commission under certain conditions, to suppress pseudo-advertising allowances, to provide a presumptive measure of damages in certain cases, and to protect the independent merchant, the public whom he serves, and the manufacturer from whom he buys, from exploitation by unfair competitors; to the Committee on the Judiciary.

By Mr. METCALF:

A bill (S. 3155) for the relief of Mary, Ethel, and Richard Farrell (with an accompanying paper) to the Committee on Claims.

By Mr. MINTON:

A bill (S. 3156) for the relief of Richard A. Templin; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 3157) to establish the Chief Joseph Battle Ground National Monument in the State of Montana; to the Committee on Public Lands and Surveys.

By Mr. MURPHY:

A bill (S. 3158) for the relief of John P. Volkens; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3159) to amend section 584 of title 20 of the Code of the District of Columbia relative to retirement allowance for total disability, age retirement, and pensions

to widows and orphans of retired members of the police and fire departments of the District of Columbia; to the Committee on the District of Columbia.

By Mr. BULOW:

A bill (S. 3160) to amend the law relating to residence requirements of applicants for examinations before the Civil Service Commission; to the Committee on Civil Service.

By Mr. KING:

A bill (S. 3161) to amend section 13 (c) of the District of Columbia Traffic Acts; and

A bill (S. 3162) to amend subchapter 2 of chapter 19 of the Code of Law for the District of Columbia, relating to offenses against property; to the Committee on the District of Columbia.

By Mr. GORE (by request):

A bill (S. 3163) to amend the act entitled "An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma", approved January 27, 1933; to the Committee on Indian Affairs.

By Mr. BURKE:

A bill (S. 3164) authorizing the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, to construct, maintain, and operate a toll bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Commerce.

A bill (S. 3165) fixing annual compensation for postmasters of the fourth class; to the Committee on Post Offices and Post Roads.

By Mr. TRAMMELL:

A joint resolution (S. J. Res. 153) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and to permit articles imported from foreign countries for the purpose of exhibition at such exposition to be admitted without payment of tariff, and for other purposes; to the Committee on Commerce.

CHANGE OF REFERENCE

On motion of Mr. NEELY, the Committee on Rules was discharged from the further consideration of the joint resolution (S. J. Res. 59) providing for the celebration on September 17, 1937, of the one hundred and fiftieth anniversary of the adoption of the Constitution of the United States of America by the Constitutional Convention; establishing a commission to be known as the "Sesquicentennial Constitution Commission", and it was re-referred to the Committee on the Judiciary.

AMENDMENT TO RIVER AND HARBOR BILL

Mr. BYRD submitted an amendment intended to be proposed by him to the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO FLOOD CONTROL BILL

Mr. ROBINSON submitted an amendment intended to be proposed by him to the bill (H. R. 7733) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENTS TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. ROBINSON submitted an amendment proposing to increase the appropriation under the Veterans' Administration, for hospital and domiciliary facilities, from $20,000,000 to $20,925,000, intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. FLETCHER submitted an amendment intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 22, after line —, to insert the following:

"WEST INDIAN FRUIT FLY AND BLACK FLY

"To enable the Secretary of Agriculture, in cooperation with the State Plant Board of Florida, to determine and apply such methods of eradication and control for the West Indian fruit fly and black fly, as, in his judgment, may be necessary to eradicate these pests from the State of Florida, $36,000."

Mr. FLETCHER also submitted an amendment intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 50, line —, to insert the following:

"GEOLOGICAL SURVEY

"Everglades National Park: For a topographic survey of the Everglades National Park and adjacent areas in the State of Florida, for expenditure by the Geological Survey under the direction of the Secretary of the Interior, including personal services in the District of Columbia and elsewhere; the computation and adjustment of control; the office, drafting, and photolithographic publication of the resulting maps; the purchase of equipment and the procurement of such aerial photographs as are needed to conduct the field surveys, $50,000."

Mr. MURRAY submitted an amendment providing an appropriation of $22,000, to be immediately available, for the establishment, equipment, and maintenance of an assay office at Helena, Mont., intended to be proposed by him to House bill 8554, the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

PROTECTION OF AMERICAN TEXTILES IN PHILIPPINE MARKETS

Mr. WALSH submitted the following resolution (S. Res. 163), which was referred to the Committee on Territories and Insular Affairs:

Whereas the Philippine Islands had been a principal market for American textile products, furnishing the sole livelihood for many thousands of American workmen; and

Whereas since 1932, when American textilles represented 75 percent of the importations into the Philippine Islands of such products, shipments of American textiles in 1935 will represent less than 25 percent of the total amount sold in the Philippine market; and

Whereas it is understood that the Philippine government and the Philippine people are sympathetic to the belief that because of the unusual governmental relations and other bonds which have existed between the Governments of the islands and of the United States, the products of American workmen are entitled to protection in the islands against those of foreign industries whose wage and living standards are not comparable with American standards; and

Whereas the Philippine government has unofficially indicated its willingness to sanction such protection in one form or another upon indication that such protection for the products of its citizens is desired by the Government of the United States; and

Whereas the Philippine Legislature is now in session: Now, therefore, be it

Resolved, That the President of the United States be respectfully requested to advise the Governor General of the Philippine Islands to convey to the president of the Philippine Senate and the speaker of the Philippine House of Representatives a request that the legislature, before adjourning its present session, take such action as will protect effectively American textiles in the Philippine market.

SETTLEMENT OF LABOR DISPUTES—CONFERENCE REPORT

Mr. WALSH submitted a conference report, which was ordered to lie on the table.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

OPEN-MARKET AUTHORITY IN FEDERAL RESERVE SYSTEM

Mr. FLETCHER. Mr. President, I ask consent to have printed in the RECORD a letter addressed by Mr. A. C. Miller, a member of the Federal Reserve Board, to the editor of the New York Times, and published in that newspaper on the 24th instant, relative to a controversy which has arisen with regard to the contemplated change in the location of the responsibility for the exercise of the open-market authority in the Federal Reserve System.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Published in New York Times of June 24, 1935]

JUNE 20, 1935.

The EDITOR,
The New York Times, New York, N. Y.

DEAR SIR: The pronounced differences of opinion regarding the amendments to the Federal Reserve Act contemplated in legislation now pending in Congress, and more particularly the acute controversy which has arisen with regard to the contemplated

change in the location of the responsibility for the exercise of the open-market authority in the Federal Reserve System, have sharpened interest in Federal Reserve history and especially those episodes in its history that throw light upon the wisdom with which its open-market powers have been exercised in the past. The greatest interest has been shown in the episode covering the period 1927–29.

The editorial in the New York Times of Sunday, June 2, 1935, appears not only to condemn the policies of the Federal Reserve System during the period 1927–29 but also to charge the responsibility for the System's "unfortunate mistakes" to the Federal Reserve Board. It stated, in part, that:

"Episodes have been cited, in the Reserve System's history, when the distribution of powers operated badly—the Board's refusal of a higher discount rate in 1919 to check the wild commodity speculation; insistence by the Board, in 1927, on a lower discount rate at the Chicago Reserve Bank, despite the evidence of growing speculation which the bank itself mistrusted, and the Board's rejection, early in 1929, of the New York bank's move to raise its rate and impose some obstacle to that year's ultimately fatal stock speculation. But the strange thing about this historical retrospect is that *all three unfortunate mistakes were made at Washington, against the representations of the Reserve banks;* yet that the new bill proposes to enlarge the power of Washington and to restrain the Reserve bank's initiative." [Italics supplied.]

This is but another instance of the persistent repetition of inaccurate and erroneous statements with reference to what transpired in that period. It is doubtless due not to any lack of desire to understand or to any lack of fairness, but rather to the simple fact that the whole story of this eventful period has never been told. The persons responsible for such statements apparently are not aware of certain facts, including the following:

(1) That the Board's action in reducing the discount rate of the Federal Reserve Bank of Chicago in 1927 was in pursuance of a system policy first proposed by the Federal Reserve Bank of New York and concurred in voluntarily by all of the Federal Reserve banks except Chicago.

(2) That the Federal Reserve Bank of New York took no action whatever to check the growing tide of speculation between July 13, 1928, and February 14, 1929, which was the most critical period.

(3) That the Federal Reserve Board finally assumed the leadership by sending to all Federal Reserve banks under date of February 2, 1929, and making public on February 7, 1929, a warning against the diversion of credit from the normal channels of trade and industry into speculative security loans;

(4) That the first proposal by the Federal Reserve Bank of New York to increase its discount rate from 5 to 6 percent was made on February 14, 1929, and was intended as a substitute for the "direct action" proposed by the Federal Reserve Board and which the Board thought would be more effective; and

(5) That the ensuing difference of opinion between the Federal Reserve Board and the Federal Reserve Bank of New York was not a difference of opinion as to the proper objective, but only as to the best method of attaining that objective.

I would be the last to deny that the Federal Reserve Board has not always functioned perfectly or that it must bear its share of the responsibility for the policies pursued by the Federal Reserve System during the fateful period, 1927–29, and for their consequences; but the public discussion of the important question whether or not final authority and responsibility for national credit policies should be placed in the Federal Reserve Board, as proposed in the pending banking legislation, should not be based upon erroneous, partial, and misleading statements as to what occurred during that period. Because of the bearing that a truer and fuller understanding of the manner in which the Federal Reserve banks and the Federal Reserve Board have respectively discharged their responsibilities have upon the pending banking legislation, a clearing up of these misapprehensions would be in the public interest at this time.

I am, therefore, undertaking to prepare a statement reviewing the course of Federal Reserve policy during the period 1927–29 with such personal comments as seem to me to be pertinent to an understanding of this remarkable episode in Federal Reserve history, and I intend to make it available for general publication.

In the meantime, and in order that the reflections contained in your editorial of June 2 may not longer go unanswered, I shall appreciate it if you will publish this letter pending the release of my fuller statement.

Very truly yours,

A. C. MILLER,
Federal Reserve Board.

CALL OF THE ROLL

Mr. NYE. Mr. President——

Mr. ROBINSON. I suggest the absence of a quorum.

The VICE PRESIDENT. Let the Chair say to the Senator from North Dakota——

Mr. NYE. I will endeavor to seek recognition after the quorum call.

The VICE PRESIDENT. Let the Chair say to the Senator from North Dakota that the present occupant of the chair was not in the chair when the Senate took a recess last evening, but the parliamentary situation, as he is informed by the Journal clerk, is that the Senator from Montana [Mr. WHEELER] had not completed his remarks when the Senate took a recess last evening. That being the situation, the Chair would feel that he ought to recognize the Senator from Montana to complete his remarks.

Mr. NYE. Very well.

Mr. ROBINSON. Mr. President, it is my understanding that the Senator from Montana had the floor and yielded to me to make a motion to take a recess.

The VICE PRESIDENT. That is what the RECORD shows. The Chair wanted to make that statement to the Senator from North Dakota.

The absence of a quorum having been suggested, the Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Pope
Ashurst	Coolidge	King	Radcliffe
Austin	Copeland	La Follette	Reynolds
Bachman	Costigan	Logan	Robinson
Bailey	Dickinson	Lonergan	Russell
Bankhead	Dieterich	Long	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McGill	Sheppard
Bilbo	Fletcher	McKellar	Shipstead
Black	Frazier	McNary	Smith
Bone	George	Maloney	Steiwer
Borah	Gerry	Metcalf	Thomas, Okla.
Brown	Gibson	Minton	Townsend
Bulkley	Glass	Moore	Trammell
Bulow	Gore	Murphy	Truman
Burke	Guffey	Murray	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norbeck	Van Nuys
Capper	Hastings	Norris	Wagner
Caraway	Hatch	Nye	Walsh
Carey	Hayden	O'Mahoney	Wheeler
Chavez	Holt	Overton	White
Clark	Johnson	Pittman	

Mr. ROBINSON. I announce that the Senator from Utah [Mr. THOMAS] is absent from the Senate on important public business, and that the Senator from Nevada [Mr. MCCARRAN] is necessarily detained from the Senate.

Mr. DIETERICH. I wish to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is detained on important public business in the State of Illinois.

Mr. VANDENBERG. I announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent because of illness.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is necessarily absent.

The PRESIDING OFFICER (Mr. MCGILL in the chair). Ninety-one Senators having answered to their names, a quorum is present.

SELECT COMMITTEE TO INVESTIGATE MUNITIONS INDUSTRY—H. S. RAUSHENBUSH

Mr. NYE. Mr. President——

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. NYE. Mr. President, day before yesterday the senior Senator from Iowa [Mr. DICKINSON] addressed himself to the Senate in a way that provokes and invites an answer by those whom, rather indirectly, perhaps, he included within his attack.

At the inception of the inquiry conducted by the select committee named to investigate the munitions industry every member of the committee became aware that sooner or later he and the members of the staff of the committee would be made to feel the displeasure of certain individuals or certain interests. Things were anticipated with an intent to embarrass the committee; just prior to each approach by the committee to new ground of inquiry, there have been threats of revelations that would embarrass members of the committee and embarrass its staff. Day before yesterday we encountered the first evidence of a seeming desire to accomplish this embarrassment.

On Monday last the select committee submitted a preliminary report on naval shipbuilding. The submission of this report was immediately followed by an address by the Senator from Iowa in the Senate seeking to plant the thought that he who had been engaged by the committee to coordinate its work, to carry on as its chief investigator, was of socialistic tendencies; that communism was somewhat re-

lated to him; and that he was one of those individuals who have fastened themselves within the Government and are boring from within. Whether or not there is anything to be concerned about in this connection is neither here nor there, but he was further charged with being one of the so-called "new dealers."

I am given to wonder at the moment at the timeliness of the attack.

The munitions committee is sponsoring several legislative bills. One of them is pending at the present time before the Senate Committee on Finance. That is the committee's war profits bill, a bill aiming to control, in time of another war, the profits which flow to men and to corporations. After months of effort the committee reported the bill to the Senate, and it was referred to the Committee on Military Affairs. It has been acted upon by that committee, reported to the Senate favorably with certain amendments, and the Senate in turn has referred it to the Finance Committee. We have assurances that the Finance Committee, through its subcommittee, will give consideration to the measure as early as possible.

Before the Senate Committee on Naval Affairs are two bills introduced in behalf of the munitions committee by the junior Senator from Michigan [Mr. VANDENBERG].

Before the Foreign Relations Committee are resolutions which the committee or members of it are sponsoring. Two of those resolutions, I am happy to announce, were this morning ordered reported by the Foreign Relations Committee, one dealing with the issuance of passports in time of war, the other dealing with the issuance of credits and loans in time of war.

I am wondering if there is now intent to make these measures, which the committee has fought so diligently to forward, appear as socialistic, to make it appear that there are forces at work within the committee and within the Senate which would have the Senate do other than the occasion clearly demands should be done? The attack plainly is not upon a member of the committee, but upon the one whom the committee engaged to carry on as its chief investigator, Mr. H. S. Raushenbush. Just what is the background of this report made to the Senate by the munitions committee day before yesterday?

It ought to be stated here and now that Mr. Raushenbush has a background of which he and any friend of his might well be proud. He is a graduate of Amherst College, which the Senator from Iowa [Mr. DICKINSON] might be pleased to know is the college of such eminent leaders as he has acknowledged, former Senator Morrow and Calvin Coolidge. Upon completion of his college work Mr. Raushenbush became a member of the faculty of Dartmouth College.

The allusion to the thought that Mr. Raushenbush might be a leader in the cause of socialism prompts me to say that Mr. Raushenbush has been invariably registered as a Republican, as his father, his grandfather, and his great grandfather had been registered as Republicans. I assume, however, that the record is such as makes it very clear to some Republicans that Mr. Raushenbush is not their kind of a Republican.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. NYE. I am glad to yield.

Mr. VANDENBERG. Before the Senator leaves the Dartmouth exhibit I want to add a word in testimony in the Senator's time.

When it became necessary for the committee to choose an executive agent, we all realized the tremendous suspicion and pressure to which he ultimately would be subjected. I for one was particularly anxious to search out the credentials of the man to whom we should submit this great responsibility.

At the request of the committee I inquired into Mr. Raushenbush's credentials, at Dartmouth College in particular, to which the Senator from North Dakota has just adverted. I desire to state for the RECORD at this point in the Senator's observations that President Ernest M. Hopkins, of Dartmouth College, gave Mr. Raushenbush his unqualified endorsement as a reliable, worthy, patriotic, effective, useful servant. The testimony of President Hopkins is quite adequate for my purposes in respect to any critical propaganda which may now be addressed against Mr. Raushenbush.

Mr. NYE. I thank the Senator for that sort of interruption.

Mr. Raushenbush has never been affiliated with the Socialist Party.

Mr. LA FOLLETTE. Mr. President——

Mr. NYE. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Before the Senator leaves that point, if he will permit me I should like to ask the Senator from Michigan, in view of his very conscientious service upon the committee, whether or not in his judgment, in the labors of Mr. Raushenbush and his staff, he has in every particular lived up to the high recommendation given to him by President Hopkins?

Mr. VANDENBERG. Mr. President, will the Senator from North Dakota permit me to answer?

Mr. NYE. I am delighted to yield to the Senator from Michigan.

Mr. VANDENBERG. I can testify without reservation that every recommendation made by President Hopkins has been justified. In my own rather critical and somewhat conservative judgment respecting this man, I can assert without reservation that he has done a superb and conscientious and effective piece of work which is completely beyond any possibility of legitimate criticism.

Mr. NYE. I do not know that it reflects for a moment upon a man to have been recommended and forwarded to high position or to a position of authority by the present administration, yet we were led to believe the other day that Mr. Raushenbush was one of the "new dealers." The insinuation was clearly meant that undoubtedly Mr. Raushenbush had been placed in his present position and capacity, as directing force of the munitions committee, by administration heads. If there is any of that thought, I feel it my duty to say to the Senate that he was not recommended by any department of the present administration, but that he was chosen outright by the committee after conference with him.

Mr. Raushenbush did not foist himself upon the committee. When the commitee finally indicated that it would employ him and wanted his services, Mr. Raushenbush went out of his way to forewarn the committee concerning some things which might arise concerning him and his record and his work which might prove embarrassing to the committee. He leaned backward, as I have said, to forewarn the committee of what consequences might follow were he to carry on this work. We made it very clear to Mr. Raushenbush at the time that whatever his writings or records in other days might have been, the committee felt it was able to exercise its own judgment when findings were laid before the committee and to draw its own conclusions. But throughout the months which have followed his engagement there have been constant threats, constant underground thought that something terrible was going to be revealed concerning Mr. Raushenbush which was going to be embarrassing to the committee which had employed him.

If there are those who are fearful that Mr. Raushenbush is one who has fastened himself upon a Senate committee and who has foisted his radicalism, as some like to call it, upon the committee, I want to say that Mr. Raushenbush has not been nearly as radical as some members of the committee have felt inclined at times to be in the conduct of the investigation and in the submission of reports to the Senate. As a little example, some days ago the committee gathered to give consideration to the final draft of a report on the shipbuilding industry which had been long in the making. The record is such that I have been impressed with the shipbuilding industry as being a no. 1 racket, a program of racketeering which rivals any that the country or its people have ever witnessed.

I was intent upon writing into the report language that would call a spade a spade, if it be of any interest to the

Senate; and members of the committee will bear me out when I say that Mr. Raushenbush was the one who cautioned against an attitude of that kind, was the one who urged a conservative, straightforward statement of facts to constitute the committee's report upon its study of the shipbuilding industry.

The committee—and I say this as its chairman—is ready to stand by the report that was made; a report which the Senator from Iowa charges was written by Mr. Raushenbush, a man whom we ought to investigate and know more about. The committee is standing by its report, which on today or tomorrow will be laid upon the desk of every Senator. I do not believe any Senator can read the report and gather from it any such conclusions as the Senator from Iowa evidently intended to cause Senators to draw.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Michigan?

Mr. NYE. I yield.

Mr. VANDENBERG. The Senator has indicated that the committee is a unit with respect to its report. I wish he would permit me to add a word of testimony in his time. Although there are partisan Republicans and partisan Democrats upon the committee, I think there has never been a single moment in the 15 months of our labors when there has been the slightest division of any kind or nature in respect to the objective to which we have addressed ourselves. The committee has moved with a unity which utterly rose above any political consideration at any moment and which indicated the extent of the clean devotion which was dedicated to the task in hand.

Out of that sort of unity not only comes the report to which the Senator from North Dakota adverts, with the unanimous support of the committee, but also out of that unity comes a complete agreement with everything the Senator from North Dakota is saying in respect to the character and services of Mr. Stephen Raushenbush.

It is none of our business what his particular economic views may be in respect to situations which are not involved in our labors. Our problem, and the problem which the Senator from Iowa was discussing, is the problem whether Mr. Raushenbush has rendered patriotic, able service in respect to this great enterprise. I desire to say again that, in my judgment, the Senator from North Dakota is justified in quoting the entire and unanimous committee in asserting that Mr. Raushenbush is entitled to every compliment which the Senator now pays him. Few public servants, in my observation, have been more loyal, more industrious, more earnest, or more conscientious in dedication to a specific and difficult and even hazardous task.

Mr. NYE. I feel all too inadequate in my ability to pay the kind of tribute that ought to be paid to a man who has made the sacrifice that Steve Raushenbush has made to carry on in the splendid work he has done for the committee and for the Senate; and, of course, that statement includes the splendid staff which he was instrumental in naming to associate with him and with the committee in the conduct of the investigation. There is one thing that has not yet been said about Mr. Raushenbush. There is one thing that has not been charged or even insinuated, and never will be, and that is that Mr. Raushenbush was in the pay of or under any obligation to shipbuilders or to munition makers of any category.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from Missouri.

Mr. CLARK. I should like to add to what the Senator from North Dakota has said that so far from ever having sought to impose on the committee his political views of any kind of character, Mr. Raushenbush was so sensitive, and so fearful that his own political views might possibly be embarrassing to the committee, that after an early meeting of the committee, in which it was agreed by all the members of the committee that if we really began to develop the facts and draw the blood we thought was possible in this situation the members of the committee and all its staff might well be prepared to be shot at from cover from every possible angle, Mr. Raushenbush waited on me at my office to tell me that he had engaged in some acrimonious political controversies in the way of an exposure of the Power Trust in a book which he had published some years before, and which had been very much criticized by the agents of the Power Trust.

I told Mr. Raushenbush I had read that book and had voted for his selection as the investigator of the committee in the knowledge of the book which he had written. He then told me that he had written some articles on socialistic theory which had been criticized from various quarters. I stated to him what I believed to be the sentiment of the entire committee—that we were not hiring him for his political views; that we were employing him as an investigator of facts; and that so long as he continued to develop the facts in the manner in which the committee desired it done, without fear or favor on any hand, we should be entirely satisfied with his work, and that when he did not we should fire him.

I desire to bear out what the Senator from North Dakota has said—that in my judgment no investigator connected with any Government activity in my lifetime has rendered higher, more efficient, and more patriotic service with greater self-abnegation than has Mr. Raushenbush in this investigation.

Mr. NYE. I thank the Senator.

Mr. VANDENBERG. Mr. President——

Mr. NYE. I yield to the Senator from Michigan.

Mr. VANDENBERG. I do not desire to intrude upon the Senator's time, but there is one further exhibit which ought to enter the RECORD before the Senator leaves his summation of Mr. Raushenbush's previous activity.

I desire respectfully to suggest that when the World War broke out, immediately upon Mr. Raushenbush's graduation he enlisted at Allentown, Pa., in the Army Ambulance Corps attached to the French Army and was among the first 10,000 volunteers to reach France; that his company was attached to the Fourth French Army in the Champagne; and that he has four engagement stars and an honorable discharge, which ought to count for something when the propagandists start to shoot from cover and from ambush at a man of this patriotic character.

Mr. NYE. Mr. President, no committee has ever had more reliable, more unselfish, more devoted cooperation than has been afforded the Munitions Committee by Mr. Stephen Raushenbush. As a member of the committee, I can say now that all conceivable effort to discredit him is not going to alter my confidence in him nor, I believe, the confidence of other members of the committee; yet on day before yesterday, with the submission of the committee's report on the naval shipbuilding industry, the Senator from Iowa [Mr. DICKINSON] at once reflected upon the report by charging in his own way that it was in part prepared by one with large socialistic inclinations.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from Missouri.

Mr. CLARK. Does the Senator from North Dakota know any member of the Committee on Munitions who signed the report who is not standing 100 percent back of the report both as to the allegations of fact and as to the conclusions to be drawn from those allegations?

Mr. NYE. There is no such member of the committee, and I am sure every member of the committee will be perfectly willing to stand upon the record of the report paragraph by paragraph.

Mr. Raushenbush is charged with writing the report. No one is going to deny that he has had a large hand in preparing the report; but I wish to say that the real writers of this report on the shipbuilding industry are the shipbuilders themselves, and that this report concerning them is a report based upon their words, emanating from their own lips when they were sworn and testifying before the committee. The report is written from letters and communications that

were theirs, among one another, and with departments of Government, during these hours when they have been bent upon looting Uncle Sam to the last red penny that is his.

In all fairness, I think the Senate, in the light of what was done day before yesterday, should have the brief findings which are incorporated within the report read and made a matter of record in the Senate, and then the question asked following each statement, "What is there about this that constitutes socialism?"

Mr. ROBINSON. Mr. President——

Mr. NYE. I yield to the Senator from Arkansas.

Mr. ROBINSON. To what does the Senator refer when he says "in the light of what was done day before yesterday"?

Mr. NYE. I am referring to the address of the senior Senator from Iowa [Mr. DICKINSON] day before yesterday, reflecting upon Mr. Raushenbush, who was employed by the committee to coordinate and direct its investigation.

Mr. ROBINSON. I did not hear it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NYE. I gladly yield.

Mr. CLARK. The Senator from Iowa not only reflected upon Mr. Raushenbush, but he reflected upon the Munitions Committee and upon the report which the Munitions Committee had filed on that day, because, apropos of nothing whatever, in connection with an entirely separate matter—the discussion of the farm-tenant bill—the Senator from Iowa saw fit to lug in the question of some early writings of Mr. Raushenbush, and to say that the report of the Munitions Committee, filed on day before yesterday, should be read in the light of some magazine expressions of Mr. Raushenbush some years before.

Mr. NYE. And it should be noted that through the winter there has come, at times, word that the Senator from Iowa was planning to do precisely what he did on day before yesterday.

Now, Mr. President, I desire to read, paragraph by paragraph, the findings of the committee as embodied in its report submitted to the Senate on day before yesterday. These findings are as follows:

In submitting this preliminary report on naval shipbuilding, the committee wishes to emphasize that it is interested mainly in two things.

The first of these is that the naval defense shall be provided for without profiteering or collusion.

Is that socialism?—

The second of these is that the national necessity for a purely defensive Navy shall not be confused with the private necessity of the shipbuilders for continuing profits as a consequence of the present close interdependence of the Navy Department and these private shipbuilders.

I ask again, is that socialism?—

The Navy is an instrument of national policy. Its growth and activities are watched abroad and take part in changing the foreign policy of other nations. Such changes work back to reshape our own national policy. The growth of a navy contains within it the seeds of armament races and wars as well as the legitimate seeds of a purely defensive national life insurance.

Does this in any sense constitute socialism?—

Because of this fact the naval shipbuilders are in a different position from road or building contractors who may move in on a Government, hungry for "plunder", as one shipbuilder's lobbyist described a naval appropriation. These private shipbuilders are part of the private system of national defense which has grown up. Their activities ultimately have a bearing on our foreign policy.

Does that statement within the committee's report constitute any degree of socialism?—

Whenever the Navy becomes closely tied up to private shipbuilding interests and asks for and is dependent on their support either in the securing of appropriations or in the construction or designing of necessary ships or in the crippling of our foreign policy, a dangerous and delicate situation has been created, and one which the country should go to full lengths to avoid and stop.

The technical developments of the present years are rapidly making the armaments of this Nation, particularly in regard to naval vessels and naval aircraft, approach those of European countries in their effects. In Europe almost every major defensive weapon can be used offensively, and is regarded by other European nations as a distinctly offensive weapon. With recent developments we are rapidly approaching that situation ourselves.

Is an expression of that kind in any sense socialism?—

This is an additional reason for providing for a cessation of any dependence by the Navy on those who may be primarily interested in their own profits and who may be unscrupulously glad to be in a position where they can wrap the flag around those private interests.

I suppose there are those who will call that in a sense socialism, but if it is, then let it be socialism.

Congress must never allow the people of this Nation to let themselves be confused between the actual needs of the country in national defense and the needs of the private shipbuilding and supplying interests for continuing profits.

The record of our shipbuilders in the war, in the post-war period, and in the days from 1927 on, before and after the cruiser program was begun, has not been an entirely pleasant or wholesome story. Some of them are certainly not above suspicion of willingness to wave the flag or to circulate war scares in the plain and simple interest of their own pocketbooks, regardless of results.

It is clear that these results are not to be trifled with. Mr. Eugene Grace, president of Bethlehem Steel Corporation, questioned on the possible effect of another war on western civilization, testified:

"I should think it was possible to destroy it; if not in its entirety, certainly in its effectiveness. Just an anticipation of it is too terrible even to think of" (galley 74 VW, Feb. 26).

With these possible results in mind, it is clear that the private shipbuilders should very definitely be policed in any and all moves made by them or through them to confuse public-defense needs with their private profits, or should be cut off entirely from the building of ships for the Navy.

Is that socialism, I ask?—

The committee is not unmindful of the naval race prior to the World War between England and Germany and the self-interest part played in it by Krupp and other steel interests and their Flottenverein. It is not unmindful of the fact, demonstrated in that naval race, that few elements of international competition can be used more effectively to scare other people into building larger fleets and spending more money on them than a navy which has clearly outgrown the purposes of national defense. The committee is not unmindful of the part played by Vickers and the Electric Boat Co., an American company, in such a naval race in South America in the early twenties. (See vol. 1, Committee Hearings.) It is not particularly impressed with the thought that companies which have engaged in this sort of activity, or in the business of trying to make the United States Government remit just taxes or to pay admittedly exorbitant claims, are exactly the right people to allow to hang around very close to the powder keg of international relations.

If it were clear that the rush and pressure of the shipbuilders and their associated subcontractors and suppliers toward a constantly growing navy had resulted in savings and economies to the Government in the construction of these cruisers and other naval ships, a case might be made for allowing them to live as close to the danger zone as they do now. While the evidence is not all in, the indications are, on the contrary, that the private yards cost the Government from one to two million dollars more per cruiser than the navy yards.

I. AGREEMENTS ON NAVAL BIDDING

Specifically, the committee finds, under the head of Agreements on Naval Bidding:

The Navy has become a big business. It is one of the largest governmental contractors in the world.

During the years 1933 and 1934 it gave out to private companies contracts totaling over $180,000,000.

The committee heard 9 companies, 67 witnesses, largely on the subject of these contracts. It spent 38 days, and took 4,036 pages of testimony.

The committee finds that the evidence indicates clearly that:

(1) In most cases the Navy wishes work to begin as soon as possible. The result of this is that there is often not time to prepare designs, let alone examine figures or to analyze the bids put before it by private companies.

(2) The rush has made it impossible for the Navy to use its own navy yards as current up-to-date yardsticks of private bids. The navy yards do not even know such essentials of the bids of private yards as the speed guarantees or oil guarantees until after the private bids are opened.

(3) The Navy has never examined the underlying costs or profits of the private builders. It makes no pretense of doing this. It has no staff for it. The figures studied by the Munitions Committee were all news to it.

The Navy makes no attempt to examine the costs of the private companies to determine whether the profit limitation of 11.1 percent in the Vinson-Trammell Act is enforced or evaded. That is left to the Treasury to do after 3 years, after a job is done.

(4) This rush, this lack of staff, this lack of acquaintanceship with the strange ups and downs of bidding by the private companies on the part of the Navy, leaves the Navy at the mercy of the shipbuilders. A series of bids are put before the Navy, and the Navy has to take the low one, and the taxpayers have to hope and pray that the low one is somewhere within a few million dollars of being reasonable and proper.

(5) The evidence presented to the committee showed that in 1933, on contracts worth $130,000,000 to the private shipbuilders, there was no hard-hitting competition among equally desirous bidders able to take on the work: On the aircraft carriers, worth $38,000,000; on the two light cruisers, worth $24,000,000; on the heavy cruiser, worth $12,000,000. There was no competition of that character on the heavy destroyer leaders, worth $30,000,000, nor on the light destroyers, worth $18,000,000. On the submarines there may have been honest competition, but one competitor possessed all the patents and would not tell the other company how much those patents would cost them. That is the way $130,000,000 worth of work was given out in 1933.

(6) From 1927 on, when the cruiser program started, the record is the same. If there was no collusion, there was a sympathetic understanding among the big companies of each other's desires.

If there were no conversations about bidding among them, there was telepathy.

In 1927 the shipbuilders made profits of 35 and 25.4 and 36.9 percent on the cruisers. That was too good to spoil by hard competition. In 1929 the Navy asked for bids on two cruisers. Not one of the "Big Three" yards obliged. They bid on 1 each, and got 1 each. Their profits on these were around 22 percent.

The record is the same in 1931.

(7) In 1933 two shipbuilders knew and wrote down lists of the low bidders weeks in advance of the time the bids were opened. Mr. Bardo was one of them. Mr. Wilder was another. Mr. Bardo admitted discussing his desires for certain ships only with his two main competitors.

(8) The fact that many bids are submitted by shipbuilders does not mean that there is real competition. It does not mean lower prices. In fact, quite the contrary is true. When there is lots of work to go around the charges go up. The shipbuilders know that the Navy feels it has to have the ships, and they raise the prices. They admitted this frankly.

Do these conclusions and these admissions constitute any degree of socialism?—

II. EXCESSIVE PROFITS

The committee finds, under the head of Excessive Profits, that the profit figures on the only naval vessels on which such figures are available were 35 percent (Newport News, 2 cruisers); 36.9 and 33.4 percent (New York Ship, 2 cruisers); 25.4 and 21.8 percent (Bethlehem Shipbuilding, 2 cruisers); 23.1 percent (aircraft carrier *Ranger*, Newport News).

III. PRICES INCREASED WITH BIG NAVY

The committee finds, under the head Prices Increased with Big Navy, that the need of the Navy for many ships in 1933 was the main cause for the increase in prices charged by the private shipbuilders, and that they frankly admitted this, and that the Navy recognized the fact.

"Q. They (the shipbuilders) were frank enough to say they were putting up prices because of the great amount of work at the time?—A. (Admiral Robinson.) There is no question about that."

IV. NAVY YARDS AS YARDSTICKS

The committee finds, under the head of Navy Yards as Yardsticks, that preliminary studies show the cost of building cruisers in navy yards to have been $2,116,304 lower than in private yards in 1927 and $1,569,090 lower in 1929. It also finds that in 1933 the low navy-yard estimate was $1,122,000 below the lowest private-yard fixed-price bid and $5,351,000 below the highest fixed-price bid. It also finds that the navy-yard estimates on the cost of building light destroyers averaged $1,240,459 lower than the average bids of the private yards and $943,460 below the lowest private-yard bid on a fixed-price basis.

The committee finds, further, that Navy officials have been transmitting to congressional committees figures on comparative costs of private and navy yards showing the profits on a privately built ship, the cruiser *Chester*, as $983,000, whereas the New York Shipbuilding Corporation informed the Munitions Committee that its profit on this cruiser was $2,946,706.

I suppose there is socialism in disclosing the different testimony which has been offered congressional committees by shipbuilders.

The committee finds, further, that the opposition of the private shipbuilders to navy-yard construction has been intense, reaching the point where the vice president of Newport News thought it better "to kill the Navy bill entirely" than to spend part of it in navy yards.

The committee notes the language used concerning a naval appropriation in 1931 by the Washington representative of Bath Iron Works:

"I understand the morning after the (appropriation) bill went through every east coast yard had its representatives in Washington with their tongues hanging out and all teeth showing ready to fight for their share of the plunder, and the only thing that stopped the west coast yards from being here was the fact that they couldn't come bodily by telegraph."

V. THE NAVY'S DEPENDENCE ON PRIVATE YARDS

The committee finds, under the head of The Navy's Dependence on Private Yards, that at present light cruisers, aircraft carriers, light destroyers, destroyer leaders, and submarines are being built largely or entirely from the plans drawn by private companies, and that there are very definite disadvantages to a system in which the Navy has to depend on private companies for such an important part of the national defense.

The committee notes the awareness of several of the shipbuilding companies of the fact that the Navy is completely dependent on them for this work.

The committee notes the statement by Commander E. L. Cochrane:

"The Navy's developments of 15 years were handed to the Electric Boat Co. on a silver platter, so to speak, on the conviction that it was desirable to keep at least one commercial company in the submarine game * * *."

And also notes the statements of Sun Shipbuilding officials, who wanted to build submarines, that they could not find out what the Electric Boat patents would cost them prior to entering a bid. The committee finds this apparent monopoly an unwholesome and unsatisfactory situation, especially in view of Electric Boat Co.'s foreign connections.

I am going to depart from reading this report sufficiently long to make a statement about the Electric Boat Co. They possess the patents essential to the construction of submarines. They sell them to every manufacturer on earth who will pay for them, including those engaged in shipbuilding in lands most apt to be our foes some day. However, the same Electric Boat Co. which enjoys from the Navy the large favor referred to by Commander Cochrane, absolutely declines to sell its right to manufacture under its patents to any other American manufacturer because that would destroy the monopoly which is theirs in supplying the Government's submarine requirements. It might very well be said here that Mr. Raushenbush and members of the committee, having been instrumental in revealing these facts, would square off in the estimation of the shipbuilders as being dangerous reds, radicals, Communists, and Socialists, as we were led day before yesterday to believe might be the case.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. TYDINGS. Does the Senator have any information as to whether the Electric Boat Co. offered the patents which it had to the Federal Government in the way of purchase? Did it offer to sell those patents to the Federal Government?

Mr. NYE. Off-hand I could only say that I have no recollection of any information of that kind being developed. Perhaps the Senator from Missouri [Mr. CLARK] can give the information.

Mr. CLARK. Mr. President, what is the question?

Mr. TYDINGS. I asked whether the Electric Boat Co. had ever offered to sell its patents to the United States Government?

Mr. CLARK. Mr. President, will the Senator from North Dakota yield?

Mr. NYE. I yield.

Mr. CLARK. There was never any suggestion in the testimony before our committee that the Electric Boat Co. had offered to sell its patents, and in view of the careful investigation and the grilling which the Electric Boat Co. officials received I feel very confident that if any such offer had ever been made it would have been brought to the attention of the committee, because they brought everything to the attention of the committee which they could bring in palliation of the very grave offenses proved against them.

Mr. TYDINGS. I know nothing about the case. I am simply asking for information. I wonder if the Federal Government ever expressed a desire to acquire the patents which the Electric Boat Co. had.

Mr. NYE. I am not mindful that they have ever made known any such desire.

Mr. TYDINGS. The reason I asked those two questions is that, of course, if the Federal Government did not want to buy the patents, it strikes me that the Electric Boat Co., aside from patriotism, looking at it in a commercial way, might want to utilize the patents and sell them to anyone who wanted to buy them, and, of course, if the Federal Government had wanted to buy them and the company refused to sell, that would make the case much worse than if the Federal Government did not want to buy them.

Mr. CLARK. It was developed in the evidence, as I definitely recall, that the Navy's own experts had participated in the development of some of the improvements in some of the Electric Boat Co.'s patents, which were later licensed to be sold to foreign countries.

Mr. TYDINGS. I can easily see how that would be proper, Mr. President. I do not mean that it was in this particular case. However, I do not wish a wrong construction to be placed on that evidence. For example, I can see how they might go along with some improvement, and pretty well establish that it was fundamental, and knowing that the Navy or Army or Coast Guard might be interested, they might ask some of the service experts to pass on some things or make suggestions which would make the improvement fitting for the Government to use thereafter.

I do not interject these questions to decry what the Senator from North Dakota is saying, but insofar as we now have the facts I do not want a wrong inference drawn, which at first occurred to me, namely, that the Federal Government might have wanted the patents and was not able to get them. I understand from the Senator from North Dakota that so far as that phase is concerned it was not brought out before the committee.

Mr. NYE. I think the Senator from Maryland will be interested in a brief revelation of an experience had by one of his constituents. If I am not mistaken, the Sun Shipbuilding Co. is a Maryland corporation.

Mr. TYDINGS. Which one?

Mr. NYE. The Sun Shipbuilding Co.

Mr. TYDINGS. We have a Sun Shipbuilding Co., I remember.

Mr. NYE. Of all those who appeared before our committee when we were investigating the shipbuilding industry I wish to say that few men have come with cleaner hands and finer records than the executives of the company which has its home in the Senator's home State. However, the Sun Shipbuilding Co. desired to participate in the bidding on contracts for the building of submarines. They sought diligently to ascertain from the Electric Boat Co. what the Electric Boat Co. would charge them for the use of their patents and their designs. They could not even get a quotation from that company. In spite of that, without knowing what they might be charged for those patents, the Sun Shipbuilding Co., out of a thorough and patriotic desire to see competition in that field, put in its bid. I think the record clearly reveals that the mere existence of that bid, and of that company's bidding, did afford a degree of competition which was keenly to be desired.

Mr. TYDINGS. If the Senator will permit another interruption, I may say that heretofore on the floor of the Senate I have called attention to some of the bids made by the shipbuilding companies, I think in the case of some destroyers. So far as I know it has been almost the universal rule that no shipbuilding is ever permitted in Maryland. It seems the bids are so worded that even though a Maryland company is low on one bid or high on another or in between on another, it cannot secure a contract. I have always felt that shipbuilders in Maryland, who have built as many ships as have been built in any other State in the Union, from the old Boston clippers down, are not given the business by reason of the broad wording of the bids. Although I have no evidence to support it, it seemed to me it was not desired that the Maryland companies should engage in that business. I am sorry to say—I have no facts to support it—that it seemed to me that some of the Government officials almost went that far. The bids of the Maryland companies in one or two cases warranted some of the work being given to them, but, under the blanket clauses and also because of the wording, we never secured any of those contracts. I have always been at a loss to know why we could not build ships as cheaply in Maryland as elsewhere, because the bidding seemed to indicate that we could.

Mr. NYE. The committee has been impressed, as the Senator from Maryland seems to be impressed, with the thought that there is much favoritism displayed, and much bulwark afforded against serious competition being had in the Navy's shipbuilding program.

I go back to the report, which has been alluded to as a bit of socialism written by men who were "boring from within."

The committee finds further that a very considerable delay followed the allocation of $238,000,000 of P. W. A. money to the Navy in 1933, and that a large amount of this was due to delay in the planning work by these shipbuilding companies which had contracted to do this part of the work for the others and for the navy yards. The committee notes that this delay took place in spite of pledges by all shipbuilders to begin work as soon as possible for the benefit of the unemployed.

The committee finds, further, that while the Navy is dependent on the private shipbuilders for ways and plans, the private shipbuilders are dependent on the Navy for special favors, and have received a considerable number of them. Most notable among these are the adjusted price contracts of 1933 and 1934, the failure to use the navy yards as yardsticks, the failure to make itself independent of the private yards in planning work, and the Navy's opposition to profit limitation in 1934.

The committee finds indications of the use by the Navy of the shipbuilders as a lobby for its interests.

Mr. President, I ask unanimous consent that the remainder of the committee's findings running through pages 6, 7, 8, and 9 in the printed report may be inserted in the RECORD at this point in my remarks.

Those who are intent upon locating the items of socialism in the report will have it in the RECORD and may more readily ascertain how large a degree of socialism is involved.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

VI. INFLUENCE AND LOBBYING OF SHIPBUILDERS

The committee finds, under the head of Influence and Lobbying of Shipbuilders, that the Navy contractors, subcontractors, and suppliers constitute a very large and influential financial group.

The committee finds that three big shipbuilding companies had $53,744,000 of work at stake in the Geneva Disarmament Conference which the Navy had given to them a few months before the opening of the Conference in 1927. It notes the admitted interest of the companies in the unfavorable outcome of that Conference. It notes Mr. Shearer's testimony that he was urged to go to the Conference by Admiral Pratt and was supplied with secret Navy information. It notes the secrecy of his employment by the shipbuilders, and the explanation for that secrecy. It notes his activities in the promotion of a war scare with England in 1928 and 1929, while being paid by the shipbuilders. It notes certain discrepancies between testimony given by the shipbuilders at the Shortridge hearings and the hearings of the Munitions Committee. It notes Mr. Shearer's claim that "as a result of my activities, eight 10,000-ton cruisers are under construction." Further, that owing to the failure of the tri-power naval conference at Geneva, there is now before the Seventieth Congress a 71-ship building program costing $740,000,000. It notes Mr. Shearer's further testimony of his activities at the request of various naval officials. It notes his description of his Geneva campaign as "fast and vicious." It notes his report at the "delight" of the shipbuilders at the result. It notes the payment by the shipbuilders of the costs of a pamphlet he wrote attacking certain private citizens, including Newton D. Baker and Franklin D. Roosevelt. It notes the payments he received from Mr. Hearst of $5,000 in 1929. It notes the spreading through a friendly newspaper syndicate of an alarmist story concerning alleged Japanese intentions by the president of the Bath Iron Works, with the intent and result of activity by a Senator and Representatives from Maine in connection with an appropriation bill in 1932.

The committee finds, on the basis of this and other testimony, that there is a clear and definite danger in allowing self-interested groups, such as the shipbuilders and their allied interests, to be in the close position of influence, as they are at present, to such an important instrument of national policy as the Navy is, and the danger in allowing them to remain in a position where it is to their financial interest to confuse public opinion between the needs of the country for a purely defensive navy and their own continued needs for profits.

The committee finds, further, that there has been a large amount of bipartisan political activity on the part of the shipbuilders locally, in Congress, and also at the national headquarters of the two parties. It makes no claim to have gone into this field thoroughly. The committee notes the claims of the Washington representative of United Drydocks in 1934 that he could get a bill through Congress for $50,000, and that "there is no virtue in being quixotic at this state." It notes the placing of Congressmen on certain committees at the request of the shipbuilders. It notes their claim to have helped the Navy on certain bills and to have elected Members to the House Rules Committee. It notes the reference to United Drydock Co. securing through Dave Hogan, secretary to Mr. McCooey, prominent Brooklyn Democrat, the award of $6,800,000 in destroyers in 1933.

The committee finds that the matter of national defense should be above and separated from lobbying and the use of political

influence by self-interested groups and that it has not been above or separated from either of them.

The committee finds, further, under this head, that the main lobby for the Merchant Marine Act of 1928 was conducted by the shipbuilders under the leadership of Mr. Laurence R. Wilder, then president of American Brown Boveri (New York Shipbuilding Co.), and that a sum of over $140,000 was spent in putting that bill over.

The committee finds further that New York Shipbuilding Co. was acquired as a speculative investment by the Bragg-Smith-Cord interests just prior to the 1933 naval awards; that the present owners are not experienced shipbuilders and have since tried to divest themselves of the ownership, and that it is not a satisfactory situation to have such an important part of our potentially necessary national defense in the hands of people who are willing to sell it to the first bidder. Speculators and speculation should have no place in our national defense.

The success of the shipbuilders in securing an allocation of $238,000,000 for shipbuilding from P. W. A. funds has been their most recent demonstration of power. In this their purpose was aided by labor groups who later, when the expected employment failed to materialize, spoke of the matter as a "double cross" to the Navy officials who had solicited their support for the measure.

VII. ATTEMPTS TO LIMIT PROFITS

The committee finds, under the head of Attempts to Limit Profits, that the failure of the Navy Department to turn the navy yards into effective yardsticks by which the charges of private shipyards could be measured and kept down has resulted in leaving the profits of the shipbuilders practically uncontrolled.

The committee finds that the Vinson-Trammell bill of 1934 limiting profits to 11.1 percent of cost cannot be enforced without a huge police force of accountants, and that disputes concerning its interpretation, similar to those which delayed the payment of war-time taxes by the companies for 12 years, may confidently be expected.

The committee finds that the Navy's grant of adjusted price contracts in 1933 with limitations on the amount of risk the Government assumed for the benefit of the shipbuilders, and in 1934 without any limitation on the Government burden for increased costs, has resulted, in effect, in cost-plus contracts. It finds these cost-plus contracts more profitable than the war-time contracts, when only a 10-percent profit over cost was allowed.

The committee finds that in the case of the 1934 adjusted-price contracts on light cruisers, destroyer leaders, light destroyers, and submarines the Government has assumed all the risk of increasing prices and has lowered the risk for which the companies received 11.1-percent profit by an enormous amount.

The committee finds that the Navy, which has no responsibility for enforcing the act, and which has no reliable figures about private costs, is in a position to allow—and according to one company has actually allowed—increased overhead charges, which can invalidate the whole attempt by Congress to limit profits. The committee notes that it was by the allowance of such theoretical overheads during the war years above actual overheads that New York Shipbuilding Corporation was paid $2,152,976 more by the Government than it actually paid out itself.

The committee finds that the shipbuilding industry and its subcontractors and suppliers have united in efforts to find ways to avoid the incidence of this law, and that Mr. Gillmor, president of Sperry Gyroscope, Navy suppliers, told them, "If the shipbuilders, boiler manufacturers, and electrical manufacturers act in accordance with uniform rules, it will be so strong I think the Income Tax Bureau will have a hard time resisting it." The committee notes the unreliability of the shipbuilders' figures, as indicated by the wide differences between their war-time reports and the audits of those reports by the Treasury (sec. VIII). It notes also in this matter of reliability the recent discrepancy of almost $2,000,000 out of a profit of $2,900,000 in the reports furnished by the New York Shipbuilding Co., passed on by the National Council of Shipbuilders and circulated recently among congressional committees by Navy officials. It also notes in this matter the evidence tending to show that the Bath Iron Works transferred an item of $60,000 incurred on a lighthouse tender to the costs of the destroyer *Dewey*.

The committee finds that there is no enforcement of the profit-limitation law in effect until 4 years after the beginning of a cruiser. It finds, from war-time experience (sec. VIII), enough evidence of the difficulty of auditing thousands of old vouchers and of properly allocating overhead, which the companies may have improperly saddled onto Navy vessels, to declare that there is no effective profit-limitation law today.

It finds the price of real enforcement of the attempts of Congress to limit profits to be a costly policing force of accountants and auditors who would be in the yard for at least 3 years, and a series of costly lawsuits after those audits have been completed. It finds that the only way to prove that a company had not improperly allocated overheads from commercial jobs onto Navy jobs would be to audit all the commercial jobs being done by a private yard as well as the Navy work; in short, to audit all the work done by the yard and to establish uniform accounting.

The committee questions whether this additional cost for auditing and policing, plus the cost of lawsuits after such audits, on top of the one to two million dollars extra cost of private construction, and the $300,000 spent by the Navy for inspection of the privately built cruisers, justify the continuance of private yards as naval contractors. They have the appearance of being expensive luxuries.

The committee reserves decision on this phase of the matter until the completion of its investigation of the costs of governmental construction.

VIII. WAR-TIME ATTITUDE OF SHIPBUILDERS

The committee finds, under the head of War-Time Attitude of Shipbuilders, that the record of the present shipbuilding companies during the war, wherever examined, was close to being disgraceful.

They made very considerable profits. On Treasury audits they showed up to 90 percent. They secured cost-plus contracts and added questionable charges to the costs. They took their profits on these ships after the war-time taxes had been repealed. They secured changes in contract dates to avoid war taxes. They bought from the Government, very cheaply, yards which had been built expensively at Government costs. In one case this was prearranged before the yard was built. One yard did not build necessary additions until it was threatened with being commandeered. Knowingly exorbitant claims were filed against the Government for cancelation. Huge bonuses were paid to officers. Profits were concealed as rentals.

After the war was over keels for $181,247,000 worth of destroyers were laid, which was probably the largest post-war favor done by any Government to any munitions group.

The committee finds no assurance in the war-time history of these companies to lead it to believe that they would suddenly change their spots in the case of another war.

After the committee's hearings on shipbuilding had closed, Gen. Hugh Johnson, at one time connected with the War Industries Board, later with B. M. Baruch, and later Director of the National Recovery Administration, explained that the N. R. A. had grown out of the plans developed by the War Department for the conduct of a future war. It was, he stated, developed directly from the war plans and was not shown to the industrialists for their approval until practically completed. In view of this statement, the committee finds significance in the testimony of a Department of Labor official concerning the unwillingness of the New York Shipbuilding Co. to observe the N. R. A. rules, with the result of a serious labor dispute in 1934. The company did not raise the question of constitutionality, and all that was involved was the question of observance or evasion of the law.

The committee finds in this evidence, taken together with the actual war-time experience of the Government with these companies, little hope for obedience by them of more stringent war-time provisions in the case of another emergency.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. NYE. I gladly yield.

Mr. LA FOLLETTE. After listening most attentively to these factual statements, based upon the exhaustive investigation from the report of which the Senator has read, and having read the remainder of it myself, I am prompted to refer to a situation developed by the Federal Trade Commission in its investigation of the power industry, which seems to me to be absolutely in point with the attack made by the Senator from Iowa upon the factual report of the special committee and upon Mr. Raushenbush personally for his participation in it. It was some time ago that I heard this incident referred to, and, therefore, I will have to rely upon my memory, and I will have to paraphrase what was said, as I remember it. As I recall the incident, the manager of a subsidiary of a public-utility holding company in the State of Iowa who was confronted with a fight upon the issue of municipal ownership in his community wrote to someone higher up in the chain of companies above him to ask for arguments to meet the statements and arguments which were being advanced by the proponents of municipal ownership in this particular campaign. He received a letter from the individual in the superior corporate structure to the effect that it was not worth while to debate the issues or to meet the facts with facts but that all that would be necessary, in order to win the contest, would be to denounce as Bolsheviks the supporters of the municipal ownership campaign in his community.

Mr. NYE. I thank the Senator. If those who read fail to discover any elements of socialism in the findings of the committee, perhaps they might want to consult the recommendations of the committee to prove their case. The recommendations are very brief; they are contained within the report to which I have been referring, and I read them:

RECOMMENDATIONS

1. The committee postpones its final recommendations on the problem of removing or rendering harmless to the public interest the close interdependence of the Navy and the financially interested shipbuilding interests. The final report on this subject will be rendered immediately upon the completion of its study on Government costs in private and navy yards and on the cost of purchasing necessary private yards for public use.

In the interval the committee recommends an unusually strict reporting of the activities of all the representatives of the ship-

builders and allied interests. This is contained in section 2, paragraph 3, of the attached bill.

2. In the matter of collusion and profiteering, the committee recommends the immediate adoption by Congress of the following bills "to prevent collusion in the making of contracts for the construction of naval vessels in private shipyards, to safeguard military secrets of the United States, to make public the activities of the shipbuilding lobby, and for other purposes", and to prevent profiteering in the construction of naval vessels in private shipyards.

Mr. NYE. Mr. President, if those recommendations and the reports on the two bills which follow them, and which I ask to have printed in the RECORD, lend themselves to any such case as the Senator from Iowa tried to make on the floor of the Senate day before yesterday, I shall be much surprised. I ask to have the pages which follow the extract I have read inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

(S. 3098)

The main purpose of the first bill (S. 3098) is to prevent collusion by the shipbuilders and to prevent their taking advantage of the Navy.

It does this by directing the Comptroller General to examine the navy-yard estimates and the private-yard estimates and bids before the Navy makes any awards. He is directed to analyze them on the basis of past bids and estimates and on the basis of the bids and estimates of all other companies and navy yards. (The studies of the Senate Munitions Committee on this subject are in this way to be utilized, maintained, and made permanent by the Comptroller General.) He is charged finally with the duty of recommending to the Navy whether bids shall be readvertised or not before any awards are made by the Navy Department.

This bill includes a provision for the registration of shipbuilding lobbyists and a statement of their income and expenditures. It includes a provision forbidding the sale abroad of naval inventions for a period of 5 years. It includes a provision to make the Navy independent of the private shipyards in the matter of designing and planning.

The committee recommends the adoption of all of the provisions in this bill as urgent and necessary to the public interest.

A copy of this bill (S. 3098), introduced June 19, is printed below as part of the committee's recommendations.

(S. 3099)

The main purpose of this second bill is to prevent profiteering.

It is provided in this bill that the Navy shall be allowed to pay to private shipyards a premium of no more than $500,000 per cruiser, $1,000,000 per aircraft carrier, or $300,000 per destroyer or submarine over and above the cost of building such a vessel in navy yards.

The committee believes that this is an adequate premium to pay to the shipbuilders, subject to its further studies of Government costs.

Since the Navy Department has at present assumed most of the risk of the shipbuilding industry in the form of adjusted-price contracts, and since the Vinson-Trammell Act was based on the assumption of risks by the industry instead of by the Government, the committee recommends that whenever the Government assumes the risk the profit be cut in half, i. e., to 5 percent instead of 10 percent of the total cost to the Government. The idea of having the Government assume all the risk of increasing prices for labor and material and in addition pay a profit of 11.1 percent on top of cost is preposterous.

This bill provides, therefore, that whenever the Government assumes all or a share of the business risk, as it does in the adjusted-price contracts of 1933 and 1934, that the shipbuilders, instead of being allowed a 11.1-percent profit, as they are under the 1934 act, be allowed only one-half of that amount.

A copy of this bill (S. 3099), introduced June 19, is printed below, as part of the committee's recommendations.

3. The committee recommends further that Congress refuse in any way to weaken the provisions of the profit-limitation bill of 1934, but, on the contrary, strengthen them as much as possible.

The bills containing the constructive recommendations of the committee to effect these results were approved by the committee, and are as follows:

"[S. 3098, 74th Cong., 1st sess.]

"A bill to prevent collusion in the making of contracts for the construction of naval vessels in private shipyards, to safeguard military secrets of the United States, to make public the activities of the shipbuilding lobby, and for other purposes

"*Be it enacted, etc.*, That no vessel, the commencement of which is authorized by the act entitled 'An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes', approved ———, 1935, or by any subsequent act, shall be built in any private shipyard unless (1) the Navy Department shall have prepared, prior to the advertising for any bid therefor, estimates of the cost of construction of such vessel in each of the navy yards; and (2) such private shipyard shall have agreed that all books, records, memoranda, documents, correspondence, and papers of such shipyard and of its subsidiaries and affiliates shall be subject to examination, during the usual hours of business, by representatives of the General Accounting Office and/or of the Navy Department. The word 'subsidiary' as used in this subsection means any person, corporation, trust, or business unit over whom or over which such private shipyard has actual or legal control, whether by stock ownership, contractual relation, or otherwise; and the word 'affiliate' means any person, corporation, trust, or business unit who or which has actual or legal control over such private shipyard whether by stock ownership, contractual relation, or otherwise.

"SEC. 2. No part of any appropriation made by such act of 1935, or by any subsequent act, shall be expended under any contract hereafter entered into with any private shipyard unless the bid of such private shipyard, upon the basis of which such contract was entered into, has been certified to by the Comptroller General as (I) fair, reasonable, and not excessive in amount, and (II) lower than any bid that could reasonably be anticipated upon readvertisement for bids. Such certification shall recite that it has been made after due consideration by the Comptroller General of (1) the Navy Department's estimates of the navy-yard cost of construction of the vessel covered by such bid; (2) estimates and reports prepared by the Navy Department and by the Comptroller General of the costs of construction in navy yards and in private shipyards of similar vessels; (3) previous bids and estimates made by private shipyards for similar vessels; and (4) the likelihood of changing costs of construction during the period of construction contemplated by such bid. Nor shall any part of any appropriation made by such act of 1935, or by any subsequent act, be expended under any contract with any private shipyard unless the Comptroller General shall, prior to each payment under such contract, certify that such shipyard has complied with all applicable provisions of the act of March 27, 1934 (Public, No. 135, 73d Cong.), and of all similar acts hereafter enacted, relating to repayment of profits, insofar as previous contracts of such shipyards with the United States, or of any agency thereof, are concerned; and as a basis for such certification the Comptroller General shall cause examinations to be made of the books and records of such shipyard relating to actual costs of construction of the vessel or vessels built by such shipyard pursuant to such previous contracts, and such actual examination of such books and records as is made shall be recited in such certification.

"SEC. 3. No part of any appropriation made by the act entitled 'An act making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1936, and for other purposes', approved ———, 1935, or by any subsequent act, shall be available (1) for payment to any contractor of the Navy Department which sells, or in any way imparts, to any person not in the employ of such contractor or of a subcontractor thereof, any design, plan, patent, machinery, or other equipment used by the Navy Department at any time prior to 5 years after the first use thereof by the Navy Department; (2) for expenditure under any contract with any private shipyard unless such contract, and each modification thereof, shall have been approved by the Comptroller General; (3) for payment to any contractor of the Navy Department unless such contractor shall have filed with the Secretary of the Senate on July 1, 1935, and on each succeeding July 1, a list containing the names of all officials, agents, and representatives of (a) such contractor, (b) all subcontractors engaged by such contractor in the performance of any contract with the Navy Department, including insurance companies and insurance brokers, and (c) any association of which such contractor is a member or of which such subcontractors are members or to which such contractor or subcontractors contributes or contribute, who during the preceding year have interviewed, whether in person or by telephone, or corresponded with any Member of Congress or any employee or relative of any Member of Congress or any officer of the Navy or any official or employee of the Navy Department or of any other Government department or agency upon the subject of legislation relating to naval, military, or merchant marine matters, or upon the business of such contractor or of such subcontractor, such list shall contain statements of the subjects of such interviews and correspondence, the total compensation, itemized by sources, received by each such official, agent, or representative during the preceding year from all sources, the itemized disbursements of such official, agent, or representative, including itemized statements of amounts expended for entertainment or for the benefit of any Member of Congress, or of any employee or relative of any Member of Congress, or of any naval officer or of any official or employee of any Government department or agency. The Navy Department shall also file on January 1 of each year with the Secretary of the Senate a list of the names of all officials, agents, and representatives of any private shipyard, and of any subcontractor, including any insurance company or broker, of any private shipyard, which has submitted to the Navy Department a bid for the construction of any vessel, who have interviewed, whether in person or by telephone, or corresponded with any officer of the Navy or with any official or employee of the Navy Department with respect to the legislation or to the business of such shipyard, or of such subcontractor, during the preceding year; such list shall contain statements of the subjects of such interviews and correspondence and shall include detailed accounts of all entertainment or benefit received by naval officers and by officials and employees of the Navy Department from any such official, agent, or representative; all such lists shall be published annually in full by the Secretary of the Senate as a Senate document; and (4) for payment to any private shipyard for plans and designs for vessels, whether as a part of the contract price for construction of a vessel or otherwise.

"SEC. 4. There shall be available for expenditure by the Secretary of the Navy from the appropriations under the caption 'Increase of the Navy' in the act entitled 'An act making appropria-

tions for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes', approved ————, 1935, such sums as the Secretary of the Navy may from time to time determine to be necessary for the establishment in the Navy Department of a section of design and planning which shall prepare the plans and designs for vessels constructed by or for the United States; and the Secretary of the Navy is authorized to appoint and fix the compensation of such technical assistants, clerks, and employees, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, and to make such expenditures (including expenditures for personal services and technical services in the Navy Department and in the field, and for drafting and other supplies, printing and binding, books of reference, and periodicals), as he may deem necessary for carrying out the provisions of this section: *Provided*, That, notwithstanding any other provision of this section or of such act of 1935, the President may by Executive order expend all or any part of the appropriations made under the caption 'Increase of the Navy' in such act for the expansion of existing navy yards.

"[S. 3099, 74th Cong., 1st sess.]

"A bill to prevent profiteering in the construction of naval vessels in private shipyards, and for other purposes

"*Be it enacted, etc.*, That no vessel, the commencement of which is authorized by the act entitled 'An act making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1936, and for other purposes', approved ————, 1935, or by any subsequent act, shall be built in any private shipyard unless such private shipyard shall have agreed to build such vessel for an amount not greater than the Navy Department's lowest estimate of the cost of construction of such vessel in a navy yard plus (a) $500,000 in the case of a cruiser, (b) $1,000,000 in the case of an aircraft carrier, and (c) $300,000 in the case of a destroyer or of a submarine; and unless in the contract for such vessel, except in the case of a fixed-price contract, such private shipyard shall have agreed (A) to pay to the United States Treasury all profit in excess of 5 percent of the total amount of the contract covering such vessel, such excess profit to become the property of the United States, and (B) to insert a like clause in all subcontracts, whether of purchase or of construction, in excess of $10,000 made by such private shipyard in the performance of such contract."

Mr. NYE. Mr. President, if those who have been interested in preparing this report, including Mr. Raushenbush and members of the committee, have been "boring from within", as the Senator from Iowa seems to like to put it, I am going to refer him to certain pages of the committee's report on the shipbuilding industry to ascertain just who it is who is "boring from within." It is the shipbuilders; it is their lobbyists; it is those who have attached themselves to important and influential departments of the Government to help the shipbuilding interests gain the ends which they want so much to accomplish. Boring from within! Let the Senator from Iowa but refer to pages 305 and 306 of the committee's report, which deal with the political activities of the Electric Boat Co. in order to accomplish their ends.

Mr. LA FOLLETTE. Mr. President, may I suggest that the Senator have those pages inserted in the RECORD at this point?

Mr. NYE. I think I made reference to the pages as being 305 and 306 of the committee's report.

Mr. LA FOLLETTE. I am suggesting that the Senator have those pages of the committee's report inserted in the CONGRESSIONAL RECORD at this point so that the Senator from Iowa will not even have to take the trouble to go back and read the committee's report, but it will be right there in the RECORD for his information.

Mr. NYE. That is an excellent suggestion, and I ask unanimous consent that the pages referred to may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

(y) Some indication of the interest of the Electric Boat Co. in political activities is given in the following exhibits:

EXHIBIT No. 198

[Copy]

NOVEMBER 5, 1932.

Mr. W. H. PUTNAM,
Chairman Republican State Ways and Means Committee,
Room 49, Allyn House, Hartford, Conn.

DEAR MR. PUTNAM: Please pardon my delay in replying to yours of October 19, which has been due to my absence. You are correct in thinking that I am very much interested in the election of Senator Bingham, as I feel that failure to send him back to the Senate would not only be an enormous loss to the State but to the Nation as a whole. I have been working actively in his behalf, and have reason to believe that as a result he will receive some 1,500 votes more than would otherwise have been the case.

I am enclosing my check for $50 as a contribution to your fund, which is additional to other contributions. I am sorry that I cannot make it more, but in these days of severely reduced incomes and greatly increased demands this is the best I can do.

While I was very nervous about the outlook a few months ago, I now feel that we are reasonably safe so far as Connecticut is concerned.

Very truly yours,

(s) L. Y. SPEAR.

EXHIBIT No. 181

ELECTRIC BOAT CO.,
HIBBS BUILDING,
Washington, D. C., December 18, 1928.

Mr. HENRY R. CARSE,
President Electric Boat Co., 11 Pine Street, New York City.

DEAR MR. CARSE: Successfully managed campaign for candidate Rules Committee, which is most important to us when any legislation is up.

Brought in some Western States, New England States, New York, Pennsylvania, and Michigan in Fort case, and New Jersey, Michigan, New York, Illinois, South Dakota, and Pennsylvania in Martin's case.

Candidates successfully elected to Rules Committee: Hon. Joseph W. Martin, Jr., Massachusetts; Hon. Frank Fort, New Jersey.

The Rules Committee is the most important committee in Congress. It absolutely controls legislation.

Thanking you, with kind regards, sincerely yours,

A. J. JOYNER.

EXHIBIT 183

MARCH 11, 1929.

Mr. HENRY R. CARSE,
President Electric Boat Co., 11 Pine Street, New York, N. Y.

DEAR MR. CARSE: Now that the session of Congress is closed and our legislative activities are temporarily held in abeyance, it is a pleasure indeed to report to you and to the board of directors that all of our legislative efforts have borne fruit.

The cruiser bill is passed; the submarine appropriations have been passed; and as I sincerely promised you the day we lunched together in New York, we did manage, after overcoming a number of handicaps and jumping some hurdles, to get the second deficiency bill through, and in doing so we succeeded in getting our claim through, and we expect to receive payment at 2 o'clock this afternoon or early tomorrow morning.

Members of the Navy Department have seen fit on several occasions lately to not only write but to personally express their appreciations and congratulations on the success of such parts of the program as we were directly interested in and for the help we gave the Navy Department. I am not prepared to write you, however, I shall be glad to verbally tell you what really happened with reference to the deficiency bill, and the part this office played in getting the bill through. I absolutely and positively believe, and feel safe in making the statement, that if it had not been for actions taken in this office on the day before the bill was passed, and the day the bill was passed, that the second deficiency bill would have gone over until next session; or, in other words, until the special or extraordinary session, which is called for the 15th of April.

My reason for not putting this in writing is out of respect for those who helped, and who were so powerful and friendly. The code of honor between men makes it unethical to name persons. However, my words and belief stand, and today we have succeeded again in having our claim and papers and certificates moved up ahead of over three-thousand-some-hundred other claims, and inasmuch as our claim is the very largest, you can quite readily understand the Treasury Department would naturally hesitate at any advancement, particularly at this time when there is a threatened deficit. There is no question but what the situation could have been maneuvered for the next 3 months because of the right of the Treasury Department to recheck and check, audit, and do a number of other things, which, while they are not doing it in our case, they are actually engaged in doing so in a number of cases.

Our designs are meeting with approval. Our advice and specifications are being received favorably, and, generally speaking, little is left to be desired up to this time, except that all-important part, the actual signing of any contracts that we might receive.

With good will and a friendly attitude existing in the Army and Navy, in Commerce and the Shipping Board, and the Treasury Department, and a good will does exist, which is true, as is the statement of pleasant friendly relations, we may well feel that a brighter future has opened up for this company, with less sales resistance, and pleasant hours free from the past worries and cares.

In the final, the writer wishes everyone in the organization, without exception, to feel and to know that all have played a part in loyalty, kind considerations, and cooperation, and that they are entitled to share the pleasure and delight in a final victory, and in my humbleness desire to express my sincere thanks to all.

Sincerely,

(Signed) STERLING J. JOYNER.

(Electric Boat hearings, part 1, Sept. 4, 5, and 6, 1934, hearings, pp. 289 and 290.)

Mr. NYE. Mr. President, then the Senator from Iowa will want to read again from pages 258 and 259 of the committee's report, which deal with the question of lobbying. From those pages he will secure further information as to who it is that is "boring from within" in the shipbuilding industry. I ask that those pages may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

C. LOBBYING—GENERAL

A great deal of political activity on the part of the shipbuilders was never or rarely put into printed form. The great banking or industrial interests behind the shipbuilding companies were not investigated in relation to their political influence or activities.

Certain bits of information on the subject were secured which are given, with testimony, below. They indicate a far greater activity than has so far been brought to light. Some evidence on the matter is continued in the investigation into the air-mail and ocean mail contracts, by the special Senate committee under the chairmanship of Senator BLACK (hearings under S. R. 349, 72d Cong.).

During the Senate munitions hearings several of the shipbuilding companies employed the same representative to aid them, paying him a total of $8,400. He also represented other munitions companies, including du Pont, Remington, and Curtiss-Wright, and received from these a total of $7,563.

New York Ship's activities included doing missionary work on the Navy appropriation bill; waving the House majority whip; beating certain sections of bill; and keeping officials under obligations to us (see galleys 54–55 GP, Jan. 23, Witness Humphreys).

The private shipbuilding companies have all been in politics to some extent. New York Ship's representative was interested in the reelection of Representative Britten, former chairman of the House Naval Affairs Committee, and others (see a). New York Ship also asked that the Congressman from Camden be put on that committee (see b). The method of publicity welcoming an investigation while privately killing it is described (see c). Interest in Tammany men in New York City is indicated (see d). The contradiction between testimony concerning lobbying given in the Shortridge hearings and the actual activities was brought out (see e). Influence was brought to bear through Mayor Hague, Governor Moore, and others in the method of stopping a possible P. W. A. loan to Gulf Industries, a competitor in the 1933 bidding (see f). Mr. Manning, of the Cord Corporation, testified that it was quite a job to take any business out of politics that sells anything to the Government (see g). Mr. William F. Kenny, an important political figure in New York City, was on the board of New York Ship, representing the Brady utility interests (see h). Mr. Wilder, former president of the predecessor company of New York Ship, and head of the lobby for the Jones-White bill, testified, "So it goes down the long history of the thing, the political power used to force the Navy to do things that it itself would not do. I feel that the Navy is in a vice, controlled by these three big yards" (see i). Mr. A. P. Homer, when connected with the Democratic National Campaign Committee, made a special plea to the shipbuilders (see j). In 1922 and 1923, a brother of the Secretary of the Navy was employed by New York Ship (see k). The president of the National Council of Shipbuilders and the president of United were at the same time using influence at the Republican National Headquarters (see l and u). Mr. Andrew W. Mellon's interests in the Bethlehem Co. was discussed (see m). The United States Steel subsidiary, Federal Ship, considered the Cord interests, which acquired New York Ship in 1933, "well connected" in Washington (see n). Mr. Newell, of Bath Iron Works, was questioned concerning the use of political influence and correspondence with the President's secretary referred to favors done for one of the President's children (see o). Bath Iron Works was solicited for subcontracts by a Member of Congress serving on the Merchant Marine Committee (see p). Mr. Newell, of Bath, spoke of contracting politicians in Maine (see q). United's interest was discussed at length, including the relationship of Mr. Powell, president of United, with then Representative Prall (see r). The use of local community influence to move a destroyer to United was brought out (see s). Mr. Powell's explanation of the rental agreement with Representative Prall is given (see t). In connection with the 1933 awards a reference is made to the securing of two destroyers for $6,800,000 through Dave Hogan, who was identified as secretary to Mr. McCooey, a prominent Brooklyn Democratic leader (see v).

The Washington representative of United, Mr. Malone, in 1934 wrote of being able to get out a 50-tanker appropriation for $50,000 (see *w*), and pointed out "there is no virtue in being Quixotic just at this stage." Mr. Malone explained this as a "case of sort of wishful thinking." The statement in a Kiplinger letter that the shipbuilding industry "depends on political pull, favoritism, back-scratching to get subsidies", and so forth, was commented on by Mr. Lambert, of Westinghouse, "while it has considerable truth in a number of the statements made, it seems to me a rascally thing to write and broadcast loose statements of this kind * * *" (see x).

Some of the Electric Boat Co. letters show an intense political activity and a kind of reciprocity with naval officials (see y).

The private yards have all been in politics to some extent.

(a) New York Ship's interest was indicated in part by testimony on April 5 (galleys 99 and 100 WC).

"Mr. RAUSHENBUSH. There are just a few letters I would like to have Mr. Bardo identify. Did you get this letter from Mr. Foster, concerning the reelection of Mr. Britten? Can you identify that [handing paper to witness]?

"Mr. BARDO. I can identify the signature. The signature is all right.

"Mr. RAUSHENBUSH. That is his signature?

"Mr. BARDO. Yes, sir.

"Mr. RAUSHENBUSH. He writes there about the interest—what is the date of the letter, Mr. Bardo?

"Mr. BARDO. July 8, 1932, Senator. I do not recall the particular letter, but this is his signature all right.

"Mr. RAUSHENBUSH. He says [reading]:

"'Today I ran into Jim Barnes up on the Hill.'

"Mr. Barnes represented what company?

"Mr. BARDO. Todd Shipbuilding.

"Mr. RAUSHENBUSH. Anybody else? How about the Aluminum Co.?

"Mr. BARDO. No.

"Mr. RAUSHENBUSH (continuing reading).

"'He is very anxious to talk to you about the hard time Fred Britten expects to have in getting reelected this year, also about several others who are likewise in difficulties. He only mentioned Britten's name.

"'I suggested that he write you, but for some reason he thought it best that I pass the word along so when you were next in Washington he might discuss the matter with you.

"'My impression is that he wants some financial support along the lines I spoke to you about some time ago, namely, to give active campaign support to merchant-marine friends in Congress who are expecting to find rough competition this fall. His fear is that should there be a Democratic landslide, their opposition to subsidies in any form would work against the present Jones-White Act and hamper prospective legislation pending to aid private operators.

"'ADDISON G. FOSTER.'

"Mr. RAUSHENBUSH. I offer that letter for the record.

"(The letter referred to was marked 'Exhibit No. 1905.')"

(b) "Mr. RAUSHENBUSH. A little earlier in the matter, Mr. Bardo, we find a letter from you to Mr. Tilson, asking that the Representative from Camden, Mr. WOLVERTON, be put on the Naval Affairs Committee. Do you remember that [handing paper to witness]?

"Mr. BARDO. That is correct.

"Mr. RAUSHENBUSH. Was he put on?

"Mr. BARDO. I do not remember. What is the date?

"Mr. RAUSHENBUSH. It is 'way back; 1926.

"Mr. BARDO. I think he was. That was his first time in Congress. He asked me to write a letter, because I happened to know Mr. Tilson very well, and I think he was put on.

"Mr. RAUSHENBUSH. I offer that letter for the record.

"(The letter referred to was marked 'Exhibit No. 1906' and is included in the Appendix on p. —.)"

(c) At a time when New York Ship was attempting to have its taxes lowered from an assessment of $14,500,000 to $5,705,000, the figure finally agreed upon, the company officials considered the possibility of a congressional investigation (Jan. 21, galley 33 GP).

"Mr. RAUSHENBUSH. I show you, Mr. Parker, a letter from Mr. Bardo, concerning what seems to be this tax matter. Will you look at that and see if you have ever seen that before? [Handing paper to witness.]

"I would like to read that, Mr. Chairman. It was dated about the time that these taxation matters were taking place, December 23, 1927, and while it mentions some costs of governmental ships, the *Saratoga* and the *Lexington*, it also refers to the tax matters. [Reading:]

"'I have just received copy of House Resolution No. 55, introduced by Congressman McClintic December 13, copy of which is attached hereto. I had a short talk this morning with Judge Parker, who stated that on your return from Washington you had requested that certain information be developed by Mr. Parker with the thought of inviting the investigation referred to.'

"Mr. Parker, is that you, or is he referring to Judge Parker? Do you know?

"Mr. PARKER. I assume he means me.

"Mr. RAUSHENBUSH (continuing reading):

"'Publicly, of course, we could not say other than that we welcome an investigation. Privately, we want to use every honorable means to see that the investigation is not started and that the resolution referred to dies a natural death in the Committee on Rules, to which it had been referred.

"'There is altogether too much dynamite in a congressional investigation, and we are altogether too vulnerable from the standpoint of political attack to leave anything undone which will forestall the investigation. We have troubles enough with our tax situation and our new high-speed line development without having the waters muddied up by a congressional investigation, the effect of which would be harmful either to ourselves or to the industry as a whole.

"'Who can say what statements Admiral Capps, for instance, if he were called before a congressional investigation, might make with respect as to what he regards as inefficiency and the lack of proper administration of the yard? He made these charges in one of our conferences. If he made them before a congressional

committee, we never could catch up with the story, and it may well be that we will be confronted not only with our tax situation but in addition by a resolution from Congress asking somebody to investigate all of these things which obviously would be dragged out in an investigation of this kind.

"'I expect to have a conference with Congressman WOLVERTON on Wednesday next.'

"That is the Congressman from Camden, is it not?

"Mr. PARKER. Yes, sir.

"Mr. RAUSHENBUSH (continuing reading):

"'The names of the House Naval Affairs Committee and the House Rules Committee are shown on the attached list.

"'Personally, I am strongly opposed to any encouragement of this investigation for the reasons which I have generally outlined.'

"Does that bring to your mind at all what activities were being carried on in connection with this very tax-matter business?"

The taxes from 1922 to 1925 were settled without audit within one-half hour (exs. 1242, Jan. 21, galley 33 GP).

Mr. NYE. Then, Mr. President, the Senator from Iowa will want to refer, I am sure, to the interest which his very good friend and leader, Mr. Everett Saunders, displayed in this game of "boring from within", and with reference to that I will refer him to page 273 of the committee's report to the Senate, which I ask may be incorporated in my remarks at this point.

Mr. NORRIS. Mr. President, will not the Senator read that page?

Mr. NYE. The Senator from Nebraska would like to have that read. Before reading it, it should be noted that the Mr. Saunders referred to is Everett Saunders who had been rather prominent in the party of the Senator from Nebraska and myself.

Mr. NORRIS. He was private secretary to the President of the United States.

Mr. NYE. He was private secretary to the President of the United States, and then he was later associated with the Senator from Iowa in the Republican national headquarters at Chicago in the most recent Presidential campaign.

The reference in the report which the Senator from Nebraska wanted referred to in a more definite way is on page 273, from which I read as follows:

(1) The political interest of another company, United Drydock, located in New York City, is indicated, in part, in a letter dated September 30, 1932 (galley 39 FS).

Mr. LA FOLLETTE. Was that during the campaign?

Mr. NYE. This was during the campaign of course.

Mr. Raushenbush—

I am quoting now from the testimony before the committee—

Mr. RAUSHENBUSH. About this time, just as a matter of record, because the Du Pont representative introduced the subject a while ago, I have a letter from Mr. Powell to your Mr. Williams, dated September 30, 1932. [Reading:]

"Capt. ROGER WILLIAMS,

"Newport News Shipbuilding & Dry Dock Co.,

"90 Broad Street, New York, N. Y.

"(Naval appropriations file no. 8121.)

"This morning Gerrish Smith and I called on Mr. Ted Saunders at the National Republican headquarters in New York, and made an oral statement to him of the political effect on the employees of the private shipyards of the award of the three destroyers to navy yards and requested him to use his influence with the President to direct construction of the three remaining vessels in private yards. He was interested and asked that the statement be reduced to writing, which was done, and a copy of the statement is enclosed herewith. He stated he did not know whether his influence would have an effect on the President, but my personal impression is that he will try to have the President award these three vessels to private shipbuilders.

"I believe it would be very effective at this time if any Republican Congressmen or Senators that you can reach telegraph to Mr. Everett Saunders, care of Mr. Jeremiah Milbank, Waldorf-Astoria Hotel, New York City, and to the President, and if you would also wire Mr. Saunders so that he will know that it is the industry that is speaking.

"Gerrish Smith is off to Washington and asked me to write this letter in his absence.

"Very truly yours,

"(Signed) J. W. POWELL."

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I gladly yield.

Mr. CLARK. In view of the fact that Mr. Raushenbush is a registered Republican, and, as I understand, has never voted any but the Republican ticket in his life, it would seem that in answering these questions Mr. Raushenbush was not "boring from within."

Mr. NYE. Quite so, and as one becomes acquainted with the record that has been made during the inquiry it is not difficult to understand, knowing the associations of the Senator from Iowa, why he would want to cast reflections upon the report of the findings which the committee investigating the munitions industry has submitted to the Senate.

Mr. CLARK. Mr. President, will the Senator yield there?

Mr. NYE. If he and his kind have it in mind that they can frighten the committee to the point where they will dispense with the services of one like Stephen Raushenbush, who has played so large and so splendid a part in accomplishing its findings, they have another guess coming, I am sure.

I now yield to the Senator from Missouri.

Mr. CLARK. I do not recall, Mr. President, whether it was in the report of the committee or not, but I am certain the Senator from North Dakota will recall the testimony before the committee, including the letter relating to an incident in which the New York Shipbuilding Co., whose bonds were all owned by Mr. Andrew W. Mellon, at that time Secretary of the Treasury, was involved. Mr. Mellon received a telegram from the president of the New York Shipbuilding Co. complaining bitterly that he had not been given the allotment in the construction of new vessels to which he thought he was entitled, and which he understood had been the agreement he was to have. He requested the Secretary of the Treasury to overrule the Navy Department and see that his own company should receive the allotment to which he felt himself entitled. That was also probably "boring from within."

Mr. NORRIS. Mr. President, I should like to inquire what happened? Did he succeed in getting the allotment?

Mr. CLARK. Mr. Mellon was more prudent than the president of the shipbuilding company, and his correspondence unfortunately was not preserved, but the fact developed during the course of the committee's investigation that he got the full allotment. We were unable to find Mr. Mellon's answer to the telegram of the president of the New York Shipbuilding Co., but that company got its cut.

Mr. BARKLEY. That is what the answer was?

Mr. CLARK. Yes.

Mr. NORRIS. That was a pretty good answer.

Mr. CLARK. Mr. President, I shall detain the Senate not longer than 5 or 10 minutes in supporting the attitude taken by the Chairman of the Special Committee on Investigation of the Munitions Industry, the Senator from North Dakota [Mr. NYE], and by the Senator from Michigan [Mr. VANDENBERG].

In the brief time which I shall occupy the floor I begin by expressing regret that the Senator from Iowa [Mr. DICKINSON] has not seen fit to be present. I took the trouble to notify him sometime ago that the Senator from North Dakota was occupying the floor upon the subject of his attack from cover upon the report of the Munitions Committee on day before yesterday, and that upon the conclusion of the remarks of the Senator from North Dakota I expected to occupy a few minutes on the same subject.

As one member of the Munitions Committee who signed the report presented day before yesterday on the shipbuilding industry, let me say that the Senators who signed the report stand behind it 100 percent; that we challenge any contradiction of the facts adduced in that investigation upon which that report is based, and we are willing to debate the question of the validity of the conclusions drawn from the facts alleged at any time and at any place.

Let me say further that while the secretary of the committee, Mr. Raushenbush, naturally participated in the preparation of the report, as he had participated very actively and with very great ability and splendid patriotism in the investigation upon which the report was based, the members of the committee accept full responsibility for every line of the report, and do not either yield their responsibility or charge Mr. Raushenbush with responsibility for the report.

Mr. President, as I said a moment ago, when the Senator from North Dakota [Mr. NYE] was kind enough to yield to me, Mr. Raushenbush was so sensible of his own responsibility, so much interested in the scope of the investigation, so convinced that the investigation might serve a great purpose to the Nation and so anxious not to embarrass the success of the investigation, that he voluntarily came to me, and I understand to other members of the committee, and told us that his ancient fight on the Power Trust and some of his political writings might be embarrassing to members of the committee.

Members of the committee to whom these remarks were made told Mr. Raushenbush that we were not employing him on account of his private political views; that we cared nothing whatever about his private political views; that we were employing him for the ability which we believed he possessed as an investigator, and that so long as his conduct of the investigation was satisfactory to us he would be retained, and whenever it was not satisfactory he would be discharged and someone else employed.

In my opinion, there has never been an investigating official connected with any committee of the Congress or any other department of the Government who has proceeded with more intelligence, with more energy, with a greater spirit of self-abnegation, and with more signal success on a very small expenditure of money, than has Stephen Raushenbush.

Mr. President, we all knew when we started into the investigation that if we made it effective, if we drew blood, if we began to create sentiment in the country and abroad against this international racket, the committee would be attacked; that it would first be scoffed at; that if anybody could find anything against members of the committee their motives would be impugned, their character attacked, their bank loans would be called if possible, and anything possible would be done to embarrass the conduct of the investigation.

Mr. Raushenbush started on a very small salary, the limit we were able to pay him under the law, knowing full well what he was going into. The attack which has been made here on Mr. Raushenbush is simply in pursuance of that situation which he knew, and we all knew, would exist.

As a matter of fact, this was not the first attack which was projected by the munitions manufacturers on Mr. Raushenbush. The first attack, on which they got cold feet before they actually had the courage to go forward with it, was based on some alleged domestic affairs of Mr. Raushenbush.

I am sorry the Senator from Iowa [Mr. DICKINSON] is not here. I desire to state for the RECORD that the Senator from Iowa, knowingly or unknowingly, is not the originator of this latest charge against Mr. Raushenbush and against the Munitions Committee. The Senator from Iowa is marching under the banner of that unspeakable scoundrel, William B. Shearer, generally known as "Big Drum" Shearer, the agent provocateur who received many thousands of dollars from the shipbuilding companies for going to Geneva to sabotage a disarmament conference and who, later, after denouncing the shipbuilding companies and threatening to expose them, threatening to kill one of the principal officers, after threatening personally one of the principal officials of the shipbuilding companies with a scandal greater than Teapot Dome, was later employed by the same shipbuilding companies to go up and down the country interviewing newspaper publishers, Senators and Representatives, undertaking to get up a war scare about Great Britain based on a fake report, which was claimed to be a secret report from the archives of the British Navy.

I am willing to acquit the Senator from Iowa of any deliberate knowledge that he was simply acting under the auspices of Mr. Shearer, who is still here on the pay roll, as was testified before our committee, of at least one shipbuilding company. I am willing to assume the Senator from Iowa did not know under whose direction he was proceeding. But I have in my possession a letter dated May 3, 1935, directed to "Hon. BENNETT CHAMP CLARK, Senate Office Building, Washington, D. C.," addressed to "Dear Mr. Senator", and signed by W. B. Shearer. Let me say that on receipt of this letter I filed it in its proper place, which was the waste basket. Then it occurred to me that it might possibly be useful at some later time in connection with this matter, so I dug it out and preserved it in my files and I am glad I did. The letter reads:

> DEAR MR. SENATOR: No one doubts that Senator GERALD P. NYE is a good American and that he realizes the importance of adequate national defense.

I am sure the Senator from North Dakota [Mr. NYE] will be complimented at this encomium from Mr. Shearer, the same man who in a previous letter wrote his employers, in that case the Newport News Shipbuilding Co., informing them that he felt justified in denouncing anyone who disagreed with him as a pacifist and as unpatriotic, the same man who referred to the present Secretary of the Navy, Hon. Claude Swanson, and to the present senior Senator from Tennessee [Mr. MCKELLAR], to mention only a few, as being "dangerous radicals."

Continuing Mr. Shearer's letter:

> Writing in a book, the Socialism of Our Times, published in 1929, Mr. Raushenbush states, "The students coming from the colleges today can do something more than be filled with wholesome and cleansing indignation. They can be of enormous use to the (Socialist) movement, as Government officials. * * * One good man, with his eyes, ears, and wits about him, inside * * * can do more to perfect the technique of control over industry than a hundred men outside."

I call the attention of the Senate to the fact that that is precisely the extract, including the elisions, used by the Senator from Iowa on the floor here day before yesterday.

Mr. Shearer continues:

> Who made Mr. Raushenbush chief investigator for the Nye committee?

Well, Mr. President, I am able to answer Mr. Shearer's question. The Senator from North Dakota [Mr. NYE] made him the chief investigator. The Senator from Michigan [Mr. VANDENBERG] made him the chief investigator. The Senator from Idaho who now occupies the chair [Mr. POPE] made him the chief investigator. The Senator from Georgia [Mr. GEORGE], who sits on this floor, made him the chief investigator. The Senator from New Jersey [Mr. BARBOUR] and the Senator from Washington [Mr. BONE] and myself made him the chief investigator; and we did it after very careful examination. I may say cross-examination in the case of the Senator from Michigan and myself, because we got Mr. Raushenbush down here after the other members of the committee had tentatively agreed on him and cross-examined him for an hour and a half as to his ideas of conducting the investigation, and did not vote for him until we were thoroughly satisfied as to his qualifications.

Mr. NYE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Missouri yield to the Senator from North Dakota?

Mr. CLARK. I yield to the Senator from North Dakota.

Mr. NYE. I think it might be well to inject the thought that no one on the committee who had a hand in appointing Mr. Raushenbush is apologizing for him at this time.

Mr. CLARK. I am exceedingly well pleased with the result of our selection.

Mr. Shearer continues:

> It would appear that Mr. Libby and Miss Dorothy Detzer, moving spirits and the master pacifists of the National Council for the Prevention of War, had something to do with it.

Mr. President, speaking for myself, I had never seen or heard of Mr. Libby or Miss Detzer at the time I voted for the selection of Mr. Raushenbush; but, having since become acquainted with them, I say without hesitation that I should very much prefer to have the recommendation of such public-spirited citizens as Mr. Libby and Miss Detzer, whether or not one agrees with them on a particular question, than to have the recommendation of an unspeakable scoundrel and hireling like William B. Shearer, the tool of the shipbuilding interests.

Mr. NYE. Mr. President——

Mr. CLARK. I yield to the Senator from North Dakota.

Mr. NYE. I may add here that, while I am sure Miss Detzer and the gentleman named in Mr. Shearer's letter quite approve the splendid record Mr. Raushenbush has made, the RECORD ought to bear the information that Mr. Raushenbush was not their first choice for that place with the committee.

Mr. GEORGE. Mr. President, will the Senator from Missouri yield to me?

Mr. CLARK. I yield to the Senator from Georgia.

Mr. GEORGE. The Senator from Missouri may recall, as I think the chairman of the committee may recall—and I may say frankly—that at first I raised some question regarding Mr. Raushenbush's qualifications; that is, his fitness for the particular kind of work.

Mr. CLARK. That is perfectly true.

Mr. GEORGE. I am pleased to say that I have found Mr. Raushenbush at all times a very open-minded, straightforward agent of the committee, and he has performed for the committee a most valuable service. I think I should make that statement in justice to him.

Mr. CLARK. I thank the Senator.

Mr. Shearer goes on in this letter of May 3:

In the fall of 1934—

This apparently is an attempt to impugn the integrity and veracity of Mr. Raushenbush—

In the fall of 1934, and prior to the Senate's second appropriation for the Nye Committee's investigations, Mr. Raushenbush states that he had to borrow money to carry on the investigation. From whom did he personally borrow it?

Mr. President, of course I do not know that that is any of Mr. Shearer's business. I never heard that Mr. Raushenbush made that statement. I myself made the statement on the floor from information which I happened to have. While I think it is none of Mr. Shearer's business, I am glad to answer. Mr. Raushenbush advanced the $200 out of his own personal funds before the second appropriation, as members of the committee carried certain items of expenditures at the same time.

There is attached a copy of Mr. Raushenbush's insidious political philosophy as it appeared in full in the book entitled "The Socialism of Our Times." The book was edited by Harry W. Laidler and Norman Thomas and included contributions from such noted internationalists, pinks and reds, as Morris Hillquit, Roger N. Baldwin, Paul Blanchard, Soloman De Leon, Alexander Goldenweiser, Valdimir Karapetoff, Lewis Waldman, etc.

And I may say, Mr. President, that the mimeograph enclosure in Mr. Shearer's letter is precisely the same which was inserted in the RECORD on day before yesterday by the Senator from Iowa.

Raushenbush differs from the Bolsheviks merely in that he believes in "a boring from within" rather than a bloody revolution.

Raushenbush surely has, as master mind, "bored from within" on NYE.

Sincerely yours,

W. B. SHEARER.

Mr. President, both the motive and the method of this attack on the committee through Mr. Raushenbush are so obvious that I do not desire to waste time in further discussion of them. The Senator from North Dakota has indicated some of the activities disclosed and proven before our committee which might be well classified as "boring from within." I simply desire to say, so far as I am concerned as one member of the committee—and I think I speak for every member of the committee—that if the Senator from Iowa or any other Senator, or anybody else within or without this Chamber, desires to impugn the validity of the report of the committee, I invite them to come out from behind Mr. Shearer's smoke screen and meet the issue in the open by either attacking the facts which we have set up or the conclusions which we have drawn from those facts; and I can assure the Senator from Iowa and Mr. Shearer and everybody else that the members of the committee will be glad to meet them on those issues at any time and at any place, in this Chamber or without it.

INCREASE OF TAXATION

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. CLARK. I am glad to yield to the Senator from Louisiana.

Mr. LONG. I was hoping to get a little information from the Senator from Missouri—not that I should want anything told that would violate any committee confidence—if he has any information on the tax bill that we might know. I have been sitting around here for a day, waiting to find out what has happened to the bill, and if there is a bill, and what is the situation; and, not seeing the Senator from Mississippi [Mr. HARRISON], I thought, perhaps, the Senator from Missouri might enlighten us, since he is one of the two Senators participating in the debate yesterday.

Mr. CLARK. It had not been my intention to discuss that subject. I may say to the Senator from Louisiana that the Finance Committee yesterday afternoon voted to have hearings on the proposed amendments to the joint resolution extending the emergency taxes; that the hearings were, by agreement, to start this morning at 10 o'clock; but upon the committee gathering this morning at 10 o'clock we were informed that the experts who had drawn the amendments and schedules, after working all night until 4:30 this morning, had been unable to prepare an explanation of what was in the bill which it had been proposed to report out of the committee on yesterday; and the committee is still waiting for the experts to be prepared to figure out what is in the schedules which we were asked yesterday to vote upon.

Mr. LONG. Will the Senator yield for one more question?

Mr. CLARK. I yield.

Mr. BARKLEY. Mr. President——

Mr. LONG. Do I understand that the experts are to wake up before the committee is to meet?

Mr. CLARK. I am unable to answer the Senator from Louisiana. I say only that the meeting has been postponed.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. CLARK. I yield to the Senator from Kentucky.

Mr. BARKLEY. I do not know whether or not the Senator from Missouri was present when the committee met this morning.

Mr. CLARK. I was on my way around to the committee room when I discovered that the committee had adjourned about 2 minutes after meeting, on the ground that the experts were not prepared.

Mr. BARKLEY. I happened to be present at the time, and the chairman of the committee announced that it was understood yesterday that the Treasury experts who were to gather certain information as to the probable results of each schedule and each bracket in the amendments as prepared were first to be heard. Brief hearings were voted with the understanding that those who had participated in the conferences resulting in the framing of the amendments, who are ordinarily referred to as "Treasury experts", would be first heard in order that we might know as nearly as we could know how much money would be raised by the amendments which have been suggested. The Treasury experts did work until early this morning, and had not finished their calculations as to the amount of revenue so that they could report to the committee; and for that reason the committee took a recess. At that time, however, only one man had requested to be heard before the committee, and that was the Honorable Benjamin Marsh, who, no doubt, will be able to contribute very much information to the hearings on the subject.

Mr. CLARK. I should like to make it perfectly clear that I am speaking in no critical sense of the labors of the experts. The statement was made before the committee yesterday afternoon that the preparation of this measure had not started until 9 o'clock night before last, and the experts had worked all night, night before last, preparing the schedules and were necessarily present at the session of the committee on yesterday to receive their instructions, and worked again last night. Naturally I have no criticism of

their activities in the matter, considering the fact that they started the preparation of the bill only after 9 o'clock night before last.

Mr. BARKLEY. I did not mean to impute to the Senator any criticism of the experts; but he referred to the fact that we recessed in order that the experts might find out what was in the bill; and that sounded like a sort of half-compliment and half-criticism.

Mr. CLARK. I certainly do not desire to criticize the experts, in view of the pressure under which they necessarily worked. I do say that it is a rather anomalous situation to have the experts unable to report the morning after a very strenuous effort has been made by the chairman of the committee, the Senator from Kentucky, and others to report the bill yesterday afternoon.

Mr. BARKLEY. The Senator, of course, understands that in every tax bill involving rates upon incomes of individuals, corporations, estates, and inheritances it is always difficult to arrive at anything like an approximate estimate of the amount of money that will be raised. That frequently happens after weeks of deliberation; and it is not strange that even after working all night even Treasury experts might find it impossible to get right down to brass tacks and know exactly how much in dollars and cents a bill is going to raise.

Mr. CLARK and Mr. VANDENBERG addressed the Chair.

Mr. LONG. I yield to the Senator from Missouri. Then I will yield to the Senator from Michigan.

Mr. CLARK. I simply wish to say that there is no quarrel between the Senator from Kentucky and myself. If we are to proceed in this way of getting up a tax bill after 9 o'clock one night and trying to report it out of the committee at 4 o'clock the next afternoon, I really think the most sensible thing to do would be simply to pass the rates in blank and authorize the experts, after they get together and hold a convention with themselves and figure out the items entering into that computation, to fill in the blanks.

Mr. BARKLEY. Would the Senator vote for such a bill?

Mr. LONG. I yield to the Senator from Kentucky.

Mr. CLARK. I would not; nor would I vote for this one, unless it received proper consideration and I had a chance to find out what is in it and upon what calculations it is based.

Mr. VANDENBERG. Mr. President——

Mr. LONG. I yield to the Senator from Michigan.

Mr. VANDENBERG. I desire to ask the Senator from Kentucky for a little information for my own guidance. Can the Senator tell me whether it is still the plan to pass the tax measure by Saturday night, or has the program again been changed?

Mr. BARKLEY. Nobody has ever suggested that there was any command from anybody or any source that this measure was to be passed by Saturday night.

Mr. VANDENBERG. Was not that the original announcement, after the White House conference night before last?

Mr. BARKLEY. It was not.

Mr. VANDENBERG. The newspapers were all in error in that respect?

Mr. BARKLEY. I did not see any such announcement, and I understand that no such announcement was made on the responsibility of anybody in authority.

Mr. VANDENBERG. Did not the Senator from Mississippi indicate on the floor that the nuisance tax joint resolution was to be used as the vehicle for these other taxes?

Mr. BARKLEY. Yes; but there was no announcement, as I understand, that the joint resolution had to be passed by Saturday night. On the contrary, there was discussion as to how much revenue would be lost per day by the delay in the passage of the joint resolution for as much as a week, or any other number of days.

Mr. VANDENBERG. Did not that indicate very definitely that the whole thing had to be done by Saturday night?

Mr. BARKLEY. No; it indicated that all possible speed was necessary, but not that the loss of a few days' revenue would be material, or that it would in any way interfere with the budgetary plans of the Government.

Mr. VANDENBERG. If the Senator will permit me—I desire to be accurate——

Mr. BARKLEY. Yes; I am sure of that; so do I.

Mr. VANDENBERG. My understanding now is that it is all wrong that it was ever proposed to attach the new share-our-wealth taxes to the joint resolution extending the nuisance taxes and to pass the joint resolution by Saturday night.

Mr. BARKLEY. The Senator, as usual, is partly right and partly wrong.

Mr. VANDENBERG. That is pretty good; I thank the Senator for the concession.

Mr. BARKLEY. It is still the plan to attach the amendments to the joint resolution, but there is no understanding that it has to be done by Saturday night. On the contrary, if the Senate Committee on Finance carries out its program as adopted yesterday, if anyone shows up outside of the one witness who has requested that he be heard, and hearings are held for as much as 2 days, beginning tomorrow, it will manifestly be impossible to pass the joint resolution by Saturday night.

Mr. VANDENBERG. Then, is it the plan to postpone the passage of the nuisance-tax joint resolution until these other taxes may be added to it?

Mr. BARKLEY. So far as I know, the taxes which will be offered as amendments will be attached to the joint resolution, and all of them acted upon together ultimately, when the Senate shall act.

Mr. VANDENBERG. So we are still continuing, then, upon the theory that the whole problem is to be taken as a unit in the Senate, and the new share-our-wealth taxes—were they the taxes to which the Senator referred?

Mr. BARKLEY. "Share our burden" is the latest appellation.

Mr. VANDENBERG. And God knows it is a burden!

Mr. BARKLEY. I hope the Senator from Michigan will not be called on to carry any more than his share.

Mr. VANDENBERG. Is it the plan to continue, then, with the nuisance-tax joint resolution until these new income, corporation, and inheritance taxes are attached to it?

Mr. BARKLEY. It is the plan of the Senate committee to report certain amendments which are now under consideration and offer them on the floor of the Senate to the joint resolution involving the extension of the excise taxes which have already been under consideration.

Mr. VANDENBERG. And to hold the excise-tax joint resolution here until there is a settlement of the other question?

Mr. BARKLEY. Yes.

Mr. VANDENBERG. I thank the Senator from Kentucky.

Mr. LONG. Mr. President, I have a few remarks to offer on the new tax matter. I was merely seeking information. I find my friend from Michigan and some of his well-meaning cohorts no doubt still befuddling the matter; and apparently, from what I have been learning today, there is no definite plan ahead, but apparently there is a definite bill which has pretty well been agreed upon. I would take it that the schedules of rates published in the newspapers is apparently what has been proposed by this measure. May I ask that of the Senator from Kentucky?

Mr. BARKLEY. I think that is approximately correct. The Senator understands that there are three propositions involved.

Mr. LONG. I understand the whole thing.

Mr. BARKLEY. Inheritance taxes——

Mr. LONG. Income and corporation taxes.

Mr. BARKLEY. Income and corporation taxes.

Mr. LONG. Yes; and gift taxes.

Mr. BARKLEY. And gift taxes. They are all in separate amendments and separate schedules, and I understand that those tentative schedules were given to the press and published in the morning papers. Of course, there has been no agreement in the committee on any rates. They were published largely for the information of the public, so that if anyone desired to request a hearing on them, he might do so if there were any protests to be made or any recommendations to be made. But so far as the committee is concerned, I will say to the Senator that no rate has been

agreed to by the committee. The rates published were tentative rates suggested, and they are now under consideration.

Mr. LONG. Who suggested these rates?

Mr. BARKLEY. The rates were suggested after a conference of the chairman of the committee with representatives from the Treasury and representatives of the joint committee on taxation and a number of men who have had long experience in drawing tax bills.

Mr. LONG. The point I am getting at is this: This is the White House recommendation on the tax bill?

Mr. BARKLEY. I do not know whether it is the White House recommendation or not. I am quite satisfied it was not prepared at the White House.

Mr. LONG. I understand.

Mr. BARKLEY. Whether or not the White House has been apprised of these proposed rates or suggestions I am not informed. I have not conferred with anyone at the White House about it.

The Senator understands that the President in making his suggestions in his message, and, as I understand it, in conferences which occurred subsequent to that, has not taken it upon himself to suggest rates, but thinks that is a matter for Congress to work out.

Mr. LONG. That is just what I want to find out. I understand the contrary, and the public press understands the contrary, that the official administration bill is this particular bill which has been submitted to the committee, embodying the schedules of rates which have been published in the papers.

Mr. BARKLEY. The amendments which are under consideration were prepared, as I have indicated, as a basis for the work of the committee. Somebody had to do it, and, of course, it was done under the supervision of the chairman of the committee, working with experts in the Treasury and others.

Mr. LONG. What I mean is that, as in the case of other administration bills, at least for the present this schedule would be the administration idea tentatively, I should say.

Mr. BARKLEY. It is the idea really of the committee; that is, the chairman of the committee, who, of course, has more responsibility in the initiation of legislation than anyone else on the committee; and the chairman, after it was understood and decided that these amendments would be offered on the pending joint resolution, did what he, of course, ought to have done; he proceeded to try to work out some tentative schedules upon which the committee might work, but there has been no vote in the committee on any one of them.

ARE WE TO REDISTRIBUTE WEALTH?

Mr. LONG. Mr. President, I would assume that at least for the present the so-called "schedules of inheritance taxes, gift taxes, income taxes, and corporate taxes" are at least those of the administration's recommendations or tentative recommendations to the committee. That would be assumed from the remarks of Senators as I glean them.

Let me say this to my friend from Michigan and to my friend from Kentucky, and to some of the members of the public press, about this schedule of rates. This is referred to as a "share-our-wealth" proposal. That is the designation given to it by many newspapers. The Senator from Kentucky [Mr. BARKLEY], following the statement which I see is attributed to the Senator from Idaho [Mr. BORAH], referred to these schedules as "share-the-burden" amendments.

What the newspapers say is that the Treasury experts estimate or the administration experts calculate that this new bill or the new amendments embodying the four schedules will raise $340,000,000 a year. I look over the schedules with my more or less experienced tax mind, and I do not think they will raise $340,000,000, from my knowledge of some common business events. Nevertheless, I do not want to dispute any estimate that has been made, although mine differs considerably; but just accepting the estimate of the Treasury officials and of the experts of the administration, that this is supposed to yield $340,000,000, I wish to say that it does not comply top, side, nor bottom with the declarations contained in the message of the President of the United States.

The message of the President reads as though it were a share-our-wealth message. It contains all the clauses and all the expressions and all the declarations and all the prayers which those of us who are advocating redistribution of wealth have ever uttered. It would do credit to the share-our-wealth expressions of Daniel Webster, of Abraham Lincoln, of William Jennings Bryan, of Lord Bacon, and of any other scholar or student or government who has ever advocated redistribution of wealth. But when the administration bill comes in it can hardly be said to be kinfolk with the message of the President of the United States. The bill proposed is not a third cousin, it is not a fourth cousin, it is not a hundredth cousin to the message sent to us by the President of the United States.

I desire to read the kind of expression used by the President in his message. I am going to show by the figures sent to us by the Treasury Department that evidently someone is out of step.

Here is something I read from the President's message:

> In the modern world scientific inventions and mass production have brought many things within the reach of the average man which in an earlier age were available to few.

What is he talking about here? This is along the lines of what we have been advocating, that these good things which inventive sciences have brought within the reach of all should be shared by all. I read these clauses, much as they may be found in other documents which are placed in the CONGRESSIONAL RECORD:

> With large-scale enterprises has come the great corporation, drawing its resources from widely diversified activities and from a numerous group of investors. The community has profited in those cases in which large-scale production has resulted in substantial economies and lower prices.

Then I skip and read further:

> In addition to these three specific recommendations of changes in our national tax policies, I commend to your study and consideration a number of others. Ultimately we should seek through taxation the simplification of our corporate structures through the elimination of unnecessary holding companies in all lines of business.

That, I suppose, was in line with what I said on the floor of the Senate. At the time we had the holding-company bill before the Senate I said that the bill ought to be universal in its application. I said that it ought not only to apply to electric-light companies or to electric-power companies, but it ought to apply to every big corporation in the country, and I said there was no justification for leaving any large corporate structure out of the law prohibiting the existence of holding companies. I said so at the time the bill was under consideration in the Senate; and right today, if I were in charge of the House of Representatives, as this administration is, I should go over there and amend the holding-company bill so that it would not only apply to public-utility power and distributing companies but I would have it cover every corporation in the United States, because that is contemplated by the message of the President, and that is logical. If it is fair to prohibit holding companies in the field of electric distribution, it is fair and it is proper to prohibit them in all other fields of business, and it ought to be done. So here is another golden chance, which is about to fly out of the window, to comply with the recommendations of the President of the United States, which can be done without any serious debate on the floor of either House.

I wish to refer back in the earlier part of the President's message:

> Our revenue laws have operated in many ways to the unfair advantage of the few, and they have done little to prevent an unjust concentration of wealth and economic power.

I hope the Senate will catch the burden of these remarks contained in the message of the President:

> The movement toward progressive taxation of wealth and of income has accompanied the growing diversification and interrelation of effort which marks our industrial society. Wealth in the modern world does not come merely from individual effort; it results from a combination of individual effort and of the manifold

uses to which the community puts that effort. The individual does not create the product of his industry with his own hands; he utilizes the many processes and forces of mass production to meet the demands of a national and international market.

Therefore, in spite of the great importance in our national life of the efforts and ingenuity of unusual individuals, the people in the mass have inevitably helped to make large fortunes possible. Without mass cooperation great accumulations of wealth would be impossible save by unhealthy speculation. As Andrew Carnegie put it, "Where wealth accrues honorably, the people are always silent partners." Whether it be wealth achieved through the cooperation of the entire community or riches gained by speculation—in either case the ownership of such wealth or riches represents a great public interest and a great ability to pay.

In other words, the ownership of wealth should be in the hands of the people, so says this message, and that is what is intended. I agree with that message. I not only agree with this message of the President of the United States but I agree with every other message and promise which the President has made on this subject since I have been paying any attention to his utterances along this line. I agree with the message which he gave out at Chesterton, Pa., or Chesterton, Md., I believe it was. I agree with the declaration and promise which he made at the National Democratic Convention at Chicago. I agree with the declaration which he made in Atlanta, Ga., before his nomination. I agree with the same declaration he made in San Francisco, Calif., and the same declaration which he made at Columbus, Ohio, and the same declaration which he made on the 5th day of May 1934, I believe it was, or the 12th day of May 1934, at the N. R. A. Congress, which was assembled here in Washington.

All these declarations have been to what effect? They have been to this effect: That wealth in the hands of the money masters and fortune holders of this country taxed into the people's hands, where it is in unusual, unhealthy quantities, and concentrated into few hands. It should be distributed into the hands of the people. That is exactly what it means. That is exactly what he says; and that is sound, that is fair, and that is the only thing which is going to save the country.

Now, it is said we are to have a bill for this purpose; and they send in that bill. What is it? The bill proposes to do what? Does it propose to distribute wealth? Let us see if it does. By the terms of the bill the sum of $340,000,000 per year is to be raised from this fund. Why, Mr. President, the interest alone on the debts of the American people paid to the money masters whom they owe is $24,000,000,000 a year. The interest alone is $24,000,000,000 a year.

There is that much surplus accumulation which goes into the hands of the men who are the holders of the obligations which the people of this country owe. It amounts to $24,000,000,000 a year. It will be $24,000,000,000 this year as it was last year and the year before. Talk about redistributing wealth when a tax bill is proposed here which, according to the Government's own claim, would yield $340,000,000 out of that $24,000,000,000 which the moneyed people are to gain in interest alone! According to the Government figures, as the holders of the obligations get $72 in interest this year we will make them kick back $1. That is what this bill provides on that one line alone. They gain $71 where they pay $1 in taxes.

The administration today is going in the hole at the rate of $3,000,000,000 per year. This year it will cost $3,000,000,000 in obligations which this Government has to issue and which will fall upon the unborn generations to come, to carry on the distress work we are now doing. Our national deficit this year will be $3,000,000,000. If the tax bill, which it is claimed will effect a redistribution of wealth, raises $340,000,000, we shall find it raises 10 cents every time the Public Treasury goes a dollar in debt. This entire tax bill would yield us 10 cents to offset every additional dollar deficit which the Government accumulates. In other words, instead of redistributing wealth, instead of currying down the big fortunes by this tax bill, we will have to get 90 cents more to add to the 10 cents raised by this tax bill before we will be even with the board on the amount of money which we are now spending.

One further illustration along that line. Three hundred and forty million dollars—it is not that much, but I am admitting it to be that much—$340,000,000, that is not as much money as this nuisance tax will yield in a year's time. These nuisance taxes yield $500,000,000 a year, and to have a whole lot of hubbub and flurry that we are enacting a great redistribution-of-wealth bill, when the whole thing put together will amount to just a little bit more than one-half of the insignificant nuisance tax schedule which is going through the Senate, is too preposterous and ridiculous to attract the attention of anyone seriously concerned in the fundamentals of giving opportunity to 125,000,000 people, instead of giving opportunity to a few hundred or a few thousand families.

I am not very much surprised to see confusion reigning over this proposal. I understand it came like a clap of thunder out of a clear sky to the administration and anti-administration cohorts in the Senate. I was one of the astounded persons when I heard this message being read. It was almost like a repentance which came from the tomb. It is almost, Mr. President, like being suddenly shocked into a realization of something that was too real to be believed, and I can naturally understand that some of my friends in the Senate and outside of the Senate, and that some of the wise elders of the public press, received this message with varied emotions. Some thought it a good thing. I did. Others thought it a questionable thing. Some were appalled at such a message coming from the President of the United States. However, when it came here I was, after a few moments, no longer abashed, for the reason that it was a restatement of what had been said at the Democratic National Convention. If I might be permitted, I will mention what was said by the President of the United States at the Democratic National Convention.

At the Democratic National Convention the President of the United States appeared on the platform for the purpose of giving his interpretation of the platform and dedicating himself to carrying out the purposes of the platform and the will of the Democratic Party. When he had reached the particular point of dealing with the immediate subject he said that the world was looking to us to provide a real opportunity so that the people of the United States might share in the distribution of the national wealth. The interpretation he put on our platform throughout the campaign was that we were dedicating our nominee to the proposal to share the national wealth among the people of this country.

Mr. President, here is an editorial, a part of which I am going to read. It appeared today in all the Hearst newspapers in the United States. It does me no credit, and seeks to do the administration less credit even than it does me. I read now from the New York American of Wednesday, June 26, 1935, page 2. The editorial is headed:

Kingfish swallows donkey.

[Laughter.]

There is no more amazing spectacle in the history of American politics than the present administration's capacity to gobble up ideas and plans that belong to other men and parties.

President Roosevelt having sunk the Democratic national platform from keel to smokestack, adopted and tried to put into practice the national Socialist platform.

The Supreme Court having told the President in no uncertain terms that socialism was one thing and the American Constitution another, President Roosevelt then blandly took over Senator HUEY P. LONG'S soak-the-rich and spread-the-wealth doctrine—a doctrine molded in the criminal brains of the leaders of the Paris Commune and sanctified in the brain of an oriental fanatic, Nicolai Lenin.

Just there, Mr. President, let me say, to begin with, that the share-the-wealth or spread-the-wealth or, if the editorial writer wants to term it such, the "soak-the-rich" doctrine was not the property, politically or otherwise, of Senator HUEY LONG; nor was it originated by Mr. Lenin; nor was it originated by the Paris Commune. For the benefit of those who inspired this particular editorial, let me say that the doctrine that wealth had to be redistributed came with the birth of man on earth. It did not come from me; it did not come from Russia. I repeat it came with the birth of the first man on earth. It came from the command and from the lips of the Creator of mankind; it came from the Lord; and any man and any set of men at this late day, particularly in view of the recent repronouncement of the

President of the United States, who undertake to argue against the philosophy of the redistribution of wealth, if they want to blame some one for having been the particular creator of that line of logic, will have to blame it upon the One who gave mankind existence on earth. Not only do I say that Mr. Lenin and the Paris Commune were not the originators of this logic, but it will be found, Mr. President, let me say for the benefit of the editorial writers, in all the teachings of Socrates and of Plato and of Confucius; it will be found in all the works of Lord Bacon and in the lines of Shakespeare; it will be found in the lines of Thomas Jefferson, James Madison, Daniel Webster, Abraham Lincoln, Theodore Roosevelt, Ralph Waldo Emerson, and even in the words of Herbert Hoover, the last preceding President of the United States. The philosophy that the wealth has got to be redistributed and that a nation and the people of a nation cannot survive unless they redistribute wealth had its foundation with the birth of man and has had among its followers leading statesmen of America and of every other country; but there has never been a country that has been saved, assuming this one shall be saved, which has waited so long to bring about a redistribution of wealth. By that I mean to say that there has never been a country which avoided the chasm of wreckage that waited until wealth had become concentrated into so few hands as has been the case in America, and if America is to be saved it will be due to a speedy and actual redistribution of wealth to be effected in the United States.

A bill contemplating the raising of $340,000,000, I wish to say to the Hearst newspapers and to all other newspapers, is not a share-our-wealth bill. While it may have relationship to our program to the degree of one-fourth of 1 percent, as it has in this case, we would vote for the infinitesimal one-fourth of 1 percent and battle for the 99¾ percent in future campaigns; but in no sense of the word does the bill that has been mentioned in the public press as the administration's bill carry out anything like a redistribution of wealth or what we call the "sharing of our wealth."

The Senator from Michigan [Mr. VANDENBERG] has been rather insistent that it be known as the "share-our-wealth" proposal. He wants it understood that it is a share-our-wealth proposal. I think the Senator from Michigan and those who follow him—and he probably will be the nominee of the Republican Party next time for President of the United States, and the party could do worse——[Laughter.]

Mr. VANDENBERG and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER (Mr. BURKE in the chair). Does the Senator from Louisiana yield; and if so, to whom?

Mr. LONG. I yield first to the Senator from Michigan.

Mr. VANDENBERG. I ask the Senator from Louisiana to withhold his grin when he makes that observation. [Laughter.]

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. The Senator may recall that during the convention of 1896, which resulted in the nomination of William McKinley, Thomas B. Reed, who was then Speaker of the House of Representatives, was a candidate. He was getting a very respectable vote but not sufficient, and finally a Member of the House went up to the Speaker's desk and leaned over and said, "Mr. Speaker, do you think they are going to nominate you at the convention?" Reed replied, "Well, they could go farther and do worse, and I am afraid they will." [Laughter.]

Mr. SCHWELLENBACH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. LONG. I do for a question.

Mr. SCHWELLENBACH. I should like to ask the Senator from Louisiana in view of what he says, that the Republican Party could do worse than to nominate the Senator from Michigan, if he has any aspiration for the Republican nomination?

Mr. LONG. Well, that is not a question. Coming back to the Senator from Michigan, his remark about the bill yesterday was, "Senator LONG's bill to share the wealth"; his remark about it today is "Senator LONG's bill to share the wealth." That is also the remark of the public press.

There is not much difference between the Senator from Michigan and the Senator from Kentucky; they belong on the same side, even though one be called "Democrat" and the other "Republican." There ought to be a very small side where they both could sit, and I would put them both over there on that side and take away two-thirds of the seats that would remain, if it were left to me, as my idea of how to put the Senator from Kentucky and the Senator from Michigan where they belong. What is the use of talking about the Democratic Party and Democratic principles and the Republican Party and Republican principles when neither of them mean what they say? [Laughter.]

The Bible says, "Do ye not after their works." You may follow their words but you may not follow their works. Both of them undertake to tell us that they realize the distress of the American people; both of them undertake to assure us that they realize that there has got to be a redistribution of wealth! but it is held up as a holy horror if actually a bill is going to come before the Congress to bring about that result.

It is all right to read the President's message, and every member of the Democratic Party, and nearly every member of the Republican Party, sitting on both sides of this Chamber nods his assent and nods his approval of every word that is contained in the declaration that there has got to be a redistribution of wealth; but when "the mountain labors", and smoke comes from the top and steam from all the sides and the "mountain labors" through the night and labors through the day and labors through the week, what does the mountain bring forth? It brings forth not even a mouse; it brings out the tail of a mouse. [Laughter.] That is what is brought forth by a bill of this kind.

At least, however, there was created a furore that excited the staid and half staid and half liberal and half conservative Republicans, on the one hand, and administration Democrats, on the other, the old die-hard dependable Democrats, the good old kind of Democrats who can be depended upon always to swap horses with the good old dependable Republicans. When they all came in here on a Monday morning with a look on their faces like Blue John at sundown, we thought there was some hope for the people. I was happy. Nothing in the world makes me feel better than to see that clabber-milk look come on the faces of all of the old dyed-in-the-wool Republican and Democratic politicians. [Laughter.] It made me feel happy. The sadder they are the better I feel. But, lo and behold! it looks like we have a sham battle fixed up here. The Senator from Kentucky is going to accuse the Senator from Michigan of being reactionary, and then the Senator from Michigan is going to get up and charge the Senator from Kentucky with being a Socialist, and then we are going to have to get in the middle aisle to keep them from forgetting the rules of the Senate. It looks like there is going to be a fight between them. Smoke and hell and high water going up all over the country, according to the newspaper headlines. It looks like they are going to crawl over in the middle aisle and battle it out with six-shooters and dirks before morning.

Lo and behold! when they finally get through what are they fighting over? They are fighting over a little old bill that will give the people of the United States one dime every time they put themselves a dollar further in debt this year. [Laughter.]

Let me read further from the Hearst editorial:

> The President absorbed the screaming demagogy of Senator LONG in toto in his soak-the-rich and spread-the-wealth message to Congress of June 20.

This newspaper itself does not know what it is talking about. He has not done any such thing—oh, yes; I beg the newspaper's pardon. That line is true:

> The President absorbed the screaming demagogy of Senator LONG.

I shall have to admit it is demagoguery, because in the old Greek parlance that meant the language which was acceptable to the majority. That is not meant as a derogatory term, and I do not take it as such, because when I advocated free school books in Louisiana that was termed "demagoguery"; when I advocated free bridges instead of toll bridges it was called "demagoguery"; and when I advocated paved highways instead of dirt roads that likewise was called "demagoguery."

The President's message, it is said, takes in all the philosophy of "spread the wealth", and it does; but does that hurt anything? Why did not Mr. Hearst or his editorial writer take issue with Mr. Franklin Delano Roosevelt when he made this same announcement on the platform of the Chicago national convention? This thing which he is condemning Mr. Roosevelt for saying in the message which he sent to Congress is exactly the same thing Mr. Roosevelt said, I think, on the 2d day of June 1932, on the Chicago national convention platform. It was following that platform utterance and his declaration there that Mr. Roosevelt received the extended support of all the Hearst newspapers. Remember, on the pledge made by Mr. Roosevelt that the people were going to share in the distribution of the national wealth, was he supported by these papers?

Why call this the "Demagoguery of the Senator from Louisiana" any more than the demagoguery of the Greek philosophers; any more than the demagoguery of Abraham Lincoln, of Daniel Webster, of James Monroe; or any more than the demagoguery of Moses, when it was well understood by all of us who supported Mr. Franklin Delano Roosevelt that he had promised the redistribution of wealth and that the American people should "share in the redistribution of national wealth."

I read further from the editorial:

First, the Socialist platform.

The Socialists never proposed any such thing. That statement goes to show that some of the newspapers still do not know anything about party politics. The Socialist platform never has proposed a redistribution of wealth. The Socialist platform proposes the national ownership of wealth or the destruction of wealth in one sense of the word. You can search every utterance I have ever made and you will not find one word which has advocated the destruction of wealth. On the contrary, I have advocated the preservation of wealth because by advocating a redistribution of wealth I have advocated the perpetuity of the capitalistic system. I have advocated the redistribution of wealth, which means that wealth is saved and wealth is used and wealth is preserved and is allowed to flourish for the benefit of the people who have a right to its use.

But, Mr. President, those who are opposing the redistribution of wealth are urging its destruction, because in the concentration of wealth there is a point where fire and flame must, as a matter of reasonable and necessary consequence, destroy that which is held back and denied to the people, who not only have the right to demand it, but whose very living demands that they shall have the use of it.

The Socialist platform advocates no redistribution of wealth, but the Democratic platform does. The Democratic Party from Jefferson down to Franklin Delano Roosevelt has promised the people of the United States and pledged the party to the principle of the redistribution of wealth. It is too bad we cannot get the newspapers to be truthful with themselves. If only they would present the truth it would be well. Russia did not redistribute wealth. It waited until the time came when the flames destroyed the wealth, and then nationalized all wealth. I am not for the nationalization of wealth where it can possibly be avoided.

I continue reading from the editorial:

But what has really taken place is this: The Democratic Party has died the death.

I am not so sure but that may not be true. The Supreme Court somewhat revived us by declaring the N. R. A. unconstitutional. If it had not been for that I would call the Democratic Party dead today. The Supreme Court did pump life back into our veins by declaring unconstitutional that politic monstrosity, by which decision that bit of Soviet Government in America was taken out of the Democratic Party. So I agree with that declaration.

The editorial continues:

The Democratic Party has died the death. The remains have been taken over by Senator HUEY P. LONG.

[Laughter in the galleries.]

I want to deny any participation in any ceremony with any corpse, Democratic or otherwise. I want to say further that if the Democratic Party keeps its word—hear me, now—if the Democratic Party keeps its word, if it actually does what it promised the people in the Chicago convention and redistributes the wealth of the country, there are not enough parties and not enough newspapers in the whole civilized world to beat the nominee of the Democratic Party. If the Democratic Party will keep its pledge, if it will actually redistribute wealth, it has the opportunity of its lifetime. I make the prediction that there would then be a 50-year period that the Democratic Party would rule the country, if it would keep that platform pledge to redistribute the wealth of the United States.

Then I make another prediction: If the Democratic Party does not do it, watch what happens before the next election of a President of the United States. I have the figures in my hand to tell the story.

There has been an increase of unemployment from June 1934, to June 1935. Hear me, Mr. President! There has been an increase, not a decrease, in unemployment from June 1934 to June 1935, of 700,000 additional people. That many more people are unemployed in June 1935 than were unemployed in June 1934. That is the record. I took the time to telephone and get the information this morning before I came to the floor of the Senate. Times are not getting better, gentlemen of the Senate, so do not fool yourselves. The mere fact we are baiting our people and throwing out a little money here and there to keep hair and hide together does not indicate that times are getting better.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOLT in the chair). Does the Senator from Louisiana yield to the Senator from Massachusetts?

Mr. LONG. I yield.

Mr. WALSH. Would the Senator be willing to give the source of the figures which he has just mentioned?

Mr. LONG. I should be very glad to tell the Senator, but I was asked not to give them out today unless it was necessary. It is the same authority from which we all get our figures. I was asked to await a verification of the figures because they were going to be published tomorrow, it was thought.

Mr. WALSH. They are official figures?

Mr. LONG. They are official, from the same source where we all have been getting such figures. I do not suppose it would be resented if I gave them out. I went over this morning to the office of the newspaper called "Labor", and we telephoned the usual source this morning and got the figures, Mr. Keating and I telephoned to the source which we usually consult.

Mr. WALSH. I was wondering if the Senator was sure that the figures are authentic. That is the reason for my inquiry.

Mr. LONG. I think the Senator will find the source from which I obtained the figures will verify their accuracy.

So things are not getting better, gentlemen of the Senate. Do not fool yourselves. They are not getting better. They are getting worse. We have ten to fifteen billion dollars more public debt than we had 3 years ago. We have more people unemployed, by 700,000, than we had a year ago. We have an unemployment list in industry alone which mounts up to some 11,000,000 people—think of it!—in industrial life in this country today. That is not taking into the calculation at all the farming unemployment, which is as great as the industrial unemployment. There are 11,000,000 people unemployed today in industry, 700,000 more than there were

last year, and we had the blessed Blue Eagle all the time! [Laughter.]

The Democratic Party now has the opportunity of its life. We have tried every other thing on earth. We have tried everything that Hoover wanted to try. Mr. Hoover cannot complain that he had anything that could have solved this problem, because since he went out of office we have tried everything he had. He might have come here and have urged, and his Republican brethren might have urged, that had Hoover been elected, things would have been better. I answer them by saying, "How could they have been better when we have kept Hoover's crowd down there and done everything Hoover recommended since Roosevelt has been in?" That is the answer to them. One of them is just the same as the other.

This article says:

And Franklin D. Roosevelt, elected by the people of the United States on a traditional Democratic platform, has been subjugated and subdued politically by the Senator from Louisiana.

In the first place, nobody knows better than these newspapers how much truth there is in that statement. I have not seen the President, and I have not heard from the President, and he has not seen me or heard from me in so long that the memory of man runneth not to the contrary. [Laughter.]

Mr. VANDENBERG. Mr. President, did not the Senator write him a letter day before yesterday?

Mr. LONG. Yes; I wrote him a letter, but I had it read to the Senator from Michigan and his colleagues of this body at about the same time I mailed it.

Mr. COPELAND. Has the Senator received an answer yet?

Mr. LONG. No; I have not received an answer yet, but that does not make any difference. How many times have I written letters which never were answered? I will bet that if the record could be searched, it would be found that we have all written letters to which we did not get any answer.

I quote again:

The Kingfish not only swallowed the Blue Eagle but chewed up the Democratic donkey as well.

[Laughter in the galleries.]

Mr. BARKLEY. Mr. President, I make the point of order that the occupants of the galleries are not in order, and that it is the duty of the occupants of the galleries to preserve order.

The PRESIDING OFFICER. The officers of the galleries will maintain order, and not show any signs of approval or disapproval of the speech, or of any action of the Senate.

Mr. LONG. Mr. President, to begin with, I never approved the Blue Eagle. Furthermore, I was glad the Supreme Court knocked it out. I have had nothing whatever to do with N. R. A.—top, side, or bottom. In this respect, I agree with this newspaper. However, let me say this, reading these two lines together:

"Mr. Roosevelt was elected on the traditional Democratic platform"; but this newspaper does not know what the traditional Democratic platform is. The traditional Democratic platform was, no. 1, the distribution of wealth, since the day it was first written. Since the day that the Democratic Party was first created, and back before that, the backbone of the Democratic Party was the Declaration of Independence in 1776; and the first thing put into it was to preserve the principle of the distribution and of the people sharing the wealth of the country. Go back and read and take the words of Jefferson himself, which, if I had the time, I would read to the Senate, in which he said that this country had to avoid an aristocracy of wealth; that an aristocracy of wealth was more to be dreaded than an aristocracy of kings. Those were the ideas of Jefferson; and so it was that when Franklin Delano Roosevelt mounted the rostrum of the Democratic convention in Chicago on the 2d day of June 1932, and said that the people of the United States should be allowed to share in the redistribution of wealth, he was reuttering the very principles of the traditional Democratic platform upon which Jefferson was elected.

I think I have quoted nearly enough from this article. I do, however, quote the following:

Senator JOSEPH T. ROBINSON, the administration leader in the upper House, and HUEY P. LONG are now cheek-by-jowl on the soak-the-rich and spread-the-wealth platform of Presidents Long and Roosevelt.

It may be intended for a little fun. As a matter of fact, I do not know what the Senator from Arkansas is for. That is for him to say; but I will say that if the tax bill which is being talked about is supposed to be something that is espoused by me as being in keeping with the principles I have enunciated, which I took from persons who were here hundreds of years before me—if this bill is given the color of being a Huey Long bill, I wish to say that it is not, top, side, nor bottom, a bill of the kind or order that I would advocate. This bill raises $340,000,000 this year. The bill I propose would raise $165,000,000,000 this year. That is the difference between the bill I propose and the bill of the Finance Committee.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir.

Mr. BARKLEY. As I understand the Senator, then, while the article from which he reads announces that the "Kingfish swallowed the donkey", the Kingfish is complaining because in some mysterious way the donkey has escaped.

Mr. LONG. No; I am not complaining because the donkey has escaped. What I am complaining about is that the Democratic Party has been created and founded upon the principle that it would keep the wealth redistributed among the people of the country, and it promised at the last national convention that the people would share the wealth of America if the party went into power; and the President has come in here with a message saying that it ought now to be done, and what I am complaining about is that we do not carry out our tradition, or our platform, or our promise, or the effect of the President's message.

Mr. WALSH. Mr. President——

Mr. LONG. I yield to the Senator from Massachusetts.

Mr. WALSH. The Senator has stated that his proposal would raise $165,000,000,000 this year.

Mr. LONG. In a year's taxes on capital.

Mr. WALSH. Would it raise that sum each year, or this year?

Mr. LONG. Oh, no; not each year.

Mr. WALSH. The Senator would take it all in 1 year?

Mr. LONG. We would raise by a tax about two-fifths of all wealth in 1 year. Then we would give the taxpayers, as the law now does, a reasonable time to settle and adjust it, as is now our law.

Here is what I would do, I will say to my friend: I would provide a capital-levy tax, the first form of tax we ever had. I would take the fortune of $2,000,000 and tax it 1 percent on the second million. I would take the fortune of $3,000,000 and tax it 2 percent on the third million. I would take the fortune of $4,000,000 and tax it 4 percent on the fourth million. I would take the fortune of $5,000,000 and tax it 8 percent on the fifth million. I would take the fortune of $6,000,000 and tax it 16 percent on the sixth million, 32 percent on the seventh million, 64 percent on the eighth million, and 99 percent on the ninth million.

In other words, I would take into the Treasury of this country two-fifths of its wealth that is in the hands of the money masters of this country, who have wrecked this country and who have wrecked these people because they have the money and the property in their hands, and they cannot make any use of it, and they will not let the country make any use of it, and they will not let the people of the country make any use of it. I would take, by taxation, all the property which a man has above a certain number of millions of dollars, and I would forbid swollen fortunes.

Mr. President, I shall not send this editorial to the desk to be read, because it contains a few more references that are not quite so complimentary. So long as it joins me up with the President-to-be, I have no complaint; but it gives me a

running mate for Vice President on the Democratic ticket. So I am not going to put the article in the RECORD, because it might confound my brother members of the Democratic Party as well as the Republican Party.

I wish to conclude by saying that I hope the party and the President will carry out the message of the President. I hope the party will redistribute wealth. Let us make words the law for one time. If the party does redistribute wealth in accordance with its platform, I shall be with the party. If the bill does not tax more than one-fourth of 1 percent, as hideously infinitesimal as that may be, I shall vote for it; but I am going to offer an amendment to whatever bill is brought in here which will carry out the pledge of the Democratic National Convention and the message of the President of the United States. I shall offer as an amendment to whatever is produced here a measure containing the exact things which were said by the President of the United States to be needed, and containing the promises of the Democratic Party at the Chicago convention.

The answer of the President and of this Senate on the promises of the party and the President will be their position on my proposals when made.

THE MERCHANT MARINE

The Senate resumed the consideration of the motion of Mr. COPELAND to proceed to the consideration of the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

Mr. COPELAND. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. POPE in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Pope
Ashurst	Coolidge	King	Radcliffe
Austin	Copeland	La Follette	Reynolds
Bachman	Costigan	Logan	Robinson
Bailey	Dickinson	Lonergan	Russell
Bankhead	Dieterich	Long	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McGill	Sheppard
Bilbo	Fletcher	McKellar	Shipstead
Black	Frazier	McNary	Smith
Bone	George	Maloney	Steiwer
Borah	Gerry	Metcalf	Thomas, Okla.
Brown	Gibson	Minton	Townsend
Bulkley	Glass	Moore	Trammell
Bulow	Gore	Murphy	Truman
Burke	Guffey	Murray	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norbeck	Van Nuys
Capper	Hastings	Norris	Wagner
Caraway	Hatch	Nye	Walsh
Carey	Hayden	O'Mahoney	Wheeler
Chavez	Holt	Overton	White
Clark	Johnson	Pittman	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, there is a quorum present.

Mr. COPELAND. Mr. President, my motion to make the shipping bill the unfinished business is before the Senate, and I should like to have it voted on, if I may.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York.

Mr. WHEELER. Mr. President, just before we adjourned last evening, I was discussing this particular bill. Many of the Senators were not here, and at that time I had made only a cursory examination of the measure. Since then I have had occasion to study the bill to quite an extent, and before the Senate takes a vote, I wish to call attention further to some of its provisions.

As I said last evening, it seems to me that if the bill should become a law it would mean that the scandals which have taken place heretofore involving the Shipping Board and the scandals with reference to the mail subsidies would be inconsequential compared with the scandals which would follow.

The bill first sets forth a declaration of policy, with which I have no complaint whatsoever.

The second title sets up a board or authority, to be composed of five members, who shall be paid $12,000 a year, and provides that they shall make certain investigations with reference to the scrapping of vessels, and with reference to the difference between the cost of constructing vessels in the United States and the cost of the construction of vessels abroad. I have no objection to those provisions.

I am not at all sure if we are to have a merchant marine that it may not be necessary to have some kind of a subsidy provided, but I am certain that when the provisions of this bill are called to the attention of the Members of the Senate most Senators will be surprised and astounded to find what the bill actually provides.

Title III provides for the adjustment of ocean mail contracts. I read:

> SEC. 301. Sections 401 to 413, inclusive, of title IV of the Merchant Marine Act, 1928, are hereby repealed, subject to the limitations and exceptions hereinafter in this act set forth: *Provided*, That any contract lawfully entered into prior to the enactment of this act shall remain in force and effect in the same manner and to the same extent as though these sections were not repealed subject to the powers herein conferred upon the President and the authority with respect to such contracts.

Then it provides that the President may under certain circumstances cancel certain of these contracts, and that if he cancels the contracts, or if the authority cancels them, they may agree upon the amount of damages which the shipowners have suffered by reason of the cancelation of the contracts entered into.

I desire to call the attention of the Members of the Senate to the fact that we have just gone through an investigation conducted by the Senate committee headed by the Senator from Alabama [Mr. BLACK] and participated in by the Senator from Tennessee [Mr. MCKELLAR] and other Members of the Senate, which brought to light a most unsavory scandal with reference to ocean and air mail contracts, and brought to light a condition which was almost inconceivable. Likewise, we had an investigation of the old Shipping Board which showed that money was being lent to the shipowners for one-eighth of 1 percent. Then there were the other scandals with reference to the transportation of the mail by water, where it was revealed that it cost us something like $2,000 to send a pound of mail in certain vessels. With the facts brought out by all these investigations staring us in the face, shipowners have the audacity to come before the Congress and ask for a subsidy. They have the audacity to ask us to pass a bill which if it should be enacted into law would make it possible that all the other scandals would sink into insignificance.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. I think the Senator should add that there is a still further and even more recent disclosure which is very pertinent to the contemplation, namely, the disclosure before the Munitions Committee that the shipbuilding industry of the country is a very closely held, closely knit, if not actually collusive industry, and that the Government may well find itself entirely at the mercy of a collusive, monopolistic industry in making these amazing contracts.

Mr. WHEELER. Exactly. I was coming to that, Mr. President. As the Senator from Michigan says, the investigation conducted by the Munitions Committee shows that there was collusion between all the shipbuilders of the United States with reference to building vessels for the Government. The pending bill proposes to have the authority enter into contracts with the same monopoly which has been exposed here, and to grant subsidies. First, under the terms of the bill, it is proposed that the Government shall grant a subsidy to the shipowner who desires to build ships.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. COPELAND. Before the Senator gets away from that point I should like to ask the Senator from Michigan a question. He has been very much distressed, and he has a right to be, about collusion in shipbuilding. The Senator proposed some amendments, which have been incorporated in the bill, in an effort to guard as much as possible against such collusion. However, I take it from what the Senator now says that he is not satisfied that protection has been afforded. Is it the

present position of the Senator from Michigan that he prefers to have the Government build and own the ships?

Mr. VANDENBERG. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. Let me answer, first, the initial comment of the Senator from New York. He has been very hospitable to every suggestion which any member of the Munitions Committee has made in the effort to protect the language and text of this bill against any ultimate collusion. I desire publicly to express my feeling of obligation to him for his hospitality in that respect. As a result we have written into this bill such protections as it is possible to put into words. I am unable, however, to escape the feeling, and I think I have so stated to the Senator, that it is impossible to put into words a complete protection against the system at the mercy of which we must find ourselves whenever we are building big ships. So that the basic challenge remains in spite of the protection which we have been able to attempt to put into words.

The bill is better than it was before we amended it. I think the hazard and the jeopardy, however, will continue so long as there are only three big shipbuilders in the country known as "the big three" and about three or four only of the lesser shipbuilders, who are known as "the little three" or "the little four", with a constant interlocking relationship between them in respect to information and bids and contracts and construction, and so forth.

As to the other question which the Senator asks me, I am unable to answer it. I wish I knew the answer. I do not know it; but I am very sure that the answer which is contemplated in this bill continues to be an utterly hazardous answer.

Mr. COPELAND. Mr. President, will the Senator from Montana yield to me in order to permit me to answer the Senator from Michigan?

Mr. WHEELER. I yield.

Mr. COPELAND. I take it, then, that in his heart the Senator from Michigan really believes that the only safe way to proceed is to have the Government itself engage in the building of the ships?

Mr. VANDENBERG. I am not at all clear, Mr. President, that it may not be entirely possible to leave ship construction out of the Government's formula entirely, and concentrate upon ship operations in meeting the differential. In other words, I am not sure that it is necessary or advisable to attempt to protect American construction of ships. Perhaps the advisable answer is to protect only the American operation of ships after they are constructed.

Mr. COPELAND. Mr. President, will the Senator further yield?

Mr. WHEELER. I yield.

Mr. COPELAND. The President made it very clear in his message that we must maintain an American merchant marine. No one can look at the graphic charts and fail to realize that unless we find some means of rehabilitating the American merchant marine, in a period of about 7 years we shall have no American merchant marine, because all our ships, or practically all of them, will have passed the period of economic usefulness.

Mr. VANDENBERG. Mr. President, will the Senator from Montana further yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. I ask the Senator at that point—he has referred to the President's message—whether it is his judgment that the President approves the pending bill?

Mr. COPELAND. I know the Secretary of Commerce has approved a bill which is equivalent to this; so I take it the President has tacitly approved this one.

Mr. VANDENBERG. The Senator from Montana [Mr. WHEELER] yesterday undertook to assert that the bill was manifestly at odds with the President's message.

Mr. COPELAND. I concede at once that if we were to take the words of the President in his message literally they seem to indicate that he is opposed to lending money for the building of ships.

Mr. VANDENBERG. I do not want to press the Senator as to the President's message, because I can see that it is frequently difficult to understand precisely what the exact objective is toward which he aims.

Mr. WHEELER. Let me say to the Senator that the President's message cannot be read without discovering, first, that he denounces the loans made for the building of ships. Secondly, he makes the statement clearly and concisely in three different messages which he has sent to the Congress that he desires the regulation of rates and the regulation of ship operation placed in the Interstate Commerce Commission.

Mr. COPELAND. Mr. President, will the Senator bear with me further?

Mr. WHEELER. I yield.

Mr. COPELAND. In the message which the President sent relating to ship subsidies he said that for the time being regulation should be left with the Interstate Commerce Commission.

Mr. WHEELER. Yes; but he said definitely in the last message which he sent to the Congress of the United States——

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. ASHURST. I am reluctant to interfere with the discussion by the able Senator from Montana. I wish to say that I had expected to speak for about 5 or 7 minutes on the question of tax-exempt securities, but I do not think it would be either right or proper to interfere with the discussion of the Senator from Montana at this time. So I wish to give notice that at some convenient opportunity during the day I propose to address the Senate on a proposed constitutional amendment to tax income on securities hereafter issued by the Federal or by State Governments. I thank the Senator.

Mr. WHEELER. In the President's message of June 7, 1935, he uses this language:

> Another bill for the regulation of intercoastal and coastwise trade and some of the inland waterway carriers prepared by the Coordinator has been introduced and is before the Congress for action. I recommend that this bill be considered by the appropriate committees and pressed to early passage. I can see no reason why the responsibility for the regulation of intercoastal, coastwise, and inland waterways should not be vested in the Interstate Commerce Commission, with proper provision for the departmentalizing of the work of the Commission.

What does this bill propose? It proposes that the same authority which sets up and gives subsidies to the shipping interests should also regulate the rates they charge to the general public.

Before the Interstate Commerce Commission Mr. Farley, who was formerly on the Shipping Board and who is now engaged in the business in connection with some of the shipping interests, testified from his experience on the Shipping Board that it was not a good idea and it was not a good practice to have the same organization which controlled the subsidies and controlled the ships to have the regulation of their rates.

Before concluding I will show the complete inconsistency of the position taken by the committee with reference to that matter. However, I had not expected to touch upon it in this discussion.

Mr. HARRISON and Mr. COPELAND addressed the Chair.

Mr. COPELAND. In just a moment I will be through. I think there never has been any difference of opinion, however, insofar as the regulation of foreign ships is concerned, that it should be reposed in this regulatory body.

Mr. WHEELER. The Senator means in the Interstate Commerce Commission?

Mr. COPELAND. No; in the maritime authority.

Mr. WHEELER. Oh, yes; absolutely.

Mr. COPELAND. I think the Eastman bill itself does not provide for regulation of foreign lines.

Mr. WHEELER. The Eastman bill originally did so, but the committee amended it so as simply to take over the regulatory features in the case of foreign shipping that are now reposed with the Department of Commerce or with the proper bureau.

EXTENSION OF CERTAIN TAXES

Mr. HARRISON. Mr. President——

Mr. WHEELER. I yield to the Senator from Mississippi, who has a tax measure which he desires to have considered.

Mr. HARRISON. Mr. President, I first desire to submit a parliamentary inquiry. What is the pending question?

The PRESIDING OFFICER. The pending question is the motion of the Senator from New York [Mr. COPELAND] that the Senate proceed to the consideration of Senate bill 2582, the so-called "merchant-marine bill."

Mr. HARRISON. I ask unanimous consent—I have spoken to the Senator from New York about it—that the Senate may consider at this time House Joint Resolution 324, to provide revenue, and for other purposes.

Mr. McNARY. Mr. President, I do not rise to object, but the parliamentary procedure would require the withdrawal, by unanimous consent, of the motion of the Senator from New York or, at least, laying aside that motion.

Mr. HARRISON. May I ask the Senator from New York if he will agree to the temporary laying aside of his motion?

Mr. COPELAND. Very well.

Mr. HARRISON. Then I submit the request for unanimous consent.

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent that the pending business may be temporarily laid aside. Is there objection?

Mr. LONG. Mr. President, I should like to understand the present status of the tax situation. May I inquire of the Senator from Mississippi, in view of the statement he made on the floor yesterday, has there been any change?

Mr. HARRISON. Yes; I was going to make an explanation with reference to the whole matter.

The VICE PRESIDENT. Is there objection?

Mr. LONG. Mr. President, I should like to hear the explanation first, if I may, reserving my right to object.

Mr. McNARY. Mr. President, if the Senator from Mississippi is going to make his explanation at this time, I wish to suggest the absence of a quorum. It is a very important matter.

Mr. HARRISON. Very well.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Pope
Ashurst	Coolidge	King	Radcliffe
Austin	Copeland	La Follette	Reynolds
Bachman	Costigan	Logan	Robinson
Bailey	Dickinson	Lonergan	Russell
Bankhead	Dieterich	Long	Schall
Barbour	Donahey	McAdoo	Schwellenbach
Barkley	Duffy	McGill	Sheppard
Bilbo	Fletcher	McKellar	Shipstead
Black	Frazier	McNary	Smith
Bone	George	Maloney	Steiwer
Borah	Gerry	Metcalf	Thomas, Okla.
Brown	Gibson	Minton	Townsend
Bulkley	Glass	Moore	Trammell
Bulow	Gore	Murphy	Truman
Burke	Guffey	Murray	Tydings
Byrd	Hale	Neely	Vandenberg
Byrnes	Harrison	Norbeck	Van Nuys
Capper	Hastings	Norris	Wagner
Caraway	Hatch	Nye	Walsh
Carey	Hayden	O'Mahoney	Wheeler
Chavez	Holt	Overton	White
Clark	Johnson	Pittman	

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present. Is there objection to the request of the Senator from Mississippi that the pending motion be temporarily laid aside, with a view of the Senate considering House Joint Resolution 324?

Mr. LA FOLLETTE. Mr. President, I understood the Senator from Mississippi had a statement to make prior to the request being agreed to.

Mr. HARRISON. I can make the statement while the reservation is made on the unanimous-consent request.

Mr. President, House Joint Resolution 324, as Senators will recall, was passed by the House on June 20; it came to the Senate and was referred to the Committee on Finance on that date. The joint resolution, as passed by the House, provides for a continuation of the so-called "nuisance" taxes for 2 years. In the aggregate the amount of revenue involved is about $500,000,000 annually. The committee reported the joint resolution with but one amendment, the amendment providing for a continuation of the taxes involved for 1 year instead of 2 years.

It will be recalled that after the committee had reported the joint resolution to the Senate the President's message with reference to taxation was sent to the Congress. In that message the proposal was submitted for the taxation of corporations under a graduated scale; also, to carry into higher brackets the surtaxes on incomes above a million dollars, and, further, to impose a tax on net inheritances.

Senators are familiar with the development with reference to that matter. It would now seem impossible for us to have ready the amendments designed to carry out the suggestions of the President, to have them receive that degree of consideration which the questions involved, perhaps merit, to attach such amendments to the joint resolution, have it go to the House, be considered there, and passed by Saturday night.

That is due to the fact that there is a different viewpoint among Senators with reference to one or the other of the suggested new plans of taxation. If the effort were made to attach to the joint resolution now pending the amendments designed to carry out these plans, there would be a failure to pass the measure by June 30, in which event the taxes now in force would lapse. Every day the lapse continued would cost the Government in revenue between $1,500,000 and $2,000,000; indeed, it might cost more than that sum, for the reason that there are certain excise taxes upon sundry commodities which are paid in the aggregate, and such taxes would so be affected that we would lose more than a million and a half or two million dollars a day. Anyway, if the joint resolution should not be passed by Saturday night and these taxes covered by the measure should not be continued, the Government inevitably would sustain quite a severe loss.

I conferred today with the Speaker of the House of Representatives, Representative DOUGHTON, Chairman of the Ways and Means Committee, and the Democratic members of the Ways and Means Committee, all of whom were present at the conference. I told this group of gentlemen of the situation which prevails in the Senate and in the Committee on Finance, and we exchanged views as to what would be the wise policy to pursue.

I am informed by this group, including the Speaker and the chairman and all the Democratic members of the Ways and Means Committee, that if the Senate should pass the joint resolution extending the so-called "nuisance taxes" without further amendment, they would immediately take up the suggestions carried in the President's message; that they would give speedy and expeditious consideration to those suggestions, with the view of reporting proposed legislation to the House; that the strong influence of that group of gentlemen would be exerted to the end of securing enactment of legislation carrying out the President's suggestions substantially, and that they would oppose any adjournment of Congress until action shall have been taken by the House upon the recommendations contained in the President's message.

I have talked to many Senators about the matter. So far as the adjournment of Congress is concerned, until legislation respecting the suggestions of the President as contained in his message shall be considered they will oppose adjournment. So far as I am concerned, in view of the statements I have made here, if the joint resolution extending the operation of these taxes for 1 year can be passed, the feeble influence I may be able to exert will be used along the same line. So far as I am able to do so, I give assurance that every consideration will be given to the President's message, with the hope that legislation may be enacted which will carry out substantially the suggestions contained in his message, and I shall oppose adjournment of Congress until some such action shall be taken.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. Will the Senator let me proceed a moment?

Mr. LONG. Very well.

Mr. HARRISON. I know how anxious Senators are to adjourn and go home. I share in that desire, because since I came here last December I have not left for one day. Certainly the Committee on Finance has had its proportionate amount of work during the present session of Congress. I look forward with great hope and much happiness to going home after the Congress shall have adjourned. I think we can obtain a reasonably early adjournment of the Congress if we all cooperate toward that end. I am hopeful that the action which is here suggested will not keep us in session very much longer than if the message had not come to us.

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Nebraska?

Mr. HARRISON. I yield.

Mr. NORRIS. I think all of us agree that the logical way to meet the suggestions contained in the President's message would be to have a bill for that purpose originate in the House and then come to the Senate. In order that there may be no misunderstanding about the assurance which the Senator from Mississippi has given us, I wish he would let me know whether I state it correctly.

If the Senate passes the joint resolution and extends the operation of the nuisance taxes, the Senator from Mississippi gives us his assurance that the Speaker and Democratic members of the Ways and Means Committee of the House will proceed without delay to prepare and introduce a bill carrying out the recommendations of the President; that the Committee on Ways and Means, which they can control, will at the present session of Congress report such a bill to the House of Representatives, and that the same gentlemen will do the best they can to prevent any adjournment of Congress until such action shall be taken.

Have I stated the situation correctly?

Mr. HARRISON. The Senator has stated the facts substantially. The only modification I might make would be with reference to the joint resolution. The Committee on Finance has changed the period of its operation from 2 years to 1 year. I do not know what action the House may take with reference to that amendment; but that is not a very material matter.

The other modification, if it be a modification, is embraced in the statement that the Committee on Ways and Means is now considering, and expeditiously so, the so-called "Guffey bill", which had been reported by a Senate committee and which was ready to be taken up for consideration by the Senate; but because of the tax features involved it was thought wise, even by the proponents of the legislation, to have it originate in the House. The Ways and Means Committee has been working hard to formulate that proposed legislation and report it. It may take 2 or 3 or 4 days to complete that task. However, the assurance I have is that just as soon as possible the Ways and Means Committee will begin consideration of the tax matter, and, with all expedition, report it to the House.

Mr. NORRIS. It will be done at this session of Congress at least?

Mr. HARRISON. Yes; that is correct.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. HARRISON. Certainly.

Mr. LA FOLLETTE. I also understood the Senator to state that, so far as the leaders of the majority in this Chamber are concerned, if the House shall pass a tax bill, every effort will be made to prevent an adjournment of the Congress until action shall be had upon it in this Chamber.

Mr. HARRISON. I do not put myself in the category of leadership, but, as an individual Member of the Senate and of the Finance Committee, I shall oppose an adjournment of the Congress until we carry out in good faith the suggestions I have made.

Mr. LA FOLLETTE. I understood the Senator to say he had consulted with the leaders in this Chamber.

Mr. HARRISON. I have consulted with the leader on this side of the Chamber, and I think he shares the views I have expressed.

Mr. ROBINSON. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. Certainly.

Mr. ROBINSON. If an expression on that matter is due from me, or is appropriate, let me say that I have heretofore announced publicly that, in my opinion, the subject matter of the President's message, which is now under discussion, should be disposed of during the present session. So far as I am concerned, while I recognize that it may occasion a delay in the final adjournment of the present session of Congress, I shall adhere to that policy. I am also satisfied that Senators on this side of the Chamber with practical unanimity take the same view.

Mr. LA FOLLETTE. Mr. President, will the Senator from Mississippi yield further?

Mr. HARRISON. Certainly.

Mr. LA FOLLETTE. As one of those who are very anxious to have action upon the recommendations made by the President in his recent message on the tax question, so far as I am personally concerned, I am entirely satisfied with the assurances which the Senator from Mississippi and the Senator from Arkansas have given. I express it as my opinion that the method now proposed is the more orderly way in which to proceed. I only wish to add that my insistence upon attempting to act upon the joint resolution was in lieu of assurance that there would be action by the House upon a separate measure.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Oregon?

Mr. HARRISON. I yield.

Mr. McNARY. I am somewhat shocked by the sudden change in attitude of the distinguished Senator from Mississippi. Among others I was assured on the floor of the Senate yesterday that the joint resolution extending the so-called "nuisance taxes", as well as an amendment to the revenue act, must be passed by Saturday evening. Personally, and I believe I can speak for the Members on this side of the Chamber, we have no objection to the present attitude of the Senator from Mississippi. I think it is the more orthodox proceeding in connection with a revenue bill. Of course I hope, and I believe I express the hope of all Members of the body, that this will not prolong the session of Congress.

I ask the Senator from Mississippi, at this time, if he proposes to bring up the measure this afternoon, if he obtains unanimous consent to do so?

Mr. HARRISON. I am hopeful of getting it disposed of this afternoon.

Mr. McNARY. Is it the hope of the Senator to pass the joint resolution without the attachment or supplementation of any amendment whatsoever?

Mr. HARRISON. I am hopeful of bringing the measure to its final passage with no amendment except the single amendment recommended by the Finance Committee, changing the time of operation of the taxes from 2 years to 1 year. I hope we can dispose of it this afternoon and put it behind us.

Mr. McNARY. Is it the idea of the Chairman of the Finance Committee that he will oppose any amendment other than the one changing the operation from 2 years to 1 year?

Mr. HARRISON. I certainly shall do so, and I hope the Senator from Oregon will join with me in that opposition.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi [Mr. HARRISON] that the pending motion of the Senator from New York [Mr. COPELAND] to proceed to the consideration of Senate bill 2582, known as the "merchant marine bill", be temporarily laid aside, and that the Senate proceed at this time to the consideration of House Joint Resolution 324? The Chair hears none.

The Senate proceeded to consider the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, which had been reported from the Committee on Finance

with amendments, on page 1, line 6, after the word "thereof", to strike out "1937" and insert "1936", and on page 2, line 1, after the word "thereof", to strike out "1937" and insert "1936", so as to make the joint resolution read:

Resolved, etc., That title IV, as amended, and parts I, II, III, and IV of title V, as amended, of the Revenue Act of 1932, are further amended by striking out "1935" wherever appearing therein and inserting in lieu thereof "1936." Section 1001 (a), as amended, of the Revenue Act of 1932, and section 2, as amended, of the act entitled "An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes", approved June 16, 1933, are further amended by striking out "1935" wherever appearing therein and inserting in lieu thereof "1936."

The VICE PRESIDENT. Without objection, the amendments are agreed to, and the joint resolution is passed. [Laughter.]

Mr. VANDENBERG. Mr. President, before the joint resolution is passed—because I might not get consent afterward—I wish to make a request.

In view of this recurrent sanity in the matter of procedure, I have no disposition to discuss the rather amazing contemplation which we originally thought we confronted when apparently we were going to be asked to rewrite the basic tax laws of the Republic in 72 hours; but I do ask unanimous consent, as indicative of the response of the country to what seemed to be our understanding as to what was expected of us, that certain editorials be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Sun of June 25, 1935]

THE NEW HYSTERIA

There is something hysterical about the new rush at Washington. The sudden determination of the President to drive his so-called "wealth-sharing program" through Congress causes the innocent bystander to look at the calendar. Is this 1936 and are HUEY LONG and his forces threatening the renomination of Mr. Roosevelt? The calendar says no. The recent performance of the President can be attributed only to panic. He is doing now what a calmer politician of his principles would do next spring if at that time a third party loomed up with a strong appeal to the radicals.

The most pitiful feature is the apparent willingness of the Democratic leaders in Congress to bend their own opinions to suit President Roosevelt. They know that a rise in income taxes will hurt business. They know that the proposal to increase the tax on large corporations while reducing the tax on small ones is not only unfair but absurd to the extent that big corporations with hundreds of thousands of small investors would be penalized at the expense of small corporations held by a few stockholders. They know that the elimination of tax exemption from Government securities, while right in principle, would be little more than a gesture at a time when the market is choked with tax-free bonds issued in the lush and careless years. And they know that this shift further to the left by Mr. Roosevelt is a blow at public confidence.

Yet there must be men in Congress, men like CARTER GLASS, who will employ every legitimate means to prevent President Roosevelt from putting through a program founded on ideas foreign to both of the great parties.

[From the Baltimore Sun, June 26, 1935]

VENGEANCE OR VIRTUE?

The central question to be asked, in considering the tax program which the administration is preparing to put through Congress, turns on the purpose of the new rates. Are the new taxes to be punitive or are they to be laid for the purpose of putting the Treasury on a sound basis? If they are to be punitive, the idea ought to be stubbornly resisted. If they are for the purpose of putting the Treasury on a sound basis, the idea ought to be warmly supported.

Soon or late, the country must face the condition that exists in the Treasury. We cannot go on forever with enormous expenditures which are paid in large part with the proceeds of borrowed money. But for the control which the Government has over the banks, we probably should not have been able to go as far as we have gone. And even with such control, we cannot go on indefinitely with that policy. One day, the Government must begin to pay its bills with real money, taken from the people in open and aboveboard taxation. Unless it does so, the time will come when the most merciless of all forms of taxation will come down upon the American public. That is, repudiation.

In the opinion of the Sun, today is not a single hour too early to begin to lay taxes, open and aboveboard taxes. Today is not a single hour too early to begin to move in long strides toward a balanced Budget. Naturally, a sound condition in the Treasury, based upon a balanced Budget, calls for more than new taxes. It also calls imperatively for a rein upon expenditures. But in our present state of affairs, new taxes there must be. And there is no better way to insure a rein upon expenditures than to call upon the American people to face the music in additional taxation. No effective rein is possible so long as billions are borrowed each year by the Government.

Of course, to call for new taxes is not to call for any kind of new taxes. The law of diminishing returns must be taken into account. Mr. Roosevelt said in his recent message that a prudent government seeks "ample revenues without discouraging enterprise." If rates are pushed beyond all reason, so that business men turn all profits over to the Government when an enterprise is successful, and pocket the loss when an enterprise is unsuccessful, they naturally slow down in their ventures. And the result is that the Government has less on which to lay a tax—either on incomes or on estates—while the general business life of the community, including employment, begins to wither.

But, bearing this well-known rule in mind, the sooner the Government begins, with careful study, to lay new taxes, the better it will be for the American public. The very wealthy must set their backs to bear it. So must the well-to-do. Income taxes are now high; estate taxes are now high. And in virtually all parts of the country one or both of these taxes are now levied by States as well as by the Federal Government. But severe taxes are better than ultimate repudiation of the Government's debts. A very definite condition confronts the American public and is more important than all the theories that can be summoned. The condition is the impossibility of spending stupendously without paying.

And what goes for the very wealthy and for the well-to-do middle classes goes also for the so-called "small fellow." The Government needs a stern fiscal policy. In a stern fiscal policy, the small man has his duties. If Washington wiped out the Rockefellers and the Astors, the tax yield would not be a fraction of the receipts necessary. If the well-to-do were made to yield the last cent before the point of diminishing returns were reached, the yield would not be sufficient. If Washington means business, it will also lower the tax exemptions of the so-called "little fellow" and make some increase in his rates. And it may also have to impose new taxes on him before many months pass.

All of this is on the assumption that the administration is thinking about the Treasury situation and a balanced Budget. If the administration is merely thinking about hurting somebody, or about turning the flank of the Long-Coughlin agitators, or about shifting public thought away from its defeat in the N. R. A. case, then the intelligent sections of the American people should rise up in their might and force Congress to stop, look, and listen. If the idea is simply, for political reasons or for vengeance, to prevent any man in the future from possessing a large income or creating a great estate, it is a blow at American enterprise and therefore a blow at the American standard of living.

No fair-minded man needs to bother these days about redistribution of wealth if he believes at all in American institutions. There is redistribution, and plenty of it, as an incident of any straightforward policy of taxation that aims simply at a sound Budget. What is necessary is straightforward taxation to clean up a mess.

[From the New York Times of June 26, 1935]

HOW NOT TO DO IT

Whatever may be said of the intrinsic merits of estate and legacy taxes, nothing can be said for the proposal to rush them through in 3 or 4 days. No bill for the purpose has yet been even drafted, much less introduced and referred to a committee. It is stated that the Chairman of the Senate Finance Committee and Treasury officials are "racing against time" to throw together some kind of hurried measure. As the deadline is set for Sunday, this would leave only 3 days to get the bill out of committee, debated, and passed by both Houses of Congress, with a congressional conference agreeing upon the conflicting details. As a form of legislation, this is veritable midsummer madness.

It is hard to believe that the administration leaders are sincere in professing the intention to do this thing in this way. There should be no such leap into the dark with a measure so complicated and difficult. Even to frame it properly would require the work of experts in taxation for a long time. Instead we have a lot of guessing, which is considerately called by its authors "tentative", respecting provisions that will be put into the bill. Such haphazard plans ought to be thoroughly sifted at committee hearings and in congressional debate. But it is proposed to have neither. Members of Congress are to be told, in effect, "Vote first and make your analyses and speeches afterward." From some unknown quarter comes the estimate that the new taxes will yield $340,000,000. How soon and over what period is not said. But even if it were all to be realized within 1 year, which is highly improbable, the sum would seem petty when compared with the President's estimate that it would be large enough to reduce the national debt and balance the Budget. But all the estimates thus far put out are manifestly no better reasoned or articulate than children crying in the night.

No such legislation should be attempted under whip and spur at the tail end of a tired and dying session of Congress. It will

be presented, if at all in this way, as a sort of inducement to weary men to vote with their eyes shut, so as earlier to go home and rest. This method only adds to the topsy-turvy appearance of the situation which the President suddenly precipitated.

[From the Washington Post of June 26, 1935]

IRRESPONSIBLE

Two distinct issues, which must not be confused, have been raised by the President's demand that his tax program be immediately translated into law. The one is the social and economic desirability of that program. The other is the procedure to be used in making it a reality. However vital the matter of the President's proposals, the manner of their enactment remains the more important question. For while destructive taxation can threaten the welfare of the Nation, destructive government will jeopardize the very foundations on which our civilization rests.

The procedure which Mr. Roosevelt has chosen to jam this policy through is intolerable. No milder word will serve. This Congress had been in session 5½ months and adjournment was in sight before the message of June 19 was delivered. To almost everyone it came as a complete surprise, and administration leaders, to say nothing of the opposition, at once realized the necessity for careful study of what the fragmentary proposals imply. "The proposed tax legislation", said Senator HARRISON, Chairman of the Senate Finance Committee, a week ago today, "will, of course, originate in the House."

On June 24, just 5 days after the message itself, came the command from the White House that legislation embodying the principles outlined shall be enacted this week. If these principles were the counsel of perfection, the embodiment of the wisdom of the ages in the field of taxation, this dictatorial procedure would still be disgraceful. A week ago Senator HARRISON could not envisage the destruction of parliamentary tradition involved in treating a new tax program as a Senate amendment to the resolution continuing the excise taxes. Indeed, nobody with any real respect for the orderly processes of democratic government could have anticipated such an outcome. Yet here it is by command of the man who on March 4, 1933, took solemn oath to "preserve, protect, and defend the Constitution of the United States."

Section 7 of that Constitution states clearly that "All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments, as on other bills." The qualifying clause has been interpreted by the second chamber with great latitude. Never before, however, has a President requested that the Senate should initiate an entirely new tax program as a rider to legislation already passed by the House. If this is "preserving" the Constitution, then words have ceased to have any meaning.

Moreover, this cavalier attitude toward the organic law can no longer be regarded as exceptional governmental strategy. Mr. Roosevelt's Postmaster General, at a Democratic rally in Elmira the other day, devoted himself to the astounding thesis that Executive violations of the Constitution are unimportant if they are what the administration considers socially desirable. Referring to the N. R. A., he said that "the principle may have been wrong, judicially considered, but it was eminently right from the humanitarian and utilitarian points of view."

That doctrine verges upon the doctrine of anarchy. It borders on the reasoning which John Wilkes Booth employed to justify his assassination of Abraham Lincoln. It is thoroughly vicious doctrine, for it assumes that purely arbitrary power shall decide what is right and wrong. It is completely stupid doctrine, for it fails to realize that all human progress is contingent upon the supremacy of revisable law. And it is profoundly dishonest doctrine when it is voiced by those who have voluntarily sworn that they will devote themselves to upholding the organic law.

There is no doubt that the Constitution can profitably be amended from time to time, for which procedure provision is made. There is no doubt that our Federal taxation system needs sharp revision to bring it in line with current fiscal needs. But those are not the issues which the President has now raised. The question which he has defiantly flung in the face of every thinking American is whether government should be responsible or irresponsible; democratic or dictatorial; reactionary to the methods of the Caesars or progressive along the flexible lines mapped out by the founders of this Republic.

Mr. Roosevelt is reported to have said that his tax program must be jammed through à la Hitler—without analysis, hearings, or examination—because otherwise the sincerity of his share-the-wealth advocacy may be questioned. That may seem the issue to him. But to the Nation the issue is whether Mr. Roosevelt is the trustee or the uncontrollable master of the priceless heritage which he holds temporarily in trust. With such an issue there can be, if this democracy is to endure, no temporizing and no compromise.

[From the Washington Daily News of June 24, 1935, and printed in other Scripps-Howard newspapers throughout the United States]

NO TIME FOR THE BUM'S RUSH

While we favor the general objectives expressed in the President's tax message, we don't like the "let's jam it through and go home" talk that is now in the air.

The subject does not lend itself to the bum's rush manner of law making. It is not a thing that should be decided with a sideswipe, by a Congress in a hurry to wind up and get away.

Nor is it a matter to be passed on merely as a play in a great game of politics. The issue is taxes—not HUEY LONG.

If it could be assured that Congress would stay long enough to finish the task with due labor and deliberation, that would be fine. But we are skeptical about any such possibility, and believe there is real danger of a lick-and-a-promise performance.

With HUEY LONG steaming up the politics of the tax issue, it is now indicated that the Senate may try to improvise a hasty program and pass it as an amendment to the pending nuisance tax extension bill, which must be acted on finally within 6 days. That, we believe, would be a serious mistake.

It is not a job to be done on a HUEY LONG tempo. Under orderly procedure, any tax proposal should first be considered by the House Ways and Means Committee, then acted on by the House, then studied by the Senate Finance Committee, and finally passed on by the Senate. There should be no short cut in handling a tax proposal that is as ramified and complex as the one suggested by the President.

The writing of an inheritance tax law, for example, requires much more than the mere fixing of a schedule of rates. Experience with the Federal estate taxes has shown that the administration of such a law is not easy. Careful provisions need to be made for a long-term liquidation of inheritances.

And much more than casual study should be given to the proposed graduated tax on corporations. Wrapped up in this proposal is the controversy that has raged since the trust-busting days, over the size of industrial units. The whole scheme of mass production is affected, as well as the equity of discriminating against the small stockholders of a large corporation and in favor of the large stockholders of a small corporation.

The taxing power is government's most potent tool. It can be used like a surgical knife to remove a malignant growth from the social system. But it should never be used wantonly and recklessly, like a bludgeon, to maim and bruise.

[From the Washington Daily News, and other Scripps-Howard newspapers, of June 25, 1935]

SHOOTING FROM THE HIP

Except for political expediency, there is no reason whatever for the administration squeeze play on the tax bill. A preponderance of the people, we believe, are strong for the President's general tax objectives—so far as they understand those objectives. A majority of the Members of Congress have long wanted to enact a tax measure of the type outlined in the President's message—and have waited only for Presidential bidding.

With practically all other important legislation out of the way, Congress could, if it wanted to, take up the tax measure and, after orderly deliberations, pass it before adjournment. There is no need to short-circuit hearings before the House Ways and Means and the Senate Finance Committees, no need to shut off opportunity for study and debate in the committees and on the floors of Congress.

Intelligent consideration of this bill—probably the most vital tax measure in the Nation's history—is impossible under the administration's marching orders to have done with it in 6 days. That is where the squeeze play comes in. The bill is being attached to another measure extending the nuisance taxes which expire July 1.

Congress, which has not yet seen the bill it is expected to pass in less than a week, should demand time to study and legislate in orderly fashion. It should refuse to treat important tax reforms as a casual amendment to another measure on the Senate rush calendar. If handled by this hurry-up administration plan, these complex and far-reaching tax provisions will not even be considered by the House Ways and Means Committee, where all tax legislation should originate, nor considered except as a lump proposal by the House itself.

Section 7, article I, of the Constitution, reads: "All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills." The latter clause makes the administration strategy constitutional. But it is not statesmanlike, and it is not democratic.

One part of the President's tax program, for example, which calls for due deliberation, is that dealing with income taxes. As thus far revealed, this part has all the political strength and fiscal weakness of a Huey Long share-the-wealth scheme.

In his message to Congress the President asked for "a definite increase in taxes now levied upon very great individual net incomes." By way of illustration, he suggested that the graduated tax, which now evens off at the million-dollar-a-year level, be continued upward so that the man who gets five millions a year will have to pay higher rates than the man who gets a mere million.

That is fine as far as it goes. Politically this is a foolproof idea. Nobody wastes sympathy on multimillionaires. Belief that they should pay more is practically unanimous.

The weakness in the scheme is that it won't raise much, if any, additional revenue. In the last year of record, 1933, the Nation boasted 46 more-than-a-million incomes. These 46 persons reported a total net income of $81,558,981, and paid a total tax of $25,848,146—little enough, to be sure. But if the Government had

taken all of their net incomes the additional revenue would not have been enough to pay for one week of work-relief expenditures.

If our Government is to get substantially greater revenue from income taxes, it will have to make a heavier touch on the incomes of the plain rich, the moderately well-to-do, the middle class—in fact, all incomes except the very lowest.

The Government now gets the bulk of its revenue from the middle and lower classes. But it doesn't do it by honestly and openly taxing their incomes on the basis of capacity to pay. Instead it levies indirect taxes on the things they buy; the things they need. These taxes have the virtue of producing revenue, and are politically popular with Congress, on the theory that the tax goose will not squawk if it does not realize it is being plucked. Typical of such levies are the nuisance taxes. They yield about a half billion dollars a year, all but a small fraction of the yield coming from the 95 percent of our population whose incomes are below the present tax level, or from those whose slightly better incomes Congress has not the courage to tax directly.

In the 5 years ending this month our national debt has increased about twelve and one-half billion dollars. That being true, it would seem that the administration and Congress should be looking for some revenue-raising taxes that will really help pay the bill; and higher income taxation, not merely from the top but graduated from the bottom to the top, is obviously the fairest method of getting that revenue.

Just as important factors are involved in the inheritance tax and the corporation tax. These questions, too, call for something more than shooting from the hip.

[From the New York Herald Tribune of June 26, 1935]

GOVERNMENT BY INTIMIDATION

When Mr. Hitler makes up his mind what laws are to be passed he assembles the members of the Reichstag and tells them what to do. They do it.

The latest news from Washington—the most threatening and disturbing in a generation—differs from Berlin reports only in unessential details. Mr. Roosevelt suddenly makes up his mind to enact his new tax plan as a rider to the reenactment of the nuisance taxes. Since the latter expire June 30, this means that Congress has until midnight Sunday to pass a tax program as wide in scope as it is revolutionary in effect.

Five days ago the country was told of the plan for the first time. Five days hence Congress is ordered to pass it. The national debate has hardly begun. In the time left, Congress can scarcely draft a bill, let alone hold adequate hearings on one. Debate can be only a farce. The most that Congress can do is to take what its Führer hands it and like it.

The whole proceeding is a travesty upon popular government. There is not even the excuse of a national emergency such as undoubtedly existed in the spring of 1933. Nobody pretends that there is need of haste—except possibly in the political needs of the President.

Yet the Democratic leaders of the House and Senate, summoned to the White House, meekly announce on leaving that the bill will be passed. Which taxes will be included? Oh, all four—yes; all four are "must." The President says so.

We can see no useful purpose to be served by mincing words. The form, the shell of the process is the American Constitution. The heart is fascism, unadorned and unconcealed. President Roosevelt does not thrust out his chin or strike a solemn pose. His assumption of authority is as light-hearted as everything else that he does. But the scorn for the legislature is one with Berlin or Rome. In a very real sense, if these orders are obeyed, Congress will have abdicated. It will no longer be a coordinate branch. It might as well not be in session. In this case, since the bill is a revenue bill, the Constitution goes to the length of specifying where the bill must originate—in the House, since that body is supposed to be most closely in touch with the voters! This form may be complied with or it may be evaded through the Senate's power of amendment. But so long as President Roosevelt is in the White House and pursues these methods and Congress bows to them, the constitutional clause is a bitter mockery.

There are able and courageous men in Congress in both parties in both Chambers. They know, and all Congress knows, that the President's demands are an insult to the legislative branch. Why are they so totally unable to stand up and insist upon their rights as coequals with the Executive? Because, partly, of $4,800,000,000 which Congress handed the President at his request last winter, which he had no intention of then spending and which he has hardly yet begun to spend, but which he has used as a club with which to beat mutinous Senators and Representatives into line. For a further reason, there has been the consistent effort of the "new dealers" over 2 years to undermine the American system of a federal state restrained by checks and balances and to centralize power in a dictatorial Executive at Washington. The effort has prevailed in far too many minds of the administration. The abject submission with which the congressional leaders bowed to the President's dictatorial demands is apparently an accurate measure of the distance which the present Government has traveled from the America of Washington, of Hamilton, of Jefferson, of Jackson, of Lincoln, of Cleveland, of Theodore Roosevelt, of Woodrow Wilson.

The end is not in sight. But if Congress does not in the next 5 days summon enough courage to assert its right and perform its duty to act as a legislature rather than as a Nazi Reichstag, it is difficult to see any health or hope in it. The rescue of the Constitution must wait upon the ballots of '36.

Mr. McNARY. Mr. President, I desire to propound to the Senator from Mississippi just one other inquiry. If the bill shall pass the House and reach the Senate, will the Senator from Mississippi, as Chairman of the Finance Committee, permit hearings on the bill?

Mr. HARRISON. Does the Senator refer to the joint resolution?

Mr. McNARY. No; the revenue bill, if it shall come over to the Senate.

Mr. HARRISON. Did the Senator ask whether we would have public hearings?

Mr. McNARY. The Senator understood me.

Mr. HARRISON. No; I did not.

Mr. McNARY. If and provided the revenue bill about which the Senator has been speaking shall pass the House and come to the Senate, will the distinguished Senator from Mississippi permit public and open hearings on the measure?

Mr. HARRISON. Mr. President, I used to serve with the Senator from Oregon on the Agricultural Committee, and I imbibed his instruction at that time. I do not assume to speak for my committee on that question, but I shall be governed solely by a majority of my committee in deciding whether or not there shall be public hearings. Personally, I shall not oppose reasonable hearings on the subject, because our committee desires to get all the facts we can get.

Mr. GEORGE. Mr. President, I may say to the Senator from Oregon that the Finance Committee yesterday determined by a rather decisive vote to have open hearings on the measure; and I certainly think if there is occasion for hearings the committee will be likely to follow the same course.

Mr. VANDENBERG. Mr. President, may I ask the Senator just one further question?

Mr. HARRISON. Yes.

Mr. VANDENBERG. The program has changed so rapidly and so many times in the past 10 days that I am wondering if the Senator can assure us that this is the final program.

Mr. HARRISON. I wish I knew. [Laughter.]

Mr. BARKLEY. Mr. President, in view of the colloquy which occurred between the Senator from Michigan and myself earlier in the day with respect to the program which at that time was thought to be imminent, but as to which certain developments were in progress of which I had no knowledge, I ask unanimous consent that the colloquy be expunged from the RECORD.

Mr. LONG. I object.

Mr. President, I understood my friend from Mississippi yesterday to say that the President was very anxious to have these amendments placed on the joint resolution with reference to nuisance taxes. May I inquire whether or not the President's view of that matter has changed?

Mr. HARRISON. That is a question about which I will make an explanation, if the Senator desires me to do so.

Mr. LONG. I do not desire an explanation.

The VICE PRESIDENT. The Senator does not desire any explanation. [Laughter.]

Mr. LONG. Mr. President, I wish to have the Senator understand that I was not asking an explanation. I was asking him if there had been any change in the President's attitude on the joint resolution.

Mr. HARRISON. There has been no change at all in the President's attitude with reference to this matter. There may have been a change in my attitude about some matters, but not in the President's attitude.

Mr. ROBINSON. Mr. President, in that connection I think it proper to say that from the beginning both the Senator from Mississippi and I thought the correct course to pursue

was the one which apparently is now being taken. The only reason why that was not done, so far as I know, grew out of the fact that it was represented that the situation of the Ways and Means Committee in the House was such that it might be several weeks before the new tax measure could be reached. In view of that situation it was suggested that the tax program to which we are referring be placed as an amendment on this joint resolution.

It was realized that the Congress had been in session a long time, and that there is a general desire to conclude the session. It was also realized that there is a demand, as we believe, both in the Congress and in the country, for the enactment of the program referred to, and it was in an effort to respond to that demand as promptly as possible that it was yesterday thought a course different from that which is now being taken might be pursued.

I have realized from the beginning, however, and I know the Senator from Mississippi has, that the origination of tax measures is peculiarly the province of the House of Representatives. It was suggested by some Members of the House of Representatives that inasmuch as this is a joint resolution dealing with taxation, the constitutional provision would not apply, but I desire to say that I am in hearty sympathy with the course which the Senator from Mississippi has taken.

Mr. STEIWER. Mr. President, I am not in disagreement with the procedure which is proposed. On the contrary, I very thoroughly approve it. I rise merely to make a brief announcement.

Some days ago I had prepared and printed an amendment which I had intended to offer to the pending joint resolution. It is an amendment providing for certain import taxes on eggs in various forms. The proposal is of considerable importance, and I should like very much to have it considered by the Senate at this session, in view of the statement made by the Chairman of the Finance Committee, and in view of the apparent fact that the Senate generally is in accord with the procedure which he has suggested, it seems clear that it is entirely inopportune to offer the amendment at this time. I shall, therefore, await another opportunity. I sincerely hope that this amendment may be considered and agreed to at some later day.

Mr. GORE. Mr. President, I merely wish to make one statement.

The pending joint resolution cuts down from 2 years to 1 year the extension of these taxes, including the gasoline tax. I had thought at one time I might submit a motion to cut the gasoline tax from 1 cent to one-half cent a gallon, but in view of the situation which has just developed I shall not do so at this time; I will reserve that motion for some future occasion when the new revenue bill comes over from the House, unless it be taken care of in the House.

The VICE PRESIDENT. Without objection, the amendments to the joint resolution are agreed to.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Without objection, the amendments will be engrossed and the joint resolution read a third time and passed.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. The Chair understands that the motion of the Senator from New York to take up his bill is now pending.

Mr. ROBINSON. Mr. President, may I ask if the joint resolution has been disposed of?

The VICE PRESIDENT. It has been disposed of.

Mr. COPELAND. No, Mr. President; it was regarding the joint resolution that I desired to speak.

The VICE PRESIDENT. The joint resolution, then, has not been disposed of. The Chair did not know that the Senator from New York desired to address the Senate on the joint resolution. He thought the Senator desired to speak upon his bill.

Mr. VANDENBERG. That simply continues the hectic record of the legislation.

Mr. COPELAND. Mr. President, I have two amendments which were sent forward to the Finance Committee. One relates to whale oil and the other to toilet soaps. May I ask the Senator in charge of the measure whether the committee gave some thought to the amendments?

Mr. HARRISON. Yes, Mr. President. The Senator from New York has spoken to me several times about his amendments, and I know how much interest he has in them; but the Committee on Finance thought if they should open up the joint resolution to one amendment, they would have to open it up to innumerable others. So, in the interest of getting plenty of money for the Government, we thought it wise to pass the joint resolution with no change save the 1-year extension. I hope, therefore, the Senator will not insist on his amendments.

Mr. COPELAND. Of course, my thought about the matter has been that the whale-oil amendment, particularly, would bring more money to the Government; but if the Senator's position is as stated, and the committee feels the same way, of course, I am helpless.

The VICE PRESIDENT. Without objection, the amendments of the committee are agreed to, the amendments will be engrossed, the joint resolution ordered to a third reading, read the third time, and passed.

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD at this point some correspondence with the Commissioner of Customs and some data showing the collection of customs duties on copper.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

JUNE 3, 1935.

Hon. JAMES H. MOYLE,
Commissioner of Customs, Treasury Department,
Washington, D. C.

DEAR MR. COMMISSIONER: Please be so kind as to send to me a statement of the imports of copper, under section 601 of the Revenue Act of 1932, as extended, together with a statement of the amount of revenue collected by customs as a result of such imports, for the years 1932, 1933, 1934, and to the date of this letter, 1935.

I shall be grateful if you will also include in the table a statement for each of said various years of the amount of copper manufactures on which added duty was imposed by the Revenue Act of 1932.

Please observe the enclosed table printed in the proceedings of the Senate on April 13, 1934, which table you were so kind as to supply me last year. An extension of those figures, employing the format of that table, will be suitable.

Please send me two carbon copies of the new table and please return the enclosure.

Thanking you, and with esteem,
Sincerely yours,

HENRY F. ASHURST.

TREASURY DEPARTMENT,
BUREAU OF CUSTOMS,
Washington, June 12, 1935.

Hon. HENRY F. ASHURST,
United States Senate.

MY DEAR SENATOR: I have your letter of June 3, 1935, accompanied by an excerpt from the CONGRESSIONAL RECORD, which shows a tabulation of imports of copper and copper manufactures dutiable under section 601 of the Revenue Act of 1932. You request that this tabulation be brought up to date and that the amount of copper manufactures on which added duty was imposed by the Revenue Act of 1932 also be shown.

There is enclosed a tabulation which brings these data up to date insofar as the information is available. The amount of copper manufactures on which added duty was imposed by the Revenue Act of 1932 is not available for any month of the calendar year 1935.

The enclosure forwarded with your letter is returned herewith.

Very truly yours,

JAMES H. MOYLE,
Commissioner of Customs.

Imports of copper and copper manufactures dutiable under sec. 601, Revenue Act of 1932, June 21, 1932, to Apr. 30, 1935, inclusive

	Rate of duty	Copper content					Duty collected
		June 12–Dec. 31, 1932	Calendar year 1933	Calendar year 1934	4 months, January–April 1935	Total under Revenue Act of 1932	
Copper, formerly free, made dutiable under Revenue Act of 1932:		*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	
Copper ore, not elsewhere specified	4 cents per pound	220	937	+ 159		1,316	$53
Copper in pyrite ore	do	1,520,779				1,520,779	60,831
Copper concentrates, not elsewhere specified	do		3,042			3,042	122
Regulus, black, or coarse copper, and cement copper	do	16,711	1,287	494		18,492	740
Unrefined, black, blister, and converter in pigs or bars	do	539,637		3,627,855		4,167,492	166,700
Refined copper in ingots, plates, or bars	do	1,364,901	8,461,800	17,485,154	9,013,274	36,325,129	1,453,005
Old and scrap copper, and scale and clippings	do		1,780	14,852		16,632	665
Copper manufactures on which added duty was imposed by Revenue Act of 1932:							
Brass rods, sheets, plates, bars, or strips	do	1,653	55,475	2,196	2,134	61,458	2,458
Brass tubes and tubing, seamless	do	12,303	28,771	58,636	82,519	182,229	7,289
Brass wire	do	252	26,004	6,877	227	33,360	1,334
Other manufactures of brass	do		754	53,435		54,189	2,168
Bronze wire	do	76,977	204,942	211,323	38,149	531,391	21,260
Bronze tubes	do	246,530	278,832	309,947	90,017	925,326	37,013
Other copper manufactures	do	9,279	15,646	47,839	110	72,874	2,915
Articles having chief value of copper	3 cents per pound	1,122,364	2,329,919	2,279,837	(1)	5,732,120	171,963
Articles having more than 4 percent copper	¾ cent per pound	894,311	1,963,102	2,646,798	(1)	5,504,212	41,281
Do	3 percent	191,068	947,371	533,396	(1)	1,671,835	8,868
Total		5,996,985	14,319,663	27,278,798	9,226,430	56,821,876	1,978,665

[1] Not yet reported.

NOTE.—Prepared by Division of Statistics and Research, Bureau of Customs, Treasury Department.

Mr. ROBINSON. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. HARRISON. I move to lay that motion on the table.

The VICE PRESIDENT. Without objection, the motion to lay on the table is agreed to.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. VANDENBERG. Is the joint resolution now passed?

The VICE PRESIDENT. It is passed and beyond hope. [Laughter.]

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 115. An act to amend section 27 of the Merchant Marine Act, 1920;

H. R. 1119. An act for the relief of Joseph W. Harley;

H. R. 1292. An act for the relief of Grace McClure;

H. R. 1438. An act for the relief of Carrie McIntyre;

H. R. 3180. An act for the relief of Ruth Nolan and Anna Panozza;

H. R. 3556. An act for the relief of Sophie Carter;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 4034. An act for the relief of Charles Szymanski;

H. R. 4105. An act for the relief of Julian C. Dorr;

H. R. 4123. An act providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4505. An act granting the consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada;

H. R. 4610. An act for the relief of John J. Moran;

H. R. 4651. An act for the relief of the Noble County (Ohio) Agricultural Society;

H. R. 4764. An act for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron*;

H. R. 4808. An act for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.;

H. R. 4811. An act for the relief of George W. Miller;

H. R. 5774. An act to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5775. An act to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5776. An act to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5777. An act to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 6717. An act to amend section 1 of the act of July 8, 1932;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.;

H. R. 7083. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 7235. An act to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes";

H. R. 7254. An act for the relief of Lily M. Miller;

H. R. 7313. An act authorizing a preliminary examination of Gafford Creek, Ark.;

H. R. 7314. An act authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River;

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 7526. An act to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters";

H. R. 7600. An act authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska;

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes; and

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters.

TAXATION OF FEDERAL AND STATE BONDS

Mr. ASHURST. Mr. President, we have had assurances from the responsible leaders that there will be legislation to carry out the President's tax program. Thus far no reference has been made to a very important paragraph in the President's message of June 19, wherein he recommends that the Congress enact a joint resolution looking toward a proposal to amend the Constitution of the United States so that the income from securities hereafter issued by the Federal Government, and the income from securities hereafter issued by States and municipalities, shall be taxable.

Let me read that, as I think, important paragraph of the President's message:

I renew, however, at this time the recommendations made by predecessors for the submission and ratification of a constitutional amendment whereby the Federal Government will be permitted to tax the income on subsequently issued State and local securities, and likewise for the taxation by State and local governments of future issues of Federal securities.

Mr. President, I am not seeking to put myself forward; but surely he would be a singular man who did not, with much gratification, observe that the President has submitted in his message a recommendation which is almost specifically and directly in accord with the suggestion advanced by the Judiciary Committee of the Senate in the last Congress.

It will be recalled that in the Seventy-third Congress a joint resolution was introduced proposing to amend the Constitution so that the Federal Government shall have the power to tax the income on securities hereafter issued by States and municipalities, and the States and municipalities shall have the power to tax the income on securities hereafter issued by the Federal Government. That joint resolution was favorably reported by the Senate Committee on the Judiciary. I do not recall that the action of the committee was unanimous, but, with possibly one or two dissenting votes, the joint resolution was recommended to the Senate for passage.

I ask unanimous consent that the joint resolution referred to and the report of the committee thereon may be printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution and the report were ordered to be printed in the RECORD, as follows:

[S. J. Res. 7, 73d Cong., 2d sess.]

Joint resolution proposing an amendment to the Constitution of the United States relative to taxes on certain incomes

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article by or under the authority of any State but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of the United States or any other State.

"SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued after the ratification of this article by or under the authority of the United States but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of such State."

[S. Rept. No. 738, 73d Cong., 2d sess.]

Proposing an amendment to the Constitution of the United States relative to taxes on certain incomes

Mr. ASHURST, from the Committee on the Judiciary, submitted the following report (to accompany S. J. Res. 7):

The Committee on the Judiciary, having had under consideration Senate Joint Resolution No. 7, proposing an amendment to the Constitution of the United States relative to taxes on certain incomes, report the same favorably to the Senate without amendment and recommend that the joint resolution do pass.

This proposed amendment strikes at an evil in our system of taxation which is already great, and if unchecked will grow—indeed, has grown—to such magnitude as to threaten the existence of our institutions. We must assume that the Constitution of the United States as it now stands not only permits the issuance of tax-exempt securities by both the Federal and the State Governments but prevents the Federal Government, on the one hand, from levying an income tax on securities issued by the several States, and the States, on the other hand, from levying an income tax on the securities issued by the Federal Government.

Students of our form of government recognize, of course, that the question is complicated owing to the very nature of our constitutional system of dual Governments, Federal and State.

The existence of conditions that enable any municipality or political subdivision to issue tax-free securities directly permits a certain class of property owners to partake of the comforts and benefits of government without bearing any share of the expense burden of government.

All private property should pay its just proportion of the expenses of maintaining the Government.

The issuance of tax-exempt securities permits—

(1) A large portion of property to escape taxation, thereby causing great loss of revenue.

(2) It violates the sound tax principle of "ability to pay" and it unfairly discriminates among taxpayers.

(3) It discourages investment in new enterprises.

(4) It encourages extravagances of governmental agencies.

(5) It grants private subsidies and special privileges, obnoxious to our system.

(6) By withdrawing money from private enterprise it increases the rate of interest required for all enterprises not carried on by the Government and thereby adds to the cost of living.

(7) It creates, and quite naturally, social unrest.

It will be observed that the form of this amendment forbids discrimination against securities issued by the States, or under their authority, in favor of national securities, and that the States, on the other hand, are forbidden to discriminate against the securities issued by the Federal Government.

Vigor and vision are the supreme need of the hour, and unless we act with promptness on this subject the National Government and some of the States will bog down and sink into the grasp of the all-smothering, all-destroying quicksands of insolvency.

Mr. WALSH. Mr. President, may I ask the Senator whether there is a similar joint resolution pending before the Committee on the Judiciary at this time?

Mr. ASHURST. In answer to the able Senator from Massachusetts, let me say that the author of the joint resolution which was reported favorably in the last Congress has introduced the same measure, and a subcommittee has been appointed to consider it. I believe I am authorized to say that at an early date a report will be made on the joint resolution, and every legitimate effort will be exerted to induce the Senate to adopt it before adjournment.

Mr. WALSH. There is no reason, therefore, why the Committee on the Judiciary should not consider that portion of the President's message?

Mr. ASHURST. The Committee on the Judiciary would be the appropriate committee to consider the proposed constitutional amendment. However, we admit that there are other committees well equipped properly and ably to consider a proposed constitutional amendment.

Mr. WALSH. I suggest that the Senator have his committee make a report.

Mr. ASHURST. We shall do so at an early date.

Mr. President, I have been asked many questions by Senators, by members of the press, and by letter as to what the proposed constitutional amendment seems to accomplish. It is, I might say, reciprocal in its nature. The author of the proposed amendment is entitled to no great credit for any inventive genius, and is pioneering no new ground, because it is a rescript in haec verbae of the amendment which was reported favorably from the Committee on Ways and Means in the House of Representatives some 10 years ago, and which lacked but a few votes of being adopted by that body.

The joint resolution which I am discussing, and which the committee expects to report, would permit, on the one hand, the taxation of the income from securities issued by the Federal Government, provided no discrimination would result as against securities issued by States or under their authority in favor of national securities; and each State, on the other hand, would be permitted to tax securities issued by the Federal Government, provided the levying of such a tax by a State would not result in discrimination in favor of securities issued by it or under its authority. In other words, the several States would be given the same rights with reference to taxing the income from Federal securities as the National Government would be given with reference to taxation of the income from State securities.

I read the resolution, omitting the preliminary features and the resolving clause:

SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article by or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of the United States or any other State.

SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued after the ratification of this article by or under the authority of the United States, but without discrimination against income derived from such securities and in favor of income derived from securities issued after the ratification of this article by or under the authority of such State.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. ASHURST. I yield to the able Senator from Texas.

Mr. CONNALLY. It is the purpose of the Senator, then, to have the Federal Government tax the securities of the school districts in my State?

Mr. ASHURST. Yes.

Mr. CONNALLY. And in Arizona?

Mr. ASHURST. Yes.

Mr. CONNALLY. Of course, whatever benefit the States would derive by taxing Federal securities would all be centered in Chicago and New York and the other great financial centers where the Federal bonds would be issued, whereas the interest on all the Federal bonds would be paid by the taxpayers of the rest of the United States. Is not that true?

Mr. ASHURST. Mr. President, I have reread the debate which took place in the House of Representatives on February 8, 1924, and noted with mute admiration and much respect the able argument of the Senator from Texas [Mr. CONNALLY] in opposition to a similar amendment at that time. He was, in my judgment, the leader in the House in opposing the proposed constitutional amendment.

As is his wont, as is his habit and custom, he not only sounded the depths and shoals of the classics, he made excursions into philosophy, and I believe a rereading of the speech of the able Senator from Texas will amply repay any person. I am certain that his address on February 8, 1924, had more to do with the defeat of the joint resolution than did any other speech made in the House. But conditions have changed mightily within 10 years. The earth has shifted beneath our feet, and even the skies above our heads have paled. A vast deal of water has run under the bridge. Whilst the beauty and the classic arrangement of the powerfully eloquent appeal of the Senator would move us at this time, events have occurred which have changed conditions.

Mr. President, I did not intend to launch into a lengthy speech in favor of taxing securities issued by Nation and State, but it is obvious that vast appropriations have been and are being made, and money must be obtained. Notwithstanding the able and numerous excursions into literature made by my friend from Texas, there lives no man who can truly say it is morally right and just that I may have my breast pockets filled with securities the interest on which may not be taxed by Nation or State. There does not live an intellectual genius sufficiently agile or resourceful to defend a system under which A or B may have his strong box filled with securities issued by State, Nation, county, or precinct, interest on which may not be taxed, whereas the humble farmer's home may be taxed.

I shall not tire the Senate this afternoon by repeating the numerous arguments which might be made in favor of the taxation of income from securities issued by Nation and State.

Mr. President, let me say that the proposed constitutional amendment has encountered much difficulty in the House of Representatives and in the Senate because many able men have overlooked the reciprocal feature. If a State desires to tax the income from Federal securities, it must in return grant to the Federal Government the right to tax income from securities issued by the State. The proposed amendment does not prevent the issuance of tax-exempt securities, but it does make it possible, by the reciprocal nature of its provisions, for a just and fair arrangement to be made so that billions upon billions of dollars may not escape their just burden of taxation.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I yield to the able Senator from Idaho.

Mr. BORAH. I am in entire sympathy with the general philosophy of preventing any further issuance of tax-exempt securities. I do not believe it is wise or just to issue tax-exempt securities. But I wish to suggest to those who are advocating these amendments, that in my opinion, if a Federal proposal goes to the States incorporating the power of the National Government to tax city and State securities, it will never be ratified. The States will never give up their right in that regard, in my opinion. It is a serious thing for one sovereignty to surrender to another sovereignty the power to tax its instrumentalities or to tax the bonds or securities it may issue. We ought to think seriously about the form of the proposal with reference to preventing the issuance of tax-exempt securities by the National Government. If we provide in the proposed amendment that the National Government shall have power to tax city and State securities, in my opinion we will kill the amendment.

Mr. ROBINSON. Mr. President, will the Senator yield to me?

Mr. ASHURST. Certainly.

Mr. ROBINSON. It will follow, if we tax State and municipal securities, that we should authorize the States to tax Federal securities. It would be inconceivable to me that the Federal Government should claim the right to tax the securities of a Commonwealth and deny the Commonwealth the right to tax national securities on equal terms.

Mr. BORAH. I quite agree with that. But even that will not satisfy the States. That appears on its face equitable as between the National Government and the States, but is it?

Mr. ROBINSON. I was just going to say that once we take that power it is likely to result in an impairment of both National and State credit. The States would tax the Federal securities as much as possible, and there might be a disposition on the part of the Federal Government to tax State securities as high as possible.

Mr. BORAH. Mr. President, if one sovereignty is given the power to tax another sovereignty, the second sovereignty is surrendering a right to protect itself, surrendering a right to protect its own securities and its own credit, because it will have no control over the amount of the taxes which may be levied upon its securities.

Mr. ASHURST. Mr. President, the irresistible logic, therefore, of the arguments of the able Senator from Arkansas [Mr. ROBINSON] and the able Senator from Idaho [Mr. BORAH] is that whilst, of course, a constitutional amendment would be required to enable such securities to be taxed hereafter, and a constitutional amendment would be required to enable a tax to be levied on the income derived from securities issued by municipalities erected by the States, a constitutional amendment would not be needed to enable us to provide that hereafter no more tax-exempt securities shall be issued.

Mr. ROBINSON. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. ROBINSON. There is this thought in that connection: The present Congress might declare against the issuance of Federal tax-exempt securities, and the next Congress might repeal the act, and we should have no stabilized or permanent policy. If a provision were placed in the Constitution forbidding the issuance of tax-exempt securities, the result would be that those already issued would be greatly appreciated in value.

Mr. ASHURST. The Senator is correct about that.

Mr. ROBINSON. There would be a permanent policy on the subject.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. BORAH. I think there ought to be a permanent, definite policy on the part of the Federal Government against the issuance of tax-exempt securities. I am speaking of this as a practical policy. In my opinion, we ought to consider very seriously the question of submitting an amendment giving the Federal Government power to tax State securities, because as a practical proposition, in the first place, I do not believe it will ever be ratified. I say this, not in support of tax-exempt securities, but as one opposed to them. It may be that each sovereignty will have to take up the problem. I am speaking as to the practical way to accomplish something along this line.

Mr. ASHURST. Mr. President, I am bound to say that I do not agree with the President in all things. I do not, of course, agree with any man in everything. However, I will say that I found much satisfaction in the President's message. The President directly recommends that which was contained in the joint resolution reported by the Judiciary Committee last year.

Let me again read the President's message of June 19:

> I renew, however, at this time the recommendations made by my predecessors for the submission and ratification of a constitutional amendment whereby the Federal Government will be permitted to tax the income on subsequently issued State and local securities and likewise for the taxation by State and local governments of future issues of Federal securities.

Mr. President, I should not cut much of a figure in an argument if opposed by such able and accurate scholars as the able Senator from Idaho [Mr. BORAH] and the able Senator from Arkansas [Mr. ROBINSON]; but I do assert that our Government and the States themselves are about to fall down and sink in the sands of national and State insolvency. Of course the able Senator from Idaho points out that which is obvious—"The power to tax is the power to destroy." I can see that, with his cautiousness and his prudence and his statesmanlike qualities, he anticipates that the time might come when a State would be injured and made to suffer, and perhaps even be exterminated, if heavy taxes were laid on the income from all securities issued by it. It is not possible to erect any form of government without some injustice being done to some persons. We run a risk if we adopt this amendment or any other; but I think it is a risk we can well afford to run.

Geniuses do not rule the world; geniuses have little to do with the progress of civilization. Common sense rules the world.

Mr. SMITH. At times.

Mr. ASHURST. At times?

Mr. SMITH. Yes.

Mr. ASHURST. Here I am beset by the scholarly farmer from South Carolina. I feel, however, that I shall be able to withstand such attacks.

Mr. LONERGAN. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. LONERGAN. I wish to say to my friend from Arizona that on January 16, 1934, the senior Senator from Arkansas [Mr. ROBINSON] had inserted in the RECORD a long report on this subject which I prepared.

Mr. ASHURST. Let me say that I should not be just if I did not at this time say that I have had, in my researches on this subject, the constant advice and help of the senior Senator from Connecticut.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. BARKLEY. I presume it is futile to engage at this time in a general debate on this proposed amendment.

Mr. ASHURST. I should not like to do so.

Mr. BARKLEY. In view of what the Senator from Idaho and the Senator from Arkansas have suggested, with both of whom I agree, that we could not think of asking the States to ratify an amendment to the Constitution which would allow the Federal Government to tax their securities without giving them the same rights which the Federal Government would enjoy, let me suggest if that were brought about, there would, of course, be 48 separate rates of taxation upon the income from the Federal securities in the hands of the citizens of the States. Does the Senator believe it would be wise or practicable to subject Federal securities bearing a uniform rate of interest to all holders to a rate of taxation which would be different as to 48 States, resulting really in different rates of interest on such securities, without materially affecting the credit of the United States Government or the willingness of the people to invest in Federal securities?

Mr. ASHURST. That is a long question; it is a searching question; but my answer to it is, "no." That is, I am not afraid. I do not anticipate any trouble.

Mr. BARKLEY. The Senator will realize that there would be different rates of taxation in the different States on Federal securities.

Mr. ASHURST. That might be true.

Mr. BARKLEY. Would not those who bought securities be actuated by a condition which would almost compel the Treasury Department to issue Federal securities at the highest possible rate in order that it might induce persons in the 48 States to buy them?

Mr. ASHURST. Mr. President, my opinion is that for the next decade, or the next 20 or 30 years, the securities which people will seek in order to sustain them in their old age will be bonds issued by the Government of the United States or some State or some city.

Consider, for example, the securities issued by the State of Maryland. I am not in the investment business; but, if I were, I should regard a Maryland bond as a prime security. It is unnecessary to give the reasons, and I am not discriminating against other States.

I had not intended to precipitate a debate; but many Senators have asked me what was to be done, and what was to be said about the portion of the President's message where he specifically recommends just what the Judiciary Committee last year suggested should be done. I do not wish to be spinning much and weaving nothing. I am not seeking any new burdens. There is no need for a constitutional amendment to tax the income on securities hereafter issued by the Federal Government. Of course, if a third of the Senate is going to vote against a proposed constitutional amendment which would be reciprocal in its nature, it is useless for me to beseech Senators to work and worry, if they do not intend to permit such an amendment to be passed.

Let me say that I have the greatest respect for the opinions of other Senators. There is no stronger State-rights man in the Senate than am I. However, after an investigation—not of a few months, but of years—I do not perceive any peril arising from such an amendment reciprocal in its nature. I have consulted on the subject with 4 Secretaries of the Treasury, and at least 2 Presidents. They were all in favor of such an amendment, reciprocal in its nature. Because of its reciprocal nature, no one saw any peril arising from it to the States.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. SMITH. Suppose there was held in a State a great number of municipal and State bonds issued in that State, but very few Federal bonds. There would be paid in taxes, under the Federal power to tax, just the difference between the bonds which the State's citizens held of the Federal Government and the local bonds.

Mr. ASHURST. Let me say, in answer to my able friend from South Carolina—who never rises without illuminating and adorning the subject—that the proposed amendment is not retroactive in its nature. It is purely prospective. I wonder if my able friend from Virginia [Mr. BYRD] will not answer a question: Did he not introduce a measure proposing a constitutional amendment under which the income on securities issued hereafter could be taxed?

Mr. BYRD. My amendment proposed to tax income on securities issued in the future.

Mr. ASHURST. I am very pleased to know that, because the Senator thinks so clearly that I am sure he would not presume to introduce a retroactive amendment. Inasmuch as the proposed amendment to which I am referring is not retroactive, but is purely prospective, I fail to see how any

State could be injured. There would be ample opportunity for the State to protect itself. It could not be injured by an amendment, the action under which would take place in the future.

Mr. SMITH. Mr. President, the only thing which would cause me to oppose any such amendment as this is that there is every tendency, it seems to me, in all the bills introduced, to get the camel's nose under the tent and invade the rights of the States; and I know of no more potent way to do so than to give the Federal Government the right to go into the 48 sovereign States and tax the instrumentalities of their governments.

Mr. ASHURST. Mr. President, I fear the Senator sees objections and possible injuries which are not distinct to my perception. Frankly, if this were with me a matter of first impression I might feel I was wrong. I beg my honorable friend to believe I have studied it for many years and consulted many authorities. I ask him to believe me when I say if I thought that State rights would be invaded, that the integrity or sovereignty of the States would be impaired by such an amendment, he would find me standing with him, as I did very recently on a bill which I thought invaded State rights. But I do not perceive in what fashion any State would be injured if the Federal Government should require the owner of a bond, issued by a city or a State, to pay an income tax on such bond. I fail to perceive any possibility of injury.

There is a consideration greater than that. I do not want any State destroyed, but there is a greater peril than that. We do not know, in the absence of accurate advice, just what the facts are; but Senators would be astonished to know how vast are the resources of untaxed wealth which have been piled up in this country. Ten years ago I had prepared a set of tables showing the amount of tax-exempt securities issued by the Federal Government, by the States, counties, cities, towns, precincts, municipalities, and districts. The figures are stupendous and their magnitude is growing by the day and by the hour. Before the silver has come to the temples of the younger men here, the problem will be of portentous proportions, and future Congresses will have to wrestle with it, and they might be retroactive in their action. Now at this time when the President has recommended the proposal, when we need the revenues so badly, why halt and pause?

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Maryland?

Mr. ASHURST. I yield.

Mr. TYDINGS. I think even a greater danger than the Federal Government taxing the securities of the States would arise from giving the States the power to tax the securities of the Federal Government, and for this reason——

Mr. ASHURST. May I interrupt the Senator? I myself have been guilty of an erroneous expression. I fear I have persisted in saying we should tax securities. I mean we should tax the income of securities. The able Senator, too, means to tax the income of securities, no doubt.

Mr. TYDINGS. That is correct. I may say to the Senator—and, of course, there is nothing personal in this illustration—that it is perfectly possible to conceive of a time in this country, in the event of war, or period of other great stress, when certain States might not be in sympathy with the Federal Government and might, through the medium of excessive taxation of Government securities held in such States, to a great extent destroy the credit of the Government. I am going to use even this illustration. Suppose the Senator from Louisiana [Mr. LONG] who has had, I believe, some quarrel with the Federal administration, and who has a very friendly law-making body in that State, should have enacted a very high tax on incomes derived from Federal securities. It would make it almost impossible——

Mr. LONG. Mr. President, a point of order.

Mr. TYDINGS. I am serious about this.

Mr. LONG. I make the point of order that I want my friend to use the Governor of Georgia rather than myself as a horrible example. [Laughter.]

The PRESIDING OFFICER. The point of order is not well taken. The Senator from Maryland will proceed.

Mr. TYDINGS. In such a case it would be perfectly conceivable that a citizen of Louisiana would feel that the taxes imposed were so burdensome that he would not prefer to buy the securities of the Federal Government. I think, while there may be danger of the Federal Government taxing the income derived from bonds of the States, it would be an even greater danger to allow the States to tax the securities of the Federal Government—and I have always thought I was a firm believer in State rights.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ASHURST. I yield to the Senator from Nebraska.

Mr. NORRIS. I think the Senator from Maryland has drifted into an error similar to that which many of us make. Suppose this tax about which he is talking on Federal securities had to be uniform on all securities.

Mr. ASHURST. That is the point.

Mr. NORRIS. Suppose when the States wanted to tax Federal securities, they had, by the same operation, to tax their own security at the same rate. Would not that prevent the injury of which the Senator from Maryland is fearful?

Mr. TYDINGS. It would go far, but may I point out to the Senator from Nebraska that, State-rights man that I am, I would much rather see the Federal Government have the right to tax the securities of the State, to tax that vast source of revenue, than I would to have the States have the right to tax the securities of the Federal Government, because it is perfectly possible that there may be ways and means of discrimination so that the securities of the Federal Government would not have a uniform sale over the country in time of need.

Mr. NORRIS. I agree with the Senator; but if we granted the power to tax income from Federal securities, and the same law required exactly the same tax upon State and municipal bonds within the States, I think we would have met at once the danger which is feared by the Senator from Maryland.

Mr. TYDINGS. I do not agree with that entirely, but may I say once more that I think it is a very dangerous precedent to allow the States to have control, even remotely, over the credit of the Federal Government.

Mr. NORRIS. I agree with the Senator on that point. As between the two, the one I would want to protect would be the Federal Government, because in time of war or of great emergency it might be fatal if the Federal Government should be unable to raise sufficient funds. That is the only reason why I think the Federal Government ought to have the power to tax the income of a Governor or an attorney general of a State, the same as the income of Senators and Representatives is taxed. It ought to tax everything alike. There should be no discrimination. A great fear seems to be lurking in the minds of many when we start out by saying the right to tax is the power to destroy. If we couple with the tax proposition a provision that it shall be uniform on everybody and upon everything, I think that danger at once disappears.

We ought to be able now, through the Federal Government—and I believe the amendment to the Constitution intended that it should be within the power of the Federal Government—to tax all incomes, in the words of the amendment, "from whatever source derived." But the Supreme Court has decided we cannot do it, and, of course, we have to abide by that decision.

Mr. ROBINSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Arkansas?

Mr. ASHURST. I am glad to yield.

Mr. ROBINSON. I desire to ask the Senator from Nebraska a question with reference to uniformity. Would the Senator require every State to tax the income from Federal securities at the same rate, or would he prescribe the maximum?

Mr. NORRIS. I should require that if a State wanted to tax incomes from Federal securities it should tax income in that particular State at the same rate, so there would be

no difference whatever between the tax on the income from a Federal bond and the tax on the income from a State or county or municipal bond.

Mr. TYDINGS. Mr. President, will the Senator from Arizona yield further to me?

Mr. ASHURST. I am delighted to yield.

Mr. TYDINGS. Under the suggestion made by the Senator from Nebraska, of course, within a State there would be uniform taxation on that type of security, but one State might have a higher rate than another. There could be no limitation placed upon the right of a State to levy taxes.

My objection went primarily to the condition where States, for some purpose, might hamstring or curtail the credit of the Federal Government.

While I have not thought the thing through, and am only finding my way in this discussion, at this point I should say that while I might favor, on reflection, in order to tax large incomes from State and municipal securities, having the Federal Government tax those securities even though it would add to the cost of floating them, I do not believe in any case I could ever bring myself to support an amendment allowing the States to tax the credit of the Federal Government.

Mr. NORRIS. There perhaps would be, as the Senator says, a rate of taxation in Maryland different from the rate of taxation in New York. There now are differences in the rates of taxation on everything. I do not suppose two States can be found in the Union where the tax rates are just the same. That would be true if the incomes from securities of the Federal Government should be taxed; but if the States had to tax their own securities at the same rate, there would not be any danger of their attempting to destroy the Federal Government, because they would destroy themselves by the same act.

Mr. TYDINGS. Mr. President, I desire to make a concluding observation.

I can see why many Senators very properly would not desire to have the Federal Government tax the income of the States. They think that is an invasion of States rights, and that observation is well supported by reason. Already, however, the Federal Government does that. It taxes corporations in the States; it taxes interstate commerce in the States; and it taxes so much in the States that I can see in real effect, and from that angle alone, very little difference in taxing money which is invested in Federal securities, and represents property.

Mr. ASHURST. Mr. President, I really intended this address of mine to be more in the nature of an assurance to the Senate that we should bring in a constitutional amendment. I thought I should be received with open arms and with hosannas, and complimented on the assiduity and the zeal with which I was proceeding. I have explored far enough to see that even if our committee should bring in a joint resolution for a constitutional amendment, we might never be able to secure its passage.

Mr. NORRIS. I share with the Senator that view. I confess I became very much discouraged. If we were able as a Federal Government to tax incomes, as our Constitution says, "from whatever source derived", I believe we should relieve our country of a great deal of embarrassment. It seemed to me that when the Supreme Court decided that we could not tax securities of State governments, or State salaries, or anything of the kind, it was going, as apparently most people go, on the theory that "the power to tax is the power to destroy"; but nobody was proposing that we should levy on State securities a tax different from the tax we should levy on Federal securities. Nobody was proposing that we should tax the income of the Governor of the State of Iowa at a different rate from that at which we should tax the income of a Senator from Iowa. Until Congress did pass that kind of a law—I cannot conceive that it ever would, unless it did, unless it undertook to levy taxes upon State officials or State securities at a higher rate than the taxes levied upon Federal officials or Federal securities—it seemed to me no discrimination could be involved in it. There could not be any attempt to destroy. A levy of the kind contemplated is taxation. It is not made with the intention of destroying anybody or injuring any State.

In the face of our divided opinion, the Senator from Missouri [Mr. CLARK], at the last session of Congress, or the session before that, offered an amendment to a revenue bill in which he proposed to make the levy, and let the matter again go to the Supreme Court. It was defeated in the Senate. We could not even get a majority vote for it, much less a two-thirds vote such as a constitutional amendment has to have; so I felt very much discouraged.

Mr. LONG. Mr. President——

Mr. ASHURST. I yield to the Senator from Louisiana.

Mr. LONG. That amendment was adopted by the Senate, I think, and was eliminated in conference.

Mr. NORRIS. The one of which I am thinking was not adopted. It was defeated.

Mr. LONG. I desire to say that I have voted both ways on this question, as I have been accused of doing on another matter.

Mr. ASHURST. When the Senator from Louisiana shall have been here as long as I have, he will find himself voting three or four ways on every question.

Mr. LONG. Shortly after I came to the Senate, I expressed the hope that we ought not to undertake to tax municipal and State securities. One night, when the Senator from Missouri [Mr. CLARK] offered his amendment, all of a sudden I concluded, along with the majority, that I would vote for it. My friend, the junior Senator from Texas [Mr. CONNALLY], came to me a few minutes later and said, "The proposition you voted for was Mellon's original scheme of taxing municipal securities." I got to considering the matter again, and I felt considerable doubt as to whether I had voted right on the matter the last time.

I am not at all clear but that we shall get ourselves into pretty deep water in undertaking to permit one government to tax the securities of another government, because what would be accomplished by the Federal Government taxing the courthouse of the State, and the State in turn taxing the post office of the Government? That is what this proposal really means.

Mr. ASHURST. Mr. President, of course I deny the correctness of the analogy of the able Senator from Louisiana. I say there is a vast difference between the Federal Government taxing the courthouse in a county and taxing the income of securities issued by a State.

Mr. CONNALLY. Mr. President——

Mr. ASHURST. I yield to the Senator from Texas.

Mr. CONNALLY. If the Senator will permit me, I desire to propound an inquiry to the Senator from Nebraska. If it could be shown to the Senator from Nebraska that we should pay out more in increased interest on our bonds when they were taxable than we should get back in taxes, would that be an argument?

Mr. NORRIS. Yes; that would be an argument; and, if the Senator from Arizona will yield——

Mr. ASHURST. I yield.

Mr. NORRIS. I have always taken it into consideration, though I think a great many people who are crying out—and I am one of them—for taxation of what are now exempt securities do not take into consideration the fact that these securities draw a lower rate of interest than they would draw if they were taxable. I think that follows. So it is really taking the money out of one pocket and putting it into another, with some exceptions.

The great drawback about the present condition, to my mind, is that we create in the minds of the American people an impression that there are wealthy people who are selected to pay less taxes than others. A great many of them have invested their money in tax-free securities.

I think there is more feeling than is justified against those classes of people. For instance, I do not think it is disreputable to own tax-free securities. As poor as I am, I myself have some of them; and I do not blame any man for making that kind of investment. In fact, when we build our schoolhouses and our courthouses and issue bonds for the purpose, they are tax-exempt under the decision of

the Supreme Court of the United States. If somebody did not buy them, however, we could not build our schoolhouses and our courthouses.

Mr. CONNALLY. They are exempt in another State. One State can tax the securities of another.

Mr. NORRIS. Oh, yes; but it does seem to me that by our dual system of taxation we create dissatisfaction and lack of contentment in the minds and hearts of people. Perhaps it is unjustified, but it is there just the same; and it would all be ironed out if we made everybody pay a tax on his income, even though in the end there would be no difference in the amount received by the Government.

Mr. CONNALLY. Let me say to the Senator from Nebraska that when this matter was up some years ago, Secretary Mellon testified before a House committee that if a tax should be put on Federal securities or on State securities it would raise the interest rate 1 percent annually on all of them. Take the case of the schools out in Nebraska: A schoolhouse is built there, and bonds running for 40 years are issued. One percent a year for 40 years is 40 percent of the bond issue.

Mr. NORRIS. Yes; in the case the Senator puts, the matter is practically as long as it is broad; but I think it will be found that if we take all the elements into consideration, the people lose money by the escape from taxation of certain classes of securities, although the amount they lose may be very much exaggerated. But it does permit the existence of a class of people owning securities and owning property of that kind to escape taxation, while others have to pay taxes.

Mr. CONNALLY. Let me say to the Senator, and then I shall be through, that most of the tax-exempts are held by corporations, insurance companies, and savings banks, and they do not pay any surtaxes. The records show that they pay only the flat corporation taxes.

Mr. NORRIS. There is no such thing as a surtax on State securities. The surtax applies only to Federal securities.

Mr. CONNALLY. If they are taxed, they have to pay surtaxes.

Mr. NORRIS. Oh, yes.

Mr. CONNALLY. The point I make is that if we tax them, they will have to pay surtaxes. Most of the tax-exempt securities are owned by insurance companies and other companies which pay no surtaxes.

Mr. NORRIS. I do not know how the great bulk of them are owned, but it does seem to me that everyone must admit that we have two classes of owners of property. One class is composed of those who own property on which they pay no taxes, and the other class is composed of those who pay taxes on what they own, and even though the result would be just the same, it would be better, in my judgment, and would create more satisfaction and better contentment if they all paid taxes, even though in the end it did not make any difference.

Mr. BARKLEY. Mr. President, will the Senator from Arizona yield?

Mr. ASHURST. I yield.

Mr. BARKLEY. That very point has been the one in particular which has caused me more difficulty in considering this question than all the others combined.

Aside from the relative position of the States in taxing Federal securities and the Federal taxation of State securities, we all know that the reason why the income from such securities is not taxed is, at least theoretically, that the people whose obligations they are obtain a lower rate of interest because of their nontaxability.

I realize that when we find someone who has millions of dollars invested in tax-exempt securities the natural thing is to get out before a crowd of people somewhere and denounce him as a man who has concentrated all of his wealth in securities which pay no taxes. But we do not take the trouble at the same time to tell the people that, after all, they are saving money in taxes in the way of a rate of interest, because the security which is held by this man we are denouncing is tax exempt.

The fact which it seems to me we cannot lose sight of is that these are the obligations of the people, incurred in a sovereign capacity in order to furnish money to carry out some sovereign object, the object of government, and that the securities are made nontaxable in order that the obligations of the people in their sovereign capacity may obtain a lower rate of interest.

Mr. NORRIS. May I interrupt the Senator there?

Mr. BARKLEY. In just a moment. Even if we can satisfy ourselves and the people by saying to them that we are making everybody pay taxes on the securities they hold which belong to the people, I do not see any social advantage or any governmental advantage in requiring the people to pay a larger interest rate on the obligations they have incurred in bond issues in order to make someone who holds those obligations pay interest on the income from them.

Mr. ASHURST. I yield to the able Senator from Nebraska.

Mr. NORRIS. In the main, except for the last paragraph, I agree fully with the Senator. But it seems to me that the Senator must not forget, and that all of us must not forget, that while these tax-free obligations are obligations of the people, and they are saving money by a lower interest rate, we must tax someone. Suppose we treated all bondholders as we do those who hold tax-free securities, and taxed none of them, and let all bonds go at a low rate of interest. I do not think anyone would advocate that, because in the end we would collect no taxes.

Mr. BARKLEY. It is only one step from taxing the income from a piece of property to taxing the property itself; just one step.

Mr. NORRIS. That is correct.

Mr. BARKLEY. If we could conceive the time ever arriving when, in addition to taxing the income from these public securities, we actually taxed the securities themselves by an ad valorem tax, I can very easily foresee the doubling or trebling of the interest rates now borne by many of these public securities, because in the city where I live, for instance, the rate of taxation, city, county, and State, is more than $3 a hundred, which is more than the interest borne by some of the securities which are outstanding. So that we have to consider that this is not something which stops at the taxing of income; it may go on to taxing the security from which the income is derived.

Mr. ASHURST. Mr. President, so far from being irritated by these interruptions, I am grateful. I started out with the feeling that my announcement would be met with at least manifestations of approval everywhere. I am glad now that I made this exploratory speech. I do not think I surrender easily or quickly, but it is obvious that the Committee on the Judiciary would not be able to have the joint resolution agreed to in the form I have suggested, or in any form, even if the committee were unanimous.

One or two remarks have been made which, in justice to myself, I think call for a reply. One of the able Senators said something about denouncing people who hold tax-free securities. I do not believe that on the public hustings or in a public speech outside of the Senate of the United States I have ever referred to tax-exempt securities. I do not recall that in all the stormy political battles of my career I have ever referred on the hustings to tax-exempt securities. In the first place, the hustings would not be the appropriate place to make such a reference.

Mr. BARKLEY. Mr. President, if the Senator will yield, I think I was the Senator who made the statement to which he is referring. I had no reference, of course, to the Senator; but it is true that some people do make such denunciations.

Mr. ASHURST. The Senator is correct. Let me say, moreover, that I agree entirely with the suggestion made by the Senator from Nebraska [Mr. NORRIS] that there is no moral obliquity, there is nothing wrong or unpatriotic in any citizen buying all the tax-exempt securities he pleases to buy. In fact, I venture the assertion that in times of stress, in times of peril, or when a district in a State desires to raise money, the man who buys tax-exempt securities is feted at the clubs, is banqueted, and is a hero; and properly so. He is investing his money at 3 or 4 percent, when he might put it into industry and make 8 percent.

I assure Senators, and particularly my able friend from Kentucky, that I have no word of criticism; I indeed have no ear to listen to criticism of citizens who have tax-exempt securities, be they great or small in volume. I wish to say again, in the most emphatic terms, there is nothing wrong in buying them, and the Senate is the only place where I have heard the insinuation that there might be something sinister about holding tax-exempt securities.

My small savings happen to be in Government bonds, and those bonds happen to be tax exempt; but I do not feel that I am subject to any reproach for investing my savings in securities of the Government.

I did not come to town yesterday, I was not born yesterday, and I have explored far enough at least to make me doubt very much whether we will be able to pass the joint resolution through the Congress.

In conclusion, let me say that four Secretaries of the Treasury, and that President Harding, President Coolidge, and President Franklin Roosevelt have recommended the submission to the States of exactly such a constitutional amendment as I have offered and as I presented at the last session of the Congress.

I yield the floor.

STATE HIGHWAY IN RAPIDES PARISH, LA.

Mr. OVERTON. Mr. President, I ask unanimous consent for the consideration of Senate bill 3038, being Calendar No. 996.

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Is that the bill to which the present occupant of the chair objected on yesterday?

Mr. OVERTON. Yes.

The PRESIDING OFFICER. The present occupant of the chair does not object to the present consideration of the bill.

Mr. OVERTON. It is necessary that the highway be provided in order to use a bridge which has been constructed across the Red River.

Mr. ROBINSON. The bill was unanimously favorably reported by the committee, and also favorably reported by the Department?

Mr. OVERTON. That is correct.

Mr. McNARY. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3038) to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La., which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, line 1, after the words "numbered 1", to insert "and State route no. 615", so as to make the bill read:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to transfer to the State of Louisiana, without expense to the Government of the United States, all the right, title, and interest of the United States in and to a certain strip of land crossing the Veterans' Administration facility at Alexandria, La., along the Alexandria-Shreveport Highway, State route no. 1, and State route no. 615, in sections 1 and 2, township 4 north, range 1 west, Rapides Parish, La., upon condition that it shall always be used and maintained as a public highway, said strip of land being described as follows:

Beginning at a point in the located center line of the Alexandria-Colfax Highway at engineer's station 152+05.3, which point is in the south line of the northwest quarter of the southwest quarter of section 1, township 4 north, range 1 west, and north 89°54′ east, a distance of 325.5 feet from the southwest corner of the said northwest quarter of the southwest quarter of section 1, township 4 north, range 1 west; thence north 89°54′ east, along the said south line of the northwest quarter of the southwest quarter of section 1, a distance of 51.37 feet to a point in the easterly right-of-way line of the Alexandria-Colfax Highway, said point being 50 feet easterly and at right angles to the aforementioned center line; thence along the easterly right-of-way line of said highway, the following two courses: Northwesterly along a curve to the left having a radius of 3,204.03 feet, a distance of 283.92 feet to the point of tangency of said curve to the left; thence north 17°6′ west, a distance of 1,637.37 feet to a point in the mesh wire fence enclosing residence lot, said point being 50 feet easterly and at right angles to the aformentioned center line; thence south 68°1′ west, along said fence line, a distance of 20.07 feet to a point, said point being 30 feet easterly and at right angles to the aforementioned center line; thence along the easterly right-of-way line of the aforementioned highway, the following courses: North 17°6′ west, a distance of 121.3 feet to the point of the beginning of a curve to the right; thence northwesterly along a curve to the right having a radius of 5,699.65 feet, a distance of 310.04 feet to the point of tangency of said curve to the right; thence north 13°59′ west, a distance of 306.6 feet to the point of beginning of a curve to the left; thence northwesterly along a curve to the left having a radius of 746.78 feet, a distance of 224.4 feet to the point of tangency of said curve to the left; thence north 31°12′ west, a distance of 626 feet to the point of beginning of a curve to the left; thence northwesterly along a curve to the left having a radius of 508.34 feet, a distance of 261.43 feet to the point of tangency of said curve to the left; thence north 60°40′ west, a distance of 338.9 feet to a point, said point being 30 feet northeasterly and at right angles to the aforementioned center line, same point also being 30 feet northeasterly and at right angles to the center line of the existing concrete highway from Alexandria toward Shreveport; thence north 29°20′ east, a distance of 10 feet to a point, said point being 40 feet northeasterly and at right angles to the aforementioned center lines; thence along the easterly right-of-way of the road from Alexandria toward Shreveport, the following two courses: North 60°40′ west, a distance of 113.15 feet to the point of beginning of a curve to the right; thence northwesterly along a curve to the right having a radius of 429.64 feet, a distance of 363.79 feet, more or less, to a point in the north line of section 2, township 4 north, range 1 west, same being in the north boundary line of the Veterans' Administration property, said point also being 40 feet easterly and at right angles to the aforementioned center line; thence along the said north line of section 2 and the north boundary line of the Veterans' Administration property and crossing the aforementioned highway, the following two courses: West a distance of 40.84 feet to the center line of the existing concrete highway at engineer's station 197+93.8; thence west a distance of 40.7 feet to a point in a curve to the left in the westerly right-of-way line of the existing concrete highway from Alexandria toward Shreveport, said point being 40 feet westerly and at right angles to the aforementioned center line; thence southeasterly along said curve to the left having a radius of 509.64 feet, a distance of 198.9 feet to a point, said point being 40 feet westerly and at right angles to the aforementioned center line and said point also being 30 feet northeasterly and at right angles to the highway leading to Regollet; thence along the northeasterly right-of-way of said highway leading to Regollet, the following two courses: North 60°40′ west, a distance of 75.24 feet to the point of beginning of a curve to the left; thence northwesterly along a curve to the left having a radius of 1,303.57 feet, a distance of 397.58 feet, more or less, to a point in the north line of section 2, township 4 north, range 1 west, same being in the north boundary line of the Veterans' Administration property, said point also being 30 feet northerly and at right angles to the aforementioned center line; thence along the said north line of section 2 and the north boundary line of the Veterans' Administration property and crossing the aforementioned highway, the following two courses: West a distance of 185.26 feet to the center line of the highway leading to Regollet; thence west a distance of 198.33 feet to a point in the westerly right-of-way line of the highway leading to Regollet; thence along the westerly right-of-way of the aforementioned highways, the following courses: South 81°18′ east, a distance of 307.35 feet to the point of beginning of a curve to the right, said point being 30 feet southwesterly and at right angles to the aforementioned center line; thence along a curve to the right having a radius of 1,243.57 feet, a distance of 447.83 feet to the point of tangency of said curve to the right; thence south 60°40′ east, a distance of 767.2 feet to the point of beginning of a curve to the right; thence southeasterly along a curve to the right having a radius of 448.34 feet, a distance of 230.58 feet to the point of tangency of said curve to the right; thence south 31°12′ east, a distance of 626 feet to the point of beginning of a curve to the right; thence along a curve to the right having a radius of 686.78 feet, a distance of 206.37 feet to the point of tangency of said curve to the right; thence south 13°59′ east, a distance of 306.6 feet to the point of beginning of a curve to the left; thence along a curve to the left having a radius of 5,759.65 feet, a distance of 313.3 feet to the point of tangency of said curve to the left; thence south 17°6′ east, a distance of 131.58 feet to the corner of a mesh wire fence, said point being 30 feet westerly and at right angles to the center line of the Alexandria-Colfax Highway; thence south 51°36′ west, along said mesh wire fence, a distance of 21.47 feet to a point, said point being 50 feet westerly and at right angles to the aforementioned center line; thence south 17°6′ east, a distance of 1,617.88 feet to the point of beginning of a curve to the right; thence along a curve to the right having a radius of 3,104.03 feet, a distance of 251.92 feet, more or less, to the south line of the northwest quarter of the southwest quarter of section 1, township 4 north, range 1 west, same being in the southerly boundary line of the Veterans' Administration property, said point also being 50 feet westerly and at right angles to the aforementioned center line; thence along the said south line of the northwest quarter of the southwest quarter of section 1 and the south boundary line of the Veterans' Administration property, north 89°54′ east, a distance of 51.21 feet to the point of beginning; containing in all 9.188 acres, more or less, and being shown in detail on a map showing the right-of-way required by the Louisiana Highway Commission

through lands of the Veterans' Administration facility in sections 1 and 2, township 4 north, range 1 west, Rapides Parish, La., and dated April 24, 1935.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE LATE SENATOR BRONSON CUTTING

Mr. HATCH. Mr. President, I rise at this time to make a few brief remarks concerning a former Member of this body and a distinguished citizen of my State.

I have delayed making these remarks for various reasons. Several Senators have expressed to me their desire to participate in a memorial service for former Senator Bronson Cutting. However, the session is rapidly slipping by, and it has been difficult to arrange a time when all Members can be suited as to convenience and hour.

I should not like to see this session of the Senate come to an end without some tribute being paid to a man who was so outstanding in my State as was the late Senator Cutting. It seems not only fitting but right that a Senator from New Mexico, the State of which he was so fond, should pay some tribute to him, and the words should be spoken here on the floor of the United States Senate, the place which was the scene of his great activities. Therefore, notwithstanding the lateness of the hour, I wish to take the opportunity to make some brief references to my late colleague.

I shall attempt no high-sounding words nor flights of eloquence or oratory. I prefer to direct my thought to some of the things he did, to some of his traits of character, and some of the outstanding causes in which he believed and for which he fought.

His life, his character, his deeds, his actions tell their own story. While I shall mention only a few things today, his friends will recall many more. Let his virtues, his accomplishments, and his achievements be his eulogy. Let them write his epitaph. Somehow I believe he would prefer to have it so.

Senator Cutting was an outstanding figure in New Mexico. He occupied a high and conspicuous place in the affairs of my State, but he was not confined or limited to the affairs of New Mexico, for his interest and his influence were indeed Nation-wide. Liberal in thought, independent in action, he early demonstrated qualities of leadership which placed him in the foremost ranks of the public men of New Mexico and of the Nation.

It is of more personal things and traits that I would speak; and in that regard, Mr. President, what shall I say? Shall I say my late colleague was a man of great intellect, a man of culture, a man of ability?

For nearly 8 years he served with you in the Senate of the United States. You explored the depths of his intellect. You have long since known he was an honor graduate of one of America's greatest universities. You know that he continued research and study long after college days were over. You, his colleagues, saw him frequently demonstrate here in the Chamber of the Senate that he was a man of strong intellectual power.

Was he cultured? You who came in contact with him throughout the years of his service here know he was a man of gentle mien, of kindly disposition, always courteous and polite, modest, and not forward. Indeed, he was a man of rare refinement and culture.

Did he have ability? His record here answers that question. But even better than the cold record, Senators who engaged with him in debate, who sat with him on committees, knew he was a man of ability. He was, indeed, a man of pronounced ability, and the future promised for him even more than the past revealed.

Yes; Senator Bronson Cutting was a man of intellect, a man of culture, a man of ability. He discharged the duties of the high and honorable office of a Senator of the United States with credit to himself, to the State he represented, and to this honorable body.

Mr. President, of these and similar virtues one could speak at length. I could tell you he was a man of courage, for he was. I could recount instances where he repeatedly demonstrated his fearlessness in public and in private life. He did not hesitate to follow a course, notwithstanding obstacles and most strenuous opposition, once he decided that course was the right one. He was a courageous man.

He was a man who had a most keen sense of public duty and of responsibility for the obligations of public office. He held these duties and responsibilities high, and always sought to discharge them ably, honorably, and honestly.

Senator Cutting was intensely human; a man of sympathetic disposition, ever willing to assist his less fortunate brothers. He did not expect perfection in others. He knew and understood the weaknesses of human nature; he was always ready to overlook, forgive, and forget the mistakes and errors of his fellow man.

He went to my State a sick man, a very sick man. He well knew and understood the tragedy and sorrow of ill health, sickness, and pain. Perhaps it was because of his own experience that he never failed to lend a ready ear to the plea of misfortune and human suffering.

Throughout the length and breadth of New Mexico, in almost every county, city, village, and hamlet of the State, will be found men and women who have been aided by the sympathetic understanding, the helping hand of Bronson M. Cutting. In Taos, Rio Arriba, Dona Ana, Eddy, San Juan, Union, and Hidalgo and all the counties which lie between, in mountain fastness, valley, plain, desert, and mesa, live men and women who mourn today because their friend and benefactor is no more.

Perhaps the best tribute to Senator Cutting is found among the men and women in my State who were closest to him, those who were associated with him in business, who had been with him for many years and who knew him perhaps better than anyone else. They, his own employees, today sincerely and deeply mourn the loss of Senator Cutting, not because he was their employer but because he was their friend.

Not only in the State of New Mexico, but throughout all the United States, those who toil and labor mingle their tears with the tears of friends and loved ones of Senator Cutting. Labor knows a valiant champion of their cause is gone. He who was ready and willing at all times to lift his voice in the Senate of the United States or elsewhere for them and their rights can never plead for them again. Labor lost an ally and a friend when Bronson Cutting died.

A soldier went down in that tragic accident, a soldier who had served his country. The veterans of all wars wept unashamed on May 6 when their comrade lost the last great battle with man's ever-destroying adversary, Death.

A Senator of the United States, a brave man, a loyal friend, a courageous statesman, a worthy son of a worthy father and a brave spartan mother, is gone.

Senators of the United States may well revere his memory and pay tribute to his virtues.

There is a path to the vast unknown,
A trail which you and I
Must tread, and treading go alone,
The way of those who die.

I know not where that path may be,
Nor where its borders lie,
I only know it's waiting me,
The way of those who die.

And though that way be dark or fair,
Or dangers hover nigh,
May I go forth with valiant air,
The way of those who die.

And may I go with steady tread,
Brave heart and tearless eye,
And may I walk with unbowed head,
The way of those who die.

Just this one thing I ask and pray,
Of Him who made the plan,
God grant, when I shall walk the way,
That I may be a man.

Our comrade, our colleague, and our friend has walked that way. With steady tread, brave heart, and tearless eye he did walk the way of those who die.

In life and in death Bronson M. Cutting was a man.

Mr. NORRIS. Mr. President, Senator Cutting was one of God's noblemen. It is difficult for the common man to realize or comprehend why Senator Cutting should have been taken in the strength of his vigorous manhood while others who have perhaps most of their years of usefulness behind them should be left. His untimely death brought sorrow to the heart of every liberty-loving person in the United States. His work had only fairly begun. His ability, unquestioned and recognized, had caused even the ordinary observer to believe there were before him many useful years before the sun went down upon his life, and that an untold amount of good would come from his efforts. His courage was undaunted. He always stood for what he believed to be right regardless of how powerful the influences might be on the other side. His religion was the religion of Abou ben Adhem, "Write my name as one who loves his fellow man."

Although himself possessed of great wealth, he was nevertheless the first to come to the relief of the poor in any just cause. Money was useful to him only as it might relieve the poor and oppressed. His strong hand was always outstretched to lift up the unfortunate brother who had fallen by the wayside, perhaps through no fault of his own. His death was a personal loss to every man who believes in righteousness and fair dealing.

THE MERCHANT MARINE

The Senate resumed consideration of the motion of Mr. COPELAND that the Senate proceed to the consideration of the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

Mr. COPELAND obtained the floor.

Mr. ROBINSON. Mr. President, will the Senator yield to me? It is desired to have a brief executive session at this time.

Mr. COPELAND. Very well; I yield for that purpose.

EXECUTIVE SESSION

Mr. ROBINSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MCKELLAR in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

THE CALENDAR—POSTMASTERS

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk read the nomination of Alice L. Woolman, to be postmaster at Coweta, Okla.

The PRESIDING OFFICER. This is a nomination which has previously been passed over. The present occupant of the chair asks that it go over again, the Senator from Oklahoma [Mr. GORE] not being present at the time.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON. I ask that nominations of postmasters, with the exception of the one passed over, may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters, with the exception noted, are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. ROBINSON. I ask that nominations in the Navy may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read the nomination of James T. Buttrick to be brigadier general in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Thursday, June 27, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 26 (legislative day of May 13), 1935

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

Brig. Gen. Charles H. Lyman to be a major general in the Marine Corps from the 14th day of May 1935.

First Lt. Arthur T. Mason to be a captain in the Marine Corps from the 2d day of June 1935.

Second Lt. Roger W. Beadle to be a first lieutenant in the Marine Corps from the 12th day of May 1935.

The following-named second lieutenants to be first lieutenants in the Marine Corps from the 2d day of June 1935:

Howard J. Turton
Walter Asmuth, Jr.
Hector de Zayas
James C. Bigler
George N. Carroll

Midshipman Earl A. Sneeringer to be a second lieutenant in the Marine Corps, revocable for 2 years, from the 6th day of June 1935.

The following-named citizens to be second lieutenants in the Marine Corps, revocable for 2 years, from the 1st day of July 1935:

Peter J. Negri, a citizen of Georgia.
Alexander B. Swenceski, a citizen of Washington.
Leonard F. Chapman, Jr., a citizen of Florida.
William T. Fairbourn, a citizen of Utah.
Carey A. Randall, a citizen of Mississippi.
Elmer C. Rowley, a citizen of California.
Harry A. Schmitz, a citizen of Alabama.
John W. Stage, a citizen of California.
Eugene F. Syms, a citizen of Massachusetts.
Clayton O. Totman, a citizen of Massachusetts.
Ronald B. Wilde, a citizen of Massachusetts.

POSTMASTERS

ARKANSAS

Samuel J. T. Wynne to be postmaster at Dermott, Ark., in place of J. A. Morris, Jr. Incumbent's commission expired December 16, 1934.

Floyd E. Fincher to be postmaster at Waldo, Ark., in place of B. P. Jarnagin, deceased.

CALIFORNIA

Nolan W. Smith to be postmaster at Alturas, Calif., in place of J. W. Drane. Incumbent's commission expired December 18, 1934.

Neil A. MacMillan to be postmaster at Eureka, Calif., in place of W. A. Hill, removed.

Albert H. Spengel to be postmaster at North Hollywood, Calif., in place of C. K. Niblack. Incumbent's commission expired January 22, 1935.

COLORADO

Charles H. Rash to be postmaster at Dolores, Colo., in place of B. F. Greene. Incumbent's commission expired December 18, 1934.

Erwin L. Regennitter to be postmaster at Idaho Springs, Colo., in place of F. H. Leach, resigned.

Elmo C. Rowland to be postmaster at Ovid, Colo., in place of F. L. Alexander. Incumbent's commission expired January 13, 1935.

CONNECTICUT

Mary W. Pinney to be postmaster at Bloomfield, Conn., in place of H. S. Ladd. Incumbent's commission expired December 18, 1934.

Frederick J. Bielefield to be postmaster at Middletown, Conn., in place of A. C. Ward. Incumbent's commission expired February 4, 1935.

Nellie U. Schumey to be postmaster at Warehouse Point, Conn., in place of A. B. Lathrop. Incumbent's commission expired December 18, 1934.

DELAWARE

Harry K. Heite to be postmaster at Dover, Del., in place of B. F. Simmons, removed.

FLORIDA

Frederic C. Frierson to be postmaster at New Port Richey, Fla., in place of G. M. DeVries. Incumbent's commission expired February 10, 1934.

GEORGIA

Lessie F. Gray to be postmaster at Graymont, Ga., in place of L. K. Coleman. Incumbent's commission expired March 2, 1935.

HAWAII

John H. Wilson to be postmaster at Honolulu, Hawaii, in place of C. F. Chillingworth. Incumbent's commission expired February 4, 1935.

IDAHO

George A. Hoopes to be postmaster at Rexburg, Idaho, in place of S. P. Oldham. Incumbent's commission expired March 2, 1935.

ILLINOIS

Francis X. Hodapp to be postmaster at Bradley, Ill., in place of Charles Voorhees. Incumbent's commission expired February 28, 1933.

Singleton W. Ash to be postmaster at Canton, Ill., in place of C. E. Snively, removed.

Richard A. McAllister to be postmaster at Fairbury, Ill., in place of H. W. Greene. Incumbent's commission expired December 18, 1934.

Wayne D. Herrick to be postmaster at Farmer City, Ill., in place of H. S. Farmer. Incumbent's commission expired January 22, 1935.

Thomas B. Raycraft to be postmaster at Normal, Ill., in place of H. B. Metcalf. Incumbent's commission expired June 12, 1934.

John L. Anheuser to be postmaster at O'Fallon, Ill., in place of John Lawrence, Jr., resigned.

Charles F. Schmoeger to be postmaster at Peru, Ill., in place of Albert Weiland. Incumbent's commission expired December 18, 1934.

James Shoaff to be postmaster at Shelbyville, Ill., in place of L. E. Phelps, retired.

INDIANA

Cary A. Davis to be postmaster at Albion, Ind., in place of C. A. Gatwood. Incumbent's commission expired December 18, 1934.

Gerald L. Knox to be postmaster at Converse, Ind., in place of B. E. York. Incumbent's commission expired February 25, 1935.

Raymond McClain to be postmaster at Greenwood, Ind., in place of D. E. DeMott, resigned.

Harry R. Groat to be postmaster at Lagrange, Ind., in place of D. D. Nelson. Incumbent's commission expired February 25, 1935.

Dallas L. Hygrant to be postmaster at Markle, Ind., in place of J. E. Harvey. Incumbent's commission expired January 22, 1935.

John Isenbarger to be postmaster at North Manchester, Ind., in place of C. H. Olinger. Incumbent's commission expired February 25, 1935.

Dora Hungerford (Mr.) to be postmaster at St. Paul, Ind., in place of C. M. Davis. Incumbent's commission expired January 28, 1935.

IOWA

John C. Wardlow to be postmaster at Montrose, Iowa, in place of G. W. Kennedy. Incumbent's commission expired December 20, 1934.

Walter W. White to be postmaster at Spirit Lake, Iowa, in place of B. K. Bradfield, resigned.

KANSAS

Louie Haller to be postmaster at Alma, Kans., in place of I. A. Robertson. Incumbent's commission expired February 5, 1935.

Archie D. Spillman to be postmaster at Buffalo, Kans., in place of N. C. Preston. Incumbent's commission expired January 23, 1935.

Max Dolan to be postmaster at Clifton, Kans., in place of J. M. Foster. Incumbent's commission expired February 5, 1935.

James Oscar Warren to be postmaster at Eskridge, Kans., in place of W. R. Logan. Incumbent's commission expired March 22, 1934.

Clayton J. Connell to be postmaster at Fall River, Kans., in place of H. P. West. Incumbent's commission expired December 18, 1934.

Henry W. Behrens to be postmaster at Lyndon, Kans., in place of M. S. Gilbert. Incumbent's commission expired February 20, 1935.

Joseph S. Dooty to be postmaster at Melvern, Kans., in place of J. F. Butler. Incumbent's commission expired July 1, 1934.

John L. Rogers to be postmaster at Quenemo, Kans., in place of Luella Tapley. Incumbent's commission expired February 5, 1935.

Charles P. Gates to be postmaster at Wakefield, Kans., in place of L. H. Wapler. Incumbent's commission expired December 18, 1933.

Minnie J. Meidinger to be postmaster at Wathena, Kans., in place of E. E. Shields. Incumbent's commission expired December 18, 1934.

MASSACHUSETTS

Dora E. Gagnon to be postmaster at Byfield, Mass., in place of G. W. Sanborn. Incumbent's commission expired January 23, 1935.

John P. Connolly to be postmaster at Hopedale, Mass., in place of C. E. Arnold. Incumbent's commission expired December 18, 1934.

Sylvester D. Conley to be postmaster at Ipswich, Mass., in place of C. E. Goodhue. Incumbent's commission expired January 22, 1935.

Annie E. Cronin to be postmaster at North Wilmington, Mass., in place of A. E. Cronin. Incumbent's commission expired January 22, 1935.

John Enneguess to be postmaster at South Acton, Mass., in place of W. B. Currier, deceased.

David R. Kinsley to be postmaster at West Acton, Mass., in place of E. M. Pendergast. Incumbent's commission expired January 22, 1935.

MICHIGAN

Mabel A. Amspoker to be postmaster at Ashley, Mich., in place of L. D. Corwin. Incumbent's commission expired December 18, 1932.

William A. Young to be postmaster at Bellevue, Mich., in place of F. W. Fitzgerald, transferred.

James McDonnell to be postmaster at Grayling, Mich., in place of M. A. Bates, deceased.

Frank R. Moses to be postmaster at Marshall, Mich., in place of P. A. Mumaw. Incumbent's commission expired January 22, 1934.

MINNESOTA

Charles C. Young to be postmaster at Aitkin, Minn., in place of A. C. Klee. Incumbent's commission expired February 20, 1935.

Bernhard Levins to be postmaster at Crookston, Minn., in place of N. A. Thorson. Incumbent's commission expired February 25, 1935.

John L. Townley, Jr., to be postmaster at Fergus Falls, Minn., in place of N. E. Nelson, retired.

Hazel M. Stull to be postmaster at Mazeppa, Minn., in place of O. G. Nichols. Incumbent's commission expired June 20, 1934.

Roy Viall to be postmaster at Spring Valley, Minn., in place of H. H. Johnson, resigned.

MISSOURI

Joseph H. Degginger to be postmaster at Albany, Mo., in place of B. F. Hardin, resigned.

Dayton A. Street to be postmaster at Purdin, Mo., in place of W. A. Smith. Incumbent's commission expired May 9, 1934.

MONTANA

Richard E. Morris to be postmaster at Baker, Mont., in place of G. R. Moshier. Incumbent's commission expired February 27, 1935.

Frank R. Murray to be postmaster at Townsend, Mont., in place of H. M. Sperry, resigned.

NEBRASKA

John L. Withers to be postmaster at Elwood, Nebr., in place of C. J. Rasmussen. Incumbent's commission expired May 29, 1934.

Irene H. Roberts to be postmaster at Paxton, Nebr., in place of F. H. Cook. Incumbent's commission expired February 21, 1935.

NEW HAMPSHIRE

Michael J. Carroll to be postmaster at Laconia, N. H., in place of A. J. Dinsmoor. Incumbent's commission expired February 4, 1935.

Julia L. Mayo to be postmaster at Lyme, N. H., in place of F. E. West. Incumbent's commission expired December 18, 1934.

Sanford M. Tarbell to be postmaster at Winchester, N. H., in place of W. E. Jones. Incumbent's commission expired December 18, 1934.

NEW JERSEY

Jacob Howard Crane to be postmaster at Clayton, N. J., in place of J. B. Buzby, removed.

John Schuemann, Jr., to be postmaster at Hoboken, N. J., in place of August Graf. Incumbent's commission expired February 4, 1935.

Thomas L. Kelley to be postmaster at Paterson, N. J., in place of H. C. Allen. Incumbent's commission expired January 7, 1935.

NEW YORK

William R. Kraft to be postmaster at Kingston, N. Y., in place of E. L. Merritt. Incumbent's commission expired December 8, 1934.

Glenn C. Edick to be postmaster at Lacona, N. Y., in place of T. W. Hamer. Incumbent's commission expired December 18, 1934.

Wesley Terry Howland to be postmaster at Leonardsville, N. Y., in place of H. T. Kenyon. Incumbent's commission expired December 18, 1934.

John V. Collard to be postmaster at North Collins, N. Y., in place of D. E. Hibbard, removed.

Margaret A. Dowd to be postmaster at Salamanca, N. Y., in place of A. C. Rowland, removed.

James Arthur Egan to be postmaster at Sherrill, N. Y., in place of M. L. Ceigler, resigned.

NORTH CAROLINA

Thomas B. Miller, Sr., to be postmaster at Apex, N. C., in place of B. E. Atkins, removed.

NORTH DAKOTA

Carl F. Brandes to be postmaster at La Moure, N. Dak., in place of D. J. Holt. Incumbent's commission expired January 22, 1935.

Thomas J. Dougherty to be postmaster at Mohall, N. Dak., in place of Almeda Lee, removed.

OHIO

Florence M. DeChant to be postmaster at Avon Lake, Ohio, in place of M. T. Hunter. Incumbent's commission expired January 22, 1935.

John R. Gunning to be postmaster at Chillicothe, Ohio, in place of A. M. Renick. Incumbent's commission expired February 4, 1935.

Frank E. Noland to be postmaster at London, Ohio, in place of O. C. Burris. Incumbent's commission expired February 20, 1935.

William Alexander to be postmaster at Miamisburg, Ohio, in place of H. W. Gruver. Incumbent's commission expired February 5, 1935.

Louis J. Eberle to be postmaster at Nelsonville, Ohio, in place of F. R. Jackson. Incumbent's commission expired January 13, 1935.

OKLAHOMA

Audrey Teeter to be postmaster at Grandfield, Okla., in place of I. A. Sessions, resigned.

Lafayette F. George to be postmaster at Henryetta, Okla., in place of C. C. Wilson, deceased.

Eugene P. Estes to be postmaster at Reydon, Okla., in place of J. L. Hines. Incumbent's commission expired December 18, 1934.

Charles E. Fair to be postmaster at Sulphur, Okla., in place of L. A. Presson. Incumbent's commission expired April 28, 1934.

OREGON

Isaac R. Howard to be postmaster at Junction City, Oreg., in place of F. G. Lee, deceased.

Maud W. Thomas to be postmaster at Malin, Oreg., in place of T. H. McComb. Incumbent's commission expired December 18, 1934.

Sidney B. Powers to be postmaster at Molalla, Oreg., in place of A. S. Clifford. Incumbent's commission expired January 22, 1935.

PENNSYLVANIA

James F. McAleer to be postmaster at Folcroft, Pa., in place of H. D. Stevens. Incumbent's commission expired March 2, 1933.

Paul J. Geiss to be postmaster at Walnutport, Pa., in place of R. C. Parry. Incumbent's commission expired February 25, 1935.

SOUTH CAROLINA

James T. Copeland to be postmaster at Bethune, S. C., in place of W. R. Rozier, deceased.

Coit M. Graves to be postmaster at Pageland, S. C., in place of W. D. Sutton. Incumbent's commission expired December 20, 1934.

SOUTH DAKOTA

Adolph P. Koevenig to be postmaster at Hill City, S. Dak., in place of Marcia Ford. Incumbent's commission expired January 28, 1935.

Herald A. Krebs to be postmaster at Quinn, S. Dak., in place of D. B. Chamberlain. Incumbent's commission expired January 7, 1935.

TENNESSEE

Philip T. Young to be postmaster at Baxter, Tenn., in place of S. N. Barr, resigned.

Willie Ozelle Barnes to be postmaster at Cowan, Tenn., in place of G. C. Hodges, resigned.

Robert F. Buchanan to be postmaster at Fayetteville, Tenn., in place of W. T. McCown, resigned.

Samuel H. Chase to be postmaster at Johnson City, Tenn., in place of L. M. Divine, removed.

TEXAS

Lee M. McDaniel to be postmaster at Floresville, Tex., in place of William Reese, removed.

Barbara H. Smith to be postmaster at Floydada, Tex., in place of J. D. Starke. Incumbent's commission expired February 4, 1935.

Wiley Monroe Brister, Jr., to be postmaster at Peacock, Tex. Office became Presidential July 1, 1934.

VERMONT

Louis F. Martin to be postmaster at Manchester Center, Vt., in place of J. H. Dimond. Incumbent's commission expired January 28, 1935.

Donald L. Mattison to be postmaster at Manchester Depot, Vt., in place of C. A. Bourn. Incumbent's commission expired February 4, 1935.

Carroll E. Jenkins to be postmaster at Orleans, Vt., in place of P. C. Skinner. Incumbent's commission expired February 25, 1935.

Clinton M. Hall to be postmaster at Wilmington, Vt., in place of O. H. Jones. Incumbent's commission expired January 22, 1935.

VIRGINIA

Pitt M. Watts to be postmaster at Orange, Va., in place of M. W. Carter, resigned.

J. Frank Harper to be postmaster at Waynesboro, Va., in place of J. H. Furr. Incumbent's commission expired January 28, 1935.

WEST VIRGINIA

Samuel A. Cockayne to be postmaster at Glen Dale, W. Va., in place of R. L. Dowdell. Incumbent's commission expired December 18, 1934.

J. Bright Hern to be postmaster at Lewisburg, W. Va., in place of N. W. Russell. Incumbent's commission expired February 20, 1935.

Lewellen A. Douglas to be postmaster at Spencer, W. Va., in place of H. R. Adams, removed.

WISCONSIN

Alfred J. Zorn to be postmaster at Elkhart Lake, Wis., in place of C. C. Ellis. Incumbent's commission expired December 20, 1934.

Raymond B. Hartzheim to be postmaster at Juneau, Wis., in place of C. K. Lehner. Incumbent's commission expired February 4, 1935.

Harry P. Bowen to be postmaster at Watertown, Wis., in place of O. C. Wertheimer. Incumbent's commission expired January 22, 1935.

WYOMING

Franklin P. Nelson to be postmaster at Evanston, Wyo., in place of P. G. Matthews. Incumbent's commission expired December 18, 1934.

Alfred B. Mills to be postmaster at Lusk, Wyo., in place of R. A. Faulk. Incumbent's commission expired February 21, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 26 (legislative day of May 13), 1935

APPOINTMENTS AND PROMOTIONS IN THE NAVY

To be ensigns

Warren W. Armstrong
Rodney J. Badger
Robert VanR. Bassett, Jr.
Charles R. Beaman
John J. Becker
John W. Bottoms
Graham P. Bright
Frederic W. Brooks
Thomas A. Brown
Romondt Budd
Glenn W. Clegg
John B. Cline
Edward F. Denney
Christian L. Ewald
Charles Fadem
George S. Fuller
Henry C. Gearing, 3d
Stephen H. Gimber
Herschel J. Goldberg
Thomas H. Henry
Edgar S. Keats
Page Knight
Henry P. Knowles
Fletcher McC. Lamkin
Holman Lee, Jr.
Joseph M. Lyle
Robert S. Mandelkorn
Charles H. McCarthy, Jr.
Thomas D. McGrath
William A. McManus
Norman H. Meyer
Byron H. Nowell
George A. O'Connell, Jr.
John G. O'Handley
Eli T. Reich
William T. Samuels
Matthew S. Schmidling
Howard Z. Senif
Thomas F. Sharp
Charles S. Sharrocks
Eugene W. Shellworth
Stephen Sherwood
Thomas D. Shriver
Emory D. Stanley, Jr.
Henry L. Thomas
Edgar D. Vestel, Jr.
Howard S. Westin
James W. Whaley
Richard B. Winfield
Robert C. Wing
Barclay J. Woodward, III

MARINE CORPS

James T. Buttrick to be brigadier general.

POSTMASTERS

NEW YORK

Fred T. Frisby, Franklin Square.
Robert F. McCabe, Johnson City.
Archibald O. Abeel, Round Lake.

NORTH DAKOTA

Mons K. Ohnstad, Sharon.
Lester H. Knowles, Wing.

OHIO

Edward Wild, Arcanum.
William L. Byran, Bradner.
Linn G. McKnight, Buckeye Lake.
Ralph M. Hutchison, Cambridge.
Helen E. Dunn, Holland.
Olive R. Kast, Holloway.
Donovan T. Dickerson, Hopedale.
Clifford Carlile, McClure.
Lewis Edgar Clawson, Middle Point.
Clara J. Mitchell, Mount Pleasant.
William F. Engle, New Paris.
Jessie B. McFadden, Pataskala.
Glenn C. Swartz, Polk.
Florence Hunter, Rayland.
Earl I. Ducket, Walbridge.
Grover C. Speckman, Warsaw.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 26, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most gracious Heavenly Father, we wait in the shadow of Thy holy presence. Thou art so mighty that there are no bounds, so blessed that no terms can describe Thee, and Thy mercy so unfailing that it eclipses the grandest reaches of mortal beings. May we see our sins in the light of Thy countenance and know the joy and rest of forgiveness. We pray Thee to strengthen our faith in a good God, in His providential care, in the divine influence that gives courage in despondency, hope in despair, light in darkness, and firmness in resistance. The Lord forbid that we should be so self-centered, so self-assuring that we feel not the impulse to follow Thee. Imbue us with that wisdom that is priceless, which enables us to distinguish clearly the real values of life and puts a premium on high thinking and clean living. In the name of Jesus our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, without amendment, bills of the House of the following titles:

H. R. 115. An act to amend section 27 of the Merchant Marine Act, 1920;

H. R. 1119. An act for the relief of Joseph W. Harley;

H. R. 1292. An act for the relief of Grace McClure;

H. R. 1438. An act for the relief of Carrie McIntyre;

H. R. 3180. An act for the relief of Ruth Nolan and Anna Panozza;

H. R. 3556. An act for the relief of Sophie Carter;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 4034. An act for the relief of Charles Szymanski;

H. R. 4105. An act for the relief of Julian C. Dorr;

H. R. 4123. An act providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota

from the timber funds standing to their credit in the Treasury of the United States;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4505. An act granting the consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada;

H. R. 4610. An act for the relief of John J. Moran;

H. R. 4651. An act for the relief of the Noble County (Ohio) Agricultural Society;

H. R. 4764. An act for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron;*

H. R. 4808. An act for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.;

H. R. 4811. An act for the relief of George W. Miller;

H. R. 5774. An act to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5775. An act to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5776. An act to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5777. An act to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 6717. An act to amend section 1 of the act of July 8, 1932;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.;

H. R. 7083. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 7235. An act to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes";

H. R. 7254. An act for the relief of Lily M. Miller;

H. R. 7313—An act authorizing a preliminary examination of Gafford Creek, Ark.;

H. R. 7314. An act authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River;

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 7526. An act to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters";

H. R. 7600. An act authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska;

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes; and

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 298. An act for the relief of Jack Page;

H. R. 617. An act for the relief of Lake B. Morrison;

H. R. 2125. An act for the relief of George William Henning;

H. R. 2566. An act for the relief of Percy C. Wright;

H. R. 3230. An act for the relief of Rufus Hunter Blackwell, Jr.;

H. R. 5393. An act for the relief of Moses Israel;

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia;

H. R. 6464. An act to provide means by which certain Filipinos can emigrate from the United States;

H. R. 6511. An act to amend the air mail laws and to authorize the extension of the air mail service; and

H. J. Res. 201. Joint resolution giving authority to the Commissioners of the District of Columbia to make special regulations for the occasion of the Seventieth National Encampment of the Grand Army of the Republic, to be held in the District of Columbia in the month of September 1936, and for other purposes incident to said encampment.

The message also announced that the Senate had passed bills, joint resolutions, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex.;

S. 501. An act to authorize the establishment of a Coast Guard station on the coast of Oregon, at or near Taft, Oreg.;

S. 1103. An act for the relief of William K. Beldin;

S. 1111. An act for the relief of Alfred L. Hudson and Walter K. Jeffers;

S. 1139. An act for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period;

S. 1382. An act to provide for the taking of depositions in criminal proceedings, and for other purposes;

S. 1794. An act to effectuate certain provisions of the International Convention for the Protection of Industrial Property, as revised at The Hague on November 6, 1925;

S. 1795. An act to effectuate certain provisions of the International Convention for the Protection of Industrial Property, as revised at The Hague on November 6, 1925;

S. 1832. An act to authorize the Secretary of the Interior to provide by agreement with Middle Rio Grande Conservancy District, a subdivision of the State of New Mexico, for maintenance and operation on newly reclaimed Pueblo Indian lands in the Rio Grande Valley, N. Mex., reclaimed under previous act of Congress, and authorizing an annual appropriation to pay the cost thereof for a period of not to exceed 5 years;

S. 1892. An act to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance;

S. 2034. An act to prevent the fouling of the atmosphere in the District of Columbia by smoke, and other foreign substances, and for other purposes;

S. 2140. An act for the relief of certain purchasers of lands in the borough of Brooklawn, State of New Jersey;

S. 2160. An act for the relief of the George C. Mansfield Co. and George D. Mansfield;

S. 2175. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation;

S. 2351. An act to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts;

S. 2369. An act to amend an act entitled "An act to provide for the repatriation of certain insane American citizens", approved March 2, 1929 (45 Stat. 1495);

S. 2399. An act to permit citizens of the Philippine Islands to receive instruction at the United States Military Academy;

S. 2434. An act for the relief of George W. Hallowell, Jr.;

S. 2464. An act for the relief of the Bell Oil & Gas Co.;

S. 2488. An act for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, and operative in the Secret Service Division, Department of the Treasury, killed in line of duty;

S. 2496. An act to amend the Railway Labor Act;

S. 2510. An act authorizing the western bands of the Shoshone Tribe of Indians to sue in the Court of Claims;

S. 2664. An act to aid in defraying the expenses of the Third Triennial Meeting of the Associated Country Women of the World, to be held in this country in June 1936;

S. 2695. An act to add certain lands to the Medicine Bow National Forest, Wyo.;

S. 2744. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto;

S. 2751. An act for the relief of Walter C. Price and Joseph C. Le Sage;

S. 2799. An act to provide for licensing the taking of water from the Government-owned main at Cascade Locks, Oreg.;

S. 2806. An act for the relief of William A. Devine;

S. 2830. An act to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909;

S. 2879. An act for the relief of Catherine Grace;

S. 2887. An act authorizing the Perry County Bridge Commission of Perry County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River at or near Cannelton, Ind.;

S. 2904. An act to prohibit the interstate transportation of prison-made products in certain cases;

S. 2930. An act to provide a preliminary examination of the Sammamish River, Wash., with a view to the control of its floods;

S. 2933. An act to provide a preliminary examination of the Nisqually River, Wash., with a view to the control of its floods;

S. 2934. An act to provide a preliminary examination of the Duwamish River, Wash., with a view to control of its floods;

S. 2938. An act to provide a preliminary examination of the Cedar River, Wash., with a view to control of its floods;

S. 2939. An act to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox;

S. 2950. An act granting the consent of Congress to the county of Saline, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Miami, Mo.;

S. 2990. An act to preserve from extinction the American eagle, emblem of the sovereignty of the United States of America;

S. 3018. An act to authorize the Secretary of War to acquire by donation land at Valparaiso, in Okaloosa County, Fla., for aviation field, military, or other public purposes;

S. 3058. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes;

S. 3059. An act to authorize the acquisition of land on McNeil Island;

S. 3120. An act to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners";

S. J. Res. 69. Joint resolution to provide for the erection of a suitable memorial to the Fourth Division, American Expeditionary Forces;

S. J. Res. 72. Joint resolution authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President;

S. J. Res. 144. Joint resolution to provide for the payment of compensation and expenses of the Railroad Retirement Board as established and operated pursuant to section 9 of the Railroad Retirement Act of June 27, 1934, and to provide for the winding up of its affairs and the disposition of its property and records, and to make an appropriation for such purposes;

S. J. Res. 152. Joint resolution to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended; and

S. Con. Res. 17. Concurrent resolution providing for the disposition of certain obsolete Government publications stored in the folding room of Congress.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5599. An act to regulate the strength and distribution of the line of the Navy, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. TRAMMELL, Mr. WALSH, and Mr. HALE to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. GLASS and Mr. HALE members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Federal Emergency Relief Administration.

IMPORTS AND EXPORTS OF AGRICULTURAL PRODUCTS AND THE RECIPROCAL TRADE AGREEMENT ACT

Mr. BUCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein three brief letters from the California fruit interests.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BUCK. Mr. Speaker, twice before during the present session I have found it necessary to make some remarks to answer propaganda which is being carried on in California directed against the Reciprocal Trade Agreement Act. I would not take the time to controvert it were it not so deliberate an attempt to defeat the farmers' best interest under the pretense of protecting him. This propaganda aims to instill in the minds of the farmers and producers of my State a belief that they are being mistreated by such agreements as have been arrived at, and that these agreements are favoring industry at the expense of agriculture.

Everyone who has looked at the text of the completed agreements knows that such a conclusion is totally unfounded. No agricultural product has been harmed, and very great benefits and concessions have been obtained for agricultural products in every one of the agreements so far entered into. Moreover, the concessions obtained have resulted in greatly increasing the exports of all agricultural commodities, thus broadening our foreign markets and relieving home markets of a part of the very considerable surplus that still exists in almost all agricultural lines. I do not intend to go into a detailed discussion of the concessions that have been granted by foreign countries, but I do wish to say that those products of my own State which are built upon an export basis, and I refer particularly to fresh, dried, and canned fruits, canned sardines, and similar products, have received a very generous and favorable treatment in every one of the trade agreements so far negotiated. These industries, built in California upon an export basis, suffered tremendously between 1929 and 1934 as a result of the increase in foreign tariffs, and quota restrictions which were put upon our products. It is these in-

creases and these quota restrictions that are being removed or reduced through negotiations under the Reciprocal Trade Agreement Act.

It seems necessary for me to speak a third time upon this subject for there has recently appeared more of this propaganda, which has been disseminated quite widely throughout my State. I refer to an editorial and an article entitled, "Hit the Reciprocal Tariff Act Now", which appeared in the Pacific Rural Press, a California farm weekly, in its issue of May 25, 1935. Reprints of these two pages have been circulated by the thousands throughout the State by someone who evidently has an ulterior purpose in view. Among other things, the editorial and the article criticized the conduct of trade-agreement negotiations at Washington on account of their alleged secrecy. This misconception has been so thoroughly exploded time after time on the floor of both House and Senate that I hesitate to take the time of the House to go into it at all, yet I must call attention to the fact that the only secrecy lies in the fact that the actual interchange of views between the foreign negotiators and our own must take place under conditions where bargains can be struck. A 30-day notice of intention to negotiate a reciprocal-trade agreement with any country is publicly given by the Department of State, and at the same time a bulletin furnishing statistics showing the principal items entering into the trade between the United States and the country concerned is issued for the benefit of all concerned. Opportunity is then given for anyone to supply information and present views on any particular item or items making up such trade to the committee on reciprocity information, which in turn passes on the assembled data to the actual negotiators. It is obvious that at the time public notice is given of intention to negotiate an agreement, our own Federal agencies may not know all of the products or subjects to which consideration will be given. They do not know what proposals the foreign government will make. To name all those which may be considered at the time that the 30-day public notice is given is impractical, because as conversations proceed new subjects or products may be brought under consideration, and that would require additional public notice of not less than 30 days each, a procedure which would so complicate and delay negotiations as to interfere seriously with the carrying out of the purposes of the act. Moreover, if the products and subjects to be considered were announced prior to negotiations, it is obvious that our hands would be tied in dealing with the foreign country involved and the bargaining value of our concessions might be seriously impaired. Of course, that is probably what the opponents of the policy are aiming at.

The main article to which I have referred, however, urging the weekly's readers to write their Representatives and Senators at Washington urging the repeal of the Reciprocal Trade Agreement Act, purported to show that our imports of fats, oils, canned and fresh fruits, and canned vegetables greatly exceeded the exports of these commodities, the inference being that we should abandon our search for export markets and endeavor to cut down imports and replace them with home products. Four diagrams purporting to show in the form of pillars the total tonnage of exports and imports of these commodities for the year 1934 were made a part of the article. I regret that the rules of the House do not permit the reproduction of these pillars in the text of my remarks, but I shall endeavor to make clear to you just what they represented in the way of figures. They were based on the alleged tonnage of imports and exports, without regard to the value thereof.

Mr. Speaker, I do not quarrel with a man who differs with me on a question of policy. I am willing to meet his arguments with those that I believe sound. I do object, however, to the distortion of facts, the publication of half truths, the use of inaccurate figures, and the omission of others in an effort to deceive the public, and particularly to deceive the California producers of the products referred to in this article. Such was the course pursued by the authors of this article. The graphs referred to are truly pillars of false implications. The idea of balancing imports and exports of the same general class of products is something new in "Buy American." It is a further extension of an isolationist policy. Let us analyze the facts and figures behind these pillars and see the truth for ourselves. We can then judge just to what length those who seek to wreck the reconstruction program of the administration program will go in their efforts to tear down and destroy.

CANNED VEGETABLES

The chart showing the exports and imports of canned vegetables is more nearly accurate than any of the others. The chart states that in 1934 we exported 16,671 tons of canned vegetables and that we imported 49,171 tons. Actually, the Department of Commerce figures call for 16,672 tons of exports and 49,063 tons of imports. The principal item in the import side of the group is canned tomatoes, amounting to 41,200 tons. These canned tomatoes come primarily from Italy, and, together with tomato paste amounting to 6,133 tons, are consumed in the United States largely by the Italian population. They are a rather weighty commodity in comparison with their value. In depicting the trade in weight a more unfavorable picture is drawn for those in favor of balancing American imports with exports. Unfortunately for this propaganda, an analysis shows that the largest single export item happens to be primarily a California product—asparagus—of which 9,161 tons were exported in 1934. I do not believe the California asparagus growers will subscribe very heartily to the doctrine that they should abandon their exports in order that fewer imports may be received. In this connection it is interesting to note that asparagus has received special concessions in at least three of the trade agreements already signed. Although the tonnage involved is only 9,161 tons of asparagus, compared with 41,200 tons of tomatoes imported, the value of the exports of asparagus is more than two-thirds the value of the imports of tomatoes. The total value of our exports of all canned vegetables in 1934 was $3,286,000, compared with the value of imports of $4,518,000. While the chart, by comparing the weight of the imports and exports, apparently showed imports are three or four times as important as exports, the fact is that in value our exports amounted to about 75 percent of the imports of all classes in 1934. After all, what we are concerned with is bringing home to the producer of asparagus and our other vegetables the income from their properties that they are justly entitled to, and the increased development of foreign markets is one way to accomplish this.

MISREPRESENTATION OF FATS AND OILS

Let us now consider the chart depicting United States exports and imports of fats and oils for 1934. The chart stated that the total exports of these commodities amounted to 594,182,759 pounds, and that the total imports amounted to 2,480,480,300 pounds. The actual facts are, according to the December monthly summary of the Department of Commerce, that the imports and exports for 1934 were as follows:

Imports and exports of fats and oils for 1934

[December Monthly Summary, Department of Commerce]

	Pounds	Value
IMPORTS		
Dutiable:		
Whale oil	19,987,000	$1,004,000
Other fish oil	3,187,000	189,000
Wool grease	4,597,000	176,000
Tallow	42,813,000	1,625,000
Sunflower-seed oil	9,823,000	446,000
Corn oil	10,681,000	446,000
Olive oil	24,604,000	3,263,000
Do	31,395,000	3,725,000
Palm-kernel oil	952,000	29,000
Peanut oil	2,722,000	136,000
Other edible oils	11,548,000	472,000
Rapeseed oil	1,807,000	84,000
Linseed oil	2,766,000	104,000
Soybean oil	2,829,000	91,000
Other	3,115,000	140,000
Total	172,826,000	11,930,000
Free:		
Cod oil	10,942,000	391,000
Cod-liver oil	3,471,000	2,191,000
Tung oil	109,787,000	6,838,000

Imports and exports of fats and oils for 1934—Continued

	Pounds	Value
IMPORTS—continued		
Free—Continued.		
Coconut oil [1] (Philippines)	314,802,000	7,372,000
Palm oil	155,531,000	3,905,000
Olive oil sulphur	36,166,000	1,958,000
Other edible olive oil	9,670,000	884,000
Rapeseed oil	14,820,000	617,000
Palm kernel oil	11,799,000	301,000
Perilla	25,164,000	1,613,000
Other	12,178,000	542,000
Total	704,330,000	26,612,000
Total dutiable and nondutiable	877,156,000	38,542,000
EXPORTS		
Neat's foot oil	1,151,000	$136,000
Other inedible animal oils	1,267,000	90,000
Fish oils	6,364,000	194,000
Oleo oil	20,713,000	1,321,000
Oleo stock	5,979,000	409,000
Tallow	7,347,000	336,000
Lard	431,237,000	26,096,000
Neutral lard	3,654,000	242,000
Oleo stearin	4,255,000	256,000
Coconut oil (edible)	1,256,000	75,000
Cottonseed oil	6,187,000	443,000
Soybean oil	2,040,000	132,000
Corn oil	1,314,000	86,000
Cooking fats	2,180,000	221,000
Coconut oil (inedible)	23,787,000	733,000
Cottonseed oil (crude)	8,679,000	353,000
Linseed oil	653,000	66,000
Total	528,063,000	31,189,000
Imports	877,156,000	38,542,000
Exports	528,063,000	31,189,000

[1] Dutiable from sources other than the Phillipines.

The above table does not include coconut oil derived from imported copra, which enters free of duty. This amounted to some 245,000,000 pounds in 1934; but even assuming that this should be included, the total shown by the Department of Commerce figures is more than a billion pounds less than that shown in the Pacific Rural Press. I prefer to rely on the figures of the United States Government.

An analysis of the import and export data behind the chart shows that it included competitive and noncompetitive, dutiable and nondutiable, food and nonfood oil and fats all combined without any regard to logic. You might as well add all farm animals—horses, cattle, hogs, and sheep—to obtain a total, as to add the pounds of all vegetable and animal oils to secure an accurate picture. Here are included medical oils, such as cod-liver and castor oil, and industrial products such as wool grease. Such a picture is misleading; it does not even tell a half truth. The authors of such a conglomeration apparently do not realize that each animal and vegetable oil has its own individual properties. For example, rapeseed oil is used primarily as an engine lubricant, linseed oil as a basic dry oil for paints and varnishes; lard is a food product and will not answer the purpose of rapeseed oil or linseed oil. The chart showing the pillars placed all of these exports and imports of fats and oil in the same category, disregarding the fact that each has its distinctive qualities especially fitting it for special purposes and uses and that one type is not a substitute for another.

Let us look at this from another angle: Coconut oil, coming principally from the Philippine Islands free of duty, amounting to 314,802,000 pounds, is the largest single item on the list. It has not been the subject of any reciprocal trade agreement, and would still be free of duty if the Reciprocal Trade Agreement Act were repealed. Its inclusion here is a barefaced attempt to deceive California producers. The imports of dutiable competitive oil become wholly insignificant when compared with the total importations or with the total exports of all oils and fats. In monetary value, not tonnage, the summary of the Department of Commerce shows that our exports are nearly as large as imports of all these many diversified commodities. The chart is not only illogical but thoroughly deceitful.

What logic is there in adding pounds of commodities which vary so much in value per unit, for instance, cod-liver oil and coconut oil, as do the many items included in this category? If we are to balance imports and exports of groups of commodities, as has been done in this article, what are we to set off against coffee, rubber, or tin? How are we to balance these?

CANNED FRUIT ALMOST ENTIRELY EXPORT INDUSTRY

Now let us consider the chart which dealt with canned fruit. It stated that there were exported 119,097 tons of canned fruit during 1934 and that there were imported 275,220 tons. Below the chart appeared the following legend:

Canned pineapple imported from our island possessions is greater than our total canned fruit exports.

This is an absolutely erroneous statement and can only be considered as having been made in good faith if the author of the article will admit that he does not know what the legal status of the Territory of Hawaii is. Included in his figures are 540,936,000 pounds—270,468 tons—of canned pineapple from that Territory valued at $34,156,000. That comprises almost all the imports in this pillar. But the Territory of Hawaii is no possession. It is an integral part of the United States, and under no circumstances may tariff duties be assessed against shipments from these islands. The question of reciprocal trade agreement or of any other tariff policy has nothing to do with the produce of Hawaii; and it would seem that this is just another attempt to deliberately deceive the farmers who read this article. Why does not the author of the article urge a tariff against Oregon apples or Iowa corn? The actual figures, again from the Department of Commerce, of imports and exports of canned fruits during the year 1934 are as follows:

Canned fruit

	Pounds	Value
IMPORTS		
Pineapples (dutiable)	4,082,000	$195,000
Pineapples (free from Philippines)	4,197,000	272,000
	8,279,000	467,000
EXPORTS		
Grapefruit	28,161,000	1,578,000
Loganberries	4,294,000	329,000
Other berries	525,000	59,000
Peaches	59,461,000	3,923,000
Pears	64,023,000	4,396,000
Pineapples	20,386,000	1,632,000
Fruits for salad	33,787,000	3,471,000
Apples and applesauce	10,677,000	437,000
Apricots	12,691,000	977,000
Cherries	1,413,000	183,000
Prunes	839,000	83,000
Other canned fruit	2,938,000	242,000
Total	239,195,000	17,310,000

When we have eliminated the wrongly included shipment of pineapples from Hawaii and those from the Philippines, which come in free of duty and cannot be affected by any reciprocal trade agreement, it will be seen the imports of canned fruits are reduced to the pitiful amount of 2,041 tons of a value of $195,000, as against exports of 119,597 tons with a value of $17,310,000. No more conclusive picture can be drawn than this to show the vast stake that the fruitgrowers of California have in the restoration of their foreign markets now proceeding in orderly fashion by means of these same reciprocal trade agreements. The citizens of the country are entitled to know just what the canners of California, both commercial and cooperative, think of the reciprocity program and how they feel toward those who are attempting to wreck it, and I therefore insert the following letter, which was sent to and received by every member of the California delegation in the House:

CANNERS LEAGUE OF CALIFORNIA,
San Francisco, June 12, 1935.

The Honorable FRANK H. BUCK,
The House of Representatives, Washington, D. C.

MY DEAR MR. BUCK: We are addressing you at this time in behalf of the administration's reciprocal trade agreement program. We understand that certain interests in California have been agitating strongly against this program. We feel that a better and sounder export market and an improved international trade in general will result if the present trade agreement program is carried out.

California is primarily an agricultural State. Fruits and vegetables are its principal products and are distributed in the markets of the world in fresh, dried, and canned form. The maintenance of the prosperity of our State and of its thousands of growers is dependent upon its continuing and increasing this wide distribution, which includes the export market.

The Canners League of California represents, through its membership, canners who pack approximately 80 percent of the fruits and vegetables canned in the State. In 1934 the total pack amounted to over 26,000,000 cases, valued at nearly $100,000,000. We are enclosing a list of our membership. (There are 42 members.)

You are familiar, of course, with the existing high tariffs and other trade barriers which have been put into effect by other countries and which have resulted in a very marked falling off of exports. This especially applies to canned goods. It is our feeling that the procedure of the Government in negotiating trade agreements is a practical way of procuring modifications to these high tariffs and trade barriers to the end that exchange of goods may take place to the ultimate benefit of the countries concerned. We believe California has everything to gain in supporting the present reciprocal trade agreement program, and therefore respectfully suggest your opposition to rescinding the Government's policy.

Very truly yours,

CANNERS LEAGUE OF CALIFORNIA,
W. S. EVERTS.

MORE TRICKERY IN FRESH-FRUIT FIGURES

In view of the deceit and trickery so far disclosed in these charts, it will not surprise my hearers to learn that the fourth chart, dealing with fresh fruit, is equally deceptive. According to it, in 1934 we exported 329,261 tons of fresh fruit and imported 1,201,981 tons. The actual figures, again from the Department of Commerce, on fresh fruits, which I have classified by major varieties and according to whether they were dutiable or not, are as follows:

Fresh fruit

	Pounds	Value
IMPORTS		
Dutiable:		
Grapefruit	7,645,000	$126,000
Lemons	1,916,000	50,000
Limes	5,832,000	164,000
Apples	704,000	17,000
Berries	4,091,000	255,000
Cherries (including sulphured)	1,810,000	133,000
Currants	7,037,000	435,000
Grapes (at 33¾ pounds per cubic foot)	22,177,500	647,000
Pineapples (average weight of crate 85 pounds)	59,500,000	726,000
	100,732,500	2,553,000
Free:		
Pineapples (Philippine)	4,197,000	272,000
Bananas (47,679 bunches, at average weight of 50 pounds)	2,383,950,000	24,104,000
Fruits, n. e. s.	6,428,000	112,000
	2,394,575,000	24,488,000
Total	[1] 2,495,307,500	27,041,000
EXPORTS		
Grapefruit (959,000 boxes, at 68 pounds)	65,212,000	2,177,000
Lemons (227,000 boxes, at 84 pounds)	19,068,000	897,000
Oranges (3,318,000 boxes, at 78 pounds)	188,084,000	8,227,000
Pineapples (27,000 boxes, at 85 pounds)	2,295,000	72,000
Apples (7,772,000 bushels, at 44 pounds)	341,968,000	10,885,000
Apples (766,000 barrels, at 140 pounds)	107,240,000	3,116,000
Berries	7,899,000	567,000
Grapes	35,136,000	1,541,000
Pears	106,831,000	4,077,000
Peaches	5,146,000	170,000
Total	[2] 778,879,000	31,729,000

[1] 1,247,653 tons. [2] 389,439 tons.

Because customs figures in the cases of grapes, bananas, and pineapples from countries other than the Philippines are not taken on a pound basis, the tonnage of these items, as listed above is estimated, but the estimates are based on trade averages and are as accurate as can be obtained. If they are in any error, they are in favor of increasing the tonnage of these imported commodities, and so present, according to the authors of the article referred to, a more unfavorable situation. A careful inspection of these figures will show that the bulk of these fresh fruit imports are noncompetitive. They show that 1,197,287 tons of the total of 1,247,653 tons imported are pineapples, bananas, and other minor fruits which come in free of duty, and always have. They have not been subjected to any reciprocal trade agreement. The duty on them being zero, cannot be lowered. Nor can they fairly be considered as capable of being supplanted by domestic products. Only those who consider that bananas compete with prunes would make any such combination as is made in this chart. It will hardly be possible to educate the consumer into a philosophy which may be translated as "when you want a banana, just reach for a prune."

The imports of competitive fruits, insignificant quantities of lemons, grapefruit, limes, and grapes, the latter of which come in for the most part at a season when our own grapes are off the market, do not compare with the exports of oranges or apples alone. The value of imported lemons in 1934 was $50,000, as compared with $897,000 of exports. The value of export pears from California alone exceeds all the competitive fresh imports. Of course, no one with reason would attempt to classify all fresh fruits as being competitive. Regardless, however, of that phase of the question, the most casual reading of the above table shows that in value our total exports exceeded all such imports, including bananas, by $4,688,000, and exceeded all dutiable imports of fresh fruit by $29,176,000. Thus another of these pillar charts is revealed as only a hollow sham.

The largest single organization marketing California fruit in the fresh state, a cooperative handling the fruit of thousands of growers, is the California Fruit Exchange. I insert at this point copy of a letter received from its standardization and advertising manager asking me to convey its endorsement of the administration's trade agreement program to the other members of the California delegation. I convey it not only to the California delegation but to all the Members of the House. The letter of the Dried Fruit Association referred to will be inserted later.

CALIFORNIA FRUIT EXCHANGE,
Sacramento, Calif., June 14, 1935.

Congressman FRANK H. BUCK,
House Office Building, Washington, D. C.

DEAR FRANK: This organization wants to completely endorse the position taken by the Dried Fruit Association of California in their letter to the California congressional delegation under date of June 7, relating to the administration's reciprocal trade agreement program.

It is our feeling that the opponents of this program are either not informed as to the facts of the matter or have adopted their position because of narrow political reasons.

I trust that you will convey, in such manner as you see fit, our endorsement to this program to the other members of your delegation.

Very cordially yours,

F. W. READ,
Manager, Standardization—Advertising.

WHAT ABOUT DRIED FRUITS?

The most curious fact about the article that we have been discussing is not in its falsity and attempts to deceive the farmers that have been revealed, but its total failure to say anything about dried fruits. Outside of apples and some prunes, these are nearly all produced in the State of California. Why should we not have statistics on them? It is as if we were discussing the consumption of cereals in the United States and decided to omit flour, or were considering the meat industry and omitted beef. The reason why dried fruits were omitted is obvious, or will be obvious when you listen to the figures that I cite. They do not present what the authors of the article thought it necessary to show—a so-called "unfavorable balance."

For the year 1934, according to the Department of Commerce, there were imports into and exports from the United States of dried fruits as follows:

Dried fruits

	Pounds	Value
IMPORTS		
Dutiable:		
Raisins	1,002,000	$96,000
Dates	48,835,000	1,795,000
Figs	6,014,000	390,000
Total	55,851,000	2,281,000

Dried fruits—Continued

	Pounds	Value
EXPORTS		
Raisins	92,248,000	$4,647,000
Apples	24,733,000	2,279,000
Apricots	19,030,000	2,722,000
Peaches	6,832,000	586,000
Prunes	171,251,000	9,809,000
For salad	10,806,000	787,000
Pears	6,468,000	494,000
Other dried fruit	6,424,000	366,000
Total	337,992,000	21,690,000

The total value of these imports was $2,281,000, and of exports $21,690,000, nearly 10 times as much. Certainly this reveals the fact that the dried-fruit industry of the United States has been built upon export markets, upon demands of foreign countries. Removal of excessive foreign duties and of restrictive quotas are vital to the maintenance and expansion of these foreign markets. There is no chasing of a lean penny here. The dried-fruit market absorbs about 2,000,000 tons of fresh fruit in a single year. It represents a fundamental balancing influence in our horticultural economies. With this outlet dammed up, the fresh fruit would either be thrown back into other channels of distribution and cause havoc there or it would have to be sacrificed and wasted, with consequent staggering losses to the entire fruit industry.

Let us take the case of raisins as an example. Canada for many years imported an average of 20,000 tons of California raisins. As a result of a preferential agreement with Australia, Canadian imports of our raisins have fallen to an average of only about 6,000 tons for the past 3 crop years. We are now paying a Canadian duty as great, and sometimes greater, than the value of the raisins themselves. A decade ago Canada normlly imported 90 percent of her raisins from California, as compared with only about 40 percent at the present time. In 1928 California exported more than 115,000 tons of raisins to various European countries. This tonnage had dropped in 1933 to 40,000 tons. It is true that world consumption had also dropped, and so this might not in itself be particularly disturbing; but let us see what happened to competing countries, such as Turkey and Persia. Turkey's exports rose from a little more than 20,000 tons in 1931 to 60,000 tons in 1933, while Persia in that year exported nearly 40,000 tons, as compared to 17,000 tons in 1931. In other words, California's loss represented gains by our foreign competitors. These gains were attributable to trading agreements entered into between foreign countries, quota restrictions and increased tariff duties; so that an industry in California already suffering economic illness was further injured by these deals between our logical customers in Europe and other raisin-producing countries, and California actually paid the bill.

The loss of any one market may not injure an industry seriously, but when this injury is repeated and duplicated in markets all over the world, the sum total of the loss which the fresh, canned, and dried-fruit industry has sustained by foreign trade regulations, quotas and tariff increases, becomes appalling and foreshadows total disaster to the industry unless these barriers can be broken down. The breaking down of such barriers for the benefit of agriculture is the aim and object of the administration's reciprocal-tariff program, and in every agreement entered into so far, agriculture has been the beneficiary.

Producers of dried fruit and packers, whether commercial or cooperative, are united in their approval of the efforts the administration is making to restore this foreign trade. As proof of the attitude of this part of the industry, I here insert a letter from Dwight K. Grady, vice president of the Dried Fruit Association of California:

DRIED FRUIT ASSOCIATION OF CALIFORNIA,
San Francisco, June 7, 1935.

The Honorable FRANK H. BUCK,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BUCK: Because an organized campaign has been instituted by certain interests in California intended to destroy the administration's reciprocal trade-agreement program, we are taking the liberty of addressing this letter to you.

This asscciation has in its membership shippers of dried fruits handling more than 95 percent of the State's production. Amounting to more than 500,000 tons annually, this production of dried fruits is the equivalent of nearly 2,000,000 tons of fresh fruits, produced by approximately 125,000 grower families. Among the members of this association are the large cooperative marketing associations and all the commercial factors of any significance.

This association deplores the somewhat intemperate methods employed by opponents of our program to restore foreign trade and wishes briefly to set forth the philosophy we believe to be representative of the majority interests of our State. Our statements will be brief and conservative.

California's exports of her basic commodities, including many specialties, reached their highest peak during the period between 1922 and 1930. Without referring to the many economic factors involved, the volume of these exports grew because they met an increasingly important foreign consumer demand. In most of these countries there were no inequitable restrictions operating to prevent an increase in our volume of business consistent with the increasing demand. This business has, since 1930, suffered a tremendous shrinkage—to the point, in fact, where some European markets are practically closed to our products.

The Reciprocal Trade Agreement Act actually gives the present administration the opportunity to restore trade relationships to their status during the period of our greatest export business. Trade agreements already announced support the conclusion that in practice this restoration is being developed. Spokesmen for some of the smaller specialty industries in California that have enjoyed high protection in the past have a fear, to use their own language, that they will be "traded down the river."

If their efforts to defeat the reciprocal program meet with success, they will have caused the major interests in California agriculture and horticulture to suffer losses of State-wide significance without having proven their claims to the effect that they are in serious jeopardy. The specialty industries that are most active in contesting the reciprocal program themselves grew and prospered during the 8-year period to which we refer, and therefore would seem to have little justification for opposing a return to the conditions existing during that era. It is a fact that some of the industries which are opposing reciprocal agreements with certain countries are themselves asking for concessions in agreements with other countries. On the other hand, the dried-fruit industry—we believe the canning industry—and the majority in the fresh-fruit industry are favorable to and will gain substantially from the completion of the reciprocal program. This gain, of course, will redound to the benefit of other industries as well, not merely through an increase in the exports of their products but through the restoration of the purchasing power that has been destroyed by the State's loss of export business.

We are not exaggerating when we advise you that under our present production schedules, if the markets which we have lost wholly or in part were restored to us, we would have no need in the dried-fruit industry for A. A. A. marketing agreements now regulating the major production. The return to us of our export markets on a basis of equitable tariff treatment would remove the necessity for surplus control and make possible the disposal of our dried-fruit crops during the year of their production, something not now possible, even though we are controlled by A. A. A. marketing agreements.

Because this letter is assuming more length than we had wished, we shall close with the respectful suggestion that there is no tangible evidence to support the minority alarm over the possibility of injury from reciprocal negotiations, while on the other hand, California stands to gain as much, if not more, than any State in the Union from the successful completion of the administration's reciprocal trade agreement program.

Should you desire it, we shall be glad to develop economic data in support of these conclusions and forward it to you. In the meantime please permit us to remain,

Very faithfully,

DRIED FRUIT ASSOCIATION OF CALIFORNIA,
DWIGHT K. GRADY, *Vice President.*

The total value of the imports and exports of all three branches of the fruit industry of the United States for 1934 is as follows:

Imports:	
Fresh fruits	$27,041,000
Dried fruits	2,281,000
Canned fruits	467,000
	29,789,000
Exports:	
Fresh fruits	$31,729,000
Dried fruits	21,690,000
Canned fruits	17,310,000
	70,729,000

Certainly a conclusive refutation of the argument advanced that the foreign markets are a will-o'-the-wisp.

RECIPROCAL AGREEMENTS MUST SUCCEED

Mr. Speaker, it is no surprise to any producer of fruits, such as I am, and it should therefore be no surprise to the membership of this House that those who are looking after

the welfare of the great fruit industry of the United States, and particularly California, should be interested in the success of the administration's program. It should occasion no surprise that they promptly called the attention of their Representatives in Congress to this misleading propaganda and forwarded them the endorsements I have quoted of the reciprocal trade-agreement program.

In 1932 there were approximately 1,100,000 acres of fruit land in California. An average of 50 percent of the fruit produced thereon formerly went into foreign trade in one of the three forms that I have just referred to. The total value of foreign exports from California decreased between 1929 and 1932 by 60.8 percent. In the case of some agricultural products, such as barley, oranges, canned asparagus, and canned sardines, the decrease was even greater. I have not discussed today such items as barley and sardines, because I am merely desirous of bringing home the truth to those who might otherwise be deceived by the publication that I have been discussing; but fruit is not the only California product that has faced a decline in its exports and needs the benefit of these reciprocal trade agreements.

The success of these reciprocal trade agreements is vital to the restoration of all agriculture, not merely the branches that I have mentioned. Let me repeat what I said earlier in the session, that those who are putting out this apparently plausible but insidious and actually false propaganda trying to undermine the work that the administration is doing have not a single constructive thought in their minds, but are wreckers pure and simple. If, through their efforts, they deceive the farmers of the State of California, who have not the time or opportunity to go fully into the facts, the responsibility of ruining a well-thought-out program must be upon them. As far as I am concerned, as far as those who understand the problems and who know the needs of the grower and the producer are concerned, we are appreciative of the benefits that have already been received in the agreements so far negotiated, and know that, far from being sacrificed, agriculture has been and will continue to be their prime beneficiary.

THE "DEATH SENTENCE" IN THE SENATE PUBLIC-UTILITY BILL

Mr. MAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by the Honorable SAMUEL B. PETTENGILL, a Member of Congress, and also a member of the Interstate Commerce Committee.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Hon. SAMUEL B. PETTENGILL, of Indiana, delivered over the radio on June 25, 1935:

My friends, I appreciate the kind invitation of the National Broadcasting Co. to speak briefly on this bill. By way of introduction let me say that I have never owned a dime's worth of utility securities, nor in over 20 years in the practice of law have I ever received a dime from the light, power, or gas industry. No one connected with them has ever contributed a penny to my campaigns and no one ever will. I do not own the utilities and they do not own me. I look at the question only from the viewpoint of the good of the Nation as a whole.

I do not defend any of the evil practices that have gone on in this industry. I condemn them in their entirety. No member of our committee has cross-examined more relentlessly than I into those evils. I have read radio speeches of the proponents of the bill. The indictment of wrongdoing which they drew is in my judgment substantially accurate.

But agreeing, as I do, to the indictment, I do not agree on the sentence of death. My reasons are real and substantial. I shall state them briefly and I hope clearly.

My first objection is that to punish the guilty we harm the innocent, and do so unnecessarily. Certainly the investors who have put the savings of thrift into this industry are not crooks and ought not to be punished for what the crooks have done. We ought not to burn the barn to kill the rats. Moreover few rats stay in burning barns. And because the holding company came into existence only because of what our lawmakers, State and Federal, have done, lawmakers today should be especially scrupulous not to harshly undo what they themselves have done. This is not a situation for which Government is in nowise responsible. Government not only permitted but actually encouraged the development of holding companies and on the faith of what their own Government encouraged, millions of innocent people have invested the savings of a lifetime. Granted, therefore, that the holding company, in many instances, has permitted great evils to be practiced, the situation thus created should nevertheless be simplified with the least possible damage to those whose only crime was confidence in the industry and faith in their own Government and its officials.

Who are these people? They are not the crooks. They are the men and women who have worked, sacrificed and saved. It is said that some 5,000,000 people are directly the owners of this industry. At 4 to a family that means that some 20,000,000 men, women, and children depend in part for their livelihood on the earnings of this industry. When we speak of the "public interest" we cannot disregard these millions of our fellow citizens.

But let us go further. There are 65,000,000 indirect owners of this industry. I refer to those who in one form or other have their lives insured to provide for their wives and boys and girls when they are gone. This bill involves the women and children of the Nation. An average of at least 150,000 people in every congressional district have a personal interest in this bill. Nine percent of their money, paid as premiums on their life-insurance policies, has gone into the securities of the utility industry.

It has been said that those who own the securities of operating companies only cannot be hurt by the death sentence. No one could believe that if he were to read the protest filed by the National Association of Mutual Savings Banks, representing deposits of $10,000,000,000 owned by 14,000,000 individual depositors, averaging $700 each. These mutual-savings banks are not operated for profit. They do not own holding-company securities. They own operating-company securities only. And yet they point out, with mathematical precision, how the forced and drastic dissolution of holding companies would inevitably react upon operating companies and their securities. The Senate bill, therefore, puts in jeopardy the entire investment in the industry. I call your attention, further, that under the Senate bill every operating company in the Nation, 10 percent of whose stock is owned by another company in another State may be compulsorily reorganized or dissolved, at the whim and discretion of a Federal bureau. This fact has not received the attention it deserves. The sentence of death lies over the operating as well as the holding companies of the Nation.

In the atmosphere of uncertainty thus created how can this industry go forward? It is this aspect of the question that concerns me even more than the plight of the investors. Not knowing whether they will own the business 5 years from now, who can plan extensions and additions to existing properties? Who is going to employ men? Who is going to provide jobs? Facing possible liquidation, who is going to invest money in this industry?

It is for this reason that the death sentence will be so damaging to recovery. The industry, if it knew its future, could do more to reemploy idle men than almost any industry in the Nation. It is still in its infancy. This one industry can spend in the next few years as much or more than the gigantic $4,800,000,000 Federal public-works program and create no debt for future generations of taxpayers to pay. Why make it difficult or impossible for them to do so?

There are those, like Senator WHEELER, who advocate Government ownership. I respect their sincerity, although I would hate to turn this great industry over to politicians and patronage. But if that is the real program, why not say so openly? Then that question can be threshed out on its merits.

This industry should, of course, charge only what will earn a fair return on actual value—with the water squeezed out. Yet the cold fact is that the increase in the cost of food alone—not the cost, but the increase in the cost—in the past 2 years has been five times the total cost of light and power in the American home.

It seems to me, therefore, that we should apply to this question the wisdom and common sense of a great American whose leadership in difficult days gave luster to the party of which I am a humble member. I refer to Woodrow Wilson. In 1910 he spoke as follows:

"Corporations do not do wrong. Individuals do wrong. You cannot punish corporations. Fines fall upon the wrong persons; more heavily upon the innocent than upon the guilty * * * upon the stockholders and the customers rather than upon the men who direct the business. If you dissolve the offending corporations, you throw great undertakings out of gear. You merely drive what you are seeking to check into other forms * * * to the infinite loss of thousands of entirely innocent persons and to the great inconvenience of society as a whole. Law can never accomplish its objects in that way. It can never bring peace or command respect by such futilities."

We are dealing, my friends, with one of the Nation's greatest industries, capable of harm in the hands of greedy men, but capable also of infinite good, and industry in which over $12,000,000,000, the savings of thrift and sweat and toil, have been invested, directly or indirectly, by 65,000,000 Americans—an industry furnishing employment at far more than average wages to hundreds of thousands of men and women—an industry capable of transferring at least a million men, now idle, from relief rolls to pay rolls—an industry which under the drive and push of American initiative and invention has unleashed unlimited power for factories and railroads and turned the gloom of Lincoln's boyhood cabin into the artificial sunlight of great parks where baseball is played beneath the stars.

And yet by more than one speaker on the floor of the Senate this great industry was described as a rattlesnake. I do not believe in rattlesnake legislation. I do not think wise laws can be written

in that spirit and temper any more than I believe a surgeon can do a good job removing a goitre from the neck of his patient if at the same time he is stamping to death a rattlesnake at his feet.

It is for us to act as the surgeon works, using infinite care to cut away the tissues of death, but with equal care leaving untouched and unharmed the tissues of life and growth. That is the kind of bill I would like to see become law, and that substantially is the kind our committee has reported to the House. When the operation is over I want the patient to get well. I want the Nation to get well.

The frightful frauds which occurred in this industry all took place before the Securities Act and the Stock Exchange Act were passed. None, to my knowledge, have occurred since. I believe with wise and courageous administration of those laws and of the laws of the different States that few, if any, of these abuses will occur again. And if those laws need further strengthening I will go as far as the farthest to strengthen them. Pitiless publicity of the financial and corporate structures in the industry will do more than anything else to make new Insulls impossible. Why not give laws already passed a chance to prove their worth? Why keep the patient under ether for the next 5 years? I would like to get him out of the hospital and back to work.

In 1933 reform of an unsound situation in finance and banking was necessary in order to make recovery possible. But today more recovery is more necessary than more reform. I would rather now put a million idle men back to work than vent my wrath at the crooks in the utility game for crimes already committed. And let me say that I hope and believe that a new social conscience is at work which will frown upon the return of the crooks to the councils of American enterprise. I believe the average business man, who is certainly as honest as the average politician, realizes that the crooks and the exploiters are his enemies as well as the enemies of those with whom he deals. The head of a great industry, a great bank, a great labor or farm organization, occupies a position of trust and should deserve that trust as fully as if he were on the bench of the Supreme Court of the Nation. We need industrial statesmen today as much as we need statesmen in politics, and we need them bitterly. Unless they come, little we do here in Washington can save us from another terrible crash.

We depend too much on legislation written on Capitol Hill and not enough on the sermon that was preached on the Mount of Galilee.

I do not think even the death sentence in the Senate bill will wholly prevent recovery. Recovery is already under way, due, in part, to legislation already passed and due also to the gathering up, after a bad fall, of the matchless energies of this great people. But I do believe the death sentence will retard and delay that recovery. Why hinder it for a single unnecessary moment while the public debt, for want of recovery, is running up by the billions?

I close with another quotation from President Wilson. In 1914 in a message to Congress he wrote:

"Nothing hampers business like uncertainty. Nothing daunts or discourages it like the necessity to take chances, to run the risk of falling under the condemnation of the law before it can make sure just what the law is."

If Wilson was right, then I am not far wrong now. If the Senate bill is passed, for 5 long years this industry cannot "make sure just what the law is." Business cannot go forward—men cannot go back to work—with a death sentence hanging over their heads.

THE MERCHANT-MARINE BILL, 1935

Mr. BLAND. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MAY in the chair.

The Clerk read the title of the bill.

Mr. WEARIN. Mr. Chairman, to what point has the bill been read?

The CHAIRMAN. The Clerk has read section 534.

Mr. WEARIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and Members of the Committee, yesterday's debate and consideration of the measure establishing a subsidized merchant marine brought forth interesting statements, not only on the floor but from the country at large, that I desire to call attention to.

In this morning's Post I find an article with this heading, "Amendments Put off Vote on Ship Subsidy."

In the Washington Times I find another article with reference to the same legislation, from which I will read a sentence.

The statement in this morning's edition of the Washington Post says:

A steady stream of time-eating amendments forced the House into adjournment early last night without a vote on the administration bill to subsidize construction and operation of the American marine.

The article in the Washington Times reads as follows, and I quote one sentence:

The measure has been classed as one of President Roosevelt's "must" bills, but Speaker BYRNS now classifies it as a measure which ought to be passed.

I challenge the statement of any publication or news agency that this specific bill is an administration measure. The distinguished chairman of our committee, whom I respect and admire, made a statement in the Committee on Merchant Marine to the effect that this is not considered an administration or, I believe the exact words were, a Government bill. Similar statements have been made on the floor of this House in answer to similar questions, and there seems to be no contention on the part of the proponents of this specific measure that it is an administration bill. I think this House should keep that fact in mind during the remainder of the debate on this measure; and when it comes to a vote on the question, especially in view of the fact that the President considers the matter of merchant marine of sufficient importance to send a special message to Congress in which he recommended certain specific changes that have not, by the admission of the chairman and ranking minority member on the Committee on Merchant Marine, been incorporated in the pending bill. In the light of those facts it would be presumptuous indeed for anyone to claim we are debating an administration measure. I desire to say no more at this particular period of the argument than to give exactly the sentences from the President's message which are as follows.

Mr. SISSON. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. SISSON. Will the gentleman at some point in this debate show to this committee or to the House wherein this bill jibes with the Democratic platform of 1932?

Mr. WEARIN. I am sorry to say to the gentleman that unfortunately I do not think that is possible. It just simply does not jibe.

Mr. MARTIN of Massachusetts. Would the gentleman explain how any of the legislation being proposed here jibes with the Democratic platform of 1932?

Mr. WEARIN. I think that could be done very properly, in innumerable instances, and I should be glad to cooperate with the leadership of this House in doing so at some future date when we are not considering a subsidy bill.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. TRUAX. If this bill does not benefit the Government, if it does not benefit the taxpayers, nor the shipowners in a fair and just way, and if the President does not want this bill, why should we pass it?

Mr. WEARIN. I have consistently stated to the House that in its present form I am unalterably opposed to the passage of this bill.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment. I am surprised that the distinguished gentleman from Iowa [Mr. WEARIN] should even mention any of the many erroneous statements that appear daily in the Washington Post and in the Washington Herald. So many of us who watch daily these statements have learned to pay no attention at all to any of the statements in Eugene Meyer's publication. Yesterday Eugene Meyer's Post told quite a lie about me, which appeared in his paper.

Mr. HOFFMAN. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. The gentleman from Texas is not speaking to the amendment. He is merely continuing a personal quarrel that he has with the newspapers.

Mr. BLANTON. I am keeping within the rule, and I am in order. I know the rules.

The CHAIRMAN. The gentleman will confine himself to the subject of the bill.

Mr. BLANTON. It was said by these newspapers that this is an administration measure and that amendments have been placed on the bill by Democrats to thwart the administration. The gentleman from Iowa correctly stated that even our good friend from Virginia [Mr. BLAND], who is in charge of the bill, and in whom we all have confidence, has made no such statement, and has not contended that the bill must be passed just as it is written, word for word. I have a right to call attention to these and similar press misstatements, especially when I am rising in opposition to my friend's amendment.

You cannot believe anything in the Washington Post. This same man, Eugene Meyer, is the man who has peculated on the Government for 20 years and gotten rich off it. He has chiseled the Government and robbed the Government and defrauded the Government and made millions out of it, and then he talks about leading Congressmen on matters of legislation! There is not a Congressman here well acquainted with his record who has any confidence in him, or who would believe him on oath. Why, when he got hold of the Post he robbed the McLean heirs out of their family heritage.

Mr. SISSON. Mr. Chairman, I suggest that the gentleman is out of order, and he cannot bind me, and I do not think he can bind any other Members of the House to any such statement.

Mr. BLANTON. I will let the gentleman defend Eugene Meyer if he wants to. All of us know that he robbed the McLean heirs out of $2,000,000 when he robbed them out of the Washington Post.

Mr. HOEPPEL. Mr. Chairman, it is my opinion that the American people would be better off if we paid no attention to anyone who was affiliated with the Federal Reserve Board, which should be abolished.

Mr. BLANTON. Oh, I would not say that, because there are some splendid officials on and connected with the Federal Reserve Board.

In connection with its misrepresentations this morning about this bill, I want to show you just how far Eugene Meyer's Post went yesterday in an attempt to injure me, in relating proceedings on the bill to relieve the District Commissioners and 30 other officials from hereafter giving bonds for faithful performance, which the law has required them to do since 1878 in Washington.

This Post, on page 15, yesterday asserted that I was "defeated in half a dozen ballots", that I "resorted to parliamentary tricks", that I "resorted to a filibuster", and that I asked the committee chairman "to cut that out of her remarks", and that I was given "one of the worst legislative lickings had in years", that I offered "an unsuccessful motion to strike out all after the enacting clause", and that the trouble "flared up when the Texan objected to the consideration of the bill under unanimous consent", when each and all of said assertions made by the Post were incorrect.

Page 9994 of the CONGRESSIONAL RECORD for Monday, June 24, 1935, shows that my amendment was adopted on the airport bill, which relieved the United States Government from contributing or advancing any part of the $2,500,000 carried in said bill for a District airport. Page 9998 shows that by a vote of 58 ayes to 37 noes another amendment of mine was adopted, which relieved the United States Government from paying any part of the annual maintenance expenses of said Washington airport. Page 9998 shows that the bill carrying my two amendments was passed by the House, with a record vote, yeas 316 and nays 20, which shows anything but a "legislative licking."

UNANIMOUS CONSENT NOT REQUESTED

The other bill, to relieve officials of giving bonds, specially mentioned by the Post, was called up by the committee chairman, who did not have to have unanimous consent, but called it up as a matter of right, and requested unanimous consent to consider it in the House, which would have granted but 5 minutes to Members not on the committee opposing it, instead of going into the Committee of the Whole House on the state of the Union, as the rules of the House required, under which there would have been ample time for debate, and page 10006 of the RECORD shows that I objected to thus considering it without ample debate, because it was a bill repealing the law requiring officials to give bonds, which law has been in force since 1878.

15 MINUTES TO THE SIDE THEN PROPOSED

The committee chairman then moved to go into the Committee of the Whole House on the state of the Union, as the rules required, to debate the bill, but pending such motion asked unanimous consent that debate be limited to 15 minutes to the chairman, and 15 minutes to the ranking Republican. I then requested 30 minutes with the privilege of yielding part of same to other Members opposing the bill, which was objected to by a Member, and then I objected to limiting the debate to only 30 minutes without any of same being controlled by Members opposing the bill, and thus forced the bill to be taken up for debate in the Committee of the Whole House on the state of the Union, under which I obtained an hour, and had the right to yield any part of it to others.

MEMBERS HEARING DEBATE VOTED AGAINST BILL

The bill was debated at length. I showed that for the fiscal year begining July 1, 1935, the Commissioners would have control of the spending of more than $41,000,000 in cash, appropriated by Congress for the District, and that if the bill were passed, they and 30 other officials of the District would no longer have to give bond for their faithful performance of duties. I showed that in all States, high officials were required to give bond for faithful performance. I showed that in every one of the 48 States, all notaries public, who handle no public funds at all, are required to give bond for faithful performance, and that they can be sued for damages for any malfeasance of office, by any person suffering damages because of their fraud or dishonesty. Less than a hundred Members were on the floor listening to the debate. After full debate, pro and con, I sought to strike out the enacting clause. I did not move to "strike out all after the enacting clause" as the Post erroneously asserted. You will find my motion on page 10011. I moved "that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out", and after debate, the Members voted on it, and my motion carried by a voice vote, which forced the chairman to ask for a division, requiring the voters on each side to stand up and be counted by the Chair, and if you will look on page 10012 of the RECORD you will see that my motion to strike out the enacting clause carried by the standing vote of ayes 48 to noes 26, and it was the chairman who objected to the vote because there was no quorum present.

NO QUORUM FORCED COMMITTEE TO RISE

After going into the House, I could have made there a point of no quorum, and forced a call of the House, but I did not do so. I did not filibuster, as the Post erroneously stated. I was doing all I could to protect the rights of the people. Then the committee chairman moved to go back into the Committee of the Whole House on the state of the Union to further consider the bill, and page 10012 shows that as soon as such action was taken, I called attention to the fact that my motion had carried that recommendation be made to the House that the enacting clause be stricken out, and I promptly made the preferential motion that the Committee of the Whole House on the state of the Union do rise, and report the bill back to the House with the recommendation that the enacting clause be stricken out, and upon a voice vote the Chair announced that my motion had carried, and then a division was called for by the committee chairman, and upon a standing vote, counted by the Chair, there were 48 ayes and 49 noes, and, naturally, I called for tellers, and upon the Members all passing through tellers and counted there were 45 ayes and 56 noes, showing that some members responding to the bell for tellers had come in who had not heard the debate.

FIRST HOUSE VOTE 52 TO 48 FOR PASSAGE

Page 10014 shows that on the passage of the bill in the House the vote was ayes 52, noes 48, on a division called for by the committee chairman, which was not a quorum of the House, as a House quorum is a majority of the 435 Members, so I made a point of no quorum. The bells were rung, and the Members came scurrying over from their offices. They had not heard the debate. They knew nothing of the merits or demerits of the bill. The committee chairman stood near the lobby door and as Members came in, appealed to them to vote for the bill. I felt that I had done my duty by opposing the bill, and I made no appeals to Members. The roll-call vote on page 10014 of the RECORD shows that the vote for the bill was yeas 171 and nays 115.

ASKED JUST THE OPPOSITE OF WHAT THE POST ASSERTED

If you will look on page 10352 of the RECORD you will see that the Post misquoted me and erroneously asserted that I said just the opposite of what I did say. When the committee chairman mentioned my standing and activity on the Committee on Appropriations, the following colloquy occurred:

Mr. BLANTON. I hope the distinguished lady will not cut that out of her remarks, because I deem it a great compliment.

Mrs. NORTON. I am not in the habit of taking my remarks out of the RECORD.

Mr. BLANTON. That is the best campaign speech that ever was made for me.

Mrs. NORTON. The gentleman is welcome to it.

Mr. BLANTON. Coming from such a distinguished Democrat as the leader of the Democracy of New Jersey, I would not take the world for what my friend has said about my standing on that committee.

I did not ask that something "be cut out", as the Post asserted; but I asked that it "not" be cut out, which is clearly shown, and there was no excuse whatever for the Post to assert as it did that I asked that something "be cut out." I distinctly asked that it "not be cut out."

NONE OF POST'S SAID ASSERTIONS ARE CORRECT

I ask every reader of the daily CONGRESSIONAL RECORD to carefully examine the pages I have referred to in the RECORD for last Monday, June 24, 1935, and they will see that the Washington Post has done me a grave injustice.

I was not "defeated in a half dozen ballots", as asserted by the Post.

I did not "resort to parliamentary tricks", as asserted by the Post, but merely resorted to the Rules of the House of Representatives, in doing my duty under my oath.

I did not "resort to a filibuster", as asserted by the Post.

There was no bad "legislative licking", as erroneously asserted by the Post.

I did not make any motion to strike out "all after" the enacting clause, as erroneously asserted by the Post. I tried to strike out the enacting clause itself, and a majority of the Members who heard all of the debate voted for my motion.

Mr. Eugene Meyer and his Washington Post must treat me fairly and justly. I am going to hold him responsible for what his paper says about me, whenever it is unjust. He cannot get away with it. So he might just as well understand it now as later.

NO MALICE AGAINST MEYER

I have no personal feeling whatever against Eugene Meyer. If his Post will treat me justly, I will never mention him in any speech. But every time his Post treats me unjustly, I am going to correct all erroneous statements in this RECORD, and produce the proof of incorrect statements, just as I have done in these remarks.

NO MALICE AGAINST HEARST

I have no personal feeling whatever against William Randolph Hearst. If he will treat me justly, I will never refer to him in any unkind way. Hearst and his papers are doing an invaluable service now for the United States Government in the splendid fight he is making against communism, and I take my hat off to him for it. I am grateful to his newspapers for showing me more consideration lately than they formerly did, and I deeply appreciate it.

RECORD HERE AN OPEN BOOK

My record here in this Congress for nearly 20 years is an open book. I have worked day and night to render service of some value to the American people. I have not had a single selfish purpose. I have accumulated no wealth. I have devoted my time to my duties. My record is before the people. I have a standing that neither Eugene Meyer, nor William Randolph Hearst, nor their influential newspapers can destroy.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. LEHLBACH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, it certainly is not my function in this House, and I do not attempt to interpret the views and policies of the administration, nor to describe its wishes with respect to any particular measure, but we might as well, in view of the inquiries that were made, consider a few undisputed facts with reference to this bill.

The President in his message to Congress endorsed the principle of Government aid to the merchant marine. That is undisputed. The President further indicated the kind of aid which he thought should be extended. He expressed his disapproval of such aid in the form of mail contracts, describing them as a subterfuge. The President said that in the extension of this Government aid to the merchant marine which he approves, three prime factors should be taken into consideration. First, the difference in cost of construction of ships abroad and in America, the difference being the higher cost of labor and the higher cost of material, the higher cost of material being due to the labor that goes into that material.

Second, the higher cost of operating our ships on the seas, due to better living conditions on those ships, higher wages for the crews, and better circumstances in conformity with our standards of living as compared with foreign standards of living.

Third, to meet the aid which foreign governments extend to their merchant marine. He recommended that legislation to that effect be passed. He did not send down a ready-made bill for that purpose. If for that reason this bill, which embodies the recommendations of the President, might not be called an administration measure——

Mr. WEARIN. Does it embody all of them?

Mr. LEHLBACH. No; but the fundamental and basic recommendations of the President are written word for word in this bill.

Mr. MORAN. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. MORAN. What has the gentleman to say about construction loans? Did he approve them?

Mr. LEHLBACH. No; he did not, but they are not Government aids in the sense of subsidies. They are not Government aids in the sense of subsidies any more than loans from any other Government agencies are subsidies to those who are the recipients of those loans, and they are loans for which ample security is offered and which must be in every event repaid.

Mr. WEARIN. Have they been repaid in the past?

Mr. LEHLBACH. There is not a loan that the Government has lost money on which has been made since the beginning of the construction-loan fund in 1920 to the present date. The gentleman cannot point to a dollar that has been lost from that fund.

Mr. WEARIN. Their payments are overdue.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. LEHLBACH] has expired.

Mr. LEHLBACH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. LEHLBACH. Now, as I said, this bill embodies the basic, fundamental recommendations of the President with respect to this subject. The bill was not drawn ready made

and presented to us for our approval in committee and for passage in this House. The bill is the work of the chairman of this committee, the gentleman from Virginia, Judge BLAND, and it is an honor and a credit to him, and I trust it will be a part of the permanent legislation of this Government and will be known as the "Bland bill" for decades to come. [Applause.]

In the drafting of this bill the chairman of our committee had the cooperation of the distinguished Chairman of the Committee on Commerce of the Senate, Dr. COPELAND, and he was in constant consultation with those officials of the administration who are peculiarly charged with shipping matters, the Shipping Board Bureau of the Department of Commerce, who may be assumed not to thwart the administration, but to present its views in consultation and advice with respect to this bill.

Mr. MANSFIELD. And they constitute a part of the executive branch.

Mr. LEHLBACH. The basis of this bill is the President's message. The details of the bill are the principles laid down by the Interdepartmental Committee, whom he appointed. The work on this bill, the mechanics and the specific details, are the work of the Chairman of the Committee on Merchant Marine and Fisheries, aided and assisted by those officials of the present administration appointed by the President and functioning with respect to shipping matters, the shipping authorities of the Department of Commerce. That is this bill.

If that is not an administration bill, then you want a bill where it is impossible to cross a "t" or dot an "i." That is not what I call an administration bill. A bill that carries out the administration's policy, written by a Democratic supporter of that administration, is, in my judgment, an administration bill. I am not supporting it because it is an administration bill, but as a member of the minority I am supporting it, notwithstanding the fact that it is an administration bill. It is a bill replete with material benefits to the people of our country.

Mr. MORAN. Is it not true that in the letter of the Secretary of Commerce, Mr. Roper, this statement was made?

This print differs in at least two important respects from the recommendation made by the President of the United States in his message of March 4, 1935.

Mr. LEHLBACH. Yes; but that does not condemn the departures from the recommendations of the President. The gentleman shut his ears to the truth when the gentleman from Virginia told him that it was impossible to work out the scheme without the continuation of the loans to be repaid unless a monopoly in shipping was desired. As to the recommendation to transfer the regulatory powers over commerce on the high seas to the Interstate Commerce Commission, the recommendation came originally from Mr. Eastman; and when he appeared before the committee he said he did not want that.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as long as I have been drawn into this discussion and the letter of the Secretary has been referred to, I want to complete the letter of the Secretary in that particular. The Secretary did point out that those two features were not in the bill, but he added further:

I understand, however, that the provisions which you now propose to report out on the points involving these differences are the result of thorough consideration by your committee. Under these circumstances, and especially as the bill in its present form seems well designed to accomplish the President's chief objective, viz, the replacement of the present system of indirect mail subsidies, which has been demonstrated as so unsound by a system of direct subsidies along the lines recommended by both the President and by the Interdepartmental Committee on Shipping Policy, I am glad to advise you that it has the approval of this Department.

Further than that, I do not know what an administration bill is or is not. We produced this bill as carrying out the purpose desired.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. WHITE. Reference has been made to the American merchant marine. Does the gentleman consider a fleet owned by the big industrial organizations which transport their own products as part of the merchant marine?

Mr. BLAND. Those ships are part of the American merchant marine and can be taken over for war purposes and are in many respects engaged in the carrying of general commerce as well as their own products.

Mr. WHITE. Is there anything in this bill to prevent those big industrial organizations such as the Standard Oil Co., the United Fruit Co., and Henry Ford from securing under the provisions of the bill taxpayers' money with which to build their ships?

Mr. BLAND. Not at all; because we need ships of that character to build up the merchant marine and to have as auxiliary cruisers in time of war.

Mr. WHITE. Then the gentleman is in favor of giving a subsidy for the building of ships to Henry Ford, the Standard Oil Co., and the United Fruit Co. to haul their own products?

Mr. BLAND. We need that type of ship under the American flag for use in time of war.

[Here the gavel fell.]

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Page 38, line 3, strike out "unless permission is first obtained from the Authority in accordance with rules and regulations prescribed by the Authority."

Mr. MORAN. Mr. Chairman, let me point out first that under the discussion just now as to the President's attitude toward the bill or the administration's attitude the attitude of the Secretary of Commerce is most interesting in this respect. When the Secretary pointed out that this bill violates two specific recommendations of the President, then it is clear that the bill does not meet the President's recommendations, even though the Secretary of Commerce may say that he is not opposed to the bill. I may as well say frankly that in my opinion I think a member of the President's Cabinet ought to stand behind the representations and the position of the President of the United States.

Mr. RAMSPECK. Mr. Chairman, will the gentleman yield?

Mr. MORAN. I yield.

Mr. RAMSPECK. Is it the gentleman's idea that a Member of Congress is bound to take orders from the administration and not exercise any judgment or discretion about these matters?

Mr. MORAN. No; not at all; I do not take that position; but when we have the information set out by the report of the Post Office Committee, when we have the information that is set out in the Black committee report, and all the information our committee developed itself, I think we have ample information upon which to base our own judgment in that particular respect. Most emphatically, however, I state to the gentleman that my position is not as he stated.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield for a question?

Mr. MORAN. I yield.

Mr. LEHLBACH. Is the gentleman in favor of transferring the regulation of ocean shipping to the Interstate Commerce Commission?

Mr. MORAN. I would be in favor of that.

Mr. Chairman, in regard to this particular amendment it will be noted that this paragraph provides aid, but still allows, by discretionary power, the ownership, the chartering, and the operation of foreign vessels. How can we build an American merchant marine if we permit operators to charter and operate foreign ships?

What is the reason for this discretionary power? Why should they want to charter foreign ships? Because of lower building costs, lower wages. That is the only reason they want such legislation. It will only result in lower wages on our own ships. Certainly the chartering of foreign ships is not conducive to giving employment in American shipyards.

Surely no other argument can be made with respect to the discretionary power contained in the bill.

Unless permission is first obtained from the authority in accordance with rules and regulations prescribed by the authority.

Why leave it discretionary? If it is so bad that they put it in the bill with these so-called "safeguards" around it, why leave the discretionary power in the bill at all? If it is such a difficult question that Congress in its wisdom cannot determine it, how is it to be expected that an authority sitting down here can determine it?

It is my opinion that the bill will be tremendously improved by the elimination of this discretionary power.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the authority, as I stated yesterday, will be composed of men of the highest type, men who are able to understand and know these problems. We are not in favor of the use of foreign ships, but there are conditions that arise sometimes in connection with the operation of certain lines where there are not sufficient vessels at this time of the proper draft to serve the purpose and until the purpose can be accomplished to have those ships, permission is given to the maritime authority to grant permission under these very limited circumstances. That is all there is to the section.

So far as building in foreign yards and using foreign ships are concerned, I have no hesitancy in saying that I am opposed to it, but there are conditions that we cannot meet in legislation and that we cannot meet by law. They have to be left to the maritime authority, and this vests them with discretionary authority.

Mr. HOEPPEL. Mr. Chairman, I move to strike out the last word.

Mr. BLAND. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

IS MORGENTHAU INTERESTED IN THE AMERICAN PEOPLE OR THE INTERNATIONAL GOLD BANKER?

Mr. HOEPPEL. Mr. Chairman, I regret that I must disagree with the chairman of the committee in reference to the amendment just offered to prevent bureau chiefs from acting arbitrarily. In opposing the amendment, he indicates that we should have the utmost confidence in the individuals who may be appointed to administer this act. When we enacted the Gold Devaluation Act, we delegated to the Secretary of the Treasury certain powers in the stabilization of the American dollar. What did our Secretary of the Treasury, Mr. Morgenthau, do recently? He used American gold to stabilize the French franc, notwithstanding the French Government is a defaulting nation. The French Government branded itself as a "chiseling" nation when it refused to pay us a just post-war debt.

If we are to have stabilization in currency, it should be a stabilization of the American dollar based upon a commodity index. Our Secretary of the Treasury and the administration are to be condemned for using American gold to stabilize the French franc. The international bankers in Paris and London appear to work in concert with our international bankers here in New York, who, doubtless seeking to protect their interests in Paris, exerted their influence upon the Secretary of the Treasury to use American Treasury credits to save the cursed gold standard, which has brought more misery and suffering to the people of the world than any other device invented by Satan! If these same conditions of what I consider to be malfeasance in office are to prevail in reference to this board, perhaps all the ships may be built abroad. I propose to support the amendment as a protection against such a contingency.

Mr. Chairman, we are giving too much authority to these bureaucrats here in Washington. I hope to obtain the floor today or tomorrow to speak in reference to the racketeers in the city of Washington, who are more of a menace to good government than were the racketeers and gangsters in the city of Chicago.

Mr. MANSFIELD. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. MANSFIELD. Does the gentleman include Mr. Eugene Meyer in that list?

Mr. HOEPPEL. I referred to Mr. Eugene Meyer a moment ago when I asked the gentleman from Texas [Mr. BLANTON] a question. Of course, Mr. Meyer is out of the international banking game now, ostensibly at least, but I would eliminate everyone in charge of any facility whatever in the Federal Reserve. If we sincerely wished to do the right thing for the American people, we would take from the private bankers the power of issuing currency and exercise this right ourselves in the interest of the people.

Mr. COLDEN. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from California.

Mr. COLDEN. The gentleman referred to the French as chiselers. Does he consider Lafayette a chiseler? Does he consider the French Army that served at Yorktown and received the sword of Cornwallis as chiselers? Does he consider the nation that sold Louisiana to America as chiselers? Does he consider the country that presented the Statue of Liberty to America as chiselers?

Mr. HOEPPEL. The gentleman is referring to the "horse and buggy days" when the French Nation was ruled by tyrants who brought upon themselves the French Revolution in which the oppressed people of France justly wrested a measure of liberty from those who ruled by "divine right."

I am not criticizing the French individually. During my 28 months of service overseas I found them to be no different from other individuals. The French citizen has the same difficulty as does the American citizen in regard to the bankers. Through the worship of gold and the manipulation of credit, the French standard of living is much lower than ours. The individual French are the victims of the same conditions which exist in our own country today.

Referring to more recent history, however, I may call the gentleman's attention to the fact that during the Civil War the French Government, under the incompetent, anti-American, Napoleon the Third, did everything possible against the Government of the Union. We may recall the violation of the Monroe Doctrine by France in its abortive attempt to seize Mexico and set up a monarchy on our borders.

The gentleman from Texas [Mr. BLANTON] made an attack against Russia on the floor of this House recently, but we should not forget that Russia was the only nation which tried to protect and guarantee our liberty and the maintenance of our Union during the period of the Civil War. It is reported that our purchase of Alaska was motivated by the friendship which we felt for Russia because of her helpfulness to us in our struggle to maintain the Union. If the historical truth could be accurately known, it is very probable that we would find that we owe our greatness as a united nation today in large part to the moral and other support accorded the Union by the Russian Government and the Russian Admiralty during the Civil War.

Oliver Wendell Holmes recognized the friendliness of the Russian Nation and the anti-American attitude of the French Nation during this same period when he wrote his stirring poem—Who Was Our Friend When the World Was Our Foe?

In common justice we cannot forget the debts of gratitude which we owe from the past, and it should be our earnest aim to live amicably with all nations of the world. At the same time, in justice to our own, we cannot overlook the fact that our first duty is to protect and advance the interest of the American people, and that insofar as we sacrifice this interest to the advantage of foreign nations or special-privileged groups we are false to the trust which the people of the United States repose in us. With this thought in mind, I am unalterably opposed to the meddling tactics of governmental bureaucrats in the affairs of Europe, especially when the problems of our own suffering people abso-

lutely demand the devotion of our every thought and our every energy to their solution.

[Here the gavel fell.]

TAXATION

Mr. CELLER. Mr. Chairman, I ask unanimous consent to speak out of order for 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Chairman, I want to compliment the gentleman from Virginia [Mr. WOODRUM] who yesterday deplored the attitude of the administration in endeavoring to ram down our throats a very important tax program at the very end of the session, and to do it within a period of 5 days. I deeply resent such action, and I want to say that as a member of the majority side I am inclined to vote against that entire tax program if such method is to be adopted. I think it is a matter that is most reprehensible, and certainly those in authority should reconsider their action.

In the first place, a subterfuge was used in the way of putting on as a rider to the nuisance tax this particular tax program. It is constitutionally required that that type of bill originate in the House, and we must deeply resent and deplore subterfuges of that sort. [Applause.] Secondly, it is an absolute rebuff to the important political committee of this House, the Ways and Means Committee, to take this matter out of their hands and place it in the hands of the Senate Finance Committee. That is lamentable. [Applause.] I believe that if we Members of the House accept that kind of procedure we would be a bunch of spineless jellyfish. It is time to call a halt. [Applause.]

Mr. O'MALLEY. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. We accepted that sort of procedure in connection with the economy bill and 90 percent of the other bills passed by this House. Why does the gentleman take exception to that sort of procedure in connection with a bill which will tax the rich?

Mr. CELLER. We should not make that mistake twice, thrice, or four times. It is not a matter of taxing the rich. I favor increasing inheritance and gift taxes. I am in favor of a bill of that sort, provided you tack on the tax-exempt-securities ban and amend the Constitution in this regard. We should reason this thing out. For 20 years the history of tax legislation has taught us that it takes 4 months to work out a well-reasoned plan of taxation. Now, we are to get this and accept it, I repeat, as spineless jellyfish, within a period of 5 days.

Why the hysterical haste? Why rush pell-mell? I am not opposed to increased inheritance taxes. Our taxes in that regard are far lower than England's. But why raise taxes if the taxpayer can take refuge in tax-exempt securities? He thus thumbs his nose at us. I shall insist upon early action upon my tax-exempt-security amendment before our Judiciary Committee if the administration demands immediate action upon its tax program.

In connection with the so-called "haste", I quote from an able editorial that appeared in the New York World-Telegram last night:

SHOOTING FROM THE HIP

Except for political expediency, there is no reason whatever for the administration squeeze play on the tax bill.

A preponderance of the people, we believe, are strong for the President's general tax objectives—so far as they understand those objectives. A majority of the Members of Congress have long wanted to enact a tax measure of the type outlined in the President's message—and have waited only for Presidential bidding.

There is no need to short-circuit hearings before the House Ways and Means and the Senate Finance Committees, no need to shut off opportunity for study and debate in the committees and on the floors of Congress.

Intelligent consideration of this bill—probably the most vital tax measure in the Nation's history—is impossible under the administration's marching orders to have done with it in 6 days. That is where the squeeze play comes in. The bill is being attached to another measure extending the nuisance taxes, which expire July 1.

Congress, which has not yet seen the bill it is expected to pass in less than a week, should demand time to study and legislate in orderly fashion. It should refuse to treat important tax reforms as a casual amendment to another measure on the Senate rush calendar. If handled by this hurry-up administration plan, these complex and far-reaching tax provisions will not even be considered by the House Ways and Means Committee, where all tax legislation should originate, nor considered except as a lump proposal by the House itself.

Mr. TRUAX. Mr. Chairman, I move to strike out the last two words and ask unanimous consent to speak out of order for 5 minutes.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, may I ask the Chairman of the Merchant Marine and Fisheries Committee if he is going to try to finish this bill today?

Mr. BLAND. I am going to try to finish it today, and I announce at this time that while I am not going to object to the gentleman from Ohio speaking out of order for the next 2 minutes, in order that there may be no discrimination against any Member of the House I shall object to anyone else speaking out of order.

Mr. MARTIN of Massachusetts. Is the gentleman going to object to the gentleman from Ohio speaking out of order?

Mr. BLAND. No.

Mr. MARTIN of Massachusetts. Then I shall be compelled to object.

Mr. RICH. Let the gentleman from Ohio speak.

Mr. MARTIN of Massachusetts. If the gentleman from Virginia is going to object to anyone else speaking out of order following the gentleman from Ohio, I shall be compelled to object.

Mr. MOTT. Mr. Chairman, reserving the right to object.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio? [After a pause.] The Chair hears none.

Mr. MOTT. Mr. Chairman, I reserved the right to object, and I object.

Mr. YOUNG demanded the regular order.

The CHAIRMAN. The objection of the gentleman from Oregon comes too late. The Chair asked if there was objection and stated there was no objection. The gentleman from Ohio will proceed.

Mr. EKWALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Ohio yield for a parliamentary inquiry?

Mr. TRUAX. No.

Mr. Chairman, I also want to comment on the little speech that was made yesterday by our good friend and distinguished fellow Member, the gentleman from Virginia [Mr. WOODRUM]. I am sorry to say that I disagree with him and I disagree with the distinguished gentleman from New York [Mr. CELLER], who just addressed you.

I am one in this House who is ready to vote right now, with subterfuge and all, for any tax program that will not only soak the rich but make the rich carry its just share of the taxation burden of the United States. [Applause.] Oh, it was perfectly all right when you came in here in March of 1933 and, after 2 hours of debate, soaked the soldiers of this country; that was all right; that did not require due consideration because that affected some of the poor people of this country; but now, when the President of the United States writes a new declaration of independence and wants to tax the millionaires and the billionaires of this country, there are too many Members of this body, I am sorry to state, who want "due time" and "due consideration" and "due deliberation." I am for the program now. [Applause.]

[Here the gavel fell.]

MERCHANT MARINE

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 33, noes 68.

So the amendment was rejected.

The Clerk read as follows:

SEC. 535. (a) No contract shall be made under this title with respect to a vessel to be operated on a service, route, or line served by citizens of the United States, unless the authority shall determine after proper hearing of all parties that the service already

provided by vessels of United States registry in such service, route, or line is inadequate, and that in the accomplishment of the purposes and policy of this act additional vessels should be operated thereon; and no contract shall be made with respect to a vessel operated or to be operated in a service, route, or line served by two or more citizens of the United States with vessels of United States registry, if, in the judgment of the authority, the effect of such a contract would be to give undue advantage or be unduly prejudicial, as between citizens of the United States, in the operation of vessels in competitive services, routes, or lines. The authority in determining for the purposes of this section whether services are competitive shall take into consideration the type, size, and speed of the vessels employed, whether passenger, or cargo, or combination passenger and cargo vessels, the ports or ranges between which they run, the character of cargo carried, and such other facts as it may deem proper.

(b) Contracts under this title shall be entered into so as to equitably serve, insofar as possible, the foreign trade requirements of the Atlantic, Gulf, and Pacific ports of the United States. In awarding contracts under this title preference shall be given to persons who are citizens of the United States, who have the support, financial and otherwise, of the domestic communities primarily interested.

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: On page 38, line 9, strike out the word "proper" and insert in lieu thereof the word "public."

Mr. MORAN. Mr. Chairman, in this instance we are talking about the negotiations that are to be held whereby this Authority is to determine various matters with regard to services, whether the lines are adequate or inadequate, and so forth. You notice the word used is "proper." I submit the word to use is "public", and here is the reason: These mail contracts, 42 out of 43 of them, were produced without competitive bids; and any person who reads the hearings before the Post Office Department and sees how those things were put through, when we see how we have had actually working together officials and applicants, privately, with star-chamber proceedings, it seems to me obvious that private negotiations are bound to open the door to fraud. Why is it that such a hearing should not be public? Why is it that interested persons involved in such instances cannot have an opportunity to be present and submit their views?

We have had actual cases under these mail contracts where it has been determined to do this or that in regard to a route and the notice was sent to only one person without any competition whatever. Was there any public hearing? Was there any consideration of anyone else? No. Why, even the specifications were drawn up so that they fitted only one person. They even labeled the kind of boats required, the number required, the speed required, and after you got through reading the specifications there was only one company in the United States that could bid under those special conditions.

Do we want this type of thing to continue? Proper hearing! If it means public hearing, let us say public hearing. If "proper" means a continuation of the past procedure, then I submit this Congress will want to change the word "proper" to "public."

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment.

Ostensibly, the amendment would seem to be fair, but upon consideration—and this was given consideration by the committee—it was determined that here you are investigating and examining into the particular affairs of an individual line, and to make these applications and these investigations public would disclose matters of a confidential nature which would involve giving out to their competitors information that should be in the hands of the authority, and information that could be called for by Congress when deemed necessary.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. LEHLBACH. One of the features of such an examination would be the financial strength and resources and obligations of the company concerned, and such information, manifestly, should not be given to competitors.

Mr. BLAND. The gentleman is correct. The financial resources and all similar questions would be open to all competitors and could be used to the detriment of the company giving such information.

Mr. KELLER. Why should not the information be given to competitors?

Mr. BLAND. Because it would be essentially dangerous. If the gentleman were in a business of this kind, he would not want to give out all the details of his business to his competitors.

Mr. KELLER. If my competitors are doing the same thing with me, why should I not give it to them? Would not the people profit by just such an arrangement?

Mr. BLAND. I do not think so.

Mr. KELLER. It seems to me so.

Mr. TRUAX. Mr. Chairman, I rise to support the amendment. Mr. Chairman, I think it is highly essential that these matters should be made public; that there should be held public hearings. Who is there to determine what is a proper hearing? Who is there to say what shall constitute a proper hearing when it has been brought out by testimony, by investigation, and otherwise, that there is practically no competition when these bids are opened; that out of 43 cases there was only one bidder in each case?

I would have Members of this Committee know that since 1928, since the enactment of this subsidy law, under which we are now operating, that this Government has spent around $120,000,000.

I wish the Members of this Committee to know that if this bill is enacted into law the taxpayers of this country will have to spend around $200,000,000 because of the enactment of this law. Why should the affairs be shrouded in secret? Why, with the money furnished by the taxpayers, should not the hearings be public. Why should not the men and women of the country, who furnish the money to pay these taxes, why shouldn't they know what is going on? Why should it be shrouded in secrecy in a few minds and in a few hands?

I repeat the question, Who is there to tell us, when you ask us to vote for this bill, what is a proper hearing? Who is to determine what a proper hearing is?

There has been much talk this morning and yesterday about this being an administration bill or an antiadministration bill. If we are to follow the President's message—and that is one reason why many Members of the House support the bill—if we pass this bill it does not conform, nor does it follow up the suggestion made by the President. Does the bill provide for the abolition of the ocean mail contracts? It does not. Does the bill follow the suggestion made by Postmaster General Farley for the abolition of these pernicious ocean mail contracts? In many cases we are paying thousands of dollars for one letter or one pound of mail delivered. How are you gentlemen from the western States, when you go home, going to defend your vote for this bill? Can the gentleman from Nebraska tell the farmers in his State that he voted for a ship subsidy that lacks these provisions?

The subsidy the Government is now granting was enacted under a Republican administration and by a Republican Congress. If this bill becomes a law, it will be the work of a Democratic Congress and during a Democratic administration. There is no question about that. The Democrats in the House of Representatives in this Congress outnumber the Republicans 3 to 1. Not one of this committee who sponsor, favor, and approve this bill has had the temerity to come here on the floor and say that this is the President's bill; they have not the courage to say to us that President Roosevelt has studied, that he has analyzed the bill, that he approves the bill, and demands its passage. On the contrary, in his message to Congress the President outlined the pitfalls, the dangers of ship subsidies, yet nothing is done to counteract, to cure, to correct these evils.

If this bill is enacted into law, while it may be said by some that it is an administration measure and that it has the backing of President Roosevelt, I challenge anyone here in this House today to point out one single place, one single page of the report, one single communication from the President wherein he unequivocally states that he is for this bill. Then, if the bill is enacted into law, it cannot be said that it is an administration bill or is on the President's program of "must" legislation.

This bill continues and perpetuates the frauds and corruption disclosed in the investigation that resulted in the canceling of the mail contracts, which proved that these subsidies caused appalling losses to the Government and scandal that was aired all over the Nation. The Postmaster General and the President both favored and authorized the cancelation of all such contracts, yet you now ask us to enact into law the legalization of such frauds in the ocean mail contracts. If you wish to use precedent and experience as a guide, just recall that Government loans have been negotiated at ridiculously low rates of interest for shipbuilders, in many cases money being loaned to wealthy shipbuilders for one-eighth of 1 percent interest.

The United States spent $3,500,000,000 for the construction of a wooden merchant marine. Following the war these ships were sold for a song, and the taxpayers lost an enormous sum of money; and remember, under this new bill the Government will pay direct subsidies to shipowners; they will make up the difference between the cost of construction in this country and in England. Can anyone today tell me what that difference in cost of production is or will be? Again the answer is "No." This Government will be buying a pig in a poke and a mighty costly one at that. Under the guise of building up and helping the United States Navy, millions of dollars will be wasted and squandered. The prevailing theory in this, as in so many other pieces of legislation, seems to be, "Let Uncle Sam take all the loss; let the taxpayers pay the bill." Why do we not hear now from those Members of Congress who are complaining and squawking about the attempted hurry and speeding up of consideration of the President's tax bill? I have heard it said by some that they do not propose to be hurried, that they will not be crowded or have the tax measure that taxes the rich crammed down their throats. I respectfully direct the attention of these gentlemen that when there was enacted into law by the Seventy-third Congress a measure to crucify soldiers and war veterans with the so-called "Economy Act" we who opposed the bill were given only 40 minutes to express that opposition; and that bill, one of the most infamous of all times, was literally jammed down our necks. With some legislators it seems to make a remarkable difference as to whose ox is being gored.

For many years I have opposed and have made addresses in many sections of Ohio in which I have condemned all ship subsidies and ocean mail subsidies. Now; if I were untrue to every concept, if I were faithless to every well-founded conviction, if I were a traitor to those millions of people in Ohio, who must in one form or another work for a living, must earn their bread by the sweat of their brows, then I should support this bill. As it is, however, I am speaking against it, I will vote against it, and I will use every effort at my command to prevent its enactment into law.

Does this bill safeguard the Government of the United States, does it safeguard the American merchant marine such as we have been told, does it meet with the recommendations of the President of the United States, does it pay attention to the suggestions of the Postmaster General? It does no such thing, and the only interests that can be said to be safeguarded if this bill becomes a law are the builders who build the ships, the owners who operate those ships, and the beneficiaries of ocean mail contracts, at exorbitant and unjustifiable rates. Vote "no" on the bill.

Some attempt is made, and I may say a somewhat feeble attempt, to defend this bill on the grounds that Congress has already granted subsidies to the farmers, to manufacturing industries, to bankers, and to labor. They contend that subsidies have been granted to agriculture through the creation of the A. A. A. and the levying of processing taxes. This might be figuratively so, but not literally true, since the A. A. A. was created and processing taxes enacted for the benefit and welfare of America's greatest producer—the tiller of the soil. The processing tax is not paid out of Government or taxpayers' funds. It is paid from the proceeds of the processing taxes invariably paid by the processor and middleman, and the disparity or spread in prices between producer and consumer is so great as to be readily absorbed by that processor and middleman without either penalty or hardship upon the grower or consumer.

I deny the statement that manufacturing industry is subsidized directly by the Government. True it is that tariffs and other protective legislation for larger industrialists act indirectly as a subsidy, but the cost of that subsidy is financed mostly by consumers and users of the commodities and appliances produced by the industrialists. In no manner, shape, or form can it be argued successfully that this is a direct subsidy such as the bill which we are now considering is a direct subsidy to the Shipping Trust, the ocean mail monopoly, and the grasping, marauding shipbuilders.

I deny also that banks and bankers are directly subsidized by the Government. It is apparent to all fair-minded observers that banks do have an indirect subsidy, a legalized racket if you please, in the unconstitutional privilege that they enjoy, namely the issuing of currency, the loaning of check-book money and depositors money, and the pyramiding of interest charges on money that they actually own—by pyramiding of interest charges, I mean the collecting of interest by bankers annually on ten times the amount of money they actually own. The word "subsidy" is entirely too mild a term to apply to this form of grand larceny, but here again in no instance of legislation enacted by this or the Seventy-third Congress will it be found that direct gifts or subsidies to bankers was authorized.

I resent the inference and insinuation that American labor has been subsidized by proper restrictions on immigration. Charges are made often and somewhat anthoritatively by Members of this and the other body of Congress, that several million unlawful aliens are either working in this country or living on Government relief doles, and with the American Federation of Labor saying that 11,000,000 people are unemployed, that statement alone will refute the inference that labor is so subsidized. Consequently, I will brand and you will be forced to conclude that all that argument is specious, that it is captious, is beside the point, and too far-fetched to be given as justification for anyone voting and supporting this obnoxious bill.

Again the attempts of the Government to correct soil erosion and to build reservoirs and dams for flood control is inapplicable in this case. Such public resources are designed for the benefit of all of our citizens and not for the selfish overprivileged few.

We are told by the proponents of the bill that 75 percent of this ship subsidy will go to labor and that 30 percent will go for materials which will employ labor indirectly. My reply is that these figures are overdrawn, unsound, and I challenge their accuracy. I propound the question, How much of this subsidy goes to profit of the capitalists? How much of the ocean mail subsidy goes to the sons of the idle rich, producers who are living on dead men's predatory wealth? This bill is wholly bad. It does not follow the President's recommendation. It does not eliminate the most objectionable features, namely, the construction of new ships at taxpayers' expense; the junking of old, worn-out, antiquated vessels, old tubs, and hulks at taxpayers' expense; the operation and maintenance of these vessels built by Government expense for 20 long years.

The crowning argument against the enactment of this bill and the one that should engage the attention of every Member of this House who is interested in the welfare of farmers, wage workers, and small businessmen and producers, is the undeniable fact that in normal years only 16 percent of our commodities, agricultural, industrial, and otherwise, only 16 percent of those commodities are exported to foreign countries. At the present moment, with our European debtors having erected all sorts of insurmountable barriers in the way of prohibitive tariffs, with their constant refusal to buy American goods, and with their determined and stubborn refusal to pay us the money which they owe us, there is not one good, sound reason why American taxpayers should shoulder the burden and subsidize these shipbuilders, owners,

and grafters to vainly pursue an elusive and somewhat imaginary 16 percent of all the commodities that we raise and produce in this great country of ours.

The United States of America is the most self-contained unit in all the world. Our resources are unlimited—unknown. Those resources were here at creation's dawn. Those wonderful resources have only been partially developed. Until every arable acre has been tilled to the utmost, until every mine has been probed to its innermost depths, until every forest giant is felled, those resources will not have reached their zenith of development.

Then why should we, as taxpayers facing a national debt of more than $30,000,000,000, concern ourselves with subsidizing an industry that at best can cater to only European and other foreign countries?

Do we as American citizens find it necessary to travel to Europe? Do we find it necessary to go to Europe and other countries to exploit the wares of Rockefeller, Mellon, Sinclair and other oil barons? Do we find it necessary to travel to other countries to build up, promote, and perpetuate the commodities manufactured on foreign soil by American manufacturers? No! It is not so. About the only real reason we can have for going to those countries today is to tour and see the sights, and the most of us have not the money nor the means of so gratifying that desire.

Do the men and women who sweat and toil in the factories and shops want this bill passed? Do the farmers who now bare their brawny arms and chests to the sun's scorching rays want this bill passed? Do the small business men and producers who are hanging on by the skin of their teeth in the struggle for existence want this bill passed? Do the soldiers and war veterans who have been denied their share of the loaf, who live in soup houses and bread lines because they are denied what is justly and honestly due them, want this bill passed? The answer is No, a thousand times no! [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine [Mr. MORAN].

The question was taken; and on a division (demanded by Mr. MORAN) there were 39 ayes and 83 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 537. The owner of any vessel constructed or reconditioned under the provisions of this title shall, if requested by the authority, carry insurance payable to the authority in addition to any insurance required to be carried by section 11 (g), as amended, of the Merchant Marine Act, 1920 (U. S. C., Supp. VII, title 46, sec. 870 (g)), in an amount equal to the unamortized amount of any construction differential subsidy paid on such vessel. For the purpose of this section the amount of such subsidy shall be amortized ratably over the entire economic life of the vessel. The authority shall upon request of the owner provide for the payment of the premium for such additional insurance, either through an operating differential subsidy or otherwise.

Mr. MORAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MORAN: Page 40, line 6, insert the following additional sentence: "No part of the insurance on vessels on which a construction subsidy is paid or a construction loan made by the authority shall be placed, either directly or indirectly, with any foreign insurance company, and the authority is authorized to underwrite such insurance."

Mr. MORAN. Mr. Chairman, we have the interesting fact that this merchant marine which we are to build under this bill is to constitute a naval auxiliary. Some of the plans of these ships will show emplacements and turrets; they are a part of the plans of the ship. When we turn around and place the insurance on such a ship in a foreign insurance company, for example, an English company, the plans of that ship, including the auxiliary naval plans, are made available to a foreign naval department. If you think that is a proper thing to do, then vote down this amendment, but if you believe that we should not allow those plans, which are naval plans, to come into the hands of another country and give them the advantage of that knowledge, then you should vote for the amendment, for it will prevent that.

Incidentally, I cannot see why we cannot take care of that insurance in American companies, and to avoid any possibility of exorbitant charges on the part of insurance companies in America, to avoid any possibility of their working together in collusion to get high rates or too high rates, the amendment provides that the authority can take care of it. There is nothing unusual about that. We have a Government insurance fund right now, and it merely opens that up and makes it more generally available. I think it is far better to have our merchant marine insured in American companies, with the protection of the American Government fund available, if desired, than to turn those plans over to foreign powers.

Mr. BLAND. Mr. Chairman, the matter of insurance is one that is most important, and is to be given very serious consideration by the committee at its next session. However, we have insurance companies. Some years ago there were American syndicates arranged and a law passed providing for American insurance companies. It is questionable just how far the Government should go in insurance. We would be embarking on a very large field to put the Government in the insurance business any more than it is now. There is nothing in the matter of the disclosure of naval plans. Those are mere gun mounts.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. KELLER. Is it more important that we should open up these plans to foreign governments or that we should keep them away from foreign powers?

Mr. BLAND. I would hope that we would have insurance companies in this country to take care of the matter.

Mr. KELLER. Then why not provide that they shall take care of it?

Mr. BLAND. I do not know whether we have or not. This provides that the Government shall take care of it.

Mr. MORAN. Mr. Chairman, will the gentleman yield?

Mr. BLAND. Yes.

Mr. MORAN. Apparently the gentleman did not hear the amendment read. The amendment itself provides that the insurance shall be placed with American companies, but that the authority is authorized to write it. In other words, the Government fund that now exists can be used to write it, and American companies can write the insurance.

Mr. BLAND. I question whether we have sufficient insurance companies. If we have, I should be delighted to vote with the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MORAN) there were—ayes 44, noes 58.

Mr. MORAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. MORAN and Mr. RAMSPECK were appointed to act as tellers.

The Committee again divided; and the tellers reported—ayes 64, noes 47.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 538. The Authority shall require such security, in such manner and form as it may determine to be reasonable and necessary to insure the performance of any contract made under this title.

Mr. WEARIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WEARIN: Amend title V, part 3, to read as follows:

"SEC. 539. No aid shall be extended under this title to more than two lines operated by the same contractor or its subsidiary, holding, or affiliated companies."

Mr. WEARIN. Mr. Chairman, under the terms of this bill it would be possible for an intercoastal line to be interpreted as being a foreign shipping line by virtue of the fact that it stopped at one foreign port in its route and thereby came under the terms of this particular bill from the standpoint of drawing a percentage of the subsidy for

that particular service, and that is actually being done at the present time, as was brought out by the Post Office Department investigation and the hearings before the Senate committee. The effect of that is to subsidize two competing lines to the disadvantage of a privately owned and unsubsidized line, competing in the same intercoastal service. I want it to be perfectly clear that under the provisions of this bill, the permissive provisions of the bill, it is possible for an American-owned unsubsidized intercoastal line to be forced to compete with one that is being partially subsidized on the same route, by virtue of the fact that the latter stops at some foreign port, such as one of the British possessions not far distant from say Puerto Rico, not serviced by the unsubsidized line operating over practically the same route.

In other words, the taxpayers of this country are paying the price of competition between two lines on the same service. There is no reason under the sun for such a provision in a subsidy bill if we are interested in protecting the Public Treasury. I trust this amendment, which will eliminate any possibility of such a contingency arising, will receive favorable consideration by the House.

Mr. CRAWFORD. Will the gentleman yield for a question?

Mr. WEARIN. I yield.

Mr. CRAWFORD. Does the gentleman mean to say that a company can secure a subsidy in the way of financing the building of a ship and they can then operate both on the open seas and on the Great Lakes or up the rivers or along the coast?

Mr. WEARIN. No. Evidently I have not made myself clear to the gentleman. The fact is this: Take this hypothetical case: If there is an intercoastal line operating from the United States to our American possessions along the Atlantic and Gulf coast line, and there is another line operating on a similar service which stops at some foreign port, some British possession close to an American possession or close to the American coast, that line so operating can receive a percentage of subsidy under this bill and place the American owned and operated line that is not subsidized at a disadvantage as a result of it. That should not be the case.

Mr. CRAWFORD. In other words, a company can receive financing which engages partly in foreign commerce?

Mr. WEARIN. Exactly.

Mr. CRAWFORD. And partly in intercoastal or coastal operation; is that correct?

Mr. WEARIN. That is my understanding.

Mr. CRAWFORD. Then, naturally, it would compete with the coast line which did not receive any financing subsidy?

Mr. WEARIN. Yes; it could, under the provisions of this bill, as I have described them.

Mr. SCHULTE. Will the gentleman yield?

Mr. WEARIN. I yield.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. WEARIN. I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SCHULTE. Is it not a fact that this makes it exceptionally difficult for an American-owned ship or vessel to continue to operate in competition with those that are being subsidized by the Federal Government?

Mr. WEARIN. That is exactly correct.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. BLAND. Mr. Chairman, the gentleman from Iowa inadvertently has not portrayed the situation. A coastwise vessel can get construction aid from a loan, not a construction subsidy. A vessel to gain a construction subsidy must be a vessel that is going to operate in foreign trade. That vessel cannot enter the intercoastal trade unless, under exceptional circumstances, passed on and considered by the Authority, it is found that the vessel is needed in intercoastal trade, and if it is, then its construction subsidy for that time must be returned. There is absolutely no operating subsidy for the coastwise ships, and that vessel could get no operating subsidy. It is only when the Authority shall determine that the coastwise service is inadequate that these ships could enter. There is no permission in the bill for construction aid or an operating differential for a vessel operating in both services.

Mr. WEARIN. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. WEARIN. Is it not true that if we have a line operating in the intercoastal service that makes a stop at a foreign port—say a British possession, which is in line of route along the intercoastal service—under this act it can be interpreted as being a line in foreign service and receive a subsidy on that portion of the business it does?

Mr. BLAND. On that portion; yes.

Mr. WEARIN. That is exactly the contention I have been making before this committee.

Mr. FIESINGER. Will the gentleman yield?

For instance, if a boat were going into Canada on the Great Lakes from the United States, that ship could not get a subsidy unless it had certain qualifications, is that not so?

Mr. BLAND. That would be true, I think.

Mr. MASSINGALE. Will the gentleman yield for a question?

Mr. BLAND. I yield.

Mr. MASSINGALE. I would like a little information on this point that has been brought out by the gentleman from Iowa. Do I understand that if a ship is engaged in intercoastal trade and that ship merely touches at Kingston in Jamaica, it would be entitled to a subsidy in construction, and if it did not touch at Kingston, but simply plied between American cities on the coast it would not be entitled to that?

Mr. BLAND. It would not be entitled to it. I cannot conceive that the maritime authority would construe the one stop as ocean service. If they did, I, for one, would be in favor of amending the bill.

Mr. RAMSPECK. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. RAMSPECK. I think some Members of the Committee may not understand that the coastal carriers do not have any foreign competition, as I understand it. Foreign carriers are not permitted to engage in the intercoastal trade; is that not true?

Mr. BLAND. Yes; that is true.

Mr. RAMSPECK. And that is the reason for the distinction. We are only dealing with the question of foreign commerce, where we have foreign competition.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. BLAND] has expired.

Mr. WEARIN. Mr. Chairman, I ask unanimous consent that the amendment may again be read before it is voted upon.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk again reported the amendment offered by Mr. WEARIN.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The question was taken; and on a division (demanded by Mr. WEARIN) there were ayes 29 and noes 56.

So the amendment was rejected.

Mr. WEARIN. Mr. Chairman, I offer a further amendment at this point.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend title V, part III, to read as follows:

"SEC. 539. No aid shall be extended under this title to more than two lines operated by the same contractor or its subsidiary, holding, or affiliated companies."

Mr. WEARIN. Mr. Chairman, this amendment is another attempt to do exactly what I endeavored to do by the preceding amendment; it follows directly in the footsteps of it and provides simply that there shall be a specific provision

placed in this act specifying the fact that no coastwise line stopping at a foreign port in the route of its service shall be considered as eligible for a subsidy under this law which is provided in the pending bill. The reason for this requirement is to prevent intercoastal lines from stopping at a foreign port and thus being considered to be in the foreign service to the extent of the amount of cargo carried to that foreign port. In this respect a subsidized line thus comes into competition with an American owned and operated line that does not happen to stop at the foreign port but which operates over the same identical service with that one exception. It is simply a measure to prevent operators who might come in under such a subsidy provision as I have described competing with other American owned and operated lines.

I believe the chairman of the committee and I reached an agreement a moment ago with reference to the fact that it is permissible to do what I have just described under the terms of this bill, namely, to have an intercoastal operator stopping at one foreign port and thereby receiving an operating subsidy even though, to all practical purposes, it is an intercoastal line operating in competition with unsubsidized ships.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. BLAND. I do not agree with the position of the gentleman that this section of the bill applies to an ocean service incidentally stopping at a foreign port. I do not think such a service would come within the provisions of this section.

Mr. WEARIN. I beg the gentleman's pardon for misunderstanding his views. It is still my contention, however, that an intercoastal line stopping at some one foreign port on one of its services could come under the provisions of this bill, permissive or otherwise, and be eligible to receive a subsidy on that portion of the cargo it carried to the foreign port, whereas a service operating over the same route, with the exception of that one foreign port of call, would be excluded from receiving any subsidy.

Mr. BLAND. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. BLAND. I would say to the gentleman that if the case he is trying to reach is the one of the line that stops at Bellevoir, or some place down there, I think that assistance never should have been granted.

Mr. WEARIN. I agree with the gentleman; I think it never should have been granted. That is why I have introduced this amendment. I think we should place a specific provision in this bill which will absolutely preclude any possibility of a repetition of that illicit practice in the future, and for that reason I offer the amendment to the Committee.

Mr. BLAND. Mr. Chairman, I object to the gentleman's amendment because it goes entirely too far. I think he reaches out for the ocean service, rather than for the coastwise service.

Mr. WEARIN. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. WEARIN. The amendment simply provides that a line operating an intercoastal service and stopping at one or two foreign ports shall not be eligible for the subsidy.

The CHAIRMAN (Mr. BLANTON). The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 28, noes 48.

So the amendment was rejected.

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Page 40, line 7, strike out section 538, lines 7 to 10, inclusive, and insert in lieu thereof the following:

"SEC. 538. The Authority shall require adequate security in such manner and form as it may determine to be necessary to insure the performance of any contracts made under this title. Adequate security shall mean such security as a prudent business man would require under similar circumstances, and a personal bond shall not be deemed adequate security."

Mr. MORAN. Mr. Chairman, the whole point of the amendment is the personal-bond proposition. The Government has been accepting personal bonds and has lost thousands of dollars in so doing.

At this point I would like to answer the argument that has been advanced at least three times that the Government has not lost any money on mail contracts or on any of these construction loans. It is all a matter of what is called a "loss." If I lend a man $10 and am not paid back in 20 years and still consider that it is a good debt and he has not decided to pay me, it might be said that I have not lost the $10, but I would think I had. I call your attention to House Document No. 118, page 10, where are listed specific past-due items totaling $5,032,178.92 and unpaid balances of $111,366,757.68. In other words, in answer to the statement that this Government has lost no money under this merchant marine build-up, I note the fact that there is overdue at this time over $5,000,000.

I call attention also to the report of the Black committee, page 24, which report, I understand, is available at the desk. The headline reads: "Millions due the Government in default, but contractors and lobbyists continue to profit." Then are given a number of examples. I read from the report the following:

While ocean-mail contractors were delinquent in their obligations to the Government on December 31, 1934, by not less than $3,852,699 (which figure does not include the delinquency of $439,812.46 of the Seatrain Lines, Inc., the validity of whose contract is denied by the Government), inexcusably heavy profits have been made by some ocean-mail contractors, and excessive salaries, fees, commissions, and expense accounts have been paid to officers, agents, and high-powered "fixers" plying their art in Washington.

And the report goes on to show various sums paid, various withdrawals paid, in one instance an increase in the amount of withdrawals for salaries of $1,800,000 when the company was in default on its debts to the United States Government.

In this instance we are trying to meet that sort of thing. We have had actual cases. Any business man and any attorney knows the danger of personal bonds. Do you want personal bonds given to the United States Government for sums of this size in face of the fact that the Government has already lost hundreds of thousands of dollars by accepting these personal bonds?

Mr. RAMSPECK. Will the gentleman yield?

Mr. MORAN. I yield to the gentleman from Georgia.

Mr. RAMSPECK. Where is there anything in the bill that mentions personal bonds?

Mr. MORAN. My amendment eliminates section 538, which states that the authority shall require such security in such manner and form, without specifying and without standards; therefore, I assume they may continue to do the same thing that has been done in the past. My amendment seeks to correct this situation by stating that a personal bond will not be acceptable.

Mr. RAMSPECK. The gentleman's amendment still leaves it in the discretion of the authority as to what sort of security they shall take.

Mr. MORAN. I am sorry, but I disagree with the gentleman.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the amendment. Will the gentleman answer my question?

Mr. MORAN. Permit me to read the amendment:

The authority shall require adequate security in such manner and form as it may determine to be necessary to insure the performance of any contracts made under this title.

That sentence is just a general statement. Now, then, I go ahead and define "adequate security" in the second sentence:

Adequate security shall mean such security as a prudent man would require under similar circumstances, and a personal bond shall not be deemed adequate security.

Mr. RAMSPECK. Mr. Chairman, the language of the act as the committee wrote it is just as strong, in my judgment, because both the amendment and the original provision leave it in the discretion of the authority. Of course, the gentleman has added the phrase that personal bond shall not be

considered as adequate security, but I have no idea the Authority would consider that adequate security. The gentleman cannot condemn any stronger than I the things that have happened under the old Shipping Board. I think they were outrageous. I believe there was mismanagement. But we are setting up a new authority, to be appointed by our present President, and the committee has given careful consideration to practically every question that has been raised here.

Mr. Chairman, may I say to the Members of the Committee that in my judgment this bill has been written in the manner in which Congress ought to write legislation. We gave careful consideration to the recommendations of the President and of the various departments affected, and then the committee sat down and used its own judgment in writing the language of this bill. We heard every objection raised by the gentleman from Iowa and discussed those objections day after day for a period of 2 months. Now the gentleman from Iowa and the gentleman from Maine are trying to rewrite this bill on the floor of the House without giving any reason or adequate consideration to the technicalities involved in dealing with such a subject. I hope the Members of the Committee will support the committee unless there is some adequate reason shown for changes in this bill.

Mr. KELLER. Will the gentleman yield?

Mr. RAMSPECK. I yield to the gentleman from Illinois.

Mr. KELLER. Has it been the custom in the past to accept personal bonds as security?

Mr. RAMSPECK. I do not know.

Mr. KELLER. Is there any reason why we should not amend this bill to prevent personal bonds being given?

Mr. RAMSPECK. I may say to the gentleman that I think the question of security, even if we adopted the amendment offered by the gentleman from Maine, is left in the hands of the authority, where we must leave it. We cannot legislate in detail as to what will be adequate security in each case. In this case the security taken under this bill will be primarily a mortgage on the ship.

Mr. KELLER. It must be, that is true; but if you take personal security, you know what happens to personal security. We have had some experience with that matter.

Mr. RAMSPECK. I may say to the gentleman that if a man is a crook, he is going to crook you whether you have collateral or not. I am of the opinion that the best security in the world is the word of an honest man. We have had surety companies go broke on us. We have to leave some discretion in the hands of this authority, and if we do not get the right kind of members on the authority, the plan will not be a success.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine [Mr. MORAN].

Mr. MORAN. Mr. Chairman, I ask for a division.

The Committee divided.

Mr. MORAN. Mr. Chairman, I withdraw the request for a division.

Mr. LEHLBACH. Mr. Chairman, it is too late to withdraw the request. The Committee has divided.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine to withdraw his request for a division?

Mr. LEHLBACH. Mr. Chairman, I renew the request.

The CHAIRMAN. That is tantamount to an objection.

The question was taken; and there were on a division (demanded by Mr. MORAN)—ayes 32, noes 53.

So the amendment was rejected.

Mr. MORAN. Mr. Chairman, I demand tellers.

Tellers were refused.

Mr. TRUAX. Mr. Chairman, I object to the vote on the ground there is no quorum.

Mr. MARCANTONIO. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. That will not get a record vote, but the Chair will count. [After counting.] One hundred and sixteen Members are present, a quorum.

Mr. MORAN. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Page 40, line 10, insert the following additional section:

"SEC. 539. At the end of each month, each contractor and shipbuilder under a contract in force under this act shall file with the authority a detailed report of all moneys expended in an attempt or attempts to influence legislation, or to prevent legislation, by the National Congress, or to influence any Federal department, bureau, agency, or Government official, or Government employee, or official or employee of any Government-owned corporation to make, modify, alter, or cancel any contract with the United States Government, or any United States department, bureau, agency, Government-owned corporation or official, as such official, or to influence any such department, bureau, agency, corporation or official in the administration of any governmental or corporate duty, so as to give any benefit or advantage to such contractor.

"(b) Such attempts shall be construed to include the distribution of literature, lectures, and public speeches, appearances before committees of Congress, interviews with individual Members of either House of Congress, appearances before or interviews with Federal bureaus, agencies, or employees, the preparation and/or publication of books, pamphlets, or newspaper or magazine articles.

"(c) Such detailed reports shall contain the names of all persons to whom such moneys were paid, the amount paid to each, and for what purpose, and the papers, periodicals, or magazines in which any articles or editorials were caused to be published for a consideration.

"(d) All reports required under this section shall be made under oath before an officer authorized by law to administer oaths.

"(e) Any person who shall make a false affidavit, where an affidavit is required by this section, shall be guilty of perjury and upon conviction shall be fined not less than $5,000 nor more than $25,000 or be imprisoned for not less than 1 year nor more than 10 years, or shall be both fined and imprisoned, in the discretion of the court."

Mr. BLAND. Mr. Chairman, I make the point of order on the amendment that it is not germane to the bill. It is really undertaking to write an antilobbying bill. I shall not discuss the merits of the amendment.

The CHAIRMAN (Mr. BLANTON in the chair). The amendment clearly is not germane and the Chair sustains the point of order.

Mr. MORAN. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Page 40, line 10, insert the following additional section:

"SEC. 542. No applicant whose mail contract has been canceled shall be eligible for aid under this title unless he consents in writing not to enter suit against the United States for the alleged breach of such contract."

Mr. MORAN. Mr. Chairman, I regret very much that it was not possible to present the previous amendment to the House, because I think if there is one thing——

Mr. BLAND. Mr. Chairman, I make the point of order that is not germane to the amendment now before the House. We must get along with the consideration of this bill.

The CHAIRMAN (Mr. BLANTON). The gentleman from Maine will proceed in order.

Mr. MORAN. Mr. Chairman, this amendment provides that no applicant whose mail contract has been canceled shall be eligible for aid under this title unless he consents in writing not to enter suit against the United States for the alleged breach of such contract.

We have a very ambiguously worded section.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield for a question?

Mr. MORAN. I yield.

Mr. McFARLANE. Is not that true of the bill?

Mr. MORAN. In answer to the gentleman's question I will say that nearly every time the Government's interest is concerned it is extremely ambiguous.

Mr. McFARLANE. Will the gentleman yield for a further observation?

Mr. MORAN. Yes.

Mr. McFARLANE. It developed in another body on yesterday that the subsidy part of this bill was nothing more or less than a hand-out, that they base it on the proposition of the cost of a ship in some other nation when there is no way in the wide world we can determine the cost of that ship, and they are coming in here and getting their hands into the Treasury up to their shoulders, and it looks like all we have to do under this bill is to stand by and be bled by it.

Mr. MORAN. In answer to the gentleman's question—and I think this may be very pertinent to my friends on the

Republican side—you will notice one statement by Senator VANDENBERG in the Senate yesterday. He is not taking the same attitude that the Republicans in the House are taking. He said:

I call the attention of the Senator to another difficulty at this particular point. So long as international exchange is a fluctuating item there is no way in the world by which we can tell for more than 24 hours whether the differential is five million, or eight million, or twenty million dollars.

Mr. BLAND. Mr. Chairman, I make the point of order that the discussion is not on the amendment.

The CHAIRMAN (Mr. BLANTON). The gentleman's reading is subject to a point of order, which is sustained by the Chair.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. MORAN. I yield.

Mr. TRUAX. Does the gentleman know what a distinguished Senator said yesterday, "The bill throws the gates wide open for all kinds of graft and all kinds of corruption to creep in"?

Mr. BLAND. Mr. Chairman, I make the point of order that it is not in order for us to read from the Senate proceedings and I make the further point that the gentleman is not discussing the amendment.

The CHAIRMAN (Mr. BLANTON). It is not in order for any Member to read Senate proceedings, and the Chair sustains the point of order.

Mr. TRUAX. Mr. Chairman, was there objection to reading the statement?

The CHAIRMAN. If a point of order is made against it, the Chair must sustain the point.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. MORAN. I yield.

Mr. TRUAX. I may say that this bill, according to the statements that have been made by distinguished Members of this body and of the other body, throws the gates wide open for graft and corruption of all kinds.

The CHAIRMAN (Mr. BLANTON). It is against the rules of the House to refer to Senate debates.

Mr. TRUAX. Mr. Chairman, my last statement was not the reading of any statement but was my own statement.

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I rise in opposition to the amendment.

This amendment is simply an attempt to deny an American citizen who feels himself injured the right to go into court and try out his rights as a citizen. I suggest to the proponent of this amendment that he read what Thomas Jefferson said about the British doing that to us, as he sets it forth in the Declaration of Independence.

The CHAIRMAN (Mr. BLANTON). The Chair desires to read into the RECORD the rule of the House respecting reference to what has been said in another body. I read from section 371 of Jefferson's Manual:

It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there, because the opinion of each House should be left to its own independency, not to be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the two Houses.

Mr. TRUAX. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. TRUAX. Is it against the rules of the House to notice what a Member of the other body says for a newspaper publication?

The CHAIRMAN (Mr. BLANTON). If made as a Senator in his official capacity, yes. The gentleman understands the English language, and the Chair has read the rule of the House. It was held by Mr. Speaker Clark that it is improper for a Member of the House to refer to a Senator even in complimentary terms. [Laughter.] The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MORAN) there were 26 ayes and 48 noes.

So the amendment was rejected.

The Clerk read as follows:

TITLE VI—CONSTRUCTION LOAN FUND

SECTION 601. All the powers and duties under the provisions of section 11 of the Merchant Marine Act, 1920, as amended (U. S. C., Supp. VII, title 46, sec. 870), formerly vested in the United States Shipping Board, the United States Shipping Board Emergency Fleet Corporation, or the United States Shipping Board Merchant Fleet Corporation, and transferred to the Department of Commerce by section 12 of the Executive order of June 10, 1933, pursuant to the act of Congress approved March 3, 1933 (U. S. C., Supp. VII, title 5, secs. 124 to 132, inclusive), are hereby transferred to and shall be exercised by the Authority.

Mr. WEARIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend section 601, title VI, by adding the following after the word "Authority", line 23, page 40: "No loans shall be made except for the construction of vessels to be engaged exclusively in foreign service, any provisions in section 11 of the Merchant Marine Act of 1920, as amended, and sections 301 and 302 of the Merchant Marine Act of 1928, to the contrary notwithstanding."

Mr. WEARIN. Mr. Chairman, the purpose of this amendment is to limit the field for loans that may be made for the building of ships to foreign commerce. The President asked us to stop the business of loaning money for shipbuilding, and this is an amendment to the existing law that will stop the loaning of money in one particular and confine it to foreign commerce, with which the proponents of the bill claim it is primarily concerned. I trust the amendment, following out the limitations and suggestions of the Executive, will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were—26 ayes, 48 noes.

Mr. WEARIN and Mr. O'MALLEY demanded tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. WEARIN and Mr. RAMSPECK.

The Committee again divided; and the tellers reported that there were 33 ayes and 76 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 602. The Secretary of Commerce may credit to the construction loan fund created by section 11 of the Merchant Marine Act, 1920, as amended, all or any part of the proceeds of sales of ships and surplus property, including proceeds from securities, consisting of notes, letters of credit, or other evidences of debt taken for deferred payments of the purchase price, and of interest received on such deferred payments and on construction loans, until the amount thus credited when added to the amounts previously credited to said fund (exclusive of repayments) will bring the amount of the fund up to the full amount authorized by law. The Authority is hereby authorized to make loans as provided in such section 11 and in this act in the aggregate amount of the fund, or to make such other use thereof as is provided in this act.

Mr. WEARIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Amend section 602, line 24, page 40, by substituting the word "Authority" for the words "Secretary of Commerce."

Mr. WEARIN. Mr. Chairman, we have come to a section in this bill that involves a very great difference of opinion between the report of the committee and the recommendations of the President. This particular amendment attempts to transfer from the hands of the Department of Commerce provisions that should be under the administration authority.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. McFARLANE. I hope the gentleman will put the President's recommendations in his remarks and point out the difference in this bill from what the President recommends. Some of the Members in the cloakrooms rush out here and vote with the committee blindly. They seem to think that this is a "must" bill and that we must vote with the President on this bill when it is not in accordance with the President's recommendations at all

Mr. WEARIN. I thank the gentleman for his contribution. I call these words to your attention, quoting from the minority views:

(1) The President in his message to Congress condemned the practice of lending Government money for shipbuilding, stating that in practice this policy has been a failure; this bill continues and enlarges upon this condemned practice.

(2) The President proposed that we end the subterfuge of mail contracts as rapidly as possible; this bill gives no assurance that existing ocean mail contracts will be terminated prior to their respective contractual expiration dates.

(3) The President stated that some American shipping companies have engaged in practices and abuses which should, and must be, ended, such as improper operating of subsidiary companies, excessive salaries, the engaging in businesses not directly a part of shipping, and other abuses which have resulted in poor management and improper use of profits; discretionary termination of these abuses as provided in this bill does not positively end these practices as insisted upon by the President.

(4) The President stated that quasi-judicial and quasi-legislative duties of the present Shipping Board Bureau of the Department of Commerce should be transferred for the present to the Interstate Commerce Commission; this bill fails to comply with that important recommendation.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. Yes.

Mr. McFARLANE. Does not the gentleman think that we ought to report this bill back to the committee and let it bring in a bill in keeping with those suggestions and stop the abuses in the future that we have had in the past with these subsidies?

Mr. WEARIN. I do. The amendment that I have offered attempts to make the transfer from the Department of Commerce to the authority, so that this group of men may have charge of the administration of this act, so that it will not be bandied back and forth from one department to another, when the administration is endeavoring as best it can to consolidate the departments of the Government and to eliminate excessive expenditures.

Mr. MORAN. Mr. Chairman, is it not a fact that many Government officials believe that such methods as that, dividing up the power, spreading it out to the four winds, enables lobbyists to play one department against another department of the Government?

Mr. WEARIN. Exactly.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 16, noes 48.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Ohio makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and sixteen Members present, a quorum.

The Clerk read as follows:

SEC. 603. (a) Subsection (a) of section 11, as amended, of the Merchant Marine Act, 1920, is amended by adding at the end thereof the following new sentences: "Loans may be made under this section to aid in the construction of vessels for use in coastwise trade as well as in foreign trade. Upon request of the Secretary of the Navy any vessel for coastwise trade in the construction of which a loan is made under this section, shall embody such naval features as the Secretary of the Navy may indicate: *Provided*, That all costs incident thereto shall be paid out of naval appropriations."

(b) Subsection (d), as amended, of such section 11 is amended by striking out "5¼ percent" and inserting in lieu thereof "4 percent."

(c) Such section 11, as amended, is amended by adding at the end thereof the following new subsection:

"(h) In case a loan is applied for under this section by an applicant who has as his principal place of business a place on the Pacific coast of the United States (but not including one who having been in business on or before June 1, 1935, has changed his principal place of business to a place on the Pacific coast of the United States after such date), to aid in the construction of a vessel to be operated in a coastwise or intercoastal service, route, or line from or on the Pacific coast of the United States, and the amount of the lowest responsible bid of shipyards on such coast for the construction of such vessel does not exceed the amount of the lowest responsible bid therefor of shipyards on the Atlantic coast of the United States by more than 6 percent of the amount of the bid of such Atlantic coast shipyard, such loan shall be made only if the applicant accepts such lowest responsible bid of the Pacific coast shipyard, and agrees to designate and continue as the home port of the vessel to be constructed a port on the Pacific coast of the United States. The minimum rate of interest on such loan shall be three-fourths of 1 percent lower than the minimum rate which would otherwise be applicable under subsection (d), as amended, of this section, with respect to the periods of construction of such vessel and its operation exclusively in coastwise and/or intercoastal trade. Such lower interest rate shall not apply with respect to any period in which the applicant:

"(1) Does not continue as its home port a port on the Pacific coast of the United States,

"(2) Operates the vessel in coastwise trade other than on the Pacific coast,

"(3) Operates the vessel in intercoastal or foreign trade except to and from ports on the Pacific coast, or

"(4) Having been in business before June 1, 1935, and having changed his principal place of business to a place on the Pacific coast after such date, maintains his principal place of business at any place on the Pacific coast."

Mr. RABAUT. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RABAUT: Page 41, line 18, after the word "trade", insert "and on the Great Lakes."

Mr. BLAND. Mr. Chairman, I accept that amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LUCKEY. Mr. Chairman, I move to strike out the last word.

My colleagues, I rise in opposition to the bill now under consideration, H. R. 8555, a bill to provide subsidies for the merchant marine.

This is a vicious bill and should be voted down. It proposes to perpetuate the evils and gross racketeering that have been carried on in the past under the guise of Government subsidies. The statement was made on the floor of this House yesterday that this was an administration measure. By checking this bill with the President's message delivered to Congress on this subject March 4, 1935, you will find that this bill in its present form is not in line with the President's recommendation.

Strenuous effort was made yesterday to amend the bill in order to correct some of the evils adroitly embodied in the bill, but to no avail. One amendment after another was voted down by certain groups on both sides of the House. Party lines apparently were obliterated when it came to supporting these shipping interests, who for years have waxed fat at the crib of the Federal Treasury. Where were the friends of the President yesterday when attempt after attempt was made, with no success, to amend this bill to bring it in harmony with his plan and purpose as expressed in his message? The gallant fight to correct this bill was made only by a handful. I want to commend those who led that fight with such vigor—the gentleman from Maine [Mr. MORAN] and the gentleman from Iowa [Mr. WEARIN]. If our cause goes down in defeat you and those who fought with you can rest assured that a good fight has been waged in an attempt to stop this racket.

I do not have the time to go into detail as to the defects in this bill. I just want to repeat the objections voiced in the minority reports signed by Mr. WEARIN and Mr. BREWSTER, which appear on page 34 of House Report No. 1277:

1. It violates the shipping lessons of the past 6 years as specifically pointed out by the President in his messaage to Congress.

2. It fails to correct evils disclosed by the Senate and by Postmaster General Farley and denounced by President Roosevelt.

3. It gives no assurance that its asserted policy of providing an adequate merchant marine can be realized.

4. It is incapable of efficient administration and invites maladministration.

The few minutes I have are too short to elucidate on these propositions. I may go into detail at a future date to show

the raids that have been made on the United States Treasury by this subsidy racket. Suffice it to say at this point that this racket has cost the American people sums running into the billions of dollars, and we have nothing to show for it. How long are we going to stand for this kind of a thing?

In the Black report, Senate Report No. 898, attention is called to some of the defects and shortcomings of our past ship-subsidy policy. From this report I quote (p. 2):

> The subject of this investigation and report is the unsuccessful and tragically disappointing attempt of the United States to create and maintain an adequate privately owned American merchant marine. The American merchant marine is neither adequate nor is it in any true sense privately owned. Responsibility for this country's failure to secure that which it sought and for which it was willing to expend and has expended hundreds of millions of dollars of taxpayers' money must lie at the door of three classes of people: First, this burden of costly failure rests upon the enactment of an ill-advised compromise law. Second, upon certain public officials who flagrantly betrayed their trust and maladministered those laws. Third, upon those individuals who, publicly posing as patriots, prostituted those laws for their private profit.

In that same report it is shown how an investment of $500 yielded a profit of $6,700,000 (p. 5).

Gentlemen, is it not time that we stop listening to these special pleaders, who have in the past and who will continue in the future to make their annual raids on our Public Treasury? Let us reject this bill and bring such legislation as may be necessary on this subject within the scope of the President's message and in accordance with the views he expressed. [Applause.]

The Clerk read as follows:

> SEC. 703. (a) It is hereby declared to be the policy of Congress to promote, encourage, and develop water transportation service and facilities in connection with the commerce of the United States, and to foster and preserve both rail and water transportation, and the Authority and the Interstate Commerce Commission are hereby severally authorized and directed to cooperate to that end.
>
> (b) A Board is hereby created, to be known as the "Joint Transportation Board", to be composed of the Secretary of Commerce and of two members selected by the Interstate Commerce Commission from among their members, and of two members selected by the Authority from among their members, of which Board the Secretary of Commerce shall be chairman. Said Board shall appoint a secretary, who shall keep minutes of its meetings, which minutes shall be furnished to all members of the Authority and of the Interstate Commerce Commission. The Board shall hold regular semimonthly meetings and such additional meetings as may be necessary to transact its business. Any officer or employee of the Authority and the Interstate Commerce Commission may be assigned to the service of the Joint Transportation Board.
>
> (c) The Board shall consider and make such recommendations to the Authority and the Commission pertaining to the interrelation of rail and water traffic as in its opinion will further the purpose and policy declared in subsection (a) hereof. None of the provisions hereof shall be construed to limit the power or jurisdiction of the Interstate Commerce Commission or of the Authority or of the Secretary of War with respect to any matter within the lawful jurisdiction of either.

Mr. WEARIN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

> Amendment offered by Mr. WEARIN: Amend section 703 of Title VII by striking out subsections (b) and (c) on page 45, beginning with line 1 and ending in line 24.

Mr. WEARIN. Mr. Chairman, I have offered this amendment to strike out the superfluous board that is being set up in this bill that will occasion the United States Government some additional expense eventually. There are existing agencies of government which can undoubtedly carry on the work proposed in these particular subsections. In my judgment, there is no occasion to set up any additional boards or commissions for the purpose of administering or having a tendency to direct the administration of the pending subsidy legislation. This will simply result eventually in an added burden to the people.

Mr. McFARLANE. Will the gentleman yield?

Mr. WEARIN. I yield.

Mr. McFARLANE. How are we going to reconcile this with the Democratic national platform, in case we want to follow that? The Democratic platform says we shall reduce Government expenses 25 percent, and that we shall consolidate and abolish useless boards and commissions and not create any more. How will we reconcile this bill with the Democratic platform?

Mr. WEARIN. We cannot reconcile it.

Mr. RAMSPECK. Will the gentleman yield?

Mr. WEARIN. I yield.

Mr. RAMSPECK. I am wondering where the gentleman finds any danger of additional expense? The language says "any officer or employee of the Authority and the Interstate Commerce Commission may be assigned to the service of the Joint Transportation Board." It does not authorize any new employees at all. It is a matter of cooperation.

Mr. WEARIN. It provides another miscellaneous board that can be permitted to function under the provisions of this act, and there is nothing in the world to prevent it from coming to Congress next year, after they get their crowbar in this year, and asking for an appropriation to carry on some experimental work that they desire to do. That is the exact purpose and intention of these provisions in this bill.

Mr. RAMSPECK. Of course, they can come and ask for money if they do not have any board.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto conclude in 3 minutes.

The motion was agreed to.

Mr. BLAND. Mr. Chairman, as was stated by the gentleman from Georgia [Mr. RAMSPECK], there is no new board created. It is the Secretary of Commerce, two men from the Interstate Commerce Commission, and others from the maritime authority, who are to get together and try to work out the problems that govern the railroads and shipping, and so work coordination between those great bodies. That is all in the world there is in this provision. There are no salaries provided at all.

I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

The amendment was rejected.

Mr. WEARIN. Mr. Chairman, I desire to propound a unanimous-consent request. I ask unanimous consent to return to section 701 so that I may offer an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa [Mr. WEARIN].

Mr. ANDREWS of New York. Mr. Chairman, I object.

Mr. BIERMANN. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and nineteen Members are present, a quorum.

The Clerk will read.

The Clerk read as follows:

> SEC. 704. This title shall become effective 30 days after all of the five original members of the Authority have taken office.

Mr. TRUAX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. TRUAX: Page 46, line 1, strike out "30" and insert in lieu thereof "365."

Mr. TRUAX. Mr. Chairman, there is a sincere purpose in offering the amendment. If adopted, that amendment would withhold the effect of this enactment, would withhold the operation of this law until the Members of this Congress would have ample opportunity to hear from the people back home. [Laughter and applause.]

In my judgment, 98 percent of the people in the State of Ohio, which I represent, are unalterably and absolutely opposed to any ship subsidy. They are opposed to any subsidy for ocean mail contracts. They are unalterably opposed to the Government building ships for shipowners. That is what this bill does. The Government, through its taxpayers, will take over old tubs, old hulks that are worn out and of no use, and they will scrap that old hulk, they will scrap that old tub, and the taxpayers of this country will pay the bill. We have heard a great deal about England and the other foreign countries. In England they are required to scrap the old ships that are no good, but the owner pays for scrapping them and not the Government. We do not do that

in this bill. First, we subsidize the shipbuilder for the construction of new ships. Then we subsidize him in his operating expenses and in his maintenance expenses. Then we subsidize him further in the subsidy that is given for the carrying of mail. We pay as high as $80,000 a pound for mail that in other classes is carried for 8 cents.

I want to tell you what the President of the United States said on these two vicious and iniquitous features of this bill, and I trust no one will object to my reading what the President said.

The President said to you:

This lending of money for shipbuilding has, in practice, been a failure. Few ships have been built and many difficulties have arisen from the repayment of loans.

The President also said:

Similar difficulties have attended the granting of ocean mail contracts. The Government today is paying annually about $30,000,000 for the carrying of mails which would cost, under normal ocean rates, only $3,000,000.

Yet you ask us here today to enact that sort of a bill, to reenact that sort of infamy, that sort of raid upon the taxpayers of the country. The Captain Kidds of the Shipbuilding Trust could do no better if they had written this bill themselves. The Sir Francis Drakes of the ocean mail subsidy could not have bettered this bill if they had tried. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. TRUAX] has expired.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

The Clerk read as follows:

SEC. 802. Section 2 of the act of March 4, 1915 (U. S. C., title 46, sec. 673), is hereby amended to read as follows:

"SEC. 2. In all merchant vessels of the United States of more than 100 tons gross, excepting those navigating rivers, harbors, lakes (other than Great Lakes), bays, sounds, bayous, and canals, exclusively, the firemen, oilers, and water tenders, and the sailors shall be divided into at least three watches, and each such watch shall be kept on duty successively for the performance of ordinary work incident to the sailing and management of the vessel. The seamen shall not be shipped to work alternately in the fireroom and on deck, nor shall those shipped for deck duty be required to work in the fireroom, or vice versa; nor shall any seamen in the deck or engine department be required to work more than 8 hours in 1 day; but these provisions shall not limit either the master or other officer or the obedience of the seamen when, in the judgment of the master or other officer, the whole or any part of the crew is needed for the maneuvering of the vessel or the performance of work necessary for the safety of the vessel, her passengers, and cargo, or for the saving of life aboard other vessels in jeopardy, or when in port or at sea from requiring the whole or any part of the crew to participate in the performance of fire, lifeboat, or other drills. While such vessel is in a safe harbor no seamen shall be required to do any unnecessary work on Sundays or the following-named days: New Year's Day, the Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day, but this shall not prevent the dispatch of a vessel on regular schedule or when ready to proceed on her voyage. And at all times while such vessel is in a safe harbor, 8 hours, inclusive of the anchor watch, shall constitute a day's work. Whenever the master of any vessel shall fail to comply with this section and the regulations issued thereunder, the owner shall be liable to a penalty not to exceed $500, and the seamen shall be entitled to discharge from such vessel and to receive the wages earned. But this section shall not apply to fishing or whaling vessels, yachts, or vessels engaged in salvage operations."

Mr. CONNERY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to ask the distinguished chairman of the committee some questions. He is very familiar with the Shipping Board, I presume, and I should like to ask him some questions in reference to certain matters which I think in a way at least are connected with this bill.

I addressed a letter to Mr. Peacock of the Shipping Board calling his attention to a law of the Congress which forbids discrimination against American vessels in favor of foreign vessels on rates, and brought to his attention the fact that, for instance, cotton blankets are shipped from Germany to the United States, the rate being $10, whereas it costs $20 to ship the same blankets from the United States to Germany in the same vessel. That was merely one item. There are numerous items in the same category. I should like to know from the chairman if any remedy is provided in this bill against such a situation, or if it is the intention in future to provide a remedy which will help American manufacturers and exporters to combat this discrimination.

Mr. BLAND. I may say to the gentleman from Massachusetts that I do not think there is any remedy in the bill. The question of the minimum rates to be fixed on ocean shipping is a very serious international question, as the gentleman knows. There was a provision in the bill which would have given the authority certain power in this respect, but a serious question was raised by the State Department and there was very serious opposition on the part of exporters and importers throughout the country. It was, therefore, considered by the committee that rather than bring it up in this bill it should be the subject of very serious consideration in the future.

I may say, as chairman of the committee, that there are several matters we want to take up during the next Congress, one of which is the rights and welfare of the seamen. I want to see the seamen brought up from something higher than the mud sill of civilization, as dear old Andrew Furuseth has called it.

The question of rates is such a serious one that it was decided it would be better to leave it out for the present.

Mr. CONNERY. I call the attention of the chairman to the fact it is a very serious matter to flout a law passed by the Congress of the United States and signed by the President, a law forbidding discrimination; yet the North Atlantic Conference establishes rates against American vessels and against American exporters, and those rates are O. K.'d by the Shipping Board. This is breaking the law.

Mr. BLAND. Mr. Chairman, will the gentleman permit an interruption?

Mr. CONNERY. Certainly.

Mr. BLAND. Under the 1916 act conference rates have to be approved by the Shipping Board.

Mr. CONNERY. That is the point I was endeavoring to bring out.

Mr. BLAND. Now, one step further, it is to get some insight into the operation of these conferences, to know their mechanics and possibly to control some of them, that we provided that no conference shall be approved that does not permit representatives appointed by the authority to participate.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. I do not desire to take up the time of the committee needlessly, but this is a very important matter.

Mr. BLAND. It is a very important matter.

Mr. CONNERY. It flouts the dignity of the House of Representatives, it flouts the dignity of the United States Senate, and the dignity of a law of the United States, the act of 1916, which specifically provides that discrimination shall not be made against American ships and American exporters; yet the Shipping Board deliberately breaks the law. I called that to their attention in this letter and gave specific instances. I am calling it to the attention of the chairman of this committee because I feel he will do something about it.

Mr. BLAND. We expect to watch that.

Mr. CONNERY. The idea of a conference of shipping interests making rates in contravention of law against American exporters! As I said, the rate on blankets shipped from Germany to the United States is $10, but the rate on the same blankets shipped from the United States to Germany, in the same ship, is $20. If we continue to permit such differentials we shall have no American manufacturers left.

Mr. BLAND. Heretofore we have had no Government representatives on the conferences. The members of the conference have been operators, on one side foreign and on the other side American, with the foreigners probably outvoting the Americans.

After this bill passes we shall have representatives of the United States on those conferences.

Mr. CONNERY. I am very glad to hear my friend make this statement.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. SIROVICH. I call the gentleman's attention to the fact that the pending bill specifically designates that the maritime authority shall send one of their members to every conference held.

Mr. CONNERY. I am going to let the distinguished chairman of the committee, Mr. BLAND, and my friend from New York, Mr. SIROVICH, take care of the situation. I feel that they will look into this matter and see to it that the Shipping Board shall live up to the law and stop the Board from aiding foreign competitors to drive our American manufacturers out of business.

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 803. Section 4551 of the Revised Statutes (U. S. C., title 46, sec. 643) is amended to read as follows:

"SEC. 4551. Every seaman upon a merchant vessel of the United States of the burden of 100 tons or upward, except vessels employed exclusively in trade on the navigable rivers of the United States, shall be furnished with a book, to be known as a service book, which shall contain the signature of the seaman to whom it is so furnished and a statement of his nationality, age, personal description, photograph, and home address. Such books shall be in such form and issued by the shipping commissioners in such manner as the Commissioner of Navigation, subject to the approval of the Secretary of Commerce, shall determine. Any person, corporation, or association, other than a shipping commissioner, who shall issue or cause to be issued any such book or imitation thereof, or any person, other than the real owner, who uses or endeavors to use any such book, or who makes any statement or endorsement in any such book not herein authorized, shall be deemed guilty of a misdemeanor and shall be imprisoned not less than 1 month nor more than 3 months, in the discretion of the court.

"Upon the discharge of any seaman and the payment of his wages, the shipping commissioner shall enter in the service book of such seaman the name of the vessel, the nature of the voyage (foreign or coastwise), the class to which the vessel belongs (steam, motor, sail, or barge), the date and place of the shipment and of the discharge of such seaman, and the rating then held by such seaman. Whenever a seaman is discharged in any collection district where no shipping commissioner has been appointed, the master of the vessel shall perform the duties of such commissioner and shall make the proper entries in such service book. Any master who fails to make such entries shall be fined the sum of $50 for each such offense."

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: On page 48, line 8, strike out all of section 803, beginning with line 8, page 48, and ending with line 17, page 49, and insert in lieu thereof the following:

"SEC. 803. The Commission is authorized and directed to investigate the employment and wage conditions in ocean-going shipping, and after making such investigation, to prescribe and enforce minimum manning scales"——

Mr. BLAND. Mr. Chairman, I think the reading of the amendment has gone far enough to indicate that it is not germane to the particular section. It strikes out the substance of the section whereas it should be a new section, for it is not germane to the section read.

Mr. MORAN. Mr. Chairman, I ask unanimous consent to modify my amendment to read as follows:

Page 49, after line 17, insert a new section to be known as "section 804", to read as follows:

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Page 49, after line 17, insert a new section to be known as "section 804", to read as follows:

"SEC. 804. The Commission is authorized and directed to investigate the employment and wage conditions in ocean-going shipping, and after making such investigation, to prescribe and enforce minimum manning scales and minimum wage scales for all officers and crews employed on all types of vessels operated by citizens of the United States, and including vessels operated by the United States Merchant Marine Corporation, in the foreign and interstate commerce of the United States. After such minimum manning and wage scales shall have been prescribed by the Commission no change shall be made by the Commission in such scales except upon formal complaint, public notice of the hearing to be had on such complaint, and a hearing by the Commission of all interested parties, under such rules as the Commission shall prescribe. Every citizen of the United States operating ocean-going shipping shall post and keep posted in a conspicuous place on each vessel operated by such citizen a printed copy of the minimum manning and wage scales prescribed by the Commission and applicable to such vessel. The provisions of this section shall be enforced in the same manner herein prescribed for the enforcement of the orders of the Commission."

Mr. MORAN. Mr. Chairman, this is the labor amendment to the bill. Attention is particularly called to the Black investigation report, page 36, where the following language appears:

While the clamor has always been made that our marine subsidy would provide funds for the payment to American seamen of wages set at a proper level, and substantially in excess of foreign wages, in many instances the proper wage scale has been cut and money transmitted to mail contractors in constructive trust for American seamen has been diverted by the contractors to their own private profits for exhorbitant salaries and unearned bonuses. This practice and result is wholly indefensible.

Mr. BLAND. Will the gentleman yield?

Mr. MORAN. I yield to the gentleman from Virginia.

Mr. BLAND. I notice in the amendment which the gentleman has offered that he has a provision for manning. The gentleman knows that the manning is now by law in the hands of the Bureau of Steamboat and Navigation Service?

Mr. MORAN. That is right. Mr. Furuseth, legislative representative of the Seamen's Union, in a public letter to one of the Members of the other House, gave his view as to the status of the seamen of America. He said:

The slave status sticks to the seamen and the slave never was assumed to speak to tell the truth until his heels were roasted.

Mr. LEHLBACH. Will the gentleman yield?

Mr. MORAN. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. I did not catch the import of the gentleman's amendment. Does the amendment include carriers by water on inland waters and other carriers that do not come within the purview of the general terms of this bill?

Mr. MORAN. The amendment reads:

Every common carrier by water operated by a citizen of the United States.

Mr. SIROVICH. Will the gentleman yield?

Mr. MORAN. I yield to the gentleman from New York.

Mr. SIROVICH. This bill applies only to the coastal, intercoastal, and foreign trade. Could the gentleman change his amendment to apply to the bill under consideration?

Mr. MORAN. Yes.

Mr. KENNEY. The gentleman's amendment goes to the operating subsidy so far as the seamen are concerned. It does not take into account the construction subsidy by providing a wage scale for the construction part of it?

Mr. MORAN. No. This covers the seamen.

Mr. CONNERY. We offered an amendment yesterday to take care of the prevailing rate of wages on the construction end.

Mr. MORAN. Yes. This catches it so far as the seamen are concerned. If I had the time I could show you in these reports the illustrations of wage cuts imposed upon labor by subsidized American operators.

Mr. BLAND. Will the gentleman yield?

Mr. MORAN. I yield to the gentleman from Virginia.

Mr. BLAND. The principal question, so far as I am concerned, and I do not know about the gentleman from New Jersey, is getting the amendment in shape to apply to the ocean-going ships. As it is written now it would extend to inland waters and those getting no subsidy. That is the principal point.

Mr. MORAN. I will be glad to change the amendment.

Mr. LEHLBACH. If the gentleman from Maine will yield, may I say that I tried to be helpful?

[Here the gavel fell.]

Mr. LEHLBACH. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MORAN. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. This bill includes ocean-going commerce, and I understand the gentleman includes certain interstate commerce by water; in other words, inland water transportation. With reference to this particular subject, the gentleman is giving the maritime authority jurisdiction over operations which are not under their control. Speaking for myself, if the gentleman will get his amendment in shape to apply to the kind of shipping over which the maritime authority has control, I will have no objection.

Mr. BLAND. I wonder if we could not save time by passing over this amendment at this time and returning to it later?

Mr. LEHLBACH. Returning to it any time before the conclusion of the reading of the bill?

Mr. BLAND. At any time before the conclusion of the reading of the bill.

Mr. MORAN. Yes. I ask unanimous consent that I may withdraw the amendment at this time and return to this section at any time before the conclusion of the reading of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. COLDEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the building and the operation of ships in this country since the Great World War has not been of any credit to the American people. Too often our great shipping industry has been contaminated with scandal and sometimes graft and fraud. As one individual, I am not very much in favor of the subsidy system; but in view of the fact that every other great maritime nation in the world is subsidizing their ships, so far as I observe, there is no other way by which we can keep the American flag on the seas.

Mr. Chairman, I do not like the past history by which our ships built during the World War were sold for a song. I do not agree with the policy by which Government money was lent to ship operators for less than it cost the Government to obtain the same money. I am opposed to the high commissions and the high salaries that the operators have charged. It seems that all the Government benefits in years past have been poured out to the builder, to the owner, and to the operator, and very little attention has been paid to the seamen.

Mr. Chairman, a merchant marine is of no value to this country unless it is manned by American seamen. American subsidized ships with alien seamen or with underpaid American seamen does not inspire the high degree of patriotism demanded in case of war if our merchant marine is intended to serve as a naval auxiliary. One of the fundamental purposes of any merchant marine bill should be to give a fair wage and reasonable hours to the seamen of this country. They number about 165,000, I am informed, and while I do not like a good many features of the bill, I think the committee should be commended. I am heartily in favor of the concessions which it has made to the International Seamen's Union. I am very much in favor of the better hours and the holidays and Sundays that have been granted the seamen, as well as the improved service-book feature. I also want to commend the amendment offered by my colleague, the gentleman from Massachusetts [Mr. CONNERY], in establishing the prevailing wage in the shipbuilding industry. I think this bill will give us some material gain, consequently I am going to give it my support. [Applause.]

Mr. CONNERY. Mr. Chairman, I move to strike out the last two words.

Mr. BLAND. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 8 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. CONNERY. May I ask the distinguished Chairman of the Merchant Marine and Fisheries Committee a question in reference to the service-book matter which Mr. Furuseth was worried about being used as a blacklist? Is there anything that has been done in this bill to prevent the blacklisting of men who indulge in union activities, to stop the operators from driving them off the sea?

Mr. BLAND. I may say to the gentleman, in view of the question yesterday, I compared this amendment with the amendment that was offered by Mr. O'BRIEN.

I thought we had it practically in the exact language. The only changes are that we call it a service book, while he calls it a continuous discharge book, and in line 15, at the beginning of the line, where the bill says "service book which shall contain the signature", he uses the language, "be retained by him and which shall contain." If I had noticed this difference, I would have been pleased to have put the language in the bill. I have no objection to it.

Mr. CONNERY. Would the gentleman offer that as an amendment?

Mr. BLAND. Mr. Chairman, I offer an amendment, page 48, line 15, insert before the word "contain" the words "be retained by him and which shall."

The Clerk read as follows:

Amendment offered by Mr. BLAND: On page 48, line 15, before the word "contain", insert "be retained by him and which shall."

The amendment was agreed to.

Mr. BLAND. Does the gentleman want to change the word "service" to "continuous discharge"?

Mr. CONNERY. Is that what he wanted?

Mr. BLAND. That is what he wanted, and I do not know that there is any particular objection to it.

Mr. COLDEN. Mr. Chairman, if the gentleman will yield, I should like to ask how many propositions of the International Seamen's Union were accepted and what parts were rejected in the program they offered the Committee on the Merchant Marine?

Mr. BLAND. I could not answer that question. They have a number of suggestions that are to be made the subject of future study which we did not think should be contained in the pending bill.

Mr. ZIONCHECK. By discharge, do they mean that when a man is fired for cause they put the reason for the discharge in the book?

Mr. BLAND. No; and the only things that are required under this section as we are perfecting it now are the things that Mr. O'Brien, of the International Seamen's Union, was willing to accept.

Mr. CONNERY. Will the chairman offer that amendment?

Mr. BLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 48, line 14, strike out the word "service" and insert the words "continuous discharge."

Page 49, line 7, strike out the word "service" and insert the words "continuous discharge."

Page 49, line 15, strike out the word "service" and insert "continuous discharge."

The amendment was agreed to.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we inserted the word "photograph" on page 48, line 17. The seamen objected to the word "thumbprint", and that was not put in. When Mr. O'Brien was testifying he stated they had no objection to the photograph, and, in fact, felt that the photograph is a protection, because there have been so many fraudulent transfers of these discharge certificates.

Mr. CONNERY. There is just one more question I would like to ask the gentleman in reference to the *Morro Castle* disaster. Is there any provision in the bill or would there be any objection to forcing all of these ships to have sprinkler systems on them?

Mr. BLAND. I think the provision is that they shall be as fireproof as practicable, and I may say to the gentleman that I would rather not have that in the bill now. We do not know how far that might go. I have a bill pending that I expect to pass under suspension of the rules or under a rule providing for a reorganization of the inspection service and providing for a technical staff that will consider various plans, and the bill also provides for a study with respect to the practicability of the sprinkler system.

Mr. CONNERY. I thank the gentleman.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. MARCANTONIO. Will the chairman please explain the meaning of the word "rating"?

Mr. BLAND. That is in Mr. O'Brien's bill, and a question arose as to photographs in the consideration of the bill by the committee. We called up the Commissioner of Navigation, and he advised us that "rating" meant whether a man was an able seaman or ordinary seaman, or the capacity in which he served, and did not deal with his manner of service.

[Here the gavel fell.]

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: On page 49, after line 17, insert a new section, to read as follows:

"SEC. 804. The Commission is authorized and directed to investigate the employment and wage conditions in ocean-going shipping, and after making such investigation to prescribe and enforce minimum manning scales and minimum wage scales for all officers and crews employed on all types of vessels operated by citizens of the United States, and including vessels operated by the United States Merchant Marine Corporation in the foreign and interstate commerce of the United States. After such minimum manning and wage scales shall have been prescribed by the Commission, no change shall be made by the Commission in such scales except upon formal complaint, public notice of the hearing to be had on such complaint, and a hearing by the Commission of all parties under such rules as the Commission shall prescribe. Every citizen of the United States operating ocean-going shipping shall post and keep posted in a conspicuous place on each vessel operated by such citizen a printed copy of the minimum manning and wage scales prescribed by the Commission and applicable to such vessel. The provisions of this section shall be enforced in the same manner herein prescribed for the enforcement of the orders of the Commission."

Mr. BLAND. Mr. Chairman, we accept the amendment.

The amendment was agreed to.

The Clerk read as follows:

TITLE IX—ADMINISTRATIVE PROVISIONS

SEC. 901. After any adjustment of any ocean-mail contract has been made or any financial aid or construction loan granted under the provisions of titles III, IV, V, or VI of this act, the authority in order to effect economies in personnel and administration may transmit all or such part of the papers relating thereto to the Secretary of Commerce for subsequent administration thereof for such time as the authority may see fit, in the same manner and through the same agencies as are now available to him in the administration of the powers and duties of the former United States Shipping Board.

Mr. McFARLANE. Mr. Chairman, in reading the analysis of this bill in another body on yesterday—and I hope every Member of the House will read that analysis contained in today's RECORD—it is unquestionable that the bill now before us does not meet the requirements of the administration. It does not meet the objections of the President. It does not meet the requirements of the experience we have had in ship subsidies and the ocean mail subsidy that have created the scandals which have existed in relation to these subsidies.

It seems to me that in the consideration of this measure we ought to meet these objections, straighten them out, amend the bill, and stop, if we can, this criticism at least during this administration.

If we write this legislation, just as sure as we are here today, in my opinion, we are going to meet in future years one of the most notorious scandals we have ever known. Teapot Dome will not be compared with it. I do not see why the Membership cannot stay on the floor and hear the debate, rather than running in whenever called and voting blindly with the committee, why we cannot study the legislation and try to meet the suggestions outlined to us by the President and by the Senate investigating committee, and what we know to be the facts.

No doubt the committee has studied the legislation very carefully, but, as it has been pointed out heretofore, this bill does not meet those objections.

As has been pointed out, this bill does not meet the scandals that have occurred in relation to these ship and ocean mail subsidies. This bill makes no effort to correct the situation. There has been wide-open scandal connected with the ocean mail contracts as well as with the people building ships for the Government and then the Government giving them a mail contract that more than takes care of the overhead. In other words, they have their hands into the Treasury up to their shoulders. We sit supinely by and apparently are satisfied with it. I do not understand what is the trouble. Why is it we cannot stop this kind of legislation? Certainly the hundreds of millions of dollars they have carried off through past subsidies have gotten us nowhere, and this bill is worse than any of the prior bills—if that is possible. Our merchant marine immediately after the World War was in good shape, but those supposed to represent the Government have practically given these ships away.

Mr. TRUAX. Will the gentleman yield?

Mr. McFARLANE. Yes.

Mr. TRUAX. Does not the gentleman think that the whole trouble is with the nonattendance of Members who ought to be here attending what is going on and hearing what is read, so that they can know what a rotten bill this is? [Laughter.]

Mr. McFARLANE. I intimated that in my opening remarks. I thank the gentleman for his contribution. If you will read the RECORD of what occurred yesterday in both branches of Congress, you will find a very clear presentation of this measure and very satisfactory reasons given why these bills should be defeated; you will also see the amendments offered by the gentleman from Maine [Mr. MORAN] and the gentleman from Iowa [Mr. WEARIN]. These gentlemen have shown by their presentation of their amendments that they have given a great deal of time and study to this measure, and it is unfortunate the Membership fails to stay on the floor to hear their able presentation of their reasons why this bill should be defeated.

[Here the gavel fell.]

Mr. WEARIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Eliminate section 901 of title IX by striking out the words beginning on line 19, page 49, and ending with line 4, on page 50.

Mr. WEARIN. Mr. Chairman, it is advisable for the proper administration of this subsidy bill that as many as possible of the functions involved in the administration of the same shall be placed in the hands of the group that is to administer the law. A division of it and the placing of a portion in the hands of one department and another portion in the hands of another only serves to confuse the situation, and to further defeat the proper administration and promotion of this proposed merchant-marine program. There is nothing in this amendment that would hinder the administration or the progress of the development of the merchant marine, but simply a consolidation of functions in the hands of the group that is supposed to administer the bill. We should endeavor to prevent a situation that will simply facilitate passing the buck from one bureau to another, occasion unnecessary delay, and afford cover to racketeers who will try to come in under the pending bill. We can do so by adopting my amendment.

Mr. BLAND. Mr. Chairman, in view of the onerous duties of the authority, we believe it better to place this in the Secretary of Commerce for the time being.

I move that all debate upon this section and all amendments do now close.

The motion was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. WEARIN) there were—ayes 18, noes 51.

So the amendment was rejected.

Mr. O'MALLEY. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-six Members present, a quorum.

The Clerk read as follows:

SEC. 904. All the power and authority over and in connection with the transportation by water of explosives and other dangerous articles vested in the Interstate Commerce Commission by the Transportation Explosives Act of March 4, 1921 (U. S. C., title 18, secs. 382 to 386, inclusive), are hereby transferred to and vested in the Secretary of Commerce.

Mr. WEARIN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Eliminate section 904, title IX, beginning with line 19, on page 50, and ending with line 25, on the same page.

Mr. BLAND. Mr. Chairman, I suppose that is in conformity with the letter which came from the Interstate Commerce Commission?

Mr. WEARIN. Yes.

Mr. BLAND. So far as I am concerned, I think we may as well act on their suggestions. We accept the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 905. (a) All orders, rules, regulations, or other privileges made, issued, or granted in the exercise of or in respect of the powers and duties transferred under sections 304, 601, 701, and 904 of this act, and in effect at the time of the transfer, shall, insofar as not inconsistent with the provisions of this act, continue in effect to the same extent as if such transfer had not occurred, until modified, superseded, or repealed.

(b) All rights, interests, or remedies accruing or to accrue out of any provision of law or regulation relating to, or out of action taken in the exercise of, powers and duties so transferred under this act shall be valid in all respects and may be exercised and enforced.

(c) All provisions of law relating to the powers and duties so transferred under this act shall, insofar as such laws are not inapplicable, continue in full force and effect, and shall be administered by the respective agencies to which such powers and duties are transferred.

(d) No suit, action, or other proceeding commenced by or against the head of any agency in his official capacity in connection with powers and duties transferred under this act, or in relation to the exercise of any such powers and duties, shall abate by reason of any such transfer, but the court, on motion or supplemental petition filed at any time within 12 months after the date of enactment of this act, showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the agency to which such powers and duties are so transferred.

Mr. BLAND. Mr. Chairman, I offer the following amendment as a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 51, line 1, strike out the figures "905" and insert "904", and on page 51, line 4, strike out the figures "904" and, before the figures "701", insert the word "and", and strike out the word "and" after the figures "701".

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

TITLE X—LIMITATION OF SHIPOWNER'S LIABILITY

SECTION 1001. Section 4283 of the Revised Statutes (U. S. C., title 46, sec. 183) is hereby amended to read as follows:

"SEC. 4283. (a) The liability of the owner of any vessel, for any embezzlement, loss, or destruction by any person, of any property, goods, or merchandise, shipped or put on board of such vessel, or for any loss, damage, or injury by collision, or for any act, matter, or thing, loss, damage, or forfeiture, done, occasioned, or incurred, without the privity, or knowledge of such owner or owners, shall in no case exceed the amount or value of the interest of such owner in such vessel, and her freight then pending: *Provided*, That the limitation of the liability of the owner of any sea-going vessel (other than a sea-going tug or barge) in respect of loss of life or bodily injury, as determined under this section, shall be not less than an amount equal to $60 for each ton of such vessel's tonnage.

"(b) For the purposes of this section and section 4283A the tonnage of such vessel shall be its gross tonnage after deducting therefrom all deductions (except the deduction for engine-room space) prescribed in section 4153, as amended (U. S. C., title 46, sec. 77), for computing the net or register tonnage of vessels built within the United States or owned by a citizen or citizens thereof.

"(c) The owner of any sea-going vessel (other than a sea-going tug or barge) shall be liable in respect of loss of life or bodily injury arising on distinct occasions to the same extent as if no other loss of life or bodily injury had arisen.

"(d) If there be more than one owner of a sea-going vessel (other than a sea-going tug or barge) the individual liability of any part-owner in respect of loss of life or bodily injury shall be limited, under the conditions provided in this section, as amended, to the proportion of the aggregate amount thereof for which all owners are liable that his individual share of the vessel bears to such aggregate amount; but this provision shall not prevent any claimant from joining all the owners in one action.

"(e) In respect of loss of life or bodily injury, the privity or knowledge of the master of a sea-going vessel (other than a sea-going tug or barge), or of the superintendent or managing agent of the owner thereof, at or prior to the commencement of each voyage, shall be deemed conclusively the privity or knowledge of the owner of such vessel."

Mr. BLAND. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 53, commencing with the word "to" in line 17, strike out down to the semicolon in line 20 and insert in lieu thereof the following: "to an amount which bears the same ratio to the total liability of the owners of such vessel in respect of loss of life or bodily injury as his individual share or the vessel bears to the whole."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. KENNEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: Page 54, line 1, after the word "superintendent", insert "or person in the employ of the owner exercising superintendence."

Mr. KENNEY. Mr. Chairman, this section, 1001 of title X of the bill, dealing with the limitation of shipowners' liability, has a subdivision (e) which provides that in respect to death or personal injury, the privity or knowledge of the master of a vessel, or of the superintendent or managing agent of the owner, at or before the beginning of each voyage, shall be deemed conclusively the privity or knowledge of the owner. A question arises as to the significance of the word "superintendent." That the owner may be charged with the knowledge of his employee who may be exercising superintendence although not bearing the title of superintendent my amendment has been offered. It has happened in the past that a person, not a superintendent, has been put in the place of the superintendent or has been assigned the duties of a superintendent. In case such a person in the employ of the owner in the exercise of superintendence has the knowledge contemplated by the act, that knowledge should be deemed to be the knowledge of the owner, otherwise a situation might exist where the superintendent would not have the knowledge, but a person exercising all the powers and duties of the superintendent might have the knowledge, and although the owner should be charged with the knowledge of such a person in his employ, under the language of this bill his knowledge would not be deemed to be the knowledge of the owner.

Mr. BLAND. If he is performing the duties, would he not be a superintendent under this language?

Mr. KENNEY. There seems to be a question about that. The courts have at times interpreted the word "superintendent." Very often they have held a superintendent to be a particular officer, a man who bears the title of superintendent, and in order to clarify this provision and make the owner responsible for the knowledge of any person who exer-

cises superintendence, I believe this language ought to be inserted. Very often power is delegated to one who is beneath a superintendent, who is in actual charge, with the consent of the owner. Knowledge of such a man ought to be deemed to be knowledge of the owner of a ship.

I urge this amendment.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

The question is on the amendment offered by the gentleman from New Jersey [Mr. KENNEY].

The question was taken; and on a division (demanded by Mr. KENNEY) there were ayes 29 and noes 40.

So the amendment was rejected.

The Clerk read as follows:

APPROPRIATIONS

SEC. 1101. There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this act.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Mr. WEARIN moves to amend section 1101 by adding, in line 11, the words and figures "not to exceed $1."

Mr. WEARIN. Mr. Chairman, I have introduced this amendment for the purpose of discussing a provision with reference to subsidies that has not yet been mentioned to this House.

I call attention to the fact that under construction subsidies, authorized under the pending bill, we have no way of determining just how much those differentials between foreign costs and American costs may be from an accurate standpoint. One of the witnesses before our committee, Mr. Alfred H. Haag, of the Department of Commerce, who is a recognized authority in that field, made that admission before the Committee on Merchant Marine and Fisheries both, as I recollect it, with reference to operating subsidies and construction subsidies.

I would have you remember in connection with the same construction subsidies this fact: That under this bill we have no way of knowing how much the construction subsidy will be today as compared with tomorrow. For instance, let us presume that, figuring a construction subsidy of $1,000,000 ship at the present time, the authority determines, in its judgment—and that judgment can be no more than an approximation—a foreign differential of $400,000 today. Six months from now the authority, in considering that same question with reference to another million-dollar ship, may find that the foreign differential in the matter of construction may be $200,000. What will be the attitude of the American shipper, who, it is presumed, is going to cooperate in connection with the operation of this law to develop a merchant marine?

When the authority, by virtue of the circumstances and conditions of this act, is compelled to offer a variable construction subsidy representing the differential between foreign costs and American costs, there is nothing consistent or conducive to cooperation in the matter of construction subsidies from that standpoint. In fact, it may seriously retard the development of a merchant marine.

Mr. Chairman, to proceed further with the matter of subsidies, I again call attention to the fact that under this section operating subsidies, subsidies providing for construction differentials, and subsidies for trade penetration, have no limitation with reference to the amount that can be granted. I insist that there should have been added in this bill as per amendments I offered yesterday, a recapture clause that would have protected the public from having to pay excessive profits to either shipbuilders or ship operators. I believe, with all due regard to the members of the distinguished Committee on Merchant Marine and Fisheries, there are many Members who voted against my amendment who believed as I did, and in whose conscience there existed the thought that the public should have been protected to that extent, but they did not agree with the exact phraseology of my amendment.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, I ask unanimous consent that the amendment may be withdrawn.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

SEC. 1102. To aid in carrying out the policy and primary purpose of this act there is hereby authorized to be appropriated from time to time for expenditure by or with the approval of the authority, such sums as may be necessary, for the operation by citizens of the United States, of ships or line of ships which have been or may be taken over by the United States, and when not inconsistent with the public interest, to insure a fair rate to shippers of American goods, to enable American ship operators to carry an equitable share of our foreign commerce, or to insure vessels of American registry equitable consideration in conference agreements.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word. In this section and in the previous section it is evident that no one has any idea how much this measure is going to cost the United States Government if it is enacted into law. I doubt if anyone knows how much the Shipping Board cost the United States or how much the act of 1928 cost the United States.

In the colloquy yesterday the distinguished chairman of this committee stated that in round numbers, if the contracts are carried out under the act of 1928, we shall have spent $308,000,000 out of the Treasury under that act, and that the Post Office Department has paid $119,000,000 in mail subsidies in the same time. We still have great sums coming to the Government on loans by the Shipping Board under the act of 1928.

It has been evident during this debate that no one contends that either the the Shipping Board or the measures taken under the Act of 1928, have been effective in giving us a merchant marine. They failed to give us a merchant marine. No ship subsidy has ever given the United States a merchant marine. This bill, as shown in the minority report, does not conform in two important particulars, at least, with the recommendations of the President of the United States. I want to say to the Members on the Democratic side that they should not vote for this bill under the mistaken idea that this is an administration measure or that it is something sponsored by the President of the United States. Yesterday the gentleman from Maine [Mr. MORAN] stated at least on two occasions, and it was never contradicted, that under this act a vessel costing $1,000,000 could draw down a donation of $400,000 and a loan of $450,000.

Mr. McFARLANE. Will the gentleman yield?

Mr. BIERMANN. I yield.

Mr. McFARLANE. And there is not any way in the world that we can get any yardstick to compare what it will cost us to build ships as compared with foreign countries? So anything we pay them is a guess?

Mr. BIERMANN. I agree with the gentleman. The remaining $150,000 could be made up at least in part by trading in obsolete ships to be junked.

The Democratic Party historically has been the friend of the merchant marine of our country. The founder of the Democratic Party proposed that the American people should be an agricultural people and a seagoing people. In the 60 years in which the Democratic Party ruled this country almost uninterruptedly we acquired one of the largest merchant marines afloat. The Democratic Party in that time paid no subsidies to our vast merchant marine. The Republican Party destroyed our merchant marine not by failing to vote ship subsidies, but through their vicious tariff laws.

The Democratic Party historically has been against ship subsidies. No one knows what this act is going to cost. No one knows what this act is going to accomplish. The sponsors of the Shipping Board legislation painted the most rosy picture of a merchant marine that could be imagined. The sponsors of the Jones-White Act of 1928 painted the most

rosy picture of what would be accomplished for the merchant marine by that act; and now we have a third picture—just as rosy, but no one can say that this third picture is any more likely to eventuate than either of the other two.

No one predicted when the Shipping Board was given the vast authority it exercised, or when the Jones-White Act was passed, that we would have the scandals that occurred; and no one, not even the chairman of this committee, can tell you that this act is proof against the kind of scandals that have disgraced this country the last 12 or 13 years.

Mr. BLAND. I think it is, if the gentleman is calling on the chairman of the committee.

Mr. BIERMANN. The chairman says it is proof against scandal.

Mr. Chairman, this bill should be defeated in its entirety.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

Mr. WEARIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEARIN: Page 62, strike out section 1102 beginning at line 12 and ending in line 23.

The CHAIRMAN (Mr. HARTER). The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

SEC. 1103. (a) All appropriations and unexpended balances of appropriations available for expenditure by the United States Shipping Board Bureau, which would otherwise be applicable to functions transferred to the Authority by this act, including the fund appropriated to enable the United States Shipping Board Merchant Fleet Corporation to operate ships or lines of ships which have been or may be taken back from purchasers by reason of competition or other methods employed by foreign shipowners or operators as appropriated by the Independent Offices Act, 1928, approved February 11, 1927 (44 Stat. 1082), and reappropriated by the Department of Commerce Appropriation Act, 1936, approved March 22, 1935, shall be available for expenditure by or at the direction of the Authority for any and all objects of expenditure authorized by this act in the discretion of the Authority, without regard to the requirement of apportionment under the Antideficiency Act of February 27, 1906 (U. S. C., title 31, sec. 665).

(b) After the transfer, under section 304 of this act, to the Authority of the powers and duties of the Postmaster General with respect to existing ocean mail contracts entered into pursuant to title IV, Merchant Marine Act, 1928 (U. S. C., supp. VII, title 46, secs. 891e to 891r, inclusive), all appropriations and unexpended balances of appropriations available for expenditure by the Post Office Department for "Foreign Mail Service, Merchant Marine Act" under the Merchant Marine Act, 1928, shall be available for any and all objects of expenditure authorized by this act, by or at the direction of the Authority, without regard to the requirement of apportionment under the Antideficiency Act of February 27, 1906.

(c) Appropriations available under this section may be expended for all necessary expenses in administering the functions, powers, and duties of the Authority, including the same purposes and within the same limitations as now authorized by law for expenditure by the Post Office Department, Department of Commerce, and Merchant Fleet Corporation.

Mr. WEARIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am sorry that the amendment offered to section 1102 was not adopted by this House. This bill should be defeated for section 1102 alone if for nothing else. It is the one section of the bill that will make it possible for the Treasury of the United States to be opened wide to anyone who desires his losses to be underwritten or to establish new trade routes in competition with existing services thereby conducting a rate war at the expense of the American taxpayers. That was formerly incorporated in another provision of the bill. By all means we should guarantee to the public protection against a Treasury raid of this particular type.

In my opinion this section of the bill constitutes a sufficiently dangerous feature to warrant the measure being defeated in this body, and I trust anyone who votes for the bill will keep in mind the fact that under section 1102 operators of steamship companies can collect untold subsidies upon the basis of the most remote claims imaginable. No one knows or dares to estimate how much this joker in the bill is going to cost the public.

Mr. MORAN. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. MORAN. This bill has for its purpose the providing of a subsidy to enable American ship operators to carry an equitable part of our foreign commerce. This is a thing we have not been able to do under the provisions of the act of 1928. What are the actual figures of the amount of commerce we have carried? In 1923 it was 45 percent; in 1924 it was 43 percent; in 1925 it was 41 percent; in 1926 it was 38 percent; in 1927 it was 35 percent; and so on down to 33 percent.

If we have had to pay what we were required to pay in order to carry 31 percent of our commerce what shall we be required to pay under section 1102 of the pending bill to carry 50 percent of the commerce of the country?

Mr. WEARIN. The gentleman's observations are proper and I would say to him, as I have said before, that the sky is the limit.

Concluding my statement in reference to section 1102, I call attention to the fact that it provides authorization for the appropriation of such sums as may be necessary. Can any Member of Congress visualize a more brazen raid upon the public purse?

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. WEARIN. I yield.

Mr. HEALEY. Under the act of 1928, or the Shipping Board Act, no differentials in operating expenses were provided for except as they might be taken care of through ocean mail contracts. Of course the reason both those acts failed to accomplish the purpose hoped of them, was inability to compete with cheap foreign ships.

Mr. WEARIN. I would say in answer to the statement of the gentleman from Massachusetts that without question, as demonstrated by the excessive profits of those companies, the subsidies paid under the 1928 act were adequate to develop the American merchant marine, but its failure to do so was because of the failure of the companies to cooperate with the letter and the spirit of the law plus their greedy desire for excessive salaries and profits portrayed so vividly in part I of Postmaster General Farley's reports to President Roosevelt upon the individual lines participating in the graft. Furthermore, as far as cheap foreign ships are concerned, the gentleman certainly could not ask for any cheaper ships than those sold to the operators by the United States Government at a fraction of their cost and of their value. The gentleman has evidently forgotten that 220 ships were sold to the operators by the Shipping Board that have been generally used in mail-contract service. They cost $516,174,249.48. They were sold to the private operators on long and liberal terms for $41,411,665.10. This is $23,561,229.90 less than the value of the vessels after they had written down almost 90 percent of their original cost within a period of a very few years following their construction during which they were kept in excellent repair by the Shipping Board at the expense of the Government. It is evident the gentleman is all wrong when he infers that our lack of a merchant marine today is due to an unfair advantage occasioned by cheap foreign ships. Quite the contrary is true. American operators have been given every advantage under the 1928 act and have failed miserably to deliver the goods.

[Here the gavel fell.]

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. O'MALLEY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we are now approaching a vote on the ship subsidy bill, and I would suggest that in considering the vote the Democrats in particular pay attention to expressions in their party platform. In my extension of remarks on yesterday I included excerpts from various Democratic platforms on the question of raids on the Treasury by shipowners and the Shipping Trust with the sanction of the Republican Party. Are we going to let them do it now with the sanction of the Democratic Party? Listen to what

the Democratic Party platform states about this sort of Treasury raids:

We oppose as illogical and unsound any efforts to overcome by subsidy the handicaps to American shipping and commerce imposed by Republican policies.

It would not be surprising for a Member on the other side of the aisle to vote for such a bill as this.

The country would not be surprised at the Republican Party voting for a bill like this and bringing it out under their administration, but they certainly would be surprised at the Democratic Party repeating the mistake and letting the door open to the scandals that we had under the ship-subsidy bills passed by the Republican administration. I dare say there is not a Democratic candidate or a man who came here as a Democratic candidate that sometime in his own campaign has not condemned this nefarious raid on the Treasury by the shipping interests of the country.

I think we should not only live up to our platform, but we ought to heed the President's request when he states in his own message to the Congress, "I propose that we end this subterfuge." He meant he proposed the end of this system of subsidies to one very little group in this country.

Mr. Chairman, we are about to vote on this bill. I hope we will have a roll call so that the Democratic Party may go on record as to whether or not they believe in the things set forth in their platform and as to whether or not they are going to follow the recommendation of their President. This bill should be defeated for the sake of standing behind our own platform and for the sake of doing what the President asks us to do in the interest of the country at large. I hope the chairman of the committee will ask for a roll-call vote on this bill, so the people back home will know who their Representatives are who consent to the continuation of the scandalous Treasury raids that the Republican Party originated for the benefit of a few wealthy shipbuilders.

[Here the gavel fell.]

The Clerk read as follows:

REQUISITION OF VESSELS

SEC. 1104. Section 702 of the Merchant Marine Act, 1928 (U. S. C., Supp. VII, title 46, sec. 891t), is hereby amended to read as follows:

"REQUISITION OF VESSELS

"SEC. 702. (a) The following vessels may be taken over and purchased or used by the United States for national defense in time of war or when war is imminent:

"(1) Any vessel in respect of which, under a contract heretofore or hereafter entered into, a loan is made from the construction loan fund created by section 11 of the Merchant Marine Act, 1920, as amended (U. S. C., Supp. VII, title 46, sec. 870)—at any time until the principal and interest of the loan have been paid;

"(2) Any vessel in respect of which an ocean mail contract has been heretofore entered into—at any time during the period for which the contract is in effect; and

"(3) Any vessel in respect of which a construction or operating subsidy is granted pursuant to the Merchant Marine Act, 1935.

"(b) In such event the owner shall be paid the fair actual value of the vessel at the time of taking, or paid the fair compensation for its use based upon such fair actual value, but in neither case shall such fair actual value be enhanced by the causes necessitating the taking. In the case of a vessel taken over and used, but not purchased, the vessel shall be restored to the owner in a condition at least as good as when taken, less reasonable wear and tear, or the owner shall be paid an amount for reconditioning sufficient to place the vessel in such condition. The owner shall not be paid for any consequential damages arising from such taking over and purchase or use. In the case of a vessel which has received a construction subsidy as provided in part I, title V, of the Merchant Marine Act, 1935, in determining fair actual value under this paragraph consideration shall be given to the fact that such construction subsidy was paid by the Government; and in the case of a vessel which was purchased from the Government, the purchase price and attendant circumstances shall be considered in determining such fair actual value.

"(c) The President shall ascertain the fair compensation for such taking over and purchase or use and shall certify to Congress the amount so found by him to be due, for appropriation and payment to the person entitled thereto. If the amount so fixed by the President is unsatisfactory to the person entitled thereto, such person shall be entitled to sue the United States for the amount of such fair compensation, and such suit shall be brought in the manner provided by paragraph 20 of section 24 or by section 145 of the Judicial Code, as amended [U. S. C., title 28, secs. 41, 250]."

Mr. MORAN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MORAN: On page 65, line 8, after the word "talking", insert "not, however, to exceed the cost of such vessels to the owner less depreciation based on a 20-year life of the vessel."

Mr. MORAN. Mr. Chairman, this section deals with taking over ships in the event of war, and therefore it is most important for our consideration. We have managed by legislation since the war to do some things that have obviated the condition that existed during the World War, when we had such things as consequential damage to pay for. We have made an improvement in this respect.

However, in this case we find two instances in this particular section to which we should give consideration. One is that the owner shall be paid the fair actual value of the vessel. The determination of that is a difficult thing at best. It seems to me in the event of an emergency, where the cost of taking over the ship is enhanced sometimes, as we found in the World War, that a different rule should apply. We did not get into the World War until 1917, but the World War began in 1914. The price of the vessels had enhanced from 1914 to 1917. We needed them, but that was not the cause of the enhancement; nevertheless, we had to pay a higher price on that account. This particular amendment states the limit that we shall pay, and that is the actual cost of the vessel to the owner less depreciation, based on a reasonable 20-year life.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The amendment was agreed to.

The Clerk read as follows:

SEC. 1106. The Authority shall have the power to permit members of conferences to agree in writing with shippers or receivers of freight in foreign trade to return a stipulated part of freight moneys to the shipper or receiver of freight in consideration of the shipper or receiver of freight confining his shipments to lines and vessels which are members of the conference.

Mr. MORAN. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MORAN: On page 67, line 3, strike out section 1106, beginning with line 3 and ending with line 9.

Mr. MORAN. Mr. Chairman, this is a one-sentence section, so please bear with me in order that I may read the one sentence and see what is permitted in the bill. Here is the sentence:

The Authority shall have the power to permit members of conferences to agree in writing with shippers or receivers of freight in foreign trade to return a stipulated part of freight moneys to the shipper or receiver of freight in consideration of the shipper or receiver of freight confining his shipments to lines and vessels which are members of the conference.

What does that mean? That is legalizing deferred rebates. It is a distinct detriment to and a discrimination against the small shipper. Only the big fellows in this country are going to get the rebate. Only the big fellow is going to have the agreement made with him that part of this money is going to be handed back to him if he makes an arrangement to send his goods on that particular route. The little fellow is never going to hear anything about it. He is simply going to be at a disadvantage and wonder why it is that somewhere along the line his delivery price is more than his competitor's.

Mr. Chairman, even the present legislation does not legalize deferred rebates. This bill does. If you want to legalize deferred rebates for the big shippers of this country, here is the chance to do it right here by voting against this particular amendment.

Mr. SIROVICH. I rise in opposition to the amendment. Mr. Chairman, it was my fight in the Merchant Marine Committee that put this section into the bill. In order that the Members of Congress may know the fundamental characteristics behind this section, permit me to call your attention to the following facts. From Norway, Sweden, and Denmark there come into the harbors of New York and Atlantic seacoast, between 2,000 and 2,500 tramp steamers. These tramp steamers are the parasites of the ocean. They have been

chiefly responsible for the destruction of the American merchant marine—the little that is left of it. Mr. Chairman, every year conferences are held between the various nationals of European countries that operate merchant-marine ships, with the nationals of our Republic, who operate ocean-going ships. The purposes of these conferences are to present a formula which will eliminate cutthroat competition and make it possible for all the nations to meet upon a common ground. Every country has subscribed to this principle with the exception of the operators of the tramp ships from Norway, Sweden, and Denmark. These companies have refused to enter the conference. The reason for their conduct is that as soon as they find out the minimum cost of transportation of the conference agreements, they circularize the various commercial, industrial, and agricultural industries of our country and inform them they will carry their transportation 10 to 20 percent cheaper than our own American merchant marine will. These Norwegian, Swedish, and Danish tramp steamship owners exploit labor. Their ships are perfected with nonunion labor. Their cost of production is cheap. Their cost of maintenance is contingent upon the lowest formula that seamen can live upon. They are therefore enabled to undersell any merchant-marine organization that is trying to live in conformity with American standards. These tramp steamships should be driven from the ocean. They are a menace to the merchant marine of our country.

The purpose of this provision that would give a deferred rebate is to enable our American merchant marine when they sail to foreign countries, particularly South America, Africa, and Asia, to be in a position to have a weapon to compete against these miserable tramp steamers that have undermined the possibilities of earning a livelihood for our merchant marine. This deferred dividend enables our owners of ocean-going steamships to enter into a contract with foreign nationals that if they will give their business to our American merchant marine for 1 year and extend it for another year we will give the back 10-percent rebate, which puts our American ships upon a parity with the tramp steamers that take away the business of our own companies.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield for a question?

Mr. SIROVICH. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. The agreements in conference are exactly comparable to codes in industry?

Mr. SIROVICH. Exactly. It prevents the tramp steamers from chiseling against our merchant marine. By putting foreign tramp steamers out of business we will have to give less of an operating subsidy to our American shipowners. These tramp steamers have not only ruined our merchant marine but have ruined the merchant marine of some of the greatest countries of Europe.

Mr. LUCKEY. Mr. Chairman, will the gentleman yield for a question?

Mr. SIROVICH. I yield.

Mr. LUCKEY. I know the gentleman has studied this problem very carefully and is informed upon it. Under this bill, if it becomes a law, how much will be the annual cost to the United States in meeting the obligations under the bill?

Mr. SIROVICH. England today has 23,000,000 tons in shipping. The United States has 13,000,000 tons. If we eliminate the lake carriers and tankers from consideration, we have left 5,100,000 tons of shipping. Of this sum 4,800,000 tons will be ships that are between 10 to 20 years old. They are already obsolescent. The only amount of tonnage that we have left of the ones that are under 10 years old is 300,000 tons, which is the lowest modern construction of any civilized nation in the world.

[Here the gavel fell.]

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes to answer the questions of the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LUCKEY. What is the total cost to which we would be subjected by way of subsidies and other things?

Mr. SIROVICH. In 7 years' time, Mr. Chairman, if the provisions of this bill are enacted into law, our American merchant marine would be enabled to carry 51 percent of the exportable products of our country to the world markets. We have today a revolving fund of $250,000,000 which is found in the Shipping Board construction fund, as well as moneys that have been received by the Emergency Fleet Corporation for the disposition of our ships and for moneys due from the various 35 different lines operating trade routes throughout the world. This money, in my humble opinion, would be sufficient to give us a start to begin to reconstruct our old obsolete ships and make it possible for America to produce in its various shipyards modern, up-to-date passenger and cargo ships that would carry the merchandise and industrial and agricultural products of our Nation, as well as passengers, to all parts of the civilized world.

Mr. LUCKEY. The gentleman has not answered my question. The facts in the case are that under this bill we do not know what the amount will be that this Government will have to pay.

Mr. SIROVICH. At the end of the next 7 years 86 percent in principal and 77 percent in tonnage of the vessels now operating on ocean routes will have become 20 years old. If during the next 7 years we launch an average of 35 vessels a year, it will result in an investment of $35,000,000 a year. These $35,000,000 a year will give us, roughly, 35 vessels of cargo-line type, averaging about 14 knots, and at the end of 7 years, if the program of construction on that scale is maintained, we will have one of the most modern competitive merchant marines; not the largest but of a size to meet the present requirements for commerce and defense.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. O'MALLEY. Then the gentleman would not have any objection to his committee asking for a roll call on this bill if it is such a good measure.

Mr. SIROVICH. Let me tell my distinguished friend from Wisconsin that I have never had any objection to standing up and being counted for any bill that has ever come before the House of Representatives. I have never voted for a serious gag rule in all the years I have been a Member of the House. To answer my friend as courageously as he knows I am capable of, let me tell him nothing will give me greater pleasure than to stand up and be counted as one who is in favor of the passage of this merchant-marine bill that will make our merchant marine one of the greatest and finest in all the world.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield further?

Mr. SIROVICH. Yes; I yield further.

Mr. O'MALLEY. Does the gentleman think this meets, in every respect, the desires of the President as expressed in his message?

Mr. SIROVICH. I have no right to speak for the President, but, knowing him as I do——

Mr. O'MALLEY. I have asked the gentleman a direct question—does he think this bill meets the desires of the President?

Mr. SIROVICH. I have no right to act as his spokesman, but I am convinced that, knowing him as I do and knowing his great interest in the merchant marine, if Congress passes this bill, he will sign the measure. [Applause.]

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MORAN) there were 37 ayes and 80 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 1107. Contract carriers by water engaged in the interstate or foreign commerce of the United States may under the same

terms and conditions applicable to common carriers enter into conference agreements subject to the provisions of section 15 of the Shipping Act, 1916 (U. S. C., title 46, sec. 814), as amended by this act.

Mr. BIERMANN. Mr. Chairman, I move to strike out the last word. The gentleman from New York said that there was a revolving fund of $250,000,000. I would like to ask him how it can be utilized.

Mr. SIROVICH. Out of the construction fund.

Mr. BLAND. That is provided for in another act, and a subsequent limitation by an appropriation bill permitting only $150,000,000.

Mr. BIERMANN. Section 1101 provides "There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this act." I venture to say that there is not a gentleman on the committee that can say how much that will be. The gentleman from New York said that this bill would save the farmers and the industrial group $500,000,000 a year.

Mr. SIROVICH. I will show the gentleman that the saving to the farmers and the industrialists will be at least $500,000,000. From 1914 to 1917, when the World War broke out, we only had 8 percent of the ships carrying exportable merchandise. The rest was carried by England, France, Germany, and Italy. When the war broke out they withdrew their ships, and our industrial products could not be transported. We therefore overpaid the foreign-owned shipping companies to the extent of $500,000,000 to carry our exportable products in their bottoms which should have been carried in our own.

Mr. BIERMANN. But from 1914 to 1917 our farmers were much better off than they were under the Shipping Board Act.

Mr. SIROVICH. But they lost millions of dollars in money they had to pay out for transportation of their goods that otherwise would have been left in their own pockets.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes. I do not think all the time will be used, but there are some amendments.

The motion was agreed to.

The pro forma amendment was withdrawn.

Mr. BUCK. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 67, line 15, strike out the period, insert a colon and the following language:

"*Provided*, That no such contract carrier shall enter into any conference agreement, belong to or become a part of any conference or association relieved of the antitrust acts which either through official acts or policies prevents or attempts to prevent, either directly or indirectly, the serving of any port within the continental limits of the United States located on any improvement project designed for the accommodation of ocean-going vessels authorized by the Congress or through it by any other agency of the Federal Government."

Mr. BUCK. Mr. Chairman, section 1107 of the bill, which you have just heard read, authorizes these contract carriers that we expect to come into existence under the terms of this bill to enter into conference agreements. These conference agreements are entered into by steamships operating all over the oceans of the world and give the shipping industry a certain amount of independent self-government and coordination in the matters of rates and services. Under Federal laws enacted by our Congress, these conference groups are relieved from the restraint of the Sherman and other antitrust acts. These conferences nearly always have a preponderance of foreign memberships. For instance, there is the Pacific Westbound Conference, operating on the Pacific Ocean; the Pacific European Conference; and I do not recall the names of all of the Atlantic and Gulf coast conferences that operate, but you will find in every case that the predominant members and those who dictate the policies of the conferences are our foreign rivals. If we are proposing to subsidize both in construction and operation a merchant marine, financing it by Government money, it seems obvious to me we should not permit the dictation of policies of those American-owned vessels as far as their service to American ports of call is concerned by Europeans or orientals in these conferences.

On the Pacific coast there exists discrimination in the matter of service against a number of ports, including the Port of Stockton, which is in my district. The Pacific Coast European Conference has refused to make any rates to that port. It is not the only port discriminated against. There are also San Diego; Sacramento; Vancouver, Wash.; Long Beach; Newport, R. I.; and various others. They have done this in spite of the fact that some of the members of the conference desire to serve the port of Stockton. These ports are all in a position to handle ocean-going ships and are ports on which the United States Government has spent large sums of money running, in the case of Stockton, into millions of dollars for the improvement of the channel. We are fearful that this same condition may exist with other conferences if American lines become members thereof and should want to make rates or provide service for the benefit of San Diego, Stockton, or these other ports, they could not do so if they were outvoted by the European lines, regardless of the fact that a representative of the authority might be sitting in at the conference.

The Legislature of the State of California at its last session adopted a joint resolution urging that the Congress, in connection with any legislation granting subsidies or assistance to American merchant marine, incorporate therein the provisions of the amendment which I have offered.

All this amendment proposes to do is to assure that no contract carrier shall receive a subsidy from the United States Government, either for construction or in operation, and, at the same time, yield to the dictates of those who are not interested in our merchant marine as to the service it may render to any port within the continental limits of the United States.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BUCK. Yes.

Mr. O'MALLEY. What does the bill do for the Great Lakes and great Middle West shipping?

Mr. BUCK. I understand they are not involved in this bill.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BUCK. Yes.

Mr. CRAWFORD. As a practical matter what would happen if we should adopt the gentleman's amendment, and in the conference agreement they still left those ports the gentleman mentions without shipping service.

Mr. BUCK. As a practical matter it would result in the withdrawal of the approval of the Authority created by this bill for American vessels to participate in such conference.

Mr. CRAWFORD. Would not that be discriminating against the people in our country who desire to engage in shipping, simply because of some burden imposed on them by virtue of European influence.

Mr. BUCK. I do not know that I follow the gentleman in that question.

Mr. CRAWFORD. If the European influence sets forth the ports at which the members of the agreement may call, and then we say to our people, you cannot have the money if you enter into such an agreement, does not that automatically kill the effect of the bill?

Mr. BUCK. I do not think so. The effect of the bill is to give a subsidy to construct these ships and see that service is maintained for the benefit of our own ports. It certainly is discrimination against any port of the United States if it is not allowed service by vessels which are financed by the United States Government.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment and wish to be notified when I have used 2 minutes as the gentleman from California [Mr. BURNHAM] wishes to speak upon this amendment. There is possibly, and I think probably, some merit in the contention of these gentlemen. I do not think it ought to be brought into this bill. I believe that the Shipping Act of 1916 provides a remedy, in hearings before the Board, and in addition to

that we have provided in this act that there shall be representatives of the Government in all those conferences, and I think that through the agency of those representatives, and the remedies that now exist, relief can be had, and it would be much better worked out in that way than by making it affirmative legislation.

Mr. BURNHAM. Mr. Chairman, the amendment offered by my colleague from California [Mr. BUCK] is vitally important to the city and port of San Diego, against which there is assessed an arbitrary of $2.50 per ton. A number of other ports have also been discriminated against by the attitude particularly of the Trans-Pacific Conference, called the "Pacific West-bound Conference" and the "Pacific European Conference." Most of their members are alien-flag lines, who have ruled that ships may no longer call at the port of San Diego to lift foreign cargo unless there is a sufficient cargo to produce a revenue of $1,500 for each ship.

The effect is to shut off recently developed trade in fruit juices and extracts from this port to London, which has been bringing at least one ship a month into San Diego, providing needed addition to the port revenues and income of local stevedores. As there never has been such a shipment coming up to $1,500 revenue and there is little likelihood of the possibility of concentrating enough cargo to reach that figure, it virtually shuts out this form of foreign trade. The question of discriminating against San Diego by steamship conferences has been one of long standing. Shipments bound to the Orient may call at San Diego to lift two commodities, scrap iron and bulk gypsum, but if they lift any other cargo in port they must add a penalty of $2.50 per ton, described as an arbitrary, which, to my mind and to the mind of every other fair-thinking man, is absolutely unfair and discriminatory.

San Diego is entitled to ship from its own port the commerce that has developed there. Many steamship companies would like to call there, but are prevented from doing so by the rulings of the conference. All we ask for the port of San Diego is adequate service and equitable rates.

The Senate and Assembly of the State of California have unanimously adopted resolutions memorializing Congress to adopt this amendment to the bill under consideration. The city of San Diego has spent millions of dollars in providing modern docking facilities, and the Federal Government has recognized the harbor of San Diego, both from the standpoint of commerce and national defense. It is vital to the future of San Diego and the surrounding territory, as well as other ports subject to the same discrimination, that relief be given.

I ask that this amendment be given serious and favorable consideration.

The CHAIRMAN. The time of the gentleman from California [Mr. BURNHAM] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. BUCK].

The amendment was agreed to.

The Clerk read as follows:

SEC. 1109. The Authority shall have full power and authority to use any funds not specifically designated for other purposes to give in such manner as it deems advisable aid and support to the holder of any contract under this act, in meeting any unfair competition or practice by any foreign vessel or vessels.

Mr. MORAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORAN: Page 68, line 4, strike out section 1109, beginning in line 4 and ending with line 9.

Mr. MORAN. Mr. Chairman, the mere reading of this particular section, it seems to me, ought to insure the elimination of it. It reads:

The Authority shall have full power and authority to use any funds not specifically designated for other purposes to give in such manner as it deems advisable aid and support to the holder of any contract under this act, in meeting any unfair competition or practice by any foreign vessel or vessels.

In other words, a subsidy without limit, a subsidy without restrictions, and no guard whatever against favoritism.

Mr. McFARLANE. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. McFARLANE. If the House and Senate, supposed to be the legislative branch of the Government, do not have time or sufficient interest to give any more careful consideration to legislation than that, and turn it over to a board to just scoop it out of the Treasury as they see fit, does not the gentleman think we had better quit and go home?

Mr. MORAN. I will say this is one of the very worst sections in the entire bill. We hear about our committee trying to figure out what to do; we hear about the system of trying to work out a subsidy to help the American merchant marine. If the best we can do, after we get all through, is to say that this Authority can spend any sum it wants to, and give it to anyone it wants to, meeting any unfair practice it wants to, then it seems to me we might as well quit.

Mr. HOFFMAN. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. HOFFMAN. Is not that the same authority which was given the President of the United States with reference to the $4,800,000,000 funds?

Mr. MORAN. But this is a matter of no limit whatever. With regard to the $4,800,000,000 there was that limit, but there is no limit in this ship subsidy bill at all.

Mr. TRUAX. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. TRUAX. I would say that the authority which was given to the President was for the relief of human beings. This is for the relief of the millionaire Shipbuilding Trust. That is the difference.

Mr. McFARLANE. The experience we had under the Jones-White Act of 1928 shows that millions of dollars were made by these shipping concerns under that act. This act is far more unlimited than that act.

Mr. MORAN. Absolutely.

One final thing. The matter of the administration's attitude has been discussed time without number. This morning in the President's press conference he stated, when asked in open-press conference, that he had not endorsed any specific merchant-marine bill. There is the answer from the President himself today. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment. The statement has never been made by me or anybody on the floor that the President has seen this bill or endorsed it. The statement was made that it was endorsed by the Secretary of Commerce. The President sent his message here and we wrote a bill which we tried to bring within the terms of his message. For my part I have not yet, in the preparation of legislation, run down with a bill and handed it to the President, taking up his time by asking, "Mr. President, do you agree with this?" I have always held that the Congress should write legislation. [Applause.]

As for this particular provision, the funds must be those that are not specifically authorized or designated for any other purpose. That is the limitation. The purpose of it is to use as a threat against foreign ships if they want to pursue unfair methods, that Uncle Sam is going to meet them and is going to preserve his merchant marine, not to meet them by unfair methods but to meet them by fair and legitimate methods, to stop unfair competition.

Mr. Chairman, I move that all debate on this section and all amendments thereto close in 2 minutes.

The motion was agreed to.

Mr. LEHLBACH. Mr. Chairman, this section was inserted for the purpose of enabling the maritime authority to back up our merchant marine when it is specifically and unfairly attacked by any particular foreign shipping interests. Some years ago our coastwise trade which, under the law, belonged to Americans wholly, was interfered with by the device of running cruises from somewhere to nowhere and back again, trying to evade our coastwise laws by cutting

into the overnight cruises that our American lines were running. There have been from time to time in specific services what are known as "fighting ships" sent by foreign lines, with or without the backing of foreign governments; and we do not propose to build up and maintain a merchant marine and take such unfair attacks lying down. This gives us the opportunity of fighting back. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Maine.

The question was taken; and on a division (demanded by Mr. MORAN) there were—ayes 31, noes 70.

So the amendment was rejected.

Mr. O'MALLEY. Mr. Chairman, I move to strike out the enacting clause.

Mr. LEHLBACH. Mr. Chairman, I make the point of order against the amendment that the amendment to strike out the enacting clause must be in writing.

The Clerk read as follows:

FALSE BILLING

SEC. 1110. The Shipping Act, 1916, as amended, is hereby amended by inserting after section 16 a new section to read as follows:

"SEC. 16A. Any shipper, consignor, consignee, forwarder, broker, or other person, or any officer, agent, or employee thereof, who shall knowingly and willfully, directly or indirectly, by false billing, false claim, false representation, or any other device or means, whether with or without the consent or connivance of the carrier, its officer, agent, or employee, obtain or attempt to obtain transportation for property by any common carrier subject to the provisions of this act at less than the regular rates or charges then in force by such common carrier; or who shall knowingly and willfully, directly or indirectly, by false claim, false representation, or other device or means, obtain, or attempt to obtain, any allowance, refund, or payment in connection with or growing out of the transportation of such property, whether with or without the consent or connivance of the carrier, its officer, agent, or employee, whereby the compensation of such carrier shall be less than or different from the regular rates or charges in force by such common carrier at the time of such transportation, shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any court of the United States of competent jurisdiction, be subject for each offense to a fine of not less than $1,000 nor more than $5,000."

Mr. O'MALLEY. Mr. Chairman, I send to the desk a motion to strike out the enacting clause.

The Clerk read as follows:

Mr. O'MALLEY moves to strike out the enacting clause of H. R. 8555.

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is not in order for it is not properly drawn, and, further, the motion cannot be made in the Committee.

The CHAIRMAN. The proper form of a motion to strike out the enacting clause is to move that the Committee rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The motion is not in proper form. The point of order is sustained.

Mr. BLANTON. And now I offer one that is in proper form.

The Clerk read as follows:

Mr. BLANTON moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BLANTON. Mr. Chairman, I love a good fight, and on this bill and its various provisions our good friends, the gentleman from Maine [Mr. MORAN], a splendid legislator, the gentleman from Iowa [Mr. WEARIN], another fine legislator, and our good friend, the gentleman from Wisconsin [Mr. O'MALLEY], another splendid legislator, have made a wonderfully good fight against it. We all appreciate the fight they have made. It is their conscientious belief that they are expressing in these various amendments; but they have found that the will of the House is against them, they have found on vote after vote that the majority of the Members present are not with them. What is the use of offering continually amendments that the members of the Committee of the Whole House on the state of the Union are not going to adopt.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Not now. I regret that I have not the time, else I would gladly yield.

Mr. Chairman, I am against all subsidies. I feel just like they do on some of these matters. I have never voted for subsidies. I am against subsidies just as my Democratic Party is against them.

What is the subsidy that is in this bill? Is it the kind that takes public money out of the Treasury and gives it to the rich? No, it is not. It is a subsidy that equalizes in favor of American labor the differences existing between wage scales in this country and foreign countries.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I regret that I cannot yield; I want to use my few minutes myself.

Mr. HOFFMAN. Mr. Chairman, I make the point of order that the gentleman is not addressing himself to the motion to strike out the enacting clause.

Mr. BLANTON. Oh, yes; I am. A motion to strike out the enacting clause embraces the whole bill on a subject as wide as from here to Michigan—the gentleman's State.

I am with labor when it is right; I am against labor when it is wrong. It is right for labor in the United States to ask for that which makes possible the American standard of living. That is all this bill does with respect to shipping—it makes good the extra cost of material in this country as against every foreign country in the world; it makes good the difference between what laborers in this country receive as against what laborers in every foreign country of the world receive; it protects our own labor in our own shipyards. The bill keeps those who load and unload ships from having to accept the peon wages paid in many countries of the world, and insures for all such labor our American standard of living.

Mr. HOFFMAN. Mr. Chairman, a point of order.

Mr. BLANTON. Mr. Chairman, I cannot yield. I do not yield for any interruption.

Mr. HOFFMAN. Mr. Chairman, I wish to make a point of order.

Mr. BLANTON. Mr. Chairman, please do not take this out of my time.

The CHAIRMAN. The gentleman will state his point of order.

Mr. HOFFMAN. The gentleman moved to strike out the enacting clause, but he is talking in favor of the bill. I think the gentleman should speak in support of his motion.

Mr. BLANTON. I am going to discuss the good qualities of the bill and the bad qualities of the bill, and do it in my own way.

Mr. HOFFMAN. But the gentleman is speaking in support of the bill.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. BLANTON. I certainly know what is in order and what is not in order, and I will continue to proceed in order. [Laughter.]

What am I going to do under a situation such as faces me today when the chairman of a splendid committee of the House, Mr. BLAND, of Virginia, one of the leading Democrats of this House, who has served with efficiency and distinction for many years, brings in a bill favorably reported by 23 out of the 25 members of his committee? Because I am against subsidies am I going to vote against a bill which will help labor uphold the American standard of living? That is the question now before all of us.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw my motion.

Mr. HOFFMAN and Mr. TRUAX objected.

Mr. BLAND. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, this bill, as I have repeatedly stated, as nearly as it is possible for this committee to recommend, meets the wishes as expressed in the message of the

President of the United States. We have pointed out that the failure to enact legislation for the benefit of the merchant marine will mean inevitably and very shortly that the merchant marine of America will pass from the seas. Without this aid those who have invested in ships in this country will build their ships abroad and over them they will fly a foreign flag.

We have repeatedly been told by officials of the Navy and by officials of the Government, and we know from our own practical experience in the World War, that we need a merchant marine. We saw the necessity for it then, when, as the gentleman from Massachusetts [Mr. CONNERY] said, we paid out millions to foreign countries. Yes, Mr. Chairman; I go further. If there had been expended by this Government even a reasonable amount for the maintenance of a merchant marine before the World War, I submit that the Kaiser would never have dared defy America. We would have been able to escape the necessity for that struggle. He would have known that we could carry our men and munitions.

Again, after the World War was over, there was demonstrated the importance of a merchant marine before a select committee of this House under the leadership of Mr. WHITE, or the gentleman from New Jersey, Mr. LEHLBACH, but with no lesser gentlemen on the committee than the former distinguished chairman of this committee, Mr. Ewing L. Davis, who, reporting for that committee, said that in the trying time later, when there were not foreign ships to carry our material and our merchandise, we saved at least $600,000,000 in 1 year for the farmers of the Midwest and the farmers of the country as a whole.

Mr. Chairman, I go a step further than that. We have had it demonstrated that when America is not upon the seas the foreign countries, with their ships, can enter into their own conference agreements, fix their own rates, and transport our goods upon their own terms. I submit if we had not had our merchant marine since the war we would have paid out in increased freight rates alone enough to more than equal the expenditures we have made. There is every reason for an American merchant marine, and that is why the great President of the United States has announced boldly that there should be subsidies and that we should have a merchant marine. [Applause.]

The CHAIRMAN. The question is on the motion of the gentleman from Texas [Mr. BLANTON] to strike the enacting clause.

The motion was rejected.

The Clerk read as follows:

PENALTY PROVISION

SEC. 1111. Whoever violates any provision of this act or any order promulgated by the United States Maritime Authority, except where a different penalty is provided, shall be guilty of a misdemeanor, punishable by a fine not to exceed $5,000.

Mr. McFARLANE. Mr. Chairman, if this was a bill primarily, solely, and wholly to help labor, I would be up here fighting for it. It is a little hard to reconcile the position which some have taken in favoring this measure when you put the yardstick behind their record on other matters. It is a little hard to reconcile the position which some Members of the House are taking on this measure at the present time when we think of the ten to twelve million souls in our country who cannot find honest employment. It is a little hard to think that a sensible Congress in such trying times as we have now will debate a bill like this with the serious thought of passing it, which hands out subsidies of an unlimited amount of money. And who will be benefited? The poor people? No; it will only mean more starvation and want for them, while a fretful Congress with little or no consideration extends another 2 years $500,000,000 more nuisance or sales tax, all of which is a consumption tax paid by the poor.

Who will be benefited by this bill? The very richest of the country. It has been pointed out that the little shipbuilder does not get any relief here. Who is going to get the relief? The very fellows who were made millionaires and multimillionaires out of the other Merchant Marine Act, who created the other scandals and who have robbed the Government in years gone by. They are the beneficiaries of this act. They are not through, and apparently they are still driving bargains, and it looks like they will put this bill over.

Are you going to be a party to it? Are your people back home, most of whom are barely getting by, who really need it, if anyone should receive a subsidy—are they asking for a subsidy? Would it not be far better for you as their Representative here to ask that the little business man and the fellow that is holding on merely by the skin of his teeth be given some consideration, and perhaps some little subsidy, rather than the multimillionaire and the very richest of this country? The latter ones are the ones who are being benefited under this act, and they alone.

The records show that labor has taken the rap on past legislation. You cannot deny that. Another body after debating the bill yesterday and today laid it aside. It was too hot for them.

What are you going to do about it? We are right near the close of the consideration of this bill. Is the House going to take this measure and pass it when we look back and see the 300,000 people of our respective districts who are today hungry and in need and when we know this opens up the Treasury in an unlimited way to the very rich of this country? Here in this bill you are giving unlimited subsidies to those who have and you are taking it away from those who have not. That is what we are doing. Nobody is going to be misled or deceived. It is the same old racket that has been going on here for years. Our party platform on this question provides that we should "revoke improvident subsidies granted to favorite interests."

This bill does not meet the requirements or the message of the President. His message and his position on this legislation have been repeatedly called to your attention today, and his position does not agree with the legislation this committee has submitted. You cannot come in here at this late time and say that you are standing on your own feet and writing a bill yourself. No. The Shipping Trust, that is the principal beneficiary, has come in here, and they have had a very large part in writing this bill, which is contrary to all the experience we have had all through the years with this kind of legislation. [Applause.]

Mr. RABAUT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I desire to ask this committee just one question, and it is a simple question: Where do you go when you wish information? The last speaker has never been inside the committee room to talk about this particular bill; still he would appear here to give us a great deal of advice and tell us how we should conduct ourselves.

This bill aims at the very things he is talking about. We wish to give labor a chance. We are interested in labor. We want to create jobs, and we want to create them for Americans. We want to protect labor from the Atlantic to the Pacific Ocean. We have had this waving of the flag, this shouting of the voice, and this carrying on from one extreme to the other until it becomes sickening to those who sit here and listen, as we have listened all this afternoon [Applause.]

The Clerk read as follows:

SEC. 1113. When used in this act—

(a) The words "foreign trade" mean trade between the United States, its Territories or possessions, or the District of Columbia, and a foreign country.

(b) The term "citizen of the United States" includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended (U. S. C., title 46, sec. 802).

(c) The term "person" includes corporations, partnerships, and associations existing under or authorized by the laws of the United States, or any State, Territory, District, or possession thereof, or of any foreign country.

Mr. MORAN. Mr. Chairman, I move to strike out the last word.

I rise to this point, Mr. Chairman, purely from this point of view. The question was asked a few moments ago by a new member of the Merchant Marine Committee, on which I had the pleasure to serve last Congress, where one should go for information on the subject. I would make the answer

that the committee would have served itself, and the public interest, far better if it had gone to public officials of this Government, charged with carrying out the Merchant Marine Act of 1928, rather than to have gone to lobbyists like Ira Campbell. [Applause.]

Mr. LEHLBACH. Mr. Chairman, I would like to ask the gentleman to state what single member of the Merchant Marine Committee, in connection with this bill or for any other purpose, has discussed it with Mr. Ira Campbell, or with any lobbyist whatsoever. So far as I am concerned, in the 18 years I have been a member of this committee, I have never seen Ira Campbell outside of the committee room, and I have never exchanged one single word with him in private, or with any lobbyist, and I know that the chairman of the committee and every member of the committee who has served with me in the past can say the same thing. [Applause.]

Mr. MORAN. Mr. Chairman, I would not think for a moment of referring to that famous Shakespearean expression, "Methinks the lady doth protest too much", because I made no such reference. I did not say that. I said the committee, and by that I mean that Mr. Campbell, lobbyist, appeared before the Merchant Marine Committee times without number in behalf of this bill and, in my opinion, a man with his background, with the connections he has had in connection with these contracts, should not be asked for information as compared with the officials of the Government charged with this responsibility.

Mr. O'MALLEY. I think the gentleman ought to state for the RECORD whether or not in his appearances before the committee, Mr. Ira Campbell favored this bill.

Mr. MARCANTONIO. That is important.

Mr. MORAN. The answer is that Mr. Campbell, of course, favored this bill.

[Here the gavel fell.]

Mr. SIROVICH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, about 2½ months ago when the President's message was sent to the Merchant Marine Committee, the distinguished chairman of our committee, Mr. BLAND, consulted the members of the committee as to what should be the policy regarding the drafting of a bill. The President had sent no bill to the Congress. The Secretary of Commerce, the Shipping Board, the Emergency Fleet, or no one else had sent a draft of a bill to the committee. It was my suggestion to the chairman of the committee that we hold informative meetings, inviting everyone that had any knowledge to offer to the Merchant Marine Committee to give us the benefit of his advice. For 4 long weeks we had men of every shade and variety come before our committee to give us the benefit of their constructive suggestions. We had the departments of the Government, we had labor, we had the victims of the *Morro Castle* and the *Mohawk*, we had newspaper representatives whom I brought there myself, we had the representatives of the steamship organizations, and after listening to them for almost 4 to 6 weeks, upon the recommendations and suggestions that were made, we authorized the chairman of our committee, after the hearings were printed, to formulate a bill that would meet the wishes and the ideas of the committee. The bill was prepared by the chairman of our committee.

This bill was brought before the committee, hearings were again held, to which everyone was again invited, and for the benefit of my colleagues I may say that I have no love, no admiration, and no respect for Ira Campbell as a lawyer of the great shipping interests. The record will show there was not a member of the committee that pulled Ira Campbell across the hurdles of fire as much as I did. However, I have a personal affection for him as a gentleman, and admire his great legal ability. I wish we had lawyers battling for the interests of our people as he so faithfully fought for the interests of his clients. But no Ira Campbell could write a bill for Dr. SIROVICH. I fought his measures. I fought his amendments, and I repeatedly succeeded in putting legislation in this bill that he was opposed to.

I think this bill represents the composite will of 21 of the 23 members that constitute the Committee on the Merchant Marine. Twenty-one voted for the passage of this bill, one voted "present", one voted against it, but voted for many features that are in the bill.

I do not pretend for a moment that everything in this bill is perfect, but it is the best we can get, and the finest we can have to make the American merchant marine the greatest among the nations of the world. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

EFFECTIVE DATE

SEC. 1116. The provisions of this act shall take effect 30 days after the date of its enactment except as otherwise provided in this act and except that section 201 shall take effect on such date.

Mr. WEARIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and members of the Committee, we are nearing the conclusion of debate on this bill. Evidently there is some difference of opinion among members of the Committee on Merchant Marine and Fisheries, with respect to the justification for opposition of the bill. I shall make no intimations with reference to the majority as were so recently directed at me. The criticism does not come with good grace when I was a consistent attendant at the deliberations on the pending measure, and am now, as then, offering amendments that, in my judgment, simply afford more adequate protection to the taxpayers who are going to pay this bill.

I want to say, as we near the conclusion, that there are some things that we must keep in mind constantly. Word has come to me today that in answer to a direct question put to him today as to whether or not he favored a specific merchant marine bill, the President of the United States answered "no." This should remove any doubt in the minds of Members that this might, as has been improperly contended here, be an administration bill.

I would remind this Committee that there are many established subsidies proposed in this bill which we have commented upon many times, and there is no limitation whatever upon the amount that may be appropriated under the provisions of the bill. I would remind you that a moment ago one Member said that if the bill is not passed the American merchant marine will pass from the seas. And yet in an introductory argument in behalf of the bill we heard the proponents of the measure state that the American merchant marine had practically passed away under the 1928 act, which contained the corrupt mail-subsidy program, provided for in title IV of the said act, that this proposed law does not repeal, and under which we have paid out $119,257,756.63 plus loans for shipbuilding at interest rates as low as one-eighth of 1 percent, and evidently to no avail. The only reason the bill under consideration might be more successful is that it opens the Treasury door vastly wider.

The 1928 act, including title IV, under which this very subsidy has been granted, is continued by the terms of this bill and not repealed, as requested by the Postmaster General and intimated to be necessary by the President of the United States.

I would remind you that this vast program of subsidies includes permissive authority. I know that meets the approval of members of the shipping interests or their lieutenants, such as Mr. Ira H. Campbell, who appeared before the committee and endorsed the bill—that is, the earliest of the committee prints, containing fundamentally the same subsidy provisions that appear in the final draft of the measure we are considering now.

Mr. BLAND. The gentleman from Iowa knows that the particular bill before the committee when Mr. Campbell appeared is not the bill under consideration. Many amendments were offered, and the bill has been materially and substantially changed.

Mr. WEARIN. The gentleman is correct, but the major subsidies were in the bill at the time, and they are in this bill.

Mr. MARCANTONIO. As a matter of fact, can the gentleman tell us, as a member of the committee, how many suggestions made by Mr. Campbell have been incorporated in this bill?

Mr. WEARIN. Oh, an untold number of them. In concluding, I would remind you that at the present time a report from another body, under the chairmanship of a distinguished Member thereof, recently states that where the Government has as vast an interest invested as it has in the shipping industry in the United States, under the terms of this bill or under the 1928 act, the Government should not release its hold upon its title to the ships. [Applause.]

When as under the terms of this bill it is going to loan what will amount to approximately 88 percent of the cost of the ships and accept a trade-in of obsolete bottoms as part payment, it should continue in possession of them and do no more than lease them to private operators upon a charter-hire basis. Personally I would prefer to see a privately owned and operated merchant marine, if the ship operators were in a position to supply it, but they claim that they are not in a position to do so. The hearings before the Committee on Merchant Marine and Fisheries, copies of which seem to be quite rare, will bear out this fact.

Of course, when anyone mentions the possibility of Government ownership and private operation upon a charter-hire basis, or profit-sharing basis permitting no more than a reasonable profit for private interests, there is always a hue and cry from the ship operators who desire the benefit from various indefinite subsidies such as those provided in the bill we are discussing and other interests that such a program would involve the inefficiency that has been unjustly attributed to previous activities of the Government in that same field.

I gave the House an example of what the Government has been able to do along the line I have suggested in the minority views of the Committee on Merchant Marine and Fisheries, but I repeat that even where the Government has gone to the extent of operation there have been no excessive losses, considering the circumstances that surrounded the activity. The Government has been required to take the blame for the expense of developing trade routes that were afterward turned over to private operators and from which they have been able to benefit exclusively. It has also been charged with the expense of writing down the cost of ships for the benefit of private operators, as I have previously indicated in my reply a few moments ago to the gentleman from Massachusetts.

The opposition to this bill has never recommended Government ownership and operation. We do believe that if we are going to subsidize a merchant marine to the extent of financing practically all of the construction costs and offer various subsidies the amount of which cannot even be estimated, the Government had better retain title to the ships and lease them to the operators on a charter-hire, profit-sharing basis. We should not permit a red flag to be waved at us upon this point. I might remind the House again of the fact that even Government ownership and operation have in the case of the United States Lines proved quite profitable. After spending $5,565,327.05 during a period of 4 years in the development and operation of the line in a manner similar to the development of lines privately operated, the Government for the fiscal year 1927 showed a profit of $404,017.12 in the operation of the line. During the same period so-called "private operations" on other Government-owned lines operated for private profit, cost the taxpayers $9,283,035.31. This incident preceded the decline in maritime business conditions. The line referred to was sold to private interests in 1929 and has been privately operated since that time with the aid of huge grants of mail pay. We cannot draw from this example of true Government ownership and operation that it is impractical, but, on the other hand, demonstrates that true Government operation, under ordinary business conditions, has been and can be profitable.

The bill now being considered should be decisively defeated because of the unlimited subsidies that can be paid under it without any definite assurance that we will, as a result of such a spending orgy, have a merchant marine any more adequate than the one we have sailing the seas today after the excessive subsidies paid out under the 1928 act. The measure might be recommitted to the Committee on Merchant Marine and Fisheries. In the event such latter action is taken, it is to be hoped that the recommendations of President Roosevelt, based upon the findings of the investigation of air and ocean mail contracts by Postmaster General Farley, will be followed more closely if we are to have a subsidized merchant marine, and, furthermore, that the suggestions of the special committee of the United States Senate be given every consideration in view of the fact that private operators admit they are not in a position to finance the building or operation of an American merchant marine.

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the pro forma amendment. The gentleman from Iowa [Mr. WEARIN] and the gentleman from Maine [Mr. MORAN] have made a valiant fight for a principle with which I do not think the Congress of the United States agrees. They are fighting for Government ownership. That is the real basis of their fight, and the idea was sold to them by men connected with the Black investigating committee. I say that advisedly, because the same men tried to sell me the idea. I do not criticize them, nor do I impugn their motives, but I say to my fellow Members that this bill was considered for more than 2 months. We have hearings printed in a volume containing 1,000 pages. Everybody who wanted to be heard was given that opportunity. The committee took the recommendations of the President and of the departments affected; we took the evidence of the witnesses and weighed these proposals pro and con and made up our own minds about what sort of bill we wanted to bring in; and that is my idea of the proper method of legislating in the National Congress.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I cannot. Now, we are up against this proposition. I am supporting this bill primarily for two reasons: First, because it is in the interest of national defense. Anybody familiar with the experience of this country during the World War knows that the most pressing problem America had was to get supplies and troops to Europe, and we had to use foreign ships in which to do it. Second, I support this legislation because only through some subsidy can we hope to build ships in American shipyards with American labor, and I call attention to the fact that the bill contains a provision for the prevailing wage scale and for the use of American materials, both in the manufacture and in the operation of these ships.

I do not appreciate the insinuations cast against this committee and its action by the gentleman from Maine [Mr. MORAN] and the gentleman from Iowa [Mr. WEARIN], and I am not concerned about the charge that the President of the United States has not endorsed the bill. I never have and I never expect to ask him what I ought to do as a Member of Congress. [Applause.]

Mr. WEARIN. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. Yes.

Mr. WEARIN. Does not the gentleman from Georgia realize that many of the suggestions favored by the shipping interests have been written into this bill, as they proposed them before the Committee on Merchant Marine?

Mr. RAMSPECK. They may have favored them, but they were not written in there because of anything they said, but because of the judgment of the committee and over the protest of the gentleman from Iowa, who was given every opportunity in the world to present his views of Government ownership.

Mr. WEARIN. That is what I am saying, that the committee put in these things favored by the shipping interests.

Mr. RAMSPECK. But the gentleman has charged this committee with letting lobbyists write the bill, and there is not a word of truth in it and the gentleman knows it.

Mr. WEARIN. No; I don't know it.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. Yes.

Mr. KELLER. What percentage of the total cost of these ships is now going to be borne by the Government under this bill?

Mr. RAMSPECK. That will be left to the authority, and will depend upon the cost of building the same ships under the same plans and specifications in Europe.

Mr. KELLER. Is it true that about 85 percent of the total cost will be borne by the Government?

Mr. RAMSPECK. That is not correct.

Mr. KELLER. Then what percentage?

Mr. RAMSPECK. The difference between the cost of building a ship here and abroad will be the subsidy. The gentleman is now confusing the rest of it with the loan provision in the bill, which permits, but which is not mandatory, the making of a loan by the Government for construction purposes up to 75 percent.

Mr. BLAND. Mr. Chairman, I move that all debate on this section and all amendments do now close.

The motion was agreed to.

The Clerk read as follows:

SHORT TITLE

SEC. 1117. This act may be cited as the "Merchant Marine Act, 1935."

Mr. RABAUT. Mr. Chairman, I move to strike out the last word. I do this to take a moment of time of the House to thank the Members here today who remained so faithfully in an effort to stop the waste of time and who have stayed here so that we might have a full vote and make a roll call unnecessary.

Mr. BLAND. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MAY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, and, pursuant to House Resolution 275, he reported the same back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is upon the engrossment and third reading of the bill.

Mr. O'MALLEY. Mr. Speaker, I demand the reading of the engrossed bill as amended, but I will withhold that request——

The SPEAKER. The bill has not been ordered engrossed yet.

The question is upon the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. O'MALLEY. Mr. Speaker, I demand the reading of the engrossed bill. I do that for the purpose——

Mr. LEHLBACH. Mr. Speaker, I object to any debate.

The SPEAKER. Debate is not in order at this time, the Chair will state to the gentleman from Wisconsin.

Mr. O'MALLEY. I demand the reading of the engrossed copy.

Mr. BLAND. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

EXTENSION OF REMARKS—H. R. 8555

Mr. McFARLANE. Mr. Speaker, the President's message of March 4, 1935, requested that the Congress pass new shipping legislation as a result of the startling revelations in connection with the administration of the ship-subsidy and ocean mail contracts as reflected by the report of Postmaster General Farley dated January 11, 1935, to the President, the printed record of the hearings before the special Senate committee headed by Senator BLACK, and the known facts regarding the existing conditions and the administration of the Merchant Marine Act.

Chairman BLAND in discussing this bill—CONGRESSIONAL RECORD of June 25, 1935, page 10086—said:

In two respects we have departed from the message of the President. I shall discuss them before going into a discussion of the details of the bill.

It would appear that Secretary Roper could only detect two violations of the President's message, if I interpret correctly the Secretary's letter to Chairman BLAND, dated June 14, 1935, and printed on page 18 of Report 1277, relating to this bill. It, nevertheless, should appear obvious to anyone reading carefully the President's message and this bill that there are at least four major violations. I quote from the minority views, page 34 of Report 1277:

(1) The President, in his message to Congress, condemned the practice of lending Government money for shipbuilding, stating that in practice this policy has been a failure; this bill continues and enlarges upon this condemned practice.

(2) The President proposed that we end the subterfuge of mail contracts as rapidly as possible; this bill gives no assurance that existing ocean mail contracts will be terminated prior to their respective contractual expiration dates.

(3) The President stated that some American shipping companies have engaged in practices and abuses which should, and must be, ended, such as improper operating of subsidiary companies, excessive salaries, the engaging in business not directly a part of shipping, and other abuses which have resulted in poor management and improper use of profits; discretionary termination of these abuses as provided in this bill does not positively end these practices as insisted upon by the President.

(4) The President stated that quasi-judicial and quasi-legislative duties of the present Shipping Board Bureau of the Department of Commerce should be transferred for the present to the Interstate Commerce Commission; this bill fails to comply with that important recommendation.

Chairman BLAND, as a member of the Committee on Merchant Marine and Fisheries, was apparently in accord with the Merchant Marine Act of 1928, which has proven such a miserable failure.

The following is taken from the RECORD of May 5, 1928, pages 7897 and 7898, which comment occurred in connection with a discussion of the Merchant Marine Act of 1928 just prior to its passage:

Mr. WAINWRIGHT. * * * This is a great bill; a great constructive measure. * * *

Immediately following this, gentlemen, was the distinguished chairman, Mr. BLAND:

Mr. Chairman, I approve of everything that has been said by the gentleman from New York. * * *

After the Merchant Marine Act of 1928, the passage of which Chairman BLAND so heartily supported, has been in effect approximately 7 years, his committee has made the following significant observations (p. 10, rept. 1277):

The gravity of the situation becomes obvious when we consider that the useful life of a ship is 20 years. Our merchant marine today operating in the foreign trade of slightly less than 3,000,000 tons, includes 224 vessels of 1,400,000 tons which were purchased from the United States Government. There is a high percentage of old and obsolete vessels in the number. Of the 3,000,000 tons, there are about 1,900,000 tons having contracts for carrying mail; in other words, that are subsidized. At the end of 7 years, 86 percent in number and 77 percent in tonnage of the vessels now operating on ocean mail routes will have become 20 years old.

Mr. CULKIN, of New York, as a member of the committee and a supporter of this bill, stated—CONGRESSIONAL RECORD, June 25, 1935, page 10096:

There is absolutely no question but what the operation of the subsidy principle in America has been very unfortunate, and that those who were the beneficiaries of it were definitely untrue to America and untrue to anything except their own pockets. I have spoken here on the floor before in favor of what I call a vigorous nationalism—a nationalism which takes into account first the needs of America. It is my belief that with a gross expenditure of $800,000,000 for shipping America should have her place today on the sea, but America has not got it because those who were the beneficiaries of these subsidies definitely violated the pledge they made to the Government when they accepted these benefits.

In this connection, I want to say that I have great faith in the integrity of this committee. I am a member of the committee. During the period of the hearings on this measure, unfortunately, I was ill and unable to attend and become familiar with some of the problems presented by this bill.

It is my hope that the corrupt acts so feelingly referred to by the eloquent and able gentleman from Maine will never occur again. If they do, in my judgment, someone should be shot summarily at dawn.

If this Congress had the courage to pass an honest piece of shipping legislation clearly in the public interest "that meant what it said and said what it meant", the necessity for shooting people at dawn might be avoided. Under this weasel-worded, cowardly, special shipping-interest piece of legislation I fear, however, it will be necessary to shoot the entire shipping industry in the course of a few years if Mr. CULKINS threat is carried out. If we are to judge the future by the past, this bill is conducive to fraud, corruption, favoritism, and failure even more so than the 1928 act, because the avenues for penetrating the Treasury have been increased fourfold—see Mr. WEARIN'S remarks, CONGRESSIONAL RECORD, June 25, 1935, on page 10089—and not one single prohibition has been issued against the abuses of the past. In every instance, instead of meeting the issue squarely by issuing a mandate against these abuses, the bill implies that the same old racket in amplified and aggravated form may, and no doubt will, exist with the consent of the Authority. After 15 years of racketeering under the 1920 and 1928 acts, how could any sane person expect an improvement unless the Congress has the courage to pass a decent law. The lobbyist and the so-called "high-pressured shipping magnates" would turn the world upside down, if possible, to get weak men on the authority, or to make strong men weak under a wide-open law like this.

When the chairman reported this bill out of the committee he apparently did not feel as certain of its soundness as he did of the 1928 act. I quote from Report No. 1277, relating to this bill, page 18:

This committee, meeting in daily session and for long hours for many weeks, has wrestled with this merchant-marine problem in its many phases. We submit the bill (H. R. 8555) as the best solution we can offer. The bill may have imperfections. If so, time will reveal them and Congress will promptly correct them. Perfection is not an attribute of mortals, and cannot be of their products. We confidently believe that this bill will prove a long step forward in preserving the American flag upon the seas, and will provide ships to serve for national defense in time of emergency and for promotion of commerce in time of peace.

THE LOBBYISTS TAKE CHARGE

I do not wonder that it is thought there may be imperfections when all of the old subsidies have been retained and nine or more additional subsidies have been added without providing any of the safeguards demanded by the President, the necessity for which has been so definitely and clearly pointed out by the President, as well as the Senate's and Postmaster General's reports. Why did this committee turn its back on the reports of the special Senate committee and the Postmaster General when the authenticity of the damaging information contained therein stands unrefuted, and look to lobbyists like Ira Campbell for guidance? In case you do not know who Ira Campbell is, I shall quote for your benefit from an editorial in the New York World-Telegram, dated June 8, 1935:

[From the New York World-Telegram, June 8, 1935]

WHO IS MR. CAMPBELL?

Representative SCHUYLER OTIS BLAND, Chairman of the House Merchant Marine Committee, has been showing a touching tenderness for the opinions of one Mr. Campbell in the committee's deliberations on the Sirovich bill designed to make shipowners pay for lives lost at sea and help prevent more *Vestris, Morro Castle,* and *Mohawk* disasters.

Frequently Committee Chairman BLAND, of Newport News, shipbuilding center, has interrupted proceedings to say that Mr. Campbell would not approve of this or that suggestion for new sea safety by different committee members. Representative WELCH finally shouted, "Who is Mr. Campbell?"

The answer is that Mr. Campbell, Christian name Ira, is counsel to the American Steamship Owners' Association and chief lobbyist for the shipping interests. Which may or may not make it surprising that he should be so tenderly protected by the chairman of a House committee reasonably expected to prevent the present dice loading against disaster victims.

Despite Mr. Campbell's position as Chairman BLAND'S ear, and despite Mr. BLAND'S previous view that the bill was trivial, that not enough lives are lost at sea to warrant taking up the Congressmen's valuable time, the committee is now on the point of favorably reporting Representative SIROVICH'S bill.

Meantime we believe that the House of Representatives should not rest with a mere inquiry by one Congressman as to who Mr. Campbell is. The House ought to expose the whole rotten system whereby lobbyists are tolerated to the point that the chairman of a powerful committee would complain that a given lobbyist would not approve of suggestions being made in the public interest by committee members.

I shall also quote a leter from Mr. C. L. Bardo, vice president of the American Brown Boveri Electric Corporation, an affiliate of the New York Shipbuilding Co., Camden, N. J., to Mr. Homer Ferguson, president of the Newport News Shipbuilding Co., Newport News, Va., which was printed in the hearings on H. R. 7521, now H. R. 8555, pages 683 and 684:

Mr. MORAN. The letter reads:

"DEAR MR. FERGUSON: The Jones-White merchant marine bill as passed by the last Congress is the most helpful and constructive national shipping legislation ever presented to the American shipping public. This legislation was only made possible by the energetic action of Mr. Wilder and his associates in the transoceanic enterprise, with the help and cooperation of other shipping and shipbuilding interests."

The CHAIRMAN. He had nothing to do with it.

Mr. MORAN. I was merely quoting the letter there, and this letter has been developed in that investigation.

The CHAIRMAN. I do not care what has been developed in that investigation; he had nothing to do with it.

Mr. MORAN (reading):

"As a direct result of the passage of the Jones-White bill, a number of remunerative foreign mail routes have been advertised and some contracts let. A number of new ships are under active negotiation to build.

"This activity was carried on in the interests of the shipper, shipbuilder, shipowner, and suppliers of materials used in ship construction. The vision of the 4-day high-speed transoceanic liners made an effective background for this legislation. Several months were spent in Washington by Mr. Wilder and his staff, explaining and educating Congress as to the need of an adequate merchant marine, privately owned and operated. The expenses incident to this effort were approximately as follows:

Publicity and advertising	$38,000
Salaries of staff solely engaged in M. M. legislation duties and for reports submitted	32,000
Services of experts	26,000
Hotel expenses at Washington	23,000
Office expenses	12,000
Traveling expenses	15,000
Miscellaneous (printing, telephone, telegraph, photos, etc.)	4,000
	150,000

"EVERY SINGLE DOLLAR OF THIS EXPENDITURE WAS SPENT LEGITIMATELY

"The board of directors of American Brown Boveri Electric Corporation have assumed these obligations without any assurance as to reimbursement, but with an abiding faith in the fairness of others whose interests have been so materially helped by this legislation. As stated to you recently, we are hopeful that others whose interests have been so vitally helped will contribute to a fund of $100,000, which will leave the American Brown Boveri Corporation to carry $50,000 of the direct out-of-pocket expenses and $56,000 for transoceanic development.

"On the $100,000 basis, your proportion as nearly as we can estimate it upon the division of ship costs would be $15,000.

"The other contributors who have been solicited are as follows:

"American Engineering Co., Babcock & Wilcox Co., Bath Iron Works, Bethlehem Shipbuilding Corporation, De Laval Steam Turbine Co., Federal Shipbuilding Co., General Electric Co., Hyde Windlass Co., Pusey & Jones, Sperry Gyroscope Co., Sun Shipbuilding Co., Westinghouse Electric & Manufacturing Co., Worthington Pump & Machinery Corporation.

"I would very much appreciate the courtesy of an early reply.

"Checks should be made payable to the company and forwarded to the offices at Camden, N. J.

"Very truly yours,

"C. L. BARDO, *Vice President.*"

If these kind and benevolent gentlemen spent $150,000 "educating Congress" to swallow the 1928 act, it makes one wonder how many hundreds of thousands of dollars of mail-contract money has been spent in "educating Congress" to accept H. R. 8555, which is far more iniquitous. What is wrong with the bill? It would be much easier to tell you what is right with it. The minority views very intelligently outline many of its defects. I quote from Report 1277, under "Minority views", beginning on page 34:

IT FAILS TO CORRECT EVILS DISCLOSED BY THE SENATE AND BY POSTMASTER GENERAL FARLEY AND DENOUNCED BY PRESIDENT ROOSEVELT

(1) There is no provision in the proposed measure that will prevent a continuation of the low wages paid to American seamen whilst the officers and stockholders draw exorbitant salaries and fat dividends from the United States Treasury via the subsidy route, notwithstanding the fact that seamen's wages are argued as the most important reason for granting any operating subsidy or bounty.

Amendments were offered from the floor at the insistence of Mr. CONNERY, of Massachusetts, to correct this abuse, and the amendments were adopted.

(2) The proposed law contains no mandate against a recurrence of a steamship corporation drawing hundreds of thousands and millions of taxpayers' dollars as an aid to earning 20, 30, even 50 percent annual profits on their net invested capital while operating under the dole system.

(3) A supine admonition against holding companies, subsidiary companies, affiliated companies, and associated companies can and may be ignored by two understandable methods. First, the proposed maritime authority has permissive power to approve these complicated, puzzling, deceptive networks of corporate fiction that now exist, comparable to utility-holding companies. A second possible method is a repetition of that recently disclosed system of placing the capital stock of affiliated companies in the name of a wife or other family member.

(4) The bill contains no mandatory prohibition against exorbitant salaries which may be received by officers of subsidized steamship corporations by means of the simple expedient of drawing salaries from affiliated or associated companies that secure revenues from subsidized operators.

(5) Despite recent disclosures as to subsidized corporations dividing efforts between the operation of American-flag ships and foreign-flag ships, this measure delegates permissive power to the proposed maritime authority to countenance a continuation of this unsound policy. The expenditure of the American taxpayers' money to aid in operation of foreign ships certainly will not build an American merchant marine. Foreign-flag ships mean low wages and depress wages on American-flag ships.

(6) This proposed measure permits continuation of the unsound policy of subsidies to intercoastal operators who go through the subterfuge of merely stopping at a foreign port en route, such as Habana, Cuba; Cristobal or Balboa, Canal Zone; for the incidental transaction of business, thus placing subsidized American lines in unfair competition with unsubsidized American lines, unless it is proposed to subsidize all intercoastal operators.

(7) There is nothing in this bill to prevent the payment of subsidies to industrial giants that transport their own products in their own ships. It is impossible to justify the disbursement of taxpayers' money to aid a huge oil, steel, or any other industrial corporation in the transportation of its own products in its own vessels.

IT GIVES NO ASSURANCE THAT ITS ASSERTED POLICY OF PROVIDING AN ADEQUATE MERCHANT MARINE CAN BE REALIZED

This bill has the fatal weakness of depending upon the present deplorable financial condition of steamship companies, as evidenced by the excessively liberal benefits offered. Although it provides for the Government donating and loaning a greater percentage than at present in new ships, there is no assurance that private industry will exert sufficient initiative or has the financial resources to take advantage of what is merely an extended opportunity to proceed with a construction program with the view toward creating and perpetuating an American merchant marine. At best, the bill contemplates extending more liberal aid for a construction program than is now afforded for those, if any, who see fit and are financially able to construct new ships.

IV. IT IS INCAPABLE OF EFFICIENT ADMINISTRATION AND INVITES MALADMINISTRATION

(1) Neither the immediate nor ultimate total burden on the taxpayer is known or ascertainable. No proponent of this bill can state even its approximate cost to the American taxpayer. There is no limit to the amount that may be paid to any one operator and there is no limit to the total cost of the bill.

(2) The method by which both the construction subsidy and the operating subsidy are to be computed is unworkable and productive of fraud. The provisions of the bill presume that an agency of this Government will be able to determine accurately not only labor and material costs in foreign shipyards, but also justified and honest overhead expenses in such foreign countries. The bill further presumes the possibility of an agency of this Government ascertaining all operating costs of foreign ships operated by foreign citizens whose records are kept in foreign countries. The actual experience of the Tariff Commission has demonstrated the practical impossibility of determining foreign costs. Even if it were possible to secure such information in foreign countries on an accurate basis, it is manifest that the costs of foreign competitors will not only vary as between the different nations' ships, but will also fluctuate violently from month to month, week to week, and day to day.

(3) The bill does not contain a limitation of profits which may be earned by American shipyards. In this bill the principle of protective tariff reaches the zenith of an embargo. Under this bill American shipbuilders could be paid whatever price they demand, irrespective of the justification for such price being greater than would be charged in a foreign shipyard. It is proposed that the Government shall pay an outright bounty to the American shipyard wherein new vessels are constructed, which shall be the estimated differential between American costs and foreign costs. If this differential permits the shipyard to pay fat dividends to its stockholders, exorbitant salaries to its officials, and corrupting expense accounts to its lobbyists, the Government has no recourse and is not in a position to recapture these unearned profits.

(4) The essential correlary of any subsidy system, in the public interest, is a recapture provision. There is no such provision in this bill.

(5) This bill contains no provision to terminate the present unconscionable practice of use of taxpayers' money by high-priced lobbyists and "fixers" as so recently disclosed on pages 683, 684, 635, and 898 of the hearings before the House Committee on Merchant Marine and Fisheries.

(6) It would be possible for an officer or employee of a subsidized shipping company or of an affiliated, subsidiary, or holding company of such a subsidized corporation to stand as a candidate for membership on the proposed United States maritime authority, which agency would have supervision of the disbursement of the proposed subsidies. Congress should prohibit this possibility by statute.

This expression of minority views is submitted to the Congress as a forerunner to amendments that will be offered on the floor designed to correct some of the evils referred to and to safeguard the public interest as far as possible under the fundamentally unsound principles of this bill.

In discussing the Copeland-Bland bill on June 25, 1935, the following colloquy occurred:

Mr. WHEELER. Mr. President, I have not had a chance completely and thoroughly to investigate this bill; but I desire to say that a very thorough investigation should be made of the wisdom of passing the bill, because, as I read the measure, it is inconceivable to me that the Congress of the United States will pass a bill containing the provisions found in this one.

The bill provides, among other things, for financial aid to the merchant marine. As I read the report on the bill, it would indicate that the President of the United States favors the bill set out; but if Senators will analyze the message which the President sent to Congress, I am sure they will readily agree that there is no paragraph in the President's message which would indicate in the slightest degree that he favors any subsidy such as that which is set forth in the bill.

We have had a great many governmental scandals in connection with subsidies, particularly mail and shipping subsidies. It seems to me this bill opens the way for the greatest scandals that have ever been perpetrated by any bureau or any department of the Government of the United States.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MCKELLAR. We have before us at the present time a report from the Postmaster General saying that most of the present mail subsidy contracts are void; and he implies, if he does not say so absolutely outright, that many of them are fraudulent.

The Senator from Montana will remember that some years ago I had these contracts examined. I came to the same conclusion. I think they are all fraudulent and void except about three. They have not been canceled; and with that report coming in that they are fraudulent and void, or most of them are, the idea of Congress in that situation, before any adjustment is made, before the contracts are taken up, or certainly before their validity is determined, giving these very companies one of the most liberal subsidies in the world, seems to me to be absolutely inconceivable. I do not see how we could do it under the circumstances.

I have always been opposed to subsidies. I am opposed to them now; and I expect to vote against this bill.

Mr. WHEELER. I thank the Senator.

I desire to call attention to the fact that the bill contains a provision for regulation, and also for carrying out both the executive and the legislative will.

In his message of March 4, 1935, to the Congress of the United States, the President said, among other things:

"Legislation providing for adequate aid to the American merchant marine should include not only adequate appropriation for such purposes and appropriate safeguards for its expenditure but a reorganization of the machinery for its administration. The quasi-judicial and quasi-legislative duties of the present Shipping Board Bureau of the Department of Commerce should be transferred for the present to the Interstate Commerce Commission. Purely administrative functions, however, such as information and planning, ship inspection, and the maintenance of aids to navigation, should, of course, remain in the Department of Commerce."

Of course, the bill does not purport to carry out the President's message with reference to that feature of the subject.

I desire briefly to call attention to a few of the provisions of the bill which I have hurriedly analyzed.

The bill creates another board of five members, with salaries of $12,000 a year each, and then provides that they may employ lawyers, experts, and so on. Then they are first to study and make an investigation of this whole problem. That would be perfectly proper if they stopped with the investigation and reported back to a subsequent Congress; but the bill goes on and says what?—"The authority is authorized and directed to consider the application"—of whom?—"of any citizen of the United States as defined in section 38 of the Merchant Marine Act, 1920 (U. S. C., title

46, sec. 802), for financial aid in the construction, outfitting, and equipment of new vessels, or any vessels obligated to be built under an existing contract with the United States or the reconditioning of vessels already built, to be used on an essential service, route, or line in the foreign commerce of the United States. If the authority determines that (1) the service, route, or line requires a new vessel of modern and economical design or the reconditioning of a vessel already built, to meet competitive conditions or to further promote the foreign commerce of the United States, or if it is found after consultation with the Navy Department that the construction of such vessel is advisable for national-defense purposes; (2) the plans and specifications of the proposed vessel meet the requirements of commerce; and (3) the applicant possesses the ability, experience, financial resources, and character necessary successfully to operate and maintain such vessel in the proposed service, the authority shall, in accordance with the provisions of this act"—do what?—"(a) determine the difference between the domestic and foreign reconditioning cost of a vessel of the type proposed to be built, or the difference between the domestic and foreign reconditioning cost of a vessel of the type proposed to be reconditioned; (b) submit said plans and specifications to the Navy Department, which shall have the right to suggest such changes therein as it may deem necessary or proper in order that the proposed vessel may be adequate as a naval or military auxiliary and otherwise suitable for the use of the Government in case of national emergency or for the national defense.

"(B) In case the said specifications shall be approved by the authority and the Navy Department, the authority may grant a subsidy of such amount as will equal, but not exceed, the difference between "—what?—" the fair and reasonable cost of constructing, outfitting, and equipping or reconditioning of the said vessel in an American shipyard and the fair and reasonable cost of constructing, outfitting, and equipping or reconditioning the same, or an equivalent vessel, under "—what?—" under substantially the same specifications in a foreign shipyard of equal standing."

Just stop and think for a moment what that means! We will assume, for instance, that the authority first ascertain the cost of reconditioning a ship in England. They find that the cost of reconditioning the ship in England is about so much money. Then they say, "What will it cost in an American shipyard?" Then the Government of the United States proposes to pay the difference between those costs. The bill does not say that they shall be ships of identically the same specifications but "substantially the same specifications." Do not make any mistake at all about it! When the specifications of one of these ships are changed, it will be like changing the specifications of a block of buildings in the United States, or a big business house. I myself have had some experience along that line; and I found that when I was building a house, if I changed the specifications in the slightest degree, a tremendous amount was added to the cost.

So there is no protection whatever. In this bill there is absolutely no protection, because it is provided that the specifications shall be substantially the same.

What does "substantially the same" mean? It means anything. It throws the gates wide open for all kinds of graft and all kinds of corruption to creep in, even assuming that the Government of the United States wanted to undertake to pay the difference and say, "We are willing to pay the difference between the cost in Great Britain and the cost in the United States." We would leave it wide open for them to say, "These are substantially the same specifications," and consequently we would have graft.

Suppose the shipping board should say, for illustration, "You can have the ship built for $5,000,000 in Great Britain, but it will cost $10,000,000 in the United States." Then the Government of the United States pays that shipping outfit $5,000,000 more than it ought to have to pay. But suppose the shipowner said, "We can get this ship built in Japan for $2,000,000, and it would cost $10,000,000 in the United States." Then the Government of the United States, instead of paying $5,000,000 extra, would pay $8,000,000.

There is nothing to provide that the difference must be the difference in wages between this country and Canada, for instance, nothing to provide that the difference must be the same as the difference in the wages between the United States and England, or the wages in Germany and the United States, but it says in a foreign shipyard of equal standing.

Nobody would deny the fact that there are shipyards in Japan which would be considered of equal standing with shipyards in the United States, because they are turning out ships, according to the reports we are getting at the present time, which are comparable with ships built in the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. VANDENBERG. I call the attention of the Senator to another difficulty at this particular point. So long as international exchange is a fluctuating item there is no way in the world by which we can tell for more than 24 hours whether the differential is five million, or eight million, or twenty million dollars.

Mr. WHEELER. Of course. Suppose the pound sterling should drop tomorrow, or that money should become cheap in Germany, or money should become cheap in Japan tomorrow, with the fluctuating currency. I submit that there is no possible way of telling what it will be.

We have talked about the difference between the cost of goods at home and abroad and have said that we should impose tariffs based upon the difference. There is no one on this floor who knows anything about that matter but who knows that we cannot find out the actual cost of the production of goods in foreign countries. It is an excellent theory, but when we come to investigate the costs in foreign countries, we find that it is a physical impossibility to get the facts.

Are we to say, "Here are the specifications", and are we to let bids, and say to England, "You can bid on this", and then let an American firm bid, and then say that we are going to build the identical ship in American shipyards?

Of course, the British are not going to bid, and the Japanese are not going to bid, under those circumstances, because they are not going to the trouble of sitting down and figuring out their costs when they know that after they have done it the bids will be rejected.

Mr. BONE. As I read the bill, on its face it appears to establish a board of five persons with apparent blanket authority to open the doors of the Treasury of the United States to an unlimited raid by private shipbuilders and private shipping operators. Since I have been in the Senate I believe I have not seen a piece of legislation which proposed to give five men such unlimited power as this bill proposes to give. There are no restrictions on the exercise of their judgment or on the exercise of their lack of judgment. If we are going to pass this kind of measure—and this is not said in a spirit of facetiousness—I should like to have my State enjoy some of the privileges, so that it might take money out of the Federal Treasury to help feed the poor there.

I do not believe the people of the country will ever have a piece of legislation proposed to them which is so flagrantly a proposal to raid on the United States Treasury. I cannot imagine Congress passing this kind of legislation. The records of the Black committee are so damning an indictment of this kind of business that at this time the bill constitutes a bold challenge thrown in the teeth of the hungry people of the Nation. We made multimillionaires overnight under the Jones-White Act of 1928. Men in my section of the country became multimillionaires almost overnight.

The Congress of the United States is doing a dangerous thing in flaunting this kind of a measure in the face of millions of people in the country who today do not know the meaning of economic security. We have no business to be doing this sort of thing. I do not know why the shipping business should not stand on its own feet altogether. There are thousands of little business men in the country who would not presume to come here and ask Members of the United States Senate to vote them a subsidy; and yet they have just as much right, measured by the standards of decency and fair play in business, to ask us to vote them subsidies out of the Treasury of the United States as have the shipping interests to come here and propose or suggest that we pass this kind of legislation.

When we get to the point where a shipping company, for hauling one letter across the ocean, receives sufficient to pay for the ship which hauled it, then the time has come to call a halt. It is time to call a halt before the people become so outraged because of this kind of business that they will send men to the Senate who do not entertain such views, which may not be a very happy day for some of the gentlemen who have enjoyed these largesses out of the Treasury.

Thus it is seen how loosely drawn the measure is and what unlimited invitations it issues to rob the Treasury.

THE PRESIDENT OPPOSED TO THIS BILL

During the discussion of this bill (H. R. 8555) we were given to understand that it was the administration's bill because it had been approved by the Secretary of Commerce. Notwithstanding the circulation of this false impression, which doubtless caused a lot of Members to vote for it, the following news article appeared in the Washington News under date of June 28, 1935:

ROOSEVELT REPORTED TO HAVE DEMANDED NEW SHIP MEASURE—BILL CARRYING GREATLY MODIFIED SUBSIDIES EXPECTED BY FOES TO BE SUBSTITUTED

President Roosevelt was reported today to have demanded a new merchant-marine bill to displace the Bland-Copeland measure, which the House passed yesterday by an 8-vote margin.

The President's reported opposition to the subsidy bill was said to explain the sudden withdrawal by Senator COPELAND (Democrat, of New York) of his motion to take up the bill, after he had discussed the measure for an hour in the Senate.

Opponents of the Bland-Copeland bill claimed that it was dead and that a bill carrying greatly modified subsidies would be substituted, and would have the President's active support.

Senator BLACK (Democrat, of Alabama) said today that Congress must pass a merchant-marine bill this session so that existing abuses may be abated. BLACK, who heads the Senate Ocean Mail Investigating Committee, said action also is necessary in order that existing contracts, which the Postmaster General has said should be canceled, can be revised.

Senators CLARK (Democrat, of Missouri) and BONE (Democrat, of Washington) warned that under the Bland-Copeland measure the Government would lose millions to ship operators if ships were taken over in case of war.

CLARK said it would be possible under the bill for an operator to put only $750,000 into a $10,000,000 ship, the Government providing the balance. Then, he said, if the Government later took over

the ship, it would have to pay nearly $10,000,000 for it if the vessel were almost new.

Senator BONE has prepared an amendment limiting such payment to what the operator has actually invested of his own money.

THE POSTMASTER GENERAL ON OCEAN MAIL SUBSIDIES

In regard to the mail pay during the 10-year periods of the 43 existing mail contracts, I quote from the report of Postmaster General Farley to the President, dated January 11, 1935:

Mail pay has constantly increased since the enactment of the 1928 act. The mail contracts for the fiscal year 1929 amounted to approximately $9,000,000; in 1930 they were $13,000,000; in 1931 they were $18,000,000; in 1932 they amounted to $22,000,000; in 1933, $26,000,000; and in 1934 they were $29,600,000. For 1935 they are estimated at $28,850,000. For 1936 the amount would have been $32,851,954 if the contractors were to receive the amounts due by reason of reclassification of ships, new ships, and full performance of the service; but the Budget Director disapproved of the increased allowance and recommended that the appropriation be continued as for the fiscal year 1935.

If the present contracts continue, there will have been paid thereunder the approximate total of $308,095,160.30. There has already been paid by the Post Office Department under these contracts the sum of $119,257,756.63 up to June 30, 1934, leaving the estimated amount for the balance of the terms of the present contracts at $188,837,403.67.

If the mail had been carried on a foreign-poundage basis up to June 30, 1934, the cost would have been $6,802,434.90; and if carried at the American poundage rate, the cost would have been $15,534,509.10. The difference between the American poundage rate and the amount actually paid could be called nothing except a direct subsidy paid with the expectation that it would be properly used in the building of a merchant marine. This has already amounted to more than $100,000,000, and during the life of the contracts the excess cost, or subsidy, will amount to around $268,000,000.

Since the above figures were compiled as of June 30, 1934, it is estimated that the balance that will fall due under these contracts after June 30, 1935, if they remain in force until their expiration dates, will total $160,000,000, more or less.

THE BLACK COMMITTEE ON OCEAN MAIL SUBSIDIES

I desire to quote from the Senate Report 898, covering the preliminary report of the Special Committee to Investigate Ocean and Air Mail Contracts, pages 2 and 3:

The subject of this investigation and report is the unsuccessful and tragically disappointing attempt of the United States to create and maintain an adequate privately owned American merchant marine. The American merchant marine is neither adequate nor is it in any true sense privately owned. Responsibility for this country's failure to secure that which it sought and for which it was willing to expend and has expended hundreds of millions of dollars' of taxpayers' money must lie at the door of three classes of people: First, the burden of costly failure rests upon the enactment of an ill-advised compromise law. Second, upon certain public officials who flagrantly betrayed their trust and maladministered those laws. Third, upon those individuals who publicly posing as patriots, prostituted those laws for their private profit.

It is painfully obvious that we have not an adequate merchant marine. Although the United States ranks third in tonnage engaged in the international carrying trade, it ranks fourth as to speed, and last among the principal maritime countries in regard to the age of its ships. Great Britain's combination passenger and cargo tonnage in vessels of 2,000 tons and over, under 10 years old, approximately trebles the like tonnage of the United States. Within the past 10 years we have built fewer modern cargo vessels of 2,000 tons and over than any country with pretensions to maritime standing—Spain alone excepted. Great Britain has 735 such modern cargo vessels; Japan has 74; and little Norway, within the last 10 years, has built 130, while the United States has built only 9 such ships.

Our merchant fleet is for the most part composed of 10-knot ships, which are woefully deficient if considered as potential naval auxiliaries. If every ship required by contracts let under the Merchant Marine Act of 1928 should be constructed, and all ships now in use remain in the service, upon the expiration of the present mail contracts in 1943, only 65 of all these ships would be less than 17 years old at that time. There will be 156 of these ships which have exhausted their economic lives, and the remaining 112 will have an economic life of 3 years or less. This is the pitiful result of a program which involved the expenditure of hundreds of millions of dollars and contemplated an American merchant marine of the best equipped and most suitable types of vessels, sufficient to carry the greater portion of the commerce of the United States and serve as a naval or military auxiliary: This result is failure. And when we bear in mind, as we must, that a merchant marine must renew itself continually if it is to remain a factor in national defense and international trade, the magnitude and pity of that failure is almost beyond belief.

Even the merchant marine we have cannot fairly be described as "privately owned." When all mail contractors (except for the industrial United Fruit Co.) are considered, it is found that the Government has "invested" by loans and ship-sale mortgages on contractors' vessels, one and thirty-nine hundredths times the stockholders' interest in their companies. This investment by the Government excludes more than $120,000,000 so-called "mail pay" and a similar expenditure under the managing operator agreements, which Government money is responsible for the major portion of the operators' present capital. Not only that, but Government liens on certain vessels amount to 60 percent of the fair value (cost less depreciation) of the whole fleet. This is a "rock-bottom" estimate of the Government's investment as it excludes $451,201,354.48 excess war-time construction cost over book value, and it also excludes $23,561,229.90, which represents the difference between the unrestricted value of the ships and their value in the restricted trades for which they were sold.

The foregoing is particularly enlightening with regard to the present predicament of our merchant marine and the reason therefor. The big question is, What does this bill do to correct this condition and improve the general situation? One is compelled to the conclusion, after careful study, that the bill fails to improve the situation in any way but would make bad matters worse, if such is possible.

This bill does not even cancel these fraudulent ocean mail contracts.

As an example of the atrocities of the past, I quote from Senate Report 898, pages 11 and 12:

NULLIFICATION OF COMPETITIVE BIDDING

It was contemplated by the Merchant Marine Act of 1928 that the Postmaster General should first determine what ocean mail routes should be established and certify them to the United States Shipping Board. The Shipping Board was then to determine and certify to the Postmaster General the type, size, speed, and other characteristics of the vessel which should be employed, the frequency and regularity of sailings and all other facts bearing upon the capacity of the vessels to meet the requirements of the service stated by the Postmaster General. Upon receipt of this certificate, the Postmaster General was to advertise and secure competitive bids for furnishing the service in question. What actually happened was this:

The agents, lobbyists, and representatives of steamship lines descended upon the Post Office Department, which, acting in startling harmony with these alert and affable spokesmen of privilege, speedily reached decisions as to the "mail route" to be established, the character of service to be demanded (always a service then being operated by the prospective contractor, or which it was fully prepared to operate and which, in many instances, as will be pointed out, it was then bound by guaranteed contract with the Government to operate for a term of years without additional aid in the form of mail pay), and the amount of compensation it was to receive. This procedure is in striking contrast to the expectation of Congress that this compensation was to be fixed by free competition between prospective contractors.

Having accomplished this preliminary spade work, the result of these cooperative labors was transmitted to the Shipping Board in the form of a "certification of the Postmaster General." This certification was accompanied by the representatives of the prospective contractors, who were equally at home in both places. Instantly and pliantly the Shipping Board "determined and certified" to the Postmaster General those things which the interdepartmental subcommittee and the prospective contractor had agreed upon in advance that the Shipping Board should certify. The route was then advertised and the contract let to the company, which had arranged in advance the service it was to render and the compensation it should receive. The Postmaster General has advised the President that 42 out of 43 active contracts are subject to cancelation, 40 of them because let in open defiance of the legal requirement for competitive bidding. This advice by the Postmaster General is based upon the transcript of evidence adduced before him, which is replete with proof that these contracts were regarded as the personal prerequisites of favored shipping interests, considered as "pie" and parceled out as such.

This was "competitive bidding" as practiced under the Merchant Marine Act of 1928. In fact, there was no competitive bidding. Officials and contractors combined to and did prevent it.

The above appears to be good and sufficient reason why the Congress should follow the President's advice and cancel these contracts forthwith. Yet this bill ignores the President's request and leaves the ocean mail contracts hanging fire. The Postmaster General advises us that these people have illegal contracts. Do not these facts alone place the Congress in position to dictate the terms under which they shall be dealt with?

The following quotation from Senate Report 898, page 13, should concern everyone who has the public interest at heart:

Flagrant abuse of the Merchant Marine Act of 1928 is found in the classification of vessels on the basis of speed without regard to tonnage. The section of the act providing for such classification was designed by Congress for use in extraordinary situations.

Instead of applying this provision only to situations for which it was designed, the officials administering the act seized upon it and utilized it as a method for paying a higher rate of compensation than Congress contemplated for ships of particular classifications. These unjustified and inexcusable classifications cost the Government, prior to January 1, 1935, not less than $15,429,658.50, and if the present contracts are continued and the minimum number of contract voyages made, will cost the Government in the future an additional sum of not less than $28,926,277.50.

Not satisfied with having paid these self-styled patriots over $15,000,000 that should not have gone to them, the advocates of this bill would make it possible to continue these contracts and for the present beneficiaries to receive an additional gratuity of over $28,000,000 or an overpayment of over $44,000,000 during the entire life of the contracts.

As an example of some of the vices disclosed in the administering of the Merchant Marine Act of 1928, I qoute from Report 898, pages 22 and 23:

HOLDING COMPANIES ARE DEVICES FOR FRAUD

Holding companies, subsidiaries, associates, affiliates, and what not have been used by shipping companies for the uniform purpose of siphoning the income of subsidized operating companies into the pockets of individuals. These complicated corporate subterfuges and devices met our investigators in practically every office. It sometimes required weeks and months even to find their names. Frequently they were only discovered from income-tax reports and from special written questionnaires requiring the names of companies supplying goods and services to the subsidized company. When discovered, it was always found that these corporate devices concealed salaries, bonuses, secret expenses, and purloined revenues, which in equity and good conscience should have remained in the treasury of the subsidized company. In few instances, if any, are there any legitimate or honest reasons for the existence of these complicated networks and corporate shells.

In these corporate webs men frequently hold offices in so many interrelated corporations and draw so many corporate salaries that it is difficult for them to remember the names of the corporations, the offices they hold, or the salaries they draw for services they do not perform. The printed evidence before the committee is filled with proof of this.

Under this bill (H. R. 8555) the same old racket may be continued, and doubtless would be continued in modernistic and futuristic form.

THE GRAFT INVOLVED

Under the 1920 and 1928 acts it has cost the Government close to a billion dollars to create and perpetuate these services now maintained by the present mail contractors. This sum is made up as follows, which figures are taken from the Senate and Post Office reports:

Difference between sales price of vessels and war-time construction cost	$450,000,000
Cost of maintaining lines on a managing-operator basis (the Government took the losses and the operator the profits) prior to sale	115,000,000
Pay under mail contracts	145,000,000
Unpaid ship-sales mortgages and construction-loan notes due the Government, over $15,000,000 of which is past due	[1] 112,000,000
Excess of average commercial interest rate over rate actually charged by the Government	35,000,000
Total	957,000,000

While the Government was losing millions of dollars and slowly but surely reaching our present sad predicament as concerns the status of our merchant marine, many of the present mail contractors, some of whom were formerly managing operators for the Government—on an "I take the profits and you take the losses" basis—made many millions of dollars on practically no capital and after high salaries, and so forth, had been paid.

For instance take the corporate wealth of the International Mercantile Marine and let us analyze some of its operations which are typical of many of the different concerns dealing with the Government in this regard.

The Roosevelt Steamship Co. (contractor on route 46) is a subsidiary of the International Mercantile Marine Co. As of December 31, 1933, the International Mercantile Marine Co. had invested in the United States Lines Co. (contractor on routes 43 and 44), $1,020,000. The Roosevelt Steamship Co. collects commissions of approximately 19 percent of gross voyage revenue (excluding mail) of vessels owned and controlled by the United States Lines Co. R. Stanley Dollar, when president of the United States Lines, testified that he knew of no other operating agreement in the United States amounting to as much as 15 percent. Commissions thus received by the Roosevelt Steamship Co. totaled $3,097,537.95 between December 8, 1931, and December 31, 1933, and, of this amount, $2,712,055.65 was paid by the Roosevelt Steamship Co. to the International Mercantile Marine. During the same period, the books of the United States Lines show a purported loss of $1,886,379.11.

The Roosevelt Steamship Co., having a capital stock of only $22,000, passed on to the International Mercantile Marine 90 percent of the gross commissions received for operating the vessels owned and controlled by the United States Lines, and retained for itself 10 percent and showed on its books a net profit, from this specific operation, between December 8, 1931, and December 31, 1933, of $237,648.23. The exact amount of profit to the International Mercantile Marine from this operation cannot be ascertained in view of the complicated and varied activities of this holding company.

The International Mercantile Marine Dock Co., a 100-percent owned subsidiary of the International Mercantile Marine Co., has a capitalization of $100. This dock company leases New York-Chelsea Piers 58 to 62, inclusive, on the North River for $384,500 per year. It subleases the piers to the International Mercantile Marine Co. and has operated the piers to serve its subsidiary and affiliated companies and the White Star Line almost exclusively.

The net profit to the International Mercantile Marine Co. from operation of these piers has been more than a half million dollars a year during the period of the mail contract. In 1932 the International Mercantile Marine Co. collected wharfage from subsidized companies as follows:

From the Atlantic Transport Co. of West Virginia (charterers of vessels operated under foreign ocean mail route 32)	$76,670
From the Roosevelt Steamship Co. (U. S. Shipping Board vessels)	95,367
From the United States Lines Co. (foreign ocean mail routes 43 and 44)	262,185
Total	434,222

It may be pointed out, incidentally, that the International Mercantile Marine has made substantial advances to its subsidiary, the Frederick Leyland & Co., Ltd., a British corporation, owner and operator of foreign-flag tonnage, which company suffered a net operating loss of $3,539,920.76 from 1928 to 1932, inclusive. As of December 31, 1932, this company was indebted to the International Mercantile Marine, on open account, in the amount of $3,800,000 and owed the British Government, under the Trades Facilities Act on construction loans, $436,500.

As another striking example, I quote first from Senate Report 898, page 5:

$500 INVESTMENT—$6,700,000 PROFIT

As an example, the operation of the Dollar interests by the Admiral Oriental Line may be pointed out. Service on this route was established by the Shipping Board in 1921 as the "Admiral Oriental Mail Line", with new ships constructed and paid for by the Government. The Admiral Oriental Line, which was organized on October 2, 1922, with a cash capital of $500 and notes given for capital stock in the amount of $499,500, began operating this line under a managing-operator agreement made on November 2, 1922, and it was operated under this and succeeding managing-operator agreements for 3 years and 5 months. During this period this private company realized in net profits from its operation of Government-owned vessels on this route the sum of $533,713.96, and also earned profits in the amount of $463,682.01 from operations largely made possible by the existence of the managing-operator agreements. During this period the notes given for capital stock were wholly retired by dividends from earnings. Subsequently, without investing a dollar in addition to the original $500, this company bought the line and certain ships from the Government and has earned net profits of $4,106,590.46 from the operation of vessels (including a mail-contract gratuity), making a total net operating profit of $4,640,204.42. This figure does not include $2,127,653.30, profits of the $500 company from other sources.

The above is one of the Dollar companies, which group of companies now have mail contracts with a total value of $40,000,000 or more, all of which are considered illegal by the Postmaster General. As another illustration, I quote from part III of the Farley reports, page 511:

Initial and only investment in the Lykes Steamship Cos., other than from subsequent profits derived from steamship operations, which investment was made in October 1918 (the agency contracts with the U. S. Shipping Board were signed by Lykes Bros., Inc.)	$115,439.13
Net profits before income tax from all steamship operations, including operations under mail contracts nos. 23 and 45, from October 1918 to June 30, 1933 (profit under mail contract no. 57 not determined as contract was not effective until Feb. 21, 1933)	6,625,936.00

[1] The companies in default are: The Dollar Steamship Line, the Tacoma Oriental Steamship Co., the American Line Steamship Corporation, and the Baltimore Mail Steamship Corporation, subsidiary and affiliated company of the International Mercantile & Marine Corporation, the Export Steamship Corporation, and the Munson Steamship Line.

Profits as above, after income tax, October 1918 to June 30, 1933 (see exhibit A attached, which reflects data taken from pp. 1364 and 1365 of pt. 3 of Senate hearings) ---------- 5,891,222.66

CONCLUSION AND RECOMMENDATIONS

Assuming that the public interest at this time requires the expenditure of the Government funds to create and maintain an American merchant marine, the question immediately arises what method the Government shall use in providing for an adequate merchant marine. Several alternatives have been suggested:

First. Government ownership and operation.

Second. Government ownership and private operation, the operation to be subsidized on satisfactory necessary proof.

Third. Private ownership and private operation, the operation to be subsidized where proven necessary.

Up to the present the Government has undertaken to supply the difference between the cost of construction in American yards and the cost of construction abroad, without reference to whether or not the cost of construction in the American yard was just and equitable, as above shown. The cost of construction has been left entirely to the private operations and the private shipyard, and this has cost the taxpayers many hundreds of millions of dollars; and this bill opens the gate and throws the gate away to unlimited exploitation by any and all comers. It is obvious that there can be no justification for any such program. The existing program should immediately cease. Any future program adopted should amply protect the Government by retention of title for any money advanced for any kind of ship construction. If ships are to be constructed in private yards, proper safeguards for ample and adequate competition should be fully provided to insure protection to the Government. If honest competition cannot be had and it is determined that the Government should finance such ship construction, then it should be conducted in the Government shipyards.

I have never favored subsidizing the merchant marine. I do not believe it is necessary for us to do so at this time. I believe there are far more beneficial pieces of legislation for the rank and file of the people that will benefit all people more than subsidy legislation of this character. For many years we had an adequate merchant marine that carried from 80 to 90 percent of our foreign commerce. Unfortunate legislation on this subject, above referred to, has almost destroyed our merchant marine.

The Democratic Party in 1932 had this to say on subsidies:

Revoke improvident subsidies granted to favorite interests.

Certainly under the record made and in the light of our past experiences, under present conditions and in keeping with our pledge to the people, we should not further consider this kind of legislation other than to repeal all existing laws dealing with this subject at this time.

Mr. BURNHAM. Mr. Speaker, under the general permission granted Members of the House to extend their remarks in the RECORD on the bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, I desire to say a few words in regard to the condition that has existed at the port of San Diego, Calif., for a number of years. Owing to the parliamentary situation existing during the consideration of the bill on the floor of the House, I would not have been able to make any statement whatever had it not been for the kindness of the able and distinguished Chairman of the Committee on Merchant Marine and Fisheries [Mr. BLAND], in charge of the bill, who most graciously granted me 3 minutes of his own limited time to speak upon the amendment offered by my colleague from California [Mr. BUCK].

In view of the fact that the said amendment is practically the same as one which I presented to the Committee on Merchant Marine and Fisheries during their hearings preceding the said bill, H. R. 8555, I will quote it here. It was offered as a proviso to section 1107 of the bill, under the title "Conferences", and reads as follows:

On page 67, line 15, strike out the period, insert a colon and the following language:

"*Provided*, That no such contract carrier shall enter into any conference agreement, belong to or become a part of any conference or association relieved of the antitrust acts which either through official acts or policies prevents or attempts to prevent, either directly or indirectly, the serving of any port within the continental limits of the United States located on any improvement project designed for the accommodation of ocean-going vessels authorized by the Congress or through it by any other agency of the Federal Government."

Having been chosen by the good people of the Twentieth District of California, comprising the counties of San Diego and Imperial, to represent their interests in the Congress of the United States, I have felt it a duty and a pleasure to work continually to build up that section. San Diego, favored with one of the finest harbors in the country, is the natural outlet for the products of the Southwest and northern Mexico. A growing shipping business was flourishing there until the Trans-Pacific Conference, known as the "Pacific Westbound Conference" and the "Pacific-European Conference", practically wiped the port out of existence as a shipping center. I touched upon this briefly in the few minutes I had on the floor, and would now like to explain to the House more fully what has been done to us at San Diego.

I wish to quote an article recently appearing in San Diego's leading morning newspaper, the San Diego Union, reading as follows:

CONFERENCE ACTS TO RESTRICT SHIP TRADE OF HARBOR

Once more a conference of steamship operators has lowered the boom on San Diego.

Steamship row was agog yesterday over the latest action against local trade, the effect of which is to transfer from San Diego to San Pedro a promising trade just getting on its feet—the direct shipment of local commodities to the United Kingdom.

The Pacific-European Conference, most of whose members are alien-flag lines, has ruled that ships may no longer call at San Diego to lift European cargo unless there is sufficient cargo to produce a revenue of $1,500 for each ship. The effect is to shut off the recently developed trade in fruit juices and extracts from this port to London which has been bringing at least one ship a month into San Diego, providing a neat addition to port revenues and to the income of local stevedores. As there never has been such a shipment coming up to $1,500 in revenue, and there is little likelihood of the possibility of concentrating enough cargo to reach that figure, it virtually shuts out this form of foreign trade, and forces its diversion by truck to San Pedro.

BATTLE ON NEW FRONT

The question of discriminating against San Diego by steamship conferences has been one of long standing. Ships bound to the Orient may call here to lift two commodities—scrap iron and bulk gypsum. If they lift any other cargo while in port here they must add a penalty of $2.50 a ton—described as an arbitrary—or move the cargo to San Pedro and load it there. This particular one is the subject of a protest by the city which still is before the Federal authorities.

Meanwhile, the harbor traffic department has other worries on its hands. After several years of work it succeeded in getting into the laws pertaining to certain trades the proviso that no conference could stop one of its member lines from calling to lift cargo, at terminal rates, from any port on which public funds had been expended. Now comes the Eastman bill to regulate steamship and other facilities, which entirely eliminates this protection. However, Representative GEORGE BURNHAM is reported as working on an amendment which would bar any line receiving a subsidy from membership in any conference which sought to keep its member lines out of any port which had been developed at public expense.

Reference in the above-quoted article to my working on an amendment which would bar any line receiving a subsidy from membership in any conference which sought to keep its member lines out of any port which has been developed at public expense is apparently in respect to the suggested amendment which I had sent to the Committee on Merchant Marine and Fisheries with my letter of April 1. This action was taken by me in the belief that, owing to the President's message of March 4, 1935—H. Doc. No. 118—dealing with the merchant marine and ship subsidies, action on earlier bills providing for the regulations of the transportation of passengers and property by water carriers, growing out of the recommendations of the administration through the Federal Coordinator of Transportation, Hon. Joseph B. Eastman—H. R. 5379 and S. 1632—would be deferred until the matters of the merchant marine were disposed of.

There are now pending in the Committee on Merchant Marine and Fisheries two bills introduced by me on January

23, 1935—H. R. 4525 and H. R. 4526—either of which, if adopted, would have corrected the condition existing at San Diego. As one of these bills (H. R. 4525) may have discriminated against some inland ports, I decided to only ask consideration of the bill H. R. 4526. Knowing that the Senate Committee on Interstate Commerce was holding hearings on their water-carrier bill—S. 1632—I requested Senator BURTON K. WHEELER, chairman of said committee, in letter dated March 19, 1935, to incorporate in the bill S. 1632 the substance of my bill H. R. 4526 as an amendment to be inserted following section 223 (d), on page 55, line 4, after the word "order", as follows:

Provided, That it shall be unlawful for any common carrier by water, either directly or indirectly through the medium of an agreement, conference, association, understanding, or otherwise, to prevent or attempt to prevent any other such carrier from extending service to any port located on any improvement project authorized by Congress, at the same rates which it charges at its nearest regular port of call, provided that said improvement project and said nearest port of call shall both lie within one of the following coastal areas of the United States, to wit: The Pacific coast from the Canadian border to the Mexican border; the Gulf coast from the Mexican border to and including Key West; the Atlantic coast from Key West (exclusive) to Cape Hatteras; the Atlantic coast from Cape Hatteras to the Canadian border.

At that time the House water-carrier bill was in the Committee on Interstate and Foreign Commerce. In view of the nature of the proposed legislation now being considered, the amendment offered by my colleague from California [Mr. BUCK], quoted in the early part of my remarks, may be more appropriate than my amendment, quoted immediately above. However, it is vital to the future of San Diego and the surrounding territory that relief be given.

In the remarks of the distinguished Chairman of the Committee on Merchant Marine and Fisheries [Mr. BLAND] in reference thereto, he mentioned that he believed that the Shipping Act of 1916 "provides a remedy in hearings before the Board"—the Shipping Board. I should like to mention in this connection that a complaint was filed by the Harbor Commission of the city of San Diego et al. against the American Mail Line, Ltd., et al., on the 21st day of June 1933, and docketed as no. 106, in an effort to have the arbitrary of $2.50 per ton charged shippers at the port of San Diego lifted. This has been the subject of negotiations since August 1927. No formal brief was submitted by the Harbor Commission of San Diego until June 1934, the question being considered under United States Shipping Board Informal Complaint No. 687.

Under the informal handling by the Board, the Pacific Westbound Conference withdrew their policy of prohibiting the members of the said conference to call their ships at the port of San Diego, but simultaneously the conference ruled that the coastwise rates applying from San Diego to Los Angeles Harbor would be assessed in addition to tariff—terminal—rates. In addition thereto, the conference had agreed at a prior meeting to assess an arbitrary of $2.50 per ton, as freighted, on all cargo from San Diego, whether loaded at San Diego or carried by coastwise steamers to Los Angeles Harbor for transshipment to oriental ports. However, I will not now go into these details, but would mention that in addition to the complaint so filed the port of San Diego attempted to obtain relief in the Seventy-second and in each succeeding Congress.

A hearing was held in the above-mentioned case by the Shipping Board in September 1933. Since that time the steamship lines involved in this trade have found grounds from month to month to cause the Shipping Board Bureau to postpone each time the limit date for filing of steamship lines' brief. Their brief was due in May of this year. Even if then filed, the port of San Diego must file an answer to said brief before the matter could be handled by the examiner who held the hearings at San Diego. It will probably take several months for him to render his recommendations following which counsel on both sides will file objections if the examiner's recommendation is not in accord with their respective contentions. Each side then has the privilege of answering the other's objections brief. Then the matter is up to the Shipping Board Bureau for final decision. It will, therefore, be at least another year before a decision is reached in the trans-Pacific arbitrary case.

In the meantime, the port of San Diego will be deprived of the opportunity of participating in the shipping business which it has worked so hard to develop, notwithstanding the fact that San Diego has one of the finest natural harbors in the United States and its port facilities are most extensive and modern. The Federal Government expenditures on San Diego harbor approximate $4,000,000 to date, and the community expenditures $6,000,000, with a 5-year plan of the San Diego Harbor Commission calling for the expenditure of approximately $1,000,000 for general improvements, including piers, bulkheads, etc., all of which will be nullified to a large degree by rates, rules, regulations, and practices of steamship conferences, associations, combines, and agreements.

It is a deplorable situation where one arm of the Federal Government is responsible for the expenditure of large sums for harbor and waterway improvements and another arm of the Federal Government is either without authority and power to or will not initiate action to prevent private shipping interests, through conferences or otherwise, to nullify the full value of the expenditures made through the arm of the Federal Government first mentioned above.

Let me here quote from title I of bill H. R. 8555—Declaration of Policy—as follows:

SECTION 1. It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and at least one-half of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States and so regulated by the Government as to secure to the shipper and receiver of products in the domestic and foreign water-borne commerce of the United States adequate service and equitable rates. * * *

This is just what we are asking for the port of San Diego—"to secure to the shipper and receiver of products in the domestic and foreign water-borne commerce of the United States adequate service and equitable rates." Under the present conference discriminations the port of San Diego and the fertile territory for which the port is the natural outlet is deprived of the shipping business of hundreds of shippers of agriculture of all kinds, including fruits, fruit juices and extracts, cotton, vegetables, olives, and nuts, canned fish, and many other valuable products. This will continue until this conference restraint of trade is broken up. Some of the largest canners in and around San Diego say they must close their plants if this situation is not corrected, resulting in tremendous loss to our city and surrounding territory.

Most of the steamship conferences are composed of foreign-flag lines. Not that American-flag lines do not approve of conferences, but there are more foreign-flag lines operating to and from our ports in the foreign trade. All foreign-flag lines do not belong to conferences, but the existing conferences exert sufficient power to influence nonconference operators, whether American or foreign flag. We have a very recent case of the Pacific coast-European conference, composed entirely of foreign-flag lines, 17 or 18 lines, exerting this influence upon the only American-flag line, nonconference, in the Pacific-European trade. This line, the Isthmian Line, has been calling at the port of San Diego for some time—irregularly in the beginning, but with a great deal of regularity in the past year—lifting grapefruit juice manufactured in San Diego County, destined to London, and miscellaneous cargo.

Regularity of calls was just beginning to be such that cotton shippers in the interior could depend upon it when the Pacific Coast-European Conference of 17 or 18 ship lines put through a rule that no vessel would be permitted to call at the port of San Diego for less than $1,500 revenue per call. While the Isthmian Line is not a member of the conference, the conference exerts sufficient influence to cause the Isthmian Line to abide by its rules. An Isthmian

Line representative sits in the conference meetings, but has no vote. However, the rules and regulations laid down by the conference are followed by the Isthmian Line. It is apparent that the Isthmian Line must abide by the rules and regulations of the conference to avoid gang throat-cutting by conference lines.

Another recent incident is the promulgation of an arbitrary of $1 per ton and a 500-ton minimum against the port of San Diego over Los Angeles Harbor by the Argentine-Brazil-River Platte Conference. It is my understanding this conference is comprised in the majority of foreign lines. This action came swiftly following efforts of San Diego to develop a movement of Argentine corn through that port, followed by efforts to induce one of the lines in the trade to call their vessels direct with the tonnage. The conference apparently realized that whatever lines succumbed to the pleas of San Diego to call their vessels direct would have an advantage for that particular business over the lines that did not desire to call direct. Consequently, the conference set out to prevent this happening and did, for it is obvious that the shipping of the port of San Diego cannot be increased in the face of arbitraries and the many other prohibitions.

As stated above, these conferences are composed in the majority of foreign steamship lines. Several American lines are members of the conference and receive subsidies from the Government now in the form of mail contracts. Other American-flag lines in the conference have received construction loans, and so forth. If they were prohibited in the manner I have suggested in any shipping-subsidy legislation, they could not belong to this foreign-controlled conference, else it would have to be a part of the preamble of the conference not to interfere or attempt to interfere with any line desiring to serve any ports. We only ask for equality of rates with other ports and that conference restrictions be not placed upon the port of San Diego and the communities served thereby.

I should like to elaborate to some extent, with the possibility of an occasional repetition, the present situation as it affects the port of San Diego. The provisions of my bill, H. R. 4526, referred to above, are, in part, now a law as to intercoastal steamship lines through the Panama Canal. Experience has proved their value in connection with the intercoastal operators, and it has been found that the proposed law is absolutely necessary for the port of San Diego and ports similarly situated as protection from discriminatory practices by lines plying between foreign ports and the United States and its possessions and by lines plying in the coastwise trade.

Combinations in restraint of trade are illegal in all lines of business except ocean shipping as permitted by the Shipping Act of 1916.

The Shipping Act recognizes combinations of steamship companies, permitting combines, conferences, or associations to initiate action either in service or rates, subject to approval by the United States Shipping Board Bureau; however, if such actions are considered discriminatory or otherwise unlawful and objectionable to certain ports and shippers, a long-drawn-out hearing and subsequent briefing of facts and arguments are necessary to correct the situation, notwithstanding the fact that a member line of such conference may desire to extend its service to additional ports at rates the same as it charges its nearest regular port of call. To date conferences have not permitted individual members the prerogative of following their desires in this regard.

The United States Shipping Board Bureau authority over foreign and coastwise rates (interstate) is limited only to maximum rates, which are required to be filed with the Board by the carriers, thereby enabling conferences to dictate to individual members rates at variance as between different ports.

The Intercoastal Shipping Act of 1933, in which there is incorporated the provisions of H. R. 4526 in part, confers regulatory powers on the Shipping Board Bureau only as to intercoastal shipping through the Panama Canal, and does not remove the right of conferences, and so forth, to establish rates, rules, and practices in foreign and coastwise services in variance as between different ports.

The Shipping Act of 1916 does not require the establishment of service, leaving such action in the hands of combinations of shipping companies, or individual shipping companies when permitted by conferences, and so forth, thereby making it possible for combinations, conferences, and associations to prevent establishment, which they do, of service to ports additional to those already served at rates charged the nearest port of call to the added port.

The Federal Government, on recommendations of the War Department, Board of Army Engineers, are continually approving new harbor and waterway projects which are, for the most part, justified by a result in saving in transportation cost, relieving congestion, and providing additional national defense. However, the Shipping Act, as amended to date, is an instrument tending to nullify the full value of Federal expenditures on new port and waterway projects through absence of prohibition of combinations, conferences, and so forth, to prevent members of such agreements, combines, associations, and conferences from using the new facilities at rates permitting their use as contemplated by the War Department, Board of Army Engineers, when the projects were recommended.

Unquestionably it is wrong for the Federal Government to expend the taxpayers' money on harbor and waterway improvements, and at the same time permit private steamship companies through agreements, combines, conferences, or associations to nullify the full value of these expenditures.

For the purpose of serving certain areas better than are, or may be, served by existing facilities, are new harbor and waterway projects recommended by the Board of Army Engineers and authorized by Congress, thereby assisting in the development and prosperity of the area concerned. However, this purpose may be, and is, defeated, and development and prosperity greatly retarded through the combination of private interests which are unsound and not in the public interest.

The Shipping Act of 1916 should be amended, making illegal these practices permitted by law and actually done by groups of shipping interests, thereby allowing any member of combines, conferences, associations, and so forth, who so desires, to extend to any terminal or port at rates which it charges for service to its nearest regular port of call.

Present practices and policies of conferences preventing individual members from extending service to additional ports and charging rates the same as charged their nearest regular port of call retards the development of certain ports of this country, and such business as can withstand the practice and policy of the conferences, causing higher transportation cost, is forced through competing ports and from the port to which it naturally belongs and should move through.

The port of San Diego, Calif., experiences at the present time a case in point—that of the Pacific Westbound Conference prohibiting member lines calling ships at the port to lift cotton and general cargo at terminal rates or rates which are the same as in effect at Los Angeles Harbor, with the exception of gypsum and scrap iron for oriental ports. The Trans-Pacific Line calling at the port at present to lift gypsum and scrap iron is a member of that conference and desires to lift cotton and other general cargo at the rates applied at its nearest regular port of call, Los Angeles Harbor; but the conference has prohibited this and requires that tonnage lifted at the port of San Diego, with the exception of these two commodities, be assessed an arbirary of $2.50 per ton over and above terminal rates, which are the rates charged at the nearest regular port of call of the line, notwithstanding the fact that vessels may be in port loading one or the other or both of these commodities, and the cotton and general cargo could be taken by said vessels. In addition, handling charges averaging 60 cents per ton are exacted, which are double like charges at the nearest regular port of call of the line, or are not exacted at all at said port or other ports of call of the line's vessels.

This conflict or lack of coordination in the merchant-marine policy affecting the development of United States ports and waterways is not in the public interest or the interest of the merchant marine and should be promptly rectified. Nearly a million dollars has been expended by the Federal Government in the past few years in deepening and widening the San Diego Harbor entrance channel, and $1,800,000 additional has been allocated, the value of which is at least partially nullified by the action of the Pacific Westbound Conference.

The Congress recognized the policy of providing for equalization of rates to new or additional ports with rates applying at the nearest port of call in passing the Intercoastal Shipping Act of 1933, applying to the intercoastal trade through the Panama Canal, by withholding from the Shipping Board Bureau the right to prevent equal rates, which act also prevents combinations of private interests from preventing members to accord equal rates, leaving the individual members free to do as they wish, but the law does not apply to foreign and coastwise operators. The proposed amendment is designed to correct this evil and lack of regulation.

At the committee hearing on the Intercoastal Shipping Act of 1933 an amendment was requested recognizing the soundness of allowing no one to prevent steamers from going to additional ports at the rates they charge at their nearest regular port of call, and amendment was made in view of the fact when the amendment was presented, representatives of shipping companies (who strongly urged passage of the intercoastal bill) were asked whether they saw any objection to the amendment, and it is understood their replies were they did not see any objection, and others not asked interposed no objection; consequently, it is felt they would not now oppose the proposed amendment, which simply makes effective the amendment already incorporated in the Intercoastal Shipping Act of 1933, applicable to foreign and coastwise lines.

Problems of the port of San Diego, in addition to the trans-Pacific arbitrary, already outlined, which the proposed amendment will solve, include—

A. The Pacific Coastwise Conference, covering the carriers in the Pacific coastwise trade, prevents member lines according San Diego the same rates as Los Angeles Harbor, or a more equitable relationship of rates, notwithstanding certain members of the conference desire to do so. Such practices are not permitted in the Interstate Commerce Act applying to the rail carriers, each carrier being free to do as he likes and prohibited from interfering with another only through complaint to the Interstate Commerce Commission.

B. Handling charges exacted by steamship lines calling at the port of San Diego, through the guise of the San Diego Steamship Association, which is unknown, the lines calling in reality being dictated to by the Los Angeles Steamship Association, to which they and many others not calling at San Diego are members, are double like charges at Los Angeles Harbor. No handling charges at all are exacted at San Francisco. The port of San Diego is endeavoring to handle inland tonnage tributary to the port and has found it very difficult—in fact, practically impossible—due to the steamship lines calling at San Diego also calling at the port of Los Angeles, which is able to serve practically the same tributary territory cheaper than the port of San Diego, due to the handling charge there being one-half of the amount exacted at San Diego.

The amendments mentioned are not meant to, and will not force any steamship company to extend service. They simply make it possible for any steamship company to extend service and apply rates for such service according to the desires of the particular steamship company without interference from any other steamship company, either directly or indirectly. As stated before there are a number of steamship lines that would gladly serve the port of San Diego as to any shipment they might receive.

In conclusion, I wish to quote a resolution unanimously adopted by the Senate and Assembly of the State of California, heretofore, mentioned by me, as follows:

Senate Joint Resolution No. 16 relative to Federal legislation granting subsidy or assistance to the American merchant marine

Whereas it is deemed desirous by the Government of the United States to give consideration to the development of the American merchant marine through assistance by the Government in the matter of sale of vessels constructed by the Government, in the matter of subsidies, mail contracts, or otherwise; and

Whereas steamships operating over the various trade routes of the world are grouped into conferences or associations granting to the shipping industry a certain amount of self-government and coordination in the matter of rates and services; and

Whereas under Federal laws enacted by the Congress these conferences or groups are relieved of the Sherman Act preventing combinations in the restraint of trade; and

Whereas these conferences, in the majority of cases, having a preponderance of foreign ownership through their policies and rules, have seen fit to prevent their members from serving certain American ports; and

Whereas it is believed to be a sound policy for the Government of the United States to require that all vessels receiving assistance from it through the medium of subsidy, ship purchase, or otherwise should partake in a free and unrestricted flow of traffic through all ports of the United States which have been improved by the use of Federal funds: Now, therefore, be it

Resolved by the Legislature of the State of California, That the Congress of the United States, in connection with any legislation granting subsidy or assistance to the American merchant marine, be requested to incorporate therein the provision that no steamship line operating vessels belonging to the United States or purchased or being purchased from the United States or any agency thereof, or any steamship company receiving from the United States or any agency thereof any subsidy or payment through contract for the carrying of mails, or otherwise, shall belong to any conference or association relieved of the Sherman Act which, either through official acts or policies, prevents or attempts to prevent, either directly or indirectly, the serving of any port within the continental limits of the United States located on any improvement project designed for the accommodation of ocean-going vessels authorized by the Congress or through it by any other agency of the Federal Government; and be it further

Resolved, That a copy of this joint resolution be transmitted to the President and to the Vice President of the United States and to each Member of the Senate and of the House of Representatives of the United States.

Mr. CONNERY, Mr. Speaker, following my remarks made during the consideration of the ship-subsidy bill I received a very fine letter from the officers of the United Association of Journeymen Plumbers and Steam Fitters of the United States, which organization is affiliated with the American Federation of Labor, and which letter I will insert at this point in my remarks:

UNITED ASSOCIATION OF JOURNEYMEN PLUMBERS AND STEAM FITTERS OF THE UNITED STATES AND CANADA,
Washington, D. C., June 28, 1935.

Hon. WILLIAM P. CONNERY, Jr.,
House of Representatives, House Office Building,
Washington, D. C.

MY DEAR CONGRESSMAN: We note in your remarks during the considerations of the ship-subsidy bill that you called the attention of the Members of Congress to the need of having automatic sprinkler installations on all passenger-carrying ships.

We trust you will give your hearty support to H. R. 6363, as presented by your colleague, Hon. ROBERT RAMSPECK, and Senate 2127, as presented by Hon. ROYAL S. COPELAND. These bills are sponsored by this organization and are whole-heartedly supported by the American Federation of Labor.

The bills referred to provide for the installation of automatic sprinklers on passenger-carrying ships, as you are well aware, and with the horror of recent ship disasters still haunting our memories, this creates within us added stimulus for installation of unquestioned and thoroughly proven fire-destroying appliances, as represented by automatic sprinklers in sea-going vessels, where human life pays the penalty for the omission of this proven safeguard.

For approximately 55 years automatic sprinklers have proven their efficiency in conquering fire on land or sea, and perhaps the most ardent advocates of automatic sprinklers are the fire chiefs and fire fighters everywhere, who recognize in a sprinkler acting automatically, a fireman on duty through all the hours of the day and night.

There is no disputation as to its efficiency. It can be again repeated that in all fire history of our land, not one human life has been lost in any structure where automatic sprinklers were installed during all the years of its existence.

Automatic sprinkler efficiency in land fire protection can and should be duplicated in protection against fire at sea. We honestly believe that had an automatic sprinkler system been installed on the *Morro Castle* not one life would have been sacrificed and there would have been no property loss.

Incidentally the cost of this installation in dollars is remarkably low, although, of course, this should not be considered when human life is the price to be paid for failure to safeguard.

Then, again, there comes the question of labor employment relative to this subject. One can trace reemployment features of automatic sprinkler installations back to the man who mines the ore, the transport workers, the steel workers, and, lastly, the skilled mechanic who installs the finished product, members of our international union. And so you see there is protection in these referred-to bills for the seagoing public and much-needed employment for our workers.

In closing, let it not be said that saving life and property against fire dangers at sea presents more difficult and less favorable opportunity than is presented in land conflagrations. Automatic sprinklers will control fire with equal efficiency on land or sea. There is no fire hazard aboard ship, no problem of engineering, no hidden space where fire lurks that has not been completely mastered by automatic sprinklers in land fire experiences.

We urge your hearty cooperation to the end that the purport and intentions contained in these bills herein referred to shall be written into law, and you and we shall then know that a most important and sadly needed step in the direction of safety at sea will have been taken.

Yours sincerely,

JOHN COLFIELD.
THOS. E. BURKE.

Attest:

THOS. E. BURKE,
General Secretary-Treasurer.

It is surprising, in view of the recent disasters at sea, to find that the officers of the Department of Commerce are still hesitating before they issue regulations which will require all passenger-carrying ships to install as a safety device that system which has been and is recognized by every agency devoted to safety of life from fire as the most dependable in case of fire, namely, the automatic sprinklers.

There is hardly a large building in our country, there are no large buildings that I know of devoted to industrial production, where many workers are employed, but where you will find the automatic sprinkler system installed.

This being true, surely there is greater reason why such a system should be installed on our passenger-carrying vessels where the passengers have no possible chance for their lives in case of fire except for such agencies aboard ships as the ship may have. When a fire breaks out in a building there is always the chance of the fire department coming to one's rescue. At sea there is no one within reach of the vessel.

In the cities of Lynn, Lawrence, Peabody, Salem, and Revere, communities in my own district, where large buildings are devoted to industrial production, where the buildings themselves are of first-class construction and thus labeled fireproof, you will find as a safety device the automatic sprinkler system installed.

It is amazing to me and to everyone else who has given this matter much thought to learn that the Bureau of Navigation still allows passenger-carrying vessels to leave shore without having automatic-sprinkler systems installed and in operation on all such vessels.

Especially is this true when only a few months ago the Nation was horrified to find that hundreds of lives were lost aboard the *Morro Castle* as a result of a fire which had started without the knowledge of the passengers or the officers or crew of the vessel.

Had the *Morro Castle* been equipped with automatic sprinklers, the fire would have been extinguished before it made headway and the live of hundreds of American citizens would have been saved.

Automatic sprinklers are looked upon universally as silent watchmen, ever on the alert, on duty 24 hours each day, and, when installed by competent and qualified workmen, are a guaranty of the safety of the lives of those in such buildings or vessels where such automatic sprinklers are in operation.

In view of the apparent hesitancy of the officers of the Department of Commerce—those who are intrusted with the enforcement of our navigation laws and those who inspect our ships—it is my belief that Congress should enact legislation at this session directing that no passenger-carrying vessel be allowed to leave shore unless such vessel can show that it carries an automatic sprinkler system which is in proper working order.

I note from the letter sent to me by the officers of the United Association of Journeymen Plumbers and Steam Fitters that our colleague and my good friend, Congressman RAMSPECK, of Georgia, has presented H. R. 6363, which legislation directs the Bureau of Navigation to order the installation of an automatic-sprinkler system on all passenger vessels. I sincerely trust that this measure will be enacted at this session of Congress. Surely there is no opposition to such a measure. There is great need for it in view of what we all know. The hesitancy of those in charge of originating such a regulation under existing laws prior to this time warrants the Congress in no longer leaving this matter to anyone. There is but one way in which we can all be assured that those who travel aboard ship can be assured of protection from fire, and that is for Congress to make mandatory the installation of automatic-sprinkler systems aboard all passenger-carrying ships.

I believe that the committee in charge of this bill will be rendering a great service to every Member of the House and to all of the American people by speedily reporting favorably this measure.

Mr. LUCKEY. Mr. Speaker, under the permission granted me to extend my remarks on ship subsidies, I wish to enter the following statements:

Governmental subsidization of activities, which are considered to be of vital importance to the welfare of the Nation, are by no means innovations. The idea of national interest makes it essential for a government to aid those activities which increase general economic welfare or national defense. When the President of the United States sent us his ship-subsidy measure, and when our distinguished committee prepared itself to draw up a bill to improve our merchant marine, they were actuated by the loftiest motives.

I wish to make it clear that I am no foe of the development of our merchant marine or of providing an adequate national defense, but I am absolutely opposed to this bill H. R. 8555. My opposition can be briefly stated as follows: First, this bill is not along the lines of the President's message. Second, this bill is not a ship subsidy, but a shippers subsidy. Third, this bill does not eliminate the graft, corruption, and inefficiency of the past. Fourth, this bill takes no consideration of the lengthy and detailed hearings of the Black Senate committee, and by this failure it does not embody principles recommended by that investigation which will provide us with an adequate merchant marine.

In attempting to deal with ship subsidies, there are three courses that may be followed:

First. Government ownership and Government operation.

Second. Government ownership and private operation.

Third. Subsidized private ownership and private operation.

The Black committee, after completing its hearings, stated these three possibilities and recommended them in that order. Here we have before us a bill which, if enacted, will carry out the least desirable of these three plans.

I have outlined the courses which can be followed. Now, let us see what are the present needs along this line. It has been contended, and will continue to be contended until some definite and workable policy is adopted, that the development of a merchant marine can only be developed with the aid and assistance of our Government. The President in his message summed up this need in words that are clear and decisive. He said:

I present to the Congress the question of whether or not the United States should have an adequate merchant marine.

To me there are three reasons for answering this question in the affirmative. The first is that in time of peace subsidies granted by other nations, shipping combines, and other restrictive or rebating methods may well be used to the detriment of American shippers. The maintenance of fair competition alone calls for American-flag ships of sufficient tonnage to carry a reasonable portion of our foreign commerce.

Second. In the event of a major war in which the United States is not involved, our commerce, in the absence of an adequate American merchant marine, might find itself seriously crippled because of its inability to secure bottoms for neutral peaceful foreign trade.

Third. In the event of a war in which the United States itself might be engaged, American-flag ships are obviously needed, not only for naval auxiliaries but also for the maintenance of a reasonable and necessary commercial intercourse with other nations. We should remember lessons learned in the last war.

In those few words the needs of an adequate merchant marine have been clearly set forth.

This present bill falls far short of being adequate in the terms of the Presidential message. It is a shippers' subsidy, and not a ship subsidy. Since the moment the rule on this bill was called up, there has been a constant attempt to throw

the mantle of Presidential or administration support over the measure. Repeatedly statements have been made that this is a Presidential or administration bill. In only a few instances the supporters of this measure have clearly and honestly denied that this is an administration bill. It is self-evident that the measure is not a Presidential bill. The chief common factor between the President's message and the present bill is the announced statement of purpose; that is, the development of the merchant marine, promotion of commerce, and aid in national defense.

From the days of the Yankee clipper ships, when American ships ruled supreme on the waves, there has been a steady decline in our merchant marine. By 1910 American ships were carrying less than 9 percent of this Nation's foreign cargoes. The World War showed our deficiencies in the line of an adequate merchant marine. In 1916 the United States Shipping Board was established, and since that time billions of dollars have been spent by the Shipping Board to aid in the development of the merchant marine. No one denies these expenditures of the Shipping Board in this first attempt to encourage our merchant marine. In spite of all this the merchant marine gradually declined, and in 1928, when we were riding on the crest of economic conditions and when there was a yearly surplus in our Treasury, the Congress of the United States passed the Merchant Marine Act of 1928. It was then that a powerful shipping lobby carried its plant to subsidize American shipbuilders and operators—a proposal that had repeatedly failed prior to 1928.

The experiences of the World War made us firmly believe that we needed a merchant marine. At the end of the war we had about 2,000 vessels afloat and under construction. These vessels had cost us $3,000,000,000. Since that time the Government has sold nearly all of these vessels to private owners. Of these vessels, 220 are now engaged in mail-contract service. These 220 vessels cost the United States Government $516,174,249.28, and they were sold to these private operators for $41,411,665.10. It is true that the vessels had depreciated in value, but they had been carefully kept up at Government expense, and as the yearly depreciation went on their value had been marked down. They were actually sold at $25,561,229.90 less than their marked-down value. At the present time the Government still owns 45 boats which are being operated by private concerns for private profit.

We have tried to develop our merchant marine through Government aid to these ship-building and ship-operating companies. Now the poor shipping interests tell us they cannot compete with foreign merchant marines and they want more help. Under the provisions of the present bill the big shipping interests can continue their looting of the Public Treasury, as they have done in the past. Much could be overlooked if in the past the merchant marine had been developed as Congress had planned. The old agreements for private operation benefited shipping interests, but not our merchant marine. Today we are asked to extend further benefits without adequate guarantee that the much desired development of our merchant marine will be effected.

Let me give a few examples of these private operating agreements. In 1921 the Shipping Board established the Admiral Oriental Mail Line, which was operated by the Dollar interests. The line was organized in 1922 with a cash capital of $500 and notes given for capital stock amounting to $499,500. For nearly 3½ years the Dollar people operated this line on a managing-operator basis. They directly profited by $533,713.96 and indirectly profited by an additional $463,682.01. In these 3½ years they retired the notes given for capital stock, thus leaving an investment of $500. Since that time, without one dollar's investment, the Dollar interests purchased the line and certain ships and have earned net profits of $4,106,594.46 plus a mail subsidy and plus $2,127,653.30 other profits on this $500 investment. By this entire manipulation profits of $6,700,000 have been made on a $500 investment.

The Roosevelt Steamship Co. (named after Kermit Roosevelt) realized profits of $371,987.96 from 1931 to 1933, inclusive, on an outstanding capital of $22,000. Probably the most conspicuous case is that of the International Mercantile Marine-Roosevelt Steamship Co. This group took over the United States Lines. The I. M. C. operated 71 vessels, of which 60 were under foreign registry. A protest was raised when the I. M. C. tried to take over the United States Lines due to the fact that the I. M. C. had such great foreign interests and because it had bound itself to operate in harmony with British imperial interests. To get around this, the I. M. C. joined the Roosevelt and Dollar interests to form a syndicate, taking over the United States Lines. They received, among other vessels, the pride of America, the steamship *Leviathan*. In this deal we turned over vessels costing $44,000,000 for $3,175,000. In addition to all of this, the Shipping Board made loans amounting to more than $15,000,000 for 20 years at one-half of 1 percent interest. The Post Office Department then let two mail contracts for a 10-year period, which will amount to $24,000,000.

Surely these few illustrations show the folly of such operations by our Government. The folly and extravagance are clearly seen when we view the present sad state of our merchant marine and the pleas of these very shipping interests for increased governmental aid. Now all of these managing-operator agreements are only one side of the picture. Let us consider the operation of the Merchant Marine Act of 1928. This act did not pay the outright subsidies that many European countries were paying. All payments of subsidies took two forms: (1) Subsidies paid by the Post Office Department on mail contracts, and (2) low-rate interest loans for ship construction. To get a complete picture of the way in which this plan has worked out let me cite some of the actual practices under that act.

The subsidies that were granted in the form of mail contracts have been criticized as being awarded to favored companies and in many cases for payments far in excess of reasonable business practice. It is not my intention to assail those practices, as we are now discussing a new bill which it is hoped will correct those conditions. I cite the following facts merely to show that these poor shipbuilders and shipowners have not been so badly treated as their high-powered lobbyists would lead one to believe. At this time I wish to point out that under the act of 1928 these shipping interests were unable to operate in such a manner as to enable them to materially build up our merchant marine. If such is the case, then how can they do this under the bill now before us?

The United Fruit Co. in 1931 received $726,146 for carrying United States mail. One contract to this company provided for a payment of $392,860, where under the international postal rates this mail would have been carried for $3,248. In 1931 this company operated 77 vessels, 55 of which were operated under the flag of a foreign nation. Surely the United Fruit Co. must have considered itself well cared for by this country during 1931—the dark year of the economic depression.

The South Atlantic Steamship Co., operating between Bremen, Germany, and Savannah, received $917,169 for carrying $75 worth of mail. On one line between French Indo-China and San Francisco the Government paid to the Oceanic & Oriental Navigation Co. $300,000 for carrying $2,655 worth of mail. The Eastern Steamship Lines received $648,432 for carrying mail worth $9,246. The Export Steamship Co. was paid $3,800,000 for carrying $89,000 worth of mail. The Tampa Inter-Ocean Steamship Co. received a subsidy of $438,775 for carrying mail which under international postage rates could have been carried for $20. The Grace Steamship Co. was paid $2,676,706 for mail rated at $374,634.

The Munson Lines, which in 1931 operated 98 vessels, had only 31 of these under American flags. Yet, from August 1, 1928, to June 30, 1932, this line received from mail contracts $3,679,132 for mail rated at $279,718. The Dollar Steamship Co. received $6,674,714 for mail rated at $533,418.

Our great President, earnestly desiring to bring about the promotion of our merchant marine, gave us his recommendations. He specifically recommended that the construction loans be abolished and that regulatory powers be transferred into the hands of the Interstate Commerce Commission. This

bill does neither of these things. Gentlemen, we need not pass a bill because "it is the best we can get at this time." Let us go after and get the best. If Government ownership and operation or Government ownership and private operation are to be considered out of the picture, there is still one course we can follow. We can, and we should, ask the great shipping interests to put their houses in order before they reach out their hands for further help from the Public Treasury. If we must subsidize private ownership and operation, have we not the right to demand that those companies we subsidize be placed in a position where there is a guaranty of future development of our merchant marine and less profit to a few manipulators of Government money? The people of the United States want an adequate merchant marine, but they want one developed in an honest and patriotic manner.

REAR ADMIRAL YATES STIRLING, JR.

Mr. VINSON of Georgia. Mr. Speaker, I present a privileged report from the Committee on Naval Affairs to accompany House Resolution 262.

The Clerk read as follows:

[House of Representatives, Adverse Report No. 1369, 74th Cong., 1st sess.]

DIRECTING THE SECRETARY OF THE NAVY TO TRANSMIT TO THE HOUSE OF REPRESENTATIVES AT THE EARLIEST PRACTICABLE MOMENT CERTAIN INFORMATION

Mr. VINSON of Georgia, from the Committee on Naval Affairs, submitted the following adverse report (to accompany H. Res. 262).

The Committee on Naval Affairs, to whom was referred the resolution (H. Res. 262) that the Secretary of the Navy is hereby directed to transmit to the House of Representatives at the earliest practicable moment information as to what disciplinary measures have been taken against Rear Admiral Yates Stirling, Jr., for having violated article 113, section 2, of the Navy Regulations, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

The action of the committee is based upon the following letters to the chairman of the committee from the Secretary of the Navy:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, June 21, 1935.

MY DEAR MR. CHAIRMAN: House Resolution 262 relative to disciplinary measures taken by the Navy Department against Rear Admiral Yates Stirling, Jr., United States Navy, was on June 18, 1935, referred to the Navy Department by your committee with a request for views and recommendation.

No disciplinary measures have been taken against Rear Admiral Yates Stirling, Jr., United States Navy, other than the Secretary of the Navy addressing a letter to this officer in regard to article 113, Navy Regulations, which provides in section 2 that all articles published by naval personnel shall be accompanied by a statement that opinions or assertions contained therein do not reflect the views of the Navy Department or the naval service at large.

In view of the above, it appears that House Resolution 262 is unnecessary.

Sincerely yours,

CLAUDE A. SWANSON.

The CHAIRMAN COMMITTEE ON NAVAL AFFAIRS,
House of Representatives, Washington, D. C.

DEPARTMENT OF THE NAVY,
Washington, June 24, 1935.

THE CHAIRMAN,
Committee on Naval Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Pursuant to your verbal request transmitted over the telephone to the Judge Advocate General of the Navy, I transmit herewith:

(A) Copy of a letter from the Secretary of the Navy to Rear Admiral Yates Stirling, Jr., United States Navy, dated June 18, 1935.

(B) Copy of a letter from the Chief of Naval Operations, Navy Department, to Rear Admiral Stirling, dated June 13, 1935.

Both of these letters bear on the subject matter which your committee is interested in.

Sincerely yours,

CLAUDE A. SWANSON.

Enclosures.

JUNE 18, 1935.

From: Secretary of the Navy.
To: Rear Admiral Yates Stirling, Jr., United States Navy, Commandant Navy Yard, New York, N. Y.
Subject: Article appearing in Washington Herald of June 9, 1935.

1. It has come to the attention of the Navy Department that an article written by you appeared in the Washington Herald of June 9, 1935, headed: "Europe, Ripe for Strife, Faces Menace of Russia Red Forces, Warns Stirling. Soviet Is Preparing for War with Millions Trained to Foment World Revolution."

2. The Secretary of the Navy considers it improper for officers of the Navy to publish controversial comment on international matters which may be offensive to foreign nations.

3. Therefore, you are directed to discontinue the publication of any further articles of this nature. Your attention is again called to the provisions of article 113, Navy Regulations, and of General Order No. 46, dated May 20, 1921, as amended, this order having been particularly called to the attention of all commandants and commanders afloat by the letter of the Chief of Naval Operations, dated April 9, 1935.

CLAUDE A. SWANSON.

JUNE 13, 1935.

From: Chief of Naval Operations.
To: Rear Admiral Yates Stirling, Jr., United States Navy, commandant third naval district, 641 Washington Street, New York City, N. Y.
Subject: Your article in New York American, published on Sunday, June 9, 1935.
Reference: (a) Paragraph 2 of article 113, United States Navy Regulations, 1920.

1. No copy of your article has been received in the Navy Department.

2. Your attention is invited to the provisions of reference (a), which require the submission of any article, accepted for publication, to the Navy Department, and "a statement to the effect that the opinions or assertions contained therein are the private ones of the writer and are not to be construed as official or reflecting the views of the Navy Department or the naval service at large."

3. The Department directs strict compliance with reference (a).

J. K. TAUSSIG, *Acting.*

(Copy to Bureau of Navigation.)

Mr. VINSON of Georgia. Mr. Speaker, the report from the committee contains all the information asked for under the resolution, and I move to lay the resolution on the table.

The SPEAKER. The gentleman from Georgia moves to lay the resolution on the table.

The question was taken, and the motion was agreed to.

A motion to reconsider the vote by which the motion was agreed to was laid on the table.

LEGISLATIVE APPROPRIATION BILL, 1936

Mr. LUDLOW, from the Committee on Appropriations, submitted a privileged report (Rept. No. 1370) on the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, for printing in the RECORD.

TENNESSEE VALLEY AUTHORITY

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may have until midnight tonight to file a supplementary report on the bill amending the Tennessee Valley Authority, together with certain dissenting views.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. RICH. Reserving the right to object, I should like to ask the gentleman when he expects to have the Tennessee Valley Authority bill brought up in the House?

Mr. McSWAIN. Just as soon as it is possible for the House to consider it, after considering matters already on schedule. We will file the report tonight, and sometime, as soon as possible thereafter, we will ask the Rules Committee for a rule.

Mr. RICH. As I understand, we will have the Wheeler-Rayburn bill before the House tomorrow. Will the House know what the bill contains before it is brought before the House?

Mr. McSWAIN. The bill to which I am referring is already in print. The report will be in print tomorrow.

Mr. SHORT. Reserving the right to object, will the chairman of the committee inform us when the printed hearings will be ready?

Mr. McSWAIN. One volume is already in type. The second volume is in the office of the Public Printer. We hope it will be ready in a very few days.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. McSWAIN].

There was no objection.

CONSTITUTIONAL OR DICTATORIAL GOVERNMENT

Mr. BACHARACH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made over the radio last night by our colleague from New York, Mr. FISH.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. BACHARACH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio speech of Representative HAMILTON FISH, Jr., over the Columbia Broadcasting System, Tuesday, June 25, 1935.

The main issues for the 1936 Presidential campaign are rapidly taking shape. It is certain that the restoration of American constitutional government and a government by law instead of by Executive orders will be debated and discussed from now on throughout the Nation.

In the final analysis the American people must decide whether they want to uphold and preserve our constitutional and representative form of government, based on three separate and independent branches, or to follow the footsteps of Fascism, Nazilism, or communism, and undermine and encroach upon the Congress and the Supreme Court in order to give autocratic and dictatorial powers to the President.

I do not question the right of the American people to alter or to abolish our form of government in accordance with the Declaration of Independence, but at the same time we should remember the advice contained in the Declaration that "prudence, indeed, will dictate that governments long established should not be changed for light and transient causes."

There have been a number of splendid speeches recently delivered as a result of the decision of the Supreme Court against the delegation of legislative powers. In view of this fact, I intend to digress somewhat from the purely constitutional aspects of the issue and to emphasize the efforts that have been made by the "new dealers" to set up a new social and economic order through usurped dictatorial powers, in defiance of the Constitution, which have resulted in the loss of business confidence and a prolongation of the depression. There can be no doubt but that the main purpose of the "new dealers" is to establish State socialism on a permanent basis, which cannot be carried out as long as the Constitution stands in their way as a bulwark and palladium for American liberties and free institutions.

The surrender of the tariff-making powers, the regulation and valuation of money, and the control of the purse strings to the President by a servile and cowardly partisan Congress amounts to a change in our form of government without the consent of the governed.

The turning over by the Congress to the President, upon his insistent and arrogant demands, of $4,000,000,000 for public works has been attacked on the grounds of being a slush fund to be used for political and campaign purposes. This unprecedented peace-time appropriation carried no allocation of the money for specific purposes, no limitations of any kind, and is a direct violation of the meaning and intent of the Constitution.

Senator COUZENS said that the man or men responsible for the original bill to turn the control of the purse strings over to the President should be hanged. That is a little harsh, even for "new dealers", but I would suggest that if they do not like our free institutions and constitutional form of government that they should be deported to Italy, Germany, or Soviet Russia, where they can enjoy an autocratic and dictatorial form of government to their hearts' content.

And, referring to deportation, I am whole-heartedly in favor of the suggestion of Congressman DIES, of Texas, that all aliens, radicals, Communists, and others who do not like our institutions, our laws, or our country should be deported back home where they can enjoy the lack of freedom of speech and the oppressive laws and miserable wage scales that they have been accustomed to in the past, and, above all, give their jobs to loyal and industrious American citizens now walking the streets.

I do not believe, however, that Government appropriations, no matter how large, will seriously affect the result of the next Presidential campaign, although they do unquestionably help in municipal and off-year elections.

What the voters must decide in 1936 is which party will restore confidence and thereby provide permanent employment. Confidence and employment are one and inseparable, and constitute for millions of loyal and industrious Americans who are now walking the streets under the Roosevelt administration and more millions on the relief rolls an issue closer to home and more vital to their well being and that of their families than even the restoration of constitutional government. It is unfair and unjust to impugn the motives of Americans now on relief. They are good citizens, forced by the depression temporarily to depend on the Federal Government for relief, but what they really want and are entitled to is permanent jobs.

In my opinion the main ingredient that is lacking to make for prosperity in America is confidence, which has all but been destroyed by the unsound and socialistic new-deal experiments, generally in defiance of the Constitution. The American people, regardless of party affiliations, are thinking in terms of permanent jobs at the customary standards of wages and are far from satisfied with Government relief at 50 cents a day.

No administration has done more in the last 6 months, since Congress convened, than the "new dealers" to undermine confidence by open attacks on business interests, from the President down to the humblest member of the "brain trust." All seem to delight in taking a swat at business men as if they were obnoxious flies, to be crushed at every opportunity. Ours is a business country and there can be no prosperity or employment without business confidence. Our entire industrial system is based upon private initiative and reasonable profits, and unless there are profits there can be no decent wages or employment. From the recent actions of the new-deal administration one must assume that the main policy of the new-deal fly swatters is to destroy wealth, business enterprise, and opportunities for advancement and success.

It is beginning to be more and more plain that the "new dealers" have been actually seeking to set up a new social and economic order, without the consent or approval of the American people. The unanimous decision of the Supreme Court against the delegation of legislative powers to the President was a frightful blow to the aspirations and deep-laid plans of the radical "new dealers." But they have no intention of giving up without further attempts against our constitutional and representative form of government. Like a lot of termites, they can be depended upon to try to undermine our Constitution, in order to pull it down to destruction upon the heads of the American people and on our free institutions.

What does this new foreign political and economic order offer to the American people—which is being imposed upon them by the "new dealers", most of whom have never been affiliated with the Democratic Party in their lives, and are Socialists at heart and in action? The sacrifice of the rights and liberties of our people guaranteed by the Constitution and the blessings of free government by free sovereign American citizens, in exchange for a dictatorial, autocratic, despotic government, supported by a crushing bureaucracy, regimentation, collectivism, and State socialism. Under this imported form of government our people would become mere pawns at the caprice or whim of some dictator in the White House, entrenched under a huge bureaucracy and the funds out of the Treasury of the United States.

The people must decide whether they shall continue to be the masters of their political destinies or whether supreme power shall be vested in a single individual to rule over them. Mussolini, Hitler, and Stalin all join in declaring to the world that self-government and democratic institutions have failed, and that the American people are no longer competent to govern themselves. I deny these accusations, as the American people have the same intelligence, capacity, and patriotism as their forefathers, and can solve all their social, political, and economic problems without resorting to communism or socialism of the left or Fascism or Hitlerism of the right. They propose to solve them on sound American principals, for the best interest of all the American people, and that is the only way out of the depression to better and happier times.

What is needed in America today is confidence, more confidence, and still more confidence. We need inflation of confidence, not inflation of currency and destruction of wealth. We need a square deal for business and labor that will provide profits and employment, not a new deal that destroys both and retards recovery and impoverishes the people, or an old deal where selfish interests and special privilege were predominant.

I denounce the new-deal administration for trying to set up a new social and economic order, in defiance of the Constitution, and without the consent of the American people. I charge it with undermining our constitutional and representative form of government, usurping the powers of Congress and establishing a dictatorial government by executive orders. I accuse it of destroying business confidence, prolonging the depression, furthering unemployment, increasing the cost of living, and inciting class hatred. England, Canada, and Germany have all balanced their budgets, restored confidence and put their people back to work. Why is not the United States making similar progress? The answer is systematic and repeated attacks on American investors, employers of labor, business men, and upon all who have any money left, whether in the banks, securities, or in life insurance policies. There is no stability or security and everyone is apprehensive as to what money will be worth a year from now.

The President himself has led the attack on American investors and business men, so that the great national sport emanating from the White House has become "soak and swat the rich." It has all of a sudden become a crime to have money. The President forgets that since 1929 there has been the greatest distribution of wealth in the history of the world. The rich men have lost half to two-thirds of their fortunes through the depreciation of security values and real estate, and some former millionaires are penniless and walking the streets looking for jobs. If it were true that wealth were accumulated in the hands of a few and endangered our economic and political institutions, as might have been the case back in 1928–29, I could see some sound reason for the President's recent soak-the-rich speech; but that is not true today. Attacks on wealth in the midst of a depression only adds to the confusion and bewilderment of business and further destroys confidence. It amounts to killing the goose that lays the golden eggs, prevents the flow of surplus capital into private enterprise to keep the wheels of industry going and the employment of labor. It wipes out the liberal gifts of rich men for charitable purposes and for the erection of new hospitals, libraries, art

museums, and the endowments of colleges and educational institutions. But, above and beyond all else, it destroys confidence when it is most needed. What is really necessary is distribution of jobs, and there can be no such distribution if wealth is confiscated. I do, however, agree with the President in urging the abolition of tax-exempt securities through which rich men and women have been able to escape paying their share of income taxes.

The insistence of the President to jam through the death sentence clause in the utility holding company bill is just another instance of the swat-business attitude, regardless of the savings of millions of American investors. The personal castigation of the chamber of commerce by the President as not being representative of business interests and viewpoint would be amusing if it were not so really tragic coming from the President who has repudiated not only the platform he was elected upon, but likewise the political creed of all Jeffersonian Democrats.

The President even went to the extent of denouncing American citizens for writing to their representatives in Congress petitioning them to use their influence to amend the original death clause in the proposed utility bill. Up to the advent of the new-deal administration the right of petition was regarded as a sacred institution, but evidently it, like other rights, must be surrendered if in conflict with the views of the autocrat in the White House.

Have the flames of liberty burned so low among free American citizens, regardless of previous party affiliation, that they will permit the continuation of the surrender and delegation of legislative powers by a partisan and supine Congress, sworn to uphold the Constitution, to a President who casts slurs upon it and refers to it as a "horse and buggy" Constitution?

In the critical days with which we are confronted the President would be rendering a far better service to the country to uphold and defend the Constitution rather than, in the words of Pope:

> "Damn with faint praise, assent with civil leer,
> And without sneering teach the rest to sneer;
> Willing to wound, and yet afraid to strike,
> Just hint a fault, and hesitate dislike."

Would it not be beneficial in these uncertain and trying days to stand firmly for the Constitution, with Abraham Lincoln, who believed it to be all the law and the prophets, instead of against it; to preach the gospel of confidence in our American system instead of the gospel of expediency, experimentation, and despair? The issues of today are above the interests and advantages of party. They involve the preservation of our American constitutional and representative system of government and the rights of the States and the liberties of the people. There can be no compromise with those enemies from within who would undermine or destroy them.

Eternal vigilance is the price of liberty.

Thank you and good night.

THE GOVERNMENT SHOULD NOT BE A SUBSIDIARY OF THE HOLDING COMPANIES

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to include a radio speech I made.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MAVERICK. Mr. Speaker, under unanimous consent, I ask permission to include my remarks on the Wheeler-Rayburn bill, delivered over the National Broacasting Co., Tuesday, June 25, 1935, at 10: 30 p. m., eastern standard time. I am for the Wheeler-Rayburn bill and for section 11 of the Senate bill, which includes the so-called "death sentence", because in my opinion, it will only be a "death sentence" of improper practices and will protect the investor in the future and save the rest of his money.

I am disgusted with the propaganda of the holding companies and their fake crying about widows and orphans. My speech, I think, covers the subject fairly well, and it is as follows:

Fellow Americans, the Wheeler-Rayburn bill is the result of 7 years of investigation by the Federal Trade Commission. And your Congressmen have worked harder trying to understand this holding-company problem than on anything else in years. But there has never been a time when a lobby has made it harder for Congressmen to do an honest job for the people than the utility lobby is making it now.

These lobbyists have tremendous sums of your money—investors' money—to spend. Whose millions do you suppose Associated Gas & Electric is spending along with other companies for full-page advertisements? Whose money is paying for the way these lobbyists pack and jam the big hotels in Washington, spending right and left, like oil men who have just brought in a gusher? It's your money, other people's money, the money of those same widows and orphans whom the Power Trust has heretofore robbed, about whom the Power Trust is now weeping. That lobby gets whispering campaigns started, plants insidious statements about honest Congressmen who won't be bullied, scares investors into sending telegrams, does everything possible to keep the country in a bewildered state of fright so it can't think clearly and coolly.

Now, let's get down to some facts. A utility operating company is a company which operates gas and electric plants in local communities. A holding company is nothing more than a finance company which has no business except trying to make profits by playing with the stocks of these operating companies. The rates which you and other consumers pay to the operating companies for gas and electricity you use are the only source of revenue for both the operating companies and for the holding companies, which live like parasites on the operating companies.

Now the Wheeler-Rayburn bill doesn't touch the business or the securities of the operating companies. All it goes after is the holding companies, particularly about 20 giant holding companies, which are so big that they make the trusts which Teddy Roosevelt wanted to bust look like pygmies. These giant holding companies are a series of tricky finance corporations promoted by a few clever men in New York. By buying a few shares of stock in the right place in these trick corporations, these few men control hundreds of operating companies scattered from coast to coast. One giant holding company which controls $1,000,000,000 of assets of operating companies is run by two smart men who have invested only a few hundred thousand dollars of their own, but who manage to control all the rest by rigging up nine tricky holding companies between themselves and the operating companies.

These giant holding companies are the very best examples of the huge concentrations of wealth and power mentioned by the President in his tax message. The gas and electric business is the second largest industry in the United States. But 13—just 13—large utility holding companies control at least 75 percent of that whole industry. Just three of them control over 40 percent of the whole industry. Those three are the Insull properties, J. P. Morgan's United Corporation, and Electric Bond & Share. Think of that in a democratic country! Think of the power the few men at the top of those giant companies have over the economic lives of the rest of us. They control so many jobs—and they control so much business—that they just have to crack the whip and practically all the rest of us citizens have to obey or find ourselves out in the street. The continuance of our whole economic democracy is in danger unless we can pass the Wheeler-Rayburn bill and break up these giant companies into smaller companies, the way we had to break up the Tobacco Trust and Standard Oil.

But what will happen to investors in that process? That's what I want most to talk to you about. First of all, the investor who holds securities in operating companies isn't hurt in the slightest by the bill, because the bill doesn't try to reach operating companies except to make the holding companies get off their necks. Three-quarters of the public's investment in the utility business today is represented by operating securities like that—preferred stocks and bonds of operating companies which the bill doesn't touch. These are the securities which the savings banks and the life-insurance companies and the trustees for colleges and endowments hold. The bill improves that kind of securities, because it saves the operating companies the great sums the holding companies have been milking out of them to support all these dizzy, trick corporations which make up a holding-company system. Now let me repeat that, and don't let the propagandists fool you about it. If you are an investor in the securities of operating companies, this bill can't possibly hurt you, and it almost certainly will help you.

Just tonight I heard a speech in behalf of holding companies by one of my distinguished colleagues. It was another speech imposing on widows and orphans, full of hearts and flowers, which rode around facts like a cowboy at a rodeo. It was entirely based on the assumption that the so-called "death sentence" in the Wheeler-Rayburn bill would make operating companies sell off part of their assets and would make holding companies dump on the market their investments in stocks of operating companies.

I think I can show you that neither of those assumptions is correct. There's absolutely nothing in the bill by which an operating company can be compelled to dispose of its assets. And there's absolutely nothing in the bill that requires holding companies to dump their investments on the market.

As a matter of fact, the bill requires nothing at all of holding companies—get that, nothing at all—if the holding company managers are willing to give up their power over the investment which the public has made in the bonds and preferred stocks of these operating companies and will give those public investors enough voting rights so that the boards of directors of these operating companies will be chosen by those public investors instead of by the holding companies. That is, the bill permits holding companies to hold on indefinitely to their investments in all operating companies, no matter how many they are and how widely they are scattered, if the holding company will turn itself into an investment trust and stop trying to run the affairs of the operating companies. The President expressly pointed that out in his message to Congress. Did you ever think of that?

It is only if the holding companies won't give up their power in this way that the bill requires a certain limited number of the biggest holding companies to regroup their properties and to rearrange their securities. But the holding companies are given 7 years of grace before the Government can even begin to go to the Federal courts to ask those courts to rearrange those properties in the way in which they have rearranged properties before under the Sherman law. And the Securities and Exchange Commission is appointed to protect the investors' interest every inch of the way.

The main reason my colleague gave you tonight for all his scare about the investor was that National Association of Mutual Savings Banks had told him so. Well, let's be blunt. The National Association of Savings Banks maintains a permanent lobbying

organization in Washington which has lobbied against every piece of financial legislation designed to clear up conditions for investors that has come before the Congress in these last 3 years. It lobbied its head off against the Securities Act and the Stock Exchange Act.

My colleague also quoted at length from President Woodrow Wilson. But he neglected to tell you that Wilson ran on a platform in 1912 declaring for the "prevention of holding companies." Mr. Wilson said much more, but it happens that he was really the original advocate of the elimination of the holding-company abuses.

It seems to be the policy of the friends of the holding companies to condemn them, referring to them as crooks and thieves, which I have never so far done, and then to ask for their perpetuation. It seems peculiar to me that the friends of the holding companies should criticize them as crooks and thieves and then ask that they be permitted to continue their operations, because they have robbed widows and orphans, and then give them permission to continue their practices on the theory that they will turn honest and treat the widows and orphans in the proper manner in the future. I don't get the logic.

Now, how about the investors who own holding-company securities? If you own securities in a holding company whose operations are carried on in one State, or in a group of States close together and covering a natural economic region, you don't have to worry about any death sentence or any of the other terrible things the propagandists have been telling you about. The death sentence doesn't apply to holding companies which do that kind of a regional business—companies like Niagara Hudson and Public Service of New Jersey, New England Power, Pacific Gas & Electric, Southern California Edison, Consolidated Gas of Baltimore, and Commonwealth Edison of Chicago, Georgia Power Co., and Alabama Power Co. And holding companies like that, to which the death sentence doesn't apply, make up by far the greater part of the holding companies in which the public holds securities.

Now what happens to you under the Wheeler-Rayburn bill if you own securities in one of the giant holding companies which sprawl from one coast to the other and which operate in from 20 to 30 States? First, realize how badly you need Government protection of that investment. You probably bought securities in that kind of a holding company in 1929. Do you remember what the market value of all securities of that kind of holding company was in 1929, when you bought them? It was $19,000,000,000. And do you know what the total value of all those securities is today? It's about $3,000,000,000. And is Franklin D. Roosevelt and the power policy of Franklin D. Roosevelt responsible for that drop? Absolutely not. That drop to $3,000,000,000 occurred before Franklin D. Roosevelt became President. From 1929 to March 1933, holding-company stocks dropped $27 for each dollar it dropped from the time of his inauguration to March 1935. And today—June 1935—that $1 decline during this administration has been made up—has climbed back to and beyond where it had been when he came into office. So not one penny has been lost in the Roosevelt administration, nor since the introduction of the Wheeler-Rayburn bill.

Now that drop represents a loss of 85 percent to investors. Was that lost just because of the depression? No. Because the loss in these holding-company securities is far greater than the loss the depression caused in any other kind of securities. You lost that money because the holding company managers and promoters, who sucked you into supplying them with funds to play with, put your money, not into the sound utility business, but into crazy high-finance schemes, where so many companies were piled one on top of the other that neither you nor anybody else ever knew what your real rights were. And the holding-company managers who did this to you are the same crowd who control those same companies today and are asking you to send telegrams to Congressmen, so we won't let the Government interfere with them when they get ready to take the last of the 15 percent away from you.

But you say, just what does the bill do to your securities? It does just this, it says to those giant companies, "The only assets you have, which can make money to pay dividends and interest on all these holding-company securities you have sold to investors, are your interests in all these gas and electric plants scattered all over the country. You have 5, 6, 7, or 8 trick holding companies and sub holding companies piled up on top of those gas and electric plants, and you've sold investors securities in all those trick companies. All those investors really have—no matter in which of those companies—is some degree of a claim on the earnings of those gas and electric plants.

"Now, you've got to consolidate all those unnecessary intermediate companies that are eating up those earnings in salaries and bonuses and costs of operation, and give all the investors in all those companies securities in not more than one or two simplified companies. That's so investors will know what they've got and so all the costs of running these unnecessary companies—which ultimately comes out of the pocket of the investor—will be eliminated. And that's so that when recovery increases the earnings of those gas and electric plants, the benefit of that increase will go into bigger dividends for investors instead of being squandered in a lot of holding-company operations in high finance."

Now Mr. Investor, how can that hurt you?

Now, another thing the bill says to these giant holding companies is this: "You've got operating gas and electric plants scattered all over this country. You've got a much worse record for the investor than the holding companies which have their gas and electric plants concentrated in a single area. Your talk about diversification for the benefit of the investor is just talk. What were the worst holding companies for the investor? The so-called 'diversified' holding companies—Insull and Associated Gas & Electric, United Corporation, and Electric Bond & Share—the biggest ones of the lot. Your diversification just hasn't worked. The figures show it. And it hasn't worked because absentee management running plants sprawled all over the country just can't do as good a job of management as local management that's really watching local situations."

"So, for the sake of the investor as well as to end your vast concentration of power, you giant holding companies have got to regroup your operating gas and electric plants in regional areas where they really can be managed efficiently; and if they fall into more than one group, you can divide yourself into several regional holding companies and distribute the securities of these new companies proportionately among your investors, just as was done when the Standard Oil and the Tobacco Trust were divided under the Sherman law."

That's all the Wheeler-Rayburn bill says to even the worst of the holding companies. And 7 years—7 long years—with all the court protection you could dream of, is given them to carry out that program. The propagandists' talk of immediate abolition is just a lie.

Now, how can that program hurt the investor?

Fellow Americans, whether your President was ever right before, he's right on the power issue. He knows that issue as well as any man in America, and this Wheeler-Rayburn bill is his own idea—the very heart of his power program. What the holding-company propagandists are saying to you is either that he doesn't know what he is doing or that he is ruthlessly and cruelly willing to destroy the investing class of the Nation, and that instead of believing him you ought to believe the successors of Samuel Insull. They have money enough to repeat that idea often enough so that they almost make you believe it. But when you think it over, doesn't it sound fishy to you?

This holding-company bill does not abolish or confiscate anything you own. It only abolishes financial trickeries which hold and take away your rights.

Remember this Government, this Congress, this President of ours, in which you and I must have faith. Let us stand by it—by ourselves—and not let our Government be kidnaped and become a subsidiary of the holding companies.

CONTROL OF PUBLIC-UTILITY HOLDING COMPANIES

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 276.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 2796, an act to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce, and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 8 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole House to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, this is a rule for the consideration of S. 2796, commonly called the "Wheeler-Rayburn holding-company bill" or the "Public Utility Act of 1935." It is an open rule, a wide-open rule, more open in some respects than some other open rules. [Laughter.]

The rule provides for 8 hours' general debate. It also permits the House bill, the committee substitute, to be read for amendment as an original bill, allowing amendments to be offered to that bill by any Member of the House.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Not now; I shall yield later.

Mr. MARCANTONIO. I wish the gentleman would explain the reason for that statement.

Mr. O'CONNOR. All right, I shall answer that right now. Where a committee of the House strikes out an entire Senate bill and substitutes its own bill, in order to permit amendments to the House bill, it is fairer to permit the House bill to be read as an original bill, because if it were read as an amendment to the Senate bill you would get into the third-degree-stage amendment one step sooner, because the first amendment to the committee amendment would stop further amendments, whereas if the committee-substitute amendment is read as an original bill there can be amendments to amendments offered to any section. That is one important reason for allowing the committee substitute to be read as an original bill.

Mr. MARCANTONIO. Just one short question at this point. Then after the Committee rises and the bill is reported to the House we cannot get a separate vote on the House bill because it has not been brought up as an amendment to the Senate bill.

Mr. O'CONNOR. That is not correct. I was just coming to that. That privilege is set forth in line 14 of page 2 of the rule and is one of the features that makes the rule more open than the usual open rule.

When the Committee rises and reports the bill back to the House with amendments, any Member may demand a separate vote on any amendment to the bill or to the committee amendment. This is an extra privilege. If the House bill were read as an amendment, any amendment thereto would be merged in the amendment, as we saw happen the other day in a District of Columbia bill, and a separate vote could not be had. But under this rule a separate vote may be had on any amendment to the House bill and also on the House bill as a committee amendment.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. RANKIN. But it will not permit us to vote on substituting the House bill for the Senate bill.

Mr. O'CONNOR. Yes, indeed; it will.

Mr. RANKIN. Let us get this clear.

Mr. O'CONNOR. I yield for a question, if the gentleman please. The gentleman made a statement; I want to answer it; let me explain it if I may.

Mr. RANKIN. Yes.

Mr. O'CONNOR. When we get back in the House, a separate vote may be demanded on the House bill, the committee substitute. That raises the issue between the House bill and the Senate bill.

Mr. RANKIN. Then we can get a roll call on that proposition.

Mr. O'CONNOR. Yes.

Mr. RANKIN. On the proposition of substituting the House bill for the Senate bill.

Mr. O'CONNOR. Yes; exactly. That is specifically provided in the rule and is one of the liberalities of the rule.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. KVALE. Then an amendment may be offered to restore the so-called " death-sentence clause "?

Mr. O'CONNOR. Yes.

Mr. KVALE. But no record vote will be possible on the " death sentence " clause?

Mr. O'CONNOR. If the Committee of the Whole votes to substitute section 11 of the Senate bill, or something similar, it is an amendment and a record vote can be had.

Mr. KVALE. Yes—if.

Mr. O'CONNOR. Well, the usual rules of the House do not provide for record votes on amendments offered in the Committee of the Whole and defeated.

Mr. COX. Mr. Chairman, will the gentleman yield for a question?

Mr. O'CONNOR. I yield.

Mr. COX. Will the gentleman, during the consideration of this rule, yield to me for the purpose of offering an amendment to the rule providing for two motions to recommit in order to make certain a House record vote on the proposition of restoring to the bill the " death sentence " clause?

Mr. O'CONNOR. With due respect to the gentleman, I must say I will not so yield, because it is not necessary. Now let me proceed.

Mr. RANKIN. Mr. Speaker, may I interrupt the gentleman? Why not give us the chance?

Mr. O'CONNOR. Mr. Speaker, I yield for a question.

Mr. RANKIN. Why not give us the right to offer two motions to recommit, in order that those of us who are opposed to this monstrosity that is now before the House may have an opportunity to vote on what we want? It is the President's desire, I may say to the gentleman from New York, and I think we ought to be given the right to offer two motions to recommit.

Mr. O'CONNOR. If the gentleman has finished his question, I shall answer it. That proposal was thrashed out thoroughly in the Rules Committee. First, to permit two motions to recommit in any rule is a complete violation and undermining of the rules of this House, and in a circumstance like this has never been done.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Mr. Speaker, I do not yield further at this time. I ask the gentleman please to respect that. I believe I shall answer any question the gentleman has in mind, so please do not interrupt me further.

Mr. RANKIN. I will say to the gentleman from New York——

Mr. O'CONNOR. Mr. Speaker, I refuse to yield further.

The SPEAKER. The gentleman declines to yield. The Chair trusts the gentleman will not interrupt him without his permission.

Mr. O'CONNOR. Mr. Speaker, the motion to recommit is, under the rules of the House, solely for the benefit of the minority, and for nobody else. We do not need rules to protect the rights of the majority; the majority can take care of itself.

Mr. RANKIN. Mr. Speaker, a point of order.

Mr. O'CONNOR. Mr. Speaker, a majority of this House can always adopt any measure it desires.

Mr. RANKIN. Mr. Speaker, I make the point of order that the gentleman has not stated the rule of the House.

Mr. O'CONNOR. Mr. Speaker, I submit the gentleman has not stated even a point of order, but has made an improper interjection.

Mr. RANKIN. The rules of the House do not permit that.

The SPEAKER. The gentleman from New York is arguing the rule. It is a question of opinion between the gentleman from New York and the gentleman from Mississippi. The Chair overrules the point of order.

Mr. O'CONNOR. Mr. Speaker, there has never been inserted in any rule two motions to recommit, which destroys the privilege and prerogative of the minority, in any case, unless the committee reporting the bill, by committee action, asked that there be two motions to recommit. When the Chairman of the Committee on Interstate and Foreign Commerce appeared before the Rules Committee, we asked him if his committee had asked for two motions to recommit. He said they had not, that he was doing it on his own responsibility.

The bonus bill has been cited as an example, but there is no parallel between the bonus bill and this bill. The Ways and Means Committee by committee action asked the Rules Committee to permit two motions to recommit. Why? Because three bills, the Vinson bill, the Patman bill, and the Tydings bill, were at issue there, not two bills, as in this case. In order to get a vote on all three propositions, they asked for two motions to recommit by committee action.

Years back, in reporting three farm bills, the Agricultural Committee by committee action asked that there be two motions to recommit, but never in the history of this House has there been two motions to recommit in a rule under circumstances such as this, and to build up and permit that precedent to start would destroy the rules of the House.

Why should a majority be protected by a special rule against itself? The minority is not asking for this extra special protection. Why should a majority three times as

many as the minority ask for a special rule to protect itself against its own minority? The majority can function at all times. It is the minority that may be imposed upon. Why should a majority of 3 to 1 have to come here and ask for a special rule to protect itself against the minority of its own majority? Once a motion is made to recommit on the majority side of the House, the control of the House shifts to the minority.

It is an absolute reversal of all parliamentary procedure for anyone on the majority side to make a motion to recommit and thereby confess that the control of the House has shifted to the political minority, and that is just what does happen.

Mr. RANKIN. Mr. Speaker, I make the point of order that is not the rule of the House.

Mr. O'CONNOR. I submit it is.

Mr. RANKIN. That never has been the rule and never will be.

The SPEAKER. The Chair cannot rule on that matter. That is a question for each individual Member to decide.

Mr. O'CONNOR. The gentleman does not raise a point of order. If the gentleman knew the rules of the House he would not be interrupting without first obtaining permission.

The SPEAKER. The gentleman from Mississippi should not interrupt the gentleman from New York, who is speaking on the rule, unless the gentleman from New York yields.

Mr. O'CONNOR. You do not have to tear the rules of the House asunder to meet the wish of a minority of a majority or even a majority of a majority.

There is great confusion and a lot of hullabaloo about this matter of the rule, just as there was a lot of propaganda throughout the country from people who never saw a stock certificate, let alone owned one.

Under the rule here, the most liberal rule that could be brought into this House, there will be plenty of opportunity to have a record vote as between the Senate bill and the House bill. There will be plenty of opportunity to have a vote on the death-sentence provision. Five opportunities! Count them!

Mr. Speaker, the big controversy between these two bills is section 11, the so-called "death sentence."

First. I have already explained that if an amendment to the House bill, putting section 11 in it, carries in the Committee of the Whole, that amendment could have a direct roll-call vote when the bill comes back to the House.

Second. When the Committee gets back into the House a separate vote may be demanded on the Committee's substitute, which is the entire House bill. This raises the specific issue between the House bill and the Senate bill. You can take your choice. The gentleman from Mississippi [Mr. RANKIN] or any other Member will have chance when the Committee gets back into the House to demand a separate vote on the committee's substitute as an entirety, and that vote will be one as between the Senate bill and the House bill.

Mr. RANKIN. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman for a question only.

Mr. RANKIN. My question is in reference to section 11, which is the very life of the bill. Unless the amendment is adopted in the Committee of the Whole we will not be given an opportunity to take a vote on it in the House.

Mr. O'CONNOR. Oh, yes. There will be several chances for that.

Mr. RANKIN. On that one amendment?

Mr. O'CONNOR. Yes; on that amendment.

Mr. RANKIN. Even if the amendment is not adopted?

Mr. O'CONNOR. Yes.

Mr. RANKIN. I shall applaud you if you convince me of that.

Mr. O'CONNOR. Third, a direct vote could be had on the death sentence under the one motion to recommit.

Fourth, when a conference with the Senate is either asked or agreed to by the House, which seems likely to happen, unless you vote down the House bill and agree to the Senate bill, which would immediately send the Senate bill to the President, a motion to instruct the House conferees to agree to section 11 of the Senate bill will be in order, which will call for a record vote. That is the fourth opportunity.

Mr. RANKIN. But that is not on this bill.

Mr. O'CONNOR. Yes, it is.

Mr. RANKIN. That is after the passage of the bill and when a conference is asked for.

Mr. O'CONNOR. It is after the passage in the House, but before either bill becomes a law, that motion will give a record vote on section 11.

Mr. COX. Mr. Speaker, will the gentleman yield for a question in that connection?

Mr. O'CONNOR. Will the gentleman please wait until I pursue the matter further?

Mr. COX. Will the gentleman yield right there?

Mr. O'CONNOR. Will the gentleman please let me give the fifth method by which you can get a vote in the House on this provision of section 11 of the Senate bill?

Mr. COX. Will the gentleman indulge me by permitting me to ask a question at this point?

Mr. O'CONNOR. Please ask the question.

Mr. COX. The opportunity to get a record vote in the House in each instance detailed by the gentleman depends upon the action of some other body.

Mr. O'CONNOR. Oh, no, indeed; absolutely not.

Mr. COX. In the first instance, does not the opportunity or the right for a record vote in the House, under the rule, as presented now, depend upon the action of some other body?

Mr. O'CONNOR. Emphatically not.

Now, let me follow by showing the fifth opportunity for a record vote in the House on this question. In the event the Senate requests a conference and the House agrees to the conference asked, then under ordinary procedure, after a successful conference, a report would first be made to and acted upon by the House. Under such circumstances, where the House first acts on the report, a motion to recommit the report to the conferees, with instructions to the House conferees to agree to section 11, would be in order before the question is put upon the adoption of the conference report. There are, therefore, 2 opportunities in the House on the conference report and 3 opportunities in the House while the bill is being considered to have record votes on the Senate bill or section 11 thereof—5 opportunities in all, as I stated at the outset.

That is the parliamentary situation, and this rule permits consideration under the ordinary procedure of the House, except for the two exceptional opportunities granted, of separate votes on amendments to the committee amendment and as between the Senate bill and the committee substitute. I submit this is as fair an opportunity as any bill ever had, and fairer than that had by many other bills of far greater importance. No bill ever had a greater opportunity, and I believe the Rules Committee has done the House a very liberal service in reporting out this rule in this form. [Applause.]

Mr. RANSLEY. Mr. Speaker, will the gentleman from New York use a little more time?

Mr. O'CONNOR. I understood the minority did not desire any time.

Mr. RANSLEY. Mr. Speaker, this is an open rule, and there is no desire on our part to prolong the debate.

Mr. RANKIN and Mr. COX rose.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

Mr. RANKIN. Mr. Speaker, that is not fair to the House.

Mr. COX. That procedure should not be tolerated.

The SPEAKER. That is a question for the House to determine.

The gentleman from New York moves the previous question on the resolution.

The question was taken; and on a division (demanded by Mr. KVALE and Mr. MCFARLANE) there were—ayes 176, noes 44.

Mr. KVALE. Mr. Speaker, I make the futile demand for the yeas and nays.

The SPEAKER. The gentleman from Minnesota demands the yeas and nays. Those in favor of taking this vote by the yeas and nays will rise and stand until counted. [After counting.] Thirty-two gentleman have risen, not a sufficient number, and the yeas and nays are refused.

So the previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. MCFARLANE) there were—ayes 146, noes 32.

So the resolution was agreed to.

ORDER OF BUSINESS

Mr. RANKIN. Mr. Speaker, may I ask for a moment to interrogate the gentleman from Colorado, the majority leader?

There are gentlemen who are to speak on this bill, and, as we all know, this is one of the most important bills that has come before this Congress. The chairman of the committee has worked very hard and has expressed a desire to begin the debate tomorrow, and I thoroughly agree with him.

So why not adjourn the House now and take the bill up tomorrow. If we want to meet at 11 o'clock tomorrow, I think the House will agree to that; but let us wait until tomorrow to begin this debate, so we may have time to read the bill and the report.

HOUR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. LEHLBACH. Reserving the right to object, I wish to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. After the reading of the Journal tomorrow and the disposition of matters on the Speaker's table, will the first business be the reading of the engrossed copy of the merchant marine bill?

The SPEAKER. That will be the unfinished business. Is there objection to the request of the gentleman from Colorado that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow?

There was no objection.

NATIONAL LABOR RELATIONS BOARD

Mr. CONNERY. Mr. Speaker, I present a conference report for printing under the rule.

The Clerk read as follows:

Conference report on S. 1958, to promote equality of bargaining power between employers and employees, to diminish the cause of labor disputes, to create a National Labor Relations Board, and for other purposes.

AUTHORIZING THE USE OF PARK PROPERTY IN THE DISTRICT OF COLUMBIA BY THE BOY SCOUTS OF AMERICA

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2738) to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree

Be it enacted, etc., That the act entitled "An act to authorize the Secretary of War and the Secretary of the Navy to lend Army and Navy equipment for use at the national jamboree of the Boy Scouts of America", approved April 1, 1935, is amended by adding at the end thereof a new section to read as follows:

"SEC. 2. The Secretary of the Interior is hereby authorized to grant permits through the National Park Service and the Superintendent of National Capital Parks for use by the said Boy Scouts of portions of parks, reservations, or other public spaces under his control in the District of Columbia and environs as in his opinion may be temporarily spared for that purpose: *Provided*, That such use will inflict no serious or permanent injury upon any of the parks, reservations, or other public spaces: *And provided further*, That the parks, reservations, or other public spaces, which shall be so used or occupied, shall be promptly restored to their original condition by the Boy Scouts, and the said Boy Scouts shall indemnify the United States for all damages of any kind whatsoever sustained by reason of any such use or occupancy. The privileges and usages granted by the Secretary of the Interior shall include the temporary erection of tents for entertainment, hospitals, commissaries and other subsistence quarters, and other purposes; and the said Boy Scouts are hereby authorized to charge reasonable fees for the use of the same, and to sell articles at said commissaries, which sales shall be solely for the convenience of the participants in the jamboree. The net profits derived from such sales or fees shall be used exclusively to aid in meeting expenses incident to the said jamboree. The sale of foodstuffs in or about such tents or elsewhere upon the public spaces used by the Boy Scouts as authorized by this bill shall be under the supervision of the health officer of the District of Columbia and in accordance with regulations to be prescribed by him. The use and erection of tents shall at all times be subject to the supervision of the fire marshal of the District of Columbia and shall be subject to such regulations as he may prescribe.

"The erection and use of tents for any purpose involving health or sanitation shall be subject to the supervision of the health officer of the District of Columbia and to such regulations as he may prescribe."

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

PERSHING HALL

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That $482,032.92 of the fund entitled "Recreation fund—Army", created by the War Department Appropriation Act, approved March 4, 1933, is hereby authorized to be appropriated by the Secretary of the Treasury for effecting a settlement of any indebtedness connected with and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, men, and auxiliary services of the American Expeditionary Forces, to the end that such memorial as so freed from debt and reorganized may be perpetuated: *Provided*, That the amount herein provided shall not be used for the purposes indicated herein, until the legal title to said property shall have been vested in the Government of the United States for the use and benefit of all American officers and enlisted men of the World War. Any balance not required for settling such indebtedness shall be available for expenditure by and under the direction of the American Legion, Inc., for the maintenance and/or to secure the perpetuation of such Pershing Hall.

SEC. 2. An itemized report shall be transmitted to the Senate and House of Representatives on the first day of each regular session of Congress of expenditures made in pursuance herewith.

With the following committee amendments:

Page 1, line 7, strike out the words "and the reorganization of."

Page 2, line 1, after the word "France", insert the words "under the auspices of the American Legion, Inc."

Page 2, line 4, strike out the words "and reorganize."

Page 2, line 10, after the word "War", strike out "Any balance not required for settling such indebtedness shall be available for expenditure by and under the direction of the American Legion, Inc., for the maintenance and/or to secure the perpetuation of such Pershing Hall" and insert the following:

"SEC. 2. Any balance remaining after settlement of such indebtedness shall be retained by the Secretary of the Treasury as a special fund to be known as the 'Pershing Hall Memorial Fund.' The Secretary of the Treasury is authorized (a) to invest and reinvest any part or all of the corpus of this fund so remaining in interest-bearing United States Government bonds and retain custody thereof; and (b) upon request of the American Legion, Inc., the Secretary of the Treasury shall pay to the national treasurer of the American Legion, Inc., from time to time any part of the earnings upon the fund for use in the maintenance and/or perpetuation of Pershing Hall."

The committee amendments were agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended.

LET US HAVE A REDISTRIBUTION OF COMMON SENSE

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech I delivered over the radio last Monday on the present economic situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARTLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech which I delivered over the radio last Monday:

The greatest obstacle to recovery and the foremost threat to our national security is the unbridled preaching of class hatred and the Utopian schemes of demagogues, political racketeers, and rabble-rousers.

Since the beginning of the depression these false prophets have played upon the emotions of our people with their fantastic and impractical cure-alls. Seizing the opportunity caused by the distress of our people, and their resulting willingness to grasp any straw, these agitators are fast destroying the morale and initiative of the American people by creating the impression that the United States Government owes everyone a living, whether they work for it or not. Their program is based on the naive theory that to make promises of security is to realize them; to give away the taxpayers' money is to make everybody happy; and that bankruptcy never comes when budgets are indefinitely unbalanced. It is not difficult to understand the credulity of those in adversity when Upton Sinclair offers to end poverty, although it was never clear to anybody, including Mr. Sinclair, how this was to be done; when Dr. Townsend proffers the economic monstrosity of $20,000,000,000 annually to those of 60 years of age; when the Senator from Louisiana proposes to share the wealth and make every man a king; and even the President of the United States embarks upon a soak-the-rich program and demands what he calls a "redistribution of wealth." All these chimerical ideas have had their counterpart in history. All through the pathetic annals of man's tortuous and blood-stained journey toward a better economic life there appear these vivid personalities—fanatics, charlatans, self-chosen Messiahs, tyrants, and visionaries—who have played upon the ignorance, credulity, and hopes of men. From the year 66 B. C., when Catiline inflamed the slaves to rebellion by promising to wipe out all debts, through Coxey's leading his ragged army to Washington in 1893, to Senator HUEY LONG and his share-the-wealth movement, there is the endless line of men who have stirred the masses to futile action, often to riot, rebellion, and revolution. It would be a grave misconception of history to assume that all these men were conscienceless demagogues seeking power. While many were exactly that, a few were visionary reformers of the noblest ideals. However, the one outstanding fact is that history fails to show a single case where the rabble-rouser accomplished any good for those who followed him. In nearly every case he injured them, bringing death, or leading to excesses that made their conditions worse—if not that, he accomplished nothing.

The visionaries of the present day have afflicted many of our people with the intellectual malady that economic principles can be changed by legislative manipulation; an idea just as impractical and farcial as to defy the laws of nature by congressional mandate. There is no way, for example, to share the wealth and maintain our present economic system or its productivity. To divide the wealth of Henry Ford, accumulated by genius and industry, would bring no lasting benefits to the recipients, and would in the bargain, take away the jobs, destroy the earning power of thousands who today find employment in that great industrial enterprise. Those who would share the wealth or who would tax private wealth out of existence with a soak-the-rich tax program, might well remember the admonition of Abraham Lincoln when he said, "Property is the fruit of labor, property is desirable, it is a positive good in the world. That some should be rich shows that others may become rich and hence is just encouragement to industry and enterprise. Let not him, who is houseless pull down the house of another, but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built." Why should anyone advocate or support such proposals as the redistribution of, or share-the-wealth plans. When one class earns money it does not have to take it or rob it from the other class. Wealth creates wealth. True security and happiness must be earned, and earned by self-supporting work. All people since the beginning of time who tried to get something for nothing ended up with nothing. We have reached a time in our history when it becomes necessary for every true American to engage in a determined battle to defend and maintain the system and principles upon which our Nation was founded and upon which it has advanced to world economic and moral leadership. Is it not a fact that few, if any, fortunes have increased during the depression; that rich and poor alike have suffered from the crash in 1929? Why then should it not be our ambition and our purpose to rebuild the fortune of all our people. Is not the future of our country dependent upon the well-being and happiness of all the people, rather than any particular group or class? How, you may rightfully ask, can we rebuild the fortunes of all? I humbly suggest; first, adhere to that most fundamental statement in the Declaration of Independence, that "all men are created equal", and let us forget class prejudice. Second, remove the menace of destructive legislation, now before Congress, which hangs like a sword of Damocles over business recovery. Remove these obstructions and release the flood waters of prosperity.

A home market estimated between seventy-five and eighty-five billion dollars, with work for nearly everyone, awaits the restoration of the confidence of the investing public and business leaders of the Nation. Col. Leonard Ayers, the noted statistician, states: "The shortages in the output of industrial goods that have accumulated during the depression amounts to the complete normal output of all the durable-goods industry for 2½ years. In order to make up for that shortage those industries will have to operate 25 percent above their normal rates of active production for the next 10 years. In other words, in order to catch up to normal it will take 25 percent more men and women working every day for the next 10 years than was required by the peak production years of 1927, 1928, 1929." This work is held back because of political interference, because many of our laws now in effect, and those proposed, are not to help the 95 percent who are honest, but to put the same strait-jacket on them that we put on the 5 percent who are dishonest. We are killing the goose that laid the golden egg.

As a Member of Congress I am just as interested, and sincerely so, in improving conditions of those who toil, but I feel that we have had enough theory, enough panaceas, and that it is high time for us to be practical. Restore man's right to that which he earns, which is the driving force that has created national vitality. Restore the integrity of the Government and its obligations by at least attempting to balance the national Budget. Discontinue excessive and wasteful expenditures.

It would seem to me that any political party could retain the affection and support of our people by helping them return to their natural field of employment, rather than by maintaining them through a gigantic political machine on the pay roll or on the dole. Keep the individual the master rather than the slave of the State. Limit the power of politics to the bounds prescribed and dictated by the Constitution of the United States. I submit in closing: The restoration of economic security for the American people depends not upon the favor of any one class, nor upon a redistribution of wealth, but rather upon a redistribution of common sense.

THE ALIEN MENACE TO AMERICA

Mr. DIES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a recent radio address which I delivered.

The SPEAKER. Is there objection?

There was no objection.

Mr. DIES. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address which I have delivered before numerous civic, fraternal, and patriotic organizations in different States, and which I recently delivered on June 21 over the blue network of the National Broadcasting Co., under the auspices of more than 100 patriotic societies, with some four or five million members listening in. In view of the fact that my time was limited to 30 minutes, I was compelled to abbreviate parts of my speech, but I am here including the speech in full:

My fellow Americans—and by the term Americans I mean all citizens of this country whether naturalized or native born, and regardless of the church, race, or political party to which you belong the homogeneous group of 3,000,000 people who established this Republic and laid deep and strong the institutions of freedom were motivated by one purpose and dominated by one desire. They wanted to safeguard by written guaranties the fullest degree of religious, economic, and political freedom consistent with the public welfare. The course chosen by them in defying the trained soldiers of England with material odds heavy against them, was not an easy one. They could have acquiesced in the oppressive rule of European collectivism with far greater assurances and prospects of personal safety and economic security. They put their lives and fortunes in dire jeopardy when they declared their separation from foreign rule and influence. But so priceless was liberty to them in comparison with the material comforts of life that they preferred poverty and hunger to economic dictatorship and death to slavery. After they had achieved the independence of America they were faced with another momentous decision. The influential and wealthy Federalists wanted to establish a strong central government with the smallest possible degree of State and local sovereignty.

They pointed out that a strong Federal government by reason of its greater efficiency could better promote economic security and bring about more uniformity in laws and institutions. Our fathers did not fall for this bait. While conceding the advantages of centralized government, they insisted that the most priceless possession of mankind was freedom and that the experiences of all nations and peoples had shown that freedom seldom survived the establishment of centralized governments.

With jealous care and uncanny wisdom they devised the most complete system of constitutional guaranties the world has ever seen. They declared in unmistakable terms that there were certain inherent and inalienable rights which neither local nor Federal Government could take away from the people. They established the eternal principle that not even the most overwhelming majority could impose its will upon a helpless minority in respect

to those inherent rights. The Federal Government was, therefore, vested with a limited jurisdiction which was clearly defined. To prevent the centralization of undelegated power in the Federal Government, it was plainly provided that all power not delegated to the National Government by specific wording or fair implication was expressly reserved by the States and the people. Even this limited and circumscribed Federal jurisdiction was divided among three separate and distinct branches—the legislative, the judicial, and the executive—with a system of checks and balances to prevent the encroachment of one branch upon the jurisdiction of another. So that the whole framework of the American Government is like so many concentric circles, each in proportion to its nearness to the people being vested with the greatest possible jurisdiction. This system was essentially American and wholly unlike any form of government that ever existed in any other country. It was based upon a political philosophy and a conception of the rights of man which have remained unique to this very day. It was formulated by men whose understanding of the lessons of history and whose vision of the future were not obscured by the ancient prejudices that had grown up with older societies. It was wisely designed to combine in one constitutional fabric of enduring texture the maximum advantages of the principal forms of government that had existed in the past with a minimum of their disadvantages. And so it may be said that out of the experiences of ages and the wisdom of time our fathers combined in one great constitutional structure the authority of law and the security of property with a liberty of discussion and a freedom of individual action never before known.

Under these wise and liberal institutions the 3,000,000 Americans of 1776 increased to 31,000,000 in 1860. Only about 4,000,000 of this population increase was due to immigration. Our attachment to the Constitution was so deep that we fought 4 years over its correct interpretation. From the conclusion of that unfortunate struggle until 1930 the great alien invasion of the United States took place. From the foreign stock of about 4,000,000 in 1860 we grew to a foreign stock of more than 40,000,000 in 1930.

No other country has ever witnessed such an alien influx, with the possible exception of Rome, and the best authorities concede that the major factor which produced the fall of Rome was immigration. No other nation could have survived this invasion. Lecky in his History of European Morals described the important part played by immigration in producing the decline and fall of Rome. He says:

"Together with these influences, many others of a kindred nature may be detected. The colonial policy which the Gracchi had advocated was carried out at Narbonne, and during the latter days of Julius Caesar, to the amazement and scandal of the Romans, Gauls of this Province obtained seats in the senate. The immense extent of the Empire made it necessary for numerous troops to remain during long periods of time in distant Provinces, and the foreign habits that were thus acquired began the destruction of the exclusive feelings of the Roman Army, which the subsequent enrollment of barbarians completed. The public games, the immense luxury, the concentration of power, wealth, and genius, made Rome the center of a vast and ceaseless concourse of strangers, the focus of all the various philosophies and religions of the Empire, and its population soon became an amorphous, heterogeneous mass, in which all nations, customs, languages, and creeds, all degrees of virtue and vice, of refinement and barbarism, of scepticism and credulity, intermingled and interacted. Traveling had become more easy and perhaps more frequent than it has been at any other period before the nineteenth century. The subjection of the whole civilized world to a single rule removed the chief obstacles to locomotion. Magnificent roads, which modern nations have rarely rivaled and never surpassed, intersected the entire Empire, and relays of post horses enabled the voyager to proceed with an astonishing rapidity.

"The sea, which, after the destruction of the fleets of Carthage, had fallen almost completely under the dominion of pirates, had been cleared by Pompey. The European shores of the Mediterranean and the port of Alexandria were thronged with vessels. Romans traversed the whole extent of the Empire on political, military, or commercial errands, or in search of health, or knowledge, or pleasure. The entrancing beauties of Como and of Tempe, the luxurious manners of Baiae and Corinth, the schools, commerce, climate, and temples of Alexandria, the soft winters of Sicily, the artistic wonders and historic recollections of Athens and the Nile, the great colonial interests of Gaul attracted their thousands, while Roman luxury needed the products of the remotest lands, and the demand for animals for the amphitheater spread Roman enterprise into the wildest deserts. In the capital the toleration accorded to different creeds was such that the city soon became a miniature of the world. Almost every variety of charlatanism and of belief displayed itself unchecked and boasted its train of proselytes. Foreign ideas were in every form in the ascendant. Greece, which had presided over the intellectual development of Rome, acquired a new influence under the favoring policy of Hadrian, and Greek became the language of some of the later as it had been of the earliest writers. Egyptian religions and philosophies excited the wildest enthusiasm. As early as the reign of Augustus there were many thousands of Jewish residents at Rome, and their manners and creed spread widely among the people. The Carthaginian Apuleius, the Gaula Florus and Favorinus, the Spaniards Lucan, Columella, Martial, Seneca, and Quintilian had all in their different departments a high place in Roman literature or philosophy.

"In the slave world a corresponding revolution was taking place. The large proportion of physicians and sculptors who were slaves, the appearance of three or four distinguished authors in the slave class, the numerous literary slaves imported from Greece, and the splendid examples of courage, endurance, and devotion to their masters furnished by slaves during the civil wars, and during some of the worst periods of the Empire, were bridging the chasm between the servile and the free classes, and the same tendency was more powerfully stimulated by the vast numbers and overwhelming influence of the freedmen. The enormous scale and frequent fluctuations of the great Roman establishments, and the innumerable captives reduced to slavery after every war, rendered manumission both frequent and easy, and it was soon regarded as a normal result of faithful service. Many slaves bought their freedom out of the savings which their masters always permitted them to make. Others paid for it by their labor after their emancipation. Some masters emancipated their slaves in order to obtain their part in the distribution of corn, others to prevent the discovery of their own crimes by the torture of their slaves, others through vanity, being desirous of having their funerals attended by a long train of freedmen, very many simply as a reward for long service. The freedman was still under what was termed the 'patronage' of his former master; he was bound to him by what in a later age would have been called a feudal tie, and the political and social importance of a noble depended in a very great degree upon the multitude of his clients. The children of the emancipated slave were in the same relation to the patron, and it was only in the third generation that all disqualifications and restraints were abrogated. In consequence of this system, manumission was often the interest of the master. In the course of his life he enfranchised individual slaves. On his deathbed or by his will he constantly emancipated multitudes. Emancipation by testament acquired such dimensions, that Augustus found it necessary to restrict the power; and he made several limitations, of which the most important was that no one should emancipate by his will more than 100 of his slaves. It was once proposed that the slaves should be distinguished by a special dress, but the proposition was abandoned because their number was so great that to reveal to them their strength would be to place the city at their mercy. Even among those who were not slaves, the element that was derived from slavery soon preponderated. The majority of the free population had probably either themselves been slaves, or were descended from slaves, and men with this tainted lineage penetrated to all the offices of the State. 'There was', as has been well said, 'a circulation of men from all the universe. Rome received from them slaves, and sent them back Romans.

"It is manifest how profound a change had taken place since the republican days when the highest dignities were long monopolized by a single class, when the censors repressed with a stringent severity every form or exhibition of luxury, when the rhetoricians were banished from the city lest the faintest tinge of foreign manners should impair the stern simplicity of the people, and when the proposal to transfer the capital to Veii, after a great disaster, was rejected on the ground that it would be impious to worship the Roman deities anywhere but on the capitol, or for the flamens and the vestals to emigrate beyond the walls.

"The greater number of these tendencies to universal fusion or equality were blind forces resulting from the stress of circumstances and not from any human forethought, or were agencies that were put in motion for a different object. It must, however, be acknowledged that a definite theory of policy had a considerable part in accelerating the movement. The policy of the Republic may be broadly described as a policy of conquest, and that of the empire as a policy of preservation. The Romans having acquired a vast dominion were met by the great problem which every first-class power is called upon to solve—by what means many communities, with different languages, customs, characters, and traditions can be retained peaceably under a single ruler. In modern times this difficulty has been most successfully met by local legislatures which, if they supply a 'line of cleavage', a nucleus around which the spirit of opposition may form, have on the other hand the priceless advantage of giving the annexed people a large measure of self-government, a center and safety valve of local public opinion, a sphere for local ambitions, and a hierarchy of institutions adapted to the distinctive national type. Under no other conditions can a complex empire be carried on with so little strain, or effort, or humiliation, or its inevitable final dissolution be effected with so little danger or convulsion. But local legislatures, which are the especial glory of English statesmanship, belong exclusively to modern civilization. The Roman method of conciliation was first of all the most ample toleration of the customs, religion, and municipal freedom of the conquered, and then their gradual admission to the privileges of the conqueror. By confiding to them in a great measure the defense of the Empire, by throwing open to them the offices of state, and especially by according to them the right of Roman citizenship, which had been for centuries jealously restricted to the inhabitants of Rome, and was afterward only conceded to Italy and cis-Alpine Gaul, the Emperors sought to attach them to their throne. The process was very gradual, but the whole movement of political emancipation attained its completion when the imperial throne was occupied by the Spaniard Trajan, and by Pertinax, the son of a freedman, and when an edict of Caracalla extended the rights of Roman citizenship to all the provinces of the Empire.

"It will appear evident from the foregoing sketch that the period which elapsed between Panaetius and Constantine exhibited an irresistible tendency to cosmopolitanism. The convergence, when we consider the number, force, and harmony of the influences that composed it, is indeed unexampled in history. The movement extended through all the fields of religious, philosophical, political,

industrial, military, and domestic life. The character of the people was completely transformed, the landmarks of all its institutions were removed, the whole principle of its organization was reversed. It would be impossible to find a more striking example of the manner in which events govern character, destroying old habits and associations, and thus altering that national type of excellence which is, for the most part, the expression or net moral result of the national institutions and circumstances. The effect of the movement was, no doubt, in many respects evil, and some of the best men, such as the elder Cato and Tacitus, opposed it as leading to the demoralization of the Empire; but if it increased vice, it also gave a peculiar character to virtue. It was impossible that the conception of excellence, formed in a society where everything conspired to deepen class divisions and national jealousies and antipathies, should be retained unaltered in a period of universal intercourse and amalgamation. The moral expression of the first period is obviously to be found in the narrower military and patriotic virtues; that of the second period in enlarged philanthropy and sympathy."

It is to the genius of the American institutions and people and their capacity for self-government that we must attribute our survival. I do not mean to imply that there were not many splendid people who came during this period and who are as good Americans as those whose forefathers came on the *Mayflower*. But I do mean to state that the sudden and indiscriminate entrance of so many different races, with so many antagonistic views and different social, political, and economic ideas and backgrounds, was a severe shock to our political and economic institutions, from which we will not recover for a long time.

The most acute and distressing problem that confronts us is that of unemployment. We have already spent billions of dollars in an effort to furnish jobs and relief to the 10,000,000 idle people in the Nation. Innumerable plans and schemes have been proposed to cure this economic disorder. We have embraced new and untried experiments to cope with this serious situation. We are now preparing to spend nearly $5,000,000,000 to put 3,500,000 idle people to work, and we are making radical changes in our economic laws in an effort to prevent the recurrence of this condition.

Professors, economists, and politicians have cited many causes of unemployment. Some of them hold to the opinion that the capitalistic system has failed and that we must embrace state socialism to furnish employment to our people. Others contend that we must retain the principal features of capitalism but drastically modify its technique in conformity with the industrial changes that have occurred in the past 20 years.

PRIMARY CAUSE OF UNEMPLOYMENT

It is a strange paradox that while so many learned theorists have been busy discovering causes of the unemployment and proposing remedies of every character and description few leaders have pointed out the fundamental cause of unemployment in this country.

It is, of course, true that many factors combined to produce the wide-spread and prolonged unemployment in this country. The unparalleled credit inflation prior to 1929, which was succeeded by inevitable deflation, the introduction of labor-saving devices which displace man power, the severe disparity between agricultural and industrial prices, with the consequent impairment of the farmers' purchasing power and the serious decline of export trade, which normally furnishes employment to 10,000,000 people, were all important but secondary causes of unemployment. The primary cause was immigration. If we had not permitted millions of aliens to enter this country, the secondary causes which I have enumerated would not have been sufficient to produce any serious unemployment in this country, although we would have no doubt experienced an economic depression.

During the tragic days when industrial greed and legislative stupidity encouraged millions of impoverished aliens to invade our shores in hungry quest of jobs and fortunes many patriotic people in America exerted their influence to the utmost in an effort to obtain a reversal of this short-sighted policy and avert the social, economic, and political evils which unrestricted immigration has never failed to produce in the experiences of nations and peoples. If the Nation had awakened at that time to the folly of its immigration policy and refused admission to the 20,000,000 or more of aliens that have since joined the competitive ranks of industry, agriculture, and labor, it is reasonable to believe that the unemployment problem would never have assumed such serious proportions in this country. In fact, it is improbable that a labor surplus would have been known in this age and generation. It is safe to say that we invited the evils of the Old World's political, economic, and social disorders by offering our fertile lands and priceless resources, which our fathers designed as a heritage for their children, as a refuge for the jobless and malcontents of Europe.

OUR FOOLISH IMMIGRATION POLICY

Industrial greed, which subordinated the ultimate good of the country for the temporary profits that cheap pauper labor seemed to promise, combined with that maudlin sentimentality which has ever been the curse of America and the principal source of many of the ills which we have brought upon ourselves, dictated this unwise and destructive policy. That this short-sighted policy is responsible for the present unemployment can be proven by simple mathematics. We now have in this country 16,500,000 foreign born and 7,500,000 aliens, according to my recent estimates. We have approximately 10,000,000 unemployed. If we had refused admission to the 16,500,000 foreign born who are living in this country today we would have no unemployment problem to distress and harass us. Even if we had excluded the 7,500,000 aliens who are living in this Nation, at this very moment our unemployment would be normal.

We can make the point still more forcible by confining our consideration to the aliens who are illegally in this country. Conservative estimates demonstrate that there are about 3,500,000 aliens unlawfully in this country today. Many of these aliens were smuggled into the United States. Large numbers crossed the Mexican and Canadian borders surreptitiously. We have accurate figures to prove that 500,000 aliens came into this country unlawfully as seamen. Under the law, an alien seaman is entitled to land on our shores and remain here for 90 days. Five hundred thousand of such aliens deserted their ships in the past 13 years and were lost in the great cities of the East. In 1900 there were only 103,393 Mexicans in the entire United States, according to the census. In 1930 the census showed 1,422,533, or an increase of 1,276 percent.

NUMBER OF ALIENS ILLEGALLY HERE

When we say that there are 3,500,000 aliens unlawfully in this country we are giving a conservative estimate. It must not be forgotten that this class of aliens avoid the census enumerators and that in the absence of registration or some accurate method, it is impossible to say definitely how many are here. As a result of long study and careful investigation, it is my own opinion that we may have as many as five or six million aliens who are unlawfully in the United States.

As an indication of the number of aliens entering this country illegally, I refer to the recent testimony of the Commissioner of Immigration, Mr. MacCormack. He estimated that the value of seizures by the border patrol of vehicles used in smuggling aliens for the year 1933 was $283,744. This included 13 airships valued at $89,500. There are, of course, many more airships and vehicles used to smuggle aliens into this country that are never seized.

Of the 7,500,000 aliens who are in this country there are from 1,000,000 to 1,500,000 on public relief. This leaves about 6,000,000 aliens who are deriving their livelihood from jobs which American citizens should fill and would fill if we had the same laws that are in force in other countries. So that, from any angle of approach it must be evident to every thinking American citizen that the unemployment problem was transferred to America from foreign lands. Our unemployment problem is, therefore, foreign and not American. Foreign countries "dumped" their unemployment problem upon our shores. I do not see how anyone can deny this obvious truth.

I am aware of the fact that the Commissioner of Immigration, Col. D. W. MacCormack, made a statement on June 20, 1935, to the Immigration Committee in which he attacked the figures I have used in reference to the number of aliens who are illegally in this country. He said that the figure, 3,500,000, is a gross exaggeration and that the total number who either entered illegally or who cannot after the lapse of years prove their legal entry is less than 400,000. In the time allotted to me it is impossible for me to advance detailed proof in substantiation of my figure, but let us briefly analyze the Commissioner's statement. In the first place, it must be borne in mind, as the Commissioner admits, that we have no official record of illegal entrants. Therefore we must go to sources of information other than the official figures of the Immigration and Census Bureaus. Everyone knows that an alien unlawfully in the country will avoid the census enumerators, and certainly conceal his presence from the Immigration Bureau, which is charged with the duty of deporting him. In the Commissioner's statement he says that instead of 500,000 alien seamen deserting in the past 13 years, as I have repeatedly charged, that only 164,808 actually deserted. The Commissioner is relying upon the reports of the shipowners, and it is well known that many of the shipowners only report a small number of actual desertions. Evidence before the Senate and House committees has shown beyond any question that aliens have paid as high as $1,500 to some ship officials to permit them to sail under the guise of a seaman and desert when they reached American shores. Naturally, ship officials who are in collusion with the alien, or who are subject to a fine, would not disclose the desertion to the Immigration Bureau. We have the statement of Mr. Frank Morrison, secretary of the American Federation of Labor, that at least 500,000 immigrants have unlawfully entered the United States disguised as seamen since 1921. We have the statement of the Senate and House Immigration Committees in their favorable reports on the seamen bill that this figure is correct. We have the report of the Commissioner General of Immigration in 1931 to show that from 1907 to 1931 there were recorded desertions of 307,320. We even have the statement of Colonel MacCormack in his annual report for the year ended June 30, 1933, as follows:

"In the past oftentimes as many as half of the crew of vessels of certain flags, passed as bona fide seamen, would desert in port and when the vessel came to sail the master would sign on none, or very few, others to replace them, a plain indication that the crew was excessive upon arrival, and a moral certainty that aliens had been signed on for a consideration and with foreknowledge that illegal entry into the United States was planned. This is one of the many 'rackets' to circumvent the immigration laws, but is not actionable unless convincing and corroborative evidence of conspiracy is obtained, which is almost impossible, as the deserters speedily lose themselves in our population."

To prove that the 1933 statement of Colonel MacCormack was correct, we have only to refer to the testimony of Andrew Feruseth, president of the American Seamen of America, which shows that

there are twice as many desertions as are actually recorded. As a result of careful investigation he found that, "Comparison between the number given by the masters of 10 vessels and the number furnished to consular offices in New York showed an increase in the consular offices of 40 percent, and that comparison was made in New York alone and in 10 firms only."

The Commissioner cites census figures which he says disposes of my charge that there are 500,000 Mexicans illegally here. As I have already shown, there are no official records to show how many Mexicans entered this country illegally. But the Secretary of Labor in 1929 said: "We estimate that more than 1,000,000 Mexicans are illegally in this country." In order for Mexicans to enter this country legally they are required to pass the literacy test. According to the last census of Mexico, only one-fifth of its population could read and write. Applying the same percentage to the Mexicans who came to the United States, we would be justified in saying that four-fifths of them did not pass the literacy test and, therefore, came in violation of the law.

In the Commissioner's statement of June 20, 1935, he said that "Immigration border patrol has, however, been so effective in recent years that there have been comparatively few successful illegal entries" from Mexico. However, in the annual report for the year ended June 30, 1933, he said, "Illegal entries have not greatly decreased on the Mexican border." The truth is that the Labor Department has no accurate idea of the number of aliens illegally in this country. The very fact that the Labor Department is seeking to obtain nearly $5,000,000 to make a complete census of foreign-born persons in the United States demonstrates this fact. If the official figures of the Census Bureau and the Immigration Bureau were reliable, why does the Secretary of Labor want this much money to determine how many aliens are here unlawfully? However, there is a definite way that we can settle this question. Will the Labor Department join with me in securing a bill requiring the registry of all aliens?

As to the Commissioner's statement that there is in this country today an antialien prejudice which affects directly or indirectly a third of our population, I want to make it plain that neither myself nor the restriction forces with which I have been associated in this fight are actuated by the slightest prejudice toward the foreign-stock population. Our fight for restriction and deportation is as much in the interest of the foreign-stock American citizens as the native-born citizens. If any effort is being made to appeal to prejudice it comes from those enemies of restriction who would seek to becloud the economic issue involved by making it appear that the question is one of race or religion or alien prejudice. There is nothing in my bill and proposal that will not benefit the foreign-stock American citizens the same as the native-born citizens.

WHAT ARE WE GOING TO DO?

But you ask, and properly so, what are we going to do about it? We have these aliens in the United States and how can we get rid of them. I agree with you that there is nothing we can do so long as our immigration policy is dominated by sentimentality, fatuous internationalism, industrial greed, and alien political influence. So long as we permit America to be made the asylum for the peoples of other lands and the dumping ground for Europe, and so long as politicians fear the vote and influence of alien groups and blocs in the great cities, there is nothing that we can do except to continue to struggle with the unemployment problem of other nations and tax our people to the limit of endurance to provide relief for the 1,500,000 aliens and for the 9,000,000 Americans whose jobs have been taken by foreigners. But when the time comes, as surely it will, that we adopt and develop an American policy based not upon racial and religious hatred but upon the stern law of self-preservation and the ancient truth that charity should begin at home, there is much that we can do. In the first place, we can permanently close, lock, and bar the gates of this country to any pioneer immigration and then throw the keys away. There is certainly no need for immigration during the next 50 years. We will have our hands full to furnish employment to the natural increase of our own population, and to give to the youth of today and tomorrow their place underneath the sun.

THE HARDSHIP ARGUMENT

Of course, the antirestrictionists employ the threadbare argument that we have already reduced immigration to a minimum and that under the quota only 150,000 immigrants can come to this country annually from quota countries. It is pointed out that immigration to the United States has been trivial and unimportant since 1930. It is true that on September 8, 1930, the White House issued a press release pointing out that the public-charge clause had a special significance in times of widespread unemployment, and as a result of the strict interpretation of the public-charge provision, from September 8, 1930, until recently the number of aliens entering under the quota dwindled to a low level.

By reason of the strict enforcement of this section, about 900,000 aliens who might have been admitted during normal times were prevented from entering the United States to increase unemployment. In the 4 fiscal years 1931–34, 594,766 aliens expressed their desire to immigrate. Of this number 401,564 were denied visas because the consuls held that they were likely to become public charges. Although it is known throughout the world that the unemployment problem is very serious in this country, 203,314 aliens have requested that their names be kept upon the waiting lists, so that they can enter the United States for residence as soon as the law permits.

THE ALIEN HORDE READY TO ENTER

The American consuls estimate that in 47 out of 68 quota countries there are at this very moment 992,000 aliens who are anxious to enter the United States in spite of the unemployment here.

It must not be forgotten that the 900,000 aliens prevented from entering this country since 1930 were only kept out by unusual administrative action and not by law. This administrative reduction is admittedly to last only during the acute stages of the depression. As Mr. Simmons, Chief of the Visa Division, Department of State, said in his press release of April 30, 1934, "With the improvement in economic conditions, which is already setting in, the significance of the public-charge clause will proportionately decrease." In the same release, he also said, "As regards quota immigration, however, we find a very interesting recent change. The total of visas issued under the quotas is now 53 percent higher than a year ago, although we must remember that we are making our comparison with an all-time low ebb of immigration into the United States."

In other words, administrative strictness in interpreting the public-charge provision is now being relaxed, until we will soon be admitting from quota countries 153,000 aliens each year. This is proven by the fact that last year's immigration statistics show an increase of 50 percent in quota immigration—that is, new-seed immigrants—an 8-percent increase in total aliens admitted, and a 60-percent decrease in alien deportations, as well as a 50-percent increase in deserting seamen, alien stowaways, and the like. During the 10 years of quota restriction, 3,687,547 aliens of all classes have legally entered this country, 2,010,896 of whom were new immigrants. No other country has had or would ever tolerate any such alien influx, and it is no wonder that our last census revealed the greatest foreign-stock population in our whole history. Last year we admitted legally over 163,000 aliens of all classes, and no doubt as many more entered illegally. But while the 1924 quota law did reduce the number of aliens coming legally from quota countries, a serious mistake was made when the quota was not applied to the Western Hemisphere. This left both side doors open, and predatory employers and profit-seeking steamship companies were quick to take advantage of this mistake. These nonquota countries, and especially Mexico, supplied the cheap pauper labor that had formerly come from southern and eastern Europe. The legal and illegal entries from the nonquota countries, together with the increased smuggling of aliens and the desertion of alien seamen from quota nations, have done much to neutralize the beneficial effects of the 1924 Immigration Act. In other words, while we closed some of the doors, we left others open, and through these open doors aliens continued to enter in large numbers.

PRESENT LAW INSUFFICIENT

I think that I have shown that the quota law is wholly inadequate and that we cannot depend upon temporary administrative action to properly control immigration; and even if the quota laws were sufficient, the fact that there are no effective restrictions against immigration from the nonquota countries nullifies the effect of the quota law.

WHAT THE DIES BILL WILL DO

My bill H. R. 5921 proposes to reduce the quota 60 percent. This will leave 40 percent of the present quota to be used to gradually reunite families. New-seed immigration will be permanently stopped. My bill also applies the quota to the Western Hemisphere so that under its terms, with the exception of near relatives admitted gradually under the quota to reunite families, all immigration will be a thing of the past. Of course, my bill does not interfere with tourists, visitors, clergymen, etc., who come here for temporary periods and not for permanent residence.

My bill also provides that all aliens admitted for permanent residence in this country must take steps to qualify for citizenship 12 months from date and those aliens who fail to do so will be promptly deported. Since the 3,500,000 aliens unlawfully in this country cannot qualify for citizenship, they will be immediately deported. My bill also provides for the deportation of alien criminals, Communists, dope peddlers, smugglers, gangsters, and the like. I know that one of the specious arguments used against my bill is the so-called "hardship" cases. Although much is being said and printed about the alleged separation of families, the facts do not show any basis for these charges. According to the State Department, during the period October 1, 1930, to December 31, 1933, of more than 1,700 section 4 (a) relative applicants from Germany, visas were refused by our consulate general there, on public-charge grounds, to only 12. The State Department says that the same low percentage of refusals exists in the cases of the immediate families of foreign residents in this country. Under my bill the 40 percent remaining after the quota is reduced 60 percent will be used to gradually reunite families as economic conditions in this country permit. However, my bill will not even permit relatives to enter if they are likely to become public charges or take jobs away from Americans.

DIES BILL WILL NOT WORK UNDUE HARDSHIPS

I know it will be charged that it will result in many hardship cases to deport the millions of aliens unlawfully in this country. In regard to hardship cases resulting from deportation the Commissioner of Immigration, Mr. MacCormack, admitted that not more than 5 percent of all deportation cases could be properly classified as hardship cases. When it is considered that this percentage took into consideration the five-hundred-and-some-odd carry-overs from the previous year, it can be conservatively stated

that not more than 3 percent are bona fide hardship cases. In my opinion 3,500,000 aliens who are unlawfully in this country can be deported without working undue hardship upon them or their families. Of course, in the enforcement of any law someone must suffer. When a criminal is sent to the penitentiary his wife and family are compelled to suffer, but no one will contend that we should let these criminals go unpunished simply because their families will suffer. There is one sure way that the alien can prevent the separation of families and that is to take his family back to the old country with him, or not to come to this country unless he can bring his family with him. So it will not be the Government that is separating the families. It will be the families themselves who prefer to remain in the United States rather than to go to their native country with their deported relative. It is a question of who shall suffer, American citizens or the alien and his relatives. As between the two, it is the alien who should suffer. When he entered the country unlawfully he knew that he was violating our laws and subjecting himself to punishment. America is not responsible for his suffering, and why should our own citizens be punished to keep the alien from paying the price of his own misconduct.

As to the individual cases of unusual merit, where the alien was merely guilty of a technical breach, or where the records were improperly kept, I am perfectly willing that special bills shall be passed granting clemency. But I am not willing that discretionary powers shall be vested in some Secretary of Labor who may or may not be sympathetic with restriction, to deport or not to deport, as he or she sees fit.

GIVE JOBS TO AMERICANS

Not only must we permanently exclude new immigration from every country and deport the aliens unlawfully in our midst, but we must go one step further. We must pass a law similar to that in force in all other enlightened nations that will make it impossible for any employer to employ any alien so long as American citizens are walking the streets in search of jobs. If the 3,500,000 aliens in our midst are deported and new-seed immigration permanently excluded and every job given to Americans before any alien can be employed, the unemployment problem will be largely solved in the United States and there will be no need to appropriate billions of dollars out of the Treasury to furnish relief and work. This would constitute a major act of permanent recovery and would not violate the Constitution or constitute any departure from fundamental principles or the ancient landmarks of the fathers.

WHAT OTHER COUNTRIES ARE DOING

I know that there are sentimentalists, internationalists, and some greedy employers in this country, and politicians kow-towing to alien-minded voters, who will denounce this program as un-American. It makes no difference to them that all other enlightened countries have adopted drastic measures in the protection of their nationals. Under the laws of Mexico, restrictions as applied to immigrants require an investment in industry or agriculture of 20,000 pesos, or a sufficient independent income. A large group of aliens are excluded altogether. In Sweden aliens who arrive must show passports properly stamped, and the alien's entry and departure are recorded by the police. Aliens intending to take any form of employment, whether employed in Sweden or abroad, must secure a permit from the social board, which first obtains opinions from the public employment bureau, employers and workers in the trade and locality concerned. Belgium is curtailing the immigration of foreign labor and is giving all available jobs to Belgians before any alien can be employed.

The control of aliens residing in France is so close that admission formalities are less severe than our own, but aliens obtaining visas for France have their passports stamped with "not to occupy any salaried position." Argentina is so strict in the enforcement of her immigration laws that, with the exception of close relatives of residents, immigration has practically ceased. In the Netherlands no employer can employ a foreigner without written authorization from the Minister of Social Affairs, and this authorization is not given if they have a single citizen who can fill the available job. In Great Britain an alien cannot enter without a permit from the Ministry of Labor. Such permits are issued, not to the immigrant but to the prospective employer, and then only when he can show that no British subject is available to fill the particular job. This means, in effect, that only highly skilled specialists are admitted. In Germany immigration is effectually restricted by the fact that "permits to work", which are necessary for the obtainment of employment, are denied the aliens. Foreigners in Germany can be compelled to transfer to Germany financial means possessed abroad and receive marks therefor. Since these countries have set the example, is there any reason why we should not follow it in protection of our own citizens?

THE COMMUNIST PARADE

On May 1, while I was in New York, I witnessed a parade of 100,000 Communists. I did not see an American in the crowd. Many of them are aliens that should be deported, and others are foreign born who should have their naturalization papers canceled. Not a one carried an American flag, and they openly insulted and derided everything that we hold sacred in America. Well dressed and apparently well fed, they sang the Internationale and treated with base ingratitude the land that feeds them. Although they are infinitely better off than the starving peasants of Russia they prefer the Russian Government to the American. What would happen in Russia if 100,000 people marched through the streets of Moscow singing The Star-Spangled Banner and advocating the overthrow of the Russian Government and the establishment of the American system in its place? The ruthlessness with which the Soviet government has massacred its enemies demonstrates what would happen. There would be 100,000 less people in Russia than before the parade.

IMMIGRATION BROUGHT ALIEN DOCTRINES

Our immigration policy is responsible for the 40,000,000 foreign stock in this country and the resulting unemployment problem. It accomplished more than the importation of a labor surplus. We introduced into our midst alien political, economic, and social ideas. There can be no compromise between the American system and the foreign. Our conception of individual liberty, private initiative, and inherent rights of the citizenship is diametrically opposed to the theory of collectivism and state socialism which prevails in most of the foreign lands; communism, socialism, fascism, and Hitlerism have one underlying principle in common. They hold that the individual should be the pawn or creature of the State; that the State is everything and the individual nothing. They destroy freedom of speech, freedom of thought, and the right to worship God according to the dictates of one's conscience. None of these systems rest on the active growth or moral value of the individuals, without whom the State is a fiction or a monster. Mussolini's formula is: "Everything for the state, nothing outside the state, and nothing against the state." The American principle, as distinguished from the foreign philosophy, is that the state was created to serve the individuals and that the citizen is a sovereign crowned with the ballot and surrounded with certain inherent and inalienable rights which cannot be destroyed or abridged by the Government.

THE GREAT STRUGGLE

And so the titanic struggle in the United States is between American individualism on the one hand and European collectivism or state socialism on the other. American individualism does not mean the establishment of an industrial or financial feudalism controlled by a few men or interests. Such unrestrained individualism does not conform to the spirit of the American institutions of Government. There are some who construe American individualism to mean the concentration of wealth and power into the hands of a few. This is the European idea and never was American in origin or principle.

THE IMPORTANT QUESTION

The question is, Shall a few, whether that few be feudal lords under a system of concentrated ownership and control or a dictatorship under systems such as prevail in Russia and Italy, govern the masses or shall individual and political freedom be preserved? Shall American individualism, as proclaimed by Thomas Jefferson, applied by Andrew Jackson, and interpreted by Woodrow Wilson, be retained as the basis of our political, religious, and economic life, or shall we embrace the foreign philosophy of an enthroned and governing minority, whether that minority be the Communist of Russia, the Fascist of Italy, or the great industrial and financial lords who seek control of the wealth, natural resources, and the industrial power of the country?

NO MIDDLE GROUND

There is no middle ground or compromise. Either we are for or against America. If we are for America, we must be for the exclusion of new-seed immigrants and the deportation of those unlawfully here. If we are for America we are for those cardinal principles which are essentially American, such as liberty of speech, thought, and action consistent with the public weal, and the maintenance of a government that will be the servant of the people and not the master.

UN-AMERICAN ACTIVITIES

Those who are seeking to weaken our immigration, deportation, and naturalization laws by piecemeal legislation, such as removing the educational qualifications for citizenship, and even the obligation to defend their country in time of war, the legalizing of illegal entrants, the giving of discretionary power to the Secretary of Labor to deport or not to deport as she sees fit, the enlargement of nonquota classes, the nullification of the public-charge provision by the acceptance of worthless bonds, and all other such antirestriction measures which are now pending in Congress are working against the best interests of this country.

MOTIVES IMMATERIAL

The motives which actuate these various antirestriction blocs are immaterial and beside the question. The fact is that all of them—the internationalist, the sentimentalist, the greedy employer, or the steamship company seeking quick profits, and the aliens themselves and their relatives—are all working for the same results. Though actuated by different motives they have the same goal. They have hurled the challenge and thrown down the gauntlet.

THE OFFENSIVE IS ON

They are engaged in a great offensive. They secure hearings on their bills without any difficulty and get them reported out without delay. On the other hand, hearings are granted to us on restriction measures only during the closing days of the session, when it is too late to secure favorable action. Even when, after the greatest difficulty, we secure passage of restriction measures in the House, we cannot get a vote in the Senate as was illustrated by my two exclusion and deportation bills which passed the House in previous sessions only to die in the Senate for want of any active support.

WE ARE NOT LICKED

While we are on the defensive, we are not "licked." We shall continue to appeal to the American people until public sentiment is so thoroughly aroused and crystallized in this Nation that the majority of the people will demand immediate action. I am appealing to you my fellow countrymen to adopt the American slogan: America for Americans. The only way we can deport aliens is to deport them, and the only way to restrict immigration is to restrict it, and the only way to furnish employment to the idle American citizens is to give available jobs to American citizens before a single alien can be employed.

My friends, I regret that I cannot agree with Secretary of Labor, Miss Perkins, and with the Commissioner of Immigration, Mr. MacCormack, on this important question. Last year they sponsored two bills, H. R. 9725 and H. R. 9760, which were reported to the House by Representative DICKSTEIN, of New York, and in the Senate by Senator COOLIDGE, of Massachusetts, the respective Chairmen of the Immigration Committees of the two branches. The only one to come to an actual vote was H. R. 9725, which was defeated by a large majority. These bills were opposed by the American Federation of Labor, the Railroad Brotherhood, and patriotic societies in the United States. These bills would have given to the Secretary of Labor power to nullify the deportation laws and, to a large extent, immigration laws as well. An effort was made to jam these bills through Congress by saying they were administration bills. In fact, Mr. BYRNS, who was then the majority leader, stated on the floor of the House that the Secretary of Labor had called him to the telephone and asked him to say "that the President had expressed a very great interest and his very great desire to have all three of these immigration bills passed." In answer to Mr. BYRNS I stated that the President had not even seen the bills and that it was disclosed before our committee that the bills had not been approved by the President. I also called attention to the letter which the President wrote to Mr. Green, president of the American Federation of Labor, under date of December 8, 1933, which is as follows:

"MY DEAR MR. GREEN: I have referred your letter of September 22 to the Secretary of Labor and enclose a copy of the report submitted to me, which confirms my own understanding that there is no present proposal for relaxation of the restriction of immigration except such as have been made in favor of religious and political refugees.

"Very sincerely,

"(Signed) FRANKLIN D. ROOSEVELT."

Many restrictionists in this country do not believe that Madam Perkins is in sympathy with adequate restriction and expulsion of aliens. This wide-spread belief is expressed by W. C. Hushing, legislative representative of the American Federation of Labor, when he made the following statement before the committee when these bills were under consideration. Mr. Hushing said, "I think it would be especially unfortunate if she had this discretionary power, because I believe her leanings are toward the anti-restriction of immigration, and that is the opinion of the Federation."

Much of this belief is based upon the action of Secretary Perkins in reversing the order of her predecessor requiring that all immigrants be fingerprinted upon entry into the United States. Fingerprinting is the only practical known method by which the identity of an individual can be definitely established. This belief was also based upon her action in withholding the deportation of 1,200 aliens mandatorily deportable under existing statute and her effort to permit aliens or their relatives to execute bonds when they were rejected on the ground that they would likely become public charges. It is also based upon her action in admitting Emma Goldman, a notorious anarchist, and Henri Barbusse and Tom Mann, two persons whom the Department of Labor admits are Communists.

This belief was also strengthened by the opposition of the Labor Department to H. R. 4114, introduced by me, which proposed to reduce all quotas 60 percent and to apply the quota to the countries of the Western Hemisphere, and its opposition to the Schulte bill. This opposition was largely responsible for the committee's refusal to report these bills favorably, so that the House could have an opportunity to vote on them.

One cause for the doubt expressed by many restrictionists in regard to the leanings of the Secretary of Labor on this question is the fact that total deportations decreased from 19,865 in 1933 to 8,879 in 1934.

Statements from trustworthy sources have been frequently made that there are 100 alien-minded organizations in this country which are opposed to restriction. It is impossible to quote from the platforms and statements of these various organizations or to show how they are actively represented in Washington to weaken our immigration and deportation laws.

One leading antirestrictionist Congressman expressed in an address at one of their conferences the new strategy in the following language: "From my experiences I have discovered that the best attack lies in the relatives' relief proposals."

To illustrate the high-powered and well-financed propaganda and activities of the alien blocs in seeking to influence American legislation, I refer you to the letter dated June 5, 1935, of the American branch of the International Migration Service. This alien organization has its headquarters in Geneva, Switzerland, with branch offices in the United States, France, Germany, Greece, and Poland. It numbers among its vice presidents such aliens as Jania Chlapowska, Inazo Nitobe, George Paspati. The letter is addressed to all cooperating agencies and urges them to write Congressmen and Senators and to get favorable material in local newspapers in behalf of the Kerr bill. The Kerr bill is the culmination of many years of planning and efforts to weaken our restriction and deportation laws, and is not in the interest of the native-born and naturalized American citizens or the aliens who are lawfully in this country and who desire to become American citizens. The Kerr bill is substantially the same as the Dickstein bill which was defeated last Congress by a majority of more than two to one.

So while I regret the necessity to take opposite sides with the Democratic appointee, Secretary Perkins, I am compelled by my convictions to do so, even though there are those who accuse me of not being in sympathy with the Democratic administration.

In conclusion, permit me to summarize the facts and the proposed remedies.

Do you know that—

One-third of our population is foreign stock?

Our unemployment problem was transferred to America from foreign shores, and if the 16,500,000 foreign born in this country today had been refused admission there would be no serious unemployment problem confronting our Nation today?

There are 3,500,000 aliens unlawfully in this country according to my estimates, as many people as we propose to put to work by the expenditure of the $4,000,000,000 public-works funds recently appropriated by Congress, and that these aliens can be promptly deported by adequate legislation and vigorous enforcement?

There are from 1,000,000 to 1,500,000 aliens on public relief who should be deported?

There are 6,000,000 aliens deriving their livelihood from jobs which Americans should hold and would hold if we had the same laws that are in force in other enlightened countries?

If we gave the jobs that are held by aliens to American citizens, the unemployment problem would be largely solved.

The Dies bill and proposal have the following provisions:

(1) Permanently stop all new-seed immigration from every country.

(2) Deport all aliens unlawfully in the United States, including alien Communists, dope peddlers, gangsters, racketeers, criminals, and other undesirables.

(3) Deport all aliens legally here who fail to become American citizens within a reasonable time.

(4) Gradually reunite families where the admitted relative is not likely to become a public charge or to take some job away from an American citizen.

(5) Register and fingerprint all aliens in the United States.

(6) Require every alien to secure from the Department of Labor a permit to work before he can hold any job, with the provision that permits to work will be denied to any alien so long as there is an American citizen able and willing to do the work.

ALGENE KEY AND FRED KEY

Mr. DUNN of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. DUNN of Mississippi. Mr. Speaker, down in the grand old Magnolia State of Mississippi today there drones beneath the softness of a southern sun the handiwork of science, an airplane. In this destiny ship, Mr. Speaker, and controlling its mechanisms are two intrepid and noble sons of that State—Fred and Algene Key, sons of Dr. and Mrs. E. B. Key, of Meridian, Miss. To date, Mr. Speaker, these loyal sons of the South have been aloft, refueling by the light of day and the dark of night, for about 534 hours, or something like 22 days; they have only about 30 hours to go, Mr. Speaker, before they will be acclaimed the new title holders of the refueling record of the world.

Mr. Speaker, I have been personally associated with these boys most of their lives, and their present endeavors are but another signal of what I have always known about them, and that is the desire to conquer in a way that will materially aid science. Their own mechanic, their own friend with his ship as the refueling agent, their initiative and fortitude, and the kindness of Providence, together with a ship they rebuilt themselves, is alone responsible for the great number of hours they have already attained.

ANALYSIS OF EFFECTS OF SECTION 11, TITLE I, OF THE PUBLIC UTILITY BILL (S. 2796) ON PRINCIPAL ELECTRIC UTILITY HOLDING AND OPERATING COMPANIES

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the holding-company bill and to include two tables which I have had prepared.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, on tomorrow we take up the discussion of the utilities holding-company bill. In order to assist the Members as much as possible in arriving at the facts touching the questions involved, I want to analyze

briefly the effects of section 11, title I, of the bill, and under the permission granted me to extend my remarks in the RECORD I insert at the end of my remarks some tables which I have had prepared and which I am sure will be of vital interest to every Member of the House.

Spokesmen for the holding companies center their attack on the public-utility bill on the alleged disastrous effects of what they term the "death sentence" in section 11 of the Senate bill. They have offered no evidence in support of their claims regarding this section, but have made sweeping assertions that it will have disastrous effects on the electrical industry, the consumers of electrical energy, and the investors in electrical securities.

Analysis of the actual effects of the provisions of section 11 on the principal electric-utility holding and operating companies demonstrates conclusively that these charges are unfounded. This analysis shows that the greater part of the properties represented by the principal holding and operating companies will either be completely exempt from the provisions of section 11 or can meet its requirements by a simple plan of reorganization.

A survey of the 43 largest electric-utility holding and operating companies in the United States, controlling more than 90 percent of the fixed assets of all electric utilities, discloses the following facts:

First. A group of 19 large holding and operating companies with fixed capital assets of more than $5,000,000,000 ($5,219,533,921) are completely exempt from the provisions of section 11 because their properties are entirely within a single State or are a single geographically and economically integrated public-utility system. This group of companies represents more than one-third of the electrical industry. It includes such great systems as Commonwealth Edison, Consolidated Gas of New York, Detroit Edison, Duke Power, Boston Edison, Hartford Electric, Niagara Hudson, Pacific Gas & Electric, Pacific Lighting, Public Service of New Jersey, Southern California Edison, and Tampa Electric.

A list of these companies with a statement of their fixed capital assets is set forth in table I.

Second. A second group of 13 large holding companies, with fixed capital assets of more than $5,000,000,000 ($5,338,580,699) will be able to meet the provisions of section 11 either by such interconnection and coordinated operation as will convert their properties into a single geographically and economically integrated public-utility system or by a simple plan of reorganization.

For example, the properties of the Commonwealth & Southern Corporation consist essentially of two groups, one located in the Southeastern States, the other in Michigan. Before the creation of the Commonwealth & Southern Corporation in 1929, the Southeastern properties were controlled by Southeastern Power & Light and operated as an independent system. The Michigan properties were controlled by Consumers Power Co. By returning to the plan of organization in effect before 1929 these properties can be economically and efficiently operated without any loss whatever to any investor.

Other holding companies in this group have a larger number of properties, but they are capable of coming within the provisions of section 11 by a relatively simple plan of reorganization.

This group includes such outstanding holding companies as American Electric Power Corporation, American Gas & Electric, American Power & Light, American Water Works & Electric, Columbia Gas & Electric, Commonwealth & Southern, Electric Light & Power, International Hydro Electric, Midland United, National Power & Light, and United Gas Improvement.

This group includes all of the subsidiary holding companies of the Electric Bond & Share Co. and also its affiliate, the American Gas & Electric Co. Inasmuch as these subsidiary holding companies control the fixed-capital assets of the group, the Electric Bond & Share Co. is not shown separately. Its subsidiary, American & Foreign Power Co., whose properties are located entirely outside of the United States, does not come under the provisions of section 11 of the bill.

Third. A third group of 11 large holding companies, which control widely scattered properties or are highly pyramided, must be completely reorganized to come within the provisions of section 11. This group, which has smaller fixed-capital assets—$5,115,437,545—than either of the other groups outlined above, includes primarily those holding companies which were piled one on top of the other by financiers and promoters during the stock-market boom.

This group includes Associated Gas & Electric, Cities Service, Middle West Utilities, Standard Power & Light, Stone & Webster, and Utilities Power & Light.

It should be noted that the fixed-capital assets of these holding companies comprise not only electric properties but also gas, water, street-railway, and other properties. The total fixed-capital assets are, therefore, considerably in excess of the claimed investment in electric properties alone, estimated by the Edison Electric Institute at $13,000,000,000 for 1933.

Principal electric-utility companies which are not subject to sec. 11, title I, of the Wheeler bill

No.	Company	Operate in the State of—	Fixed capital as of Dec. 31, 1933
1	Bangor Hydro-Electric Co	Maine	$17, 325, 612
2	Commonwealth Edison Co	Illinois	300, 443, 957
3	Connecticut Power Co	Connecticut	22, 471, 964
4	Consolidated Gas, Electric Light & Power Co. of Baltimore.	Maryland	132, 104, 725
5	Consolidated Gas Co	New York	1, 248, 379, 758
6	Detroit Edison Co	Michigan	290, 909, 344
7	Duke Power Co	North Carolina and South Carolina.	188, 626, 347
8	Edison Electric Illuminating Co	Massachusetts	168, 229, 201
9	Hartford Electric Light Co	Connecticut	27, 004, 599
10	Long Island Lighting Co	New York	118, 296, 876
11	Nevada California Electric Corporation	California and Nevada.	47, 613, 361
12	Niagara-Hudson Power Corporation [1]	New York and Pennsylvania.	570, 394, 140
13	Pacific Gas & Electric Co	California	659, 560, 672
14	Pacific Lighting Co	do	229, 970, 461
15	Pennsylvania Water & Power Co	Pennsylvania	27, 968, 894
16	Public Service Corporation of New Jersey.	New Jersey	628, 224, 631
17	Public Service Co. of Northern Illinois	Illinois	173, 487, 794
18	Southern California Edison Co., Ltd	California	351, 426, 665
19	Tampa Electric Co	Florida	17, 094, 920
	Total		5, 219, 533, 921

[1] Has a small property in Pennsylvania.

Principal electric-utility holding companies consisting of considerable blocks of electric properties in noncontiguous territories and whose reorganization under sec. 11, title I, of the Wheeler bill can be accomplished without affecting the electric service or the value of the properties

No.	Name of company	Number of noncontiguous territories served	Electric properties located in the States of—	Fixed capital as of Dec. 31, 1933	Remarks
1	American Electric Power Corporation	1	Iowa, Nebraska, South Dakota	$45, 389, 499	Gas and transportation, properties located in addition in Pennsylvania and Virginia.
2	American Gas & Electric Co	5	West Virginia, Virginia, Tennessee	147, 351, 223	Properties are noncontiguous but interconnected.
			Ohio, Indiana, Michigan	152, 973, 039	
			New Jersey	39, 917, 363	
			Pennsylvania	31, 292, 478	
			Indiana	13, 529, 815	

Principal electric-utility holding companies consisting of considerable blocks of electric properties in noncontiguous territories and whose reorganization under sec. 11, title I, of the Wheeler bill can be accomplished without affecting the electric service or the value of the properties—Continued

No.	Name of company	Number of noncontiguous territories served	Electric properties located in the States of—	Fixed capital as of Dec. 31, 1933	Remarks
3	American Power & Light Co	8	Montana	$121,107,468	
			Washington, Idaho, Oregon	134,326,936	
			Arizona	11,990,448	
			Texas	156,458,225	
			Minnesota, Wisconsin	80,125,717	
			Kansas	38,584,813	
			Florida	127,590,815	
			Nebraska	33,156,674	
4	American Water Works & Electric Co	1	West Virginia, Ohio, Maryland, Pennsylvania, Virginia, Tennessee.	195,648,305	Also considerable water properties in various States.
5	Columbia Gas & Electric Corporation	1	Ohio, Indiana, Kentucky	608,433,211	Includes considerable gas properties.
6	Commonwealth & Southern Corporation.	5	Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee.	616,827,722	
			Illinois	42,437,631	
			Indiana	20,029,529	
			Michigan	204,817,284	
			Ohio, Pennsylvania	127,379,068	
			Arkansas, Louisiana, Mississippi	204,745,605	
7	Electric Light & Power Co	3	Texas	28,251,772	
			Idaho, Utah, Oregon, Wyoming, Colorado	155,246,459	
8	International Hydro-Electric System	3	Massachusetts, Rhode Island, Vermont, New Hampshire.	365,687,825	
			Massachusetts	80,973,066	
			do	48,296,072	
9	Midland United Co	1	Indiana, Michigan, Ohio	274,471,104	
10	Municipal Service Co	2	Pennsylvania	5,547,956	
			do	12,596,073	
			Alabama	40,333,899	
			North Carolina, South Carolina	93,838,576	
11	National Power & Light Co	6	Tennessee	31,240,732	
			do	17,068,694	
			Texas	47,074,207	
			Pennsylvania	286,309,376	
12	New England Public Service	1	Maine, New Hampshire, Vermont, New York	139,384,573	
13	United Gas Improvement	4	Pennsylvania	410,615,899	
			do	23,776,426	
			Connecticut	115,681,698	
			Arizona	8,073,424	
	Total			5,338,580,699	

Principal electric-utility holding companies controlling a large number of noncontiguous properties and subject to reorganization under sec. 11, title I, of the Wheeler bill

No.	Name of company	Number of noncontiguous territories served	Electric properties located in the States of—	Fixed assets as of Dec. 31, 1933	Remarks
1	Central Public Utility Corporation	7	Michigan, Indiana, Illinois, Florida, Georgia, Maine, Oregon, Washington (8).	$262,353,618	Company controls a number of electric railway and gas properties.
2	Associated Gas & Electric System	27	Maryland, Pennsylvania, West Virginia, Ohio, Tennessee, Kentucky, Indiana, Missouri, Texas, Louisiana, Arkansas, Oklahoma, Arizona, New Mexico, South Carolina, Florida, New Jersey, New York, Vermont, Connecticut, Massachusetts, New Hampshire, Maine (23).	815,966,967	Includes gas and other utility services. Also properties in the Philippine Islands and Canada.
3	Cities Service Co	23	New York, Missouri, Oklahoma, Kansas, Arkansas, New Mexico, Colorado, Arizona, Wyoming, Washington, Ohio, Indiana, Michigan, Nebraska, Connecticut, North Carolina, Tennessee, Virginia (18).	363,904,321	All electric properties under Cities Service Power & Light Co. Also large interests in oil transportation and other industries.
4	Community Power & Light Co	11	Arkansas, Missouri, Kansas, New Mexico, Texas, South Dakota, Arizona, Nebraska, Louisiana (9).	53,238,859	Includes small gas, water, and ice interests.
5	International Utilities Corporation	7	Alabama, New Mexico, Oklahoma, South Carolina, New Hampshire (5).	26,330,375	Also properties in Canada and South America.
6	Middle West Utilities Co	12	Texas, Louisiana, Arkansas, Oklahoma, Missouri, Kansas, Illinois, Tennessee, Virginia, Kentucky, Michigan, Wisconsin, South Dakota, Nebraska (14).	472,298,981	Company in receivership and being reorganized.
7	Standard Power & Light Co	7	California, Oregon, Washington, Idaho, Wyoming, Montana, South Dakota, Oklahoma, Arkansas, Colorado, Wisconsin, Minnesota, North Dakota, Iowa, Illinois, Kentucky, Indiana, Pennsylvania, Michigan (19).	1,018,929,056	Includes gas, transportation, and other utility services.
8	Stone & Webster, Inc	8	Louisiana, Texas, Colorado, Nebraska, South Dakota, Wyoming, Missouri, Iowa, Kansas, New Mexico, Florida, Washington, Georgia, Virginia, North Carolina, Nevada, California (17).	340,443,541	Includes minor gas, electric railway, and other utility services.
9	United Light & Power Co	11	Iowa, Illinois, Wisconsin, Texas, Oklahoma, Ohio, West Virginia, Nebraska, Missouri, Kansas, Indiana (11).	447,529,920	More than 50 percent of gross revenue is from other than electric services.
10	Utilities Power & Light Corporation	12	Iowa, Kentucky, Minnesota, North Dakota, Oklahoma, Missouri, Indiana, Connecticut, Rhode Island, South Dakota, Illinois, Nebraska, Wisconsin (13).	338,895,589	Also properties in Canada.
11	North American Co	9	Ohio, Michigan, Wisconsin, Missouri, Illinois, Iowa, Kansas, Maryland, Virginia, District of Columbia (10).	975,546,318	Includes the North American Light & Power Co.
	Total			5,115,437,545	

LOAN OF MATERIAL, ETC., TO VETERANS OF FOREIGN WARS

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8400) providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, reserving the right to object, have these bills been reported by the committee?

Mr. HILL of Alabama. It is a unanimous report from the Committee on Military Affairs.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to lend, at his discretion, to the Veterans of Foreign Wars 1935 Encampment Corporation, for use at the thirty-sixth national encampment of the Veterans of Foreign Wars, to be held at New Orleans, La., in the month of September 1935, such tents, cots, and blankets, and other available stock out of the Army and National Guard supplies as such corporation may require properly to house members of the Veterans of Foreign Wars attending such encampment: *Provided*, That no expense shall be caused the United States Government by the delivery and return of such property, the same to be delivered at such time prior to the holding of such encampment as may be agreed upon by the Secretary of War and the Veterans of Foreign Wars 1935 Encampment Corporation: *Provided further*, That the Secretary of War, before delivering such property, shall take from such corporation a good and sufficient bond for the safe return of such property in good order and condition, and the whole without expense to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. KVALE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KVALE. Can the Speaker advise the House whether it is true that 204 Members have now signed the petition in respect to the Frazier-Lemke bill?

The SPEAKER. That is not a parliamentary inquiry.

AMENDING AIR MAIL LAWS, ETC.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the air mail service, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

Mr. McFARLANE. Mr. Speaker, reserving the right to object, will the gentleman explain the difference between the House and the Senate on this legislation?

Mr. MEAD. I hope there will be no difference when the conferees get through with the matter.

Mr. McFARLANE. I refer to the amendment put on the bill by the Senate.

Mr. MEAD. There is a large number of amendments, which it would take a long time to explain, but we hope to agree in conference very shortly.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed the following conferees:

Mr. MEAD, Mr. BRUNNER, Mr. DOBBINS, Mr. DOUTRICH, and Mr. GOODWIN.

BASEBALL MATCH—PAGES OF THE HOUSE

Mr. MEAD. Mr. Speaker, I ask unanimous consent to proceed for a moment.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, I do this to announce to the Membership of the House that immediately after adjournment tonight the boys who have served here so faithfully as pages will play a high-school aggregation from Philadelphia, sponsored by Representative STACK, at the baseball diamond to the rear of the White House. Officials of the House and the Senate will participate. We want everybody down there to see the boys play ball.

RESEARCH INTO BASIC LAWS OF AGRICULTURE

Mr. JONES. Mr. Speaker, I call up the conference report upon the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

[To accompany H. R. 7160]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture, and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment, insert "Alaska and "; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In the House bill insert " Puerto Rico and the " after the word " to ", in line 16, on page 2; insert " Puerto Rico and " after the word " to ", in lines 7 and 23, on page 4, before the word " all " in line 11 on page 4, and after the word " to " in line 5 on page 5; and insert " Puerto Rico or " after the word " of " in line line 10 on page 4, after the word " which " in line 14 on page 4, after the word " If " in line 18 on page 4, and after the word " to " in lines 2 and 3 on page 5; and the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
CLIFFORD R. HOPE,
Managers on the part of the House.

E. D. SMITH,
B. K. WHEELER,
G. W. NORRIS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment eliminates Alaska from the benefits of title I of the bill. The House recedes with an amendment giving such benefits to Alaska.

On amendment no. 2: This amendment eliminates Puerto Rico from the benefits of title I of the bill. The House recedes with an amendment giving such benefits to Puerto Rico.

On amendments nos. 3 and 4: These amendments provide for an equal allotment of aid under title I in the amount of $20,000 to each State and to the Territory of Hawaii each year before the remainder is allotted on the basis of farm population; and the House recedes.

On amendment no. 5: This amendment is a clarifying amendment which makes no substantive change; and the House recedes.

On amendment no. 6: This amendment changes a clause number to conform to the changes made by Senate amendments nos. 3 and 4; and the House recedes.

On amendments nos. 7, 8, 9, and 10: These amendments are clarifying amendments which make no change in substance; and the House recedes.

On amendment no. 11: This amendment extends the benefits of section 22 of the bill to the Territory of Hawaii in addition to the States; and the House recedes.

On amendment no. 12: This amendment is a clarifying amendment, and makes no change in substance; and the House recedes.

On amendment no. 13: This amendment increases by $20,000 the annual allotment under section 22 in order to give Hawaii the benefits of the section; and the House recedes.

On amendments nos. 14, 15, 16, and 17: These amendments are for the purposes of making section 22 of the bill apply to the Territory of Hawaii; and the House recedes.

MARVIN JONES,
H. P. FULMER,
CLIFFORD R. HOPE,
Managers on the part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

LEAVE TO FILE MINORITY VIEWS—T. V. A.

Mr. RANSLEY. Mr. Speaker, I ask unanimous consent on behalf of the minority members of the Committee on Military Affairs that they may have until 12 o'clock midnight tonight to file minority views and a supplemental report on the T. V. A.

The SPEAKER. Is there objection?

There was no objection.

AMERICAN NATIONAL THEATER AND ACADEMY

Mr. McLAUGHLIN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2642) to incorporate the American National Theater and Academy.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

Mr. MARCANTONIO and Mr. TRUAX objected.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. FREY, at the request of Mr. HAINES, for 10 days, on account of illness.

To Mr. GREENWOOD, for 1 week, on account of important business.

To Mr. SMITH of Washington, for today, on account of important official business.

SENATE BILLS REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2367. An act to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes; to the Committee on Agriculture.

S. 2887. An act authorizing the Perry County Bridge Commission of Perry County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River at or near Cannelton, Ind.; to the Committee on Interstate and Foreign Commerce.

S. J. Res. 152. Joint resolution to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended; to the Committee on Banking and Currency.

S. Con. Res. 17. Concurrent resolution providing for the disposition of certain obsolete Government publications stored in the folding rooms of Congress; to the Committee on Printing.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 115. An act to amend section 27 of the Merchant Marine Act, 1920;

H. R. 1119. An act for the relief of Joseph W. Harley;

H. R. 1292. An act for the relief of Grace McClure;

H. R. 1438. An act for the relief of Carrie McIntyre;

H. R. 3180. An act for the relief of Ruth Nolan and Anna Panozza;

H. R. 3556. An act for the relief of Sophie Carter;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 4034. An act for the relief of Charles Szymanski;

H. R. 4105. An act for the relief of Julian C. Dorr;

H. R. 4123. An act providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, from the timber funds standing to their credit in the Treasury of the United States;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4505. An act granting the consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada;

H. R. 4610. An act for the relief of John J. Moran;

H. R. 4651. An act for the relief of the Noble County (Ohio) Agricultural Society;

H. R. 4764. An act for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron;*

H. R. 4808. An act for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.;

H. R. 4811. An act for the relief of George W. Miller;

H. R. 5774. An act to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5775. An act to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5776. An act to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 5777. An act to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon with a view to the control of its floods;

H. R. 6717. An act to amend section 1 of the act of July 8, 1932;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.;

H. R. 7083. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 7235. An act to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes";

H. R. 7254. An act for the relief of Lily M. Miller;

H. R. 7313. An act authorizing a preliminary examination of Gafford Creek, Ark.;

H. R. 7314. An act authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River;

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 7526. An act to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters";

H. R. 7600. An act authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska;

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes; and

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 805. An act for the relief of Luther M. Turpin and Amanda Turpin;

H. R. 1315. An act for the relief of Thomas J. Gould;

H. R. 1703. An act for the relief of Cletus F. Hoban;

H. R. 2708. An act for the relief of James M. Pace;

H. R. 2987. An act for the relief of E. W. Tarrence;

H. R. 4817. An act for the relief of Matthew E. Hanna;

H. R. 6504. An act to amend an act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor"; and

H. R. 6630. An act to extend the times for commencing and completing the construction of a bridge across the Rio Grande at or near Rio Grande City, Tex.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House, pursuant to its order heretofore ordered, adjourned until tomorrow, Thursday, June 27, 1935, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

396. A letter from the Assistant Administrator of the Federal Emergency Relief Administration, transmitting list of papers, documents, etc., no longer needed or useful in the transaction of current business; to the Committee on Disposition of Executive Papers.

397. A letter from the Comptroller General of the United States, transmitting report and recommendation to Congress concerning the claims of Ralph Sollitt & Sons Construction Co., F. L. Forbes and John L. Abbot; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SIROVICH: Committee on Patents. H. R. 4985. A bill permitting single signature in patent applications and validating joint patent for sole invention; without amendment (Rept. No. 1360). Referred to the Committee of the Whole House on the state of the Union.

Mr. SIROVICH: Committee on Patents. H. R. 5806. A bill to effectuate certain provisions of the International Convention for the Protection of Industrial Property as revised at The Hague on November 6, 1925; without amendment (Rept. No. 1361). Referred to the Committee of the Whole House on the state of the Union.

Mr. SIROVICH: Committee on Patents. H. R. 5805. A bill to effectuate certain provisions of the International Convention for the Protection of Industrial Property as revised at The Hague on November 6, 1925; without amendment (Rept. No. 1362). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLER: Committee on the Judiciary. S. 1425. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; without amendment (Rept. No. 1363). Referred to the House Calendar.

Mr. SIROVICH: Committee on Patents. H. R. 4410. A bill granting a renewal of Patent No. 54296 relating to the badge of the American Legion; without amendment (Rept. No. 1364). Referred to the Committee of the Whole House on the state of the Union.

Mr. SIROVICH: Committee on Patents. H. R. 4413. A bill granting a renewal of Patent No. 55398 relating to the badge of the American Legion Auxiliary; without amendment (Rept. No. 1365). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 7858. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; with amendment (Rept. No. 1366). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 8657. A bill to provide for the appointment of an additional district judge in the United States District Court for the Eastern District of New York; without amendment (Rept. No. 1367). Referred to the Committee of the Whole House on the state of the Union.

Mr. EDMISTON: Committee on Military Affairs. H. R. 7199. A bill to provide for the donation of certain Army equipment to posts of the Veterans of Foreign Wars; with amendment (Rept. No. 1368). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. H. R. 8632. A bill to amend an act entitled "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes", approved May 18, 1933; without amendment (Rept. No. 1372). Referred to the Committee of the Whole House on the state of the Union.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. House Resolution 262. Resolution directing the Secretary of the Navy to transmit to the House of Representatives information concerning Rear Admiral Yates Stirling, Jr., of the United States Navy (Rept. No. 1369). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KERR: A bill (H. R. 8677) to amend the act entitled "An act to place the tobacco-growing industry on a sound financial and economic basis, to prevent unfair competition and practices in the production and marketing of tobacco entering into the channels of interstate and foreign commerce, and for other purposes", approved June 28, 1934; to the Committee on Agriculture.

By Mr. LUCKEY: A bill (H. R. 8678) authorizing the county of Atchison, State of Missouri, and the county of Nemaha, State of Nebraska, singly or jointly, to construct, maintain, and operate a toll bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. DEMPSEY: A bill (H. R. 8679) to eliminate the requirement of cultivation in connection with certain homestead entries; to the Committee on the Public Lands.

By Mr. PARSONS: A bill (H. R. 8680) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. STUBBS: A bill (H. R. 8681) to amend the Tariff Act of 1930, as amended, and for other purposes; to the Committee on Ways and Means.

By Mr. HARLAN (by request): Resolution (H. Res. 278) providing for the classification and payment of the pages of the House; to the Committee on Accounts.

By Mr. SISSON: Joint resolution (H. J. Res. 336) to clarify the provisions of section 4 of the act of May 24, 1934, with regard to period of residence required of an alien husband of a citizen of the United States as a prerequisite to naturalization; to the Committee on Immigration and Naturalization.

By Mr. WEARIN: Joint resolution (H. J. Res. 337) pertaining to contracts heretofore made by the Postmaster General under authority of title IV, Merchant Marine Act, 1928; to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLARK of Idaho: A bill (H. R. 8682) granting a pension to Billy George; to the Committee on Pensions.

By Mr. MARTIN of Massachusetts: A bill (H. R. 8683) granting a pension to Gertrude A. Gardner; to the Committee on Pensions.

By Mr. MOTT: A bill (H. R. 8684) granting an increase of pension to Jemima Bason; to the Committee on Invalid Pensions.

By Mr. STARNES: A bill (H. R. 8685) for the relief of Edwin Pickard; to the Committee on Claims.

Also, a bill (H. R. 8686) for the relief of John Lewis; to the Committee on Military Affairs.

Also, a bill (H. R. 8687) for the relief of heirs of James W. Fennell; to the Committee on War Claims.

By Mr. SCOTT: A bill (H. R. 8688) for the relief of Grace Schultz; to the Committee on Naval Affairs.

By Mr. SISSON: A bill (H. R. 8689) for the relief of Harold Goff; to the Committee on Naval Affairs.

By Mr. WALTER: A bill (H. R. 8690) for the relief of Banks College; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8992. By Mr. BUCK: Memorial of the California Legislature, relative to the Pacific Exposition; to the Committee on Foreign Affairs.

8993. By Mr. BUCKBEE: Memorial of several hundred citizens of Rockford, Ill., asking Congress to enact into law House bills 2010, 2885, 3048, 2733, and House Joint Resolutions 69 and 4, all of these bills dealing with the subject of immigration and naturalization, etc.; to the Committee on Immigration and Naturalization.

8994. By Mr. CULLEN: Petition of the Legislature of the State of New York, urging Congress to pass House bill no. 6, authorizing the Postmaster General to construct underground pneumatic tubes for the transmission of mail between the general post office in Brooklyn and the Floyd Bennett Field; to the Committee on the Post Office and Post Roads.

8995. Also, petition of the Legislature of the State of New York, requesting Congress to enact legislation to provide a suitable pension to George S. Ward, a former member of the Army Medical Corps, who is suffering from physical disabilities which are reported to have directly resulted from his voluntarily submitting to medical experiments under the direction of Army medical officers; to the Committee on Military Affairs.

8996. Also, petition of the Legislature of the State of New York, requesting Congress to enact the General Pulaski's Memorial Day resolution now pending in the United States Congress; to the Committee on the Judiciary.

8997. Also, petition of the Legislature of the State of New York, requesting Congress to enact legislation to humanize the immigration laws of the United States and to provide for the reuniting of such persons and their families; to the Committee on Immigration and Naturalization.

8998. Also, petition of the Legislature of the State of New York, requesting Congress to enact legislation to provide for the observance of October 12 as a national holiday, to be known as "Columbus Day"; to the Committee on the Judiciary.

8999. Also, petition of the Legislature of the State of New York, urging Congress to enact legislation to provide suitable and adequate regulation of the transportation of persons and property in interstate and foreign commerce by motor carriers operating motor vehicles for compensation, by charter or by contract, on the public highways in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

9000. Also, petition of the Legislature of the State of New York, memorializing Congress to abolish the Federal gasoline sales tax and to surrender to the States exclusively the power to tax such sales in the future; to the Committee on Ways and Means.

9001. Also, petition of the Legislature of the State of New York, urging Congress to enact social-security legislation as proposed by Senator WAGNER; to the Committee on Ways and Means.

9002. Also, petition of the Legislature of the State of New York, urging the Congress to enact legislation as will effectively prevent lynching outrages; to the Committee on the Judiciary.

9003. By Mr. FORD of California: Resolution of the Assembly of California, memorializing the Federal Relief Administrator to make available funds for the extension of Highway Route No. 163, through the Venice and Santa Bay areas; also resolution memorializing the President to make ample provision for the encouragement of the artistic, cultural, humane, patriotic, and sentimental phases of our national life by the employment of the "white collar" class in our great Federal-works plan; to the Committee on Ways and Means.

9004. By Mr. GRANFIELD: Petition of the Knights of Columbus of Massachusetts, requesting an investigation on resolution pending before the Committee on Foreign Relations of the Congress, which relates to conditions in Mexico affecting citizens of the United States; to the Committee on Foreign Affairs.

9005. By Mr. MEAD: Petition of the Assembly of the State of New York, requesting that Congress enact with all convenient speed such legislation as may be necessary to humanize the immigration laws of the United States; to the Committee on Immigration and Naturalization.

9006. By Mrs. ROGERS of Massachusetts: Petition of the Massachusetts State Council, Knights of Columbus, urging that the resolution for investigation of conditions in Mexico be reported out of the Foreign Relations Committee; to the Committee on Foreign Affairs.

9007. By Mr. RUDD: Petition of Peter J. Geis, Jr., chairman public relations committee, Holy Name Society, district committee, twenty-fourth district, Brooklyn Diocesan, 6328, Elmhurst, Long Island, N. Y., and 27 citizens of Brooklyn, N. Y., favoring the Higgins-Borah resolutions, in connection with the Mexican situation; to the Committee on Foreign Affairs.

9008. By Mr. TREADWAY: Resolution adopted by the Massachusetts State Council, Knights of Columbus, relative to conditions in the Republic of Mexico; to the Committee on Foreign Affairs.

9009. By Mr. TRUAX: Petition of Scioto Valley Cooperative Milk Producers' Association, by their secretary, J. R. Smart, Columbus, Ohio, urging support of bill to change jurisdiction of antifilled milk act from Department of Justice to Department of Agriculture; to the Committee on Agriculture.

9010. Also, petition of the Central Dairy Producers' Council, representing 30,000 milk producers, by their secretary, C. W. Lawrence, Dayton, Ohio, urging support of the bill which will transfer the jurisdiction of the antifilled milk act from the Department of Justice to the Department of Agriculture; to the Committee on Agriculture.

9011. Also, petition of the Milk Producers' Association of Akron, Ohio, urging support of bill to transfer jurisdiction of antifilled milk act to Department of Agriculture from Department of Justice; to the Committee on Agriculture.

9012. Also, petition of the North American Refractories Co., Cleveland, Ohio, by their president, J. D. Ramsay, opposing House bills 24 and 25, relative to giving the Bureau of Standards authority to insist on Federal specifications on interstate shipments; to the Committee on Interstate and Foreign Commerce.

9013. Also, petition of the Toledo Allied Printing Trades Council, by their secretary, Joseph J. Braume, Toledo, Ohio, urging the President and Congress of the United States to recognize wine as an article of food and do all in their power to modify excessive taxes, licenses, and restrictions so that wine may be made conveniently available to consumers of

moderate means at reasonable prices so that wine and grape industries may be allowed to recover, and so that employment in all lines of allied industries may be increased; to the Committee on Ways and Means.

9014. By Mr. WIGGLESWORTH: Petition of the Massachusetts State Council, Knights of Columbus, Boston, Mass., concerning the Mexican situation; to the Committee on Foreign Affairs.

SENATE

THURSDAY, JUNE 27, 1935

(Legislative day of Monday, May 13, 1935)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 26, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Keyes	Radcliffe
Ashurst	Coolidge	King	Reynolds
Austin	Copeland	La Follette	Robinson
Bachman	Costigan	Logan	Russell
Bailey	Dickinson	Lonergan	Schall
Bankhead	Dieterich	Long	Schwellenbach
Barbour	Donahey	McAdoo	Sheppard
Barkley	Duffy	McGill	Shipstead
Bilbo	Fletcher	McKellar	Smith
Black	Frazier	McNary	Steiwer
Bone	George	Maloney	Thomas, Okla.
Borah	Gerry	Metcalf	Townsend
Brown	Gibson	Minton	Trammell
Bulkley	Glass	Murphy	Truman
Bulow	Gore	Murray	Tydings
Burke	Guffey	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walsh
Caraway	Hatch	O'Mahoney	Wheeler
Carey	Hayden	Overton	White
Chavez	Holt	Pittman	
Clark	Johnson	Pope	

Mr. ROBINSON. I announce that the Senator from Utah [Mr. THOMAS] is absent on important public business, and that the Senator from New Jersey [Mr. MOORE] and the Senator from Nevada [Mr. MCCARRAN] are unavoidably detained from the Senate.

Mr. DIETERICH. I wish to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is detained from the Senate by important public business in the State of Illinois.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is necessarily absent.

Mr. VANDENBERG. I announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent on account of illness.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the air mail service, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MEAD, Mr. BRUNNER, Mr. DOBBINS, Mr. DOUTRICH, and Mr. GOODWIN were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges.

The message also announced that the House had passed the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a bill (H. R. 8400) providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes, in which it requested the concurrence of the Senate.

SUITS BY HOLDERS OF GOLD-CLAUSE BONDS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Banking and Currency, as follows:

To the Congress of the United States:

Before the termination of this session of the Congress I believe that it is important that definite action be taken to eliminate any uncertainty with respect to the right of holders of gold-clause bonds of the Government to sue for payment, either in gold or else in legal tender, with an additional sum of 69 cents on every dollar.

To this end I urge the withdrawal by the United States of its consent to be sued upon its currency or securities. The question of the effect of the so-called "gold clause", in the light of the monetary legislation of the Seventy-third Congress, came before the Supreme Court at the term just closed. A suit for additional payment under existing circumstances, the Court said, would "constitute not a recoupment of loss in any proper sense but an unjustified enrichment." Bonds of the United States containing gold clauses—all of them issued, sold, and payable wholly within the United States—have been continuously quoted on the exchanges at no higher prices than bonds not containing such clauses. But the continuing possibility of actions by litigious persons leaves open the continuing possibility of speculation. There is no public interest, under these conditions, in permitting a handful of private litigants to exploit the general public in the hope of a wholly speculative private profit.

This conclusion will hold so long as the Congress adheres to its declared policy, now more than a third of a century old, to maintain the equal value of every dollar in the market.

I recommend, therefore, the enactment of legislation which will make clear that it is our fixed policy to continue to treat the bondholders of all our securities equally and uniformly, to afford any holder of any gold-clause security who thinks he could by any possibility sustain any loss in the future an opportunity to put himself immediately in a position to avoid such future loss, and to remove all possibility of any suits designed to hamper the Government in administering the public debt and in financing its ordinary and emergency expenditures.

More specifically, I recommend the immediate enactment of legislation (1) that will authorize and direct the Secretary

of the Treasury, at the request of the holders of gold-clause securities of the United States, to make payment therefor in cash, dollar for dollar, with accrued interest, or, at the holder's election, to exchange such securities for non-gold-clause securities with the same interest rate and maturity; (2) that will terminate any consent which the United States may have voluntarily given to be sued on its securities, coins, or currencies; and (3) that will reaffirm the fixed policy of the United States to make payment to all holders of its securities, coins, and currencies on an equal and uniform dollar-for-dollar basis and will make appropriations available for payments on this basis and on this basis only.

There is no constitutional or inherent right to sue the Government; on the contrary, the immunity of the sovereign from suit is a principle of universal acceptance, and permission to bring such suits is an act of grace which with us may be granted or withheld by the Congress. The courts, it is hardly necessary for me to add, will always be open to those who seek justice; but they were not established for use by a few to enrich themselves at the expense of the many, nor to enable a few to harass and embarrass sovereign action by the Government when taken for the benefit of all.

Not only justice to the holders of our currency and of our securities, who support and rely on our policy of equal and uniform treatment to all, but also the interests of our entire people require that the Government of the United States make it clear that it cannot and will not consent to the use of its courts in aid of efforts to sabotage the operations of Government or in aid of private speculation.

This proposal reasserts and makes definite the control of the Congress over the securities and money issued by the United States of America.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 27, 1935.*

SUPPLEMENTAL ESTIMATES—FEDERAL TRADE COMMISSION (S. DOC. NO. 96)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000, of which $100,000 is to remain available until December 31, 1936, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES—DEPARTMENT OF THE INTERIOR (S. DOC. NO. 95)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, three supplemental estimates of appropriations for the Department of the Interior, Bureau of Indian Affairs, for the fiscal year 1936, amounting to $1,233,164.81, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PATENT RIGHTS OF EDWARD MELVE

The VICE PRESIDENT laid before the Senate a paper in the nature of an affidavit signed and sworn to by Edward Melve at Wilmington, in the county of New Castle and State of Delaware, for the purpose and intention of giving the Congress his fullest freedom to make all of his (present and future) patent rights to his wireless telephone inventions (comprising the invention disclosed in his petitions to Congress), public property after his natural life, so that none of said patent rights will be inherited by anyone except the public, and shall be public property, which was referred to the Committee on Patents.

PETITIONS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from the executive board of the Newark (N. J.) Branch, National Association for the Advancement of Colored People, signed by Robert H. Wheeler, vice president, praying for the prompt enactment of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from Frank White, of Atlanta, Ga., praying for the enactment of old-age pension legislation, which was ordered to lie on the table.

Mr. BONE presented the petition of the West Seattle (Wash.) Townsend Old-Age Revolving Pension Club, praying for the enactment into law of the so-called "Townsend old-age-pension plan", which was ordered to lie on the table.

Mr. McADOO presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Commerce:

CHAPTER 139

Assembly Joint Resolution No. 22—Relative to Pacific Exposition

Whereas Pacific Exposition, an international exposition, is to be held in the county of Los Angeles, State of California, during 1937–38, and thereafter, for the purpose of commemorating the completion of Boulder Dam and the power and water developments and projects thereof: Therefore be it

Resolved by the Senate and Assembly of the State of California, That we, the representatives of the people of the State of California, do hereby respectfully request the President of the United States and the Congress of the United States to cause an invitation to be extended to the peoples of the world to participate in said exposition; be it further

Resolved, That copies of this resolution be transmitted by the secretary of state to the President of the United States, to the Congress of the United States, and to each of the Senators and Representatives of the State of California in Congress.

REGULATION OF PUBLIC UTILITIES

Mr. WHEELER presented a paper from the Hartford (Conn.) Central Labor Union, relative to the so-called "Wheeler-Rayburn public utilities bill", which was ordered to lie on the table and to be printed in the RECORD, as follows:

HARTFORD CENTRAL LABOR UNION,
Hartford, Conn.

Reply to Samuel Ferguson on the Wheeler-Rayburn bill

The following was unanimously adopted at a meeting June 19, 1935, at the Labor Temple Hall:

Voted: That the Hartford Central Labor Union send a copy of the following statement to President Roosevelt, Senators MALONEY, WHEELER, BLACK, BORAH, and also to Congressmen KOPPLEMANN, CITRON, RAYBURN, chairman of committee, and other proponents.

According to the press, June 12, "Mr. Samuel Ferguson, chairman of the board of the Hartford Electric Light and Connecticut Power Cos., dispatched Senator LONERGAN as follows":

"Twelve thousand stockholders and 50,000 customers of this company are grateful to you for your efforts to modify or defeat the destructive Wheeler-Rayburn bill."

This bill passed in the Senate by a vote of 56 in favor to 32 against, and several Senators, in urging the passage of the bill, stated in the debate that the only thing it would prove destructive of would be, using their own language, "fraud", "chicanery", "bloodsuckers", "thieves" "racketeers", and "pyramiding of unnecessary holding companies."

Several Senators, opposing its passage, admitted most flagrant abuses by several holding companies, as have also practically all the leading newspapers, Republican and Democratic, stating editorially, "By their utter disregard of the rules of honesty and decency in their business transactions or the interests of the people they brought this trouble upon themselves", etc.

But what the Central Labor Union is anxious to know is, since when, and by whom, was Mr. Ferguson authorized to act as official spokesman for the "50,000 customers", on matters of pending controversial legislation in Congress? The purpose of which is, in this case, the protection of the welfare of the masses as against the interests of the privileged few. "Fifty thousand grateful customers" mass production do you ask? Yes; of nerve, a natural tendency of monopoly.

Representing a large number of customers, not by choice, but because of its being a monopoly we have no other alternative, several thousand of which customers have for years been strenuously protesting, through the press and otherwise, against what they consider to be unfair charges, and we hereby protest against being included among the so-called "50,000 grateful customers", and we further protest against any person assuming the right to register us as favoring or opposed to any pending legislation in Washington or elsewhere without our consent.

It is the opinion of the Central Labor Union that it would be about as logical and much nearer the truth if the Hartford Courant or the Hartford Times sent a dispatch to Senator MALONEY stating 50,000 customers, readers of this paper are grateful to you for your efforts to pass the constructive Wheeler-Rayburn bill, and your vote against the destructive Dieterich amendment.

Voted: That the Central Labor Union send a vote of thanks to Senator MALONEY for his loyal support of the Wheeler-Rayburn bill.

JAMES T. MANEE, *Secretary.*

REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2504. A bill to incorporate the Marine Corps League (Rept. 968); and

S. 2682. A bill for the relief of Chief Carpenter William F. Twitchell, United States Navy (Rept. No. 969).

Mr. BYRD, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3760) for the relief of Capt. Arthur L. Bristol, United States Navy, reported it without amendment and submitted a report (No. 970) thereon.

Mr. BROWN, from the Committee on Naval Affairs, to which was referred the bill (S. 696) for the relief of Sylvan M. Levy, reported it with an amendment and submitted a report (No. 971) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1786) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians, of North Dakota, to the Court of Claims for adjudication and settlement, reported it with amendments to the title and submitted a report (No. 972) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2463) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claim which the Kiowa, Comanche, and Apache Tribes of Indians may have against the United States, and for other purposes, reported it with amendments and submitted a report (No. 973) thereon.

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (S. 2825) to provide for the establishment of a National Planning Board and the organization and functions thereof, reported it with amendments and submitted a report (No. 974) thereon.

He also, from the same committee, to which was referred the bill (H. R. 7590) to create a Central Statistical Committee and a Central Statistical Board, and for other purposes, reported it without amendment and submitted a report (No. 975) thereon.

TRANSFER OF LANDS IN HOPKINS COUNTY, KY.

Mr. CONNALLY. From the Committee on Public Buildings and Grounds I report back favorable without amendment the bill (H. R. 3012) to authorize the transfer of certain lands in Hopkins County, Ky., to the Commonwealth of Kentucky.

Mr. BARKLEY. Mr. President, I ask unanimous consent for the present consideration of the bill just reported by the Senator from Texas.

There being no objection, the Senate proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to convey to the Commonwealth of Kentucky, for State park purposes exclusively, without expense to the United States, all the right, title, and interest of the United States in and to certain lands in Hopkins County, Ky., described as follows:

Beginning at an iron-pipe corner marked "H. L. & I. Co.–G. W. Beshear–Alexander Estate–C. T. Kirkwood–No. '1'", in a fence line, on the southerly side of a road, about 30 feet southerly from a culvert at a right-angle turn in a road, willow pointer;

Thence north 73°33'30" W. 1,979.86 feet to a square stone marked "No. '2'", on a flat, at a large leaning sweetgum, sweetgum and poplar pointers;

Thence north 73°32'40" W. 1,365.12 feet to a square-stone corner marked "No. '3'", on a flat at a fence corner, large spanish-oak and hackberry pointers; said corner no. 3 being also a corner to the property of L. B. Lamson;

Thence north 17°32'50" E. 987.19 feet to an iron-pipe corner marked "H. L. & I. Co.–L. B. Lamson–No. '4'", on a southerly slope, near the northwesterly edge of a flat, about 200 feet southerly from a road, large beech and forked beech pointers;

Thence north 58°6'30" E. 841.08 feet to a square-stone corner marked "No. '5'", on top of a sandstone cliff, sweetgum and white-oak pointers, both small;

Thence north 3°25'30" E. 334.62 feet to a square-stone corner marked "No. '6'", on a steep southerly hillside, below a sandstone cliff, two hickory, black-oak, white-oak, and sugar-tree pointers;

Thence north 75°7'40" W. 716.12 feet to a square-stone corner marked "No. '7'", on a southerly slope, about 50 feet northerly from a sandstone canyon, two hickory, black-oak, and black-walnut pointers;

Thence south 73°19'50" W. 1,608.31 feet to a square-stone marked "No. '8'", on the easterly side of a drain, about 50 feet southerly from a spring, two sweetgum, black-gum, and elm pointers;

Thence north 27°42'10" W. 1,072.51 feet to a square-stone corner marked "No. '9'", on the westerly side of a road, at a large white-oak stump, said corner no. 9 being also a corner to the properties of * * * Purdy and G. W. Beshear;

Thence north 9°26'20" E. 703.20 feet to a square-stone corner marked "No. '10'", on an easterly hillside, in a steep hollow, 2 sweetgum, 2 white-oak and elm pointers;

Thence north 75°30'40" E. 284.06 feet to an iron-pipe corner marked "H. L. & I. Co.–G. W. Beshear–Ira Beshear–No. '11'", on a westerly hillside, about 50 feet easterly from a deep drain, black-oak, and large white-oak pointers;

Thence north 74°47'30" E. 343.46 feet to an iron-pipe corner marked "H. L. & I. Co.–Ira Beshear–Isaac Beshear–No. '12'", at a stone on an easterly hillside, about 15 feet southerly from a fence corner, two white-oak and hickory pointers;

Thence north 74°27'50" E. 1,142.07 feet to an iron-pipe corner marked "H. L. & I. Co.–Isaac Beshear–Emit Beshear–No. '13'", at a stone on a northwesterly ridge near the head of a hollow, small sugar-tree, hickory, and large Spanish-oak pointers;

Thence north 73°56'20" E. 1,179.74 feet to an iron-pipe corner marked "H. L. & I. Co.–Emit Beshear–No. '14'", where a square-stone corner was located in the Bellford Road 10 feet westerly from a culvert and 10 feet southerly from a fence-corner post;

Thence north 4°47'10" east 928.01 feet to a square-stone corner marked "No. '15'", on a northwesterly slope, on the southerly side of a field, five black-oak and hickory pointers;

Thence north 48°52' east 373.68 feet to a square-stone corner marked "No. '16'", on the northerly side of a field, beech, sugar tree, and double black-walnut pointers, said corner numbered 16 is also corner to the property of Jas. J. Hamby;

Thence north 63°48'10" east 217.28 feet to a square-stone corner marked "No. '17'", on a southerly hillside, at the corner of a field, large white-oak and two sugar-tree pointers;

Thence south 28°55'10" east 652.61 feet to a square-stone corner marked "No. '18'", on a westerly hillside above a drain with a sandstone bottom, two white-oak and black-oak pointers;

Thence north 73°55'10" east 1,127.10 feet to a square-stone corner marked "No. '19'", in the head of a hollow, southwesterly from a house, about 75 feet northwesterly from the Bellford Road, large white-oak, hickory, and small white-oak pointers, said corner numbered 19 is also corner to the property of J. D. Eli (now M. P. Buntin);

Thence south 1°43'50" east 284.12 feet to a square-stone marked "No. '20'", on a southerly slope, large white-oak, hickory, and three small white-oak pointers;

Thence south 35°37'20" east 2,465 feet to a square-stone corner marked "No. '21'", on an easterly hillside at the northerly side of a field, hickory, dogwood, red-oak, and sassafras pointers;

Thence south 61°43'40" west 1,263.24 feet to an iron-pipe corner marked "H. L. & I. Co.–W. R. Ligon–Pest House–No. '22'", on the northerly side of a large ridge, near the southerly side of an old field, three hickory and elm pointers;

Thence south 61°43'40" W. 208.76 feet to a square-stone corner marked "No. '23'", on top of a broad ridge about 135 feet northerly from the pest house, black-oak, white-oak, cedar, and two hickory pointers;

Thence south 1°6'10" W. 677.03 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–Pest House–No. '24'", on an easterly slope about 20 feet westerly from a drain, black-oak, black-walnut, and two hickory pointers;

Thence south 1°51' W. 453.68 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '25'", on the easterly side of a drain, beech pointer;

Thence 0°4'30" W. 308.85 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '26'", about 25 feet westerly from a drain, large sycamore and black-walnut pointers;

Thence south 30°41'30" E. 497.76 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '27'", on the easterly side of a flat on the westerly side of a drain, two sweetgum pointers;

Thence south 9°5' E. 184.77 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '28'", in the westerly side of a drain, at the foot of a bank, sycamore, elm, and persimmon pointers;

Thence south 25°24'30" W. 235.34 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '29'", on a flat on the westerly side of a drain, honeylocust pointer;

Thence south 47°24'30" W. 233.31 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '30'", on a flat on the westerly side of a branch, on the easterly side of a road, sycamore, elm, and willow pointers;

Thence south 15°55'30" W. 437.25 feet to the place of beginning, containing 447.51 acres more or less; being the same tract or parcel of land conveyed to the Government of the United States by the Hillman Land Co., on the 30th day of March 1921, and recorded in Deed Book No. 109, page 537, in the Hopkins County court clerk's office.

Such conveyance shall contain the express condition that if the Commonwealth of Kentucky shall at any time cease to use such

lands for State park purposes exclusively, or shall alienate or attempt to alienate such lands, title thereto shall revert to the United States.

The bill was ordered to a third reading, read the third time, and passed.

PRODUCTION, TRANSPORTATION, AND MARKETING OF WOOL

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 160) providing for an investigation of the production, transportation, and marketing of wool, reported it without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 26th instant that committee presented to the President of the United States the following enrolled bill and joint resolution:

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union; and

S. J. Res. 131. Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MINTON:

A bill (S. 3166) to authorize the coinage of 50-cent pieces in commemoration of the outstanding public services of William Henry Harrison; to the Committee on Banking and Currency.

By Mr. SCHWELLENBACH:

A bill (S. 3167) to extend the provisions of certain laws relating to vocational education and civilian rehabilitation to the Territory of Alaska; to the Committee on Education and Labor.

A bill (S. 3168) to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works; to the Committee on Territories and Insular Affairs.

By Mr. BORAH:

A bill (S. 3169) for the relief of Charles E. La Vatta; to the Committee on Indian Affairs.

By Mr. NEELY:

A bill (S. 3170) to correct the naval record of Lewis Frederick Mulligan; to the Committee on Naval Affairs.

A bill (S. 3171) granting a pension to Fletcher M. Boso; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 3172) to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon; to the Committee on Agriculture and Forestry.

By Mr. BROWN:

A bill (S. 3173) to authorize the Secretary of War to pay officers and men formerly enlisted as members of Battery D, One Hundred and Ninety-seventh Coast Artillery (AA), New Hampshire National Guard, for armory training during the period from November 1, 1932, to July 1, 1933; to the Committee on Military Affairs.

By Mr. WALSH:

A joint resolution (S. J. Res. 154) consenting that certain States may sue the United States, and providing for trial on the merits of any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name; to the Committee on Claims.

HOUSE BILL REFERRED

The bill (H. R. 8400) providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes, was read twice by its title and referred to the Committee on Military Affairs.

AMENDMENT OF COPYRIGHT LAW

Mr. TRAMMELL submitted an amendment intended to be proposed by him to the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

COMPARATIVE TAX BURDEN IN THE DISTRICT OF COLUMBIA AND OTHER CITIES (S. DOC. NO. 97)

Mr. KING. I send to the desk and ask to have printed as a document, with an illustration, a letter from the President of the United States, with accompanying data, addressed to me as Chairman of the Committee on the District of Columbia, in relation to certain material, prepared in the office of the Secretary of the Treasury, affecting the question of taxes in the District of Columbia.

The PRESIDENT pro tempore. Without objection, the letter and accompanying data will be printed as a document, with an illustration.

EXTENSION OF CERTAIN TAXES

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HARRISON. I move that the Senate insist on its amendments, agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDENT pro tempore appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. KEYES, and Mr. LA FOLLETTE conferees on the part of the Senate.

THE AIR MAIL

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the air mail service, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. I move that the Senate insist on its amendment, agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDENT pro tempore appointed Mr. McKELLAR, Mr. HAYDEN, and Mr. SCHALL conferees on the part of the Senate.

PERSHING HALL, PARIS, FRANCE

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, which were, on page 1, lines 7 and 8, to strike out "and the reorganization of"; on page 1, line 9, after "France", to insert "under the auspices of the American Legion, Inc."; on page 2, line 3, to strike out "and reorganized"; on page 2, line 8, after "War", to strike out the remainder of the paragraph and insert:

SEC. 2. Any balance remaining after settlement of such indebtedness shall be retained by the Secretary of the Treasury as a special fund to be known as the "Pershing Hall Memorial Fund." The Secretary of the Treasury is authorized (a) to invest

and reinvest any part or all of the corpus of this fund so remaining in interest-bearing United States Government bonds and retain custody thereof; and (b) upon request of the American Legion, Inc., the Secretary of the Treasury shall pay to the national treasurer of the American Legion, Inc., from time to time any part of the earnings upon the fund for use in the maintenance and/or perpetuation of Pershing Hall.

On page 2, line 13, to strike out "2" and insert "3"; and to amend the title so as to read: "An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes."

Mr. SHEPPARD. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

INDIANS OF CALIFORNIA IN COURT OF CLAIMS

Mr. THOMAS of Oklahoma. Mr. President, on a former occasion the Senate passed the bill (S. 1793) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928, and the bill was sent to the House of Representatives, but was later returned to the Senate pursuant to the request after a motion to reconsider had been entered. I now ask unanimous consent that the motion to reconsider be agreed to and that the bill be recommitted to the Committee on Indian Affairs, from which it came.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

NOTIFICATION TO PRESIDENT—NOMINATIONS OF NAVAL ACADEMY GRADUATES

Mr. TRAMMELL. Mr. President, yesterday the Senate confirmed a number of the recent graduates of the Naval Academy, and unless the President shall be immediately notified there will be a delay of some 3 days in the young men receiving their commissions. As in executive session, I ask unanimous consent that the President be immediately notified.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the President will be notified.

COOPERATIVE AGRICULTURAL EXTENSION WORK—CONFERENCE REPORT

Mr. BANKHEAD (for Mr. SMITH) submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7160) to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "Alaska and"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In the House bill insert "Puerto Rico and the" after the word "to" in line 16 on page 2; insert "Puerto Rico and" after the word "to" in lines 7 and 23 on page 4, before the word "all" in line 11 on page 4, and after the word "to" in line 5 on page 5; and insert "Puerto Rico or" after the word "of" in line 10 on page 4, after the word "which" in line 14 on page 4, after the word "If" in line 18 on page 4, and after the word "to" in lines 2 and 3 on page 5; and the Senate agree to the same.

E. D. SMITH,
B. K. WHEELER,
G. W. NORRIS,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
CLIFFORD R. HOPE,
Managers on the part of the House.

The report was agreed to.

PROCESSING TAXES—STATEMENT BY SENATOR METCALF

Mr. HALE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement issued by the senior Senator from Rhode Island [Mr. METCALF] appearing in the Providence Journal of June 24, 1935, relative to section 29 of House bill 8492, containing provisions relating to suits regarding processing taxes.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From the Providence Journal, June 24, 1935]

RE H. R. 8492, SECTION 29, CONTAINING PROVISIONS RELATING TO SUITS REGARDING PROCESSING TAXES

It is astonishing that the Congress will even consider amendments to the Agricultural Adjustment Act which are so radical and far-reaching as to prevent a taxpayer from recovering money illegally and unconstitutionally collected by the processing tax. Not only do these amendments nullify the constitutional rights of a citizen but they deprive him of all redress from any illegal acts which may be committed by the Secretary of Agriculture.

Apparently fearing that the tax might be held unconstitutional by the Supreme Court, after its recent decisions declaring certain of the new-deal measures to be invalid, the administration has sought through section 29 of this bill, first, to prevent taxpayers from securing refunds of taxes previously paid or assessed and, secondly, to enable the Government to collect and retain taxes subsequently assessed, even though they might be illegal.

The bill, in paragraph (a) of section 21, seeks to accomplish the first objective by providing that no suit shall be brought or maintained in the courts for a refund of any taxes previously paid.

The second objective, which is to enable the Government to collect and keep taxes assessed in the future, the bill seeks to accomplish, first, by denying to the taxpayer the right prior to payment of the tax to secure a decision by the courts as to its validity, and, secondly, by imposing conditions upon the taxpayer's right to secure a refund after the tax is paid, which, as a practical matter, will in the vast majority of cases be impossible of fulfillment. In carrying out this purpose the bill goes so far as to declare that a taxpayer shall not be permitted to obtain a declaratory judgment under the Federal Declaratory Judgments Act passed by Congress in June 1934, which was hailed at the time as a much-needed measure to promote the administration of justice.

Under paragraph (d), the taxpayer, in order to obtain a refund of taxes paid subsequently to the adoption of the amendment, (1) must prove to the satisfaction of the Commissioner of Internal Revenue that he has not passed on the tax as a part of the price of the article with respect to which it was imposed, or of any article processed from the commodity with respect to which it was imposed, or (2) he must file with the Commissioner of Internal Revenue the written consent of the ultimate purchaser to the allowance of the refund.

It is manifest that in the great majority of cases it will be impossible for the taxpayer to comply with these conditions. The fact, for example, that the processor may have lost during the year a sum equal to or greater than the amount of the taxes paid does not constitute proof that the taxes, or any particular part of them, were not passed on. The loss is attributable to the fact that he has not recovered from his customers the full amount of his costs, which consist not merely of the processing tax but also of sums paid for raw materials, wages, and overhead and other expenses. Furthermore, it will oftentimes be equally impossible to comply with the second condition that the written consent of the ultimate purchaser to the allowance of a refund be obtained. In many instances it will be a hopeless task to trace to the ultimate consumer the goods with respect to which the taxes have been paid. To impose such conditions on recovery is to deny the right to refund.

It is obvious that these provisions constitute an attempt to circumvent the Constitution and to enable the Government to continue the collection of a tax which may well be illegal, without any opportunity on the part of the taxpayer to resist collection or to secure a refund after the tax is paid. If the attempt is successful, there is no reason why the same thing could not be done with respect to income taxes, excess-profits taxes, capital-stock taxes, and excise taxes generally, in fact, with respect to every tax assessed on business.

Suppose, for example, that the refund of income taxes improperly collected were made conditional upon the taxpayer proving that the tax had not passed on as a part of the price of the goods sold by him, is it not clear that he would in fact be denied the right to a refund?

These provisions of the bill constitute but another example of the length to which the present administration will go to accomplish its purposes. The administration secured the passage of the National Industrial Recovery Act and for 2 years successfully resisted all attempts to obtain a decision by the United States Supreme Court as to its validity, and even went so far as to withdraw its appeal to that court in the Belcher case in order that the N. R. A. might have a further lease of life. As a result of wide-spread popular protest against such action, however, the administration reluctantly consented to have the Schechter case argued at this term of court with the result that the act was held to be unconstitutional by a unanimous decision.

Moreover, the attempt in the first paragraph of section 21 to deprive the taxpayer of every remedy to secure a refund of proc-

essing taxes previously paid is but a bare-faced repudiation of a Government obligation, in no way to be distinguished from the repudiation of a Government bond or other obligation. The comments of the House Committee on Agriculture in its report on this paragraph are most interesting. On page 20 the report says:

"The practical effect of this provision will be to prevent any refunds of taxes already collected upon the ground that the act or the actions of the Secretary thereunder are illegal. The *justification for such a provision denying refunds is found in the fact that the taxes paid have been passed on to the consumer.* The constitutional basis for such a provision is found in the power of the United States at any time to assert its sovereign right not to be sued." (Italics mine.)

It may fairly be asked: Is Congress omniscient that it is thus able to determine that the taxes paid have in all cases been passed on to the consumer? Those cotton mills that have lost hundreds of thousands of dollars during the past 2 years since the A. A. A. was enacted will doubtless be somewhat surprised at this arbitrary finding of fact without investigation.

The issue here involved is not the narrow question of whether or not the taxpayer should be deprived of all remedies with respect to the processing tax, but whether the Federal Government should be permitted to collect from the citizens of the country, in the guise of taxes, and retain as its own without remedy on the part of the taxpayer, money which it may have no lawful right to collect. If this can be done, property in unlimited amount can be taken from our citizens without regard to constitutional limitations and devoted to such purposes as the Federal Government may, in its absolute discretion, see fit. It should be no answer to say in any case that the burden of the tax has been passed on to another, particularly where the tax has not in express terms been so transferred.

The question is one between the Government and the person who paid the tax, and if the tax was improperly collected the money should be returned to the person paying it. Whether he should be permitted to keep it or should be required to pay the whole or part of the sum refunded to someone else is an entirely separate and independent question. Should it be desired, as a means of protecting third persons who may have an interest in the refund, to permit them to intervene in any tax suit brought to secure such refund, this, of course, would be entirely proper and unobjectionable; but the Government should not be permitted to retain a tax illegally collected on the mere ground that it is not clear whether the person who paid the tax, if he recovers it, will be required to share the refund with someone else.

I do not wish to be understood as asserting that the processing tax is unconstitutional, although it is the opinion of competent attorneys that the tax is invalid. I merely wish to point out that if the tax is constitutional the provisions of section 21 are wholly unnecessary, and if the tax is not constitutional they constitute a flagrant attempt on the part of the Federal Government to deprive the taxpayer of his just rights.

In the case of the processing tax the Government is acting as an intermediary for the transfer of money from one person to another. Is this a true tax for the general welfare, or is the Government unconstitutionally acting as a collecting and disbursing agency? If it is a true tax, the funds should be used for the general good instead of benefits for a specific group, and if the converse is true the tax is obviously unconstitutional.

This, then, is the administration's answer to the urgent appeal of the cotton-textile industry for relief from the processing tax. The tax is to be continued, even though unconstitutional.

MOCKERY IN TAXATION—EDITORIAL IN THE BALTIMORE SUN

Mr. DICKINSON. Mr. President, I ask leave to insert in the RECORD an editorial entitled "Mockery in Taxation", which appears in the Baltimore Sun of this morning.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, June 27, 1935]

Viewed from any important angle, the administration's tax program, as described in the Washington dispatches, can be regarded only as a shallow mockery.

Yesterday the Sun had occasion to say that the central question in the tax program that has been discussed, since the President's message to Congress 1 week ago today, was whether the purpose was to impose punitive taxes or to lay new taxes for the purpose of putting the Treasury on a sound basis. If the purpose was merely to punish, the program, in our opinion, should be stubbornly opposed. If the purpose was to move toward a balanced Budget, the program, in our opinion, should be warmly supported, for it is by no means too early to lay the taxes which must be paid to cover our stupendous expenditures, unless we are to risk ultimate repudiation of the Government's debts. The rich must be prepared to pay more, the well-to-do must be prepared to pay more, and so must the so-called "small man."

They all will pay, and pay through the nose, if vast spending goes on without adequate taxing until it comes to an end in a collapse of the national credit and in repudiation of the Government's debts. That will be taxation for all, and no legerdemain of bookkeeping will save either the rich man or the well-to-do man, and certainly it will not save the poor man.

It is now apparent that the administration's program is utterly trivial, utterly negligible, as a step toward a balanced Budget. In the fiscal year drawing to a close we had spent up to last Monday $7,190,586,468.76. Our deficit last Monday was $3,422,948,294.80. As against that deficit, the $340,000,000 provided in the present tax program is but a drop in the bucket. It is something short of one-tenth of this year's deficit. And, since there is no sign whatever that the administration proposes to reduce its expenditures in the next fiscal year, the new taxes can be expected to make no more impression upon the 1936 deficit. Moreover, as a popular rein upon expenditures the new taxes will be useless. They affect only a handful of people who, in most cases, lack any public or political influence.

Such is the fruit of the administration's work from the standpoint of those who believe that the gathering of a substantial income is not a crime which must be taxed to death, and that the possession of a substantial estate is not a menace which must be taxed to death, but who also believe that new taxes must be laid, and sternly laid, to protect the Treasury and the Government's debts. From the standpoint of those who are devoted to the theory of redistribution of wealth, the administration's program is equally a mockery.

This $340,000,000, what does it amount to? Wealth is to be redistributed by the Government taking money from the rich and using it either to relieve the tax load of the many or to pay benefits to the many. But if we figure roughly on a per capita basis, this $340,000,000 comes to the average redistribution of $2.70 annually among the 126,000,000 persons in this country. If, to give another rough illustration of the value of this $340,000,000 as a redistribution of wealth, we set it against the estimated national income of sixty billion, we get a figure of less than three-fifths of 1 percent. In other words, under this ballyhooed $340,000,000 tax program, Mr. Roosevelt is redistributing less than 6 mills out of every dollar of the estimated current national income.

The Sun submits that this is a cheap performance, which even the President's critics would not have cared to anticipate. From the fallacious standpoint of the redistributors of wealth, it is child's play, even as it is inadequate and trifling from the standpoint of those who favor straightforward taxation, up and down the scale, in the interest of a sound Budget and of sound Government debts. For a solid week there has been an immense commotion, led by the President of the United States himself, and at the end of a week there is a program no man can respect. It is time for President Roosevelt to enter his closet for meditation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed a bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, in which it requested the concurrence of the Senate.

RELIGIOUS PERSECUTIONS IN MEXICO—PRECEDENTS FOR FEDERAL ACTION

Mr. WALSH. Mr. President, I ask to have printed in the CONGRESSIONAL RECORD a portion of the memorandum of the National Committee for the Defense of American Rights in Mexico presented in support of Senate Resolution 70, submitted by the Senator from Idaho [Mr. BORAH], authorizing a Senatorial investigation of the religious persecutions in Mexico.

This memorandum or brief enumerates international-law precedents, legislative precedents, and executive-department precedents in support of the resolution. These precedents present an interesting, historic, and formidable background of the position taken by the United States Government at various periods in the past in regard to racial and religious persecutions in foreign countries.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

PRECEDENTS V

There are ample legal precedents to warrant favorable action on the Borah resolution. The principal foundation for such precedents is common justice to humanity and the inherent rights all civilized beings have for protection against an unjust discrimination of their liberty and freedom.

The precedents are hereinafter referred to in the following order:

1. International law.
2. Legislative
3. Executive departments.
   (a) Pertaining to American citizens.
   (b) Pertaining to aliens.

1. INTERNATIONAL LAW

The following is an abstract of some of the principles of international law relating to protection of the right of religious worship by aliens, as pointed out by Hon. Martin T. Manton, judge of the United States Circuit Court of Appeals for the Southern District of New York, in a booklet recently published by him and entitled "Religious Prohibitions Under the Mexican Constitution."

Alien residents in a country are subjected to the civil and municipal laws of that country and amenable thereto, but such aliens possess equal rights with native citizens.

The state, however, has a right to expel from its territory any obnoxious foreigners for reason of public order or security. But, even though it cannot be proved that the teachings of the Christian churches of Mexico are opposed to public policy, practically all of the Christian churches have been closed, or confiscated, many thousands of their ministers have been expelled, and in other cases murdered. These acts on the part of the Mexican officials are carried out even in the face of the guaranty of freedom of religious worship given by article 24 of the Mexican Constitution of 1917 as follows:

"Every man is free to profess the religion of his choice and to practice the rituals, devotions, or acts of the respective creeds, in the temples or in his home, provided they do not constitute a crime or offense punishable by law."

If it should be proved that certain members of the clergy are engaged in activities of a seditious character, the Government of Mexico might deal with such members accordingly. This, however, does not give it the right to seize all of the churches and schools, expel the clergy, and force atheistic teachings on its citizens and the citizens of other countries who happen to reside there.

This principle was settled by Chief Justice Marshall in his decision in the case of *The Charming Betsy* (2 Cranch U. S., 64 (1804)), where he said:

"The American citizen who goes into a foreign country, although he owes local and temporary allegience to that country, is yet, if he performs no other act changing his condition, entitled to the protection of his own government; and if, without the violation of any municipal law, he should be oppressed unjustly, he would have a right to claim that protection, and the interposition of the American Government in his favor would be considered as a justifiable interposition."

This duty extends to moral persons, as well as natural persons. In the former class are included churches, schools, and religious associations. Moral persons or entities are regulated by the law of the country in which they were created. Mexican statute law, article 5 of the naturalization law of May 28, 1886, provides: "* * * nationality of moral persons or entities is regulated by the law authorizing their creation." The fact is that many of the church institutions in Mexico are of foreign origin. Therefore, under this principle, they are entitled to enjoy the same privileges accorded them in the country where they were organized. They should be permitted the privilege and right to buy, sell, and own property, which privilege has been taken from them and their property confiscated without just compensation. Furthermore, they have a right to peacefully conduct religious services and teaching, which has also been taken away.

Mr. Justice Harlan in *Berea College* v. *Kentucky* (221 U. S. 45 (1908)), said:

"The capacity to impart instruction to others is given by the Almighty for beneficent purposes; and its use may not be forbidden or interfered with by the government. * * * The right to impart instruction, harmless in itself or beneficial to those who receive it, is a substantial right of property." * * *

The facts will show that the life, liberty, and property of the Christian church of Mexico is being impaired. The church, therefore, has a right to be protected from such abuses.

Mexico, in article 27, destroyed all right of private ownership of property:

Religious associations called churches, whatever their creed, shall in no case have the capacity to acquire possession, or administer real property.

All church property is transferred to the nation. A limited right of ownership is recognized but it cannot be "under the patronage, control, administration, charge, or supervision of religious corporations or institutions, nor of ministers of the creeds or of their dependents, even when the latter or the former are not in active service."

Citing Oppenheim, I, International Law (3d ed., 1920), 462, in saying the substance of international law consists of the ethical and moral principles of the Christian religion, Manton says:

"* * * Wholesale expulsion of the agents of religion on capricious or ill-founded grounds is clearly a violation of the rights of men, aliens and citizens alike, and of the church, guaranteed by modern international law."

The principle of religious equality has been incorporated in many treaties between foreign countries as a principle of international law, and on many occasions our own country, as well as others, have taken definite action to protect violations of the fundamental right of religious freedom.

On page 16 of his treatise Judge Manton says:

"* * * Religious instruction is condemned in Mexico, not because of the violation of any law, nor because it is a menace to the peace and security of the state, but because, as the commission—which reported on article 3 to the constitutional assembly—put it: Such teaching contributes 'to deform the natural psychological growth of the child and tends to produce a certain deformity of his spirit.' This is a strange doctrine, completely at variance with 2,000 years of Christian instruction and the accumulated experience of countless millions who have felt the beneficent effects of that instruction." * * *

In speaking for the Supreme Court of the United States in the case of *Davis* v. *Beason* (133 U. S. 333), Mr. Justice Field said:

"The first amendment to the Constitution, in declaring that Congress shall make no law respecting the establishment of religion, or forbidding the free exercise thereof, was intended to allow *everyone under the jurisdiction of the United States to entertain such notions respecting his relations to his Maker, and the duties they impose as may be approved by his judgment and conscience*, and to exhibit his sentiments in such form of worship as he may think proper, nor injurious to the equal rights of others, and to prohibit legislation for the support of any religious tenets, or the modes of worship of any sect." (Italics ours.)

The inhibitions established by the present Mexican Government against religion are set forth in the treatise of Judge Manton as follows:

"(a) Forbidden to conduct schools for primary education.

"(b) Monastic orders prohibited.

"(c) Loss of citizenship for any believer who agrees before a clergyman not to obey the constitution and laws.

"(d) Public worship, where tolerated, must be conducted under official supervision.

"(e) Nationalization of church property.

"(f) Church incapacitated to hold property.

"(g) Church forbidden to conduct or supervise beneficent associations.

"(h) Priests forbidden to visit schools, under penalty of closing the schools.

"(i) Juristic personality of the churches has been destroyed.

"(j) Limitation of the number of priests by individual States.

"(k) Priests forbidden to criticize the constitution, the laws, the authorities, and the government.

"(l) Religious publications forbidden to comment on political questions.

"(m) Priests must be Mexican nationals.

"(n) Political organizations with religious names forbidden.

"(o) Priests forbidden to inherit, directly or indirectly, from another priest or some stranger.

"(p) Priests withdrawn, even in matters relating exclusively to their sacred calling, from the ecclesiastical jurisdiction.

"(q) Churches closed and priests persecuted, expelled, and in countless cases, executed. In other words, the church has ceased to exist in Mexico as a spiritual and social force."

With regard to these, Judge Manton says:

"Are the questions under the constitution of 1917 of no concern to other nations than Mexico? Can these glaring abuses against the traditional religion of the Mexican people be justified merely because they are sanctioned by the constitution? Certainly not. In the international order of things, the rights of foreign persons, whether natural or moral, and the rights of humanity cannot be violated with impunity by any municipal law." * * *

Practically every civilized nation, at one time or another, has intervened in the internal affairs of another nation solely in the interest of humanity, and such action has universally been recognized as consistent with the principles of international law.

Wheaton, I, Elements of International Law (6th English ed. 1929), pp. 172–173, says:

"The interference of the Christian powers of Europe, in favor of the Greeks, who, after enduring ages of cruel oppression, had shaken off the Ottoman yoke, affords a further illustration of the principles of international law authorizing such an interference, not only where the interests and safety of other powers are immediately affected by the internal transactions of a particular state, but *where the general interests of humanity are infringed by the excesses of a barbarous and despotic government.*" (Italics ours.)

Oppenheim, I, International Law (3d ed., 1920), page 462, says:

"* * * There is no doubt that should a state venture to treat its own subjects or some of them with such cruelty as would stagger humanity public opinion of the rest of the world would call upon the powers to exercise intervention for the purpose of compelling such state to establish a legal order of things within its boundaries sufficient to guarantee to its citizens an existence more adequate to the ideas of modern civilization."

Sir Robert Phillimore, a member of the British Privy Council and judge of the High Court of Admiralty, questions that any action taken by one state against another for religious grounds can be called intervention when he says:

"The practice (if it can be called such) of intervention of one Christian state on behalf of the subjects of another Christian state upon the ground of religion dates from the period of the Reformation. It could scarcely, indeed, have had an earlier origin. The abstract principle of this kind of intervention has derived positive force from being embodied in various important treaties" (Rub. 621–22, Rub. CCCCXI).

And we might go on quoting from many other treatises on international law as supporting this principle. Indeed it is difficult, if not impossible, to find any recognized authority opposed to the fundamental principle of the right of one country to intervene and protect the citizens of another country, who are being oppressed as a religious class.

On page 25 of his treatise Judge Manton gives the following as the international rights of man:

"1. The right of personal liberty.

"2. The right of property.

"3. The right to exercise at all times the civil rights, providing the same are not contrary to the public law of the state.

"The right to exercise his religious faith."

We need only to refer to the outline of the inhibitions established against religions, as stated above, to determine whether international rights have been impaired in Mexico to an extent warranting intervention on the part of our Government. The fate of the church in Mexico as thus given by Judge Manton is not merely a supposition, but it is supported by facts in evidentiary form; as will be shown later on in this memorandum.

Conditions of United States recognition in 1915

In the past the American Government has concerned itself with the religious situation in Mexico. In 1915 one of the conditions of recognition of the Carranza government was a promise that the Mexican Government would respect every person's life, property, and religious beliefs; and in 1921 our Government submitted to Mexico a proposed treaty in which it was provided that the nationals of either party were not to be "disturbed, molested, or annoyed in any manner on account of their religious beliefs, nor in the proper exercise of their respective creeds, whether in their homes or in their churches or chapels (cf. CONGRESSIONAL RECORD, Apr. 25, 1935, pp. 6431–6432).

2. LEGISLATIVE

Irish political prisoners

On July 29, 1916, the following substitute resolution, offered by Senator PITTMAN (S. Res. 241), was adopted by the United States Senate:

"*Resolved*, That the Senate expresses the hope that the British Government may exercise clemency in the treatment of Irish political prisoners; and that the President be requested to transmit this resolution to that Government."

Irish independence

On May 29, 1919, Senator BORAH submitted a resolution (S. Res. 48) from the Committee on Foreign Relations, which was adopted in the following form by the Senate, the second resolve being offered by Senator WALSH, of Massachusetts, and approved by the Senate:

"*Resolved*, That the Senate of the United States earnestly requests the American Peace Commission at Versailles to endeavor to secure for Edward De Valera, Arthur Griffiths, and Count George Noble Plunkett, a hearing before said peace conference in order that they may present the cause of Ireland.

"*Resolved further*, That the Senate of the United States express its sympathy with the aspirations of the Irish people for a Government of their own choice. (Walsh amendment.)"

Persecutions of Jews in the Ukraine

On December 12, 1919, the following resolution (S. Res. 259), offered by Senator Spencer, was reported unanimously by the Committee on Foreign Relations and agreed to with amendments offered:

Resolved, That the attention of the Senate having been called to the reported massacre of members of the Jewish race in the Ukraine and to the existence and execution of pogroms, which indicate a determination to exterminate the Jews of Ukraine, it is requested of the State Department that such information as may be available, not inconsistent with the public interest, be transmitted to the Senate showing the actual conditions in the Ukraine.

Termination of Treaty of 1832 between the United States and Russia

The following is House Joint Resolution 166, introduced in 1911 which resulted in the following letter from President Taft to the Senate of the United States dated December 18, 1911, which follows:

"*Resolved, etc.*, That the people of the United States assert as a fundamental principle that the rights of its citizens shall not be impaired at home or abroad because of race or religion; that the Government of the United States concludes its treaties for the equal protection of all classes of its citizens, without regard to race or religion; that the Government of the United States will not be a party to any treaty which discriminates, or which by one of the parties thereto is so construed as to discriminate, between American citizens on the ground of race or religion; that the Government of Russia has violated the treaty between the United States and Russia, concluded at St. Petersburg, December 18, 1832, refusing to honor American passports duly issued to American citizens on account of race and religion; that in the judgment of the Congress the said treaty, for the reasons aforesaid, ought to be terminated at the earliest possible time; that for the aforesaid reasons the said treaty is hereby declared to be terminated and of no further force and effect from the expiration of 1 year after the date of notification to the Government of Russia of the terms of this resolution, and that to this end the President is hereby charged with the duty of communicating such notice to the Government of Russia."

President Taft's letter

"By instructions which I caused the Secretary of State to transmit to the American Ambassador at St. Petersburg on the 15th day of December 1911, there was given to the Imperial Russian Government, under the date of the 17th day of December 1911, official notification, on behalf of this Government, of intention to terminate the operation of the treaty of commerce and navigation of December 18, 1832, between the United States and Russia upon the expiration of the year commencing on the 1st day of January 1912.

Investigation of outrages upon citizens of the United States in Mexico

On August 8, 1919, a Senate resolution (S. Res. 106), introduced by Senator Fall, was adopted, as follows:

"*Resolved*, That the Committee on Foreign Relations or any subcommittee thereof, is authorized and directed to investigate the matter of damages and outrages suffered by citizens of the United States in the Republic of Mexico, including the number of citizens of the United States who have been killed or have suffered personal outrages in Mexico, and the amount of proper indemnities for such murders and outrages; the quantity of damages suffered on account of the destruction, confiscation, and larceny of personal property and the confiscation and deprivation of the use of lands and the destruction of improvements thereon; the number of citizens of the United States residing in Mexico at the time Porfirio Diaz retired from the Presidency of Mexico, and the number of citizens of the United States at present residing in Mexico, and the nature and amount of their present holdings and properties in said country; and in general any and all acts of the Government of Mexico and its citizens in derogation of the rights of the United States or of its citizens; and for this purpose to sit at any time or place during the sessions of Congress or during recess and with authority to subpena such witnesses and documents as may be necessary, and to make a report of its findings in the premises to the Senate; and the said committee shall further investigate and report to the Senate what, if any, measures should be taken to prevent a recurrence of such outrages."

The Foreign Relations Committee of the Senate conducted an extensive hearing from Monday, September 8, 1919, to Thursday, May 20, 1920, which was contained in two volumes know as "Investigation of Mexican Affairs" (Document No. 285, 66th Cong., 2d sess.). This investigation resulted in the creation of the United States-Mexican Mixed Claims Commission.

Expression of senatorial protests against persecution of Jews in Germany

On June 10, 1933, eight Senators led by the floor leader of the majority party, Senator ROBINSON, raised their voice in opposition to the persecution of Jews in Germany. It is said that these speeches were instigated, or were at least given approval, by the present administration.

3. EXECUTIVE PRECEDENTS—(A) PERTAINING TO AMERICAN CITIZENS

The following precedents show that it is an established principle of the United States to demand of other nations the privilege of religious freedom:

Religious persecutions in Turkey

On January 18, 1906, Mr. Elihu Root, Secretary of State, wrote a letter to the American Minister to Turkey in which he stated:

"The President's message to the Sultan and the instructions sent by the Department to the legation * * * should leave no doubt in the mind of the Turkish Government that the United States confidently and in common justice expects that American [religious, benevolent, and educational] institutions [in Turkey] shall be treated on an equal footing of benefit with those of other states." (Brackets ours.) Foreign Relations of the United States, 1906, II, p. 1378.

Discriminations against Hebrews in Switzerland

Considerable correspondence was had between the United States and Switzerland over the discrimination against Jews in Switzerland. (See Ex. Doc. No. 76, pp. 1–101.)

On November 5, 1857, Secretary of State Lewis Cass sent the following instructions to Mr. Fay, the United States Minister to Switzerland:

"I am directed by the President to instruct you to use all the means in your power to effect the removal of the odious restrictions complained of, which, it is understood, are contained in the laws of but four of the Swiss cantons. You are requested to inform the Department upon this point, and to state the names of the cantons in which these laws exist."

On April 17, 1858, Secretary Cass wrote the following letter to Mr. Fay:

"The President learns with pleasure that your efforts in behalf of the American Israelites in Switzerland have not been relaxed. The removal of the restrictions contained in the cantonal laws so oppressive to Jewish citizens of the United States is, as you are aware, a matter which the President has much at heart, and he indulges the hope that the measures taken by you to secure that result may be successful."

These negotiations resulted, on May 29, 1874, in the adoption of a new federal constitution by the Swiss Confederation, article 50 of which provided that "The free exercise of worship is guaranteed, within the limits compatible with public order and good morals." (House Ex. Doc. No. 78, p. 22.)

Persecutions of Christian missionaries in Hawaii

Mr. Fish, Secretary of State of the United States, on April 6, 1870, wrote Mr. Pierce, Minister to Hawaii, in part, as follows:

"It is a matter of regret that the Christian missionaries of the United States and of Hawaii to the Micronesian group should have experienced any obstacle in the prosecution of their calling, and especially that they should have been wronged in their person and

property by the savage aborigines. It is hoped that the vessel of war which, it is understood, has been ordered thither, will have the effect of preventing any further outrages upon our citizens."

United States intercedes with Russia in behalf of American Bible Society

On May 27, 1882, Secretary of State Frelinghuysen sent to Mr. Hoffman, the Chargé d'Affaires in Russia, a letter from the American Bible Society, which declared that the agents of the society were forbidden to sell the Scripture in parts of the Russian Empire, and stated:

"Apart from its claims in common with other lawful American corporations to the kindly offices of the Government of the United States, there was in this case the unselfish aim of doing good, which commended it to the support of enlightened people."

Mr. Hoffman was directed as follows:

"To read the instruction to the Russian Minister of Foreign Affairs and to express the hope that the Russian Government would examine into the allegations submitted, and if they were found to be well grounded, issue such orders as might be deemed right and best fitted to afford the desired relief" (Moore's Digest, VI, 335–336).

Our attitude over Austro-Hungarian Government's refusal to accept American Minister because of Jewish wife

On May 4, 1885, President Cleveland appointed the Honorable Anthony M. Keiley Envoy Extraordinary and Minister Plenipotentiary at Vienna. Our Secretary of State was advised by the Austro-Hungarian Minister to the United States that:

"* * * The position of a foreign envoy wedded to a Jewess by civil marriage would be untenable and even impossible in Vienna."

Secretary of State Bayard, on May 18, 1885, wrote the Austro-Hungarian Minister, in part, as follows:

"The supreme law of this land expressly declares that 'no religious test shall ever be required as a qualification to any office or public trust under the United States', and by the same authority it is declared that 'Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof.'

"This is a Government of laws, and all authority exercised must find its measure and warrant thereunder.

"It is not within the power of the President, nor of Congress, nor of any judicial tribunal of the United States, to take or even hear testimony or in any mode to inquire into or decide upon the religious belief of any official, and the proposition to allow this to be done by any foreign government is necessarily and a fortiori inadmissible.

"To suffer an infraction of this essential principal would lead to a disfranchisement of our citizens because of their religious belief, and thus impair or destroy the most important end which our constitution of government was intended to secure. Religious liberty is the chief cornerstone of the American system of government, and provisions for its security are embedded in the written charter and interwoven in the moral fabric of its laws.

"Anything that tends to invade a right so essential and sacred must be carefully guarded against, and I am satisfied that my countrymen, ever mindful of the suffering and sacrifices necessary to obtain it, will never consent to its impairment for any reason or any pretext whatsoever.

"In harmony with this essential law is the most equally potential unwritten law of American society that awards respect and delicate consideration to the women of the United States and exacts deference in the treatment at home and abroad of the mothers, wives, and daughters of the Republic.

"The case we are now considering is that of an envoy of the United States, unquestionably fitted, morally and intellectually, and who has been duly accredited to a friendly Government, toward which he is thoroughly well effected; who in accordance with the laws of this country has long since contracted and has maintained an honorable marriage, and whose presence near the foreign government in question is objected to by its agents on the sole ground that his wedded wife is alleged to entertain a religious faith which is held by very many of the most honored and valued citizens of the United States.

"It is not believed by the President that a doctrine and practice so destructive of religious liberty and freedom of conscience, so devoid of catholicity, and so opposed to the spirit of the age in which we live can for a moment be accepted by the great family of civilized nations or be allowed to control their diplomatic intercourse.

"Certain it is, it will never, in my belief, be accepted by the people of the United States nor by any administration which represents their sentiments. * * *"

On December 8, 1885, President Cleveland in his annual message to Congress referring to this incident stated:

"The reasons advanced (by that Government) were such as could not be acquiesced in without violation of my oath of office and the precepts of the Constitution, since they necessarily involved a limitation in favor of a foreign government upon the right of selection by the Executive, and required such an application of a religious test as a qualification for office under the United States as would have resulted in the practical disfranchisement of a large class of our citizens and the abandonment of a vital principle in our Government. The Austro-Hungarian Government finally decided not to receive Mr. Keiley as the envoy of the United States, and that gentleman has since resigned his commission, leaving the post vacant. I have made no new nomination, and the interests of this Government at Vienna are now in the care of the secretary of legation acting as chargé d'affaires ad interim."

President Roosevelt demands free exercise of liberty of conscience and religious worship of Mr. Litvinoff in negotiations for recognition of Soviet Russia

On November 16, 1933, President Roosevelt wrote Mr. Litvinoff, in part, as follows:

"As I have told you in our recent conversations, it is my expectation that after the establishment of normal relations between our two countries many Americans will reside temporarily or permanently within the territory of the Union of Soviet Socialist Republics, and I am deeply concerned that they should enjoy in all respects the same freedom of conscience and religious liberty which they enjoy at home. * * * We will expect that religious groups or congregations composed of nationals of the United States of America in the territory of the Union of Soviet Socialist Republics will be given the right to have their spiritual needs ministered to by clergymen, priests, rabbis, or other ecclesiastical functionaries who are nationals of the United States of America, and that such clergymen, priests, rabbis, or other ecclesiastical functionaries will be protected from all disability or persecution and will not be denied entry into the territory of the Soviet Union because of their ecclesiastical status."

(B) PERTAINING TO ALIENS

President Harrison protests persecutions of Hebrews

The plight of the Jewish people in Russia in 1891 was referred to in President Harrison's message to Congress of December 9, 1891, in which the President said:

"This Government has found occasion to express in a friendly spirit, but with much earnestness, to the Government of the Czar its serious concern because of the harsh measures now being enforced against the Hebrews in Russia. By the revival of anti-Semitic laws, long in abeyance, great numbers of those unfortunate people have been constrained to abandon their homes and leave the empire by reason of the impossibility of finding subsistence within the pale to which it is sought to confine them. The immigration of these to the United States—many other countries being closed to them—is largely increasing and is likely to assume proportions which may make it difficult to find homes and employment for them here and to seriously affect the labor market. It is estimated that over 1,000,000 will be forced from Russia within a few years. The Hebrew is never a beggar; he has always kept the law—life by toil—often under severe and oppressive civil restrictions. It is also true that no race, sect, or class has more fully cared for its own than the Hebrew race. But the sudden transfer of such a multitude, under conditions that tend to strip them of their small accumulations and to depress their energies and courage, is neither good for them nor for us. The banishment, whether by direct decree or by not less certain indirect methods, of so large a number of men and women is not a local question. A decree to leave one country is, in the nature of things, an order to enter another—some other. This consideration, as well as the suggestions of humanity, furnishes ample ground for the remonstrances which we have presented to Russia, while our historic friendship for that Government cannot fail to give the assurance that our representations are those of a sincere well-wisher."

Protest against execution of Jews by Mohammedans

Secretary of State Mr. Lewis Cass, on July 29, 1857, instructed Mr. Chandler, Minister to The Two Sicilies, that this Government approved his joining with consuls from other nations in protesting against the conviction and execution of a Jew for blasphemy (Moore, Digest, VI, 348).

Jewish persecutions in Rumania

In 1870 Mr. Benjamin F. Peixotto, an American Hebrew, was appointed consul of the United States to Rumania for the principal purpose of promoting Jewish emancipation and cessation of anti-Jewish activity in that country. His credentials from President Grant, dated December 8, 1870, read, in part, as follows:

"Mr. Peixotto has undertaken the duties of his present office more as a missionary work for the benefit of the people he represents than for any benefit to accrue to himself—a work in which all citizens will wish him the greatest success. The United States, knowing no distinction of her own citizens on account of religion or nativity, naturally believes in a civilization the world over which will secure the same universal views."

Religious liberty in Spain

On December 8, 1876, Mr. Hamilton Fish, Secretary of State of the United States, transmitted the following instructions to Mr. Adee, Chargé d'Affaires:

"You are instructed to act in concert with Mr. Layard, Her Majesty's Minister, in the sense in which he is instructed by Lord Derby, and to take occasion to speak in a similar sense to the Minister of State, impressing upon him the deep interest which the question of religious liberty in Spain excites in the United States, and the strong hope that the steps lately taken by the Spanish Government, with reference to religious freedom and toleration, may not be followed by others of a more retrograde character, and that the rights which the Minister of State admits are secured to Protestants by the eleventh article of the Constitution may be entirely respected, and that the United States rely

upon the good faith of the Spanish Government to promptly and firmly suppress any attempt from any quarter to infringe upon these rights" (Moore, Digest, VI, p. 175–176).

The United States interceded in behalf of Jews in Russia in 1891

Secretary of State James G. Blaine, on February 18, 1891, instructed Mr. Smith, American Minister to Russia, in part, as follows:

"The Government of the United States does not assume to dictate the internal policy of other nations, or to make suggestions as to what their municipal laws should be, or as to the manner in which they should be administered. Nevertheless, the mutual duties of nations require that each should use its power with due regard for the results which its exercise produces on the rest of the world. It is in this respect that the condition of the Jews in Russia is now brought to the attention of the United States, upon whose shores are cast daily evidences of the suffering and destitution wrought by the enforcement of the edicts against this unhappy people. I am persuaded that His Imperial Majesty the Emperor of Russia, and his councilors, can feel no sympathy with measures which are forced upon other nations by such deplorable consequences" (For. Rel. 1891, p. 739).

Suppression of Jews in Rumania

Secretary of State John Hay, on July 17, 1902, wrote the United States Minister in Rumania, Charles S. Wilson, in part, as follows:

"* * * The United States offers asylum to the oppressed of all lands. But its sympathy with them in nowise impairs its just liberty and right to weigh the acts of the oppressor in the light of their effects upon this country and to judge accordingly.

"Putting together the facts, now painfully brought home to this Government during the past few years, that many of the inhabitants of Rumania are being forced by artificially adverse discriminations to quit their native country; that the hospital asylum offered by this country is almost the only refuge left to them; that they come hither unfitted by the conditions of their exile to take part in the new life of this land under circumstances either profitable to themselves or beneficial to the community, and that they are objects of charity from the outset and for a long time—the right of remonstrance against the acts of the Rumanian Government is clearly established in favor of this Government. Whether consciously and of purpose or not, these helpless people, burdened and spurned by their native land, are forced by the sovereign power of Rumania upon the charity of the United States. This Government cannot be a tacit party to such an international wrong. It is constrained to protest against the treatment to which the Jews of Rumania are subjected, not alone because it has unimpeachable ground to remonstrate against the resultant injury to itself, but in the name of humanity. The United States may not authoritatively appeal to the stipulations of the Treaty of Berlin, to which it was not and cannot become a signatory, but it does earnestly appeal to the principles consigned therein, because they are principles of international law and eternal justice, advocating the broad toleration which that solemn compact enjoins, and standing ready to lend its moral support to the fulfillment thereof by its cosignatories, for the act of Rumania itself has effectively joined the United States to them as an interested party in this regard" (U. S. For. Rel., 1902, p. 912ff).

Anti-Semetic outbreak in Kishineff, Russia, in 1903

On April 19, 1903, 47 Jews were killed and several hundreds injured. Seven hundred houses and six hundred stores of Jews were looted and destroyed. President Theodore Roosevelt directed Secretary of State John Hay to instruct the American Chargé d'Affaires at St. Petersburg to ask for an audience with the Russian Minister of Foreign Affairs and to say:

"Excellency: The Secretary of State instructs me to inform you that the President has received from a large number of prominent citizens of the United States of all religious affiliations, and occupying the highest positions in both public and private life, a respectful petition addressed to His Majesty the Emperor relating to the conditions of the Jews in Russia. * * *

"I am instructed to ask whether the petition will be received by Your Excellency to be submitted to the gracious consideration of His Majesty. In that case the petition will be at once forwarded to St. Petersburg."

HOUSE BILL REFERRED

The bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

THE MERCHANT MARINE

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York [Mr. COPELAND] to proceed with the consideration of the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

Mr. COPELAND. Mr. President, there is pending before the Senate my motion to proceed to the consideration of S. 2582, the merchant-marine bill. The bill was introduced by reason of a message which came to the Congress from the President on the 4th of March. I should not be true to the members of my committee if I did not make every effort to guide to successful termination action on this bill.

After the message came there were frequent conferences between the merchant-marine subcommittee of the Commerce Committee of the Senate and a subcommittee from the Committee on Merchant Marine and Fisheries of the House. We were in almost constant consultation for a period of 2 months and finally evolved the bill which has been introduced in the two Houses and which I assume will be passed in the House today.

It was not an easy task to formulate this legislation. It provides for subsidies to be paid representing the difference in the cost of construction of vessels in American yards and the cost of construction of similar vessels in foreign yards. It provides for a subsidy for the operation of American vessels, a subsidy sufficient to meet the difference in cost of operation under the American flag and the cost of operation under foreign flags or of a given ship under a foreign flag.

I realize that in the Senate are men who disapprove of the idea of a subsidy. They are fundamentally opposed to it.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. I do.

Mr. NORRIS. If the Senator intends to discuss later the matters about which I wish to inquire, I shall not ask him to do so now; but I should like to have the Senator explain in some detail just how the difference in the cost of construction of a ship is to be ascertained. Who is to do it, and what other government is to be taken as a model in arriving at the difference; and who will determine, and how will they determine, the difference in the cost of operation; and is there anything in the bill which provides for a change in the subsidy for operation as different conditions may arise, making the difference of cost different from that which may exist at the time of the passage of the measure?

Have I made myself clear?

Mr. COPELAND. Perfectly; and in the course of my remarks I intend to attempt to answer the questions which the able Senator from Nebraska has asked. I shall pause long enough merely to say that the subsidy which is provided is subject to yearly correction; but as to the details of it, if the Senator will wait, I shall attempt to bring them out as I proceed with my discussion.

A great many things have been said here in the past 2 or 3 days, some of them rather bitter; but I wish to have Senators understand that so far as I am concerned I shall enter into no controversy with any Senator. I recognize his right to hold views which are contrary to mine. I respect him for his honesty of purpose. So what I shall attempt to say will be said in calmness and temperance of spirit, I trust. There is, however, so much misunderstanding apparent already in the discussion which has taken place that I think it wise that Senators should be advised regarding the purposes and details of the measure.

As I read history, I assume that Pericles was one of the greatest men Greece produced. Four hundred years before Christ he said:

> That nation which loses control of the sea, and the ability to carry its merchandise thereon—its name is writ in water.

That is exactly the possibility which presents itself to the American people. There is not only the possibility, but the probability that our merchant fleet will be wiped out, and that within a period of a very few years, unless appropriate legislation is passed, there will be only a limited number of American vessels upon the sea.

Mr. FLETCHER. Mr. President, the Senator is referring to American vessels engaged in overseas trade, foreign commerce?

Mr. COPELAND. Exactly; I am referring to vessels engaged in international trade.

When the great war broke out, there were only 13 American vessels—I think one of my friends said this morning that the number might have been 19, but only at the most 19 American vessels—engaged in transoceanic traffic. Had it

not been for the fact that, in the providence of God, in our harbor of New York the *Leviathan*, then known as the *Vaterland*, was interned, I do not know what might have happened as regards the issues of the contest. When we entered the war we took over the *Vaterland*, renamed her the *Leviathan*, and 75,000 of our troops—the first troops that we sent in the American Expeditionary Force—were carried by that vessel, at the very time when those men were needed. Except for the fact that we had this great vessel available for the purpose, no one can tell what might have happened as regards the outcome of the war.

Mr. President, in the course of my remarks I hope to give the Senate some cold facts as to the situation of the American merchant marine.

In the world today, in international trade, there are vessels of 36,500,000 tons. The United States possesses slightly less than 3,000,000 tons of these vessels. Less than one-twelfth of the total vessels upon the seas in international trade are under the American flag.

The economic life of a vessel is estimated by the experts to be 20 years. Ninety percent of our tonnage is over 10 years of age. Seventy-six percent of our tonnage is from 11 to 20 years of age.

I wish it might be possible—I know it is not, because Senators are engaged in committee work—that all Senators might have the facts regarding this situation. I assume, however, that they will read in the RECORD these statistics, which to me are most impressive, and which I think should be regarded with great concern by every citizen of our country. It makes a vast difference to American agriculture and American manufacture and American business whether or not we have ships.

As the chart upon the wall shows, there was a time when 90 percent of our traffic was carried in American bottoms. It declined until just before the late war only 10 percent of American traffic was carried in American-flag ships. After the war, with our great campaign of shipbuilding, we restored our fleet to some extent—indeed, a very considerable extent—so that we carried 30 or 40 percent, even 50 percent, of our commerce in American-flag ships. Today, however, with the decline in shipbuilding in America and the increase of shipbuilding abroad, we are carrying less than one-third of our commerce in our own ships.

Mr. VANDENBERG. Mr. President, has the Senator any figures as to what it has cost the Treasury of the United States in cold cash over the 10-year curve which he has just described?

Mr. COPELAND. In the way of losses?

Mr. VANDENBERG. In the way of losses and expenditures in the effort to maintain this progressive merchant-marine activity under the American flag and the ultimate failure of it.

Mr. COPELAND. Yes; at a later time I shall attempt to give some figures on that subject.

In our domestic trade, our intercoastal trade, and our costal trade, 94 percent of our ships are over 10 years of age. In our foreign trade, which consists of 480 vessels, 84 percent are over 10 years old. We have in our mail service—and we have heard much about our mail contracts during the past couple of years—282 vessels of 1,900,000 tons burden. The total number of United States vessels afloat today of more than 2,000 tons each, excluding the Great Lakes, is 950, of about 5,000,000 tons altogether.

Of the 282 vessels in the mail service, 241, representing a million and a half tons, are 13 years old or more.

(At this point a message, which appears elsewhere in today's RECORD, was received from the House of Representatives, announcing that the House had passed House bill 8555, to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.)

Mr. COPELAND. That is good news, Mr. President. I welcome interruptions of this sort. After 3 days of careful consideration of this bill, as we have just learned from the reading clerk of the House of Representatives, that body has passed the bill. I hope it will not be long before the Senate does likewise.

I was saying that in the mail service 241 of our vessels are 13 years of age or older.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. CLARK. I have just been informed, I will say for the Senator's information, that in the House, with a Democratic majority of nearly 300, the bill was passed by a majority of 8 votes.

Mr. COPELAND. Which was enough to pass it. I hope the Senator is not pleased over the fact that the majority was not larger.

Sixty-seven of our vessels are 15 years old. One hundred and five are 16 years old. Fourteen are from 23 to 30 years old. I want Senators to observe the significance of these figures. Of these vessels which represent the mail service, 241 out of 282 are more than 13 years old. That means that in 7 years, unless some babies are born, the fleet family will be wiped out. Of the 282 in the mail service, 85 percent in number and 77 percent in tonnage are 20 years old.

We have heard much about the mail scandals. It is not my business to defend the mail contracts. If they are illegal or improperly made, if fraud or corruption were practiced in their formation, there is ample power to take care of the matter.

Mr. President, may we have order?

The PRESIDENT pro tempore. Senators in the rear of the Chamber probably did not hear the point of order made by the Senator from New York, namely, that there is disorder in the Chamber.

Mr. VANDENBERG. Mr. President, they are probably still stunned from yesterday.

Mr. COPELAND. Mr. President, as I was saying, I have no defense to make of any contract entered into which was fraudulent or corrupt, but I regard the mail-contract system as water over the dam. In our legislative appropriation bill 2 years ago the President was given authority to modify or cancel any of the contracts if they were found not to be in the public interest or were found to be corrupt. The fact that so much has been said about these contracts is the only excuse I have for mentioning the subject at all.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. COPELAND. For a question.

Mr. WHEELER. Is it not true that, notwithstanding the fact that these contracts were shown to be corrupt, the pending bill proposes to give the same group of men who entered into these corrupt contracts a subsidy in building new ships, and also a subsidy for remodeling their ships, then a subsidy for the purpose of giving them a chance to exchange ships, the authority to exchange ships with the Government of the United States, and then, if those subsidies are not enough, the authority is to be given unlimited power to give them further subsidies?

Mr. COPELAND. Mr. President, I shall attempt during the course of my remarks to reply to the Senator. When he spoke at some length a few days ago, emphasizing his views, I did not interrupt him.

Mr. WHEELER. If it bothers the Senator in the slightest degree, I shall not interrupt him.

Mr. COPELAND. It does not bother me at all, but I shall hope to answer all his questions, because part of what I have to say will be in an attempt to answer the Senator from Montana.

I wish to speak about these mail contracts really because, as the Senator from Montana has indicated by his question, the other shipowners are, like "old dog Tray", being condemned because they are associated with these wicked shipowners.

Let me say to the Senator from Montana, and to anyone else who may be interested, that there are under the American flag 950 ships. Assuming that every ship which was subsidized by a mail subvention was subsidized through corruption and fraud, it means that only 282 out of 950 are in that

category; in other words, about 700 ships are not tarred with that stick.

Now let me say a little more about the mail scandals, so called. Members of the Senate forget that they are responsible for the low rates of interest which were afforded.

I have in my hand excerpts from the laws, first, the Merchant Marine Act of 1920, and the interest rate on loans was not fixed in that act. On June 6, 1924, the act of 1920 was amended, and the interest rate on loans on vessels engaged in foreign trade was fixed at 4½ percent; on vessels engaged in the coastwise trade or on inactive ships, the rate was fixed at 5¼ percent. In the amendments to the act in 1927 no change was made in the interest rates.

Now we come to the time when, perhaps very stupidly, we amended the law by the Merchant Marine Act of 1928, fixing the interest on loans to foreign-trade ships at "the lowest rate of yield to the nearest one-eighth of 1 percent of any Government obligation bearing a date of issue subsequent to April 6, 1917." The Senator from Michigan [Mr. VANDENBERG] remembers that very well, because later he was active in changing that law; but that was the law at the time contracts were made under it.

I am not saying that I approve the judgment of the Postmaster General of that time, and of those in authority in the Shipping Board, when they made these loans at so low a rate of interest as one-eighth of 1 percent and from that point up. That was the law, however. If the law was administered without judgment, that is one thing; but when there is an attempt to say that there was fraud and corruption associated with the enterprise, the record shows to the contrary.

Mr. President, as the result of the contracts which were made under the law of 1928, there was very much controversy and discussion. There were many debates upon them in the Committee on Commerce, and on February 2, 1931, on motion in the Committee on Commerce, as I recall, of the Senator from Michigan [Mr. VANDENBERG], the interest rate on loans on vessels engaged in foreign trade was fixed at 3½ percent, and the rate was continued at 5¼ percent on inactive vessels and on vessels engaged in coastwise trade.

Mr. President, I do not know what influence may have been used or what advantage taken of those in authority, but the fact that these low rates of interest could be given and were given is our fault. The rates were fixed by the law of the United States.

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. LONG. I wonder whether the Senator has explained the *Leviathan* case in his discussion of the subject.

Mr. COPELAND. No; I have not, Mr. President. That is recent history.

Mr. LONG. It is still history in the making.

Mr. COPELAND. I should say it was current history.

Mr. LONG. History in the making.

Mr. COPELAND. Yes. Current history.

Mr. LONG. I desire to get in on that the next time they pass around the dividend. That is about the only thing that I have been permitted to see the inside of.

Mr. COPELAND. If my friend the Senator from Louisiana does not get in on anything which is going on I should be surprised, because he is awfully smart!

Mr. LONG. I thank the Senator.

Mr. COPELAND. I wanted to say that much of the mail contracts, that I do not approve of all that was done. I think bad judgment was used. However, when we come to the question of the cancelation of those mail contracts I merely say that in my judgment, which is not good, perhaps, because I have no legal training, it will be mighty difficult to cancel 42 contracts. I think it will be shown that many of them were in the public interest, and I doubt exceedingly if fraud and corruption can be traced to any of them.

I wish that to be clear, because there is something more involved in what is before us today than the discussion of the bill. We have to have something to offer, something in the hands of the President to coax off some of the people who may have these contracts which are not favorable to the country, but with respect to which perhaps the courts may say that they are entirely legal.

However, let me remind the Senate again that less than one-third of our ships and considerably less than half of those in foreign commerce are now holding mail contracts.

Let me speak a little bit about tankers. We have made a large appropriation for naval vessels. With the scarcity of naval bases how are we going to make use of these vessels when we get them? Tankers are called the "legs of the Navy." The Navy can travel no faster than the oil tankers which carry the fuel can travel. We have 340 tankers in existence, representing about two and one-half million gross tons. Ninety percent of these are over 10 years old, and one-half of them are from 11 to 15 years old. The normal life of a tanker is considerably less than the normal life of the merchant vessel. The experts figure the normal life of the tanker is 15 years; and one-half of all our tankers are from 11 to 15 years old, and 90 percent of them are over 10 years old.

Further than that, the tankers which we now have are slow in their speed—from 10 to 12 knots an hour. We have only one tanker of 15 knots per hour. The naval vessels which we now have, and which we are about to build, would require tankers of from 15 to 18 knots per hour. Without naval bases we must depend on these tankers for fuel, and so the naval vessels, as I see it, are of little value without the auxiliaries.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. VANDENBERG. May I ask the Senator about these tankers, a subject with which I am not familiar? Who owns these tankers which the Senator is discussing?

Mr. COPELAND. They are privately owned.

Mr. VANDENBERG. Is it the big oil corporations which own them?

Mr. COPELAND. Most of them are owned by the big oil corporations, and others of them are owned by the small corporations.

Mr. VANDENBERG. Is it the Senator's belief that the big oil corporations would be without these tankers except as we subsidized their construction?

Mr. COPELAND. We are not bound at all by this bill to build tankers.

Mr. VANDENBERG. I did not understand that we were, but the Senator was urging the tanker problem as an exhibit, I assume, in behalf of the legislation, and I am unable to understand that the big oil companies require any construction subsidies in order to build tankers with which to bring oil to the United States.

Mr. COPELAND. The tankers of the big oil companies do not have to be of any such speed as I have mentioned this morning. If they are to be used as auxiliaries of the Navy, there will have to be some encouragement by the Government to make them useful. However, I am merely giving a picture of the merchant marine situation as it now exists.

Mr. VANDENBERG. Does not the Navy have its own fuel auxiliaries?

Mr. COPELAND. No, Mr. President. I now want to speak a little bit about the act of 1928. A great deal has been said about it being a failure. No informed person can say that. It just is not true that it has been a failure. The chief fault of the administration of that act, as I see it, is that there was a large investment in a few ships. We loaned on 9 tankers, we loaned on 2 sea trains, we loaned toward the building of 29 other ships. These 29 other ships, merchant marine ships, represented $142,000,000 of the total of $150,000,000 loaned, as I have indicated, under the act of 1928. And this can be said, that those ships which were built under the act of 1928 are the finest ships afloat. There are no finer ships anywhere than those.

I can readily see that if instead of loaning money for the purpose of building these expensive tankers, and for the sea trains, if those in authority had built 125 modern cargo ships there would not have been a bit of criticism today,

and our merchant fleet would be on the way toward a successful career.

We loaned over $95,000,000 on these ships. The Government loans on the 29 vessels I have mentioned amounted to $95,429,231. Private interests invested $35,224,843.

Mr. President, just one more word about the act of 1928. During the period from 1922 to 1928 not an American ship was built for oversea trade. During that period the foreigners built 800 ships. I hope Senators will take pains at some time today to look at the chart on the wall of the Senate Chamber to see how Great Britain is forging ahead. I want them to see what her shipbuilding program is, what she is doing, as shown there at the top of the chart. Away down at the bottom, at the vanishing point, is where we are. Just as sure as the sun will rise tomorrow, in my judgment, unless we find a way to encourage the building of ships we will not have many vessels left in foreign trade.

It may well be asked, and I will speak of it now, anticipating the criticism, Why have we not built any vessels recently? The answer is perfectly plain. For the past 2 years we have had nothing but criticism of the American merchant marine, and particularly of the mail-carrying vessels. There has not been the slightest ambition on the part of any company to build any ships, and they have not been built.

When the World War came on, as I have told the Senate, we had 13, 14, or 15 ships in foreign trade. The cry from our allies, it will be recalled, was "Ships, more ships, and still more ships!" As a matter of fact, we entered upon a stupendous war building program. During the war we acquired about 2,500 vessels, aggregating twelve and one-half million tons, and we actually constructed 2,300 vessels, which cost this Nation about $3,000,000,000. The shipbuilding facilities for constructing those ships cost another half billion dollars, and when we include the amount paid for excessive freight rates before our entry into the World War it is safe to say that another billion and a half dollars should be added. In other words, $6,000,000,000 were invested during that period, and at the average rate of the subsidies which we are now paying such an expenditure would pay the subsidies for the next 300 years.

Now, just a word or two more about the loans which have been made and which have been very bitterly criticized. For new building and reconditioning, involving 89 vessels, the outstanding loans at this date aggregate $111,610,000. All the payments have been made up to date, with the exception of three and one-half million dollars, 3 percent of the whole; and, with the advanced payments, we have in hand today what the law requires and what the contracts require we should have. I doubt if the R. F. C. or the Federal loan banks can show any finer record than I have indicated.

Mr. President, if the things I have told the Senate are true, the foreign trade of our country in our own vessels is at the vanishing point. How are we going to prevent disaster? How are we to maintain a merchant marine?

I have asked many Senators if they favored an American merchant marine, they all say, "yes", and they seem to wonder why anyone should ask such a question. They say we need it in order to carry out and develop our commerce and to insure our shippers fair rates; we need it to afford employment to American citizens; we need such a fleet as an auxiliary to our Navy, and also to avoid the costly and unnecessary experiences of the past, one of which, as I have indicated, during the World War alone cost us $6,000,000,000. No one seems to doubt that a merchant marine is essential to our welfare as a nation. A few seem to think, however, that we can build up a merchant marine without Government aid. Our foreign competitors are not burdened with our high shipping construction and operating costs, yet their governments grant them liberal subsidies.

Consider the *Normandie*, that floating night club. It cost the French Government $52,000,000. I think that Americans ought to know something about what our friends across the sea are doing. The French loaned money to build the *Normandie*, the amount, as I have said, being $52,000,000. Then they granted an annual subsidy of $10,000,000, at current rates of exchange for its operation, and there is now pending and on its way to passage in the Chamber of Deputies of France a bill providing that the Government shall pay amortization as to principal and interest on the *Normandie*. In other words, the money that France, in the first instance, loaned to the French line for the construction of the *Normandie* is being paid out of the French treasury, and $10,000,000 is appropriated to operate that ship annually. The amount of money given for the building of that ship and for its subsidy is half what we ourselves have loaned to our shipowners for the construction of vessels.

It will be interesting to the Senate to know that every time we have had a reprint of the ship-subsidy bill the representatives of foreign governments have been on hand to secure copies of the bill. They are alert in order that nations abroad might know what America was contemplating.

Few Senators informed on this subject will say that our American shipowners, with their burden of high costs, can fare forth in the midst of a world-wide depression and make a success in competition with foreign shipowners. It seems to me that any school boy should know that to be impossible. Our merchant marine is already subsidized by ocean mail contracts under the Merchant Marine Act of 1928, but if we do nothing, let these mail contracts lapse, and provide nothing in their stead, of course, we will soon be without an American merchant marine.

I wish to reply briefly to what my friend from Montana [Mr. WHEELER] said the other day about the maritime authority. I thought it was a terrible arraignment of American manhood that he could say, as he did say—and I know he said it in all sincerity—that the maritime authority would exercise "the wildest kind of judgment." He said at another time:

> In the first place, while I am not a prophet or the son of a prophet, if we do not have greater scandals in connection with this measure, if it shall become a law, than we have ever had in the history of the United States in connection with shipping, then I miss my guess.

Further he said:

> It is perfectly asinine to say that a board sitting here in the city of Washington should have such authority. It is inconceivable to me that the President of the United States, if he studied this bill, if he examined these provisions, would for one moment sanction or sign a bill containing provisions which would result in scandal such as he must know and everybody else must know would follow.

Mr. President, have we become so degenerate as a nation that the President cannot find five men in the United States who are sufficiently honest, sane, sensible, and far-seeing to administer the law which we propose? I certainly feel that there are such men to be had.

The Senator from Montana positively stated that it was utterly impossible to find out the difference between the cost of construction of a ship built here and a ship built abroad, and a similar statement was made a few moments ago by the Senator from Nebraska. I desire to give some thought to that particular suggestion.

We have had an instance only recently of an actual experience regarding the question of difference in cost. Mr. BLAND in the House of Representatives the other day spoke about this matter. He quoted evidence which was presented to his committee showing that France called for the construction of several ships, that bids were submitted to Japan and Great Britain, and that Great Britain got the job. Japan does not have the raw material and has to import it from abroad.

In this bill we have provided that the Authority must take into consideration all these matters. However, I want to go into that a little more in connection with what Mr. Haag testified.

In the hearings Mr. Haag, who is an authority on this subject, an expert in the Commerce Department, stated:

> In my judgment, the only answer to that question is to say that it will be done in a fair and reasonable way to get the fair and reasonable cost. I know of no method by which you can get the actual cost, but I do know and I feel certain that the shipyards of this country will whole-heartedly cooperate to assist the authority when there is assurance that the shipyards will have steady, continuous work. I am confident that they will furnish

the authority with everything they have to show the costs in this country. If we know what the American ship costs—and I do not believe we have ever known before—we can then determine within a very close margin of error because of the high labor factor that goes into the ship, what the foreign ship costs. In other words, there is no secret of what the rates of the various craftsmen are in foreign yards—the hourly rates. We, of course, know what they are here. And when you convert this data to man-hours you come very close to arriving at a fair differential. * * * The reason, I say, you cannot arrive at an exact one is because even amongst our own shipyards there are such wide fluctuations, because of the different set-ups in the various yards in the ways of charging overhead that you really have almost the same conditions as though you were trying to match foreign with American costs. But assuming the yard is responsible, that it has modern equipment and is an efficient yard that is on a parity, and then we will also show that the man-hours that were put in on this job correspond with the man-hours on the foreign ship, based on the lower rates of wages.

We can easily bring out the difference in cost relative to the pay of seamen. That was done before our committee. We know definitely what the various men are paid in other countries as compared with our own.

Then Mr. Haag proceeded:

Now, the material cost, the actual small amount of material cost, can be determined quite readily. The major item is determining the difference in labor costs, where the percent, as compared to the material, is so very high, and I think we can arrive at a very close approximation which will be fair and reasonable to both the Government and the applicant.

By and large the actual cost of building a ship is the labor cost. That was very thoroughly discussed and has been considered by the committee. We have no doubt at all that within reasonable limits the difference in the cost of construction and the difference in the cost of operation can be ascertained.

I am frank to say that, in my opinion, the success or failure of the plan will depend to a great extent upon the personnel of the maritime authority provided for by the bill. We believe wise men can be found to take the positions; we purposely made the term of the service a long one and the pay a generous one in order that we might attract men to the maritime authority of the very highest standing. We propose to pay the same as the members of the Interstate Commerce Commission are paid, $12,000 per year; and the appointment is for 12 years, which would guarantee, we believe, men of the same type as those who are now attracted to the Federal courts.

I wish now to speak a little more about a matter which I have already mentioned, the progress of our merchant marine.

Our merchant marine was in its ascendancy between 1820 and 1860. In the days of the Yankee clippers 80 to 90 percent of our foreign water-borne commerce was carried in American bottoms. In 1910 the ratio had sunk to slightly less than 10 percent. We were so busily engaged in winning the West and in exploiting our national resources that we failed to take advantage of the transition from sail to steam. Our people were no longer ship-minded, and the American merchant marine stood a fair chance of passing out of existence when the impact of the World War awoke us to a realization of our critical position.

Practically overnight all foreign tonnage was withdrawn from our ports. English and French ships were imperatively needed to carry troops, munitions, and food to the various scenes of conflict. For a matter of 50 years we have stood idly by, permitting our commerce to be carried in foreign-flag ships. We had rented our transportation, and now, with bursting granaries and accumulating surpluses of manufactured goods, our ocean transportation failed and we paid the penalty for our short-sightedness.

In 1912 it cost $2.50 to ship a bale of cotton to Europe. In the latter part of 1914 we were paying $60 a bale for the same service—and wheat carriage soared from 5 cents to 60 cents a bushel. It was not that the warring nations did not need our wheat, cotton, pork products, tinned foods, and fruit and manufactured articles, but their ships were hurrying men and munitions to the front. Enemy submarines were taking their toll. The well-ordered system of peaceful ocean transport broke down and it has been conservatively estimated that the lack of American ships during the first 2 years of the World War cost our farmers a billion dollars, owing to the lack of transportation for their products.

Then we made a desperate effort to retrieve our old position as an ocean carrier. We embarked on a program of shipbuilding on which we spent over three billions of dollars. Now the interest on $3,000,000,000 is $150,000,000 a year. Had we wisely used twenty millions each year for the preceding 50 years to help create an American merchant marine we should have saved ourselves two-thirds of the cost of our wartime fleet and much humiliation, as we realized that the greater part of the war-built ships could not be economically operated as commercial carriers; that the greater part of the emergency fleet had to be scrapped; and that generations to come would help to pay principal and interest of the $3,000,000,000 our experiment had cost.

Lack of American-flag ships caused the cost of the Boer War to be borne by the farmers and manufacturers of the United States. England withdrew her ocean carriers to transport men and munitions, and, in effect, we bore the brunt of the loss through increased freight rates caused by failure to market our own products in world markets.

When President Theodore Roosevelt sent our white fleet around the world the spectacle did not impress the nations of the world as much as we fondly imagined. That fleet was supplied and provisioned by foreign-flag ships, because the United States merchant marine did not have sufficient auxiliary carriers to give our warships the necessary aid.

Again the crying need of the United States for ships was evidenced in 1926, when the British coal strike diverted much of the tonnage on which we depended to other fields. We again were confronted with a serious situation. Fortunately the Shipping Board was able to place in service enough of our war-built ships to carry our products to market, and it has been estimated that $600,000,000 were saved to our farmers and manufacturers.

I wish I had it in my power to give emphasis to that, to stress what it means, not alone to those who live in New York City but to every farmer and producer in the United States—the necessity of having American ships in order that those products may be taken the world over. Without them, the prohibitive cost is so great that it is impossible for farmers and producers and manufacturers to compete effectively with foreigners.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question without interrupting the thread of his remarks?

Mr. COPELAND. Surely.

Mr. VANDENBERG. The Senator has put considerable emphasis on the importance of American ships for the transportation of American commodities into a war zone and on the high seas during a war period.

If our foreign policy should change hereafter, and we should cease to adhere to the old complete freedom-of-the-seas philosophy—and I strongly suspect our policy is to change in that respect—and if in the future we should go on a sort of f. o. b. New York basis, if any belligerent should desire our commodities after having gone to war with some other foreign nation, would it not totally change the conception to which the Senator is addressing himself?

Mr. COPELAND. Yes; if it should actually be accomplished, it probably would; but, of course, I do not look for the dawning of the millennium.

Mr. VANDENBERG. I think this is not the dawning of the millennium. I think this is merely the dawning of a new and practical and rational common-sense conception of what we should do when we confront other nations at war with each other.

Mr. COPELAND. I think in war time the Senator is right about it; but if we take the time of the English coal strike it would not be quite the same, would it? At that time we were very seriously embarrassed. I happened to be appealed to by shippers in my State. I was in the Senate at the time and I went to see the Shipping Board about the matter. Wheat was piled up at Mississippi ports and at Galveston, fruits on the Pacific coast, and fruits in my State, the apples

and pears, and so forth, to say nothing of manufactured products. There, without an effective American merchant marine of our own which we could commandeer, in a sense, to carry our own products, we were seriously embarrassed, and we should be in the future if we should not have such vessels.

Mr. VANDENBERG. That is true. The thing the Senator said which challenged my interest at the moment related to the war conception. He seemed to be indicating that American agriculture and American commerce would lose some of their opportunities to profit from foreign trade during foreign wars unless we had our own ships. I am asserting, at least for myself, that I am left entirely cold by any appeal for the creation of a system under which we could maintain foreign commerce in belligerent foreign war zones during foreign wars. I have no interest whatever in the continued maintenance of an American policy which insists that our business must have a chance to profit from foreign wars. I have no interest whatever in it.

Mr. COPELAND. I agree with the Senator. I honor him for his idealism, and I desire to share it so far as I am capable of doing. At the same time, however, there can be no question that in time of foreign war the belligerent nations would be so occupied that their vessels undoubtedly would be used in a way which would embarrass us if we did not have vessels of our own.

Mr. VANDENBERG. On the other hand, Mr. President, within the week the Foreign Relations Committee of the Senate has ordered reported a bill which is not yet upon the calendar, but will be as soon as reported by the Senator from Nevada [Mr. PITTMAN], which proposes to deny passports to any American into a foreign war zone during a foreign war. That is simply an indication of the direction in which our new foreign policies are going in respect to the freedom of the seas, and I think it is a very wise direction.

Mr. COPELAND. I think that is undoubtedly true.

Mr. VANDENBERG. That robs the ship-subsidy contemplation of any argument in respect to commerce during a foreign war. That is the only point I am undertaking to make.

Mr. COPELAND. Of course, when the Senator says that he is assuming that this policy will be adopted and adhered to.

Mr. VANDENBERG. That is true.

Mr. COPELAND. There might be very serious question about that. If it could be exactly as the Senator states, without doubt the position he takes is correct; but there will be other circumstances where the condition will be quite different. There can be no question about the advantage to American shippers, whether they are shipping in or shipping out, of having ships of our own.

I remember very well the criticism that arose during my service upon the Commerce Committee when a British ship loaded up out in the Northwest with apples shipped by private concerns where she was acting as a common carrier. Then on her own account she bought apples which she took to South America, unloaded her own apples first, and glutted the market. That created a condition where there was no sale for those which were shipped by the private shippers.

I have seen the same thing with reference to a railroad terminal owned by a given railroad—a terminal which was used by other railroads. Of necessity, the railroad owning that terminal made use of it first, and gave its facilities to the competing railroads only to suit its own convenience.

As I see it, we cannot exist as a world maritime power by expedients. At the present time we are carrying only one-third of our ocean-borne commerce; and compared with other maritime nations, we rate third in tonnage, fourth in speed, and last in the age of our ships.

In considering this bill, the committee has had one idea in view, and that is to remedy these conditions. It is realized that a bill, to be effective, must contain a plan that will insure the building of the requisite amount of tonnage. Obsolete ships must be replaced by speedier vessels embodying Navy suggestions. Employment must be furnished shipyards, and the thousands of workmen in our mills and factories who contribute to building a ship.

I wish Senators at some time would look through the testimony to see a remarkable chart which is included in the hearings of the committee, showing exactly how the building of a ship contributes to the good of each State. It seemed to me like a good argument. Every State in the Union produces something which is useful and needed in the construction and equipment of a ship.

Mr. VANDENBERG. Including the taxes to pay for the subsidies under this bill.

Mr. COPELAND. Yes; of course. I assume from what the Senator says that he is utterly opposed to any subsidy. Am I correct in that?

Mr. VANDENBERG. I indicated to the Senator yesterday what my view is on that subject. So far as construction subsidies are concerned I have to be shown.

Mr. COPELAND. The Senator, I know, is sincere in his position.

In part 3 of the hearings before the Commerce Committee is a very interesting chart showing what is supplied by various States of the Union in one way or another, directly or indirectly, in the construction of a ship. Alabama supplies iron ore, limestone, coal, coke, pig iron, steel, cotton, and yellow pine. Michigan supplies iron ore, limestone, cement, copper products, white pine, plywood, hardware, tools, furniture and paints. Washington supplies Oregon pine, cedar, spruce, cement, machinery, wire rope, and veneers.

It is a very interesting chart. I do not wish to overlook any State. Every State in the Union contributes, in one way or another, to the building and equipment of these vessels. As the chart indicates, every State in the Union has the possibility of contributing.

A definite, well-ordered plan of operation must be established; and this, it is believed, the present bill will accomplish. The bill not only encourages shipbuilders and operators, but it amply protects the Government.

A résumé of the essentials of the bill indicates that the United States stands committed to the building and maintenance of an effective merchant marine. We must have sufficient ships to carry at least 50 percent of our waterborne commerce, both export and import. That was the suggestion of the President in his message—that our merchant marine should be built up to a point where it would be capable of carrying 50 percent of our commerce. These ships must be of such a character as to operate efficiently.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question at that point?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Is that 50 percent of our present foreign commerce, or is it 50 percent of our foreign commerce at a time when that commerce was entirely dependent upon our foreign loans; or when is it that we are to measure 50 percent of our commerce? That is a question which is very interesting to me.

Mr. COPELAND. The Senator should ask that question of the President of the United States. He is the one who spoke of the 50 percent. As a matter of fact, however, we do ship things out. We ship tremendous numbers of automobiles from Detroit, and many of them are carried to the Orient in vessels of a foreign flag, by a line of vessels not hesitating to have a standing offer of 10 percent under any rate that can be given by any other shipping line. In one way or another, we have a tremendous amount of commerce to be sent abroad.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. COPELAND. I yield.

Mr. VANDENBERG. I am quite serious in this inquiry, because it goes to one of the fundamental objections I have to the construction subsidy section, as the Senator knows.

I have insisted that in a state of international flux, both as respects money and trade, it is impossible for us accurately or within any reasonable jurisdiction of accuracy to know the answer to the problem raised by the pending bill.

Here comes again in the President's message the thought that our objective is to have Government ships to carry 50 percent of our trade. What trade? That trade was $5,000,000,000 at one time, when it was inspired by war. It continued to be four or five billion dollars when we were silly enough to lend Europe the money with which to pretend to buy from us. As soon as our trade was not inspired by war and as soon as it was not inspired by foreign loans it dropped to a billion or two billion dollars.

What is it the President wants us to do, to make a merchant marine responsive to the need of carrying 50 percent of $5,000,000,000 worth of foreign trade, or $2,000,000,000 worth of foreign trade? What is it that he means?

Mr. COPELAND. I would say that the President means that at least half the trade indicated on the chart on the wall should be carried in our ships. I do not know what the trade will be next year or the year after. I assume that when the world recovers from the jitters and when we resume "normalcy", to quote a Republican word, there will be an increase in international trade.

Mr. LONG. When will that be?

Mr. COPELAND. The Senator is a better prophet than I. He perhaps has an idea on that subject. Such a time must come; otherwise the world will go to pot.

Mr. President, I feel very seriously on this subject. This is not the time to discuss it or to consider it, but I am satisfied that such a time must come. I have faith to believe that under right conditions there will be a restoration of business in the United States. I am not going to discuss today what I regard to be right conditions, although I have some convictions on the subject. Certainly, when we have a restoration of normal conditions our manufacturers are going to make goods which will be shipped.

I am not satisfied with all the measures which have been proposed and formulated for the relief of industry. I have in mind now a great industry which is hampered by lack of money. It has the orders, it has a plant which cost millions, it has everything but money, and it cannot get money. I find that when it goes to the R. F. C. it has to present exactly the same kind of collateral and produce the same gilt-edged security that it would have to produce if it went to a bank. Unless we can have a restoration of credit in some manner and form we cannot have a restoration of business. But I have faith to think that we are going to have a restoration of credit brought about in some other manner than by the appropriation of money on the part of the Government. When we come to that point, there will certainly be the need of ships to carry our products across the ocean and to bring back the raw materials which are needed for the development of various manufactured articles here.

I cannot answer the question about what 50 percent means, whether it means 50 percent of what we have today or 50 percent of what we are to have next year, or 50 percent of what we will have 10 years from now; nevertheless, unless we can restore these ships, unless we can have some babies born to the fleet, as I said a little while ago, the merchant marine family will become extinct. I am not going to split hairs as to just when that is going to be, but we are not prepared under present conditions to carry 50 percent of our commerce.

The bill commits the Government to the building and maintenance of an effective merchant marine capable of carrying 50 percent of our water-borne commerce, both export and import, and these ships must be of a character to operate efficiently as naval auxiliaries.

They are to be owned and operated under the American flag by citizens of the United States. They will be so regulated as to assure adequate service under all emergencies at equitable rates. Our merchant marine must be composed of the best equipped, safest, and most suitable types of vessels constructed in the United States and manned with a trained and efficient personnel.

When we come to that, I wish to say that both the Committee on Commerce of the Senate and the committee in the House stand committed to 100-percent American personnel upon these ships. We have gone further already than ever before and have made exception only as regards passenger ships which come from foreign ports, where it is necessary that the deck stewards and the dining-room stewards should have a knowledge of French or Spanish or some other language in order that they may be efficient servants. But we have determined that the deck officers and all the subordinate officers, that the seamen and, so far as possible, the stewards shall be American citizens, native born or fully naturalized. That has been our aim in the framing of the pending bill.

I have already indicated that the bill provides for the establishment of a maritime authority. We have sought in the bill so far as we could to separate the judicial or semijudicial functions from those which are purely administrative. We have left in the Department of Commerce the control of navigation and operation of all those ships which we have left, and we have left the Maritime Authority wide power regarding, first, the determination of the amount of the subsidy, both construction and operating, and also wide authority regarding regulation of rates.

The third title covers the adjustment of existing ocean mail contracts, with the intent, as the President has said, that he does not want any indirect subsidies, any subventions. He wants, frankly, to let the American people know what the money is used for, and the subsidy is provided for the definite purpose of marking the difference between the cost of construction in American yards and the cost of construction abroad, and for the operation of an American ship as compared with the operation of a similar ship under a foreign flag.

One of the evils which arose from the mail-contract system adopted in 1928 was that in practically all cases the maximum compensation permitted by law was adopted as the basis of the contract, and the shipowners got the money. The amount which could be justified as covering mail pay, differentials, and equalization of foreign subsidy was in many cases exceeded. In some contracts the excess of mail pay was to be wholly or partially absorbed by new construction requirements, and it is evident that some of this new construction has not been performed, thus creating overpayments not contemplated when the contracts were let. To what extent this failure of performance is due to the world depression, when lack of cargo and depressed rates made operation costly and difficult, and to what extent it is due to uncertainty as to governmental policy and to other reasons, or to no reason, is all controversial and debatable.

Mr. President, granting all the evils of the past, that is, assuming that they really were evils, we hope that the pending bill is so written that there will be no such loopholes as we found in the old act. No construction differential can be paid unless our bill S. 2582 contains no such loopholes. No construction differential can be paid unless and until the ship is actually being constructed, and the Government gets everything it pays for. The operating subsidy covers the operating differentials and neutralizes the effect of foreign subsidy.

The adjustment of ocean mail contracts provided in title III permits consideration of all pertinent facts, including the extent to which payments made under each contract have in effect offset higher construction or reconditioning costs, and consequent higher capital charges incurred in the United States; the extent to which payments have offset certain higher American operating costs, actually incurred; the extent to which new construction or reconditioning required has been effected; and the extent to which obligations to the Government have been amortized or liquidated.

Provision is made for adjustment to the new basis as outlined by the President in his message.

The authority of the President over such contracts, already granted by Congress, is not infringed upon, but is extended to cover the period of negotiation.

This equitable and businesslike method appeals to your committee as eminently fair to both the contractor and the Government.

Title IV relates to the replacement of obsolete existing ships, and is directed toward the plan of insuring the construction of new vessels in American shipyards.

If those who are really interested in the bill will study it carefully, they will see that the committee has attempted to discourage the reconditioning of ships, because if the Government is to bear the differentials representing the difference of cost between foreign and domestic operations, of necessity the Government is interested in having these vessels so modern and so efficient that the subsidy shall be as low as possible.

I have in mind now a line which operates seven vessels in a very important service. Two of these vessels are modern vessels; as fine as any afloat. Five of them are of varying ages, but at least three or four of them are so obsolete, with old-type machinery, that the cost of fuel is excessive. Certainly we have no desire to let Uncle Sam "hold the bag", as the modern expression is, and to pay out a needless amount of money. This same line which now has these 7 vessels could operate as efficiently and as effectively as at present with 4 vessels—the 2 new ones it has and 2 more of the same type. However, without getting rid of the obsolete ships there will be this overhead expense, which, of course, is a burden upon the Treasury, and is bound to be under the philosophy of this bill. Therefore every effort has been made in writing the bill to see to it that there shall be a discouragement in the use of those vessels which are obsolete, and which should be either scrapped or taken over for some other service where efficient operation is not so important.

Title V provides for the extending of financial aid to the merchant marine. Instead of a subvention granted under the name of "ocean mail pay"—a designation misleading in character—the present act states that any citizen of the United States may appear before the authority and request aid in the construction, outfitting, and equipment of new vessels, or the reconditioning of vessels already built to be used on essential routes in the foreign commerce of the United States.

However, as regards reconditioning, let me make emphasis again upon the fact that the bill makes very clear that reconditioning can be done only in exceptional cases. It is the desire of those who have formulated the bill to see to it that we have built up a merchant marine of new and modern ships.

The authority, after satisfying itself as to the necessity of the indicated route, and, after consultation with the Navy Department, that the construction of such vessels is in line for national-defense purposes, and that the applicant has the ability, experience, and money necessary to build and operate such vessel, shall determine the difference in the foreign and domestic cost of actual construction or reconditioning, and grant a subsidy equal to the difference between the cost of construction or reconditioning in an American and in a foreign shipyard. Construction loans are predicated upon three-fourths of the appraised foreign cost of the vessels, the owner or operator paying one-fourth. It will be noted that since the shipbuilder receives the construction differential indicated, there can be no profit to the ship operator in the money received from the Government.

These contracts are so made, in short, that the maritime authority is party to the contract, and has full information, and by reason of amendments which were offered by the Senator from Michigan [Mr. VANDENBERG] and the Senator from North Dakota [Mr. NYE] an effort has been made to make reasonably certain that there shall be no collusion in bidding and that these ships in form and construction shall actually be such as the maritime authority contemplated.

Mr. BONE. Mr. President, will the Senator yield for a question?

Mr. COPELAND. I yield.

Mr. BONE. I should like to present a hypothetical case to the Senator and ask him if my conclusions are correct. I do not know that the Senator has discussed title V of the bill, which relates to the construction differential subsidy, the provisions of which are set out on page 66 of the bill. Let me ask the Senator, if this bill should become law, and, if it should be proposed that a concern should build a ship which would cost, say, $20,000,000, would not the Government, under the provisions in title V, advance and pay as an outright gift, $8,000,000 out of the total cost of $20,000,000?

Mr. COPELAND. No, Mr. President.

Mr. BONE. Will the Senator wait a moment? I have not perfected my question. That is upon the assumption that a ship which cost $20,000,000 in this country might be built for 60 percent of that cost in a foreign shipyard in a country to which it might perhaps be the purpose of the ship line to run its ships.

In other words, Mr. President, if it is proposed to build a $20,000,000 ship, and it could be demonstrated to the board created under this bill that the ship could be built in a foreign shipyard for $12,000,000, or 60 percent of the cost in an American yard of comparable size and character, would it not, under this bill, be possible for the Government, through this board, to advance $8,000,000 out of the $20,000,000, if that represented 40 percent of the cost, or that being the differential? The bill seems to clearly indicate that there is such power, and I wonder if the Senator agrees with my idea that it could be done.

Mr. COPELAND. That is correct. I hope the board will never consent to the building of a $20,000,000 ship, but if it did consent to it, that would be the case, based upon the message of the President, which says that the subsidy should cover the difference in the foreign and domestic cost of building such a ship.

Mr. VANDENBERG. Mr. President, will the Senator yield so I may ask a question?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Suppose the hypothetical ship cost $20,000,000 to build in America——

Mr. COPELAND. Mr. President, will the Senator take a $10,000,000 ship?

Mr. VANDENBERG. Very well; I will take a $10,000,000 ship. Suppose this ship cost $10,000,000 to build in America, $6,000,000 to build in Great Britain, and $3,000,000 to build in Japan; is the construction subsidy $7,000,000?

Mr. COPELAND. I should desire to say at once that a vessel to be operated on the Atlantic Ocean would never be founded upon a Japanese price.

Mr. VANDENBERG. Then the Senator thinks that the $3,000,000 base would apply only to ships that are going to run on the Pacific?

Mr. COPELAND. I should say that it would, but I desire to answer more fully than that. There is no prospect of such a price in Japan, as I shall show pretty soon.

Mr. BONE. Mr. President, I desire to pursue my question a moment further. Assuming that what the Senator from Michigan [Mr. VANDENBERG] has suggested or implied in his question, that a $10,000,000 ship might conceivably be built in a Japanese shipyard for $3,000,000, that would leave the differential in price $7,000,000. That amount would of necessity have to be the Government's contribution for the building of a $10,000,000 ship, and I assume, of course, that the answer would be that the Government would pay that in the event trans-Pacific shipping were to be handled in that fashion.

I observe that the bill contains this provision, which is taken almost word for word from the Merchant Marine Act of 1928, because it is virtually a restatement of section 702 of the Merchant Marine Act of 1928, which deals with the requisitioning of vessels for war purposes. It provides that the following vessels, which are enumerated in categories, may be taken over and purchased or used by the United States for national defense during any national emergency declared by proclamation of the President, which, of course, means that these vessels would be used in a war in which the United States was a party. I call the Senator's attention to this language:

In such event the owner—

That is to say, the owner who got a $10,000,000 vessel with a $3,000,000 investment, assuming that the subsidy is as indicated on the Pacific coast—

> In such event the owner shall be paid the fair actual value of the vessel at the time of the taking.

It is interesting to note what might happen under that sort of a set-up. Here would be a big steamship company which became the owner of a $10,000,000 vessel of the latest type, fireproof presumably, and one of the finest vessels afloat, perhaps, in her class in those waters, a $10,000,000 vessel passing into the hands of the private shipbuilder for an expenditure on his part of only $3,000,000.

Mr. VANDENBERG. And he borrows 75 percent of that.

Mr. BONE. It seems bad enough as far as I have gone. I will leave some of the horrible details to other Senators.

Mr. COPELAND. The Senator has not read all of it.

Mr. BONE. No. I am willing that the Senator shall read it when I am through stating my view of the matter. Assume that the Government becomes embroiled in a war with a foreign power, the national integrity and safety is at stake, and the Government wants this vessel, and goes back to the owner of the vessel, to whom it has given $7,000,000 out of $10,000,000 of the cost of that vessel.

The President proclaims there is a national emergency; Congress declares war; the Government goes out and gets that vessel to transport troops, materials, and supplies to the base of war, and in such event the owner shall be paid the fair actual value of the vessel. If it were a brand-new vessel, conceivably the Government would have to pay to the shipbuilder $10,000,000 for that vessel, and there would be a clean profit to him of $7,000,000 on the transaction. Of course, I will admit there are possibly worse things than that under the bill.

Mr. CLARK. Mr. President, will the Senator from New York yield to me for a moment?

Mr. COPELAND. Just a moment. I want first to answer the Senator from Washington, and then I will yield to the Senator from Missouri.

Mr. BONE. Will the Senator from New York be courteous and yield to me for a moment further?

Mr. COPELAND. I yield.

Mr. BONE. It has been called to my attention that my analysis of the profit flowing to the private shipbuilder errs on the side of almost vulgar conservatism on my part. In the first place, the shipbuilder would get a $7,000,000 gift from the Government with which to build a $10,000,000 ship, so the $7,000,000 would be velvet and profit for him.

Mr. COPELAND. No.

Mr. BONE. Assuming that the ship could be built in a Japanese yard for $3,000,000, and it was a $10,000,000 ship, the shipowner would get $7,000,000. That is an extreme case, but it is a possible case. The shipowner would get $7,000,000 velvet or profit or whatever term one may care to apply to it in the first instance; then the Government comes along in time of national peril and takes the vessel back from him and pays him, if it is a brand-new vessel, $10,000,000 for it, so he has another $7,000,000 out of it; and the Senator from Missouri [Mr. CLARK], who sits behind me, has directed my attention to the fact he has made a net profit of $14,000,000 on a $10,000,000 transaction.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. COPELAND. I will yield in just a moment. I said in the beginning that I was not going to permit this presentation of mine to degenerate into a controversy. I am going to answer the question, but I am not going to permit the discussion to be prolonged by any extraneous material. If the Senator from Missouri has a question to ask, after I shall have answered the Senator from Washington, I will be glad to yield to him.

Mr. CLARK. The only thing I want to do, I will say to the Senator from New York, is to get the figures straight. As I understand the situation, what would happen in the case cited by the Senator from Washington is this: For a ship which could be constructed in Japanese yards for $3,000,000, and in an American yard for $10,000,000, there would be given to the man who built the ship an outright gift of $7,000,000; he would be loaned three-fourths of the other three million; so that he would only have to put up cash money to the extent of $750,000. Then, in the event of war, the Government would come along and pay him $10,000,000 for the ship, which would be another seven million. So on the original investment of $750,000 he would make a profit of $14,000,000. He could pay off the Government loan and have $11,000,000 left of clear velvet.

Mr. COPELAND. Nothing could be more ridiculous and absurd than the suggestion just made. I call the attention of the Senator from Washington to page 108, beginning at line 11, where he will find the following provision:

> In the case of a vessel which has received a construction-loan subsidy as provided in part I, title V, of this act, in determining fair actual value under this paragraph consideration shall be given to the fact that such construction-loan subsidy was paid by the Government.

So, of course, in fixing the value of the ship to be taken over under the circumstances cited the fact that he had the subsidy would be given consideration.

Mr. BONE. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BONE. I know the Senator will acquit me of any desire unnecessarily to occupy his time, but this is an important matter and other Members of the Senate have agreed with my conclusions. I ask the Senator now the reason for this very obscure language which would challenge any lawyer in this body. I will read the same language the Senator has just called to my attention:

> In the case of a vessel which has received a construction loan subsidy as provided in part I, title V, of this act, in determining fair actual value under this paragraph consideration shall be given to the fact that such construction loan subsidy was paid by the Government.

What does that sort of vague language mean or what does it imply? It merely means that they have to consider it; they do not have to do anything. Is the Senator willing that this language shall be changed so as to provide that in the event a subsidy was given to the company the amount of the subsidy shall be deducted from the amount paid to the company?

Mr. COPELAND. Certainly, I should be glad to have such an amendment adopted.

Mr. BONE. As found in the bill the language is flabby and evasive, and it means nothing.

Mr. COPELAND. No; it is not "flabby and evasive." Let me read further from line 19:

> (c) The President shall ascertain the fair compensation for such taking over and purchase or use and shall certify to Congress the amount so found by him to be due.

But let me say to the Senator, that I think it might be made clearer, and I should be glad to have it made clearer.

Mr. BONE. I will say to the Senator that I should like to see incorporated in the bill a provision to the effect that if Uncle Sam puts a dollar into a ship then the Government shall not be mulcted by the shipowner in the event of war, but he shall surrender back to the Government every penny he got, because the national defense is more important than are private shipbuilders, and it is grossly unfair that Uncle Sam should give shipowners this money, not only compensate them in this generous way, but in time of war give them more money; so that an instrumentality created, at least theoretically, under this bill to aid the Government instead is to be used as an instrumentality financially to oppress the Government in time of war.

Mr. COPELAND. I am with the Senator 100 percent, and I wish the Senator would formulate the language. That is the reason we have the bill before us. The committee has given consideration to this matter; I have no doubt we have overlooked many things, perhaps there was not always due care as to the details of the language; it may well be that in this instance we were not definite enough, but what we intended was to make it very clear that the Government would not pay to any shipowner an amount beyond the real value of the ship, deducting any subsidy which the owner received.

Mr. President, a wholly desirable feature of the new legislation is the tremendous impetus it gives in maintaining the American standard of living. Whenever or wherever a ship is built it has been estimated that 85 to 90 percent of original cost goes to labor. That labor is not confined to the actual work done in the shipyard. Iron, timbers, silverware, rope, a thousand and one articles are purchased from the manufacturer, and mills and factories in every State are benefited when a ship is constructed.

A little while ago I called attention in the record of the hearings to the chart showing the geographical distribution of the supplies which may be needed, representing every State in the Union.

It has been pointed out that the cost of building a cargo ship in the United States approximates 40 percent more than it does abroad. This operates against the American shipowner and, in addition, owing to our higher standards of living, it costs more to operate that same ship. Wages are lower abroad and living conditions are lower. This means higher construction and operating costs for the American shipowner and it also means that greater sums must be set aside for depreciation and interest charges, and that the cost of insurance is correspondingly higher. The labor of the American manufacturer is protected by the tariff but foreign shipping is an international business and some other means of equalization must be found.

The President, in his message to Congress, proposes a subsidy "based upon providing for American shipping Government aid to make up the differential between American and foreign shipping costs. It should cover, first, the difference in the cost of building ships; second, the difference in the cost of operating ships; and, finally, it should take into consideration the liberal subsidies that may foreign governments provide for their shipping." In this brief and most comprehensive statement is contained the germ of the maritime law we hope to place upon our statute books.

Title VI provides that certain duties vested in the hands of the Shipping Board, the Shipping Board Emergency Fleet Corporation, and certain authority held by the Department of Commerce, are transferred to the maritime authority. Outstanding construction loans, proceeds from the sale of surplus ships, are to be credited to the authority. Provisions for transferring the insurance fund are also made.

The inevitable conclusion from reading the President's message is that it contemplates subsidy of American vessels under private ownership. In this he is in agreement with what has always been the expressed wish of Congress. Careful consideration has been given by Congress to the possibilities of Government ownership and of Government operation, and the experience and methods of other countries have been thoroughly studied. In 1920, 1922, and in 1928 the arguments pro and con were thoroughly aired, and the result has always been that Congress overwhelmingly favored a merchant marine privately owned and operated.

We gave consideration in the committee to all the problems connected with Government ownership, and reached the conclusion, there being no difference of opinion in the committee, that it would be impossible to build ships without Government credit extended to private owners.

Your committee has been unable to see how under conditions existing today there can be any replacement of existing vessels by private owners without Government credit. When so many of our private businesses have had to resort to the Reconstruction Finance Corporation for the credit that is their lifeblood in time of depression; when the farmers need farm loans and credits; when the householder must seek the aid of the Home Owners' Loan Corporation, how could private funds be secured for investment in shipping, which of all our businesses is most susceptible to ruinous foreign competition?

Various plans have been proposed, the essence of which was to eliminate the construction-loan fund. Analysis of these plans by your committee disclosed that each of them contemplated the investment of as much or more of Government funds in new ships as is proposed by retaining the construction-loan fund, and that other and wholly undesirable features were included.

The essence of the President's message is that no subterfuge shall be tolerated, and your committee is entirely in agreement. We propose that our intention to place the American shipowner on a parity with the foreigner be called a subsidy, and that our intention to supply credit for the construction of ships be called a loan, and not camouflaged as deferred purchase money or used to build ships for charter.

The construction-loan fund today is not in a depleted condition. While a few borrowers are behind in payments of interest or principal, others have anticipated their payments to an extent in excess of the amount the few are in arrears. It is safe to say that few, if any, of our banks can boast of such a showing as this in view of the depression through which we are passing.

Title VII, section 701, transfers to the maritime authority all regulatory power now exercised by the Department of Commerce through the Shipping Board Bureau under the various shipping acts.

This section also amends the substantive part of existing regulatory law by extending the provisions of the Intercoastal Shipping Act, 1933, to all the common carriers by water in interstate commerce who are at the present time subject to the jurisdiction of the Shipping Board Bureau. Inasmuch as the intercoastal act has been interpreted to give the regulatory body power to condemn rates as being unreasonably low without giving it corrective power to prescribe minimum rates, the intercoastal shipping act is itself amended specifically to give the authority the power to fix minimum rates. The provision in the original act prohibiting the fixing of specific rates is retained, however.

The majority of common carriers engaged in our intercoastal and coastwise trades appear to be in favor of vesting the regulatory body with such additional powers. No carriers or other persons not already subject to the regulatory jurisdiction will be affected by these amendments.

Paragraph 3 of section 701 amends section 19 of the Merchant Marine Act of 1920. This section as amended would permit the regulatory authority to prescribe minimum rates in our export trade whenever the regulatory body found that conditions unfavorable to shipping in our foreign trade exist because of unfair methods of competition employed by foreign-flag carriers.

There is no question about these unfair competitive rates. I said a little while ago that a great manufacturer of automobiles employs a line under a foreign flag to carry his merchandise to the Far East because there is a standing offer on the part of that concern to cut 10 percent under any price that may be offered by any American or other company.

Nearly all the American-flag carriers in our foreign commerce and a large number of foreign-flag carriers have advocated legislation of this type in order to prevent destructive competition. One of the vices which such a provision is expected to remove is the practice of a small minority of carriers of quoting rates at a fixed percentage under the rates of the lines regularly established in our foreign trades. This proposed provision also has an important bearing on the subsidy legislation. Unless some such provision is in the law, in all probability foreign governments will secretly give additional subsidies to their lines to an extent which will enable them to carry our cargo at rates lower than the American-flag carriers can afford to, thus defeating the purposes of our own subsidy.

Another provision in the bill is a prohibition against misbilling and misclassification by shippers and brokers. This provision is substantially the same as the prohibition against misbilling and misclassification by shippers over railroads.

Title VIII insures American officers and crews on American vessels, the establishment of training schools for seamen and for the founding of a Merchant Marine Academy for the training of American officers. It also stipulates a three-watch system, hours of labor, and the issuance of a service book to each sailor containing his record at sea.

Title IX defines administrative powers.

Title X establishes limitation as to shipowner's liability on terms somewhat comparable with the present British law.

This is a matter of great concern to us because of the *Morro Castle* and *Mohawk* disasters and the great loss of life. In the *Morro Castle* disaster that there was only $20,000 left that could be used in any way whatever to recompense for losses incurred as a result of the accident. We are determined that in this measure there shall be provision made so there will be protection and no longer will any such outrages result as occurred in connection with the *Morro Castle* disaster.

Title XI relates principally to appropriations and the requisition of vessels by the Government in times of national emergency.

A careful consideration of this bill indicates that it represents a certain and rational method of extending proper aid to the American merchant marine insuring its growth and prosperity.

It embodies the principle of offsetting the handicaps to our shipping caused by our present laws and our American standards of living and by the subsidies our foreign compeitors have adopted.

In other words, what we seek to do in placing our shipowner on a parity with his competitors is to make to him the same proposition that is open to him if he wished to become a foreign steamship company, built his ships in a foreign country and operate them under the foreign flag.

It is only in the unusual cases covered by section 512 of the bill that we go further in extending aid to our shipping and this form of aid is only open in exceptional cases, when the operating subsidy provisions of part II, title V, are shown to be inadequate. In situations where an operator needs assistance in developing our commerce in new fields or where his foreign competition is so firmly intrenched that mere equalization of certain costs would be inadequate during the pioneering period, this provision may well mean the saving of some of our weaker, less well-established lines. Were we to limit our aid in all cases to placing our shipowner on a parity with the foreigner would be to assume that in all cases the foreigner is making enough money to operate. This we know is not always the case. The recent adjustments and reorganizations of British shipping companies, sensational court trials, and new British subsidy plan show beyond a doubt that even that nation, old and wise as she is in the ways of shipping is facing her problems in the attempt to retain her position on the seas.

Section 512 is the only flexibility in our plan, and it is no more attractive to the shipowner than to the Government. The profits of a line operating under this plan are limited to 4 percent on its actual investment, and salaries of its officers are also limited. Surely an incentive to the lines whose struggle for existence can only be continued under this plan to remain under it as temporarily as possible.

A study of the methods adopted by our competitors would seem to indicate their intention is to create an advantage in favor of their shipping. Compared with their plans, our methods as outlined should be open to no objection.

In conclusion, let me say that the question has arisen as to the probabilities of mounting cost of ship subsidies. We need not worry on that score. The fluctuations of foreign exchange since our departure from the gold standard have been largely in favor of reducing both operating and construction differentials—particularly construction differentials—and this act will give our Government the benefit of that condition.

It is the belief of the committee that the enactment of this bill into the law will accomplish a number of desirable things. To capitulate briefly, it is hoped it will do the following:

First. It will furnish immediate employment to thousands of American workmen.

Second. It will keep intact American standards of living on American vessels.

Third. In times of emergency abroad it insures the transportation of our farm products and manufactured goods to the world markets under the American flag.

Fourth. It gives to the Navy speedy auxiliaries sufficient to keep our fleets supplied with rations, munitions, and supplies in the event of a national emergency.

Fifth. It supplies schools wherein American citizens may fit themselves to become competent officers and seamen so that our ships may be manned by Americans.

Sixth. Its policy of replacement, wisely developed, will eventually create a merchant marine covering every great trade route with ships of such type, speed, and size as are best adapted to the requirements.

Seventh. It will give confidence to our farmers and manufacturers through the knowledge that their products can be carried abroad at all times and under all conditions at fair and impartial rates.

Eighth. It will encourage American shippers to forward their goods in American bottoms, and American tourists to sail in American ships.

Ninth. It should insure a rapid expansion of our foreign trade, thus enabling a certain disposition of our farm products and manufactured articles.

Tenth. It is a challenge to foreign influence, insidiously at work to prevent the upbuilding of an American merchant marine.

Eleventh. It is a stimulus to the little fellow, to every American citizen who desires to enter into the business of operating American ships in the foreign trade.

Twelfth. It will prevent foreign-owned ships from competing for our overseas business by the adoption of ruinous freight rates.

We pray and have faith to believe that through this act the United States will again assume the sea power that it once held and which its greatness among the nations entitles it to hold.

Mr. President, that is all I care to say at the moment in connection with the bill. I realize there is opposition—and strong opposition—to its passage. My attention has been called to the fact that in the House, where the bill passed this morning, there were 194 yeas and 186 nays. Nevertheless the bill did pass the House. I believe it will pass the Senate. I am not so foolish as to think it would pass the Senate today if I were to ask for a vote upon it; it will take a little time to think about the bill and to reach conclusions on the part of each individual Senator. I am confident that when Senators understand what we have in mind and what the President had in mind in his message, favorable action will be had.

Mr. BONE. Mr. President, will the Senator yield for one moment?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from New York yield to the Senator from Washington.

Mr. COPELAND. Certainly.

Mr. BONE. I desire to correct what may be assumed to have been a statement made without foundation.

In the colloquy a moment ago about the cost to the Government of one of these $10,000,000 ships, it was suggested that the shipowner might get $14,000,000 out of the ship. It is hardly fair to state the matter in that way.

If, out of the $10,000,000 cost of a ship, the United States Government should advance $7,000,000, and then take the ship back in the event of war as a brand-new ship, it is true that the shipowner would not profit to the tune of $14,000,000, because presumptively the first $7,000,000 would be paid to an American shipyard that built the ship that cost $10,000,000 to build. Obviously, however, when a man may borrow three-fourths of his part of the cost of the ship, so that in that type of ship he would have only a $750,000 investment, on that type of investment in the event of the seizure of a ship for war purposes a man would make $7,000,000 profit, which would go to him when the Government bought the ship back at $10,000,000.

Mr. COPELAND. If course, I do not agree to that. But with proper language the matter can be safeguarded.

SETTLEMENT OF LABOR DISPUTES—CONFERENCE REPORT

Mr. WALSH. Mr. President, I ask unanimous consent for the present consideration of the conference report on

Senate bill 1958, the report having been submitted by me yesterday.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes.

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 9, 23, 24, 25.

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, insert the following:

"SECTION 1. The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce by (a) impairing the efficiency, safety, or operation of the instrumentalities of commerce; (b) occurring in the current of commerce; (c) materially affecting, restraining, or controlling the flow of raw materials or manufactured or processed goods from or into the channels of commerce, or the prices of such materials or goods in commerce; or (d) causing diminution of employment and wages in such volume as substantially to impair or disrupt the market for goods flowing from or into the channels of commerce.

"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries.

"Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.

"It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection."

And the House agree to the same.

Amendment numbered 11: That the Senate recede from its disagreement to the amendment of the House numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(b) The Board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or subdivision thereof."

And the House agree to the same.

DAVID I. WALSH,
WM. E. BORAH,
JAMES E. MURRAY,
ROBERT M. LA FOLLETTE, JR.,
LOUIS MURPHY,
Managers on the part of the Senate.

WILLIAM P. CONNERY, JR.,
ROBERT RAMSPECK,
GLENN GRISWOLD,
RICHARD J. WELCH,
W. P. LAMBERTSON,
Managers on the part of the House.

Mr. WALSH. I move that the report be adopted.

Mr. KING. Mr. President, will the Senator from Massachusetts advise the Senate what changes have been made?

Mr. WALSH. Mr. President, the conference agreement accepted most of the House amendments as constituting merely formal corrections in the citations of the various statutes and other minor changes of phrases and definitions.

House amendment no. 23 inserted a new section providing that "nothing in this act shall abridge the freedom of speech, or of the press, as guaranteed in the first amendment to the Constitution." The conference agreement rejected this amendment as having no proper place in the bill. There is no reason why the Congress should single out this provision of the Constitution for special affirmation. The amendment could not possibly have had any legal effect, because it was merely a restatement of the first amendment to the Constitution, which remains the law of the land irrespective of Congressional declaration.

House amendment no. 11, which redrafted section 9 (b), embodied two changes from the Senate bill. The first change undertook to express more explicitly the standards by which the Board is to be guided in deciding what is an appropriate bargaining unit. The conference agreement accepts this part of the amendment. The amendment also added a proviso designed to limit the otherwise broad connotation that might be put upon the phrase "or other unit." The proviso, however, was subject to some misconstructions, and the conferees have agreed that the simplest way to deal with the matter is to strike out the undefined phrase "other unit." It was also agreed to insert after "plant unit" the phrase "or subdivision thereof." This was done because the National Labor Relations Board has frequently had occasion to order an election in a unit not as broad as "employer unit", yet not necessarily coincident with the phrases "craft unit" or "plant unit"; for example, the "production and maintenance employees" of a given plant.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives insisting upon its amendment to the title of the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes.

Mr. WALSH. I move that the Senate concur in the amendment of the House to the title of the bill.

The motion was agreed to.

EXTENSION OF CERTAIN TAXES—CONFERENCE REPORT

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

PAT HARRISON,
WM. H. KING,
WALTER F. GEORGE,
HENRY W. KEYES,
ROBERT M. LA FOLLETTE,
Managers on the part of the Senate.

ROBT. L. DOUGHTON,
SAMUEL B. HILL,
THOMAS H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

The report was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the

House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, and that the House insisted upon its amendment to the title to said bill.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 1, 2, 35, and 39 to the said bill and concurred therein, that the House insisted upon its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32 to said bill, requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LUDLOW, Mr. SNYDER, Mr. ZIONCHECK, Mr. DOCKWEILER, Mr. MORAN, Mr. BUCHANAN, and Mr. POWERS were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed without amendment the following bills of the Senate:

S. 2074. An act to create a National Park Trust Fund Board, and for other purposes; and

S. 2738. An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. TYDINGS. I submit a conference report on the legislative appropriation bill and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 43, 44, 45, 51, and 54.

That the House recede from its disagreement to the amendments of the Senate numbered 11, 33, 34, 36, 37, 38, 40, 41, 42, 46, 47, 49, 50, 52, 53, and 55; and agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment strike out the word "new" and insert in lieu thereof the word "permanent"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 35, and 39.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
CARL HAYDEN,
FREDERICK HALE,
JOHN G. TOWNSEND, Jr.,
Managers on the part of the Senate.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, Jr.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. TYDINGS. I move that the conference report be agreed to.

The motion was agreed to.

The PRESIDING OFFICER laid before the Senate the following action of the House of Representatives, which was read:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 27, 1935.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 35, and 39 to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, and concur therein; and

That the House insist upon its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32 to said bill, and request a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TYDINGS. I move that the Senate insist upon its amendments numbered 3 to 10, inclusive, and 12 to 32, inclusive, agree to the further conference asked by the House, and that the Chair appoint the conferees on the part of the Senate. I will state that I have suggested that the same conferees be appointed as were originally appointed.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BYRNES, Mr. HAYDEN, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate at the further conference.

RIVERS AND HARBORS

Mr. COPELAND. Mr. President, I now ask unanimous consent to withdraw my pending motion to proceed to the consideration of Senate bill 2582, the so-called "merchant-marine bill", and in its stead I ask that House bill 6732, the rivers and harbors bill, be now considered by the Senate.

The PRESIDING OFFICER. The Senator from New York withdraws the pending motion and asks unanimous consent that the Senate proceed to the consideration of the river and harbor bill. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which had been reported from the Committee on Commerce with amendments.

Mr. COPELAND. I ask that the formal reading of the bill be dispensed with, and that it be read for amendment, the committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, I wonder if the Senate would object to adopting the amendments en bloc? There have been hearings upon them. I make that request.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the amendments reported by the committee be agreed to en bloc. Is there objection?

Mr. VANDENBERG. Mr. President, that is perfectly satisfactory to me, with one exception. The Senator from New York will recall that among the other projects was one at Muskegon which was included subject to the ultimate approval of the Board of Rivers and Harbors Engineers. Since then the Board of Rivers and Harbors Engineers have passed favorably upon the project; and I have a letter from General Markham recommending that instead of the language used respecting the Muskegon project a definite statement be inserted reading as follows:

Muskegon Harbor, Mich.: Report of the Chief of Engineers, dated June 21, 1935.

Mr. COPELAND. Mr. President, on behalf of the committee, I accept the amendment suggested by the Senator from Michigan with the new language recommended by the Army engineers.

In every instance in this bill the projects which are included have been passed upon by the Army engineers. The only matters which have not been passed upon by them are

requests for surveys. It has been the universal practice that they should be granted without question.

This bill, of course, is merely an authorization. It does not actually appropriate the money, but it seeks to cover those matters which have engaged the attention of the Army engineers and have been duly reported to the Congress.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. Mr. President, I have just been informed that the Senate is considering what is known as the "river and harbor bill." I have been handed a copy of the bill, and I discover that it contains 57 pages and deals with hundreds of projects. Not being a member of the committee and having had no opportunity to examine the bill or the report, I shall be glad to have the chairman of the committee inform me, first, what is the aggregate amount of the appropriations carried in the bill; second, the total amount of authorizations so far as they are susceptible of ascertainment; third, what will be the cost of making the surveys provided for in the bill; and, fourth, what will be the cost of carrying into effect the projects which, after surveys are made, will be adopted. I know that the information, particularly with respect to the last suggestion, will be difficult to obtain; indeed, perhaps, only a guess can be made with respect to the entire cost of executing the projects which may be agreed upon.

Mr. FLETCHER. Mr. President, I will say to the Senator that no appropriations at all are carried in the bill.

Mr. KING. None at all?

Mr. COPELAND. No, Mr. President. These are authorizations. Then from time to time the Army engineers come before the Appropriations Committee to ask for money to carry out the various authorizations. These are authorizations which have been considered by the Army engineers, and have been passed upon by the Commerce Committee after prolonged hearings, and all parties concerned have been heard. So in no sense is this an appropriation bill.

Mr. KING. Mr. President, since I have been in the Senate I have had occasion to examine river and harbor bills carrying millions of dollars of appropriations; indeed, in the aggregate they have carried hundreds of millions of dollars. My examinations led me to believe that many of the items were wholly unwarranted and that the appropriations in the aggregate were entirely too large. Believing as I was forced to believe, from the information which had come to me, that many of the appropriations for rivers and harbors were improper, I determined to make a careful examination of appropriations which had been made from the beginning of the Republic. Accordingly, 8 or 10 years ago I obtained all of the reports and data that were available and examined all of the projects concerning which data were available, in order to satisfy myself as to the merits of the various projects upon which appropriations had been made and the wisdom of continuing the hit-and-miss policy which had been adopted in dealing with rivers and harbors.

It took several weeks to assemble the data and to examine all of the material available concerning the appropriations which had been made for the purposes indicated. I found that considerably more than a billion dollars had been expended and that a considerable portion of the same had been wasted upon waterways, bayous, swamps, and streams that had never been utilized to carry freight or commerce of any kind and could not be made serviceable for commercial or other purposes. Little streams were made the excuse for obtaining appropriations from the Government, and upon insignificant rivulets and creeks thousands of dollars were expended. Indeed, the aggregate expended upon the character of streams, bayous, and creeks to which I am referring amounted to tens of millions of dollars.

I discovered that upon many of these so-called "waterways", after large sums had been expended for their development, no freight was carried; upon some of them a few tons of rock or gravel were transported and upon the others a few logs or some brush were floated for short distances.

I recall that in one State, where $10,000,000 had been appropriated upon a project ostensibly needed for the transportation of freight, it had scarcely ever been utilized, and, when I mentioned the matter in the Senate, one of the Senators from that State arose and declared that it had never been of any benefit, and probably never would prove of any benefit or advantage to the State or its inhabitants.

Mr. President, I reached the conclusion, after a most thorough investigation, that nearly one-half of all the appropriations made had proven of but little, if any, value. I do not mean to convey the idea there should not be appropriations made for the improvement of our harbors and for the development of some of our waterways. In this connection, though, it is not improper to state that there have been expended upon the Missouri, Mississippi, and Ohio Rivers hundreds of millions of dollars, and, generally speaking, I think the freight and cargoes carried upon these streams amount in tonnage to less than that which was carried back in the days of Mark Twain. We read that 6 to 10 decades ago there were many boats upon the Mississippi and Missouri Rivers, and that they carried a large number of passengers and a considerable volume of freight.

But as appropriations were made and millions expended for the improvement of these streams, there was a reduction in the amount of freight carried and in the number of passengers who availed themselves of water transportation facilities. As a matter of fact, many of the boats that carried passengers and freight became obsolete and were not replaced, and these great waterways became less and less important for transportation purposes.

Mr. President, a hasty glance at the 57 pages contained in the bill before us leads me to the conviction that many of the projects for which surveys are to be made are unworthy of Federal consideration and entirely lacking in merit. As I have objected to various measures carrying millions for so-called "rivers and harbors" I am unwilling to give my support to the bill now under consideration.

I inquire of the Senator from New York [Mr. COPELAND] whether these numerous items and projects have received the attention of members of his committee, and whether the evidence submitted is sufficient to justify authorization for surveys, because, as Senators know, these surveys cost money; and I also inquire whether or not there was evidence adduced justifying a continuation of projects which heretofore may have been authorized.

Mr. COPELAND. Mr. President, I think I may say to the Senator that no silly and impossible and improper surveys have been asked for. I have a great deal of sympathy for what the Senator says about the bill in general. I always have felt that way about it, and I feel more that way now, having been through it; yet these various surveys go to the Board of Army Engineers. If there is absolutely no justification for the expenditure of a dollar in a survey, they simply do not make it.

Mr. KING. Mr. President, in the examinations which I have made of reports submitted in behalf of the hundreds and hundreds of projects upon which Federal moneys have been expended I have found that in many instances chambers of commerce, organizations of citizens, various civic and other clubs made representations to Congress as to the vital importance of appropriations for the development of projects within their States; and I discovered that many of these projects were of the insignificant and unimportant character that I have described; that they related to little brooks and streams and bayous and, in some instances, the evidence showed that the streams were so small that they could not support boats capable of carrying persons or commodities.

As I recall, the survey showed that one of the projects had so little water that it was recommended that artesian wells be drilled in order to supplement the wholly inadequate amount of water found in the stream. Yet this project found a place in the great river and harbor appropriations bill.

The result of those representations was, that not infrequently projects were adopted upon which were expended—or rather I should say, wasted—large sums taken from the Federal Treasury.

I recall that upon one occasion, when an appropriation for rivers and harbors was under consideration, there appeared an appropriation for a stream in New Jersey. Immediately one of the Senators from that State arose and said that he had never heard of such a creek or stream and, as I recall, he stated he did not ask for an appropriation.

Mr. VANDENBERG. Will the Sentor yield?

Mr. KING. I yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, I desire to call the attention of the Senator to the fact that there is use for surveys running to a totally different net result than that he has described. For example, the committee has inserted provision in the bill for one survey at my request which has for its purpose the development of an authentic opinion that a project is not worth while, so that I can use it authentically in rebutting the precise kind of propaganda the Senator is discussing. This great array of surveys in the bill, more often than not, in my judgment, will result in the condemnation and the stopping of projects rather than in their encouragement.

Mr. KING. Mr. President, I wish to commend my friend the Senator from Michigan for suggesting or supporting the provision of the bill which he refers to. I have no doubt that if such a plan shall be carried into effect hundreds of these so-called "projects" calling for river and harbor appropriations will be abandoned and hundreds more for which appropriations have been solicited will never be entered upon.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. FLETCHER. I think the Senator need not be disturbed by the supposed expense of making surveys. Most of them can be made from data already in the office of the Chief of Engineers, and it will not be necessary to send out people actually to make the physical surveys. They have the data already in hand.

Mr. KING. Mr. President, may I ask the Senator from Michigan whether his suggestion and his amendment will call for a reexamination of many of these projects which have been surveyed and upon the construction of which the Government has entered?

Mr. VANDENBERG. Frequently the items call for a resurvey of existing information in order to bring it down to date. My experience with surveys has been rather general, because Michigan has a longer water line than any other State in the Union, and we have a very large interest in water projects. My experience has been that surveys more often result in condemnation of projects by the Board of Rivers and Harbors Engineers than in their approval.

Mr. KING. Mr. President, referring to the statement made by the Senator from Florida I concede that data have been accumulated relating to some streams and with respect to some harbors which will enable the engineers, without additional surveys, to make recommendations, but the data obtained were not spontaneously generated and the facts and statements and the information available resulted from surveys and explorations made by Army engineers or persons representing the Government. I concede also, as stated by the Senator from Michigan, that the Army engineers, upon making surveys, and after making investigations, have made some adverse recommendations. I also discovered in my investigations that in some cases where the engineers had made adverse reports persistent efforts were made to secure further examinations and surveys, and the result was that the first reports were modified and in some instances entirely overruled.

Notwithstanding the adverse reports which from time to time were submitted there are hundreds of projects which were approved and upon which, as I have stated—and I ask pardon for repeating—hundreds of millions of dollars were expended, no small part of which was an absolute waste.

The bill before us authorizes investigations of a large number of projects. Since I came into the Chamber I have hastily glanced at the pages of the bill and at the projects referred to, and they number more than 475.

Mr. COPELAND. Will the Senator from Utah yield?

Mr. KING. I yield.

Mr. COPELAND. I think I ought to pay just a brief tribute to the Army engineers. I have found them beyond influence. Even when I have gone to them as Chairman of the Committee on Commerce, I have found, in the language of the street, that they are "from Missouri." It is very difficult—I think impossible—to delude or mislead the Army engineers. They are most rigid. They have stood up and in my presence opposed Members of Congress time and again who wanted pet projects adopted, but the engineers refused to yield.

Mr. KING. Mr. President, may I ask the Senator from New York whether it is his desire to have the Senate finally act upon the bill this afternoon?

Mr. COPELAND. Mr. President, will the Senator from Utah yield?

Mr. KING. I yield.

Mr. COPELAND. In addition to the amendments which are printed in the bill——

Mr. McKELLAR. Mr. President, have those amendments been agreed to?

Mr. COPELAND. Not as yet. In addition to those amendments, I send a number of other amendments to the desk, which I desire to have stated and acted upon.

The PRESIDING OFFICER. The clerk will state the amendments submitted by the Senator from New York.

The CHIEF CLERK. On page 8, line 3, it is proposed to strike out the semicolon and insert in lieu thereof a comma and the following: "and Rivers and Harbors Committee Document No. 60, Seventy-fourth Congress."

On page 8, between lines 6 and 7, to insert the following paragraph:

Twitch Cove and Big Thoroughfare River, Md.; Rivers and Harbors Committee Document No. 67, Seventy-fourth Congress.

On page 6, line 24, it is proposed to strike out the word "document" and to insert in lieu thereof the word "documents", and after the word "Congress", at the end of line 24, to insert a comma and the words "and 66, Seventy-fourth Congress"; and on page 17, line 3, to strike out the words "Document No. 13, Seventy-fourth Congress" and to insert in lieu thereof the words "Documents Nos. 13 and 63, Seventy-fourth Congress."

Mr. COPELAND. It is desired that the language regarding Muskegon Harbor, Mich., be changed as I indicated in the language I send to the desk.

The PRESIDING OFFICER. The clerk will state the proposed amendment.

The CHIEF CLERK. In lieu of the amendment proposed on page 22, after line 23, it is proposed to insert the following:

Muskegon Harbor, Mich., report of the Chief of Engineers dated June 21, 1935.

On page 46, after line 17, it is proposed to insert a paragraph, as follows:

Waterway from Offatts Bayou to San Louis Pass, Galveston Island, Tex.

On page 3, between lines 14 and 15, it is proposed to insert the following:

Vineyard Harbor, Mass., Rivers and Harbors Committee Document No. 65, Seventy-fourth Congress.

Mr. COPELAND. Mr. President, I should like to have the attention of the Senator from Texas to ascertain whether this is the same language we have used.

The CHIEF CLERK. On page 46, after line 17, it is proposed to insert a new paragraph, to read as follows:

Waterway from Offatts Bayou to San Louis Pass, Galveston Island, Tex.

Mr. SHEPPARD. Mr. President, that is the same as the language read a few moments ago.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from New York.

The CHIEF CLERK. On page 16, after line 9, it is proposed to insert the following:

Galveston Channel, Tex.; Rivers and Harbors Committee Document No. 61, Seventy-fourth Congress.

On page 8, line 3, it is proposed to strike out the semicolon and to insert a comma and the words "and 60, Seventy-fourth Congress"; in line 2, to strike out the word "Document" and insert in lieu thereof the word "Documents", so as to read:

Ocean City Harbor and Inlet, and Sinepuxent Bay, Md.; Rivers and Harbors Committee Documents No. 38, Seventy-second Congress, and 60, Seventy-fourth Congress.

On page 16, line 12, it is proposed to strike out the word "Congress" and the semicolon and to insert, "and 62, Seventy-fourth Congresses", so as to make the paragraph read:

Channel from Galveston Harbor to Texas City, Tex.; Rivers and Harbors Committee Documents Nos. 4 and 46, Seventy-third, and 62, Seventy-fourth Congress.

Mr. COPELAND. Mr. President, I move that the amendments of the committee be agreed to, so as to leave the bill open for Members of the Senate to offer individual amendments.

Mr. McNARY. What is the motion?

Mr. COPELAND. My motion is that the amendments reported by the Committee on Commerce be approved, leaving the bill open then for individual amendments to be proposed.

Mr. McNARY. The Senator means that we shall by one motion adopt the committee amendments?

Mr. COPELAND. Yes.

Mr. McKELLAR. Those printed in the bill, as well as the additional ones offered by the Senator?

Mr. COPELAND. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York [Mr. COPELAND], that the amendments of the committee be agreed to en bloc.

The motion was agreed to.

The amendments reported by the Committee on Commerce as printed in the bill and agreed to en bloc are as follows:

The first amendment of the Committee on Commerce was, on page 2, line 3, after the word "documents", to insert a semicolon and "and that hereafter Federal investigations and improvements of rivers, harbors, and other waterways shall be under the jurisdiction of and shall be prosecuted by the War Department under the direction of the Secretary of War and the supervision of the Chief of Engineers, except as otherwise specifically provided by act of Congress", so as to read:

That the following works of improvement of rivers, harbors, and other waterways are hereby adopted and authorized, to be prosecuted under the direction of the Secretary of War and supervision of the Chief of Engineers, in accordance with the plans recommended in the respective reports hereinafter designated and subject to the conditions set forth in such documents; and that hereafter Federal investigations and improvements of rivers, harbors, and other waterways shall be under the jurisdiction of and shall be prosecuted by the War Department under the direction of the Secretary of War and the supervision of the Chief of Engineers, except as otherwise specifically provided by act of Congress.

The next amendment was, on page 2, after line 12, to insert:

Corea Harbor, Maine; Rivers and Harbors Committee Document No. 27, Seventy-fourth Congress.

The next amendment was, on page 2, after line 18, to insert:

Boston Harbor, Mass.; Rivers and Harbors Committee Document No. 29, Seventy-fourth Congress.

The next amendment was, on page 2, after line 21, to insert:

Mystic River, Mass.; Rivers and Harbors Committee Document No. 33, Seventy-fourth Congress.

The next amendment was, at the top of page 4, to insert:

Southport Harbor, Conn.: Rivers and Harbors Committee Document No. 36, Seventy-fourth Congress.

The next amendment was, on page 4, after line 6, to insert:

Fivemile River Harbor, Conn.; House Document No. 1419, Sixty-third Congress, third session, with modifications recommended by the division engineer in a supplemental report submitted November 6, 1934.

The next amendment was, on page 4, after line 18, to insert:

Sag Harbor, N. Y.; Rivers and Harbors Committee Document No. 32, Seventy-fourth Congress.

The next amendment was, on page 4, after line 20, to insert:

Buttermilk Channel, New York Harbor, N. Y.; Rivers and Harbors Committee Document No. 55, Seventy-fourth Congress.

The next amendment was, on page 5, line 20, after the words "Seventy-third" to strike out "Congress: *Provided*, That no allotment of Federal moneys shall be made under this authorization unless and until the State of New York shall have entered into agreement satisfactory to the Secretary of War that no toll charges will be imposed for the use and navigation of the improved waterway" and insert "Congress. All acts or parts of acts inconsistent herewith are hereby repealed", so as to read:

Great Lakes-Hudson River Waterway; Rivers and Harbors Committee Document No. 20, Seventy-third Congress. All acts or parts of acts inconsistent herewith are hereby repealed.

The next amendment was, on page 6, after line 14, to insert:

Manasquan River, N. J.; Commerce Committee Document, Seventy-fourth Congress.

The next amendment was, on page 6, line 19, after the word "House" to strike out "Document No. 157, Seventy-first Congress" and insert "Documents Nos. 157, Seventy-first, and 31, Seventy-fourth Congresses", so as to read:

Shrewsbury River, N. J.; House Documents Nos. 157, Seventy-first, and 31, Seventy-fourth Congresses.

The next amendment was, on page 7, after line 18, to strike out:

Ocean City Harbor and Inlet, and Sinepuxent Bay, Md.; Rivers and Harbors Committee Document No. 38, Seventy-second Congress.

The next amendment was, on page 7, after line 23, to insert:

Delaware Bay Harbor of Refuge, Del.; Rivers and Harbors Committee Document No. 56, Seventy-fourth Congress.

The next amendment was, at the top of page 8, to insert:

Ocean City Harbor and Inlet, and Sinepuxent Bay, Md.; Rivers and Harbors Committee Document No. 38, Seventy-second Congress.

The next amendment was, on page 8, after line 6, to insert:

Upper Chesapeake Bay and Susquehanna River, Havre de Grace, Md.; for a boat basin and harbor adjoining the city park and a channel leading thereto from Point Concord, subject to the approval of the Board of Engineers for Rivers and Harbors.

The next amendment was, on page 8, after line 16, to insert:

Pocomoke River, Md.; as contained in the report of June 5, 1935, of the Chief of Engineers.

The next amendment was, on page 8, after line 20, to insert:

Honga River and Tar Bay (Barren Island Gaps), Md.; Rivers and Harbors Document No. 35, Seventy-fourth Congress.

The next amendment was, on page 9, line 2, after the word "Congress", to insert a comma and "and Rivers and Harbors Document No. 46, Seventy-fourth Congress", so as to read:

Starlings Creek, Va.; House Document No. 138, Seventy-second Congress, and Rivers and Harbors Document No. 46, Seventy-fourth Congress.

The next amendment was, on page 9, line 11, after the words "Rivers and Harbors", to insert a comma and "except that the District of Columbia shall not be required to participate in contributing to the cost of the improvement", so as to read:

Potomac River, north side of Washington Channel, D. C.; Rivers and Harbors Committee Document No. 13, Seventy-third Congress: *Provided*, That the work recommended in the said document shall be prosecuted in accordance with the recommendations of the Board of Engineers for Rivers and Harbors, except that the District of Columbia shall not be required to participate in contributing to the cost of the improvement.

The next amendment was, on page 10, after line 23, to insert:

Meherrin River, N. C.; Rivers and Harbors Committee Document No. 43, Seventy-fourth Congress.

The next amendment was, at the top of page 11, to insert:

Cape Lookout Harbor of Refuge, N. C.; House Document No. 528, Sixty-second Congress; from the shore line to the bell buoy, including the building up of the present breakwater and extension of the same according to said report.

The next amendment was, at the top of page 12, to insert:

St. Johns River, Fla., Jacksonville to the ocean; report of the Chief of Engineers dated June 5, 1935.

The next amendment was, on page 12, line 4, after the word "Congress", to insert a comma and "and Rivers and Harbors Committee Document No. 42, Seventy-fourth Congress", so as to read:

Lake Worth Inlet, Fla.; House Document No. 185, Seventy-third Congress, and Rivers and Harbors Committee Document No. 42, Seventy-fourth Congress.

The next amendment was, on page 12, after line 14, to insert:

Caloosahatchee River and Lake Okeechobee drainage areas, Fla.: The existing project is hereby modified to provide that the United States shall maintain all project works when completed and shall bear the cost of all drainage structures heretofore or hereafter constructed in connection with said project: *Provided*, That the total cash contribution required of local interests toward the cost of the project shall be $500,000.

The next amendment was, on page 13, after line 2, to insert:

La Grange Bayou, Fla.; Rivers and Harbors Committee Document No. 49, Seventy-fourth Congress.

The next amendment was, on page 13, after line 4, to insert:

Homossassa River, Fla.; Rivers and Harbors Committee Document No. 30, Seventy-fourth Congress.

The next amendment was, on page 13, after line 6, to insert:

Carrabelle Bar and Harbor, Fla.; Commerce Committee document containing report of the Chief of Engineers dated May 15, 1933, Seventy-third Congress.

The next amendment was, on page 13, after line 9, to insert:

Caseys Pass, Fla.; Report of the Chief of Engineers dated June 5, 1935.

The next amendment was, on page 14, after line 11, to insert:

Pearl River, Miss. and La., from Jackson, Miss., to a point on the Pearl River between Poplarville, Miss., and Bogalusa, La., and with a view to providing a 6-foot channel from the mouth of Pearl River to a point between Poplarville, Miss., and Bogalusa, La., subject to final approval by the Board of Engineers for Rivers and Harbors.

The next amendment was, on page 14, line 22, after the word "Congress", to insert a colon and the following proviso: "*Provided*, That the Chief of Engineers may in his discretion modify the project with respect to the selection of the outlet pass to be improved", so as to read:

Bayou Lafourche, La.; House Document No. 45, Seventy-third Congress: *Provided*, That the Chief of Engineers may in his discretion modify the project with respect to the selection of the outlet pass to be improved.

The next amendment was, on page 15, line 16, after the words "*Provided further*" to strike out "That in the event an agreement with local authorities is effected to utilize a portion of Sabine Lake for the disposal of dredged material, the Chief of Engineers is hereby authorized, in his discretion, to contribute from United States funds one-half the cost of a suitable dike or retaining wall, but in no event shall the amount of such contribution exceed the sum of $50,000" and in lieu thereof to insert "That the Chief of Engineers is authorized and directed to construct all works necessary to prevent the escape into Sabine Lake of dredged material hereafter deposited on the lake frontage owned by the city of Port Arthur, and to construct suitable permanent protective works to prevent the erosion of the material so deposited at a cost not to exceed $600,000, the funds necessary for these purposes to be in addition to those provided for the project as set forth in said document", so as to read:

Sabine-Neches Waterway, Tex.; Rivers and Harbors Committee Documents No. 27, Seventy-second Congress, and 12, Seventy-fourth Congress: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement: *Provided further*, That the Chief of Engineers is authorized and directed to construct all works necessary to prevent the escape into Sabine Lake of dredged material hereafter deposited on the lake frontage owned by the city of Port Arthur, and to construct suitable permanent protective works to prevent the erosion of the material so deposited at a cost not to exceed $600,000, the funds necessary for these purposes to be in addition to those provided for the project as set forth in said document.

The next amendment was, on page 16, line 7, after the words "Rivers and Harbors Committee", to strike out "Document No. 31, Seventy-second Congress," and insert "Documents No. 31, Seventy-second and 57, Seventy-fourth Congresses", so as to read:

Galveston Harbor, Tex.; Rivers and Harbors Committee Documents No. 31, Seventy-second and 57, Seventy-fourth Congresses.

The next amendment of the committee was on page 16, line 9, after the word "Congress" to insert the following:

Provided, That the Chief of Engineers is authorized and directed to construct groins to protect the sea wall constructed by the United States and the city of Galveston in accordance with the plans submitted in House Document No. 400, Seventy-third Congress, and at a cost not to exceed $234,000, and the funds necessary for this purpose to be in addition to those provided for the project as set forth in said document.

The next amendment was, on page 16, line 14, after the word "Committee", to strike out "Document No. 28, Seventy-second Congress," and insert "Documents No. 28, Seventy-second and 58, Seventy-fourth Congresses," so as to read:

Houston Ship Channel, Tex.; Rivers and Harbors Committee Documents No. 28, Seventy-second and 58, Seventy-fourth Congresses.

The next amendment was, on page 17, after line 16, to insert:

Wolf River (Memphis Harbor), Tenn.; Rivers and Harbors Committee Document No. 45, Seventy-fourth Congress.

The next amendment was, at the top of page 18, to insert:

Mississippi River between Missouri River and Minneapolis; House Document No. 137, Seventy-second Congress, and Rivers and Harbors Committee Document No. 44, Seventy-fourth Congress.

The next amendment was, on page 18, after line 4, to insert:

Missouri River; House Document No. 238, Seventy-third Congress.

The next amendment was, on page 18, after line 8, to insert:

Sheboygan Harbor, Wis.; Rivers and Harbors Committee Document No. 47, Seventy-fourth Congress.

The next amendment was, on page 18, after line 11, to insert:

Port Washington Harbor, Wis.; Rivers and Harbors Committee Document No. 41, Seventy-fourth Congress.

The next amendment was, on page 18, after line 19, to insert:

Monongahela River, Pa. and W. Va.; the Tygart River Reservoir project now being prosecuted by the War Department under the provisions of the National Industrial Recovery Act.

The next amendment was, on page 19, line 7, after the name "Ohio" and the semicolon, to strike out "House Document No. 277, Seventy-third Congress" and insert "of the width and depth provided in House Document No. 277,

Seventy-third Congress, as a Federal project and to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors", so as to read:

Beaver and Mahoning Rivers, Pa. and Ohio; of the width and depth provided in House Document No. 277, Seventy-third Congress, as a Federal project and to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors.

The next amendment was, on page 22, after line 5, to insert:

Michigan City Harbor, Ind.; Rivers and Harbors Committee Document No. 34, Seventy-fourth Congress.

The next amendment was, on page 22, line 11, after the word "Congress", to insert "and report of the Chief of Engineers dated December 21, 1934", so as to read:

South Haven Harbor, Mich.; Rivers and Harbors Committee Document No. 9, Seventy-third Congress, and report of the Chief of Engineers dated December 21, 1934: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement.

The next amendment was, on page 22, after line 14, to insert:

St. Joseph Harbor, Mich.; Rivers and Harbors Committee Document No. 52, Seventy-fourth Congress.

The next amendment was, on page 22, after line 17, to insert:

Holland Harbor and Black Lake, Mich.; Rivers and Harbors Committee Document No. 48, Seventy-fourth Congress.

The next amendment was, on page 22, after line 23, to insert:

Muskegon Harbor, Mich.; that the project for the improvement of Muskegon Harbor, authorized by the River and Harbor Act approved March 3, 1925, is hereby modified to provide for the construction for concrete revetment in and along those sections of Muskegon Harbor channel not heretofore improved at public expense: *Provided, however*, That the Chief of Engineers shall approve such construction in the interest of navigation.

The next amendment was, on page 23, after line 7, to insert:

Great Lakes—Connecting waters, principal harbors, and river channels; Rivers and Harbor Committee Document No. 53, Seventy-fourth Congress.

The next amendment was, on page 24, line 3, after the word "Congress", to insert a comma and "and Commerce Committee document containing report of the Chief of Engineers dated April 27, 1934", so as to read:

Rogue River, Mich.; Rivers and Harbors Committee Document No. 19, Seventy-second Congress, and Commerce Committee document containing report of the Chief of Engineers dated April 27, 1934: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement.

The next amendment was, on page 24, line 17, after the word "Congress", to insert a semicolon and "and Rivers and Harbors Committee Document No. 51, Seventy-fourth Congress, and Commerce Committee document containing the report of the Chief of Engineers dated June 8, 1934", so as to read:

Lorain Harbor, Ohio; House Document No. 469, Seventy-second Congress; and Rivers and Harbors Committee Document No. 51, Seventy-fourth Congress, and Commerce Committee Document containing the report of the Chief of Engineers dated June 8, 1934: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement.

The next amendment was, on page 24, line 25, after the word "Congress", to insert a comma and "and Rivers and Harbors Committee Document No. 39, Seventy-fourth Congress", so as to read:

Cleveland Harbor, Ohio; House Document No. 477, Seventy-second Congress, and Rivers and Harbors Committee Document No. 39, Seventy-fourth Congress.

The next amendment was, on page 25, line 12, after the word "Congress", to insert a comma and "and Rivers and Harbors Committee Document No. 54, Seventy-fourth Congress", so as to read:

Buffalo Harbor, N. Y.; House Document No. 46, Seventy-third Congress, and Rivers and Harbors Committee Document No. 54, Seventy-fourth Congress.

The next amendment was, on page 26, after line 7, to insert:

Los Angeles and Long Beach Harbors, Calif.; Commerce Committee document containing the report of the Chief of Engineers dated August 18, 1934.

The next amendment was, on page 27, after line 11, to insert:

Santa Barbara Harbor, Calif.; Commerce Committee document containing the report of the Chief of Engineers dated September 25, 1934.

The next amendment was, on page 27, after line 14, to insert:

Crescent City Harbor, Calif.; Rivers and Harbors Committee Document No. 40, Seventy-fourth Congress.

The next amendment was, at the top of page 28, to insert:

Sacramento River and tributaries, Calif. (debris control); Rivers and Harbors Committee Document No. 50, Seventy-fourth Congress.

The next amendment was, on page 28, after line 8, to insert:

Coos Bay, Oreg., inner harbor; Commerce Committee Document containing the report of the Chief of Engineers dated April 26, 1934.

The next amendment was, on page 28, after line 11, to insert:

Coquille River, bar and entrance, Oreg.; Commerce Committee document containing the report of the Chief of Engineers dated December 20, 1934.

The next amendment was, on page 28, after line 23, to insert:

Columbia River, Oreg.; construction of dam, ship lock, and works for the utilization of surplus power, at the site at Bonneville recommended in the report of the Chief of Engineers dated August 21, 1933.

The next amendment was, on page 31, after line 6, to insert:

Sitka Harbor, Alaska; Rivers and Harbors Committee Document No. 59, Seventy-fourth Congress.

The next amendment was, on page 31, after line 14, to insert:

San Juan Harbor, P. R.; Rivers and Harbors Committee Document No. 38, Seventy-fourth Congress.

The next amendment was, at the top of page 32, to insert the following new section:

SEC. 2. That for the purpose of controlling floods, improving navigation, regulating the flow of the streams of the United States, providing for storage and for the delivery of the stored waters thereof, for the reclamation of public lands and Indian reservations, and other beneficial uses, and for the generation of electric energy as a means of financially aiding and assisting such undertakings, the projects known as "Parker Dam" on the Colorado River and "Grand Coulee Dam" on the Columbia River, are hereby authorized and adopted, and all contracts and agreements which have been executed in connection therewith are hereby validated and ratified, and the President, acting through such agents as he may designate, is hereby authorized to construct, operate, and maintain dams, structures, canals, and incidental works necessary to such projects, and in connection therewith to make and enter into any and all necessary contracts including contracts amendatory of or supplemental to those hereby validated and ratified. The construction by the Secretary of the Interior of a dam in and across the Colorado River at or near Head Gate Rock, Ariz., and structures, canals, and incidental works necessary in connection therewith is hereby authorized.

The next amendment was, on page 32, after line 22, to insert the following new section:

SEC. 3. All projects planned or undertaken to accomplish the purposes specified in section 2 for which allotments have been made pursuant to the provisions of title II of the act approved June 16, 1933, entitled the "National Industrial Recovery Act", are hereby authorized and adopted, and all contracts and agreements which have heretofore been executed in connection therewith are hereby validated and ratified, and the President, acting through such agents as he may designate, is hereby authorized to

construct, operate, and maintain dams, structures, canals, and incidental works necessary to such projects, and in connection therewith to make and enter into any and all necessary contracts, including contracts amendatory of or supplemental to those hereby validated and ratified.

The next amendment was, on page 33, line 12, to change the section number from 2 to 4.

The next amendment was, on page 34, after line 8, to insert:

Prouts Neck, Maine, with a view to the establishment of a harbor refuge.
Hendrick's Harbor, Maine.
St. Croix River, Maine.
Bar Harbor, Maine.
Monhegan Harbor, Maine.
Ogunquit-Perkins Cove, Maine.
Cranberry Island Harbor, Maine.
Kennebec River, Maine, with a view to dredging the river from Augusta, Maine, to Gardiner, Maine.

So as to make the section read in part:

SEC. 4. The Secretary of War is hereby authorized and directed to cause preliminary examinations and surveys to be made at the following-named localities, the cost thereof to be paid from appropriations heretofore or hereafter made for such purposes: *Provided*, That no preliminary examination, survey, project, or estimate for new works other than those designated in this or some prior act or joint resolution shall be made: *Provided further*, That after the regular or formal reports made as required by law on any examination, survey, project, or work under way or proposed are submitted no supplemental or additional report or estimate shall be made unless authorized by law: *And provided further*, That the Government shall not be deemed to have entered upon any project for the improvement of any waterway or harbor mentioned in this act until the project for the proposed work shall have been adopted by law:

Long Cove, Maine.
Chandler River, Maine.
Ile au Haut Thoroughfare, Maine.
Eastport Harbor, Maine.
Frenchboro Harbor, Maine.
Prouts Neck, Maine, with a view to the establishment of a harbor of refuge.
Hendrick's Harbor, Maine.
St. Croix River, Maine.
Bar Harbor, Maine.
Monhegan Harbor, Maine.
Ogunquit-Perkins Cove, Maine.
Cranberry Island Harbor, Maine.
Kennebec River, Maine, with a view to dredging the river from Augusta, Maine, to Gardiner, Maine.

The next amendment was, on page 35, after line 5, to insert:

Lewis Bay and the harbor at West Yarmouth, Mass.
Town River, Quincy, Mass.
Inner harbor, Block Island, R. I.

The next amendment was, on page 35, after line 10, to insert:

Bridgeport Harbor, Conn.: The Secretary of War is hereby authorized and directed to make a survey of Bridgeport Harbor, Conn., and report to Congress the facts of such survey, with recommendations concerning the practicability of additional dredging in the harbor to enlarge the harbor basins.

The next amendment was, on page 35, after line 21, to insert:

Woodmont Harbor, Conn., and report to Congress the facts of such survey, with recommendations concerning the practicability of providing harbor facilities or breakwater protection.

The next amendment was, on page 36, after line 3, to insert:

Lake Champlain, Vt., with a view to reopening the old channel through the South Hero sand bar in the vicinity of Milton and South Hero.

The next amendment was, on page 36, after line 6, to insert:

Lake Champlain, Vt., with a view to reopening the channel between East Alburg and West Swanton.

The next amendment was, at the top of page 37, to insert:

Otter River, Vt., with a view to making the river navigable from Vergennes to Lake Champlain.

The next amendment was, on page 37, after line 2, to insert:

Deep waterway to connect Lake St. Francis on the St. Lawrence River with the Hudson River at Albany by way of Lake Champlain, with a view to determining the advisability and cost of such a connection between the St. Lawrence waterway, as proposed by treaty, and the sheltered waters of the Atlantic coast between Boston, Mass., and Norfolk, Va.

The next amendment was, on page 38, after line 18, to strike out:

Plum Point Creek, Calvert County, Md.

The next amendment was, on page 38, after line 21, to insert:

Channel connecting Magothy River and Cypress Creek, Anne Arundel County, Md.

The next amendment was, on page 39, after line 4, to insert:

Jones Creek and Nanticoke River in the vicinity of Waterview and Nanticoke, Wicomico County, Md.

The next amendment was, on page 40, after line 6, to insert:

Upper Thoroughfare, Deals Island, Md.

The next amendment was, on page 40, after line 7, to insert:

Neale Sound, Md.

The next amendment was, on page 40, after line 22, to insert:

Salters Creek, Newport News, Va., and channel connecting with the deep waters in Hampton Roads.

The next amendment was, on page 41, line 6, after the word "at", to strike out "Oriental" and insert "Bayboro", so as to read:

Vandermere Harbor and Bay River at Bayboro, N. C.

The next amendment was, on page 41, after line 7, to insert:

From Croatan Sound to Manns Harbor, N. C.

The next amendment was, on page 41, after line 9, to insert:

Drum Inlet, N. C.; near the town of Atlantic with a view to preserving the same to a depth of 12 feet at low water.

The next amendment was, on page 41, after line 15, to insert:

Pee Dee River, S. C., with a view to obtaining a navigable channel from the point where Jericho Creek connects the Pee Dee River with the Waccamaw River to a point approximately 17 miles from Georgetown, where the Thoroughfare also connects the Pee Dee River with the Waccamaw River.

The next amendment was, on page 42, after line 10, to insert:

Miami Beach, Fla., turning basin at east end of municipal channel opposite causeway docks of Peninsular Terminal Co.

The next amendment was, on page 42, line 14, after the word "from", to strike out "Ponce de Leon" and insert "DeLeon", so as to read:

Waterway from DeLeon Springs to St. Johns River, Fla.

The next amendment was, on page 42, after line 18, to strike out:

Channel from Oklawaha River into Lake Briffin, Fla.

The next amendment was, on page 42, after line 20, to insert:

Oklawaha River, Fla., with a view to securing a channel 6 feet in depth and of suitable width to Leesburg and into Lake Harris.

The next amendment was, on page 43, after line 10, to insert:

Carrabelle Harbor, Fla., with a view to providing a channel of 25 feet across the bar and in the channel to the docks at Carrabelle.

The next amendment was, on page 43, after line 13, to insert:

Waterway and turning basin of suitable dimensions from Intracoastal Waterway, Jacksonville to Key West, to a point at or near Jacksonville Beach, Fla.

The next amendment was, on page 43, after line 16, to insert:

Daytona Beach, Fla.

The next amendment was, on page 43, after line 17, to insert:

St. Lucie Inlet, Fla.

The next amendment was, on page 43, after line 18, to insert:

Jupiter Inlet, Fla.

The next amendment was, on page 43, after line 19, to insert:

Pirates Cove Channel, in Sacarma Bay, Pirates Cove, and Johnsons Pass, Fla.

The next amendment was, on page 43, after line 21, to insert:

Waterway from the St. Johns River at or near Sanford, Fla., to Tampa, by way of the Kissimmee and Alafia Rivers and Tampa Bay.

The next amendment was, on page 45, after line 16, to insert:

Lake Charles Ship Channel, La., from Lake Charles to the Gulf of Mexico, at a point east of the mouth of the Calcasieu River, including proposed routes by way of the Calcasieu River, the Intracoastal Waterway, and a land cut, and any other route appearing more practicable.

The next amendment was, on page 45, after line 21, to insert:

Grand Bayou Pass, La.

The next amendment was, on page 45, after line 22, to insert:

Bayou Dupre, La.

The next amendment was, on page 46, after line 19, to strike out:

At and in the vicinity of Lynns Bayou, Tex., including channel to deep water connecting with the harbor basin at Port Lavaca in Lavaca Bay.

The next amendment was, on page 46, after line 22, to insert:

Pass Cavallo, Tex., and channel from Pass Cavallo to Port O'Connor and Port Lavaca.

The next amendment was, at the top of page 47, to insert:

Jefferson-Shreveport Waterway, Tex. and La., with a view to determining advisability of enlargement of existing project and of taking into consideration in this connection establishment of reservoir on Cypress River above Jefferson to assure better water supply.

The next amendment was, on page 47, after line 23, to insert:

Green River, at or near Green River, Utah, with a view to preventing shore erosion, and to submit a report thereon to the Congress as soon as practicable.

The next amendment was, on page 48, after line 14, to insert:

Channels in the harbors at Washington Island, Door County, Wis.

The next amendment was, on page 48, after line 19, to insert:

Wilmette Harbor, Ill.

The next amendment was, on page 48, line 24, after the name "Grand Rapids" to insert a semicolon and "or any preferable alternative route between Grand Rapids and Lake Michigan", so as to read:

Waterway from Lake Michigan through Black Lake, by way of Zeeland, Hudsonville, and Jenison, to a point on Grand River near Grandville, thence up Grand River to Grand Rapids, with a turning basin at Grand Rapids; or any preferable alternative route between Grand Rapids and Lake Michigan.

The next amendment was, on page 49, after line 6, to insert:

Carvers Bay, Mich.

The next amendment was, on page 49, after line 7, to insert:

Bete Grise Bay, Mich.

The next amendment was, on page 49, after line 8, to insert:

Frankfort Harbor, Mich.

The next amendment was, on page 51, after line 7, to insert:

Port Orford, Oreg.

The next amendment was, on page 51, after line 21, to insert:

Skipanon Channel, Oreg., with a view to deepening and widening the channel to accommodate all present and prospective traffic.

The next amendment was, at the top of page 52, to insert:

Skipanon River, Oreg., with a view to modification of the existing project to provide for the needs of navigation above the railroad bridge.

The next amendment was, on page 52, after line 3, to insert:

Westport Slough, Oreg.

The next amendment was, on page 52, after line 4, to insert:

Coos River and its tributaries, Oregon, with a view to flood control and the prevention of erosion of the banks and the consequent filling of the channel.

The next amendment was, on page 52, after line 13, to insert:

Blaine Harbor, Wash.

The next amendment was, at the top of page 53, to insert:

Homer Harbor, Kachemak Bay, Alaska.

The next amendment was, on page 53, after line 1, to insert:

Tanana River and Chena Slough, Alaska.

The next amendment was, on page 53, after line 4, to insert:

Welles Harbor, Midway Island.

The next amendment was, on page 53, after line 5, to insert:

Wake Island.

The next amendment was, on page 53, after line 9, to insert the following new section:

SEC. 5. That the International Joint Commission created by the treaty between the United States and Great Britain relating to boundary waters between the United States and Canada, signed at Washington January 11, 1909, under the provisions of article 9 of said treaty, is requested to investigate the advisability of the improvement of a waterway from Montreal through Lake Champlain to connect with the Hudson River, together with the estimated cost thereof, and to report to the Dominion of Canada and to the Congress of the United States, with its recommendations for cooperation by the United States with the Dominion of Canada in the improvement of said river.

The next amendment was, on page 53, after line 21, to insert the following new section:

SEC. 6. Every report submitted to Congress in pursuance of any provision of law for preliminary examination and survey looking to the improvement of the entrance at the mouth of any river or at any inlet, in addition to other information which the Congress has directed shall be given, shall contain information concerning the configuration of the shore line and the probable effect thereon that may be expected to result from the improvement having particular reference to erosion and/or accretion for a distance of not less than 10 miles on either side of the said entrance.

The next amendment was, on page 54, line 7, to change the section number from 3 to 7.

The next amendment was, on page 54, line 15, to change the section number from 4 to 8.

The next amendment was, on page 54, line 22, to change the section number from 5 to 9.

The next amendment was, on page 55, line 4, to change the section number from 6 to 10.

The next amendment was, on page 55, line 12, to change the section number from 7 to 11.

The next amendment was, on page 56, after line 2, to insert the following new section:

SEC. 12. That the Secretary of War is authorized to grant permission, on such terms as he may deem reasonable, to the Cascade Locks Rural Fire Protection District, organized under the laws of the State of Oregon, to make connection with the Government-owned water main at Cascade Locks and take water therefrom for use for fire-protection purposes only.

The next amendment was, on page 56, line 10, to change the section number from 8 to 13.

The next amendment was, on page 56, after line 19, to insert the following new section:

SEC. 14. That the Court of Claims shall have jurisdiction to hear and determine claims for damages to oyster growers upon private or leased lands or bottoms arising from dredging operations and use of other machinery and equipment in making such improvements: *Provided*, That suits shall be instituted within 1 year after such operations shall have terminated.

The next amendment was, on page 57, line 3, to change the section number from 9 to 15.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. WHITE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 34, after line 8, it is proposed to insert the following:

Stonington Harbor, Maine.

The amendment was agreed to.

Mr. WHITE. I offer another amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 34, after line 8, it is proposed to insert the following:

Bagaduce River, Maine.

Mr. COPELAND. Mr. President, is that for a survey?

Mr. WHITE. A survey; yes.

Mr. KING. Mr. President, I should like to ask the Senator from Maine [Mr. WHITE] a question. Is this the survey of a river?

Mr. WHITE. This is the survey of a stream; yes. Bagaduce River.

Mr. KING. Where is it?

Mr. WHITE. It is a small stream, and it is a question as to whether the improvement of the navigation of it is justified. This is an amendment which was offered in the House too late to be considered there, and I have introduced it at the request of one of the Members of the House. All it asks is the authority for a survey.

Mr. KING. Will the Senator kindly advise this waiting body of Senators how much tonnage is now carried upon the majestic waters of this mighty river?

Mr. WHITE. As the body is waiting I should not want to undertake that task. It is a small stream, and a small volume of traffic moves on it. I cannot give the Senator the absolute figures, but I freely concede that it is a small matter. I thought that might commend itself to the Senator, and I ask that the Board of Engineers may make such study as they think proper and make such report as they deem proper.

Mr. KING. What part of the State is it located in?

Mr. WHITE. It is in the eastern portion of the State.

Mr. KING. Is it near this Passamaquoddy Bay upon which $20,000,000 is to be expended to harness the tides?

Mr. WHITE. It has no relation to that at all.

Mr. KING. Will the Senator please advise us what factories and other industries are upon the stream and what benefits will result to them and to the public? Will transportation rates be reduced? Will power be developed? Or is this just a project upon which to expend public funds?

Mr. WHITE. Mr. President, I understood the amendment had been adopted.

Mr. KING. The Senator is in error; it has not been adopted.

Mr. WHITE. I do not have my notes immediately at hand. I will ask, if the Senator insists upon it, that the matter may go over temporarily in order that I may look through my notes, and then I will undertake to enlighten the Senator in detail.

Mr. KING. Mr. President, I do not desire the Senator to appeal to his conscience by looking at his notes, because I am sure that if he looked at them he would find nothing that would throw any enlightenment upon this grave and very important question under consideration by the Senate.

May I say in all seriousness, Mr. President, that this item and others in the bill are a vindication, in my opinion, of the criticisms which I have made upon bills of this character.

The PRESIDING OFFICER. Will the Senator suspend for a moment? There is a great deal of confusion in the Chamber. The Chair asks that Senators may be in order and that the occupants of the galleries refrain from conversation.

Mr. KING. May I say by way of parenthesis that perhaps other amendments are being prepared to offer so that other brooks and streams may secure appropriations, and the bill be further loaded with authorizations for surveys which will ripen into executed projects in order to increase the transportation facilities of the "teeming" business interests of their respective districts, which demand water transportation.

Seriously, however, Mr. President, some of these measures——

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. BARKLEY. Does the Senator mean to intimate that there is any teeming on rivers?

Mr. KING. No; nor any freighting boat, except perhaps now and then a little brush or a few logs upon many of these Federal projects. That reminds me that in many of the records and reports I have read, there would appear a note that the preceding year there were two or three gravel loads hauled upon boats or barges, or that a few logs and a number of trees were floated down streams.

Coming again to what I was attempting to state, Mr. President, the amendments which are offered to this bill, and amendments which have been offered to many previous bills, illustrate the unwisdom of the course which is being pursued in the matter of expending money for rivers and harbors.

Mr. President, a board should be created to deal with the development and improvement of our inland waterways and with our harbors. They should upon examination determine what surveys should be made and what moneys should be expended for their improvement. They should then recommend to Congress such appropriations as in their judgment the facts warrant. But I repeat, we have squandered many millions of dollars carried in river and harbor bills, and it looks as though we are to continue this injudicious, unwise, unsound, and wasteful course to the end of time.

We have just passed a bill continuing the nuisance taxes for 2 years. The American people are burdened with heavy taxes, and they are to be increased. The House Committee on Ways and Means is now considering another tax measure which will add several hundred millions of dollars annually to the tax burdens of the American people. Enormous appropriations are being made, and demands for still greater appropriations are being pressed upon Congress. No one can tell what the total appropriations will be voted during this session of Congress. That it will exceed by three or four or five billions of dollars the enormous amounts which we shall wring from the people by taxation I think will be admitted.

We are upon a spending spree now. We are, to use the language recently found in an article in the Saturday Evening Post, "the spendingest Congress our Government has ever experienced, except during the World War. Pay day will come. Perhaps there will be demands for repudiation, or for the issue of unlimited irredeemable paper money, in order to meet these growing and mounting expenditures. I think the time has come when we should call a halt and demand economy. I believe the most popular message President Roosevelt ever sent to Congress, and the one which commanded the support of leading Republicans as well as the rank and file of the Republican Party, was the one in which he demanded economy.

Mr. VANDENBERG. My President, will the Senator yield?

Mr. KING. I yield.

Mr. VANDENBERG. I agree with the Senator's description of the President's message on economy, but I remind

him that the economy itself did not last any longer than the Presidential arrangement during the past week in connection with the tax bill.

Mr. KING. Mr. President, the able Senator cannot expect me to assent to the entire statement which he has just made.

Mr. VANDENBERG. Mr. President, I expect the Senator to assent to all of it because he is an honest man.

Mr. KING. I thank the Senator for his estimate of my character. I will say, however, that I am not pleased with the enormous appropriations that are being made, and with some of the legislation which has the support of both branches of Congress. I am a Democrat and endeavor to support Democratic principles—one of which has called for economy in Government—that the burdens of the people may be lightened. I have always pleaded for economy. I have voted against scores of measures, since I have been in the Senate and have condemned policies which I regarded as violations of the Constitution and injurious to the people. And I expect, while I remain in the Senate, to oppose and vote against other measures which I shall regard as against the best interests of the American people.

I think the time has come when we should scrutinize more carefully the bills brought to our attention. I confess that I do not like to have handed to committees by some of the "brain trusters" and other executive officials measures which it is expected must receive the speedy approval of Congress. I sometimes think that we are abdicating responsibilities and duties—heavy and solemn responsibilities—resting upon us, in permitting executive agencies and organizations and departments to formulate governmental policies and frame proposed legislation.

Under the Constitution the three departments of the Government are separate and distinct. There should be no coalition, no compounding of them. The executive department's duty is to execute the law and the judicial department's duty to interpret it.

The legislative branch has a distinct and vital part to play in our political system. Many persons believe that the line of separation between the coordinate branches of the Government are being destroyed and that the checks and balances provided in the Constitution are being ignored.

Attacks upon the Constitution should be repulsed. There is no condition or emergency which justifies the wrecking or destruction of the noble fabric of government erected by the fathers of the Republic.

Mr. President, I arise only to submit a few remarks concerning rivers and harbors bills and to protest against the policy which we have pursued in dealing with a question of great importance to the country.

I wish to challenge attention again to the economy message of the President of the United States and to conjure Senators to respect the spirit of that message and to carry it into the measures that may come before us for consideration.

Mr. WHEELER. I send an amendment to the desk, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 16, after line 26, it is proposed to insert the following new paragraph:

Missouri River, completion of improvement from mouth to Sioux City, Iowa, and construction of Fort Peck Dam; House Document No. 238, Seventy-third Congress.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRNES. I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, after line 3, it is proposed to add:

waterway from Charleston, S. C., to Columbia, S. C.

Mr. BYRNES. That comes under the paragraph providing merely for surveys.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRD. Mr. President, I offer an amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 40, after line 24, it is proposed to insert the following:

Channel from Back River to the public landing in Wallace Creek, Elizabeth City County, Va.

The PRESIDING OFFICER. Without objection the amendment is agreed to.

Mr. COPELAND. On behalf of the committee I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, after line 17, it is proposed to insert the following:

Mississippi River between Missouri River and Minneapolis; House Document No. 137, Seventy-second Congress.

Mr. KING. Mr. President, may I ask the Senator from Minnesota if the more than $500,000,000 which we have appropriated for the Mississippi and Missouri Rivers have not accomplished all the changes that are required in order to complete that very important part of our water transportation system?

Mr. SHIPSTEAD. The Senator, I think, is misinformed about the amount being $500,000,000 as having been expended on the Mississippi River.

Mr. KING. No; I beg the Senator's pardon, I am not. That amount has been expended on the Mississippi and Missouri Rivers. However, it makes no difference; if it were a billion dollars it would not change the result, I know.

Mr. SHIPSTEAD. There has been expended something like $80,000,000 on the Mississippi. As to the Missouri, I am not sure what has been appropriated, but it has been something like $15,000,000, I think.

Mr. KING. But this is necessary in order to complete the important work which has been done upon the Mississippi and Missouri Rivers in order to make them the great arteries for the transportation of trade and commerce?

Mr. SHIPSTEAD. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. COPELAND].

The amendment was agreed to.

Mr. LA FOLLETTE. At the appropriate place in the bill providing for surveys, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, after line 19, it is proposed to insert the following:

Channels in the harbors at Washington Island, Door County, Wis.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. COPELAND. So far as I know, there are no other amendments to be proposed to the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. KING subsequently said: Mr. President, I move to reconsider the vote by which the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was passed. I have just conferred with the chairman of the committee, who informs me he has no objection. There is another matter, respecting the Boulder Dam and the Colorado River, which may affect the upper basin, and the Senator from Colorado [Mr. ADAMS] and myself want to have opportunity to inquire into it, because we knew nothing about this.

Mr. LA FOLLETTE. Mr. President, is this the matter relating to the Boulder Dam?

Mr. KING. Yes.

Mr. LA FOLLETTE. I know the Senator from California [Mr. JOHNSON] is very much interested in it. Would the Senator be willing to withhold his motion so that I might ascertain whether the Senator from California would like to be present?

Mr. KING. I am just entering the motion.

Mr. LA FOLLETTE. I understood the Senator had made a motion.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. COPELAND. This matter which went into the river and harbor bill was taken up on the floor of the Senate and discussed by some and adopted by the Senate. To facilitate matters so that there would be no delay, it was put into this bill.

Mr. ADAMS. Mr. President, if I may make a suggestion in this connection, let me say that the question is now in controversy in the House, not because of the matter in which the Senator from California is interested, not by reason of the matter in which the Senator from Oregon is interested, but by reason of an amendment which does not affect them. The amendment adopted was based upon the statement that certain work had been done upon two projects, one in Oregon and one in California, and that there was some question as to the authorization for it; and the bill was passed in order to give such authority.

There was added to this a direct authorization for a new project upon the Colorado River, which is not under construction, and some of us from what are known as the upper basin States are apprehensive lest it involves the initiation of new water rights and new appropriations which were not within the scope of the request of the Senators from California and Oregon.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. COPELAND. I assume the Senator from Utah wishes to enter a motion to reconsider?

Mr. KING. Yes, Mr. President. It is not done for the purpose of any delay at all, but when a measure affects our States so vitally we feel constrained to enter a motion to reconsider.

Mr. COPELAND. The Senator is giving notice of his intention to make a motion to reconsider?

Mr. KING. Yes; and I shall ask that on Monday morning the matter be taken up.

Mr. NORRIS. Mr. President, the Senator enters the motion to reconsider?

Mr. KING. Yes.

Mr. NORRIS. But he does not ask to have it taken up now?

Mr. KING. No.

ALCOHOLIC BEVERAGES IN THE DISTRICT OF COLUMBIA

Mr. KING. Mr. President, my attention has been called by the clerk to House bill 5809, Calendar No. 987, to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia." It is a House bill which came to the Senate and was passed on the 25th instant.

I enter a motion to reconsider the vote on the passage of the bill for the purpose of subsequently offering an amendment to correct an error in the House text, the word "code" being used instead of the word "each."

The PRESIDING OFFICER (Mr. HATCH in the chair). The Senator from Utah enters a motion to reconsider the vote by which House bill 5809 was passed.

Mr. KING. Now I move that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the House be requested to return the bill.

The motion was agreed to.

ADMINISTRATION TAX PROGRAM

Mr. HASTINGS. Mr. President, I desire to call to the attention of the Senate some matters which it seems to me might be interesting at this particular time as we approach another week end and also the end of 6 months of the present session of Congress. I have before me the message of the President, sent to the Senate today, in which, in his opening sentence, he used this language:

> Before the termination of this session of the Congress I believe that it is important that definite action be taken—

And so on. Action is important because he wants to withdraw the right of holders of gold-clause bonds to sue the United States.

In connection with the message delivered to the Senate this morning, I desire to call attention to another message sent to the Senate on June 19, a week ago yesterday, and in doing so I remind the Senate of what has happened since that message was delivered to the Senate. There was no such opening phrase in that message as is contained in the one received this morning, and it seems to me no reasonable person could read it and receive the distinct impression that the President demanded action at this session of the Congress.

It is true that in one place he says:

> These complicated and difficult questions cannot adequately be debated in the time remaining in the present session of this Congress.

It may be construed that that language applies to some of the proposals that are not included in the three particular tax suggestions he specifies. But he continues:

> In my Budget message of January 7, I recommended that the Congress extend the miscellaneous internal-revenue taxes which are about to expire and also to maintain the current rates of those taxes which, under the present law, would be reduced. I said then that I considered such taxes necessary to the financing of the Budget for 1936. I am gratified that the Congress is taking action on this recommendation.

There is no language here which indicates that the President expected the Congress to take action upon his recommendation at this session of Congress.

I merely make mention of these matters, Mr. President, for the purpose of directing attention to what has happened since that message came here, and it seems to me it justifies the conclusion that the Congress ought to adjourn just as quickly as it is possible for it to do so, regardless of the "must" legislation which has been sent to the Congress. It seems to me it is not too much to say that the Congress is tired, sick, sore, and in confusion; and, if that be true, it is certainly not the time to undertake to pass legislation, permanent in character, which is not immediately required to meet the demands of the Government.

Of course, the President would be required, in my judgment, under the Constitution, it would become his duty, to insist upon the Congress remaining here sufficiently long, or if it should adjourn, to insist upon the Congress convening in special session in order to meet the necessary financial demands of the Government. Some may get the impression that the message sent to us on June 19 was for that purpose. It may very well be argued—no one would contend otherwise, so far as I know—that the present administration has put the Government in such a position with respect to its finances that there can be no dispute as to the importance of calling upon Congress at any time to meet the demands of the Government in the matter of its finances; but we must bear in mind that in January, when the President appeared before the joint session of the Congress and delivered his annual message, he called our attention to the fact that it was not expected that any legislation would be required at this session with respect to taxation, except the continuation of the so-called "nuisance" taxes for a short period of time.

So, during all these 6 months, in all the legislation we have passed, requiring the appropriation of great sums of money, we have proceeded upon the assurance of the President that what he was recommending was well within the credit of the Federal Government. Taking the message delivered to us on January 4, we had a right to assume that we

would not be called upon to pass any tax legislation at this session of the Congress.

Mr. President, I should not particularly complain if the President changed his mind in that respect; indeed, I think the sooner the President changes his mind with respect to taxation to meet the great financial demands he has placed upon the Government the sooner the condition of the country will be improved and the safer the Nation will be; but I call attention to the unfairness, if I may be permitted to use that word, of sending to a tired Congress a message like that of June 19, which does not have for its purpose the raising of revenue for the Government, but has for its principal purpose some sort of social reform in this country of ours.

For the purpose of demonstrating to those who are so greatly interested in the particular kind of taxations recommended by the President, I invite attention to certain extracts from that message in order that I may show definitely and conclusively that the President's principal purpose was some kind of social reform rather than the raising of revenue to meet the demands of the Federal Government.

O Mr. President, that must be true, because as late as yesterday and the few days preceding—and I shall discuss that in a few moments—the President was calling upon the Congress in considering a joint resolution which imposes the large sum of $500,000,000 in the form of a sales tax upon the poor people of the Nation, to add on the wealth of the Nation a tax which would amount to $340,000,000, $200,000,000 of which was to come from inheritance taxes and was to go to reduce the debt of the Nation, and $140,000,000 to be added in order to help balance the Budget.

Let me call attention to those words in order that I may demonstrate at this late day, at almost the end of 6 months of the present session, that the President is calling upon a tired Congress, not to pass a bill which is necessary to meet the Government's demands, but to pass a bill that will bring forth the social reform which he has in his mind and which he has had in it for a long time. I read:

> The transmission from generation to generation of vast fortunes by will, inheritance, or gift, is not consistent with the ideals and sentiments of the American people.

Then further:

> Great accumulations of wealth cannot be justified on the basis of personal and family security. In the last analysis such accumulations amount to the perpetuation of great and undesirable concentration of control in a relatively few individuals over the employment and welfare of many, many others.
>
> Such inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our Government.

Further along he said:

> A tax upon inherited economic power is a tax upon static wealth, not upon that dynamic wealth which makes for the healthy diffusion of economic good.

A little later he said:

> Because of the basis on which this proposed tax is to be levied and also because of the very sound public policy of encouraging a wider distribution of wealth, I strongly urge that the proceeds of this tax should be specifically segregated and applied, as they accrue, to the reduction of the national debt. By so doing we shall progressively lighten the tax burden of the average taxpayer, and, incidentally, assist in our approach to a balanced budget.

Further along in the second item of taxation he said:

> The disturbing effects upon our national life that come from great inheritances of wealth and power can in the future be reduced, not only through the method I have just described, but through a definite increase in the taxes now levied upon very great individual net incomes.

Then in a third paragraph he said:

> Social unrest and a deepening sense of unfairness are dangers to our national life which we must minimize by rigorous methods. People know that vast personal incomes come not only through the effort or ability or luck of those who receive them, but also because of the opportunities for advantage which government itself contributes. Therefore the duty rests upon the Government to restrict such incomes by very high taxes.

Mr. President, when I read that message, or heard it read in the Senate, it did not occur to me that the Congress was supposed to take any action upon the message at this session. I assumed it was a political gesture intended to offset the great public alarm and the very great interest in the share-the-wealth movement which is so evident in our country. I assumed this was intended to offset that idea popular among many of the people of the United States, because I could not conceive that the President, at the end of almost 6 months of this session of Congress, would propose to the Congress a scheme which was almost wholly social in character, one which would require all kinds of discussion and debate before we could reach a definite conclusion upon it.

I do not say that with respect to the mere extension of the taxes to other groups of persons, to the wealthy or what not. It is not that about which I complain. If it were that, I should be ready, as many others are, to sit down and see how we could work it out. That time is coming, and we know when it comes that the wealthy people must bear a greater share of the burden; but we also know that every individual and every class must bear a part of that burden. So I did not assume we would take up that matter at this particular session.

What happened? I invite attention to this fact because I think it is important. That message was delivered on Wednesday. There was some difference of opinion as to whether anything should be done. The distinguished Senator from Arkansas [Mr. ROBINSON] a day or two later suggested we ought to act on that program at this session and get rid of it. It seemed to me that was a reasonable position for him to take, because the message involved much in the way of new taxation, and it might very well be argued, late in the session though it was, not to be unreasonable from his point of view to take it up. So I had no particular complaint to make about that.

But because of reports in all the newspapers on Saturday, Sunday, and Monday, the whole Congress was confused, and the country was confused, because the President had been charged in some quarters with not being sincere in his proposal and with making it as a pure gesture, as I supposed he was doing when he made it.

On Monday there appeared at the White House—of course, at the President's request—the distinguished leaders of both the House and the Senate. But before I come to that, let me call attention to what appeared in the Washington Post on Monday in order that I may verify the statement I have made. There was an interview with the Senator from Idaho [Mr. BORAH] approving the program. Then this statement was made:

> Both Senator ROBINSON, Democratic leader, and Speaker BYRNS have indicated that they are willing to go ahead with the tax legislation now, but they are waiting for word from the White House before taking any definite steps. On the other hand, there is a feeling that Congress should continue to drive for adjournment, and that more time should be given to study of the proposed legislation than is available at this session. Senator PAT HARRISON, Chairman of the Finance Committee, is of this opinion.

Then there will be found in a newspaper of the next day further comment upon this matter, and I only take the Washington newspapers because they are more convenient. I read from the Washington Post of Tuesday, June 25, this statement, headed:

> PRESIDENT RUSHES TAX PROGRAM—LEADERS SEEK PASSAGE IN 5 DAYS
>
> So surprising and breath taking was this proposal to rush to enactment within 5 days a tax program about which the country has no knowledge except along broad general lines, that its announcement bewildered observers. The only plausible justification put forward for such action was that the President wished to demonstrate his sincerity in proposing his share-the-wealth tax program Wednesday.
>
> It was reported that in case the procedure decided on last night encounters difficulties, a new joint resolution would be originated in the House to extend the nuisance taxes from 30 to 90 days to prevent their expiration Sunday midnight and until the broader plan can be enacted. This report added to the bewilderment.
>
> DOUGHTON DIFFERS
>
> Chairman ROBERT L. DOUGHTON, of the House Ways and Means Committee, one of those at the White House, however, said he knew nothing of such a proposal and that it was his understanding that an effort would be made to have the pending joint resolution, with the President's program attached, enacted this week.
>
> "It is up to the Senate, as I understand it," asserted DOUGHTON. "If the Senate does not act by Sunday, I suppose the nuisance taxes will have to lapse."

The plan to act at once on the President's tax plan was revealed by Senator ROBINSON on leaving the White House early last night after a conference of 2 hours and 35 minutes with the President.

"At the conference attended by the Vice President, Speaker BYRNS, Chairman HARRISON of the Senate Finance Committee, Chairman DOUGHTON of the Ways and Means Committee, and Senator ROBINSON," the latter said, dictating to a large group of the press, "it was decided to press for action the recommendations of the President as to the amendments to the tax law at the present session.

"The Chairman of the Finance Committee, Mr. HARRISON, will ask his committee to consider the subject with a view to proposing amendments to the joint resolution extending certain taxes and with a view to adding these amendments to the joint resolution."

Senator ROBINSON declined to make any further statement, and pushed through the crowd of newspapermen to his automobile.

In the same article this appears:

It is known that Chairman DOUGHTON suggested at the White House conference that Congress complete the present "must" program as speedily as possible and take a recess until November, with the Ways and Means Committee in the meanwhile at work formulating a bill to meet the President's objectives.

President Roosevelt, it was reported, summarily rejected this proposal, telling the congressional leaders that such a delay would create doubt as to his sincerity in proposing his share-the-wealth program. He is reported to have insisted that Congress proceed at once to consideration of the proposals.

CONFUSION ON INTENT

The President in his message Wednesday, however, did not indicate whether he wished immediate action on his proposals and this led to the confusion which reached a climax last night. Some congressional leaders argued the program should be adopted at this session and others that it should wait, pending study, until next winter.

* * * * * * *

HARRISON and DOUGHTON, chairmen of the two committee which handle all tax matters, went into the White House conference opposed to attempting enactment of the President's proposals at this session, both contending they would require lengthy hearings and prolonged consideration, thus extending the present session into the autumn.

Speaker BYRNS and ROBINSON, however, favored action before adjournment. The Vice President's views were not known. It is assumed that each of the conferees argued for his viewpoint and that the opponents of immediate action bowed to the President's wishes.

BYRNS took the view that there was no need for lengthy hearings and contended the program could be put into effect and Congress could adjourn by August 1 or not later than August 10. The Speaker favors quick disposition of all major measures pending at this session to pave the way for a short and harmonious session next year, when the entire House is up for reelection.

"We ought to dispose of as much legislation as possible now and give business a chance to know what is ahead of it," he asserted.

The Washington Herald of the same day quotes Representative DOUGHTON as follows:

"We will try to pass the new taxes by Saturday. If we fail in that, we may keep the program before Congress a while, even if we lose $1,500,000 revenue daily. We talked at the White House about a separate resolution to save this revenue, but it wasn't given serious consideration. Later, we may have to adopt some other plan."

An alternative plan, favored by liberals but dropped by the President, called for submission of his tax program to the House in the usual order. This would include deliberate public hearings and threaten an all-summer session of Congress.

Secretary of the Treasury Morgenthau, largely credited with inspiring the President's decision, earlier announced he had an entire program ready for increasing income taxes in the higher brackets, imposing new and stiff inheritance taxes, and boosting taxes on successful corporations.

* * * * * * *

The President argued with his leaders for nearly 3 hours before they consented to the steam-roller plan. Vice President Garner; Speaker Byrns; Senator Joe T. Robinson, of Arkansas, majority leader; Senator Pat Harrison, of Mississippi, Chairman of the Senate Finance Committee; and Representative Doughton, of North Carolina, Chairman of the House Ways and Means Committee, finally approved it.

DOUBTS "STEAM ROLLER"

On departing from the White House, Senator ROBINSON said:

"At the conference it was decided to press for action on the recommendations of the President as to amendments to the tax laws at the present session.

"The Chairman of the Finance Committee, Senator HARRISON, will ask his committee to consider the subject with a view to proposing amendments to the joint resolution extending certain taxes and with a view to adding the amendments to that resolution."

Mr. HARRISON apparently had some doubts about succeeding with the "steam roller" plan. His comment was:

"Congress won't adjourn until it takes it."

All the newspaper reports are practically to the same effect.

We pass from the morning of that day until the Finance Committee met in the afternoon, at 4 o'clock, at the call of the chairman. The newspapers carried the story that before that meeting was had, the distinguished majority leader, the Senator from Arkansas [Mr. ROBINSON], and the distinguished chairman of the committee, the Senator from Mississippi [Mr. HARRISON], met with the Democratic members of the Finance Committee and told them the difficulties they were having at the White House, and urged that they stand by them and help put the new tax bill on the joint resolution extending the nuisance taxes. The members of the committee, however, insisted that there must be an opportunity for hearings. A meeting was called for the next day, yesterday morning, at 10 o'clock, at which time a large membership was present.

Before discussing the meeting on Wednesday morning, however, I desire to call attention to the statements made by the chairman of the committee on the floor of the Senate in response to an inquiry made by the Senator from Oregon [Mr. MCNARY].

The Senator from Oregon inquired:

Will the Senator kindly outline in a few words what he proposes in the matter of the collection of new revenue?

Mr. HARRISON. As suggested in the President's message, as the Senator realizes, there are three proposals which the President is very anxious to have taken up for consideration at this time. He is very anxious to have them passed on the joint resolution as amendments.

On the next page, in further response to the inquiry by the Senator from Oregon, the Senator from Mississippi [Mr. HARRISON] said:

Out of the three proposals the rough estimate, ascertained from my conference this morning with the experts, subject, of course, to revision, is somewhere around $340,000,000.

Those are the three suggestions submitted by the President on which he desires legislation in connection with the joint resolution at this session of Congress.

On the next day, yesterday, when we met, the chairman of the committee explained that the experts had not been able to finish their work, and promptly adjourned the committee subject to the call of the Chair. In the Senate yesterday the Senator from Kentucky [Mr. BARKLEY] was interrogated by the Senator from Michigan [Mr. VANDENBERG] with respect to this matter; and the Senator from Kentucky insisted that the plan was to add these amendments to the joint resolution, he at that time not having known what the orders were from the White House. Later, he asked that his remarks be expunged from the RECORD; but some Senator objected, and that was not done.

Some time yesterday, while all the Senate was excited about having to take this action suddenly, and about having to get it done this week, before the time for the expiration of the nuisance taxes, right in the midst of it all, with all this confusion, the announcement was made—and the first announcement came from the newspapermen at the White House—that the President had repudiated the whole thing, and asked apparently in surprise, "What do you mean when you talk to me about having these taxes placed upon the joint resolution and passed by the Congress by Saturday night?" All the newspapers carried the story in practically this form:

The President's remarks on taxes came at his regular morning press conference when 1 of the 125 newspapermen on hand asked if the collection on nuisance taxes would halt on Monday in case the joint resolution continuing them and the new tax program attached to them failed to pass by Saturday night.

The President acted as though he had never heard of such a thing, although the leader of the Democratic Party in the Senate, from the White House steps, said to the country that the agreement had been made, and he said it as he came from the White House. Of course he did not say that the President had agreed to it, but no other construction could be placed upon his statement; and the President as though this were an enirely new thing, and he had never heard of it, said this:

The President's answer was in the form of a question. He asked his inquirer what made him think that a whole new tax bill was going to be passed by Saturday. The original questioner in some

surprise asked if the President then did not himself want the tax program to be passed this week.

Mr. Roosevelt said in reply to this query that there had been intimations in a few newspapers that the plan was to put the tax program through by Saturday.

But he added with some show of irritation that he had never said anything to that effect. Go back and look at the record, he suggested. Then someone asked when the program would pass. The President answered that this was in the realm of speculation.

"NO WORD FROM THE WHITE HOUSE"

He returned again to what he held to have been a misinterpretation of his purposes. No word had ever come from the White House, he said, that the program must go through this week. He added that at the White House conference with congressional leaders, Monday night, no one even suggested that they would pass the new tax bill by Saturday.

The President then was asked whether the procedure agreed upon of attaching the new taxes to the resolution continuing the nuisance taxes, which otherwise expire Saturday, did not mean that the Government was going to lose $1,500,000 a day for every day of delay after Saturday.

He relied that this was not necessarily the case. Searching for an alternative, someone asked if there would be another separate continuing resolution to make the nuisance taxes go on. That was a possibility, Mr. Roosevelt said. Again he emphasized the Saturday dead line for his new tax program as being what he characterized as a story made out of whole cloth.

HADN'T READ RATES

Asked to define again the purpose of his new taxes, he replied that they were for both revenue and a better social order. Asked whether he had made the tax-rate recommendations which were given out by the Senate Finance Committee last night, the President said he had made recommendations simply of principle and policy. He said he was leaving the schedule to Congress. As to the published rates, he asserted he had not even read them.

Mr. President, this matter is of some interest, it seems to me, and is of some concern to the Senate. We are accustomed here, when a Senator rises on the floor and states to his colleagues that the President desires a certain thing, to take it as a hundred percent correct, and I have never known a United States Senator to make a false statement with respect to what the President wanted. I stand here now to defend the Senator from Mississippi in his statement on the floor of the Senate that the President wanted this new tax program tacked on to the joint resolution extending the nuisance taxes.

No one here doubts that for a moment. No one doubts anything the Senator from Mississippi [Mr. HARRISON] or the Senator from Arkansas [Mr. ROBINSON] says upon this floor. What irritates me is that the President of the United States, because of the loyalty of these two great men, should make them take the blame instead of taking it himself, when he finds that what he proposes is not meeting with the popular appeal which he thought it would receive. That is what I think is important to the country and that is what I think is important to the Senate.

No one in the Senate doubts where the insincerity lies, and if the country has been deceived, no one doubts who it was who deceived the country.

It is impossible to fool the newspapermen. They are doing one job now as well as they ever did it in their lives, that is to point properly to the President of the United States in his proper sphere, and to criticize him where criticism is due. It is a healthy thing for the country when the newspapers get themselves into that particular frame of mind.

The newspapers have shown clearly and distinctly what was intended. It was asked, "Do you mean the President of the United States said what was not true?" Bear this in mind and see how clever his language was. He said, "By Saturday night." He emphasized the fact that there was no agreement that the tax program should be passed by Saturday night. Of course, there could be no agreement there or at any other place on the part of the Senator from Mississippi, the Senator from Arkansas, or the President himself that the program should be put through by Saturday night, because there was upon the floor of the Senate on both sides a determination that no such thing as that should be passed by Saturday night.

The President undertakes to escape this criticism, and undertakes to show that he did not know anything about it, or did not propose it at all, by suggesting that there was no agreement that it should be passed by Saturday night. Of course, the Senator from Arkansas did not say it should be passed by Saturday night, nor did the Senator from Mississippi say it should be passed by Saturday night, but undoubtedly there was agreement that it should be attached to the joint resolution providing for the extension of the nuisance taxes and that it should be passed this week if it were possible to pass it this week.

In order to show the continued interest in this matter, I call attention to an article by John O'Donnell and Doris Fleeson appearing in the Daily News of today. I read:

Headmaster Roosevelt reached for his ruler this morning and gave the gentlemen of the press a smart rap across the knuckles. In tones which indicated the "old Dutch was up", F. D. R. insisted their stories that he wished Congress to rush through his taxation program in 5 days were made out of so much whole cloth.

The reporters gathered about his desk promptly rapped back. Hadn't they been told just that by Chairman of the Senate Finance Committee PAT HARRISON on the White House steps a few seconds after the Mississippian had left Roosevelt's study? They certainly had been so told, they barked.

Cracked back Roosevelt that never had there been a suggestion nor the vaguest intimation from any White House source that the President desired to see his inheritance, income, and corporation tax program spurred through Congress in any 5-day period or any other fixed period, nor had he ever urged that the measure be made a part of the extension of the $1,500,000 a day nuisance-tax legislation which will expire on Monday, end of the fiscal year, unless renewed.

SO PAT HARRISON IS CAPITOL'S CARNERA

Back came the White House correspondents once more and put wheelhorse PAT HARRISON strictly on the spot. He had given the information. And the retort from F. D. R. in that sharp and brittle exchange of questions (there was none of that much publicized press conference banter and wisecracking in this morning's White House meeting) left the absent PAT HARRISON still on the spot—except that the spot was bigger and hotter.

Within a few seconds a report on the press conference had reached Capitol Hill. Leader Senator JOE ROBINSON and his pal PAT HARRISON, both present at the now famous conference, paced the corridors in a daze, beating a retreat when they saw a reporter approaching. Through the press galleries spread the day's Washington wisecrack:

"PAT HARRISON is the Capitol's Carnera—except that Primo knows who hit him. Pat hasn't come to yet."

[Laughter.]

Mr. President, there is no one in this Chamber who is more popular on both sides of it than is the distinguished senior Senator from Mississippi. Not even in those days when he had nothing to do but to criticize President-elect Hoover, and President Hoover when he became President, long before he took upon himself the great responsibility he has assumed as Chairman of the Committee on Finance, notwithstanding all the sharp thrusts he made at those of us on this side, and particularly at the distinguished former Senator from Indiana, Mr. Watson, who was trying to follow the then President, and who proclaimed that the President shifted his position so often that it was difficult for him to follow. With all the Senator from Mississippi said, not once, not at any time did anybody hold anything against him; not once, not at any time did anyone lose his high regard for the Senator and his great love for him.

Today our pity goes out to him; we are sorry for him; and my only effort is to put the blame where it belongs, and to compliment the great Senator from Mississippi in standing up boldly and taking it on the chin in order that he may relieve the great President whom he loves of an embarrassing position. There are not many here who would do it, and I think it is to the great credit of the Senator from Mississippi that he is willing to do it.

I do not know of anyone who is stronger than is the Senator from Mississippi. I do not know of anyone who can take these raps and take them as patiently and with as sweet a smile as can the Senator from Mississippi. But, as I have said, our hearts go out to him, and I should like to do something to make him a little easier, and to make him unafraid to approach the reporters, because he has not any idea now whether he is going to be called upon to put the tax bill across next week or not. He does not know at all whether or not the President will withdraw it. He has not any more idea than I have, he has not any more idea than the President has, and the Lord knows that the President does not know what he is going to do. [Laughter.]

Mr. President, I make these observations in all earnestness, and I make them with the hope that the distinguished Senator from Mississippi may be able to have an easier week-end—unless he happens to be invited to the White House in the meantime. [Laughter.]

Mr. HARRISON. Mr. President, I appreciate the warm compliments the Senator from Delaware in his closing remarks bestowed upon me. I am glad the Senator loves me as much as he says he does, and I am glad he thinks that I can take it on the chin.

Mr. President, this is a very simple matter. I cannot understand how Senators could become so confused, as has the Senator from Delaware, about this matter. I cannot understand how any newspaper correspondent could become confused as to what has happened, and certainly the country will not be misled as to what has happened.

The Senator in opening his remarks in criticism of the President—and, of course, that was the object of his philippic—said that in sending his message of the 19th of June the President was merely making a political gesture intended for the country, and that it was merely to combat another program embodying the "share-the-wealth" idea.

Of course, a Senator—and I am sure that there are none here except my friend from Delaware who would have that kind of an idea—who just proceeds on the assumption that the President of the United States in sending his message on June 19 to Congress was making a political gesture and that his action was not sincere, naturally would reach the conclusions which the Senator from Delaware has reached. But I am sure no other Senator entertains such an idea.

Mr. President, is there anything in the record of the President of the United States upon which to base such an assumption? Has he made political gestures since he first became President of the United States? Was it a political gesture when he suggested taking care of the unemployed of the country and when he requested the authority to enable him to try to give jobs to the great army of the unemployed? That was no mere gesture. The proposal was suggested to the Congress in sincerity, and the President fought for it courageously, even against men of his own political faith, as well as against the Senator from Delaware, and some few who believed as the Senator from Delaware believed.

Was it a political gesture when the President of the United States suggested legislation to control under regulation the stock exchanges and the issuance of securities? Senators will recall—I remember well—how the pages of the newspapers were filled with articles against it and what powerful opposition he had to encounter. Some who then had the same idea as had the Senator from Delaware said that the President was not in earnest, that it was merely a political gesture, that nothing would come of the legislation. But did the President stop? Did he hesitate? Did he halt? No; he drove right on through. Finally the legislation was enacted, and now the same gentlemen who criticized him and found fault with him praise the legislation and say that it has brought forth good fruit.

Did the President merely make a political gesture when he asked for the enactment of the social-security bill which has just been passed by the Congress? No Member on the Finance Committee, of which no one wields a more potent influence than does the Senator from Delaware, fought that legislation quite so hard as he, and none was so persistent in his efforts in opposition to that legislation. In the committee he made a motion to strike out certain features of the bill, including that to give assistance to the States with reference to old-age pensions. He made a motion to strike out the unemployment-insurance feature. He made a motion to strike out the provision for building up the fund for Government assistance to the old.

So when the message on social security came from the President of the United States I presume the Senator from Delaware and those who believe as he does—and there are but few of them—thought it was a mere political gesture; that the President was not in earnest; that he was not sincere about it; that he was merely making an appeal to the old people, to the great laboring class, to the forward-looking masses of the country who desire progressive legislation. But the President did not stop. He just drove right on, and the Congress passed the legislation, and now it is well on its way to final enactment.

I shall not impose upon the patience of the Senate and take its time to recite in detail the record of legislation suggested by the President of the United States, which has been passed by Congress and which would be termed by the Senator from Delaware as merely political gestures. I say to him that he cannot now point to a single suggestion in a single message sent by the President of the United States to the Congress that was a mere political gesture, because no man has been more sincere, no man has had stronger convictions, no man has had a more definite program, which he was willing to carry through in spite of the opposition of those who did not believe in it and who did not believe in his policies, than the present President of the United States.

If the Senator from Delaware now believes, as he expressed himself a few moments ago when the message of the President came to the Congress, suggesting the legislation to which he has referred, was a mere political gesture, I do not believe that there is a single Senator on the other side of the aisle composed of Republicans who believes as he believes, because there is nothing upon which they can base such a belief.

When the President sent that message here he believed in it. He had a conviction about it. It is not the first time that he has given expression to such a thought.

The Senator from Arkansas [Mr. ROBINSON] and others perhaps know that back in the President's mind there has been that thought for some time, not necessarily of sending a message here, but he believed in the expressions contained in the message which he sent to the Congress. So I believe, and I am sure my colleagues here and on the Republican side, with the sole exception of the Senator from Delaware, believe that the President was sincere when he sent his message to Congress on June 19. That message of the President was not a political gesture.

Let us now get down to some of these things about which the Senator has caused laughter with reference to me, and the small and insignificant part which I have played, because of the position which I occupy in this body as Chairman of the Finance Committee. The President made no false statement to any newspaper correspondents in his conference yesterday. There was nothing said there, unless someone may wish to apply a technical construction, that was not true.

Now, let us see about that. The newspapers have said much about it, and a certain impression has been created about it. The President of the United States, so far as I know—and I have been in the various conferences which have been held with reference to this matter—wanted this legislation passed at this session of Congress.

In the first conference I held with the President, together with Chairman DOUGHTON, to which allusion has been made, I did not request the President, when the news first came to me that a message was coming here, not to send the message down that day. I expressed to the President the hope that the message, if he was going to send it, not be sent until we had finished the consideration of the social-security bill, which was to come up for final vote that afternoon, and I expressed the hope that it not be sent until the joint resolution extending the so-called "nuisance" taxes was passed by the Senate of the United States. Why did I do that? Because I knew the ingenious, the adroit, the smart, the able, the crafty Senator from Delaware and others whom he might get to play ball with him would use that message as arguments in opposition to the passage of the social-security bill; that he would cry out, "you are levying a tax here which in the course of a few years will be increased upon the corporations so much", and that that might complicate and delay enactment of the social-security legislation.

Then I realized that the joint resolution passed by the House, and which had been reported out by the Finance

Committee, must pass the Senate by Saturday night or the Government would lose some $1,500,000 to $2,000,000 revenue a day. I did not want the situation complicated. I wanted to see the question considered upon its own merits and accordingly I gave out the statement to the press to which the Senator has alluded.

I concede to no Senator a greater desire to have the Congress act in legislative matters in an orderly way. I have stood here, as I stood as a Member of the House, for revenue legislation being initiated in the House of Representatives. I wanted this matter to be taken up first in the House. I do not now deny the statement I made to the press when I said I hoped that would be done.

Then came the other meeting to which the Senator from Delaware has alluded and out of which he gets such great delight. It was a splendid conference. It lasted a long time. Every angle of the situation from a legislative standpoint was discussed. While I would not for anything state what the President may say in a conference of which I am a member unless I should be permitted to do so, I can say with reference to that conference that I expressed the thought and the hope that the legislation might originate in the House and be passed by the House and then come to the Senate for our consideration.

I am not going beyond the bounds of propriety when I say that the Senator from Arkansas [Mr. ROBINSON] took the same position. The President was not opposed to that plan. The President wanted action at this session of Congress. Unlike the Senator from Delaware, who thinks the President's message a political gesture, the President was driving through as he has driven through before when he suggested things for the Congress to do. He is a man of action and he wanted action.

We in that conference knew that standing outside, or sitting or lounging or there in some other way, were the keen-eyed, quick-brained boys of the press. They knew the conference was lasting 2 or more hours and so something had to be said. What the distinguished Senator from Arkansas said to them was absolutely what happened in that conference—that there would be legislation and that, if possible, the proposals would be in the form of amendments to the joint resolution, which would expire at midnight Saturday night.

The Senator from Delaware finds fault and says that the President was all wrong in making the statement that no one had ever heard of this matter being passed by Saturday night; that nothing had gone from the White House to the effect that the legislation must be passed by Saturday night. As one who sat in the conferences I state that I never heard it intimated from the White House, by anybody in the White House, or anybody connected with the White House, that this legislation had to be enacted by Saturday night. If the Senator from Delaware can get any pleasure out of the situation, and if the press of the country or anybody else can explain how the impression got out, I shall be glad to assume responsibility for it.

I did state to the Senator from Oregon [Mr. MCNARY] that I would not bring up the joint resolution because of developments at the White House the night before and that the Finance Committee would meet that afternoon to begin consideration of the three proposals contained in the President's message. The Senator from Oregon asked me why so much haste and if I thought it was possible to do all this by Saturday night. I have the RECORD before me. I did not state that it could be done by Saturday night, because I have had too much experience in the Senate ever to state definitely what can be done by a certain time. I stated to the Senator from Oregon and I stated to others and I stated to the press and to members of my committee that so far as it was within my power I would try to hasten the legislation through the Senate.

When the authority was delegated to me to try to put the amendments on the joint resolution, in due and proper haste I undertook to do it. I do not believe even the Senator from Delaware or any other member of the Finance Committee will charge me with slowness or dereliction of duty as Chairman of the Finance Committee. When I am charged by this body with the consideration of a matter, I try to expedite it so I can bring our conclusions to the Senate; and upon the floor of the Senate I always try to expedite matters. I followed that course with reference to this matter, so the Senate might have it as soon as the Finance Committee had concluded its consideration of the matter. I was in dead earnest in stating my hope that the legislation might be enacted by Saturday night. I doubted its being done, however. I did not believe I could do it, but I was certainly going to try to hold the Senate here, if a majority of the Senators were with me, and endeavor to put steam behind the Senate and get action upon the legislation by that time.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Delaware?

Mr. HARRISON. I yield.

Mr. HASTINGS. I wonder if the Senator, before he sits down, will explain why he abandoned his plan to amend the joint resolution rather than otherwise?

Mr. HARRISON. I was just coming to that. I was anxious to dispose of the other part of the Senator's allusions first. The reason was—and all those in the conference realize it and it is no secret—because the leadership of the House, as represented in that conference by the Speaker of the House of Representatives, Mr. BYRNS, and by the Chairman of the Ways and Means Committee, Mr. DOUGHTON, could not give any assurance that the House would take up the matter for consideration at this session of Congress so that it might be brought before that body for consideration. That was the only reason. If assurance could have been given that night by these leaders that they could take it up over there immediately or as soon as possible, and give it consideration and start it on the way, it would have made me feel very happy. It would have delighted others as well, because I then would have been clothed with authority to come here and get the joint resolution out of the way instead of having a lot of amendments which might be offered, and with the assurance that some action was going to be taken by the Congress during this session.

Mr. HASTINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Mississippi yield to the Senator from Delaware?

Mr. HARRISON. Yes.

Mr. HASTINGS. Does the Senator know what changed the minds of Messrs. DOUGHTON and BYRNS?

Mr. HARRISON. I know something about that.

Mr. HASTINGS. I wish the Senator would tell us about that.

Mr. HARRISON. The Speaker of the House had not consulted those who work with him in the leadership over there, and Chairman DOUGHTON had not consulted the membership of his committee; so they were unwilling to give that assurance, because of those circumstances. So it was that we had to put the matter somewhere. There was a revenue bill before the Senate. Apparently, the only way there was any assurance of having the matter considered by this session of Congress was in the form of amendments to the joint resolution, and so we proceeded in that way.

I realized that we would have to go into the subject carefully. I am not one who is inclined to take precipitate action upon any question. I know that when it comes to the Federal Government putting on inheritance taxes, there are many intricate questions which must be considered. We must consider the question of the length of time in which the taxes may be paid, and many other phases of the subject. So we were going to grant some hearings; but first we were going to listen to the experts, because I know, as other Members know, where the requests first come from whenever public hearings are announced. It was suggested in the Finance Committee, when we were considering this matter, that the requests of two particular individuals to be heard would certainly be made. Their requests were made first, and the very next morning those gentlemen were there, because they are there every time we have a tax matter

before the committee; and they have not very often thrown much light on the particular subject involved.

Answering the Senator from Delaware as to why the change of mind was effected, I do not know, except that the next morning, when the Finance Committee met to hear the experts and obtain their estimates, and they had not finished their work, and the committee adjourned, I immediately got in touch with the leader of the House. I traveled back and forth as the "Capitol Carnera", as the Senator from Delaware has termed me, though I do not much like that compliment. At any rate, back and forth I went. I spent hours over at the other end of the Capitol in conference with Speaker BYRNS, with Chairman DOUGHTON, and with the whole Democratic membership of the Ways and Means Committee. I told them the whole situation. I expressed to them the hope, in order to give us time in which to consider this matter, so that we might not act with seemingly undue haste, that they would pass a joint resolution extending the nuisance taxes for 60 days, and we could then pass that measure and leave before the Senate the joint resolution which they had previously passed, extending the taxes for 2 years. In the meanwhile we could take up the new tax program and write it into law. I asked them if they could give us assurance that they would take up the recommendations of the President. Every member of the majority of the Ways and Means Committee, as well as the Speaker of the House, said, "We assure you and you can assure the President, and you can assure everyone else, that we shall take it up just as speedily as possible, even to the extent of sidetracking the so-called "Guffey coal bill", if necessary, in order to put impetus behind the matter, and consider the President's message, and bring out a bill upon the floor of the House, and let the House consider it."

When I received that assurance, I came back and told the Senate about it, and then we passed the joint resolution extending the so-called "nuisance" taxes.

That is the history of the whole matter. I desire to say to the Senator from Delaware and others, since the Committee on Finance had reported out the joint resolution with but one amendment, that if I had wanted to take unfair advantage—and I do not know that it really would have been unfair advantage—I could have called up that joint resolution for consideration and offered the amendments embodying the new tax program in my individual capacity as a Senator. I have never, however, as Chairman of the Finance Committee, made any move respecting taxes without first having called my colleagues together and taken into consideration their views. That is why I called them together. That is why we met that very day. I desired to have my committee behind our action. I desired to get their reaction to this situation and their cooperation.

Throughout this matter, Mr. President, I have tried to expedite legislation. I am delighted that the matter has passed off as it has, because now the House and the Senate will have time for ample and full consideraion of the whole program. We have passed the joint resolution dealing with the so-called "nuisance" taxes. Whatever wrongdoing has been committed, whatever erroneous impressions may have gone to the country, do not blame the President of the United States. I will take the responsibility upon my back and I will bear it, because all I have done and all he has done and all that has been done by those who sat in conference at the White House has been in accordance with what we thought was our duty as public servants of the country. Let us close this chapter, and let us not talk about the matter any more.

Mr. DICKINSON. Mr. President, in view of the statement of the Senator from Mississippi [Mr. HARRISON]—which is the best so-called "explanation" which does not explain that I have ever heard the Senator make—I ask unanimous consent to have inserted in the RECORD, following his speech, the leading editorial from the Evening Star of today, entitled "Up and Down the Hill", and another editorial appearing on the same page entitled "Back to Earth."

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorials referred to are as follows:

[From the Washington (D. C.) Evening Star of Thursday, June 27, 1935]

UP AND DOWN THE HILL

The King of France and his 20,000 men who marched up the hill and then marched down again had nothing on the administration in the way of quick reversal of strategy. On Monday night at a conference between the President and Democratic Senate leaders the plan was adopted to attach the proposed new high levies on inheritances and incomes to the "nuisance" tax extension resolution, which, to be effective, must be passed before July 1. Plans were made to that effect. The general reaction throughout the country to this maneuver was decidedly unfavorable. At a White House press conference yesterday the program to push the new tax legislation through before July 1 was repudiated. Meanwhile, the Senate rushed through the nuisance-tax extension measure within 15 minutes, with an amendment reducing the new term of taxation from 2 years to 1, and sent it back to the House, where it had originated. Thus was the "rider" plan dropped.

Just what happened to cause this abrupt change of purpose is somewhat of a mystery. There is evidence that the first proposal was to utilize the nuisance-tax extension to serve as a carrier for the "share-the-wealth" schedule of higher taxation on large incomes and inheritances. There is evidence also that the purpose was to secure immediate action, if possible, by this use of a measure which had to be enacted before July 1. And there is evidence that the senatorial group that called at the White House on Monday night had a perfect understanding to that effect. And, finally, there is evidence of a reversal of plan, leaving the Chairman of the Finance Committee of the Senate in the uncomfortable position of having to abandon the 5-day drive for enactment of the new taxes before July 1, which he had undertaken as a result of the Monday night conference.

Just what caused this change of pace must be left chiefly to the imagination, with some collateral circumstances as an aid to understanding. The suggestion is made that the public reaction to the drastic tax plan was too unfavorable to be ignored. It is also hinted that there was a doubt as to the constitutional propriety of in effect "originating" a specific revenue-raising measure in the Senate. The possibility of another adverse Supreme Court decision may have been considered. It is true that clause 1 of section 7 of the Constitution, which provides that "all bills for raising revenue shall originate in the House of Representatives", also provides that "the Senate may propose or concur with amendments, as on other bills." But would this veritably tax-raising proposal have been sufficiently germane to a mere extension bill? Would it not be far enough within the twilight zone of dubiety to give the Supreme Court ground for rejection?

The King of France who reversed his march was probably wise. The present reversal of strategy assuredly is.

BACK TO EARTH

It is possible that Senator PAT HARRISON and some of his administration colleagues in the House and Senate are wondering today whether there was ever any special message on taxes from the White House; whether there was ever a hurried conference of leaders at the White House last Monday evening, or whether these and the other frantic comings and goings of the past week were merely disturbing dreams.

At any rate, there seems to have been a general awakening, an end to the temporary confusion of effort and ideas, a return to the orderly processes traditionally associated with the serious business of raising revenue through imposition of new and heavy tax burdens.

It is well that it is so and it is more important that this is now the case than it is to conjecture on the reasons for the spectacle of haphazardness to which the country has been treated in the past few days.

The business of framing new revenue laws is back where it belongs—in the Ways and Means Committee of the House. While it still seems to be the case that the new tax program is desired for the present session, there has been an end to the unseemly and unreasonable haste which, in the beginning, threatened to mark consideration of these new taxes.

And now, as the House Ways and Means Committee gets down to brass tacks, there may be logical explanation of the full intent of the new revenue measures. Are they planned at this time to produce a part of the sorely needed funds to begin paying for vast recovery expenditures? Are they introducing a new program of taxation designed eventually to bring about some balance in the Nation's budgeting? Will they be accompanied by a lessening of expenditures? Or are they, as widely interpreted, intended as an answer to the "share-the-wealth" shouters and the "soak-the-rich" advocates?

In the process of hearings on the proposed tax measures some answers to such questions may be developed. At the same time there is to be opportunity for studying, not only rates but effects of proposed new levies. And if Congress chooses to stay here all this summer in working out a new program of taxation, the time thus occupied will not be too much.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, returned to the Senate,

in compliance with its request, the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

ALCOHOLIC BEVERAGES IN THE DISTRICT OF COLUMBIA

Mr. KING. Mr. President, I ask that the vote on the passage of House bill 5809, relating to alcoholic beverages in the District of Columbia, be reconsidered, together with the vote ordering the engrossment of the amendment and the third reading of the bill; and after this action I shall ask that the bill be taken up, and I will then move the adoption of an amendment and then the passage of the bill.

The PRESIDING OFFICER. Is there objection to the motion to reconsider? The Chair hears none; and the bill is before the Senate and open to amendment.

Mr. McNARY. Mr. President, what is the bill? I do not understand the purpose and nature of the Senator's request.

Mr. KING. I am very happy to explain. The bill as it came from the House inadvertently contained the word "code" instead of the word "each", and was thus made rather unintelligible. The Senate unfortunately failed to discover the error and passed the bill as it came from the House. After it was passed I entered a motion to reconsider the vote by which it had been passed, and also moved that the House be requested to return the bill, which has been done.

Now I move, as an amendment, that the word "code", on line 1, page 2, of the bill, be stricken out and that the word "each" be inserted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12 B of the Federal Reserve Act, as amended, with an amendment, in which it requested the concurrence of the Senate.

AUTHORIZATION TO SIGN BILLS AND RESOLUTIONS DURING RECESS

Mr. ROBINSON. Mr. President, I ask unanimous consent that during the recess or adjournment of the Senate following today's proceedings the Vice President be authorized to sign bills and resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McNARY. Mr. President, that takes care of the remaining days of this week?

Mr. ROBINSON. It does.

ALASKAN COLONIZATION BY F. E. R. A.

Mr. BONE. Mr. President, I understand that the legislative program for the day is out of the way; and now that senatorial amenities are concluded, and the Senator from Delaware [Mr. HASTINGS] has done his good deed for the day, and the Senator from Mississippi [Mr. HARRISON] has demonstrated that it is not quite so good a deed, I am going to presume to talk to the Senate for a little while about a matter which has been under discussion here on one or two occasions during the past few days, having to do with the recent colonization experiment in Alaska.

I have a very great admiration for the Senator from Michigan [Mr. VANDENBERG], who spoke to us about the effort on the part of the Federal Relief Administration to transplant families to Alaska. For a great many months it was my pleasure and privilege to serve with the able and distinguished Senator from Michigan on the committee investigating the munitions industry, and I have learned to have for him and to cherish a very high regard, a regard which impels me to listen with care and with respectful attention to any of his suggestions. So when a few days ago he spoke on the Alaska venture, I gave to his statements the attention which I thought they deserved.

The State of Washington has a great stake in Alaska, because on Puget Sound in the State of Washington are four or five of the very large and very fine harbors to be found on the Pacific coast, at Seattle, Tacoma, Everett, Dillingham, and Olympia, and through these ocean gateways there pours each year a vast tonnage of food, clothing, lumber, and mechanical equipment bound for the Territory of Alaska. So, my State, having this great interest in the Territory of Alaska and its future, I approach the discussion of this subject with more than ordinary interest.

In 1867 our Government, through the genius of William H. Seward, Secretary of State, purchased this great territory, which is about twice the size of Texas. At the present time, because of a dearth of mining activities, there are in Alaska about 30,000 Caucasians and about 30,000 Indians; so that this great territory has a total population of approximately 60,000 people. There is not much in the way of farming activity in Alaska, and, therefore, the population have to be fed largely with food shipped through the ocean gateways on the Pacific coast, to which I have referred.

When the proposal was first made to take several hundred people from some of the devastated and stricken areas of our country—areas not only devastated financially but devastated physically—and to transport them to one of the naturally rich valleys in Alaska, there was some question about the wisdom and the propriety of so doing.

First, to the average man, and probably the average Member of the Senate, Alaska is a land of ice and snow; but no greater misconception than that could exist in the mind of any Member of this body or of anyone in the United States. The portion of Alaska where these settlers, 897 of them, have gone, the Matanuska Valley, is in about the same latitude as is Christiania, Norway, on the Scandinavian Peninsula, a great body of land in Europe which supports a population of millions.

Southeastern Alaska, or that portion of Alaska known as the "Panhandle", is in about the same latitude as Scotland. Therefore when anyone is tempted, through ignorance of climatic conditions there, to look upon Alaska as a bleak and forbidding place, it were well for him to bear in mind that all the expressions that may be directed at Alaska along that line may be laid at the door of Scotland or at the door of the Scandinavian Peninsula in Europe, which for centuries has supported a vast population.

When it was suggested, as I have indicated, that these people should be taken there, it was thought that a number of things would be accomplished, among them a demonstration through a group of sturdy Americans the feasibility of farming in Alaska.

A governmental experiment station has been successfully conducted in the Matanuska Valley for a great many years, under the aegis of one of our departments, an activity which has demonstrated that the Matanuska Valley is rich and fertile and capable of producing food. That is demonstrated by pictures which I have on my desk, which are part of the exhibit sent in by Mr. Hopkins in answer to Senate Resolution 158, under which he made his report.

As I have said, this valley is rich and fertile. It can produce crops in abundance. It was not thought then, and certainly is not thought now, that this venture would be another great palladium floating down from heaven on the celestial wings of the genius of Harry Hopkins or any other man. It was simply an effort to help people who were unable to help themselves.

These people came from areas in Michigan, in Wisconsin, and in Minnesota. They came from areas which climatically have some relationship to the area to which they went. They were from areas which had been literally struck down by the hand of misfortune. They were on the dole, on relief, as millions of people in this country have been on relief. The Government stepped into the picture and presumed to take out of the millions of unemployed in

this country a small group of people. I desire to have Senators who are concerned about this infinitesimally small group keep in mind the great, somber, sad, and tragic army of millions of people in this country who today, as I stand here, do not know the meaning of economic security. It is this great army which Members of the Senate must think about, and not this little fleck of humanity up there in Alaska.

We took those people to Alaska in an effort to give them an opportunity to demonstrate whether or not Alaska will be our last frontier, the last social safety valve of this country. I know the able Senator from Michigan [Mr. VANDENBERG] well enough to believe that, brilliant and able as he is, he knows full well the direful and deadly significance of the absence of a frontier in America.

There is not a thinker in this country who has presumed to write a book on social and economic conditions in recent years who has not expressed grave concern as to the future of this great Republic, because, forsooth, the frontier had disappeared, and there was no longer any outlet for the pent-up emotions of the people who were under the lash of economic adversity. So here was the opportunity, in a very tiny, infinitesimal way, to demonstrate whether or not America might say to the people under the lash of economic adversity, "Men and women of America, here is one, yet one, avenue of escape. We cannot say, as Horace Greeley did, 'Go west', but at least there is left to you the one hope, if it can be demonstrated to be justified, that you can go to Alaska and there find a haven of refuge."

That is what was done. Not thousands, not hundreds of thousands, not the great tragic army of millions, but a little handful of 897 people, went up there. What were they? Who were they? They were picked by Harry Hopkins from sturdy stock. Out of the 897 only 43, as I remember, are over 40 years of age. In the veins of this group runs and pulsates the hot blood of youth. I have here in this exhibit some pictures, which I wish my friends in the Senate would look at, of these Argonauts who go to what really will be, to them, a land of promise. They are sturdy, clean, fine-looking people—typical Americans, all of them.

I have a very great personal interest in Alaska, because for 4 years my cousin was Governor of that great Territory. I live within a few hours' ride, on fast boats, of Alaska. The people in my section of the country know the meaning of Alaska. They know that it is a land of promise and not a bleak land of ice and snow. In the hundreds of beautiful valleys which dot Alaska is the richest land under the sun. Before I complete my remarks I desire to read a little description of Alaska from some of the material which I have on my desk, because it is very revealing.

Criticism comes trippingly to our lips at times, and I can forgive a man for being critical; but when he is critical I desire him to be critical in the light of all the facts. Let us examine this experiment and see what has happened. The plans for this colonization were suggested only a short time ago, back about March 1 of this year. Measured in time, that is but yesterday.

On March 13 the representatives of the social-service departments and the rural rehabilitation corporations of three States—Minnesota, Wisconsin, and Michigan—came to Washington for a conference. That was about 4 months ago. Let us appraise this venture and see if, with all human weaknesses, men can possibly avoid errors and mistakes of judgment. When I think of these people going to Alaska, riding on the last word in steamship transportation, carried to the very end of their journey on a railroad train, I cannot bring myself to believe that there is any supreme tragedy in this venture.

Mr. President, my grandmother, when she was a young woman, was getting ready to go to the Oregon Territory by ox team. Those pioneers did not ride out to the great golden West in steam trains. They did not go to their destination on twin-screw steamships. That is no challenge to the modern Argonaut who seeks a new home in the far North, or the far West, or the far-flung outposts of our American civilization; but it does suggest that somehow a little of the iron has gone out of our blood when, because somebody does not like somebody else, he says the whole thing is wrong.

How different are the conditions of these Alaskan colonists from those which confronted the iron-blooded pioneers who went west and fought Indians, grubbed out stumps, did not know what it was to have an automobile or a decent stove, or anything else. I have here some pictures showing the last word in tractors, in automobiles, in trucks, going out to the Matanuska colony. Food can be taken in there in abundance, by the tons—hundreds of tons, if need be—by modern transportation methods. Yet, because there have been some errors made, and probably there has been lack of judgment, there comes a criticism which, in my judgment, Mr. President, is not serious enough to challenge us in the Senate at this time.

If a man were being burned alive at the stake, he would not stop to brush off mosquitoes which were biting him. At this very moment, when 11,000,000 homes in this country are catalogued by the P. W. A. as slum dwellings, it ill becomes us to tear our nether garments over what is happening in Alaska, where beautiful log homes of a kind which upstanding Americans in this country cannot have are being provided for the colonists.

Let me read an editorial from the Scripps chain of newspapers, out in the West:

> America's boast of its high standard of living is dealt a terrific blow in the P. W. A. report that lists 11,000,000 of the Nation's homes as definitely in the slum class.

Slums! I would rather be independent and go out West, where I went as a little boy, than live my life in an eastern slum. I have traversed the streets of Philadelphia and New York and other big eastern cities, and there I have seen life in the raw, and I wondered how in God's name people could live and have their being in that sort of an environment and bring up little kiddies. Yet these people who go out into the great open spaces of Alaska can at least be men. There game is plentiful, and there they can have all the thrill and all the excitement that Daniel Boone and his pioneers had as they traversed the great Cumberland Trace into Kentucky, and they can have all the thrill that went with pioneering, of which men whose hair is silvered with gray in this body probably know, either from their own experience in the West or from what their parents told them. These new pioneers can have all that without any of the dangers which went with life in the West, dangers from the Indians and incident to the long separation from centers of civilization and population. These people in Alaska are at the end of a standard-gage, modern railroad and the end of a modern steamship line. When we contrast what they have and can have with what is in the hell holes in the great cities, where people live like rabbits in warrens, where little children are surrounded by an environment that inbreeds crime, I wish to say that the time is at hand to indulge in a little frank discussion of the question whether anybody has been mistreated.

I have indicated that there is a Government experiment station at Matanuska, and I wish Senators would take the pains to know the possibilities of agriculture in that section.

I am going to take the trouble to read a brief statement about Matanuska Valley from the Alaska Agricultural Experiment Station bulletin which was first issued in 1923. Let us not come to the conclusion that decision about Matanuska Valley was reached yesterday or reached by Harry Hopkins. It was reached by the United States Government 12 years ago. I read:

> Under the modifying influence of the surface features and the warm coastal waters, the region—

That is to say, the Matanuska Valley—

> the region has temperate summers, moderately cold winters, and a moderate rainfall. The climate is lacking in extremes of temperature and the light precipitation that characterizes the great interior valleys of the Yukon and its tributaries. The mountain ranges also protect the region against the fierce blizzards of the Arctic region. Because of the protection afforded this region by the mountains on all sides except for a narrow strip on the southwest occupied by Cook Inlet long journeys may

be taken at any time in the Matanuska Valley, a condition that does not prevail on the open continental plains in the United States, much farther south. The region is free from tornados and severe electrical storms. In fact, thunder and lightning occur so rarely as to be almost unknown in the Matanuska Valley.

I am paying particular attention to that, because it is typical of so many spots in Alaska. One of the things I suspect has influenced Senators in the discussion, if they were influenced at all, is the thought that Alaska is merely a cold, forbidding place, whereas as a matter of fact it is not.

I ask, not as a favor to me but simply as elemental justice to themselves, to have Senators take the set of exhibits sent here by Mr. Hopkins and go through them and examine them. I urge upon my colleagues that they examine the exhibits sent here by Mr. Hopkins. I am at the moment looking at page K-5 of the exhibit, which shows a view of the school and gymnasium to be erected under the plans now definitely being executed. I say to my colleagues that this schoolhouse and gymnasium would do justice to any small modern American city. It not only has artistic beauty but the plans indicate that it will be of great practical use.

On page K-6 is indicated a group of buildings known as the "teachers' group", which comprises three buildings which will be devoted to educational activities. Again I say to my colleagues that the small American city of the most modern type would be very happy to possess this kind of educational facilities.

I have before me, too, a picture of the manager's home, the man who is to guide and direct some of the activities of the colony.

A trading center is shown on page K-8, which is of typical small-town type.

On page K-9 is shown a warehouse, cannery, and creamery.

In other words, these settlers are having placed at their disposal all those things which the pioneers of old, as we know them, never dreamed of having. This will in fact be a modern small American city in which the produce of the farmers may be canned, in which the produce of the dairy herds may be preserved and handled and warehoused.

On the other pages of the exhibit are shown illustrations of the type of homes which are to be provided for the settlers.

On page F of this exhibit are shown some pictures of the typical homes left by these pioneers who went to Alaska. I ask my colleagues to examine these pictures. One of them is a picture of a rye and oat crop, in which the land was seeded first to rye and then reseeded to oats, and of all sad pictures anyone ever gazed upon this one probably will indicate to any Senator's sound judgment a condition which is simply terrible.

There is another picture of a typical abandoned town in Michigan. There is shown a Michigan farm, an abandoned farm, and homes abandoned by miners, as well as a picture of a deserted village. These people were taken or rather urged to come away from those particular areas where the degree of financial suffering was most acute and was the worst.

From Alaska and from elsewhere have come some statements. The Senator from Michigan the other day read a statement from someone in Alaska, which went into the RECORD. I am going to call the attention of the Senate to one or two statements which have recently appeared in the press, and one or two telegrams from Alaska.

Here is a statement from the Evening Star, of Washington, D. C., bearing date Tuesday, June 25. This article is from the pen of Mrs. Lloyd Bell, one of the colonists. In order to illustrate the nature of this controversy and to indicate that is something of a tempest in a teapot, and certainly not worthy of the 42-centimeter intellect of the Senator from Michigan, whose ability has excited my admiration, I desire to read this article:

ALASKA COLONISTS HELD SATISFIED—WOMAN PIONEER DECLARES REPORTS ON CONDITIONS HAVE BEEN EXAGGERATED

(The following description of life and the situation in the Matanuska colony project in Alaska was written for the Associated Press by Mrs. Lloyd Bell, one of the colonists who formerly lived in Minnesota)

PALMER, ALASKA, June 25.—The weather in the Matanuska Valley is wonderful, with the days quite hot at times but the nights cool. The days are long, with only a few hours of twilight for "darkness" this time of the year.

With plenty of rain, the vegetation grows rapidly and the native blue joint grass is already shoulder high in places. The woods are a mass of flowers, but the mosquitoes are very bad in the timber. They are no menace in the open and we are told with the settlement of the land they will be eliminated.

MOST OF COLONISTS PLEASED

Most of the colonists are well pleased with the country.

Lloyd Bell, of Mora, Minn., says it would take a squad of soldiers to get him out of the valley. Gilford Lemon, of Koochaching County, Minn., says he intends to stay "until hell freezes over." Many other colonists express similar opinions.

The colonists are highly pleased with the agricultural possibilities here but are disappointed with the progress being made under corporation control.

Most of the colonists are still in their tents, but they are fixed very comfortable with board floors, doors, and screen windows. A library has been opened in the community hall, with a few books and lots of magazines.

A bus line makes two complete tours of the different camp centers twice daily, and baseball games are played almost every Sunday. The children are having a glorious time, with large playground swings, teeter-totters and games of kitten ball, horseshoes, and marbles. Church and Sunday school are held every Sunday.

CHILDREN'S DISEASES PREVALENT

There is much sickness, but it is mostly measles, mumps, chicken pox and pink eye, and no serious diseases.

Let me digress long enough to say that there were a number of cases of measles, and some other troubles of childhood, among these settlers before they left the States.

To resume the article:

Many should never have come here because of poor health. There are two doctors and one Red Cross nurse with the transient workers, and they are aiding the colonists, too. There are at least five registered nurses among the colonists.

A big complaint is that the doctor has no car of his own, and the colonists are scattered all over the valley.

Provisions are being made for about 15 teachers to come here for approximately 375 to 380 pupils in the fall. The school land is being cleared and more materials are arriving daily.

Several agitators in the colony are keeping things continually boiling. We would like to have them deported. There is cause for complaint here, but report of conditions have been exaggerated.

The construction work is slow, as wrong equipment and materials have been shipped. Mr. Irwin [Don Irwin, project manager] ordered wagons and received school furniture and gasoline tanks.

The colonists want United States control continued, with Mr. Irwin in complete charge. He is well liked by all the colonists.

That is a typical statement from one of the colonists.

Here speaks the mayor of Seward, Alaska, one of the enterprising towns nearby. I happen to be a friend of Mayor Brownell. Bear in mind, this is not a far-flung wilderness. This colony is within 40 miles by railroad, and soon by a good wagon road, of a flourishing Alaskan city, Anchorage, which, like Seward—which is a little farther away—will soon, I believe, be supplied with vegetables, milk, and the like, from this colony.

This is what the mayor of Seward, Mr. Brownell, has to say, and he is close by this colony:

Brownell cannot see anything but success for the Government's colonizing project at Matanuska.

"Matanuska will emerge a prosperous and contented rural community that will be but the start of the rapid growth of Alaska", Brownell said.

"In our own neighborhood of Kenai Peninsula, there are a thousand square miles of the most beautiful farming land that could be desired. It needs only roads to open it to rapid settlement. We plan to open this section next year."

Brownell's optimism radiated in other fields also:

"The new breakwater authorized for Seward will give us a sheltered harbor second to none and will soon bring back the fishing fleet where it belongs. And our aviation field improvements will put it in the front rank.

There, within a comparatively few miles of this colony, is a great aviation field; and Alaska is opening up as is probably no other part of this country. As a matter of fact, as I stand here, Members of the Senate, I am wondering how many poor devils who are literally chained to the dole in this country, and especially the young boys and girls dwelling in some of the slums, who have nothing to turn to, would experience a great and wonderful thrill if they could go to Alaska. Some of them would give their heart's blood to go up there, where there are doctors, nurses, a railroad line, game to be had with a shotgun and rifle, and the opportunity to own a home up in that great

country which is coming to the front. It does not behoove us to speak ill of Alaska.

Says the Associated Press of June 25:

Practically all the settlers are content with their lot, Anchorage residents said, adding the chief anxiety was over construction of adequate houses before winter comes.

Of course, they are going to be anxious to have roofs over their heads—the beautiful log houses that are being built there. I ask any Member of the Senate to look at these pictures. A log house in Alaska, properly prepared, can be a virtual little palace for a man who desires a good home up there, warm and snug. For $3,500 the Government is going to furnish these homes, supply furniture, proper equipment for the farm, livestock, 40 acres of good valley land, and give these people 30 years in which to pay for it at the average rate of about $190 a year.

I ask the millions of Americans who have no hope in their hearts today whether they would not like an opportunity to become the owner of a home and be free in the last frontier of America for $190 a year, and that payment not to be made for several years yet. Economic freedom, food, economic security—that is closer to the great heart of the mass of the American people than anything else, because I agree with the statement of the Senator from Idaho [Mr. BORAH] the other day, when he said that political freedom without economic freedom was "as sounding brass or a tinkling cymbal." We cannot offer any more hellish insult to the average citizen who has the faintest adumbration of intelligence than to suggest to him that political freedom will solve his problems when he knows, and every other man worthy of the toga of American citizenship knows, that political freedom without economic freedom is a noisome thing and a stench. These people have offered to them economic freedom. Read their complaint. We may give it the worst cast we can, and there is not anything in the complaint that is really worthy of the Senate's attention.

In my own home State, right in my own city tonight, troops are patrolling the streets, using gas on men who are involved in a strike. Those men have a great stake—all of them. The business men there say they have a great stake. The workers have a stake. This whole question revolves around the question of economic security; and yet when Harry Hopkins picks out a little handful of people and sends them to Alaska and tries to give them some degree of economic security, because Hopkins makes one little mistake we presume to sit in judgment on him.

Here is a statement from Joseph R. Crimont, S. J., D. D. I think he is the Catholic bishop of Alaska. My friend Delegate DIMOND assures me that he is. This is what he said on the 25th of May. He has been 40 years in Alaska, I am told, and is a good "sourdough" up there. He is ministering to the spiritual needs of Alaskans. There are not many preachers and priests up there, and this man is doing his work in his spiritual field. He says this word of welcome to the Matanuska colonists:

WELCOME

As Alaskans, duly fired with the love of our great northland, we hailed with great applause the news of the colonization plan devised at Washington to promote the healthy growth of our Territory, while lending a helping hand to a number of American citizens the most severely hit by the ruination of agricultural areas in the States.

We watched with keen interest the development of the project until we now rejoice with you over its auspicious accomplishment, and ask God to give it the most complete and abiding success.

We welcome you with a warm heart as our brothers and sisters into our Alaskan family, for we are still imbued with the spirit which animated the pioneers of long ago, when every man or woman was greeted and treated as a true brother or sister because of the need that each felt, in the then vast wilderness, of close, helpful fellowship for the realization of social and economic welfare.

We bid you welcome to the land of promise which a benevolent Government has prepared for you. A land of promise, indeed it is, as you will not be slow to learn and experience. Every natural means you may wish for to achieve your ambition for a happy existence is yours by the good will of Washington. If to that ample measure of material aid you add your quota of loyalty to conscience, and duty to God and to man, success and happiness cannot fail to bless your efforts.

You will love your new country as we do, even its climate and its hardships as they may be.

You will love your toil to bring out the fruits of the soil because of your ambition to do your part in the upbuilding of the future sovereign State of the Union, to which honor and dignity Alaska is aspiring, and for which she only needs population. You are the vanguard of the builders who are to follow you. We salute you with pride.

Your church welcomes you, whatever the name of your religious affiliation. You need her, because you need religion for the fullness of your human life and for constructive influence on the life of the Territory.

If you are a Catholic, you will see your church come into the midst of you, the grand old church that stretches out to you her loving arms, those arms large enough to embrace all the children of men and press them to her maternal heart.

You will feel at home, as you have felt elsewhere, with her liturgical services of holy mass and benediction of the blessed sacrament; at home with her sacraments, her devotions, her doctrinal instructions, the same always and everywhere, to encourage you, guide you, and comfort you, for she is the God-made instrument to provide for every need of your soul and aspiration of your heart as a religious human being.

Welcome, then, not only once or twice but a thousand times!

JOSEPH R. CRIMONT, S. J., D. D.,
Bp. Vic. Ap. of Alaska.

So speaks the old Alaskan "sourdough", who probably went to the Territory as a young priest and became the bishop of Alaska. There speaks a man who knows from experience what Alaska holds out to the boy or the girl who wants to go into that great Territory.

I call attention to a telegram bearing date June 24, sent to Col. Lawrence Westbrook, of Mr. Hopkins' staff. It reads as follows:

PALMER, ALASKA, *June 24, 1935.*

Col. LAWRENCE WESTBROOK,
F. E. R. A., Washington, D. C.:

Doctor reports no serious illness in colony or transient camp. Three cases chicken pox, 2 mumps, 9 measles, all colonists' children. Have adequate medical supplies or can get same from Anchorage. Some cases cannot treat locally sent to Anchorage hospital.

Let me digress for a moment to point out that within 40 miles of this frontier outpost is a modern American hospital in a modern city.

Beginning work on creamery, cannery warehouse, and commissary. Well for community center down about 20 feet. Responsibility construction work delegated to Bliss as suggested your wire. Expect 125 men for Bliss on *North Star.*

Let me say that those are probably the transient workers who are coming up there to expedite this work.

Requested Alaska A. R. R. C. furnish 100 or more skilled men help construction work same basis transients, to be housed separate camp. Troast left valley for Juneau on boat last Saturday.

Mr. President, that is a rather illuminating telegram from a man right on the job.

I am not going to burden the Senate by reading all of the material which I have here. What I have just read is typical of the reactions coming from those in charge up there.

I want to hurry this statement along, as I do not desire to take much more time, but I do wish to comment on one or two things especially. One is the contract. Criticism has been made of the contract, and really I was astonished when my able friend the Senator from Michigan referred to this as a sort of a commune, or communistic venture.

I wish to say, after 25 years of law practice, in which I have drawn hundreds and hundreds of conditional sales contracts involving the transfer of land, that this contract made with the settler in the Matanuska Valley is a very, very generous contract.

Mr. President, I say to my colleagues in the Senate that they can search this country with a fine-tooth comb from one end to the other and cannot find and exhibit to me a contract of a bank or a private seller of land that gets within a million miles of the generous gesture this contract makes to the prospective purchaser of lands in Alaska.

The average land contract is cold and hard, and the man who holds the contract can clamp down on the buyer, and if the buyer objects and insists that there is something in it to protect him, the seller can say, "It is not so nominated in the bond. I want my pound of flesh"; and he can get it in the

courts. There are in such contracts clauses which really amount to handcuffs on the wrists of the buyer.

I ask the Members of the Senate to look over this contract. It has been suggested, however, that the contract is bad because, forsooth, it provides that—

> The colonist further agrees that he and the members of his family will abide by all Corporation administrative directions and supervision in connection with control of crop production, processing, marketing, distribution, crop rotation, soil management, sanitation, and other measures for the welfare of the community.

Let me say, first, that with the market conditions of Alaska as they are, there must be some intelligent control of crops and rotation of crops. Suppose every colonist up there grew potatoes; they would destroy themselves economically by that sort of practice. The man who is handling this settlement, and concerning whom there has been no criticism, the man whose judgment as a skilled agriculturist is to guide these people, is there to give them the benefit not only of his own judgment, but the judgment of the agriculturalists of Alaska, as to market conditions. That is necessary if the colonists who are not familiar with market conditions in Alaska are to have the type of help to which they are entitled.

Mr. President, one of my colleagues has very kindly called my attention to the fact that many land contracts under which ownership is vested in individuals right here in the East—by "the East" I mean the Eastern States—are filled with restrictive features of all kinds; and if we are going to lay a challenge against this contract, we might very successfully lay a challenge at the door of many real-estate operations. However, I desire to say that, in my judgment, this contract is very generous. The colonists have 30 years in which to pay for their homes. What have they left? They left a home land so somber that perhaps I could not attempt to describe it here. Back home they were on the dole, perhaps getting $25 a month. What hope was there for those people in Michigan and Wisconsin and Minnesota, where they were facing the dire, stark tragedy which confronted them?

There are people in my State who probably are in the same position. Those who went to Alaska were selected from certain particular sections of three States, because, first, the degree of dependency was very acute in those sections and the welfare workers there could not see any hope of a future for those people; and, second, because they lived in climates which probably fitted them physically, easily and gracefully, to adapt themselves to the climatic conditions of Alaska.

I look at my good friend, the Senator from Wisconsin [Mr. LA FOLLETTE], and I feel sorry for him, because the region from which he comes is so cold. I live in the State of Washington, where it does not get so cold. The Senator cannot help it because it gets so cold in his State. He probably was born in Wisconsin, and loves the State; and, if he does, he probably loves good old Wisconsin for the same reason that the good old sourdoughs love Alaska; and they do not like to hear Senators rise and make unkind remarks about Alaska.

Here sits at my elbow my good friend ANTHONY DIMOND, Delegate from Alaska, who was all burned up because of the implication that Alaska was a bad place. If anyone goes out in my country and makes critical remarks about Alaska to the old sourdoughs they do not like it; and, after a fashion, I do not either.

It has been said on the floor, and I think our very able friend the Senator from Michigan suggested, that the colonists in the Matanuska Valley were dissatisfied because things were not going fast enough for them, that houses were not going up with sufficient rapidity; and all the time Harry Hopkins down here is tearing up his nether garments in the endeavor to rush men to Alaska so that the log houses may be constructed. Poor Hopkins, with 5,000 people on his neck all the time! Senators who try to get homes for people in their States should not think he is remiss in his duty because he stops to comb his Hyperion curls every few days. The job of getting help for these people is with him a labor of love. Here is a man lashed from every quarter with demands for assistance, for help, for speed, being criticized here because, forsooth, he does not show greater speed in connection with this project in Alaska when several hundred transient workers have been sent there to help the venture along!

Of course, there are bound to be errors of judgment, and men probably will become a little lazy and not do as much work as they should. Perhaps some of the transient workers do not like the work. The fact remains, however, that our challenge should go only to a man's honesty of purpose, because we are all weak, and we all err.

My friend the Delegate from Alaska [Mr. DIMOND] has named for me some of the crops which can be grown in the Matanuska Valley in Alaska. He lives near there. Potatoes are grown there very readily, 200 bushels to the acre; oats, 50 to 80 bushels to the acre; wheat, 22 bushels to the acre. Rye is grown very easily and readily there. Barley, hay, and other forage crops are grown there, as well as carrots, artichokes, strawberries, raspberries, and other kinds of berries. It is rather astonishing, is it not, to the Members of the Senate, that strawberries and raspberries are grown in that valley? To hear all the jeremiads and doleful wails here, one would think those things would not grow there. One would never associate strawberries with the Matanuska Valley.

After listening to some of the direful, doleful stories here, I wondered if I should not go out and beat my breast, but I finally concluded that perhaps it was enough to make the decision never to smile again, and let folks know that my cup of misery was full to overflowing.

Dissatisfaction in this colony! I wonder if the people at home in the devastated areas of Wisconsin, Minnesota, and Michigan are happy. I wonder if the poor in Wisconsin, in the areas from which the Alaskan colonists came, are any happier than are the poor in my State. I wonder how any man whose kiddies are likely to be hungry can be happy. I marvel at the infinite patience of the poor. I once heard a great philosopher say that the outstanding fact in all history was the infinite patience of the poor. I am glad the poor do not feel as I do, or there would be a housecleaning in this country, which would do some folks good.

Dissatisfaction! Again I ask Members of the Senate whether the poor in their sections of the country are satisfied. At this moment millions in this country are dissatisfied and are trying to find a way out of the rat trap. I stand here in the United States Senate and ask the millions in this country who are on the dole if they are satisfied. I should like to have my friend, the Senator from Michigan, ask the millions of people who are desolated with poverty if they are happy and satisfied. I ask that brilliant man from Michigan, whom I admire greatly—I have learned to admire him much more since he has served on the Munitions Committee, and revealed much strength of purpose and determination in certain directions, which excited my admiration—I ask him if he thinks it is worthy of his genius and his skill and his talents to challenge Harry Hopkins on this little thing, when millions and millions of homes in this country are desolated with poverty. In God's name, let us try to find someway out for all the people, and not pick out one little group!

I yield to no man in my sincere and heart-felt desire to help the small man. If there is any one thing I hope to do while in this body, it is to voice the aspirations and needs of the poor, especially those who cannot be heard; and I will do it if it is the last thing on earth I do, even if I never again see this body. I wish to be sure, however, that whatever energy God has vouchsafed to me shall be devoted, not to helping just one little group of poor, one segment of the great, sad army of the poor, but the whole army of the poor.

I am not going to waste the precious energy which the Almighty has given me, whatever little reservoir of it is left, trying to protect one little, tiny, infinitesimal segment of the people. I want to try to apply remedies, so far as I can do so here, to lift a great army of people out of the slough of despond.

I wonder that anyone should think this colony could come into existence without dissatisfaction; that suddenly, within a few weeks, we could translate a locality where no one lived into a flourishing American community and somebody not be dissatisfied.

Does my good friend the Senator from Michigan or any other Senator think that project, with every technique and every mechanism complete, could be made to spring into existence from the brow of Harry Hopkins as Minerva sprang from the brow of Olympian Jove, full panoplied and ready to do battle? Certainly it is not to be believed that any able Member of the Senate could believe anything like this could be consummated without someone uttering a wail of woe.

It is so easy to criticize—oh, so easy to criticize! My good friend the Senator from Michigan served on the Munitions Committee, and there he saw how easy it was to pin the label of adverse criticism on someone. We had a gentleman by the name of Shearer before the committee. It is a wonder some of those on the other side of the aisle, opponents of what the committee has attempted to do, have not quoted Mr. Shearer in their remarks about my good friend Steve Raushenbush, secretary of the committee.

Mr. Shearer, in referring to some well-known gentlemen in this country, such gentlemen as Newton D. Baker, Dr. Harry A. Garfield, Franklin D. Roosevelt, Henry Taft, George Wickersham, and the like, described them as "knaves or fools." We have seen how the power companies pin the Bolshevik label on men who have the temerity to propose public ownership of a power plant. Now, the Senator from Michigan, my good friend, will have the Bolshevik label pinned upon him because, forsooth, the Munitions Committee hired a man that somebody said knew something about the Socialist movement. We ought to know nothing about anything and then we would be happy. We happened to hire a man who was a university graduate and that, in the opinion of some, cast him into the outer darkness.

Returning to Alaska, the farms up there, including household goods, stock, implements, and so forth, will cost the colonists about $3,500, and this amount will be amortized over 30 years with payments deferred from 3 to 5 years.

I want Senators to look at some of the pictures which I have here. Talk about what is going into this colony. Here is a picture of the last word in big trucks—going where? Going over the Old Cumberland Trail into Kentucky with Daniel Boone? Oh, no. They are riding on well-graded roads—on what? The finest trucks in the country. A steam railroad runs into the place.

Here is another picture showing a vast amount of supplies in San Francisco a few weeks back. Here is a picture of the same material being loaded on a vessel to go up there, hundreds and hundreds of stacks of foodstuffs.

Here is another photograph of mattresses, great stacks of them, going to that colony. Here is a big tractor being loaded on a ship to go to the colony. Here is a picture of a Red Cross nurse, a registered nurse, full panoplied, going to the colony to help. Here is a photograph of several flat cars being loaded with the latest type of tractors going to the colony. These tractors are shown in another picture upon a scow ready to be loaded on a ship going to this settlement.

The suggestion was made the other day that there are about a thousand people up there and that they are sick. I cite that as an example of the atrocious blunders which can be made by critics. Only 897 people went to this colony. The transient workers, who went up there to do the work and then to be taken out, would probably bring the total number to 2,000, but the transient workers are going to be taken out as soon as the buildings are completed. The transient workers were selected because of their ability to construct the type of buildings which are to be erected there. They were taken from the relief rolls for that purpose.

The 201 families who are the colonists were drawn from the relief rolls in the States. These families were definitely stranded where they were and were totally dependent upon the Government for their living. Can one imagine anything worse than that? Can Senators imagine anything more degrading than that a man should be dependent upon the Government for the food that goes into his stomach, and has to accept it, nolens volens, whether he wants to or not, as he cannot eat unless the Government gives it to him?

That is the type of people who have been taken to this colony—splendid people who have suffered the misfortune of tripping on life's pathway through no fault of their own. There was no hope of their employment, and they might easily have degenerated into hopeless reliance upon the Government for their continual support. I ask Senators if they want to do anything that will stimulate a placid acceptance of a peasantry of that kind in this country? If that is to be the end of agricultural America, we had better start house cleaning right now.

Mr. President, I have taken this much time because I did not want to have spread abroad the wrong idea about what is being done. I did not want anyone to take this tiny group of people and indict Harry Hopkins for doing that which, in his judgment, is sound, and which I believe to be sound. I am glad Harry Hopkins sent these people to Alaska.

In the matter of subsistence, such diverse commodities as milk, flour, cereals, potatoes, tomatoes, leafy green and yellow vegetables, dried fruits and vegetables, dried beans, peas, nuts, butter, sugar, meat, and eggs are available, and the cost of these commodities furnished to the colonists is charged to them with other items of cost. In some cases the costs are probably higher than in the States, but that is due to the fact that traffic conditions there cause higher prices, but the colonists are getting more money for their labor.

The school equipment which will be furnished will be equal to that supplied in the average up-to-date American city.

The last and final consideration: This colony will cost around $1,000,000. I say to my friends in the Senate that if the Government, at an expenditure of around $1,000,000, can bring not only happiness to these people, nearly a thousand of them, but can plant definitely in their hearts hope, and can establish a new type of colonization in Alaska where a great future awaits, it is money well spent.

A million dollars? Money has been poured out like water on many projects that are not worth while. We know of instances where not one million, but millions and millions have been given away to an outfit for hauling a little handful of mail. Let us not stand here in conflict splitting hairs over an adventure of this kind. What is more important is the fact that future relations in the great Pacific are going to center around Alaska. We have voted here to establish airports in Alaska, and it were just as well, although I do not particularly emphasize that aspect. I think my brethren should understand that it was the part of wisdom for this country to make this last great frontier, this last haven of refuge for people who want to know economic freedom for themselves, their sons and daughters. I am glad to see this experiment, because it is a revival of the old days when pioneers rolled across the plains with their rifles on their shoulders; but, thank God, by the gift of modern science these people can have all the thrills of pioneer days and the boys and girls, in this way, can have all the thrills of the pioneer boys and girls.

They can have all those things, and along with them they can have economic security. They can know what that means. I thank God that Harry Hopkins had the foresight and the vision to undertake this project.

Many people said the Louisiana Purchase was stupid; many very able, smart people—smarter than a lot of us in this body—said it was a very asinine, stupid performance for the Thirteen Colonies to cut loose from the mother country, because they would never make a go of it; many people in this world have been so timid that they have finally slipped down over the edge into nameless and forgotten graves.

Mr. President, I ask to have printed at the conclusion of my remarks the statement of the Federal Emergency Relief Administration dated March 25, 1935, which is one of the first public references to the Matanuska development. Attached to it is Document No. 4906, which has some general

information about Alaska. I am presenting these documents because they give a very frank and realistic discussion of Alaska. The statements made are very revealing. No human being could have been misled. Harry Hopkins was very frank in telling the colonists the exact conditions in Alaska, and there is not any room for the statement that any human being could have been misled. I am very anxious that the country should have this information.

I also ask permission to have Administrator Hopkins' answer to Senate Joint Resolution 158 published as a part of my remarks.

The PRESIDING OFFICER (Mr. BURKE in the chair). Without objection, the documents presented by the Senator from Washington will be printed in the RECORD.

The matter referred to is as follows:

TWO HUNDRED RELIEF FAMILIES TO BE REMOVED TO FERTILE ALASKA VALLEY FOR REHABILITATION

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington.

Two hundred families, representing approximately 1,000 persons, now on the relief rolls of northern Michigan, Minnesota, and Wisconsin will soon be given the opportunity to rehabilitate themselves as homesteaders in the fertile Matanuska Valley of Alaska, it was announced today by Harry L. Hopkins, Federal Emergency Relief Administrator. The Matanuska project is to be developed by the Rural Rehabilitation Division of F. E. R. A., of which Col. Lawrence Westbrook is administrator, in cooperation with the Department of the Interior.

In addition to the settlers, 400 men from transient camps are to be selected to aid in locating the former on the development. The first contingent of transients, able-bodied woodsmen and mechanics from wooded areas of the west coast, will sail from Seattle on April 20. A second contingent will sail on May 1 and the last contingent on May 15. The transients are to be paid the same as C. C. C. workers, but will be given a cash allowance of only $2 a week while they are in Alaska. When returned to Seattle in October they will be given their accumulated earnings which, it is expected, will enable them to make a new start in life.

The 200 families which are to be transplanted have been tentatively selected from those who from experience and habits are best fitted to lead the rigorous life of pioneers in a northern climate. Final selection will be made on April 5, and those selected will be moved in small groups to nearby concentration points, after which they will leave for Seattle, there to take ship for Alaska in two groups, one on May 1 and the other on May 15.

Both the transients and the settlers will live in tent cities during the summer months when log houses are being built and woods cleared. The houses will contain from one to three bedrooms, indoor chemical toilets, and will be supplied with running water. For the present there will be no baths installed, and wood-burning stoves will provide the heating and cooking needs of the household. Kerosene or gasoline lamps will supply light. The settlers will take with them all their household belongings and tractors and other essential farming equipment, together with livestock, will be transported to the site of the rehabilitation project.

The Alaska Rural Rehabilitation Corporation, soon to be chartered, will handle the project. Each settler will be provided a tract of 40 acres of improved land with house fully equipped and necessary farming accessories. The cost will be approximately $3,000 for each farm, and the settler will be given 30 years in which to discharge the debt. It is expected that families will begin repaying their loans in the fifth year. Interest will be charged but not collected during the first 4 years, and it will be prorated with the rest of the debt over the amortization period. It is planned to charge 3-percent interest. The title to all property will be in the Rural Rehabilitation Corporation until the debt is completely discharged.

The site of the settlement is 125 miles north of the port of Seward, on the Alaska Railroad and the main road from Anchorage. The valley contains approximately 128,000 acres, of which 34,040 are public domain. Some 42,760 acres are homesteaded, with occupied land aggregating 23,000 acres. There are 117 families in the valley now. It is estimated that, on a basis of 40-acre tracts, the valley will accommodate 850 additional families. The land is fertile, and although the winters are long and the summers short, it is good dairy country and most of the hardier crops can be grown. The United States Government maintains an agricultural experiment station there, and the settlers will have the assistance of the station experts in the selection of crops.

It is planned to establish a community center at Palmer, a small village in the valley, and to build there a school to accommodate 400 children, a nondenominational church, a creamery and cannery, and such stores as may be needed. Directors of the project will also reside at Palmer in houses to be constructed this summer.

While the temperature in the Matanuska Valley is milder than in some sections of the States, the mercury at times drops as low as 40 below. There is a great variation in the length of the day between winter and summer. Beginning April 15 there are 14 hours of sunshine, and this increases until June 15, when the sun shines for 20 hours and there is no darkness. From this date on the hours of sunshine shorten at the same ratio as they increase in the spring. The region is free from tornadoes and severe electrical storms, but from July until September there is generally a heavy rainfall. One of the pests which the settlers will have to combat is the mosquito, which is present in great numbers throughout the summer. As the woods are cleared, however, it is expected annoyance from this pest will be eliminated.

The first manager of the new settlement will be Don Irwin, who has been loaned by the Alaska Agricultural College to inaugurate the project. The Bureau of Indian Affairs has granted a leave of absence to N. Lester Troast, of Juneau, who will direct construction activities. Both men are now in Washington completing arrangements for the project.

(Added detail may be obtained from Bulletin No. 4906, attached.)

ALASKA

I. GENERAL INFORMATION

A. History and climatic conditions: Alaska, our largest Territory, was purchased from Russia in 1867 at a cost of $7,200,000. Prior to this purchase it had been dominated by the Russian-American Co., which exercised absolute dominion over Alaska for the preceding 67 years.

The coast line is 26,000 miles long. This Territory is one-fifth the size of the United States, or over twice the size of the State of Texas. Contrary to the general opinion, Alaska is not a land of ice and snow. The southern point of the panhandle is only 500 miles north of Seattle. Three-fourths of Alaska is in the North Temperate Zone, only one-fourth being in the Arctic Circle. It is in approximately the same latitude as Norway and Sweden, the panhandle being in the same latitude as Scotland and Denmark. The climate is comparable to that of Scotland, Norway, and Sweden, although somewhat warmer, as it is tempered by the Japanese current. Actually, the climate is milder than that of many sections of the United States, although near the coast the interior valleys are much colder.

B. Industries: Alaska is famous for gold and other minerals, but her most important industry is her fisheries, the principal business being salmon fishing and packing. Other successful enterprises are fur farms, agriculture, livestock raising, lumber, and the raising of reindeer for commercial markets. The annual tourist business is an important item and prior to the present depression was flourishing.

II. AMERICAN OCCUPATION

The early influx into Alaska was caused by the gold rush. While gold was known to exist as early as 1850 the mining of it for many years was considered impractical. The first rush occurred during the late seventies and early eighties when thousands of men from the United States and Canada rushed to Alaska in hopes of sudden and fabulous wealth. There was a second rush in 1897 after the famous Klondike discovery and again an influx for this elusive metal in 1902. Gold mining is still an important industry but the production is largely stabilized.

Building of the railroads was responsible for the importation of additional men. There is a preponderance of men among the white settlers of this Territory, the ratio being approximately 2½ white men to each white woman. Each summer hundreds of laborers are imported for the season for employment in the canneries, mines, and on the highways and railroads.

III. GOVERNMENT

The organic act under which Alaska became a Territory is to Alaska what a State constitution is to a State. It was approved in August 1912 and two amendments have been since added. Alaska is represented in the Congress of the United States by a Delegate who is in the House of Representatives. The Governor of Alaska is chief executive officer of the Territory, and is appointed by the President of the United States by and with the consent of the Senate for a term of 4 years and until his successor is appointed and qualified. District judges are appointed by the President, by and with the advice of the Senate, to preside over the district court in each of the four judicial divisions into which Alaska is divided. The local legislature meets every 2 years.

IV. MATANUSKA VALLEY (SITE OF PROPOSED RURAL REHABILITATION SETTLEMENT)

A. Location: The Matanuska Valley is bound on the north by the Talkeetna Mountains, on the east and south by the Chugach Mountains, and on the west by the vast level plain of the Susitna River. It is about 125 miles in a direct line from the southern coast of Alaska.

B. Climate: The winters are long and the summers short. There is a great variation in the length of the day between winter and summer. There are 14 hours of sunshine per day beginning April 15, and they increase in length until, on June 15, there is 20 hours of sunshine and no darkness. Following this, they shorten at the same ratio as they increase. This valley is comparatively mild, being influenced by the relatively warm waters of the Pacific on the south, the Alaska range on the west, the Talkeetna Mountains on the north, and the Chugach Mountains on the east. The moisture-laden winds from the Pacific through the Cook Inlet sweep against the high mountains and this causes a precipitation of rain and snow over the entire region. This region is free from tornadoes and severe electrical storms. The spring and early summer have the lowest average precipitation. July, August, and September have the heaviest rainfall. Notwithstanding droughts of some severity have occurred in this region since farming was

begun, the weather is sometimes unfavorable for curing hay because of these conditions, and at such times hay is placed on racks or piled in cocks supported by thin vertical poles through the center to permit drainage and air.

C. Topography and soil: The Matanuska Valley consists mostly of benches and lowlands with occasional irregular ridges. A variety of soil is embraced ranging in composition from fine silt loam through fine sand to peat, and in drainage, from well-drained bench land to water-soaked marsh. To be put in readiness for cultivation much of this land requires only to be cleared of timber, undergrowth, moss, and other covering of vegetation.

Exclusive of muskeg and muck, there are two broad divisions of soil in the Matanuska Valley: (1) The bench-land soils, and (2) the stream-bottom soils.

Chemical analysis shows that all the soils have a good lime content, higher, in fact, than the average soil in the humid portions of the United States.

The plain rises through successively higher benches, steplike, from a few feet above high tide to a maximum elevation averaging probably 1,200 feet above sea level, where it merges with the flanking mountain slopes. The greater part of the bench land is about 25 to 200 feet above sea level.

D. Drainage: Owing to the sandy and gravelly nature of the soils and subsoils, the bottom lands drain quickly. Strips of deep sand and soils are included which are underlain at shallow depths by gravel and have excessive drainage. On these soils crops suffer from lack of moisture in dry seasons.

E. Water: There is an adequate supply of good water obtainable throughout this valley. Water can be secured either from creeks or wells, the depths of the well ranging from 15 to 60 feet.

F. Present population and existing conditions: The Matanuska Valley embraces 128,000 acres or 200 square miles. It is estimated that of this total 76,800 acres are tillable, of which approximately 1,000 acres are now under cultivation; 42,760 acres are homesteaded; the homestead land that is occupied is estimated at 23,000 acres, while 19,760 acres are owned by nonresident landowners who are either in other parts of Alaska or in the United States. The population of the valley comprises 117 families. Thirty-four thousand and forty acres are public domain. It is estimated on the basis of 40-acre tracts that the 850 additional families could be cared for.

G. Transportation: There are 170 miles of graded unsurfaced roads in the valley. A highway is now in the course of construction from Anchorage to the Matanuska Valley, a distance of about 45 miles. The Alaska railroad passes along the western side of the valley. A branch of the Alaska railroad leaves the main line at the town of Matanuska and follows the west bank of the Matanuska River through the undeveloped town of Palmer, extending as far as the Jonesville coal mines. The Matanuska River runs diagonally through the valley from the northeast to southwest. It is estimated that there are only 3,000 acres of cleared land in the valley.

H. Experiment station: There are two agricultural experiment stations now in operation in Alaska under the jurisdiction of the United States Government, one of which is located in the Matanuska Valley. This station owns 290 acres of land, a little less than one-third of which can be considered as suitable for cultivation. Two hundred and fifty acres have been cleared and brought under cultivation. The greater part of the land is made up of rocky ravines with small lakes and a growth of spruce and some birch and cottonwood trees. Many varieties of spring wheat, barley, oats, potatoes, peas, vetch, and roots have been seeded on this farm. Winter rye is the only fall seeded crop that has succeeded at Matanuska. Experiments are being continued for the purpose of disseminating information to the residents of this section of Alaska.

V. THE ALASKA RURAL REHABILITATION CORPORATION

The organization of the Rural Rehabilitation Corporation in the Territory of Alaska is not completed but is in the process of organization at the present time, and will be completed within the very near future.

VI. INFORMATION CONCERNING PROPOSED RESETTLEMENT IN THE MATANUSKA VALLEY

A. Location from which families will be selected: It is believed advisable to begin with approximately 200 families in the Matanuska Valley settlement project, these families to be placed on 40-acre tracts. This first group of families will be selected from Michigan, Wisconsin, and Minnesota, as it is felt that residents in these States should readily adjust themselves to the Matanuska Valley as climatic conditions are comparatively similar.

B. Acquisition of land: Of the total 128,000 acres in Matanuska Valley, approximately 42,769 acres are privately owned by residents and nonresidents. It is estimated that 23,000 acres are accupied at the present time by the 117 families. Nineteen thousand seven hundred and sixty acres are owned by the nonresident landowners, who are either in other parts of Alaska or in the United States. Thirty-four thousand and forty acres are public domain. A plan is being worked out at the present time by which the 34,040 acres will be secured from the United States Government and made available to the Rural Rehabilitation Corporation of Alaska for these new settlers. It is believed that options can be secured on the 19,760 acres now owned by nonresident landowners. The options on these lands will be secured by the duly authorized agent of the Alaska Rural Rehabilitation Corporation.

C. Type of settlement: The village of Palmer, at the present consisting of a post office and railroad station, is located in approximately the heart of the proposed resettlement area. It is about three-fourths of a mile from the Matanuska River. In addition to the railroad station of the Alaska Railroad, the highway from Anchorage into the Matanuska Valley goes through the village. It is planned to develop the village of Palmer. The schoolhouse for the 400 children will be built; the community center will be located there, with its workshops, recreational and religious facilities, its creamery, cannery, and warehouse. The homes of the teachers and the project manager will be built at Palmer and it is expected that several stores will be located there. The present residents now living in the vicinity of Palmer and elsewhere in the Matanuska Valley are much interested in this project. It is expected that they will participate in the program, and undoubtedly there will be a merger of the interests of the group now there with the new group coming in, the combination forming one harmonious unit.

D. Costs: The preliminary estimated budget would indicate a per unit cost of approximately $3,000 per family if the clearing is effected through a source other than residents themselves. There are two reasons why additional assistance will have to be given in the development of this project: (1) The cost to settlers, and (2) the shortness of the warm season necessitates rapid building of homes to enable the families to be comfortable through next winter. It is proposed to secure approximately 400 men from the transient camps of the Northwest and transport them to Matanuska Valley for the period from May through October of 1935, or establish a C. C. C. camp, these men to live in a tent city and to receive their complete maintenance and a cash allowance. If transients are used, it is suggested they be granted same cash allowance as is now given to the C. C. C. An allowance not in excess of $2 a week to be given in cash during the time they are working on the project. The remainder to be used as a stake, to readjust themselves in the industrial field upon their return to Seattle. The preliminary estimated cost if 400 transients are used from May through October is $156,300, or approximately $65.11 per man per month. This would include both maintenance and cash allowance.

It is expected that the families will begin repaying their loan at the beginning of the fifth year. Interest will be charged but not collected during these 4 yours, and it will be prorated with the rest of the debt over the amortization period. It is planned to charge 3-percent interest, the loan to be amortized over a period of 30 years. The title to all property will be held by the Corporation until the debt is completely paid off.

E. Families: The 200 families will be transported to this project in May 1935, the plan being that they will leave in two shipments—the first on May 1 and the second shipment on May 15. The families will live in tents while available cleared land is being seeded and additional land is cleared and the homes built.

F. Homes: It is planned to have the houses of log construction comprising a kitchen, living room, and varying from 1 to 3 bedrooms depending upon the size of the family. There will be indoor chemical toilets, but at the present time it is not planned to install bathrooms. All houses will have water piped indoors. Heat will be supplied by wood stoves, and the accepted method of lighting is by gasoline or kerosene lamps. Telephone communication is available from Palmer.

G. Transportation: Additional roads are being built and the automobile is becoming more valuable each year. As described in the early part of the report, railroad facilities are available, contact with the United States is by steamship.

H. Economic security: Food now shipped into this section of Alaska from the United States, which embraces the cities of Seward, Anchorage, and Fairbanks, and other points served by the Alaska Railroad alone total approximately $1,000,000 annually. A large proportion of this potential market can be supplied by farmers in the Matanuska Valley as soon as there is sufficient land cleared and under cultivation to assure a steady supply of quality products. A creamery and cannery are being planned as soon as there is a sufficient quantity of butterfat and vegetables to justify these industries. Controlled cropping and marketing is contemplated to insure a year around supply of products at a fair margin of profit. It is believed possible to develop dairying with its by-products, and to raise potatoes, vegetables, hay, grain, berries, and other produce. Cattle thrive in this valley, which will assure available meat. There will be considerable grazing land available. Vegetables thrive, especially the more hearty crops such as potatoes, cabbage, etc. It should be possible to supplement the income through the raising of hogs, poultry, and fur-bearing animals.

The social, religious, and educational life will center around Palmer. The community center will have space for work shops, religious services, moving pictures, and other recreational features. The church services should be interdenominational in character. Numerous lakes and the river assure additional recreational facilities for fishing, boating, and swimming. Hunting is an extremely popular sport, and moose, mountain sheep, goats, grizzly bear, rabbits, and various other wildlife abound. Geese and ducks provide excellent sport and the best of food.

CONCLUSION

This project has every indication of success, bringing to Alaska additional settlers, who are needed, and to these families an economic and social security. Care must be taken not to paint the picture to the families in colors that are too rosy. They should be informed as accurately as possible of existing conditions. Hardships will have to be faced, especially for the first couple of years, and many adjustments made. They will be separated from their relatives and lifelong friends. Distance and heavy transportation costs will make visits to their former homes prohibitive

for some years. These people should be selected because of their pioneer interests.

Homesteading in Alaska could not be considered an outstanding success. Many lone men going to Alaska for the purpose of working in the canneries, on the railroads, and in the gold mines, applied for and proved a homestead. They made no attempt to develop this homestead for the purpose of subsistence, but held it as an investment. The reason for this is psychological rather than existing conditions in Alaska. The proving of homesteads as an investment, the misinformation released from the Territory painting this country in too glowing colors, the lack of sufficient capital to last through that early period of land clearance and establishing of economic security, are important contributing factors which forced individuals and families to desert their homesteads and return to their former homes. During the war many men left Alaska for the purpose of enlistment and never returned. These lands reverted to the Territory.

Mosquitoes are an additional difficulty. From June through September they are present in large quantities. Within the clearing of the land mosquitoes frequently disappear, but they are a force to be reckoned with, especially for the first few years.

Dairying, trucking, and commercial distribution of meat products should be more than sufficiently successful to allow these families to amortize their debts over a reasonable period of time, supplying them during this interim with a comfortable living and guaranteeing future security for them and their children.

JUNE 24, 1935.

Hon. JOHN N. GARNER,
President of the Senate.

DEAR MR. PRESIDENT: Pursuant to Senate Resolution 158, adopted on Friday, June 21, I have the honor to present herewith the following report respecting the Alaskan colonization project being carried out under the direction of this administration.

1. Present status of the colonization, including numbers and descriptions of persons transported to Alaska, and from what States.

(a) Present status of colonization: The decision to undertake this project was made on March 1, 1935. A chronological statement of the progress of the project is set forth in exhibit A which is attached to this letter. Since March 1 all plans for the project have been made and approved. All workmen and colonists have been selected and have been transported to the site of the project. In addition, tools, equipment, livestock, groceries, household supplies, etc., have been transported to the project.

It should be noted that all materials and supplies required for subsistence and maintenance, as well as for construction, had to be procured in the United States and transported to Alaska.

All plans for the project have been executed according to predetermined schedule with the exception of the actual construction work. Construction activities, as a whole, are approximately 3 weeks behind schedule. This delay has been caused by abnormally rainy weather, some delay in the arrival of materials, and of administrative difficulties which were encountered on the job. Materials are now arriving satisfactorily. Action has been taken to correct administrative difficulties, and a sufficient number of additional workers have been engaged to make up for the time lost to date.

The very nature of the project, its distance from sources of supply, the short working season, and the hazards of weather make it impossible to give positive assurance that all construction will be completed according to schedule.

It is possible, however, to give full assurance that facilities providing safe and reasonably comfortable living conditions will be completed before winter.

Photographs marked "exhibit B" will give some idea of initial construction activities. The latest of these photographs are dated June 5, only 2 or 3 weeks after the arrival of the majority of the colonists. Considerable progress has been made since that date.

(b) Number and description of persons transported to Alaska: A total of 1,336 persons have been transported to Alaska in connection with this project, divided as follows: Transient workers, 425; colonists, including members of families, 897; administrative and supervisory workers, 14.

The transient workers were selected from approximately 10,000 transients on relief in California. They were chosen for their skill in construction. While a few of these persons have become dissatisfied and have left, they have as a body rendered excellent service, working without regard for hours and maintaining a high morale. Their relief pay is $1 per day and board.

The colonists, 201 families in all, were drawn from relief rolls of the stranded lumbering and mining areas of Michigan, Wisconsin, and Minnesota. Sixty-seven came from Michigan, 68 from Wisconsin, and 66 from Minnesota. From 30 to 50 percent of the entire population in these areas are on relief; and because the lumbering and mining industries, which formerly supplied work in these areas, have definitely abandoned them, there is little prospect for general reemployment in them. (See exhibit C showing relief conditions in these areas.)

The families were selected by experienced case workers on the basis of vigor, self-reliance, familiarity with hardships and hard work, and their adaptability to climatic conditions. Less than 5 percent of all colonists are more than 40 years old. (See classification by age marked "exhibit D", and see also various photographs of colonists themselves, marked "exhibit E." The detailed description of the Minnesota families given in exhibit D may be taken as typical of those selected from the other States.)

It should be borne in mind that these families were definitely stranded where they were and totally dependent upon the Government for their living. They had almost no hope of employment and were degenerating into a complacent acceptance of definitely subnormal social and economic standards. Photographs indicating their former environment are marked "exhibit F."

2. Nature and extent of accommodations provided for colonists.

(a) Existing accommodations.

(1) Living quarters: Pending completion of their permanent homes, colonists are living in floored tents, boarded on the sides and equipped with stoves, beds, cooking utensils, mosquito netting, and gasoline lamps. Tents are divided into nine separate groups so that colonists may have access to their individual tracts of land on which they are working. (See photographs of living quarters marked "exhibit B.")

(2) Sanitation: Pit toilets of the type used generally in transient camps of the United States have been constructed under the direction of the community doctor. Garbage cans and disposal pits are strictly required to be used by the colonists. Water was provided at first through shipment in tank cars from Anchorage, but wells are being rapidly developed and most of the water, which is pure and wholesome, is now coming from these wells. (See photographs marked "exhibits G and H.")

(3) Medical facilities: An emergency hospital is maintained in 4 tents with 1 doctor, 4 hospital orderlies, 1 public-health nurse, and 3 visiting nurses on duty. Hospitalization for serious cases and any supplementary medical attention which might be needed are available at Anchorage, 40 miles away, and directly connected by rail. The American Red Cross is cooperating in the provision of medical facilities. (See exhibit I.)

(4) Subsistence: Groceries and meat and other supplies are available in a central commissary and in the six branch commissaries, one for each group of tents. Food supplies were prescribed by experienced dieticians, and while there may not be the variety afforded in shops in the average city of the United States proper, there is full confidence that dietary needs are adequately met. For instance, such diverse commodities as milk, flour, cereals, potatoes, tomatoes, leafy green and yellow vegetables, dried fruits, other vegetables and fruits, dried beans, peas, and nuts, butter, etc., sugar, meat, and eggs are available. The costs of the food furnished the colonists are charged to them along with the other items of cost. In some cases the cost of the food may be high, but if so it is because of the high cost of transportation. Because of this fact, in connection with work which the colonists do on community projects, wages commensurate with such high costs are paid.

(5) Transportation: There are few good roads available. New roads are under construction as a part of the project. There is direct rail connection with Anchorage, 40 miles away, and with Seward, the port, 125 miles distant.

(6) Community life: A community house accommodating 200 people has been built, and community entertainment and recreation are being developed. Religious services are held regularly. See photograph marked "Exhibit J."

(b) Proposed accommodations:

(1) Plans for homes and community buildings to be constructed for the colonists are shown in exhibit K. The homes will be completed first, in order that living quarters for the winter be assured. Other construction will be given priority in the order of its importance to the safety and comfort of the colonists.

(2) Land: Each family will receive 40 acres of land, most of which the family will have to clear itself. This is Government land, formerly open for homesteading and withdrawn by the President to permit its use in connection with this project. See exhibit L.

(3) Schools: Plans for school buildings are indicated in the subjoined exhibits. The teaching staff will be provided by the Territory, and educational authorities have indicated that they will be ready to operate this coming term. (See exhibit M.)

(4) Farming equipment and livestock: The project is being managed by the former director of the Alaska Experiment Station, and the livestock and farming equipment provided the colonists were prescribed by him. Stock and equipment have already been delivered, and farming operations on a small scale, particularly gardening, have already begun. (See exhibit N.)

3. Any information available respecting lack of facilities and supplies necessary to protection and life.

Radio reports are received by the Federal Emergency Relief Administration every 2 or 3 days from the administrator of the project in Alaska. Some sickness has been reported among the children, such as measles and mumps. There have been numerous colds among the adults, but no cases of serious illness have been reported. As stated above, careful provision has been made for sanitation and medical attention.

The only complaint which has been received directly by this Administration has been a telegram signed by Patrick J. Hemmer and Mrs. I. M. Sandivick, who are colonists. This telegram is attached as exhibit O. The principal complaint contained in this telegram is that the construction of houses, wells, and roads has not progressed satisfactorily and that local political influences are interfering with the project. As stated above, it is true that there have been delays in construction and local administrative interferences. Corrective measures have been taken in both instances.

The telegram further complains that Government food has not been delivered. Information received in Washington indicates that there is now a supply of food on hand adequate to furnish a diet of the character indicated above. It should be noted that the telegram makes no criticism of the administrator, Irwin, or Washington officials, both of whom are described as being "O. K."

The great publicity which has been given to this undertaking has made news and headlines out of the very ordinary difficulties of construction and administration which would normally be expected in an enterprise of similar nature, even if undertaken in a well-settled part of the United States. Certain newspaper reports are clearly without foundation. Thus an article purports to quote one of the colonists as saying that 2,000 persons are ill. This is the only evidence, official or otherwise, of any unusual sickness. There are only 1,336 persons in the colony all told. Radio reports received from the administrator of the project have not mentioned any unusual sickness or lack of medical supplies or facilities. It is therefore believed that no credence can be given to this report. Nevertheless, a radio request for specific information on this point has been sent to the administrator, and his reply will be transmitted to you as soon as received.

The administrative difficulties hereinbefore referred to have unquestionably caused the majority of the complaints appearing in the press and transmitted to Members of the Senate. As has already been stated, appropriate and effective measures have been taken to remove these difficulties. The last radio report from Administrator Irwin, under date of June 21, attached and marked "Exhibit P", indicates satisfactory progress and conditions.

4. Nature and extent of the present and prospective expenditures in this connection.

The total estimated cost of the Alaskan colonization project is $1,093,365.

Nine hundred and thirty-two thousand dollars has already been granted by the Federal Emergency Relief Administration, leaving a balance of $161,365 to be made available for the completion of this project. There is a complete summary of the estimated costs of this project set forth in exhibit Q.

Of the total estimated cost of $1,093,365, it is calculated that approximately $700,000 will be charged to the individual colonists under a contract to make repayment in 30 years. The form of contract used in this connection is attached as exhibit R. The remainder of the estimated cost will be amortized through service charges or will simply represent an increase in the value of the property belonging to the Territory of Alaska.

5. The Alaskan colonization project was undertaken only after very serious and mature consideration of the economic and other problems involved. On the basis of the figures indicated above, the cost to each family would be approximately $190 per year, the full payment being made at the end of 25 years. During such time each family will have been cultivating its homestead, developing such diverse crops as hay, pea vines, garden vegetables, barley, oats, and the raising of pigs, cattle, and other livestock.

The commercial value of the crops, commodities, and livestock to be developed by each family will probably yield an annual income at the end of the fifth year of approximately $500, which would be in addition to the gardening crops and dairy products available for each family, which could be said to be worth over $600 at the end of such fifth year. Thus, in addition to being able to pay off its current indebtedness, each family at the end of the fifth year will have a credit balance of about $300.

Of course, after full payment has been made, the colonists will be able to retain the full benefits of the value of the crops developed on the homestead. This economic situation should be compared with the fact that if the families, which have been moved to the Matanuska Valley, had been left in the regions from which they have come, their sole outlook would have been to have received from emergency relief aid approximately $25 per month for each family. Because of economic conditions in the areas from which they have come, there was no hope of any economic recovery as compared to the opportunities which are now afforded to them by virtue of the Alaskan colonization project.

Attention is invited to the F. E. R. A. Bulletin 4906, attached as exhibit S, describing the project for the information of the prospective colonists and to a pamphlet issued by the Department of the Interior, attached as exhibit T–1, outlining colonization possibilities and to a speech given by the Honorable ANTHONY J. DIMOND in the House of Representatives on May 14, 1935, in connection with the Matanuska Valley colonization project in Alaska attached as exhibit T–2.

The Alaska colonization project, when completed and in successful operation, will offer a new frontier of vast extent in Alaska available to citizens of the United States. Many millions of dollars will thus be added to the national wealth and for many persons who should be rehabilitated, there may be made available a basis for economic recovery and new faith.

Additional information desired in connection with this undertaking will be gladly furnished by this Administration.

Respectfully submitted.

HARRY L. HOPKINS, *Administrator.*

EXTENSION OF TEMPORARY DEPOSIT-INSURANCE PLAN

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, which was to strike out all after the resolving clause and insert:

That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out "July 1, 1935", wherever it appears in subsections (e), (l), and (y), and inserting in lieu thereof "August 31, 1935"; and (2) by striking out "June 30, 1935", where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof "August 31, 1935"; and (3) by adding to subsection (y) the following additional paragraph, "The deposits in banks which are on June 30, 1935, members of the fund or the fund for mutuals shall continue to be insured during such extended period to August 31, 1935, without liability on the part of such banks to further calls or assessment."

Mr. GLASS. Mr. President, when Senate Joint Resolution 152, to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, was passed, the Committee on Banking and Currency did not know and could not know when consideration of the bank bill would be completed, if at all. I am happy to announce that the subcommittee having the proposed legislation in charge has practically agreed on all the main points of the bill and the chairman of the full committee has been notified that the subcommittee would report to the full committee on Monday. Within a few days we hope to report the completed bill to the Senate.

That being so, there is no material reason why the provisions of the law covered by Senate Joint Resolution 152 should be extended beyond the 60-day period proposed by the House, and therefore I move that the Senate concur in the amendment of the House.

The motion was agreed to.

Mr. MCKELLAR. Mr. President, at the request of the Senator from Virginia [Mr. GLASS], I submit a concurrent resolution merely to correct the title of a joint resolution that was passed earlier in the afternoon. I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be read.

The concurrent resolution (S. Con. Res. 19) was read, considered by unanimous consent, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, to amend the title thereof by striking out the words "for 1 year" and inserting in lieu thereof "to August 31, 1935."

PERSONAL EXPLANATION

Mr. MCKELLAR. Mr. President, I rise to a question of personal privilege. I think it is the first time I have ever availed myself of this privilege since I have been in the Senate. I hope it will be the last time.

On June 5, in their night editions, the Washington Herald and the Washington Post, with flaming headlines on the first page, carried articles about my being in a boat accident on the Potomac River in company with two ladies, and that all the parties refused to give their names.

This was a falsehood out of the whole cloth so far as I am concerned. I was on no boat on the Potomac with anybody. I have had the matter examined by the superintendent of police, Major Brown, and he has reported to me, with full evidence of the facts, that it was Representative KENT KELLER, of Illinois, who was on the boat. I gave Representative KELLER himself the opportunity to make the correction. He declined to do so, saying he was not on the boat. I am, therefore, forced to make the correction and declare the absolute untruth of the two articles, and similar ones in other newspapers.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 6464)

to provide means by which certain Filipinos can emigrate from the United States.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5917) to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MONTAGUE, Mr. LLOYD, and Mr. GUYER were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution:

S. 2738. An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree;

S. 2917. An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes;

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia";

H. R. 7160. An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges; and

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

EXECUTIVE SESSION

Mr. McKELLAR. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BURKE in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Frank Murphy, of Michigan, to be United States High Commissioner to the Philippine Islands (pursuant to law), to take office upon the inauguration of the government of the Commonwealth of the Philippine Islands.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably Executive L, Seventy-fourth Congress, first session, being an agreement to refrain from invoking the obligations of the most-favored-nation clause in respect of certain multilateral economic conventions, which was opened for signature at the Pan American Union on July 15, 1934, and signed on behalf of the United States on September 20, 1934, and submitted a report (Ex. Rept. No. 12) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar. If there be no further reports of committees, the calendar is in order.

NOMINATION PASSED OVER—POSTMASTER

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. Let that nomination be passed over on behalf of the junior Senator from Oklahoma [Mr. GORE].

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

POSTMASTERS

The legislative clerk read the nomination of Margaret E. Williams to be postmaster at Round Mountain, Nev.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert F. Buchanan to be postmaster at Fayetteville, Tenn.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

RECESS TO MONDAY

Mr. McKELLAR. I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate, in legislative session, took a recess until Monday, July 1, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 27 (legislative day of May 13), 1935

COLLECTOR OF CUSTOMS

Leo E. Trombly, of Altona, N. Y., to be collector of customs for customs collection district no. 7, with headquarters at Odgensburg, N. Y. in place of John C. Tulloch.

SPECIAL COUNSEL

John W. Preston, of Oakland, Calif., to be special counsel (vice William C. Morrow, deceased), employed to prosecute proceedings to assert and establish the title of the United States to sections 16 and 36, township 30 south, range 23 east, Mount Diablo meridian, within the exterior limits of naval reserve no. 1 in the State of California, and to prosecute any suit or suits ancillary thereto or necessary or desirable, under the provisions of Public Resolution No. 6, approved February 21, 1924.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

Second Lt. Samuel D. Puller to be a first lieutenant in the Marine Corps from the 9th day of March 1935.

Second Lt. Robert L. Denig, Jr., to be a first lieutenant in the Marine Corps from the 2d day of June 1935.

The following-named citizens to be second lieutenants in the Marine Corps, revocable for 2 years, from the 1st day of July 1935:

Herbert R. Amey, Jr., a citizen of Pennsylvania.
Kenneth D. Bailey, a citizen of Illinois.
Elmer E. Brackett, Jr., a citizen of Nebraska.
Dwight M. Cheever, a citizen of Michigan.
Richard H. Crockett, a citizen of Tennessee.
Marvin H. Floom, a citizen of Ohio.
James G. Frazer, a citizen of Washington.
Gould P. Groves, a citizen of Arkansas.
Donn C. Hart, a citizen of North Dakota.
Ralph L. Houser, a citizen of Iowa.
Kenneth A. Jorgensen, a citizen of Illinois.
Mortimer A. Marks, a citizen of Illinois.
William S. McCormick, a citizen of Mississippi.
Kenneth F. McLeod, a citizen of Michigan.
Floyd R. Moore, a citizen of Indiana.
Richard E. Thompson, a citizen of Indiana.
Stanley W. Trachta, a citizen of Montana.
William J. Van Ryzin, a citizen of Wisconsin.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 27 (legislative day of May 13), 1935

POSTMASTERS

NEVADA

Margaret E. Williams, Round Mountain.

TENNESSEE

Robert F. Buchanan, Fayetteville.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 27, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Merciful and ever-living God, from whom all blessings flow, abandon none of us; love us, help us, and trust us. We are here to work, perform a mission, and to be servants of the people. We do not pray for an easy way nor for a lighter burden, but for strength and courage to meet our tasks. We beseech Thee for an increase of knowledge, for widening horizons, for deepening thought, and for the culture of conscience. Heavenly Father, make our whole land to arise and go forward, and may its music and splendor fall upon our delighted senses. Enable us to see that our hearts are free from all jealousy, all selfishness, and all bitterness. O let the divine spirit emerge and help us to constantly seek the good of our generation, soften sorrow, lighten the heavy loads of human experience, and hasten on the better days. Through Christ our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

Mr. DIES. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. Will the gentleman withhold his point of order for a moment?

Mr. DIES. Mr. Speaker, I withhold the point of order.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3038. An act to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La.

The message also announced that the Senate requests the House to return to the Senate the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

Mr. BLANTON. Mr. Speaker, I renew the point of order that there is not a quorum present.

Mr. DOUGHTON. Mr. Speaker, will the gentleman withhold his point of order?

Mr. BLANTON. Mr. Speaker, I withhold my point of order.

REVENUE ACT

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 324, to provide revenue, and for other purposes, with Senate amendment, disagree to the Senate amendment, and ask for a conference.

Mr. YOUNG. Mr. Speaker, reserving the right to object, I desire to ask the chairman a question as to the differences between the House and the Senate on this bill.

Mr. DOUGHTON. The difference between the two Houses is that the Senate added an amendment reducing the time from 2 years to 1 year. That is the only change that was made.

Mr. YOUNG. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YOUNG. Mr. Speaker, am I in order to move to recede and concur in the Senate amendment?

The SPEAKER. That is not in order at this stage of the bill.

Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DOUGHTON, SAMUEL B. HILL, CULLEN, TREADWAY, and BACHARACH.

CALL OF THE HOUSE

The SPEAKER. Does the gentleman from Texas insist upon his point of no quorum?

Mr. DIES. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 106]

Bacon	Dingell	Kennedy, Md.	Peyser
Bankhead	Ditter	Kopplemann	Polk
Brooks	Dondero	Lambertson	Quinn
Buckley, N. Y.	Doutrich	Lamneck, Ohio	Ryan
Bulwinkle	Duffey, Ohio	Lee, Okla.	Sanders, La.
Cannon, Wis.	Englebright	Lemke	Sears
Carter	Fenerty	Lucas	Shannon
Casey	Flannagan	Lundeen	Smith, Conn.
Clark, N. C.	Frey	McGroarty	Smith, Va.
Cochran	Gambrill	McLean	Taylor, S. C.
Cole, N. Y.	Gasque	Murdock	Tinkham
Dear	Greenwood	Nichols	Underwood
Dickstein	Hennings	Oliver	Wolverton

The SPEAKER. Three hundred and seventy-seven Members have answered to their names, a quorum.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

MERCHANT MARINE ACT OF 1935

The SPEAKER. The question before the House is the reading of the engrossed copy of the bill (H. R. 8555) to develop a strong merchant marine to promote the commerce of the United States, to aid national defense, and for other purposes, which was under consideration on yesterday.

The bill was read the third time.

Mr. TAYLOR of Colorado (interrupting the reading of the bill). Mr. Speaker, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. MARCANTONIO. Mr. Speaker, I object.

Mr. MICHENER (interrupting the reading of the bill). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MICHENER. Mr. Speaker, if the further reading of the bill is dispensed with, that will in no matter affect a roll call on the bill, will it?

The SPEAKER. Not if the House wishes a roll call.

Mr. McFARLANE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFARLANE. Inasmuch as it is quite apparent there will be no effort whatever made to get a roll call——

The SPEAKER. That is not a parliamentary inquiry, the Chair states to the gentleman from Texas.

Mr. McFARLANE. We want one.

Mr. MICHENER. Mr. Speaker, in view of that status, I ask unanimous consent that further reading of the bill be dispensed with; we can get a roll call on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan.

Mr. McFARLANE and Mr. O'MALLEY objected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. MCFARLANE and Mr. O'MALLEY) there were—ayes 145, noes 131.

Mr. McFARLANE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The Clerk proceeded to call the roll.

Mr. BREWSTER. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Maine rise?

Mr. BREWSTER. To propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BREWSTER. Mr. Speaker, it was my intention to offer a motion to recommit.

Mr. BLANTON. Mr. Speaker, I rise to a point of order. The Clerk had already begun the calling of the roll and had called the first name, "ALLEN." I make the point of order the gentleman from Maine cannot interrupt the roll call.

The SPEAKER. The Chair overrules the point of order. The gentleman from Maine is entitled to propound a legitimate parliamentary inquiry, and the Chair presumes that the inquiry propounded is a proper one. The gentleman from Maine will state his parliamentary inquiry.

Mr. BREWSTER. Mr. Speaker, do I understand that a motion to recommit cannot be submitted at this stage?

The SPEAKER. Such a motion is not in order at this time.

The question was taken; and there were—yeas 194, nays 186, not voting 49, as follows:

[Roll No. 107]

YEAS—194

Andrew, Mass.	Ditter	Kelly	Ransley
Andrews, N. Y.	Dockweiler	Kennedy, N. Y.	Rayburn
Bacharach	Dorsey	Kenney	Reece
Bacon	Doughton	Kerr	Reed, Ill.
Beam	Drewry	Kinzer	Reilly
Beiter	Driscoll	Kleberg	Rich
Berlin	Eagle	Kloeb	Richardson
Bland	Eaton	Knutson	Robertson
Bloom	Eckert	Kocialkowski	Rogers, Mass.
Boland	Edmiston	Kopplemann	Rogers, N. H.
Bolton	Ekwall	Kramer	Rudd
Boylan	Evans	Lanham	Russell
Brooks	Faddis	Lea, Calif.	Sabath
Brown, Mich.	Fenerty	Lehlbach	Sadowski
Brunner	Fiesinger	Lesinski	Sanders, Tex.
Buchanan	Fish	Lloyd	Sandlin
Buck	Fitzpatrick	McAndrews	Seger
Buckbee	Ford, Calif.	McCormack	Shanley
Burch	Gambrill	McGrath	Sirovich
Burnham	Gearhart	McKeough	Smith, W. Va.
Caldwell	Gifford	McLean	Snell
Carmichael	Gildea	McLeod	Snyder
Cavicchia	Goldsboro	McMillan	Stack
Celler	Goodwin	McSwain	Starnes
Church	Granfield	Maloney	Steagall
Citron	Gray, Pa.	Mansfield	Stewart
Claiborne	Green	Marshall	Sutphin
Clark, N. C.	Greenway	Martin, Mass.	Taylor, Colo.
Colden	Hamlin	May	Thomas
Cole, Md.	Hancock, N. Y.	Mead	Tolan
Collins	Hancock, N. C.	Merritt, Conn.	Tonry
Connery	Harlan	Merritt, N. Y.	Treadway
Cooley	Hart	Millard	Turpin
Cooper, Ohio	Harter	Mitchell, Ill.	Vinson, Ga.
Corning	Hartley	Montague	Wadsworth
Costello	Healey	Montet	Walter
Crosby	Hess	Norton	Warren
Cross, Tex.	Higgins, Conn.	O'Connell	Weaver
Crowe	Higgins, Mass.	O'Connor	Welch
Crowther	Hill, Ala.	O'Day	West
Culkin	Hobbs	O'Leary	Whelchel
Cullen	Hoeppel	Palmisano	Wigglesworth
Daly	Hollister	Patton	Wilcox
Darden	Holmes	Peterson, Fla.	Wilson, La.
Darrow	Hook	Plumley	Wilson, Pa.
Delaney	Imhoff	Powers	Wolfenden
Dempsey	Jenckes, Ind.	Rabaut	Woodrum
Dickstein	Kahn	Ramspeck	
Dies	Kee	Randolph	

NAYS—186

Adair	Chapman	Ford, Miss.	Jones
Allen	Christianson	Fulmer	Keller
Amlie	Clark, Idaho	Gasque	Kimball
Andresen	Coffee	Gassaway	Kniffin
Arends	Cole, N. Y.	Gehrmann	Kvale
Arnold	Colmer	Gilchrist	Lambertson
Ashbrook	Cooper, Tenn.	Gillette	Lambeth
Ayers	Cox	Gingery	Lewis, Colo.
Barden	Crawford	Gray, Ind.	Lewis, Md.
Bell	Crosser, Ohio	Greever	Lord
Biermann	Cummings	Gregory	Luckey
Binderup	Deen	Griswold	Ludlow
Blackney	Dirksen	Guyer	Lundeen
Blanton	Disney	Gwynne	McClellan
Boehne	Dobbins	Haines	McFarlane
Boileau	Dondero	Halleck	McGehee
Brennan	Doxey	Hildebrandt	McLaughlin
Brewster	Duffy, N. Y.	Hill, Knute	McReynolds
Brown, Ga.	Duncan	Hill, Samuel B.	Maas
Buckler, Minn.	Dunn, Miss.	Hoffman	Mahon
Burdick	Dunn, Pa.	Hope	Mapes
Cannon, Mo.	Eicher	Houston	Marcantonio
Cannon, Wis.	Ellenbogen	Huddleston	Martin, Colo.
Carlson	Engel	Hull	Mason
Carpenter	Farley	Jacobsen	Massingale
Cartwright	Ferguson	Jenkins, Ohio	Maverick
Cary	Fernandez	Johnson, Okla.	Meeks
Castellow	Fletcher	Johnson, Tex.	Michener
Chandler	Focht	Johnson, W. Va.	Miller
Mitchell, Tenn.	Pierce	Sisson	Umstead
Monaghan	Pittenger	Smith, Wash.	Utterback
Moran	Rankin	South	Vinson, Ky.
Moritz	Reed, N. Y.	Spence	Wallgren
Mott	Richards	Stefan	Wearin
Murdock	Robinson, Utah	Stubbs	Werner
Nelson	Robsion, Ky.	Sweeney	White
Nichols	Rogers, Okla.	Taber	Whittington
O'Brien	Romjue	Tarver	Williams
O'Malley	Sauthoff	Taylor, Tenn.	Withrow
O'Neal	Schaefer	Terry	Wolcott
Owen	Schneider	Thom	Wood
Parsons	Schuetz	Thomason	Woodruff
Patman	Schulte	Thompson	Young
Patterson	Scott	Thurston	Zimmerman
Pearson	Scrugham	Tobey	Zioncheck
Peterson, Ga.	Secrest	Truax	
Pettengill	Short	Turner	

NOT VOTING—49

Bankhead	Duffey, Ohio	Lucas	Shannon
Buckley, N. Y.	Englebright	McGroarty	Smith, Conn.
Bulwinkle	Flannagan	Oliver	Smith, Va.
Carter	Frey	Parks	Somers, N. Y.
Casey	Fuller	Perkins	Sullivan
Cochran	Gavagan	Peyser	Sumners, Tex.
Cravens	Greenwood	Pfeifer	Taylor, S. C.
Dear	Hennings	Polk	Tinkham
DeRouen	Kennedy, Md.	Quinn	Underwood
Dietrich	Lamneck	Ramsay	Wolverton
Dingell	Larrabee	Ryan	
Doutrich	Lee, Okla.	Sanders, La.	
Driver	Lemke	Sears	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Wolverton (for) with Mr. Taylor of South Carolina (against).
Mr. Carter (for) with Mr. Lemke (against).

General pairs:

Mr. Cochran with Mr. Perkins.
Mr. Sullivan with Mr. Doutrich.
Mr. Driver with Mr. Tinkham.
Mr. Sumners of Texas with Mr. Englebright.
Mr. Bankhead with Mr. Pfeifer.
Mr. Oliver with Mr. Quinn.
Mr. Parks with Mr. Polk.
Mr. Gavagan with Mr. Casey.
Mr. Flannagan with Mr. Dietrich.
Mr. Cravens with Mr. Frey.
Mr. Sears with Mr. Hennings.
Mr. Smith of Virgina with Mr. Lee of Oklahoma.
Mr. Underwood with Mr. Lucas.
Mr. Fuller with Mr. McGroarty.
Mr. Bulwinkle with Mr. Buckley of New York.
Mr. DeRouen with Mr. Ryan.
Mr. Somers of New York with Mr. Sanders of Louisiana.
Mr. Kennedy of Maryland with Mr. Ramsay.
Mr. Greenwood with Mr. Dear.
Mr. Dingell with Mr. Smith of Connecticut.
Mr. Duffey of Ohio with Mr. Larrabee.

Mr. KNUTSON changed his vote from "nay" to "yea."

Mr. BARDEN changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. McFARLANE. Mr. Speaker, I demand a recapitulation.

The SPEAKER. A recapitulation of a vote is within the discretion of the Chair, and the Chair does not think that is necessary on this vote.

Mr. McFARLANE. There was so many votes changed back and forth that I think it would be well to have a recapitulation.

On motion of Mr. BLAND, a motion to reconsider was laid on the table.

EXTENSION OF REMARKS—MERCHANT MARINE

Mr. CROWE. Mr. Speaker and Members of the House, I trust this Nation will always remember the indignities it suffered prior to our entrance into the World War because of the defenseless position we were in because of the lack of national defense.

I heartily endorse the Bland bill—H. R. 8555—reported by the Committee on Merchant Marine and Fisheries, of which I have the honor to be a member. In my opinion, the bill is meritorious, it is forward looking, and when enacted into law it will prove of much benefit to the United States in the future.

Why is it necessary to subsidize a merchant marine and why do we need a merchant marine? In the first place, if we do not subsidize a merchant marine our Nation will either be without merchant ships or they will be built in other countries because of the differential in cost price. It is known to cost approximately one-half more to build a

ship in America than it does overseas because of better living conditions in the United States and higher wages here paid, which is as it should be. By building ships in the United States we thereby use, for the most part, materials produced in the United States and with American labor. Ninety percent of the cost goes to labor in some form or another, either in the mine, mill, or shipyard, and 10 percent goes back to the original raw material. It is far better that all of this be employed and used in the United States and in our shipyards than abroad.

If we do not subsidize American shipping we will soon again find ourselves in the condition that existed prior to and during the World War when we only carried 8 to 10 percent of American products in ships of the United States. When the war enveloped us those ships were withdrawn from our service and for months our products wasted and rotted in the fields; and merchandise that was shipped was forced to pay tremendous increases amounting to as high as 1,000 percent, and all in all cost the United States and its citizens many hundreds of millions of dollars. That condition can obtain again just as easily as it did in 1914 to 1918. Using a homely illustration, there is just as much reason for a farmer to hire and rent his machinery, equipment, horses, mules, tractors, combines, and so forth, as it is for the United States to hire ships from other nations.

The above reasons I consider alone of sufficient interest to warrant our building a merchant marine. I want to cite another reason, however, that in itself I consider alone as abundant justification for an adequate and sizable merchant marine owned by the people of the United States and one that can be had and used in case of war or other emergency by the Federal Government. An adequate merchant marine is a positive necessity for national defense and for the protection of our country in case of war. The opposition to this bill, which developed in the House, it would appear, veiled or otherwise, is from two sources: First, those who want to again experiment with Government ownership of our merchant marine. This has been found and proven expensive and did not work for the good of our country and had to be abandoned and the ships were sold. The other line of thought seems to be pacifist ideas. I decry both pacifist and militarist ideas. I am just as far removed from one as I am from the other. We do not need either militarist or pacifist thought in this country, but what we do need is adequate and abundant national defense and in building for national defense and national security we not only need a sizable, modern, up-to-date Navy and air defense, but for auxiliaries in event of war or in event of attack a sufficient merchant marine.

In opposing militarist ideas I do it for the reason that they would drag us into conflicts which usually are unnecessary and would take us away from our shores or away from our possessions to fight, to which I am bitterly opposed. I am opposed to pacifists' foolish ideas for the reason that they would leave us, if they had their way, totally unarmed, totally unprepared to defend ourselves in case of attack. With the world seething as it is at this time and with all Europe apparently ready to go at each other's throats, why should this Nation be so foolish as to again allow itself to become and be found in the position it was at the beginning of the World War. Will we sit or supinely rest on our oars and hug and cherish the delusive, fantastic ideas that because we are peaceful and peace loving we would be free from attack and free from invasion by other nations if they found and saw our defenseless position. We will not allow ourselves to continue thus.

It will be impossible to have any measure or for any proposed bill to have any more careful, unbiased, and open consideration with fairness to all witnesses and to all members of the committee than was shown by Mr. BLAND, chairman of this committee, and by Mr. LEHLBACH, ranking minority member. Any statements to the contrary notwithstanding, I brand as either willful or ignorant misstatements of fact. I speak with knowledge, having sat in on almost all sessions, both the public hearings, which continued for many weeks, and also the executive sessions when the final draft of the bill was made.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the joint resolution (H. J. Res. 324) entitled "Joint resolution to provide revenue, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. KEYES, and Mr. LA FOLLETTE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 6511) entitled "An act to amend the air mail laws and to authorize the extension of the air mail service", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCKELLAR, Mr. HAYDEN, and Mr. SCHALL to be the conferees on the part of the Senate.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 7, 1935:

H. R. 5213. An act to provide funds for cooperation with school district no. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; and

H. R. 5216. An act to provide funds for cooperation with Harlem School District No. 12, Blaine County, Mont., for extension of public-school buildings and equipment to be available for Indian children.

On June 11, 1935:

H. R. 2015. An act for a Coast Guard station at the eastern entrance to Cape Cod Canal, Mass.;

H. R. 5210. An act to provide funds for cooperation with school district no. 17–H, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; and

H. R. 6315. An act to provide funds for cooperation with the school board at Medicine Lake, Mont., in construction of a public-school building to be available to Indian children of the village of Medicine Lake, Sheridan County, Mont.

On June 13, 1935:

H. R. 65. An act to provide for the establishment of a Coast Guard station on the coast of Virginia at or near the north end of Hog Island, Northampton County;

H. R. 1492. An act for the relief of Harbor Springs, Mich.; and

H. R. 5564. An act for the relief of Capt. Russell Willson, United States Navy.

On June 14, 1935:

H. R. 2204. An act for the relief of Robert M. Kenton;

H. R. 2553. An act for the relief of Eva S. Brown;

H. R. 2683. An act for the relief of Henry Harrison Griffith;

H. R. 3973. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1936, and for other purposes;

H. R. 6371. An act to authorize an increase in the annual appropriation for books for the adult blind;

H. R. 6987. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 7 meets Texas Highway No. 87;

H. R. 7081. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; and

H. J. Res. 320. Joint resolution to extend from June 16, 1935, to June 16, 1938, the period within which loans made prior to June 16, 1933, to executive officers of member banks of the Federal Reserve System may be renewed or extended.

On June 15, 1935:

H. R. 67. An act to repeal certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purposes of service and protection on American vessels;

H. R. 240. An act for the relief of Capt. Alexander C. Doyle;

H. R. 4448. An act to provide funds for acquisition of a site, erection of buildings, and the furnishing thereof for the use of the diplomatic and consular establishments of the United States at Helsingfors, Finland;

H. R. 5456. An act relating to the powers and duties of United States marshals;

H. R. 7781. An act to define the election procedure under the act of June 18, 1934, and for other purposes;

H. R. 7982. An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes;

On June 17, 1935:

H. R. 2466. An act for the relief of John E. Click;

H. R. 4798. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 6437. An act to amend Private Act No. 5, Seventy-third Congress, entitled "An act to convey certain land in the county of Los Angeles, State of California";

H. R. 6836. An act to provide for the printing and distribution of Government publications to the National Archives;

H. J. Res. 27. Joint resolution providing for extension of cooperative work of the Geological Survey to Puerto Rico;

H. J. Res. 204. Joint resolution authorizing the erection of a memorial to the late Jean Jules Jusserand;

H. J. Res. 285. Joint resolution to permit the temporary entry into the United States under certain conditions of alien participants and officials of the national Boy Scout jamboree to be held in the United States in 1935; and

H. J. Res. 288. Joint resolution authorizing the Secretary of Agriculture to pay necessary expenses of assemblages of the 4-H clubs, and for other purposes.

On June 19, 1935:

H. R. 2422. An act for the relief of James O. Greene and Mrs. Hollis S. Hogan;

H. R. 2756. An act authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes;

H. R. 5720. An act to amend the National Defense Act of June 3, 1916, as amended; and

H. J. Res. 26. Joint resolution requesting the President to proclaim October 9 as Leif Erikson Day.

On June 24, 1935:

H. R. 2739. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes; and

H. R. 7672. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes.

On June 26, 1935:

H. R. 59. An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes; and

H. J. Res. 147. Joint resolution authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

ADDITIONAL CIRCUIT JUDGE FOR THE NINTH JUDICIAL DISTRICT

Mr. LLOYD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5917) to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. TRUAX. Mr. Speaker, I object.

COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

DINNER OF THE CHEMUNG COUNTY, N. Y., DEMOCRATIC COMMITTEE

Mr. MERRITT of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech made by the Postmaster General.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MERRITT of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address on Hon. James A. Farley, chairman of the Democratic national committee, at a dinner of the Chemung County Democratic committee, at Elmira, N. Y., Monday evening, June 24, 1935:

It is always a pleasure to talk to the people of my own State. They know me, and I know them. They are aware of the political principles that I maintain, and I am no less aware of the reactions and the forces, both for and against those principles that move the Empire State in its political decisions. I think I am justified in claiming that New York is intrinsically a Democratic State. I think I am correct in stating that more New York Governors have been chosen to represent their party in Presidential races than any other State, which simply means that we have had a great number of Governors whose qualifications so impressed the country that both the big parties have been glad to put them up for the highest office in the land. Another factor that must impress the readers of history is that New York has never given the country a President whose administration has not been successful.

That's a pretty good record, and I think you will all agree with me that the present tenant of the White House is carrying on this splendid tradition.

These reflections naturally may lead us to the consideration of the contemporary political situation. It goes without saying that Franklin Delano Roosevelt will be renominated and reelected.

The reasons for this statement are twofold. In the first place, he has accomplished an almost superhuman task in reviving the languishing and near moribund industries he found on his advent to the White House into the greatly improved and sound condition in which they find themselves today. He has done this by the exercise of an intelligent plan, and we have come through the crisis without riots or other social disturbances, without the imposition of any dictatorial measures. He has done it all right out in the open, taking the public into his confidence as he went along. He has minimized unemployment. In fact, you can use whatever yardstick you please and learn that the country is immensely better off because of our President's courage and resourcefulness.

That's the economic side of it. The political side of it is that despite all the criticism and clamor raised by the opposition, the Republicans have not advanced anything approaching a program to take the place of the program President Roosevelt devised and has been carrying out. Moreover, though they have combed the ranks of the G. O. P. they have not developed a possible contender for the Presidency as against our leader. I don't think that any of us has heard a single name advanced as an acceptable recipient of the G. O. P. nomination in 1936. The opposition party is hopelessly divided. There is the standpat crowd, who would like to see the country go back to the policies or lack of policies prevailing before March 4, 1933, and which consequently has in mind some reactionary of the old school to whom every progressive act and progressive name is accursed.

They have the so-called "Progressive wing", typified by the La Follettes, who insist that the hoary, hidebound organization shall change its habits of thought and action and offer to the country something approaching the Roosevelt new deal. I suppose I ought to include among the Republican factions a shadowy third element that calls itself Progressive but shies away from La Follette. This element doesn't like the new deal; doesn't like the President; doesn't like the Hoover wing. It is always vehement in

its objections to the G. O. P. policies until election time, when it supports the G. O. P. presidential candidate.

Recently some of the Midwest Republican leaders organized and held what they described as a "grass roots" convention. It was to me one of the most interesting, not to say amusing, political gatherings that we have ever had. Dominated by the standpatters, with the Hoover hand over everything, it did not dare even to mention the ex-President's name in its proceedings. Held in a section of the country most vehement in its demand that the reactionary element show some consideration for the progressive sentiment, it could not voice the policies of the Republican national chairman, of the Hoover cabinet members who were conspicuous, or of Mr. Frank Smith, whose Insull contributions and affiliations were so rank that a Republican Senate refused him a seat to which he was elected.

It had to compromise on a fierce attack on President Roosevelt and a declaration of principles which closely parallel the new-deal policies inaugurated and put into effect by President Roosevelt.

I note by the newspapers that our old friend W. Kingsland Macy, former chairman of the New York Republican State Committee, has been to Washington to consult with the progressive members of his party, campaigning for some sort of a gathering to take the curse off the "grass roots" convention. Mr. Macy was suggesting a Progressive Republican convention, free of the Hoover influence. I think that all good Democrats should cheer him on his way, because the new movement reveals the lack of Republican harmony and emphasizes the irreconcilable family differences to the public in a manner which no Democratic propaganda could hope to match. I venture to say that the platform of the "anti-grass-roots" convention—if it ever assembles—will be fit to frame alongside of the Springfield efforts. Each will be just as vague, just as dishonest, as the other.

Republicans of every shade, from the pink Progressives to the dark blue of the reactionaries, derive a great deal of comfort, and whatever hope they have, from the recent Supreme Court decision against the National Recovery Act. Naturally, every person who has followed the progress of the recovery movement was disappointed at the Court's ruling. But the Supreme Court is the Supreme Court and there is nothing to be done but to follow the course outlined by the President and do what we can under the restrictions laid down by that tribunal.

Just the same, there is a certain amount of satisfaction in the circumstance that the N. R. A. functioned for 2 years and in that time was able to give an impetus to business, the momentum of which will carry us through to the goal to which the Democratic Party directed itself when it came into Federal power. We cannot hope that the recovery will be as rapid as it would have been had the constitutionality of the N. R. A. not been determined adversely. But the seed the N. R. A. has planted has obtained such a growth that public sentiment will not permit all the good to be lost.

Not long ago in a similar situation, the President told a story to the Washington correspondents at one of the regular White House press conferences. It concerned a New York town. On the edge of that town there was a bad grade crossing that had caused a considerable number of collisions and casualties. So the town authorities appointed a constable to mount guard at the crossing. After 2 years a court decided that the wrong civil authority had made the appointment and that, therefore, the presence of the constable was unconstitutional—otherwise, invalid. Nevertheless, the man had watched the crossing for 2 years and had been the means of saving a number of lives.

So it is with the N. R. A. The Supreme Court ruled that the Congress had exceeded its authority in enacting the measure, but for the 2 years the N. R. A. had functioned it had put a lot of men to work, had abolished child labor, had cleared industry of the disgrace of sweatshops, and had established a code of ethics in business and rules of fair competition that really lifted us out of the depths of depression and started us on the way to the high ground of prosperity. The principle may have been wrong, judicially considered, but it was eminently right from the humanitarian and utilitarian points of view.

That suggests a look at some of the things the President's recovery program has accomplished. For example, in the 12 years prior to 1933 there was an average of 15,000 bank suspensions, with deposits in excess of $5,000,000,000. Since the act creating the Federal Deposit Insurance Corporation 2 years ago, under which more than 50,000,000 depositors are insured up to $5,000, only 17 banks—2 of them national—have closed their doors. Ninety-five percent of the deposits were fully insured, and the depositors were paid as rapidly as they presented their claims. For the year 1934 the insurance fund, after paying all the depositors and the expenses of operation, had a surplus of $2,000,000. This is one example of what the new deal has accomplished.

Now let's look into the unemployment question. According to the report of the Bureau of Labor Statistics, "in 1932, 39 out of each 100 workers employed in manufacturing industries had been displaced and by January of 1933, 43 out of each 100. Many then employed were working part time. By January 1934, 13 of the 43 had been reemployed, and by January 1935, 18. The comparisons must be qualified by the fact that more persons were of working age and therefore a larger proportion needed jobs in 1935 than in 1929."

The report puts the same situation into dollars. Each $100 wage payment made by employers in 1929 was reduced to $42 in 1932 and to $36 in January 1933. The next January found that the ratio had increased to $50, and by the first of the current year to $59. And in this figuring remember the emergency employment and pay rolls furnished by public funds are not included.

In other words, N. R. A. had lifted the earning capacity of employees from $36 to $59 on every hundred and had brought reemployment to nearly 60 percent of those out of work.

All of this may have been unconstitutional, but there are about 7,000,000 people and their dependents to whom it meant salvation, and I do not think that any of them is worrying over the constitutionality of it.

Now let's take a few figures on the employers' side and see how they fared under the codes, which the enemies of the administration have described as horrible examples of regimentation of industry and the shackling of trade. We have recently had the reports to the stockholders from the three major steel companies. The United States Steel Corporation for the past 3 months showed sharp gains in both income and employment over a year ago. In continuing its quarterly dividend, United States Steel reported that its deficit for the first quarter of 1935 was $3,975,206, as compared with a deficit of $8,791,370 for the corresponding quarter last year. National Steel's net earnings were $3,367,632 for the 3 months, which is more than double what they were in the like period last year. And Inland Steel, which earned a net $1,104,000 in January–February–March of 1934, announces that this year those earnings amounted to $2,465,000.

Labor shared in this increase in income, for the average weekly earnings of workers in the steel industry was 22 percent higher than in the first 3 months of last year.

Not so bad for the N. R. A., even if it was all deplorably unconstitutional.

The automobile business is another example. They are selling more machines than at any time in their history. Their pay rolls have increased 131 percent over 1932 and are now being paid at the 1929 rate, when we were in the midst of the boom that preceded the giant collapse.

You have heard a lot from the assailants of the administration and the national-recovery movement about the doleful fate of small business. Well, our old friend, Dun & Bradstreet, gives us the answer. That firm recently announced that retail sales in cities of 30,000 and less increased 21 percent during the first year of N. R. A., while the larger distributors, such as department stores and mail-order firms, showed increases of 13 percent during the same period.

The Department of Commerce reports and those of the National Retail Drygoods Association both point out that in spite of the tremendous number of failures between 1929 and 1933 there are more retail establishments doing business in the United States than there were during the peak of the boom. Moreover, Dun & Bradstreet show that there have been fewer business failures during the N. R. A. regime throughout the United States than at any time since 1920.

It is perfectly obvious from these figures that the story of the sacrifice of small business for big business is an absolute myth. There are more small businesses than ever and the percentage of failures among them is less than it has been for 15 years.

Let us take the situation from another point of view. The most unfailing index to the country's prosperity is furnished by the tax returns. Well, up to the 1st of June 1935 the income-tax receipts exceeded those of last year by more than $200,000,000. Now if you will figure what proportion of your income you paid in income taxes you will get an approximation of the enormous increase that has come to the Nation's business to account for $200,000,000 more taxes paid than last year. Miscellaneous internal revenues also show an increase of nearly $200,000,000, which gives you a line on the revenue of those industries subject to these special taxes.

The Department of the Government with which I am connected reflects the same state of affairs. Our postal receipts for the first 10 months of the present fiscal year were 10⅓ percent up in the smaller post offices of the country and 6 percent up in the larger offices. Our April record showed the best postal increases in 5 years.

When sales go down, business houses that furnish the bulk of the postal activities send out fewer letters, fewer packages, fewer bills, fewer circulars. When business goes up, the mail records show a sympathetic and simultaneous reflection of the improvement. Incidentally, it is largely this circumstance of the growth of the postal business that explains why that Department is now producing a surplus instead of a deficit, which in past years has gone as high as $150,000,000. By a surplus I mean the excess of income over expenditure, of course, not including the payment of such subsidies as go to ships for the encouragement of the merchant marine or to aircraft for the encouragement of aviation, or for the free service to every branch of the Government over which the Department has no control. The subsidies are voted by Congress, and the post office merely happens to be the disbursing agent of those appropriations.

According to those who seek to pick flaws in the Roosevelt administration, it has done something terrible to our credit and to our finances. Well, the American dollar is at a premium in terms of nearly every other national currency. As to our credit, let the Standard Statistics Co. of New York tell the story. According to them the yearly averages of Government bond prices have increased from 100.1 in 1929 to 106.3 in 1935. This, of course, represents the average of all Government bonds.

So you see we got along pretty well under the N. R. A. The purpose and the courage and the definiteness of view all contributed to the advancement of our country and to its recovery from the swamp of depression in which the Roosevelt administration

found it when it came to Washington. It is regrettable that in the emergency and need for extraordinary remedies we proceeded outside of the strict legal interpretation of the powers of Congress.

However, I cannot find that this departure injured anybody, either materially or by an affront to his personal liberty. In fact, every newspaper you pick up nowadays contains in its columns some sort of lament from business and from labor that the helpful codes under which they functioned so well have been placed outside the law. Thousands of industries have indicated that they will try to make code observance a matter of mutual agreement, so that the good work can go on as steadily as possible in the new situation.

Do any of you think that in the histories to be written in the future Franklin D. Roosevelt will be remembered because the Supreme Court declared unconstitutional the program he adopted to meet the depression or because through his valiant, prompt, and effective plan he gave the country a 2-year breathing spell—gave it a chance to catch its breath so that it could go on toward the height on which dwell prosperity and contentment?

DEATH OF EDWARD J. ROCHE

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, I have asked for this time in order that we might pause a moment to pay a tribute of respect to one of our oldest employees who has just passed on—Edward J. Roche, of New York. Fifty years ago we had a distinguished Congressman from the city of New York named Timothy John Campbell. He was a unique character, and it was he who appointed Edward Roche as a page boy at that time.

I may say in passing that the same Congressman Campbell was the author of the celebrated expression we hear so often repeated when he said to President Grover Cleveland, "What is the Constitution between friends?"

Edward Roche served in various official capacities, including service with the Government Printing Office for 30 years. He was one of the secretaries to the former Secretary of the Treasury Ogden L. Mills when that gentleman was a Member of this House. He was a splendid character, and he took a leading part in all organized-labor activities and was a delegate to many of their national conventions. He worked hard for the passage of the Saturday half holiday and the present retirement bills. Loyalty and faithfulness to his friends characterized his entire life, and I know the Membership of the House will join with me in wishing peace to his soul and rest to his ashes.

GOLD-CLAUSE BONDS OF THE GOVERNMENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 232)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed:

To the Congress of the United States:

Before the termination of this session of the Congress I believe that it is important that definite action be taken to eliminate any uncertainty with respect to the right of holders of gold-clause bonds of the Government to sue for payment either in gold or else in legal tender with an additional sum of 69 cents on every dollar.

To this end I urge the withdrawal by the United States of its consent to be sued upon its currency or securities. The question of the effect of the so-called "gold clause", in the light of the monetary legislation of the Seventy-third Congress, came before the Supreme Court at the term just closed. A suit for additional payment under existing circumstances, the Court said, would "constitute not a recoupment of loss in any proper sense but an unjustified enrichment." Bonds of the United States containing gold clauses—all of them issued, sold, and payable wholly within the United States—have been continuously quoted on the exchanges at no higher prices than bonds not containing such clauses. But the continuing possibility of actions by litigious persons leaves open the continuing possibility of speculation. There is no public interest, under these conditions, in permitting a handful of private litigants to exploit the general public in the hope of a wholly speculative private profit.

This conclusion will hold so long as the Congress adheres to its declared policy, now more than a third of a century old, to maintain the equal value of every dollar in the market.

I recommend, therefore, the enactment of legislation which will make clear that it is our fixed policy to continue to treat the bondholders of all our securities equally and uniformly, to afford any holder of any gold-clause security who thinks he could by any possibility sustain any loss in the future an opportunity to put himself immediately in a position to avoid such future loss, and to remove all possibility of any suits designed to hamper the Government in administering the public debt and in financing its ordinary and emergency expenditures.

More specifically, I recommend the immediate enactment of legislation (1) that will authorize and direct the Secretary of the Treasury, at the request of the holders of gold-clause securities of the United States, to make payment therefor in cash, dollar for dollar, with accrued interest, or, at the holder's election, to exchange such securities for non-gold-clause securities with the same interest rate and maturity; (2) that will terminate any consent which the United States may have voluntarily given to be sued on its securities, coins, or currencies; and (3) that will reaffirm the fixed policy of the United States to make payment to all holders of its securities, coins, and currencies on an equal and uniform dollar-for-dollar basis and will make appropriations available for payments on this basis and on this basis only.

There is no constitutional or inherent right to sue the Government; on the contrary, the immunity of the sovereign from suit is a principle of universal acceptance, and permission to bring such suits is an act of grace, which with us may be granted or withheld by the Congress. The courts, it is hardly necessary for me to add, will always be open to those who seek justice, but they were not established for use by a few to enrich themselves at the expense of the many, nor to enable a few to harass and embarrass sovereign action by the Government when taken for the benefit of all.

Not only justice to the holders of our currency and of our securities who support and rely on our policy of equal and uniform treatment to all but also the interests of our entire people require that the Government of the United States make it clear that it cannot and will not consent to the use of its courts in aid of efforts to sabotage the operations of Government or in aid of private speculation.

This proposal reasserts and makes definite the control of the Congress over the securities and money issued by the United States of America.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 27, 1935.*

LEGISLATIVE APPROPRIATION BILL, 1936

Mr. LUDLOW. Mr. Speaker, I call up the conference report on the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 43, 44, 45, 51, and 54.

That the House recede from its disagreement to the amendments of the Senate numbered 11, 33, 34, 36, 37, 38, 40, 41, 42, 46, 47, 49, 50, 52, 53, and 55, and agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment strike out the word "new" and insert in lieu thereof the word "permanent"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 35, and 39.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, Jr.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
CARL HAYDEN,
FREDERICK HALE,
JOHN G. TOWNSEND, Jr.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended as to each of such amendments in the accompanying conference report, namely:

Senate

On amendment no. 11: Inserts the correct name of the Committee on Territories and Insular Affairs, as proposed by the Senate.

On amendment no. 33: Appropriates $61,094 and makes $754 of that sum immediately available, as proposed by the Senate, instead of $57,323, as proposed by the House.

On amendment no. 34: Appropriates $150,000 for inquiries and investigations, as proposed by the Senate, instead of $120,000, as proposed by the House.

On amendment no. 36: Appropriates $200,000 for miscellaneous items, as proposed by the Senate, instead of $100,000, as proposed by the House.

On amendment no. 37: Appropriates $10,000 for furniture, as proposed by the Senate, instead of $5,000, as proposed by the House.

On amendment no. 38: Makes a technical correction in the appropriation for stationery for Senators.

House of Representatives

On amendment no. 40: Confines the limitation on appropriations in the bill relating to operation of restaurants to the "House" restaurant, as proposed by the Senate, instead of to "any" restaurant, as proposed by the House.

On amendments nos. 41 and 42: Makes textual changes of form in a limitation on the contingent fund of the House.

Capitol Police

On amendments nos. 43, 44, and 45: Strikes out the increases inserted by the Senate providing for 24 additional privates at $1,620 each and $3,638 additional for their uniforms and equipment.

Architect of the Capitol

On amendment no. 46: Appropriates $316,599, as proposed by the Senate, instead of $311,709, as proposed by the House, for maintenance of the Capitol Building, the increase of $4,800 to provide for four elevator operators.

On amendment no. 47: Appropriates $36,850, as proposed by the Senate, for furnishing and alterations to make certain space vacated by the Supreme Court offices available for use of the office of the financial clerk of the Senate.

On amendment no. 48: Appropriates $8,000, as proposed by the Senate, for enlargement of accommodations for the press in the Senate wing of the Capitol.

On amendment no. 49: Appropriates $1,400 for procurement of four marble busts of Vice Presidents of the United States.

On amendments nos. 50, 51, and 52: Appropriates $266,569 in the manner proposed by the Senate instead of $230,315, as proposed by the House, for maintenance of the Senate Office Building and restores the language, stricken out by the Senate, requiring the Architect of the Capitol to be the executive agent of the Committee on Rules in connection with such building.

On amendment no. 53: Appropriates $572,560, as proposed by the Senate, instead of $528,660, as proposed by the House, for operation of the Capitol power plant.

On amendment no. 54: Strikes out the authority inserted by the Senate making the appropriation for maintenance of the Library Building available for repairs and replacements in the cafe and kitchen of that building; the language is eliminated because prohibitions against such expenditures carried elsewhere in the House bill have been removed and the building maintenance fund becomes available automatically for such purposes in the same manner as it was prior to the imposition of such limitations.

Library of Congress

On amendment no. 55: Appropriates $90,000, as proposed by the Senate, instead of $50,000, as proposed by the House, for the purchase of books for the law library.

Amendments in disagreement

The committee of conference report in disagreement the following amendments, all relating to the Senate:

On amendments nos. 1 and 2: Providing mileage for the President of the Senate (Vice President of the United States) at the same rate and in the same manner as provided for Senators and Representatives.

On amendments nos. 3 to 7, inclusive, relating to the Secretary's office: Changing the title of Minute and Journal Clerk to Parliamentarian and Journal Clerk; providing one new clerk at $2,880; changing the title and increasing the compensation of one employee in the library from $1,380 to $1,740.

On amendments nos. 8, 9, 10, 12, and 13, relating to committee employees: Providing for a law clerk to the Committee on Indian Affairs at $3,600 and assistant clerks, one each, at $2,220, to the Committees on Commerce, Post Offices and Post Roads, and Territories and Insular Affairs.

On amendments nos. 14 to 29, inclusive, relating to the office of Sergeant at Arms and doorkeeper: Increasing the pay of 1 clerk from $1,800 to $2,100, 1 messenger from 1,740 to 2,640, and 1 messenger from $2,400 to $2,640, and providing for the following additional employees: 1 clerk at $1,800, 1 messenger at $2,400, 2 telephone operators at $1,560 each, 2 messengers at $1,440 each, 4 laborers at $1,260 each, 3 laborers at $480 each, 1 special employee at $1,000, and 1 lieutenant of police (Senate Office Building) at $1,740.

On amendments nos. 30, 31, and 32, relating to the post office: Increasing the pay of the postmaster from $3,060 to $3,600 and providing for six additional mail carriers at $1,620 each.

On amendment no. 35, relating to Senate restaurants: Striking out the House limitation on expenditures for restaurants, appropriating $35,000 for restaurants of the Senate, and inserting a requirement for increased prices on all orders served in and from such restaurants.

On amendment no. 39: Providing as proposed by the Senate that payments for materials and supplies furnished by the Procurement Division shall be made by check upon approval of the Committee to Audit and Control the Contingent Expenses of the Senate instead of by transfer and counter warrant prepared by the Procurement Division.

LOUIS LUDLOW,
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M. A. ZIONCHECK,
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EDWARD C. MORAN, Jr.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

The SPEAKER. The question is on the adoption of the conference report.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. LUDLOW. Certainly.

Mr. TABER. I wish the gentleman would explain the effect of the amendment with reference to the restaurants.

Mr. LUDLOW. The effect of it is that the legislation that has been carried so long in our appropriation bill is made applicable hereafter only to the House restaurant and as the gentleman will note, there is a separate new provision on page 11 for the Senate restaurant.

Mr. TABER. Does that provide that the same provision shall apply to the Senate restaurant that applies to the House restaurant?

Mr. LUDLOW. It does not; and if the gentleman will read the language on page 11 he will see the difference. There is an appropriation provided for the Senate restaurant and they also insert a provision for an extra charge of 10 percent on each order in excess of 10 cents served in the restaurant and 20 percent on all orders served outside of the restaurant in order to recoup the expenses of the Senate restaurant. This is a different provision and puts the Senate restaurant on a different basis from the House restaurant.

Mr. TABER. It is rumored that there are tremendous credits allowed to the Senators in the Senate restaurant and that they are not paid. Does the gentleman know anything about that situation?

Mr. LUDLOW. I will say to the gentleman that that could in no way come under the cognizance of the conferees. I have heard the rumors that the gentleman refers to, but that is a matter that in no way could come under the juris-

diction of the conferees, the Senate restaurant being under the Senate Committee on Rules and distinctly a Senate matter.

Mr. TABER. It seems to me that practice ought not to exist.

Mr. LUDLOW. I think the gentleman quite right, if it does exist.

Mr. TABER. And if we could, we should do something to stop it.

Mr. LUDLOW. I am unable to understand what we could do in this bill, especially on a conference report, with respect to that particular matter. The gentleman is an older legislator than I am, and I defer to his judgment on it. I deplore the situation, if it does exist, just as much as the gentleman does, but I see nothing we can do about it in connection with this report.

Mr. TABER. There is no such situation in our restaurant, as I understand it.

Mr. LUDLOW. That is absolutely true. The House restaurant is conducted aboveboard in every way. Representative LINDSAY WARREN, Chairman of the Committee of Accounts, has made a splendid success in the management of the House restaurant. After a long past of failures and vicissitudes, it is now running "in the black" under Mr. WARREN'S able management, which is quite an achievement, I would say.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that amendments numbered 1 and 2 may be considered together, as they have reference to the same subject matter.

The SPEAKER. Without objection, it is so ordered, and the Clerk will report the amendments.

The Clerk read as follows:

Page 1, line 10, after the word "mileage", insert "of the President of the Senate and."

Amendment no. 2: Page 1, line 11, after "$51,000" insert "and hereafter the President of the Senate shall be paid mileage at the same rate and in the same manner as now allowed by law to Senators, Members of the House of Representatives, and Delegates in Congress."

Mr. LUDLOW. Mr. Speaker, I move to recede and concur in the two Senate amendments.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. Certainly.

Mr. TABER. I wish the gentleman would explain this amendment.

Mr. LUDLOW. I shall be pleased to explain it. Every other person associated with the Membership of either House of Congress under the statute receives an allowance for mileage. The only person associated with the Membership who does not receive such an allowance is the President of the Senate. This provision, which was adopted by the Senate and retained by the conferees, puts him in the same status as any other Member, including the Speaker of the House, who receives mileage.

Mr. TABER. This has never been done before?

Mr. LUDLOW. I understand it has not.

Mr. TABER. And the Vice President receives a salary along the line of a Cabinet officer?

Mr. LUDLOW. He receives exactly the same salary as the Speaker receives, and the Speaker, as a Member of the House, receives mileage. The Senate contended, and the conferees agreed, with the contention, that the President of the Senate is rightfully in the same status as any Member of the House or the Senate and in the same status as the Speaker, and therefore it was agreed that he should have mileage along with the others.

Mr. TABER. Mr. Speaker, while I have the greatest respect for the Vice President, it seems to me we ought not at this time to add further burdens on the Government, and I think when it comes to a vote on these amendments I shall ask for a division and a roll call.

Mr. LUDLOW. Does not the gentleman think that inasmuch as the Vice President is the presiding officer of the Senate he should have mileage just the same as the Speaker of the House?

Mr. TABER. He is elected Vice President and given the same status and salary as a Cabinet officer. It seems to me that we ought not to upset that.

Mr. LUDLOW. In answer to what the gentleman from New York says, the President of the Senate is in the same situation as Members of the House and Senate—he lives a long distance away, has to pay his expenses going and coming. He lives much farther away from the seat of government than the Speaker, and no one disputes that the Speaker is rightfully entitled to mileage. It does seem to me that in all justice he is entitled to the same mileage that any Member of the House or Senate is. The gentleman from New York is a true economist, and I hope I am one. We stand together and fight shoulder to shoulder for economy in government. I have the greatest respect for him, but I submit that in our zeal for economy we should be careful not to do an injustice.

The SPEAKER. The question is on the motion of the gentleman from Indiana to recede and concur.

The question was taken; and the Speaker announced that there were 90 ayes and 46 noes.

Mr. TABER. Mr. Speaker, I object to the vote and make the point that no quorum is present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, and the Clerk will call the roll.

The question was taken; and there were—yeas 284, nays 74, not voting 71, as follows:

[Roll No. 108]

YEAS—284

Adair	Dempsey	Hook	Montet
Andrew, Mass.	Dickstein	Houston	Moran
Arnold	Dies	Huddleston	Moritz
Ashbrook	Disney	Imhoff	Nelson
Ayers	Ditter	Jacobsen	Nichols
Barden	Dobbins	Jenckes, Ind.	Norton
Beam	Dockweiler	Johnson, Okla.	O'Brien
Beiter	Dorsey	Johnson, Tex.	O'Connell
Bell	Doughton	Johnson, W. Va.	O'Connor
Berlin	Doxey	Jones	O'Day
Biermann	Drewry	Kee	O'Leary
Binderup	Driscoll	Keller	O'Malley
Bland	Duffy, N. Y.	Kelly	O'Neal
Blanton	Duncan	Kennedy, N. Y.	Owen
Bloom	Dunn, Miss.	Kenney	Palmisano
Boehne	Dunn, Pa.	Kerr	Parsons
Boileau	Eagle	Kinzer	Patman
Boland	Eckert	Kleberg	Patterson
Boylan	Edmiston	Kloeb	Patton
Brennan	Eicher	Kniffin	Pearson
Brown, Ga.	Ellenbogen	Kocialkowski	Peterson, Fla.
Brown, Mich.	Evans	Kramer	Peterson, Ga.
Brunner	Faddis	Kvale	Pettengill
Buchanan	Farley	Lambeth	Pfeifer
Buckbee	Fenerty	Lanham	Pierce
Buckler, Minn.	Ferguson	Larrabee	Pittenger
Burch	Fernandez	Lea, Calif.	Rabaut
Cannon, Mo.	Fiesinger	Lewis, Colo.	Ramspeck
Carmichael	Fitzpatrick	Lewis, Md.	Randolph
Cary	Fletcher	Lloyd	Rankin
Castellow	Focht	Luckey	Ransley
Celler	Ford, Miss.	Ludlow	Rayburn
Chandler	Fulmer	Lundeen	Reed, Ill.
Chapman	Gambrill	McAndrews	Reilly
Citron	Gasque	McClellan	Rich
Claiborne	Gassaway	McCormack	Richards
Clark, N. C.	Gavagan	McFarlane	Richardson
Coffee	Gildea	McGehee	Robertson
Colden	Gillette	McGrath	Robinson, Utah
Cole, Md.	Gingery	McGroarty	Robsion, Ky.
Colmer	Granfield	McKeough	Rogers, Mass.
Connery	Gray, Ind.	McLaughlin	Rogers, N. H.
Cooley	Gray, Pa.	McLeod	Rogers, Okla.
Cooper, Tenn.	Green	McMillan	Romjue
Corning	Greenway	McReynolds	Rudd
Costello	Greever	Mahon	Russell
Cox	Gregory	Maloney	Sadowski
Cravens	Griswold	Mansfield	Sanders, Tex.
Crosby	Haines	Martin, Colo.	Sandlin
Cross, Tex.	Hancock, N. C.	Mason	Sauthoff
Crosser, Ohio	Harlan	Massingale	Schaefer
Crowe	Hart	Maverick	Schneider
Crowther	Harter	May	Schuetz
Cullen	Healey	Mead	Schulte
Cummings	Higgins, Mass.	Meeks	Scott
Daly	Hildebrandt	Merritt, N. Y.	Scrugham
Darden	Hill, Ala.	Miller	Secrest
Darrow	Hill, Knute	Mitchell, Ill.	Sirovich
Deen	Hill, Samuel B.	Monaghan	Smith, Wash.
Delaney	Hobbs	Montague	Smith, W. Va.

Snyder	Tarver	Utterback	White
Somers, N. Y.	Taylor, Colo.	Vinson, Ga.	Whittington
South	Terry	Vinson, Ky.	Wilcox
Spence	Thomason	Wallgren	Williams
Stack	Thompson	Warren	Wilson, La.
Starnes	Tolan	Wearin	Withrow
Stewart	Tonry	Weaver	Wolfenden
Stubbs	Truax	Welch	Wood
Sullivan	Turner	Werner	Woodrum
Sutphin	Turpin	West	Zimmerman
Sweeney	Umstead	Whelchel	Zioncheck

NAYS—74

Allen	Dondero	Jenkins, Ohio	Reece
Andresen	Eaton	Kahn	Reed, N. Y.
Andrews, N. Y.	Ekwall	Kimball	Seger
Arends	Engel	Lambertson	Short
Bacharach	Fish	Lemke	Snell
Bacon	Gearhart	Lord	Stefan
Blackney	Gehrmann	McLean	Taber
Bolton	Gilchrist	Maas	Taylor, Tenn.
Brewster	Goodwin	Mapes	Thom
Burdick	Gwynne	Marcantonio	Thomas
Burnham	Halleck	Marshall	Tobey
Carlson	Hancock, N. Y.	Martin, Mass.	Wadsworth
Carpenter	Hess	Merritt, Conn.	Wigglesworth
Cartwright	Higgins, Conn.	Michener	Wilson, Pa.
Christianson	Hoeppel	Millard	Wolcott
Church	Hoffman	Mitchell, Tenn.	Woodruff
Collins	Hollister	Mott	Young
Crawford	Holmes	Plumley	
Culkin	Hull	Powers	

NOT VOTING—71

Amlie	Dingell	Kennedy, Md.	Sabath
Bankhead	Dirksen	Knutson	Sanders, La.
Brooks	Doutrich	Kopplemann	Sears
Buck	Driver	Lamneck	Shanley
Buckley, N. Y.	Duffey, Ohio	Lee, Okla.	Shannon
Bulwinkle	Englebright	Lehlbach	Sisson
Caldwell	Flannagan	Lesinski	Smith, Conn.
Cannon, Wis.	Ford, Calif.	Lucas	Smith, Va.
Carter	Frey	McSwain	Steagall
Casey	Fuller	Murdock	Sumners, Tex.
Cavicchia	Gifford	Oliver	Taylor, S. C.
Clark, Idaho	Goldsborough	Parks	Thurston
Cochran	Greenwood	Perkins	Tinkham
Cole, N. Y.	Guyer	Peyser	Treadway
Cooper, Ohio	Hamlin	Polk	Underwood
Dear	Hartley	Quinn	Walter
DeRouen	Hennings	Ramsay	Wolverton
Dietrich	Hope	Ryan	

So the motion to recede and concur was agreed to.

The following pairs were announced:

On the vote:

Mr. Sumners of Texas (for) with Mr. Cole of New York (against).

Until further notice:

Mr. Greenwood with Mr. Treadway.
Mr. Fuller with Mr. Hope.
Mr. Steagall with Mr. Cooper of Ohio.
Mr. Oliver with Mr. Dirksen.
Mr. Sears with Mr. Carter.
Mr. Flannagan with Mr. Guyer.
Mr. Driver with Mr. Lehlbach.
Mr. Parks with Mr. Ransley.
Mr. Bankhead with Mr. Wolverton.
Mr. McSwain with Mr. Amlie.
Mr. Kennedy of Maryland with Mr. Hartley.
Mr. Goldsborough with Mr. Michener.
Mr. Cochran with Mr. Perkins.
Mr. Underwood with Mr. Thurston.
Mr. Sisson with Mr. Knutson.
Mr. Dear with Mr. Tinkham.
Mr. Bulwinkle with Mr. Gifford.
Mr. Taylor of South Carolina with Mr. Cavicchia.
Mr. DeRouen with Mr. Englebright.
Mr. Hennings with Mr. Hamlin.
Mr. Walter with Mr. Smith of Connecticut.
Mr. Dingell with Mr. Frey.
Mr. Ramsay with Mr. Sanders of Louisiana.
Mr. Duffey of Ohio with Mr. Ford of California.
Mr. Brooks with Mr. Lamneck.
Mr. Lucas with Mr. Buck.
Mr. Caldwell with Mr. Lee of Oklahoma.
Mr. Casey with Mr. Buckley of New York.
Mr. Murdock with Mr. Clark of Idaho.
Mr. Dietrich with Mr. Ryan.
Mr. Polk with Mr. Quinn.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. LUDLOW. Mr. Speaker, I ask that amendments 3 to 10, inclusive, and 12 to 32, inclusive, be considered together, as they refer to the same subject matter, that the reading be omitted, and that they be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The amendments are as follows:

Amendment no. 3: Page 2, line 20, strike out "minute and Journal clerk" and insert "Parliamentarian and Journal clerk."

Amendment no. 4: Page 3, line 8, strike out "three" and insert "four."

Amendment no. 5: Page 3, line 10, strike out "messenger in library, $1,380."

Amendment no. 6: Page 3, line 11, strike out "assistant in library, $1,740" and insert "two assistants in the library at $1,740 each."

Amendment no. 7: Page 3, line 14, strike out the sum "$120,120" and insert "$123,360."

Amendment no. 8: Page 4, line 14, strike out "assistant clerk, $2,220" and insert "two assistant clerks at $2,220 each."

Amendment no. 9: Page 5, line 13, insert after the sum "$3,900" "law clerk, $3,600."

Amendment no. 10: Page 6, line 14, strike out "three" and insert "four."

Amendment no. 12: Page 7, line 6, strike out "assistant clerk, $2,220", and insert "two assistant clerks at $2,220 each."

Amendment no. 13: Page 7, line 8, strike out "$493,200" and insert "$503,460."

Amendment no. 14: Page 8, line 1, after the figures "$2,640", insert "one, $2,100."

Amendment no. 15: Page 8, line 1, strike out "four" and insert "three."

Amendment no. 16: Page 8, line 2, insert after the word "each", "one, to the secretary for the majority, $1,800."

Amendment no. 17: Page 8, line 3, after the word "messengers", insert "one, $2,640."

Amendment no. 18: Page 8, line 3, strike out "three" and insert "four."

Amendment no. 19: Page 8, line 5, strike out "thirty" and insert "twenty-nine."

Amendment no. 20: Page 8, line 7, insert "and $240 additional so long as the position is held by the present incumbent."

Amendment no. 21: Page 8, line 18, strike out the word "eleven" and insert the word "thirteen."

Amendment no. 22: Page 8, line 22, strike out "one, $1,440" and insert "three at $1,440 each."

Amendment no. 23: Page 8, line 23, strike out "twenty-five" and insert "twenty-nine."

Amendment no. 24: Page 8, line 24, after the word "each", insert "three, at $480 each."

Amendment no. 25: Page 9, line 1, strike out "six" and insert "seven."

Amendment no. 26: Page 9, line 3, strike out the sum of "$235,748" and insert "$254,868."

Amendment no. 27: Page 9, line 6, insert after "Arms" "Lieutenant, $1,740."

Amendment no. 28: Page 9, line 6, strike out the word "Special with a capital S" and insert "special with a lower case s."

Amendment no. 29: Page 9, line 8, strike out the sum of "$51,960" and insert "$53,700."

Amendment no. 30: Page 9, line 10, strike out the sum of "$3,060" and insert "$3,600."

Amendment no. 31: Page 9, line 12, strike out the word "twenty" and insert "twenty-six."

Amendment no. 32: Page 9, line 13, strike out the sum of "$42,840" and insert "$53,100."

Mr. LUDLOW. Mr. Speaker, I move that the House further insist on its disagreement to all these amendments, and I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, these amendments provide for 27 new jobs and 5 increases of salary, running into quite a lot of money. It is only 3 or 4 months ago that we created a lot of new jobs. I do not believe that it is becoming to Congress to create new jobs and increase salaries at the present time. I think the motion of the gentleman from Indiana should prevail, and the House should insist on its disagreement to the Senate amendments. [Applause.] I hope the vote in the House will be unanimous.

Mr. WHITTINGTON. What are these jobs?

Mr. TABER. Clerks, law clerks, messengers, and one messenger's salary is increased.

Mr. LUDLOW. Our subcommittee is in entire harmony with the remarks of the gentleman from New York, and I hope the motion will be adopted unanimously.

The SPEAKER. The question is on the motion of the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 176, noes 0.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 35: At the top of the page, strike out lines 1 to 5, inclusive, which reads: "No part of any appropriation contained

in this act, except the appropriations available for heated and lighted space and janitor service and for equipment for restaurants and kitchens, shall be used for the operation of any restaurant."

And insert in lieu thereof the following:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate under the supervision of the Committee on Rules, United States Senate, $35,000: *Provided*, That said Committee on Rules is hereby authorized and directed hereafter to add a minimum of 10 percent to each order in excess of 10 cents served in the said restaurants and 20 percent to all orders served outside of said restaurants, and the proceeds accruing therefrom shall be placed in a fund to be used in the payment of any deficit incurred in the management of such kitchens and restaurants.

Mr. LUDLOW. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 39: After line 14, on page 12, insert: "Payments from the contingent fund of the Senate for materials and supplies (including fuel) hereafter purchased through the Procurement Division of the Treasury Department shall be made by check upon vouchers approved by the Committee to Audit and Control the Contingent Expenses of the Senate."

Mr. LUDLOW. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

Mr. LUDLOW. Mr. Speaker, I move that the House further insist on its disagreement to the Senate amendments and ask for a conference.

The motion was agreed to.

The Chair appointed the following conferees:

Messrs. LUDLOW, SNYDER, ZIONCHECK, DOCKWEILER, MORAN, BUCHANAN, and POWERS.

NATIONAL PARK TRUST FUND BOARD

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent for the present consideration of S. 2074, to create a National Park Trust Fund Board, and for other purposes, which has already been passed by the Senate, a similar House bill, H. R. 6734, having been passed by the House.

The SPEAKER. The gentleman from Texas asks unanimous consent for the present consideration of the bill S. 2074, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That a board is hereby created and established, to be known as the National Park Trust Fund Board (hereinafter referred to as the Board) which shall consist of the Secretary of the Treasury, the Secretary of the Interior, the Director of the National Park Service, and two persons appointed by the President for a term of 5 years each (the first appointments being for 3 and 5 years respectively). Three members of the Board shall constitute a quorum for the transaction of business, and the Board shall have an official seal, which shall be judicially noticed. The Board may adopt rules and regulations in regard to its procedure and the conduct of its business.

No compensation shall be paid to the members of the Board for their services as such members, but they shall be reimbursed for the expenses necessarily incurred by them, out of the income from the fund or funds in connection with which such expenses are incurred.

SEC. 2. The Board is hereby authorized to accept, receive, hold, and administer such gifts or bequests of personal property for the benefit of, or in connection with, the National Park Service, its activities, or its service, as may be approved by the Board, but no such gift or bequest which entails any expenditure not to be met out of the gift, bequest or the income thereof shall be accepted without the consent of Congress.

The moneys or securities composing the trust funds given or bequeathed to the Board shall be receipted for by the Secretary of Treasury, who shall invest, reinvest, or retain investments as the Board may from time to time determine. The income, as and when collected, shall be covered into the Treasury of the United States in a trust fund account to be known as the "National Park Trust Fund" subject to disbursement by the Division of Disbursement, Treasury Department, for the purposes in each case specified: *Provided, however*, That the Board is not authorized to engage in any business, nor shall the Secretary of the Treasury make any investment for account of the Board that may not lawfully be made by a trust company in the District of Columbia, except that the Secretary may make any investments directly authorized by the instrument of gift, and may retain any investments accepted by the Board.

SEC. 3. The Board shall have perpetual succession, with all the usual powers and obligations of a trustee, including the power to sell, except as herein limited, in respect of all property, moneys, or securities which shall be conveyed, transferred, assigned, bequeathed, delivered, or paid over to it for the purposes above specified. The Board may be sued in the Supreme Court of the District of Columbia, which is hereby given jurisdiction of such suits, for the purpose of enforcing the provisions of any trust accepted by it.

SEC. 4. Nothing in this act shall be construed as prohibiting or restricting the Secretary of the Interior from accepting, in the name of the United States, gifts or bequests of money for immediate disbursement or other property in the interest of the National Park Service, its activities, or its service, as heretofore authorized by law.

SEC. 5. Gifts or bequests to or for the benefit of the National Park Service, including those to the Board, and the income therefrom, shall be exempt from all Federal taxes.

SEC. 6. The Board shall submit to the Congress an annual report of the moneys or securities received and held by it and of its operations.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill (H. R. 6734) was laid on the table.

PERSHING HALL

The SPEAKER. Without objection, the bill H. R. 8443 will be laid on the table, a similar Senate bill, 2917, authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers and men of the expeditionary forces, and for other purposes, having been passed yesterday.

There was no objection.

CALL OF THE HOUSE

Mr. CONNERY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. Evidently there is not.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 109]

Andrews, N. Y.	Duffey, Ohio	Hope	Quinn
Bankhead	Englebright	Kennedy, Md.	Ramsay
Bland	Farley	Kleberg	Reilly
Buck	Ferguson	Lamneck	Richards
Buckley, N. Y.	Fish	Lee, Okla.	Russell
Bulwinkle	Flannagan	Lehlbach	Ryan
Cannon, Mo.	Ford, Calif.	Lemke	Sears
Carter	Frey	Lesinski	Shannon
Casey	Fuller	McClellan	Sisson
Clark, Idaho	Gassaway	Mahon	Smith, Conn.
Cochran	Gifford	Maloney	Smith, Va.
Cole, N. Y.	Goldsborough	Meeks	Spence
Corning	Gray, Pa.	Miller	Steagall
Cox	Greenway	Montague	Summers, Tex.
Cross, Tex.	Greenwood	Montet	Taylor, S. C.
Crowther	Guyer	Murdock	Thurston
Dear	Haines	Nichols	Tinkham
Dempsey	Hamlin	Oliver	Treadway
DeRouen	Hancock, N. C.	Parks	Underwood
Dietrich	Hart	Patton	Walter
Dingell	Harter	Perkins	Wolverton
Dirksen	Hartley	Pettengill	Wood
Doutrich	Hennings	Peyser	
Driscoll	Hollister	Polk	

The SPEAKER. Three hundred and thirty-four Members have answered to their names, a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

NATIONAL LABOR RELATIONS BOARD

Mr. CONNERY. Mr. Speaker, I call up the conference report upon the bill (S. 1958) to diminish the causes of labor

disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TABER. In the copy of the bill that is available at the Doorkeeper's desk, it appears that the Ramspeck amendment, which was adopted on page 9728 of the RECORD, has not been printed. Does this appear in the engrossed copy of the bill?

Mr. RAMSPECK. It does. That was an error on the part of the printing clerk in the Senate.

The SPEAKER. It appears in the engrossed copy of the bill, House amendment no. 11, page 4.

The Clerk will read the statement.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 9, 23, 24, and 25.

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"SECTION 1. The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce by (a) impairing the efficiency, safety, or operation of the instrumentalities of commerce; (b) occurring in the current of commerce; (c) materially affecting, restraining, or controlling the flow of raw materials or manufactured or processed goods from or into the channels of commerce, or the prices of such materials or goods in commerce; or (d) causing diminution of employment and wages in such volume as substantially to impair or disrupt the market for goods flowing from or into the channels of commerce.

"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries.

"Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.

"It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection."

And the House agree to the same.

Amendment numbered 11: That the Senate recede from its disagreement to the amendment of the House numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(b) The Board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit or subdivision thereof."

And the House agree to the same.

WILLIAM P. CONNERY, Jr.,
ROBERT RAMSPECK,
GLENN GRISWOLD,
RICHARD J. WELCH,
W. P. LAMBERTSON,
Managers on the part of the House.

DAVID I. WALSH,
ROBERT M. LA FOLLETTE, Jr.,
JAMES E. MURRAY,
WM. E. BORAH,
LOUIS MURPHY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 1958) to create a National Labor Relations Board, and for other purposes, submit the following statement of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The conference agreement accepts the first House amendment, striking out from the caption to section 1 the words "declaration of", so that the caption now reads "findings and policy." The omitted words were superfluous.

The Senate receded from its disagreement to House amendment no. 2, and the conferees agreed upon the same with minor amendments. The House redrafting of section 1 was thought by the conferees to contain a better statement of the jurisdictional basis of the bill. The conference struck out the words "interstate and foreign" modifying the word "commerce", appearing at four places in the section. The word "commerce" is defined in subsection 6 of section 2 as meaning interstate and foreign commerce. It is therefore confusing to use the adjectives "interstate and foreign" in various places in section 1, especially when these adjectives are not consistently used each time the word "commerce" appears in the section. The slight verbal change at the end of section 1 simply uses the plural to conform to the use in the preceding paragraphs of the section and in conformity with the general statement of rights in section 7.

The conference agreement accepted House amendment no. 3 as constituting a more accurate definition of the term "commerce." As originally defined in subsection 6 of section 2 the term included "any transportation or communication relating thereto." This was thought to be too broad a statement.

House amendment no. 4 effects a minor change in subsection 7 of section 2 by removing a tautological phrase. The idea is preserved in the phrase "tending to lead to a labor dispute", etc. The conference agreement accepts this amendment.

When the Senate passed S. 1958 it was assumed that the bill would become a law before June 16, 1935, on which date the National Labor Relations Board created pursuant to Public Resolution 44, Seventy-third Congress, expired. Meanwhile, the President by a new Executive order of June 15, 1935, reestablished and continued the Board in existence pursuant to his authority under title I of the National Industrial Recovery Act as amended. House amendment no. 5 makes it clear that the term "old Board" as defined in subsection 11 of section 2, describes the Board which is at present in existence. This amendment is important in view of the provision at the end of section 4 (b) transferring to the Board to be created by S. 1958 the unexpended funds and appropriations of the old Board. The conference agreement accepts this amendment.

Section 3 (a) of the Senate bill provided: "There is hereby created as an independent agency in the executive branch of the Government a board, to be known as the 'National Labor Relations Board'." House amendment no. 6 strikes out the phrase "as an independent agency in the executive branch of the Government." The Board as contemplated in the bill is in no sense to be an agency of the executive branch of the Government. It is to have a status similar to that of the Federal Trade Commission, which as the Supreme Court pointed out in the Schechter case, is a quasi-judicial and quasi-legislative body. The conference agreement accepts this amendment.

The conference agreement accepts House amendment no. 7, stating specifically the circumstances under which a member of the Board may be removed. This amendment is desirable in the light of the decision of the Supreme Court in *Rathbun v. United States*, decided May 27, 1935, involving the removal by the President of Commissioner Humphreys of the Federal Trade Commission. If Congress in creating the Board vests the appointing power in the President, it might be implied that it is intended to vest also in the President a general power of removal as an incident to the power to appoint. This inference is negatived by an express provision stating the conditions under which a member of the Board may be removed. Similar provisions are found in the Railway Labor Act of 1934 and in the Federal Trade Commission Act.

House amendment no. 8 strikes out from section 4 (b) the provision continuing the court proceedings and orders of the old Board. The conference agreement accepts this amendment. All cases of the old Board pending in the courts have already been

dropped, at the direction of the Attorney General, in view of the Schechter case, which invalidated the codes of fair competition as having been founded upon an improper delegation of legislative power to the President. Section 7 (a), which was the basis of the old Board's activity, became inoperative, because section 7 (a) was effective only insofar as its provisions were inserted in the codes.

Section 4 (b) of the Senate bill provided that all employees of the old Board should be transferred to and become employees of the Board "without acquiring by such transfer a permanent civil-service status." House amendment numbered 9 proposed to strike out this quoted phrase. The conference agreement rejects the House amendment and reinstates the language of the Senate bill. The result is that all employees of the old Board will be carried over as provided in the Senate bill, but such transfer will not of itself confer a civil-service status upon such employees of the old Board as have not now such status. The conferees thought that employees of the old Board should not be blanketed into the civil service without the usual formalities provided by law.

The conference agreement accepted House amendment no. 10 as constituting a more accurate citation of the National Industrial Recovery Act.

House amendment no. 11, which redrafted section 9 (b), embodied two changes from the Senate bill. The first change undertook to express more explicitly the standards by which the Board is to be guided in deciding what is an appropriate bargaining unit. The conference agreement accepts this part of the amendment. The amendment also added a proviso designed to limit the otherwise broad connotation that might be put upon the phrase "or other unit." The proviso, however, was subject to some misconstructions and the conferees have agreed that the simplest way to deal with the matter is to strike out the undefined phrase "other unit." It was also agreed to insert after "plant unit" the phrase "or subdivision thereof." This was done because the National Labor Relations Board has frequently had occasion to order an election in a unit not as broad as "employer unit", yet not necessarily coincident with the phrases "craft unit" or "plant unit"; for example, the "production and maintenance employees" of a given plant.

House amendment no. 12 inserts the phrase "upon due notice" in section 9 (c) providing for hearings by the Board on the issue of collective bargaining representation. The conference agreement accepted this amendment out of abundant caution, though it would perhaps be implied that a requirement of a hearing includes due notice to the parties.

House amendment no. 13 was accepted by the conference agreement. It is a purely formal matter. The appropriate term for the intervention of a person in a quasi-judicial person is "intervene" rather than "appear." House amendment no. 14 was accepted by the conference agreement as a verbal change to conform with the preceding amendment.

Section 10 (e) of the Senate bill provided that "if such person fails or neglects to obey such order of the Board while the same is in effect, the Board may" petition any circuit court of appeals, etc. House amendment no. 15 strikes out the quoted phrase and substitutes "The Board shall have power to" petition any circuit court of appeals, etc. The conference agreement accepts this amendment. The purpose is to provide for more expeditious procedure. Delay in enforcement procedure due to technicalities would be especially harmful under this act. It is the purpose of this amendment to authorize the Board to apply to the courts for an enforcement order, without encountering the delay resulting from certain court decisions (a small minority) under the Federal Trade Commission Act, requiring the Commission to show in every case that its order is being disobeyed before the court will even proceed to consider the matter on its merits, or render a decree enforcing the Board's order. As the majority of courts have declared under the Federal Trade Commission Act, neither the administrative body nor the courts are required to assume in the ordinary case that the unlawful practice in question, even though presently terminated, will not be resumed in the future. If such practice is resumed, there will be immediately available to the Board an existing court decree to serve as a basis for contempt proceedings.

House amendment no. 16 was accepted in the conference agreement as conforming to the language of the Federal Trade Commission Act, in using the language of authorization rather than mandatory language in empowering the court to enter the appropriate decree.

House amendment no. 17 is clarifying language to cover the contingency where the court has occasion to modify an order of the Board. In such case the court is given by the amendment the power to enforce the Board's order as modified, as fully as in the case where the court affirms the Board's order without modification.

The conference agreement accepts House amendment no. 18. This amendment to section 10 (f), applying to a case where a party petitions the circuit court of appeals to review the order of the Board, brings that subsection in conformity with section 10 (e) as amended.

House amendment no. 19, adding the phrase "and enforcing as so modified" to section 10 (h), was accepted by the conference agreement as conforming to the changes in the previous amendments.

The conference agreement accepted House amendments nos. 20, 21, and 22 as constituting merely formal corrections in the citations of the various statutes.

House amendment no. 23 inserted a new section providing that "Nothing in this act shall abridge the freedom of speech or of the press as guaranteed in the first amendment to the Constitution." The conference agreement rejected this amendment as having no proper place in the bill. There is no reason why the Congress should single out this provision of the Constitution for special affirmation. The amendment could not possibly have had any legal effect, because it was merely a restatement of the first amendment to the Constitution, which remains the law of the land, irrespective of congressional declaration.

House amendments nos. 24 and 25 merely renumbered the sections as made necessary by House amendment no. 23 inserting a new section. Since the conference agreement has stricken out House amendment no. 23, House amendments nos. 24 and 25 become unnecessary and are rejected by the conference agreement.

The conference agreement accepts the House amendment to the title of the bill, because it describes more accurately the jurisdictional basis for the bill.

WILLIAM P. CONNERY, Jr.,
RICHARD J. WELCH,
GLENN GRISWOLD,
ROBERT RAMSPECK,
W. P. LAMBERTSON,
Managers on the part of the House.

The SPEAKER. The question is on the adoption of the conference report.

Mr. CONNERY. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, there were two matters in this bill in which I was very much interested, one being the making of the Board an independent agency, without any connection with the executive department. That is retained in the bill. The other was an amendment limiting the authority of the Board to designate units appropriate for collective bargaining.

We have worked out a compromise with reference to that amendment which accomplishes, in my opinion, exactly the object I had in mind, which is to limit the jurisdiction of the Board in setting up units appropriate for collective bargaining, to plant units, craft units, or employer units, the employer unit being the largest unit constituted.

In this connection I want to pay tribute to the fairness and generosity of the distinguished Chairman of the Committee on Labor [Mr. CONNERY]. [Applause.] I think this House ought to know that although he fought this amendment vigorously on the floor when it was being considered, after it was adopted he insisted and continued to insist that I have a fair opportunity to work out a compromise, and he not only did that but he helped me work it out. A great part of the credit is due to him for the success of this amendment, which I think is in keeping with the spirit of the act, which was to give free determination to the working people of this country. It is satisfactory to everybody involved, and I hope the report will be adopted without any question. [Applause.]

Mr. TABER. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. TABER. Is it not a fact that under the language of the provision as suggested by the conference the craft unit can be as broad as the entire country?

Mr. RAMSPECK. There is some question about that, I will say to the gentleman from New York.

Mr. TABER. Does not that language destroy the beneficial effect of the amendment which the gentleman procured?

Mr. RAMSPECK. I do not think so. The way "craft unit" is generally understood in the labor circles and in labor-union circles, it is such that I do not think it could be stretched to include varying classes of workers, as could have been done under the original language of the bill in the expression "other units." It might possibly take in such things as electrical workers in several different plants under a craft unit, but the Board certainly could not go out and take a group of factories—say, 5 factories in the gentleman's city, 4 of which were organized and 1 of which had declined to organize—and put them all into one unit and force in the employees of the fifth factory against their will.

Mr. TABER. They could, however, put in all of those who belonged to the same craft?

Mr. RAMSPECK. It is possible they might do that, although the Labor Board representative tells me that they do not think that they would do that.

Mr. TABER. Why should we permit them to do it when we all know it should not be done?

Mr. RAMSPECK. The gentleman has been in many conferences, many more than I have, and the gentleman knows he cannot always get all that he wants, but I am satisfied and I think we have accomplished the real purpose that I had in mind.

Mr. MEAD. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. MEAD. I really believe that the compromise which the gentleman has worked out will more practically fit the situation to be met by the Labor Board than the original suggestion which the gentleman offered on the floor of the House. Take, for example, the coal miners, spread over a number of States, with the operators themselves organized and working in close harmony one with the other, it would be to the distinct disadvantage of labor if every mine was held as a distinct unit. The proposal which is brought in here will give the Labor Board certain administrative latitude that will enable all of the miners to enjoy a union that will cover the various fields and enable them to give proper and common consideration to their views. I think it is a very good suggestion.

Mr. RAMSPECK. I appreciate the gentleman's views about the matter.

Mr. RICH. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. RICH. In the bill it sets up the fact that manufacturers may not do anything to coerce their employees to join a union. On the other hand, there is nothing in the bill that prohibits radical labor leaders or radical individuals from trying to have employees who are perfectly satisfied in a plant, being compelled to join a union that labor leaders would like to have them join. Why does not the bill contain something like that?

The SPEAKER. The time of the gentleman from Georgia [Mr. RAMSPECK] has expired.

Mr. CONNERY. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. RAMSPECK. That matter is not involved in the conference. I do not agree with the gentleman, however, that they can be forced, under this bill, to join any union. There is nothing in the bill which will force anybody to join a union under any circumstances.

Mr. RICH. Then I should like to have the gentleman point that out to me in the bill.

Mr. RAMSPECK. Can the gentleman point out to me where there is anything to force them in?

Mr. TABER. Will the gentleman yield further?

Mr. RAMSPECK. I yield.

Mr. TABER. There is a situation where the closed shop can be forced on them and they can be forced out of their jobs if they do join?

Mr. RAMSPECK. But that has to be agreed to by the employer?

Mr. TABER. Not by their individual employer but only the group.

Mr. RAMSPECK. It has to be agreed to by every employer.

Mr. TABER. Oh, no; not under this.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. LANHAM. In order to clarify the legislative situation with reference to Senate amendment no. 23, which reads:

Nothing in this act shall abridge the freedom of speech, or of the press, as guaranteed in the first amendment to the Constitution.

I call attention to the statement in the conference report:

The conference agreement rejected this amendment as having no proper place in the bill. There is no reason why the Congress should single out this provision of the Constitution for special affirmation. The amendment could not possibly have had any legal effect, because it was merely a restatement of the first amendment to the Constitution, which remains the law of the land irrespective of congressional declaration.

My understanding is that the legislative intent with reference to this measure insofar as the first amendment to the Constitution is concerned is carried out just as effectively by the amendment placed upon this bill in the House as though this amendment had not been stricken out in conference.

Mr. RAMSPECK. I agree with the gentleman absolutely that writing a provision of the Constitution into the bill could not add anything to it, and it ought not to be in the bill; but it is not the intention of this bill to violate any section of the Constitution.

Mr. CONNERY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I want to read the language of the so-called "compromise Ramspeck amendment." It reads as follows:

(b) The board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, or plant unit, or subdivision thereof.

Under this provision the board can fix the craft unit as wide as the country, or within particular bounds. There might be a unit in Boston, another in Cleveland, another in Philadelphia, and all three would be bound by the results of the deliberations of the majority.

I do not believe we ought to put the workingmen of this country in any such precarious position, and I do not think this language would at all protect them. I hope the conference report will not be agreed to.

Mr. CONNERY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 132, noes 45.

Mr. TABER. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-two Members are present, a quorum.

Mr. TABER and Mr. BACON asked for the yeas and nays.

The yeas and nays were refused.

So the conference report was adopted.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Amend the title so as to read: "An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes."

Mr. CONNERY. Mr. Speaker, I move that the House insist upon its amendment to the title.

The motion was agreed to.

A motion to reconsider was laid on the table.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 3012. An act to authorize the transfer of certain lands in Hopkins County, Ky., to the Commonwealth of Kentucky.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) entitled "Joint resolution to provide revenue, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2917. An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate

to the bill (H. R. 7160) entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges."

REVENUE ACT, 1935

Mr. DOUGHTON, from the Committee on Ways and Means, presented the following conference report (Rept. No. 1378) and statement, to accompany House Joint Resolution 324, to provide revenue, and for other purposes, for printing under the rules:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

R. L. DOUGHTON,
SAM B. HILL,
THOS. H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
HENRY W. KEYES,
ROBERT M. LA FOLLETTE, JR.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House joint resolution extended certain excise taxes and first-class postage rates for 2 years. The Senate amendments limit the extension to 1 year; and the Senate recedes.

R. L. DOUGHTON,
SAM B. HILL,
THOS. H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2796) to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2796, the Public Utility Act of 1935, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. RICH. Mr. Chairman, reserving the right to object, this is a very important bill. The membership of the House does not know or understand it. I think it is a bill that ought to be read in its entirety so that every Member may know how to vote when the time for voting comes. Whenever the time comes that a majority member of the committee calls the bill reported out by his committee a "rattlesnake bill", I think it is time that we knew what the bill contained.

Mr. Chairman, I object.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Public Utility Act of 1935."

TITLE I—CONTROL OF PUBLIC-UTILITY HOLDING COMPANIES

NECESSITY FOR CONTROL OF HOLDING COMPANIES

SECTION 1. (a) Public-utility holding companies and their subsidiary companies are affected with a national public interest when, among other things, (1) their securities are widely marketed and distributed by means of the mails and instrumentalities of interstate commerce; (2) their service, sales, construction, and other contracts and arrangements are made and performed by means of the mails and instrumentalities of interstate commerce; (3) their subsidiary public-utility companies sell and transport gas and electric energy by the use of means and instrumentalities of interstate commerce; (4) their practices in respect of and control over subsidiary companies often materially affect the interstate commerce in which those companies engage; or (5) their activities extending over many States are not susceptible of effective control by any State and make difficult, if not impossible, effective State regulation of public-utility companies.

(b) The national public interest requires the exertion of Federal control over the transactions and practices of public-utility holding companies and their subsidiary companies and affiliates, where such companies or subsidiaries or affiliates operate, market securities, and transact business in interstate commerce or through the mails, because, as disclosed by the reports of the Federal Trade Commission made pursuant to Senate Resolution 83 (70th Cong., 1st sess.), the reports of the Committee on Interstate and Foreign Commerce, House of Representatives, made pursuant to House Resolution 56 (72d Cong., 1st sess.) and House Joint Resolution 572 (72d Cong., 2d sess.), and as otherwise disclosed, (1) the securities of such public-utility holding companies, subsidiary companies, and affiliates are sold to a large number of investors in different States; (2) such investors cannot obtain the information necessary to appraise the financial position or earning power of such issuers because of the absence of uniform standard accounts; (3) such securities are frequently issued without the approval or consent of the States having jurisdiction over subsidiary public-utility companies; (4) such securities are often issued upon the basis of fictitious asset values and of paper profits from intercompany transactions and hence do not accurately reflect the sums invested in underlying public-utility properties; (5) such securities are often issued in anticipation of excessive revenues from subsidiaries which if realized would burden consumers, and the failure to realize such revenues, because of State regulation of subsidiary public-utility companies, results in loss to investors who have been led to believe that such revenues are a legitimate part of the issuer's income; (6) such securities, when improvidently issued, subject subsidiary public-utility companies to the burden of supporting an overcapitalized superstructure, to the detriment of investors and consumers, and tend to prevent voluntary rate reductions which over a period of time might promote a greater and more economic use of gas and electric energy and thereby strengthen subsidiary public-utility companies; (7) subsidiary public-utility companies are often subjected to excessive charges for services, construction work, equipment, and materials to the detriment of investors and consumers; (8) subsidiary public-utility companies often enter into transactions with affiliates in which the absence of arm's length bargaining operates to the detriment of investors and consumers; (9) control of subsidiary public-utility companies throughout the United States has often been used to secure to holding companies, their affiliates, and subsidiary construction companies construction work for public-utility companies in restraint of free and independent competition in that field; (10) service, management, construction, and other contracts involve the allocation of charges among subsidiary public-utility companies in different States and present problems of regulation which cannot be dealt with effectively by the States; (11) control of subsidiary public-utility companies materially affects the accounting practices and rate, dividend, and other policies of such companies, thereby in many instances complicating and obstructing State regulation of such subsidiary companies; (12) the growth and extension of holding companies in some cases have borne no relation to the economies of management and operation or to the integration and coordination of related properties, but have been influenced by a desire for economic power and security profits and have tended toward the concentration and monopolization in a few holding-company systems of control of gas and electric utility companies to the detriment of investors, consumers, and the general public; (13) the abuses above enumerated, commonly associated with the activities of many public-utility holding companies, have been so persistent and so wide-spread that they necessitate legislation to control the holding company and eliminate it as an artificial corporate device inherently injurious to investors, consumers, and the general public, except where it is useful and necessary for the operations of a geographically and economically integrated public-utility system.

(c) It is hereby declared to be the policy of this title, in accordance with which policy all the provisions of this title shall be interpreted, to meet the problems and eliminate the evils as enumer-

ated in this section, connected with the public-utility holding companies which are engaged in interstate commerce or in activities which directly affect or burden interstate commerce; and for the purpose of effectuating such policy to compel the simplification of public-utility holding-company systems and the elimination therefrom of properties not economically and geographically related in operations, and to provide at the end of 5 years for the elimination of the public-utility holding company except as otherwise expressly provided in this title.

DEFINITIONS

SEC. 2. (a) When used in this title, unless the context otherwise requires—

(1) "Person" means an individual or company.

(2) "Company" means a corporation, a partnership, an association, a joint-stock company, a business trust, an organized group of persons, whether incorporated or not, or any receiver, trustee, or other liquidating agent of any of the foregoing.

(3) "Electric utility company" means any company which owns or operates facilities for the generation, transmission, or distribution of electric energy for sale or which transmits, sells, distributes, or furnishes electric energy for a charge; but does not mean a company which sells or distributes electric energy solely for the use of its tenants and not for resale: *Provided, however,* That the term "electric utility company" shall not be held to include any company operating within a single State and which sells or otherwise furnishes 75 percent or more of the electric energy which it generates to another company directly or indirectly controlling the generating company, if such controlling company uses and does not resell such electric energy, and if, also, such controlling company is engaged primarily in manufacturing, other than the manufacturing of gas or electric energy, and is not controlled by any other company.

(4) "Gas utility company" means any company which owns or operates facilities for the production, transportation, or distribution of natural or manufactured gas, and which transports, distributes, sells, or furnishes such gas for light, heat, or power for a charge; but does not mean a company whose gas business is confined solely to the production, transportation, sale, or distribution of gas in enclosed portable containers.

(5) "Public-utility company" means an electric utility company or a gas utility company.

(6) "Commission" means the Securities and Exchange Commission.

(7) "Holding company" means—

(A) Any company which, either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, directly or indirectly owns, holds, or controls 10 percent or more of the outstanding voting securities of a public-utility company or of a company which is a holding company by virtue of this clause or clause (B), unless the Commission, as hereinafter provided, by order declares such company not to be a holding company; and

(B) Any person or persons which the Commission determines, after notice and opportunity for hearing, directly or indirectly to exercise such a controlling influence over the management or policies of any public-utility or holding company as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person or persons be subject to the obligations, duties, and liabilities imposed in this title upon holding companies.

The Commission, upon application, shall by order declare that a company is not a holding company under clause (A) if the Commission finds that the applicant (i) does not, either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, directly or indirectly control a public utility or holding company either through one or more intermediary persons or by any means or device whatsoever, (ii) is not an intermediary company through which such control is exercised, and (iii) does not, directly or indirectly, exercise such a controlling influence over the management or policies of any public utility or holding company as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such company be subject to the obligations, duties, and liabilities imposed in this title upon holding companies. The filing of an application hereunder in good faith by a company other than a registered holding company shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a holding company, until the Commission has acted upon such application. As a condition to the entry of any such order and as a part of the terms of any such order, the Commission may require the applicant to apply periodically for a renewal of such order and to do or refrain from doing such acts or things, in respect of exercise of voting rights, control over proxies, designation of officers and directors, existence of interlocking officers, directors, and other relationships, and submission of periodic or special reports regarding affiliations or intercorporate relationships of the applicant, as the Commission may find necessary or appropriate to insure that the applicant during the period for which such order is effective continues to be entitled to the benefits of the findings upon which such order is based. The Commission, upon its own motion or upon application by the company determined not to be a holding company, may, after notice and opportunity for hearing, revoke, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, modification, or confirmation.

(8) "Subsidiary company" of a holding company means—

(A) Any company 10 percent or more of the outstanding voting securities of which are directly or indirectly owned, held, or controlled by such holding company (or by a company that is a subsidiary company of such holding company by virtue of this clause or clause (B)) either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, unless the Commission, as hereinafter provided, by order declares such company not to be a subsidiary company; and

(B) Any person the management or policies of which the Commission, after notice and opportunity for hearing, determines to be subject to a controlling influence, directly or indirectly, by a holding company or companies so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person be subject to the obligations, duties, and liabilities imposed in this title upon subsidiary companies of holding companies.

The Commission, upon application, shall by order declare that a company is not a subsidiary company under clause (A) if the Commission finds that (i) such company is not controlled, directly or indirectly, by a holding company, either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, or through one or more intermediary persons or by any means or device whatsoever, (ii) such company is not an intermediary company through which such control of another company is exercised, and (iii) the management or policies of such company are not subject to a controlling influence, directly or indirectly, by any holding company or companies so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such company be subject to the obligations, duties, and liabilities imposed in this title upon subsidiary companies of holding companies. The filing of an application hereunder in good faith shall exempt such company from any obligation, duty, or liability imposed in this title upon such company as a subsidiary company of a holding company until the Commission has acted upon such application. As a condition to the entry, and as a part of the terms, of any such order, the Commission may require application to be made periodically for a renewal of such order and may require the filing of such periodic or special reports regarding the affiliations or intercorporate relationships of such company as the Commission may find necessary or appropriate to enable it to revoke or modify the order if such company does not continue to be entitled to the benefits of the findings upon which such order is based. The Commission, upon its own motion or upon application, may, after notice and opportunity for hearing, revoke, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, modification, or confirmation.

(9) "Holding company system" means any holding company, together with all its subsidiary companies, and all mutual service companies (as defined in paragraph (13) of this subsection) of which such holding company or any subsidiary company thereof is a member company (as defined in paragraph (14) of this subsection).

(10) "Associate company" of a company means any company in the same holding company system with such company.

(11) "Affiliate" of a specified company means—

(A) Any person that owns, holds, or controls, directly or indirectly, 5 percent or more of the outstanding voting securities of such specified company;

(B) Any person that owns, holds, or controls, directly or indirectly, 5 percent or more of the outstanding voting securities of any company which is an affiliate of such specified company under clause (A) of this paragraph or which becomes an affiliate thereof by virtue of this clause;

(C) Any company 5 percent or more of whose outstanding voting securities are owned, held, or controlled, directly or indirectly, by such specified company or by any person that is an affiliate of such specified company under clause (A) or (B) of this paragraph;

(D) Any individual who is an officer or director of such specified company or of any company which is an affiliate thereof under clause (A) or (B) of this paragraph;

(E) Any company which has one or more officers or directors in common with such specified company; and

(F) Any person that the Commission determines, after notice and opportunity for hearing, to stand in such relation to such specified company that there is an absence of arm's length bargaining in transactions between them so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person be subject to the obligations, duties, and liabilities imposed in this title upon affiliates of a company.

(12) "Registered holding company" means a person registered under section 5.

(13) "Mutual service company" means a company approved as a mutual service company under section 13.

(14) "Member company" means a company which is a member of an association or group of companies mutually served by a mutual service company.

(15) "Director" means any director of a corporation or any individual who performs similar functions in respect of any company.

(16) "Security" means any note, draft, stock, treasury stock, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, other mineral royalty or lease, any collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, receiver's or trustee's certificate, or, in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guaranty of,

assumption of liability on, or warrant or right to subscribe to or purchase, any of the foregoing.

(17) "Voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a company, or any security issued under or pursuant to any trust, agreement, or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a company; and a specified percent of the outstanding voting securities of a company means such amount of the outstanding voting securities of such company as entitles the holder or holders thereof to cast said specified percent of the aggregate votes which the holders of all the outstanding voting securities of such company are entitled to cast in the direction or management of the affairs of such company.

(18) "Capital assets" means the facilities, in place, of any electric utility company or gas utility company for the production, transmission, transportation, or distribution of electric energy or natural or manufactured gas.

(19) "Service contract" means any contract, agreement, or understanding whereby a person undertakes to sell or furnish, for a charge, any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service, information, or data.

(20) "Sales contract" means any contract, agreement, or understanding whereby a person undertakes to sell, lease, or furnish, for a charge, any goods, equipment, materials, supplies, appliances, or other property, other than electric energy or natural or manufactured gas.

(21) "Construction contract" means any contract, agreement, or understanding for the construction, extension, improvement, maintenance, or repair of the facilities or any part thereof of a company for a charge.

(22) "Buy", "acquire", "acquisition", or "purchase" includes any purchase, lease, exchange, or other acquisition.

(23) "Sale" or "sell" includes any sale, lease, exchange, pledge, or other disposition.

(24) "State" means any State of the United States or the District of Columbia.

(25) "United States", when used in a geographical sense, means the States.

(26) "State commission" means any commission, board, agency, or officer, by whatever name designated, of a State, municipality, or other political subdivision of a State which under the laws of such State has jurisdiction to regulate public-utility companies.

(27) "State securities commission" means any commission, board, agency, or officer, by whatever name designated, other than a State commission as defined in paragraph (26) of this subsection, which under the laws of a State has jurisdiction to regulate, approve, or control the issue or sale of a security by a company.

(28) "Interstate commerce" means trade, commerce, transportation, transmission, or communication among the several States or between any State and any place outside thereof.

(b) No person shall be deemed to be a holding company under clause (B) of paragraph (7) of subsection (a), or a subsidiary company under clause (B) of paragraph (8) of such subsection, or an affiliate under clause (F) of paragraph (11) of such subsection, unless the Commission, after notice and opportunity for hearing, has issued an order declaring such person to be a holding company, subsidiary company, or an affiliate. Such an order shall not become effective for at least 30 days after the mailing of a copy thereof to the person thereby declared to be a holding company, subsidiary company, or affiliate. The Commission, on its own motion or upon application by the person declared to be a holding company, subsidiary company, or affiliate, may, after notice and opportunity for hearing, revoke, suspend, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, suspension, modification, or confirmation.

(c) No provision in this title shall apply to, or be deemed to include, the United States, a State, or any political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned directly or indirectly by any one or more of the foregoing, or any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty, unless such provision makes specific reference thereto.

POWER TO MAKE PARTICULAR EXEMPTIONS REGARDING HOLDING COMPANIES, SUBSIDIARY COMPANIES, AND AFFILIATES

SEC. 3. (a) The Commission, by rules and regulations upon its own motion or by order upon application, shall exempt any holding company, and every subsidiary company thereof as such, from any provision or provisions of this title except insofar as the Commission finds the exemption from any provision affecting the sale or distribution of securities by any means or instrumentality of interstate commerce detrimental to the protection of investors, if—

(1) such holding company, and every subsidiary company thereof which is a public-utility company from which it derives any material part of its income, are predominantly intrastate in character and carry on their business substantially in a single State in which such holding company and every such subsidiary company thereof are organized;

(2) such holding company is predominantly a public-utility company operating as such in one or more contiguous States, in one of which it is organized;

(3) such holding company is only incidentally interested in a public-utility company, being primarily engaged or interested in one or more businesses other than the business of a public-utility company and not deriving, directly or indirectly, any material part of its income from any one or more subsidiary companies, the principal business of which is that of a public-utility company;

(4) such holding company is temporarily a holding company solely by reason of the acquisition of securities for purposes of liquidation or distribution in connection with a bona fide debt previously contracted or in connection with a bona fide arrangement for the underwriting or distribution of securities; or

(5) such holding company is not, and no subsidiary company thereof from which it derives any material part of its income is, a company the principal business of which within the United States is that of a public-utility company.

Within a reasonable time after the receipt of any application for exemption under this subsection, the Commission shall enter an order granting, or, after notice and opportunity for hearing, denying or otherwise disposing of, such application. The filing of any such application in good faith by a person other than a registered holding company shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a holding company, until the Commission has acted upon such application. The Commission, upon its own motion or upon application by the holding company, or any subsidiary company thereof, exempted by any order issued hereunder, shall, after notice and opportunity for hearing, revoke, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, modification, or confirmation.

(b) The Commission may, by rules and regulations, conditionally or unconditionally exempt any specified class or classes of persons from the obligations, duties, or liabilities imposed upon such persons as subsidiary companies or affiliates or public-utility companies under any provision or provisions of this title, and may provide within the extent of any such exemption that such specified class or classes of persons shall not be deemed subsidiary companies or affiliates or public-utility companies within the meaning of any such provision or provisions, if and to the extent that it deems the exemption necessary or appropriate in the public interest or for the protection of investors or consumers and not contrary to the purposes of this title: *Provided, however*, That the Commission shall not exempt under this subsection any class of persons as public-utility companies unless the persons included in such class are only incidentally public-utility companies, and are primarily engaged in one or more businesses other than that of a public-utility company.

TRANSACTIONS BY UNREGISTERED HOLDING COMPANIES

SEC. 4. (a) After October 1, 1935, unless a holding company is registered under section 5, it shall be unlawful for such holding company, directly or indirectly—

(1) to sell, transport, transmit, or distribute, or own or operate any capital assets for the transportation, transmission, or distribution of, natural or manufactured gas or electric energy in interstate commerce;

(2) by use of the mails or any means or instrumentality of interstate commerce, to negotiate, enter into, or take any step in the performance of, any service, sales, or construction contract undertaking to perform services or construction work for, or sell goods to, any public-utility company or holding company;

(3) to distribute, or make any public offering for sale or exchange of, any security of such holding company, any subsidiary company or affiliate of such holding company, any public-utility company, or any holding company, by use of the mails or any means or instrumentality of interstate commerce, or to sell any such security having reason to believe that such security, by use of the mails or any means or instrumentality of interstate commerce, will be distributed or made the subject of a public offering;

(4) by use of the mails or any means or instrumentality of interstate commerce, to acquire or negotiate for the acquisition of any security or capital assets of any subsidiary company or affiliate of such holding company, any public-utility company, or any holding company;

(5) to engage in any business in interstate commerce; or

(6) to own, hold, or control any security of any subsidiary company thereof that does any of the acts enumerated in paragraphs (1) to (5), inclusive, of this subsection.

(b) Every holding company which has outstanding any security any of which, by use of the mails or any means or instrumentality of interstate commerce, has been distributed or made the subject of a public offering subsequent to January 1, 1925, and any of which security is owned or held on September 1, 1935 (or, if such company is not a holding company on that date, on the date such company becomes a holding company) by persons not resident in the State in which such holding company is organized, shall register under section 5 on or before October 1, 1935, or the thirtieth day after such company becomes a holding company, whichever date is later.

REGISTRATION OF HOLDING COMPANIES

SEC. 5. (a) On or at any time after September 1, 1935, any holding company or any person purposing to become a holding company may register by filing with the Commission a notification of registration, in such form as the Commission may by rules and

regulations prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. A person shall be deemed to be registered upon receipt by the Commission of such notification of registration.

(b) It shall be the duty of every registered holding company to file with the Commission, within such reasonable time after registration as the Commission shall fix by rules and regulations or order, a registration statement in such form as the Commission shall by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. Such registration statement shall include—

(1) such copies of the charter or articles of incorporation, partnership, or agreement, with all amendments thereto, and the by-laws, trust indentures, mortgages, underwriting arrangements, voting-trust agreements, and similar documents by whatever name known, of or relating to the registrant or any of its associate companies as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers;

(2) such information in such form and in such detail relating to, and copies of such documents of or relating to, the registrant and its associate companies as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers in respect of—

(A) the organization and financial structure of such companies and the nature of their business;

(B) the terms, position, rights, and privileges of the different classes of their securities outstanding;

(C) the terms and underwriting arrangements under which their securities, during not more than the 5 preceding years, have been offered to the public or otherwise disposed of and the relations of underwriters to, and their interest in, such companies;

(D) the directors and officers of such companies, their remuneration, their interest in the securities of, their material contracts with, and their borrowings from, any of such companies;

(E) the names of all security holders of record (or otherwise known to the registrant) owning, holding, or controlling 1 percent or more of any class of security of any such companies, and their interest in the securities of, relations to, and material contracts with, any of such companies;

(F) the remuneration exceeding $10,000 per annum to persons other than directors and officers;

(G) bonus and profit-sharing arrangements;

(H) material contracts, not made in the ordinary course of business, and service, sales, and construction contracts;

(I) options in respect of securities;

(J) balance sheets for not more than the 5 preceding fiscal years, certified, if required by the rules and regulations of the Commission, by an independent public accountant;

(K) profit and loss statements for not more than the 5 preceding fiscal years, certified, if required by the rules and regulations of the Commission, by an independent public accountant;

(3) such further information or documents regarding the registrant or its associate companies or the relations between them as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest, or for the protection of investors or consumers.

(c) If in the judgment of the Commission any information required under subsection (b) is inapplicable to any specified class or classes of registrants, the Commission shall require in lieu thereof the submission of such other information of comparable character as it may find applicable to such class or classes of registrants.

(d) The Commission by such rules and regulations or order as it deems necessary or appropriate in the public interest or for the protection of investors or consumers, may permit a registrant to file a preliminary registration statement without complying with the provisions of subsection (b); but every registrant shall file a complete registration statement with the Commission within such reasonable period of time as the Commission shall fix by rules and regulations or order, but not later than 1 year after the date of registration.

(e) A registered holding company which has ceased to be a holding company may upon application withdraw its registration in accordance with the rules and regulations of the Commission and upon such terms and conditions as the Commission may find necessary for the protection of investors.

UNLAWFUL SECURITY TRANSACTIONS BY REGISTERED HOLDING AND SUBSIDIARY COMPANIES

SEC. 6. (a) Except in accordance with a declaration effective under section 7 and with the order under such section permitting such declaration to become effective, it shall be unlawful for any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, directly or indirectly (1) to issue or sell any security of such company; or (2) to exercise any privilege or right to alter the priorities, preferences, voting power, or other rights of the holders of an outstanding security of such company.

(b) The provisions of subsection (a) shall not apply to the issue, renewal, or guaranty by a registered holding company or subsidiary company thereof of a note or draft (including the pledge of any security as collateral therefor) if such note or draft (1) is not part of a public offering, (2) matures or is renewed for not more than 9 months, exclusive of days of grace, after the date of such issue, renewal, or guaranty thereof, and (3) aggregates (together with all other then outstanding notes and drafts of a maturity of 9 months or less, exclusive of days of grace, as to which such company is primarily or secondarily liable) not more than 5 percent of the principal amount and par value of the other securities of such company then outstanding, or such greater percent thereof as the Commission upon application may by order authorize as necessary or appropriate in the public interest or for the protection of investors or consumers. In the case of securities having no principal amount or no par value, the value for the purpose of this subsection shall be the fair market value as to the date of issue. The provisions of subsection (a) shall not apply to the issue, by a registered holding company or subsidiary company thereof, of a security issued pursuant to the terms of any security outstanding on January 1, 1935, giving the holder of such outstanding security the right to convert such outstanding security into another security of the same issuer or of another person, or giving the rights to subscribe to another security of the same issuer or another issuer. Within 10 days after any such issue, renewal, or guaranty, such holding company or subsidiary company thereof shall file with the Commission a certificate of notification in such form and setting forth such of the information required in a declaration under section 7 as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(c) It shall be unlawful for any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to sell or offer for sale, from house to house, any security of such registered holding company. The term "house" shall not include an office used for business purposes.

DECLARATIONS BY REGISTERED HOLDING AND SUBSIDIARY COMPANIES IN RESPECT OF SECURITY TRANSACTIONS

SEC. 7. (a) A registered holding company or subsidiary company thereof may file a declaration with the Commission, regarding any of the acts enumerated in subsection (a) of section 6 in such form as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. Such declaration shall include—

(1) such of the information and documents which are required to be filed in order to register a security under section 7 of the Securities Act of 1933, as amended, as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers; and

(2) such additional information, in such form and detail, and such documents regarding the declarant or any associate company thereof, the particular security and compliance with the applicable State laws as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) A declaration filed under this section shall become effective within such reasonable period of time after the filing thereof as the Commission shall fix by rules and regulations or order, unless the Commission prior to the expiration of such period shall have issued an order to the declarant to show cause why such declaration should become effective. Within a reasonable time after an opportunity for hearing upon an order to show cause under this subsection, unless the declarant shall withdraw its declaration the Commission shall enter an order either permitting such declaration to become effective as filed or amended, or refusing to permit such declaration to become effective. Amendments to a declaration may be made upon such terms and conditions as the Commission may prescribe.

(c) The Commission shall not permit a declaration regarding the issue or sale of a security to become effective unless, in its judgment—

(1) such security is (A) a common stock having a par value and being without preference as to dividends or distribution over, and having at least equal voting rights with, any outstanding security of the declarant; (B) a bond secured by a first lien on physical property of the declarant or by an obligation of a subsidiary company of the declarant secured by a first lien on physical property of such subsidiary company; (C) a guaranty of, or assumption of liability on, a security of another company; or (D) a receiver's or trustee's certificate duly authorized by the appropriate court or courts; or

(2) such security is to be issued or sold solely (A) for the purpose of refunding, extending, exchanging, or discharging an outstanding security of the declarant and/or a predecessor company thereof or for the purpose of effecting a merger, consolidation, or other reorganization; (B) for the purpose of financing the business of the declarant as a public utility company; (C) for the purpose of financing the business of the declarant, when the declarant is neither a holding company nor a public utility company; and/or (D) for necessary and urgent corporate purposes of the declarant where the requirements of the provisions of paragraph (1) would impose an unreasonable financial burden upon the declarant and are not necessary or appropriate in the public interest or for the protection of investors or consumers.

(d) If the requirements of subsections (c), (g), and (h) are satisfied, the Commission shall permit a declaration regarding the issue or sale of a security to become effective unless, in the judgment of the Commission, (1) the security is not reasonably adapted to the security structure of the declarant and other companies in the same holding-company system; (2) the security does not bear a proper relation to the sums prudently invested in the property of the declarant and its subsidiary companies; (3) financing by the issue and sale of the particular security is

not necessary or appropriate to the economical and efficient operation of a business in which the applicant lawfully is engaged or has an interest; (4) the fees, commissions, or other remuneration, to whomsoever paid, directly or indirectly, in connection with the issue, sale, or distribution of the security are not reasonable; (5) in the case of a security that is a guaranty of, or assumption of liability on, a security of another company, the circumstances are such as to constitute the making of such guaranty or the assumption of such liability an improper risk for the declarant; or (6) the terms and conditions of the issue or sale of such security are detrimental to the public interest or the interest of investors or consumers.

(e) If the requirements of subsections (g) and (h) are satisfied, the Commission shall permit a declaration to become effective regarding the exercise of a privilege or right to alter the priorities, preferences, voting power, or other rights of the holders of an outstanding security unless, in the judgment of the Commission, such exercise of such privilege will result in an unfair or inequitable distribution of voting power among holders of the securities of the declarant or is otherwise detrimental to the public interest or the interest of investors or consumers.

(f) Any order permitting a declaration to become effective may contain such terms and conditions as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers. Such terms and conditions, among other things, may require the granting of a preemptive right to security holders irrespective of a previous waiver of such right; may prohibit the giving of options or prescribe the limits within which they may be given; and may condition the issue or sale of a security upon the elimination of such financial practices as the Commission may find detrimental to the public interest or the interest of investors or consumers and upon such requirements as to competititve bidding as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers.

(g) The Commission shall not permit a declaration to become effective regarding any security which is subject, under the laws of any State, to the jurisdiction of a State commission or a State securities commission unless the applicant shows that the applicable State laws have been complied with.

(h) The Commission shall not permit to become effective a declaration filed on or after April 1, 1936, by any registered holding company unless such company has been a registered holding company during the 6 months immediately preceding the filing of such declaration, or unless such company became a registered holding company not later than the thirtieth day after it became a holding company.

RESTRICTION ON BUSINESS OF HOLDING COMPANIES

SEC. 8. (a) It shall be unlawful for any registered holding company, or any subsidiary company thereof, to acquire any interest, directly or indirectly, through the ownership or control of securities or otherwise, in any business other than—

(1) the business of a public utility company as such;

(2) subject to such terms and conditions, as the Commission, by rules and regulations or order, finds necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent acquisitions detrimental to the carrying out of any provision of section 11, any business, in which such company (or any company with which such company is merged or consolidated) lawfully is engaged or has an interest, or which is reasonably incidental or necessary or appropriate to the economic and efficient conduct of such a business.

This subsection shall not apply to the acquisition of securities specified in subsection (c) of section 9.

(b) It shall be unlawful for any registered holding company, or any subsidiary company thereof, to acquire any interest, directly or indirectly, through the ownership or control of securities, or otherwise, in any facilities for the transportation of natural gas in interstate commerce or for the production of natural gas, unless upon application the Commission finds that the primary purpose of such acquisition is to serve the requirements of such registered holding company or subsidiary companies thereof as gas utility or electric utility companies.

(c) It shall be unlawful for any registered holding company which, or any subsidiary company of which, is a public utility company operating in the United States to acquire any interest, directly or indirectly, through the ownership or control of securities, or otherwise, in any public utility company operating outside of the United States: *Provided, however,* That upon application the Commission may by order exempt any such registered holding company from the provisions of this subsection, upon such terms and conditions as it may find necessary or appropriate in the public interest or for the protection of investors or consumers, in respect of a public-utility company or companies operating outside of the United States, if it finds that the operations of such public-utility company or companies are, or may be, economically and geographically integrated with the public-utility system of such registered holding company.

(d) It shall be unlawful for any registered holding company, or any subsidiary company thereof, to acquire any interest, directly or indirectly, through the ownership or control of securities, or otherwise, in an electric utility company and a gas utility company serving substantially the same territory whenever the applicable State law prohibits, or requires approval or authorization of, the ownership or operation of the capital assets of such electric and gas utility companies by a single company, unless the State commission of such State has expressly approved such company's acquiring such interest.

(e) Subject to such limitations as the Commission by rules and regulations or order finds necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent acquisitions detrimental to the carrying out of any provision of section 11, subsections (b), (c), and (d) of this section shall not apply to the acquisition by a registered holding company or a subsidiary company thereof of securities of a company in which such registered holding company or subsidiary company thereof already has an interest.

ACQUISITION OF SECURITIES AND CAPITAL ASSETS

SEC. 9. (a) Unless the acquisition has been approved by the Commission under section 10, it shall be unlawful—

(1) For any registered holding company or any subsidiary company thereof, by use of the mails or any means of instrumentality of interstate commerce, or otherwise, to acquire, directly or indirectly, any securities or capital assets of another company;

(2) For any person who is an affiliate, under clause (A) or (B) of paragraph (11) of subsection (a) of section 2, of any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to acquire, directly or indirectly, any securities or capital assets of such company of which it is an affiliate; or

(3) For any person, by use of the mails or any means or instrumentality of interstate commerce, to acquire, directly, or indirectly, any security of any public-utility company, if such person is an affiliate, under clause (A) or (B) of paragraph (11) of subsection (a) of section 2, of such company, or will by virtue of such acquisition become such an affiliate.

(b) Subsection (a) shall not apply to—

(1) The acquisition by a public-utility company of capital assets the acquisition of which has been expressly authorized by a State commission; or

(2) The acquisition by a public-utility company of securities of a subsidiary public-utility company thereof, provided that both such public-utility companies and all other public-utility companies in the same holding-company system are organized in the same State, that the business of each such company in such system is substantially confined to such State, and that the acquisition of such securities has been expressly authorized by the State commission of such State.

(c) Subsection (a) shall not apply to the acquisition by a registered holding company, or a subsidiary company thereof, of—

(1) Securities of, or securities the principal or interest of which is guaranteed by the United States, a State, or political subdivision of a State or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned, directly or indirectly, by any one or more of the foregoing;

(2) such other readily marketable securities, within the limitation of such amounts, as the Commission may by rules and regulations prescribe as necessary or appropriate for investment of current funds and as not detrimental to the public interest or the interest of investors or consumers; or

(3) such commercial paper and other securities, within such limitations, as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the ordinary course of business of a registered holding company or subsidiary company thereof and as not detrimental to the public interest or the interest of investors or consumers.

APPROVAL OF ACQUISITION OF SECURITIES AND CAPITAL ASSETS

SEC. 10. (a) A person may apply for approval of the acquisition of securities or capital assets, by filing an application in such form as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors and consumers. Such application shall include—

(1) In the case of the acquisition of securities, such information and copies of such documents as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers in respect of—

(A) the security to be acquired, the consideration to be paid therefor, and compliance with the applicable State laws in respect of the issue, sale, or acquisition thereof,

(B) the outstanding securities of the company whose security is to be acquired, the terms, position, rights, and privileges of each class and the options in respect of any such securities,

(C) the names of all security holders of record (or otherwise known to the applicant) owning, holding, or controlling 1 percent or more of any class of security of such company, the officers and directors of such company, and their remuneration, security holding in, material contracts with, and borrowings from such company and the offices or directorships held, and securities owned, held, or controlled, by them in other companies,

(D) the bonus, profit-sharing and voting-trust agreements, underwriting arrangements, trust indentures, mortgages, and similar documents, by whatever name known, of or relating to such company,

(E) the material contracts, not made in the ordinary course of business, and the service, sales, and construction contracts of such company,

(F) the securities owned, held, or controlled, directly or indirectly, by such company,

(G) balance sheets and profit-and-loss statements of such company for not more than the 5 preceding fiscal years, certified, if required by the rules and regulations of the Commission by an independent public accountant,

(H) any further information regarding such company and any associate company or affiliate thereof, or its relations with the applicant company, and

(I) if the applicant be not a registered holding company, any of the information and documents which may be required under section 5 from a registered holding company;

(2) in the case of the acquisition of capital assets, such information concerning such assets, the value thereof and consideration to be paid therefor, the owner or owners thereof and their relation to, agreements with, and interest in the securities of, the applicant or any associate company thereof as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) If the requirements of subsection (f) are satisfied, the Commission shall approve the acquisition of securities or capital assets unless, in the judgment of the Commission—

(1) such acquisition will tend toward interlocking relations or the concentration of control of public-utility companies, of a kind or to an extent detrimental to the public interest or the interest of investors or consumers;

(2) the consideration, including all fees, commissions, and other remuneration, to whomsoever paid, to be given, directly or indirectly, in connection with such acquisition is not reasonable or does not bear a proper relation to the sums prudently invested in the capital assets to be acquired or the capital assets underlying the securities to be acquired; or

(3) such acquisition will unduly complicate the capital structure of the holding-company system of the applicant or will be detrimental to the public interest or the interest of investors or consumers.

The Commission may condition its approval of the acquisition of securities of another company upon such a fair offer to purchase such of the other securities of the company whose security is to be acquired as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers.

(c) Notwithstanding the provisions of subsection (b), the Commission shall not approve—

(1) An acquisition of security or capital assets which is unlawful under the provisions of section 8; or

(2) The acquisition of securities or capital assets of a public utility or holding company unless (A) in the judgment of the Commission such acquisition will serve the public interest by simplifying the corporate structure of the holding-company system of which the applicant is a part; or (B) the applicant has obtained from the Federal Power Commission a certificate that such acquisition will serve the public interest by tending toward the economical and efficient development of a geographically and economically integrated public-utility system.

(d) Within such reasonable time after the filing of an application under this section as the Commission shall fix by rules and regulations or order, the Commission shall enter an order either granting or, after notice and opportunity for hearing, denying approval of the acquisition unless the applicant shall withdraw its application. Amendments to an application may be made upon such terms and conditions as the Commission may prescribe.

(e) The Commission, in any order approving the acquisition of securities or capital assets, may prescribe such terms and conditions in respect of such acquisition, including the price to be paid for such securities or capital assets, as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers.

(f) The Commission shall not approve the acquisition of securities or capital assets the acquisition, issue, or sale of which is subject, under the laws of any State, to the jurisdiction of a State commission or State securities commission unless the applicant shows that the applicable State laws have been complied with.

SIMPLIFICATION OF HOLDING-COMPANY STRUCTURES; REORGANIZATIONS

SEC. 11. (a) It shall be the duty of the Commission to examine the corporate structure of every registered holding company and subsidiary company thereof, the relationships among the companies in the holding-company system of every such company and the character of the interests thereof and the properties owned or controlled thereby to determine the extent to which the corporate structure of such holding-company system and the companies therein may be simplified, unnecessary complexities therein eliminated, voting power fairly and equitably distributed among the holders of securities thereof, and the properties and business thereof confined to those necessary or appropriate to the operations of a single geographically and economically integrated public-utility system.

(b) It shall be the duty of the Commission, after notice and opportunity for hearing—

(1) After January 1, 1938, to require each registered holding company and each subsidiary company thereof to divest itself of any interest in or control over property or persons to the extent that the Commission finds necessary or appropriate to limit the operations of the holding-company system of which such company is a part to a single geographically and economically integrated public-utility system and such business as is reasonably incidental, or economically necessary or appropriate, to the operations of such system; the Commission may permit as reasonably incidental or economically necessary or appropriate to the operations of such system the retention of an interest in any business (other than the business of a public-utility company as such) in which such registered holding company or such subsidiary company thereof is engaged or has an interest if the Commission finds (1) that such business is affected with a public interest and its rates or charges are regulated by law, and that the retention of such interest in such business is not detrimental to the proper functioning of a single geographically and economically integrated public-utility system, or (2) that such business is solely that of owning and operating farm lands for agricultural or horticultural purposes and is carrying on experimental or developmental work in agriculture or horticulture, in connection with any State or any political subdivision, or educational institution of such State, for the improvement of agriculture or horticulture in such State;

(2) After January 1, 1938, to require each registered holding company, and each subsidiary company thereof, to be reorganized or dissolved whenever the Commission finds that the corporate structure or continued existence of such company unduly or unnecessarily complicates the structure of the holding-company system of which it is a part, or unfairly or inequitably distributes voting power among the holders of securities, or is detrimental to the proper functioning of a single geographically and economically integrated public-utility system; and

(3) Promptly after January 1, 1940, to require each registered holding company to take such steps (either by divesting itself of control, securities, or other assets, or by reorganization or dissolution, or otherwise) as the Commission finds necessary or appropriate to make such company cease to be a holding company: *Provided, however,* That the Commission, upon such terms and conditions as it may find necessary or appropriate in the public interest or for the protection of investors or consumers, shall permit a registered holding company to continue to be a holding company in the first degree if such company has obtained from the Federal Power Commission a certificate that the continuance of the holding-company relation is necessary, under the applicable State or foreign law, for the operations of a geographically and economically integrated public-utility system serving an economic region in a single State or extending into two or more contiguous States or into a contiguous foreign country.

(c) In any order under subsection (b), the Commission shall fix the time within which such order shall be complied with, not later than 1 year from the date of such order; but the Commission shall, upon a showing that the applicant has been or will be unable in the exercise of due diligence to comply with such order within the time fixed, extend such time for an additional period not exceeding 1 year if it finds such extension necessary or appropriate in the public interest or for the protection of investors or consumers.

(d) The Commission may apply to a court, in accordance with the provisions of subsection (f) of section 18, to enforce compliance with any order under this section. Upon any such application, the court as a court of equity shall take exclusive jurisdiction and possession, for the purposes of this title, of such assets of the company or companies, wherever located, as may be the subject of such order, or, in the case of any order for reorganization or dissolution, exclusive jurisdiction and possession, for the purposes of this title, of the company or companies and all the assets thereof, wherever located; and the court shall have jurisdiction to appoint a trustee, and the court may constitute and appoint the Commission as sole trustee, to administer under the direction of the courts the assets so possessed and the proceeds thereof as a trust estate for the benefit of the persons interested therein as their interests may appear, and in any such proceeding the court shall not appoint any other person other than the Commission as trustee or receiver without notifying the Commission or giving it an opportunity to be heard before making any such appointment. In any proceeding for the enforcement of an order of the Commission under this section, the trustee with the approval of the court shall have power to dispose of any or all of such assets and, subject to such terms and conditions as the court may prescribe, may make such disposition in accordance with a fair and equitable reorganization plan which shall have been approved by the Commission after opportunity for hearing. Such reorganization plan may be proposed in the first instance by the Commission, or, subject to such rules and regulations as the Commission may deem necessary or appropriate in the public interest or for the protection of investors, by any person having a bona fide interest (as defined by the rules and regulations of the Commission) in the reorganization.

(e) In accordance with such rules and regulations as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers, any registered holding company or any subsidiary company of a registered holding company may, at any time after January 1, 1936, submit a plan to the Commission for the divestment of control, securities, or other assets, or for the reorganization or dissolution, of such company or any subsidiary company thereof for the purpose of enabling such company or any subsidiary company thereof to comply with the provisions of this title and the rules, regulations, and orders thereunder or to make unnecessary the issuance of any order by the Commission in respect of any such company under subsection (b). If, after notice and opportunity for hearing, the Commission shall approve such plan, as submitted or as modified to meet such terms and conditions as the Commission may find necessary or appropriate in the public interest or

for the protection of investors or consumers, as fair and equitable to the persons affected by such plan and as appropriate to effectuate the provisions of this title and the rules, regulations, and orders thereunder, the Commission shall make an order authorizing and directing such company or any subsidiary company thereof to divest itself of control, securities, or other assets or to be reorganized or dissolved in accordance with such plan; and the Commission may apply to a court, in accordance with the provisions of subsection (f) of section 18, to enforce compliance with such order. If, upon any such application, the court, after notice and opportunity for hearing, shall approve such plan as fair and equitable and as appropriate to effectuate the provisions of this title and the rules, regulations, and orders thereunder, the court shall take exclusive jurisdiction and possession, for the purposes of this title, of such assets of the company or companies, wherever located, as may be the subject of such order, or, in the case of any order for reorganization or dissolution, exclusive jurisdiction and possession, for the purposes of this title, of the company or companies and all the assets thereof, wherever located; and the court shall have jurisdiction to appoint a trustee, and the court may constitute and appoint the Commission as sole trustee, to administer, under the direction of the court and in accordance with the plan theretofore approved by the court and the Commission, the assets so possessed and the proceeds thereof as a trust estate for the benefit of the persons interested therein as their interests may appear. It shall be within the authority of the court and the Commission to approve and carry out any plan under this subsection which it would be within their respective authority to approve and carry out under subsection (d) of this section.

(f) In any proceeding in a court of the United States, whether under this section or otherwise, in which a receiver or trustee is appointed for any registered holding company, or any subsidiary company thereof, the court may constitute and appoint the Commission as sole trustee or receiver, subject to the directions and orders of the court, whether or not a trustee or receiver shall theretofore have been appointed, and in any such proceeding the court shall not appoint any person other than the Commission as trustee or receiver without notifying the Commission and giving it an opportunity to be heard before making any such appointment. In any such proceeding a reorganization plan for a registered holding company or any subsidiary company thereof shall not become effective unless such plan shall have been approved by the Commission after opportunity for hearing prior to its submission to the court. Notwithstanding any other provision of law, any such reorganization plan may be proposed in the first instance by the Commission or, subject to such rules and regulations as the Commission may deem necessary or appropriate in the public interest or for the protection of investors, by any person having a bona fide interest (as defined by the rules and regulations of the Commission) in the reorganization. The Commission may, by such rules and regulations or order as it may deem necessary or appropriate in the public interest or for the protection of investors or consumers, require that any or all fees, expenses, and remuneration, to whomsoever paid, in connection with any reorganization, dissolution, liquidation, bankruptcy, or receivership of a registered holding company or subsidiary company thereof, in any such proceeding, shall be subject to approval by the Commission.

(g) It shall be unlawful for any person to solicit or permit the use of his or its name to solicit, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, any proxy, consent, authorization, power of attorney, deposit, or dissent in respect of any reorganization plan under this section, or otherwise, or in respect of any plan under this section for the divestment of control, securities, or other assets, or for the dissolution of any registered holding company or any subsidiary company thereof unless—

(1) the plan has been proposed by the Commission, or the plan and such information regarding it and its sponsors as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers has been submitted to the Commission by a person having a bona fide interest (as defined by the rules and regulations of the Commission) in such reorganization;

(2) each such solicitation is accompanied or preceded by a copy of a report on the plan which shall be made by the Commission after an opportunity for a hearing on the plan and other plans submitted to it, or by an abstract of such report made or approved by the Commission; and

(3) each such solicitation is made not in contravention of such rules and regulations or orders as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers.

Nothing in this subsection or the rules and regulations thereunder shall prevent any person from appearing before the Commission or any court through an attorney or proxy.

INTERCOMPANY LOANS; DIVIDENDS; FEES; SALE OF SECURITIES AND CAPITAL ASSETS; PROXIES AND OTHER TRANSACTIONS

SEC. 12. (a) It shall be unlawful for any registered holding company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, directly or indirectly, to borrow, or to receive any extension of credit or indemnity, from any public-utility company in the same holding-company system or from any subsidiary company of such holding company, but it shall not be unlawful under this subsection to renew, or extend the time of, any loan, credit, or indemnity outstanding on the date of the enactment of this title.

(b) It shall be unlawful for any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, directly or indirectly, to lend or in any manner extend its credit to or indemnify any company in the same holding-company system in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate in the public interest, or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(c) It shall be unlawful for any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to declare or pay any dividend on any security of such company or to acquire, retire, or redeem any security of such company, in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate to protect the financial integrity of companies in holding-company systems, to safeguard the working capital of public-utility companies, to prevent the payment of dividends out of capital or unearned surplus, or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(d) It shall be unlawful for any registered holding company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to sell any security or capital assets in contravention of such rules and regulations or orders regarding the consideration to be received for such sale, maintenance of competitive conditions, fees and commissions, accounts, disclosure of interest, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(e) It shall be unlawful for any person to solicit or to permit the use of his or its name to solicit, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, any proxy, power of attorney, consent, or authorization regarding any security of a registered holding company or a subsidiary company thereof in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(f) It shall be unlawful for any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to negotiate, enter into, or take any step in the performance of any transaction not otherwise unlawful under this title, with any company in the same holding company system or with any affiliate of a company in such holding company system in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules and regulations thereunder.

(g) It shall be unlawful for any affiliate of any public utility company, by use of the mails or any means or instrumentality of interstate commerce, or for any affiliate of any public utility company engaged in interstate commerce, or of any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to negotiate, enter into, or take any step in the performance of any transaction not otherwise unlawful under this title, with any such company of which it is an affiliate, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

SERVICE, SALES, AND CONSTRUCTION CONTRACTS

SEC. 13. (a) After April 1, 1936, it shall be unlawful—

(1) for any registered holding company, or subsidiary company thereof (other than a mutual service company), by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to enter into or take any step in the performance of any service, sales, or construction contract by which such company undertakes to perform services or construction work for, or sell goods to, any associate company thereof which is a public-utility or mutual service company;

(2) for any registered holding company or subsidiary company thereof, which is a public-utility company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to enter into or take any step in the performance of any service, sales, or construction contract, by which such company undertakes to receive services, buy goods, or accept construction work, from any person (other than a mutual service company) engaged in the business of performing service, sales, or construction contracts for public-utility or holding companies if such business is, or purports to be, carried on by such person for such company as a cooperative, mutual, or nonprofit enterprise.

(b) The provisions of subsection (a) shall not apply to such transactions, involving special or unusual circumstances or not in the ordinary course of business, as the Federal Power Commission by rules and regulations or order may conditionally or uncondi-

tionally exempt as being necessary or appropriate in the public interest or for the protection of investors or consumers.

(c) It shall be unlawful for any affiliate of any public-utility company, by use of the mails or any means or instrumentality of interstate commerce, or for an affiliate of any public-utility company engaged in interstate commerce, or of any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to negotiate, enter into, or take any step in the performance of any service, sales, or construction contract, by which such affiliate undertakes to perform services or construction work for, or sell goods to, any such company of which it is an affiliate, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters, as the Federal Power Commission finds necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(d) It shall be unlawful for any person, a substantial part of whose business is the performance of services, sales, or construction contracts for public-utility or holding companies, by use of the mails or any means or instrumentality of interstate commerce, to enter into or take any step in the performance of any service, sales, or construction contract with any public-utility company, or for any such person, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to enter into or take any step in the performance of any service, sale, or construction contract with any public-utility company engaged in interstate commerce, or any registered holding company or any subsidiary company thereof, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder. Such rules and regulations shall require any such person engaged in interstate commerce in the business of performing service, sales, or construction contracts for public-utility or holding companies on a cooperative, mutual, or nonprofit basis to be approved under this section as a mutual service company.

(e) A person may apply to be approved as a mutual service company for the purpose of making and performing service, sales, or construction contracts with public-utility or holding companies by filing with the Federal Power Commission an application in such form and containing such information, classified and in such detail, and accompanied by such documents, as the Federal Power Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers, in respect of—

(1) the articles of incorporation, agreement, association, or cooperation under which the applicant will do business and its bylaws or rules or instruments, whatever the name, corresponding thereto;

(2) the ownership of the applicant, whether by ownership of securities or otherwise, and the relations and agreements between the applicant and its owner or owners;

(3) the identity of the member companies of the applicant, and the agreement or agreements under which such member companies are to share in its expenses and revenues and the method by which such shares are determined and to be maintained or adjusted;

(4) the kinds of service, sales, or construction contracts to be performed by the applicant; and

(5) the business, if any, other than the performance of service, sales, or construction contracts with member companies, in which the applicant purposes to engage.

(f) Within such reasonable time after the filing of an application as the Federal Power Commission shall fix by rules or regulations or order, the Federal Power Commission shall enter an order either approving or, after notice and opportunity for hearing, disapproving the applicant as a mutual service company, unless the applicant shall withdraw its application. Amendments to an application may be made upon such terms and conditions as the Federal Power Commission may prescribe.

(g) The Federal Power Commission shall not approve, or continue the approval of, the applicant as a mutual service company unless (1) in the judgment of the Federal Power Commission the applicant is so organized as to ownership, costs, revenues, and the sharing thereof as reasonably to insure the efficient and economical performance of service, sales, or construction contracts by the applicant for member companies, at cost fairly and equitably allocated among such member companies, at a reasonable saving to member companies over the cost to such companies of comparable contracts performed by independent persons, and (2) membership of the applicant is to be open on substantially similar terms to all public utility companies similarly situated, except for such limitation on membership, in cases where an increase therein would result in a disproportionate increase in cost, as the Federal Power Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(h) The Federal Power Commission, in any order approving a company as a mutual service company, may prescribe such terms and conditions regarding the continuance of such approval, the nature and enforcement of the agreements of such mutual service company for the sharing of expenses and the distributing of revenues among member companies, and matters relating to such agreements, and the nature, character, and extent of the business which may be carried on by such mutual service company as the Federal Power Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this section or the rules and regulations thereunder.

(i) Every mutual service company shall file with the Federal Power Commission such information and documents in respect of its service, sales, and construction contracts, the composition of its membership, the manner and method of sharing expenses and distributing revenues, and similar matters, as the Federal Power Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(j) It shall be unlawful for any mutual service company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to engage in any business, or enter into or perform any transaction, in contravention of such rules and regulations or orders regarding the nature and types of businesses and transactions in which such companies may engage, the manner of engaging therein, the limitation of membership in such companies for one or more purposes to specified classes of member companies or to member companies carrying on business in a limited region, maintenance of competitive conditions, costs, disclosure of interest, relations with member companies and affiliates, and similar matters, as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this section or the rules, regulations, or orders thereunder.

(k) The Federal Power Commission, after notice and opportunity for hearing, may revoke, suspend, or modify the approval given any mutual service company if it finds that such company has violated any provision of this title or any rule, regulation, or order thereunder, or that such company is not operated efficiently, economically, and in good faith, solely in the interest of its member companies. The Federal Power Commission, upon its own motion or at the request of a member company or a State commission, may, after notice and opportunity for hearing, require a reallocation or reapportionment of costs among member companies of a mutual service company if it finds the existing allocation inequitable and may require the elimination of a service or services to a member company which does not bear its fair proportion of costs or which, by reason of its size or other circumstances, does not require such service or services.

(l) The Federal Power Commission shall from time to time conduct investigations regarding the making, performance, and costs of service, sales, and construction contracts, the economies resulting therefrom, and the desirability thereof. On the basis of such investigations the Federal Power Commission shall classify the different types of such contracts and the work done thereunder, and shall make recommendations from time to time regarding the standards and scope of such contracts in relation to public-utility companies of different kinds and sizes and the costs incurred thereunder and economies resulting therefrom. Such recommendations shall be made available to State commissions, public-utility companies, and to the public in such form and at such reasonable charge as the Federal Power Commission may prescribe.

PERIODIC AND OTHER REPORTS

SEC. 14. Every registered holding company shall file with the Commission, and every mutual service company shall file with the Federal Power Commission, such annual, quarterly, and other periodic and special reports, the answers to such specific questions and the minutes of such directors', stockholders', and other meetings, as the respective Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. Such reports, if required by the rules and regulations of the Commission having jurisdiction thereof, shall be certified by an independent public accountant, and shall be made and filed at such time and in such form and detail as such Commission shall prescribe. The Commission may require that there be included in reports filed with it such information and documents as it finds necessary or appropriate to keep reasonably current the information filed under section 5, and such further information concerning the financial condition, security structure, security holdings, assets, and cost thereof, wherever determinable, and affiliations of the reporting company and the associate companies and affiliates thereof as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers. The Federal Power Commission may require that there be included in reports filed with it such information and documents as it deems necessary or appropriate to keep reasonably current the information filed under section 13, and such further information concerning the financial condition, transactions, businesses, assets, and cost thereof, wherever determinable, membership, relations with member companies, and similar matters as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

ACCOUNTS AND RECORDS

SEC. 15. (a) Every registered holding company and every subsidiary company thereof (other than a mutual service company) shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers,

books, and other records as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules, regulations, or orders thereunder.

(b) Every affiliate of a registered holding company or of any subsidiary company thereof (other than a mutual service company) or of any public-utility company engaged in interstate commerce or not so engaged shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records relating to any transaction of such affiliate which is subject to any provision of this title or any rule, regulation, or order thereunder, as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules, regulations, or orders thereunder.

(c) Every mutual service company, and every affiliate of a mutual service company relating to any transaction of such affiliate which is subject to any provision of this title or any rule, regulation, or order thereunder, shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records, as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules, regulations, or orders thereunder.

(d) Every person, a substantial part of whose business is the performance of service, sales, or construction contracts for public utility or holding companies shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records, relating to any transaction by such person which is subject to any provision of this title or any rule, regulation, or order thereunder, as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules and regulations thereunder.

(e) The Commission, by such rules and regulations as it deems necessary or appropriate in the public interest and for the protection of investors or consumers may prescribe for persons subject to the provisions of subsection (a) or (b) of this section, and the Federal Power Commission, by such rules and regulations as it deems necessary or appropriate in the public interest and for the protection of investors or consumers may prescribe for persons subject to the provisions of subsection (c) or (d) of this section, uniform methods for keeping accounts required under any provision of this section, including, among other things, the manner in which the cost of all assets, whenever determinable, shall be shown, the methods of classifying and segregating accounts, and the manner in which cost-accounting procedures shall be maintained.

(f) After the commission having jurisdiction thereof has prescribed the form and manner of making and keeping accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records to be kept by any person hereunder, it shall be unlawful for any such person to keep any accounts, cost-accounting procedures, correspondence, memoranda, papers, books, or other records other than those prescribed or such as may be approved by the commission having jurisdiction thereof, or to keep his or its accounts, cost-accounting procedures, correspondence, memoranda, papers, books, or other records in any manner other than that prescribed or approved by the commission having jurisdiction thereof.

(g) All accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records kept or required to be kept by persons subject to any provision of this section shall be subject at any time and from time to time to such reasonable periodic, special, and other examinations by the commission having jurisdiction thereof, or any member or representative thereof, as such commission may prescribe. The burden of proof to justify any accounting entry questioned by the commission having jurisdiction thereof shall be on the person making or authorizing such entry. The commission having jurisdiction thereof, after notice and opportunity for hearing, may prescribe the account or accounts in which particular outlays, receipts, and other transactions shall be entered, charged, or credited and the manner in which such entry, charge, or credit shall be made, and may require an entry to be modified or supplemented so as properly to show the cost of any asset or any other cost.

(h) It shall be the duty of every registered holding company and of every subsidiary company thereof (other than a mutual service company) and of every affiliate of a company insofar as such affiliate is subject to any provision of this title or any rule, regulation, or order thereunder, to submit the accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records of such holding company, subsidiary company, or affiliate to such examinations, in person or by duly appointed attorney, by the holder of any security of such holding company, subsidiary company, or affiliate as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

(i) It shall be the duty of every mutual service company, and of every affiliate of a mutual-service company, and of every person, a substantial part of whose business is the performance of service, sales, or construction contracts for public-utility or holding companies, insofar as such affiliate or such person is subject to any provision of this title or any rule, regulation, or order thereunder, to submit the accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records of such mutual service company, affiliate, or person to such examinations, in person or by duly appointed attorney, by member companies of such mutual service company and by public-utility or holding companies for which such person performs service, sales, or construction contracts as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

(j) Upon application of any person entitled, under the provisions of subsection (h) or (i) of this section, to examine any account, cost-accounting procedure, correspondence, memorandum, paper, book, or other record of a registered holding company, a subsidiary company of a registered holding company, a mutual service company, an affiliate of a company, or a person engaged in the business of a performing service, sales, or construction contracts for public utility or holding companies, the district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction to issue writs of mandamus commanding any such company or person to submit any such account, cost-accounting procedure, correspondence, memorandum, paper, book, or other record to such examination.

LIABILITY FOR MISLEADING STATEMENTS

SEC. 16 (a) Any person who shall make or cause to be made any statement in any application, report, registration statement, or document filed pursuant to any provision of this title, or any rules, regulation, or order thereunder, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, shall be liable in the same manner, to the same extent, and subject to the same limitations as provided in section 18 of the Securities Exchange Act of 1934 with respect to an application, report, or document filed pursuant to the Securities Exchange Act of 1934.

(b) The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, or otherwise at law or in equity; but no person permitted to maintain a suit for damages under the provisions of this title shall recover, through satisfaction of judgment in one or more actions, a total amount in excess of his actual damages on account of the act complained of.

OFFICERS, DIRECTORS, AND OTHER AFFILIATES

SEC. 17. (a) Every person who is an officer, director, or other affiliate of a registered holding company shall file with the Commission in such form as the Commission shall prescribe (1) at the time of the registration of such holding company, or within 10 days after such person becomes an officer, director, or other affiliate, a statement of the securities of such registered holding company or any subsidiary company thereof of which he is, directly or indirectly, the beneficial owner, and (2) within 10 days after the close of each calendar month thereafter, if there has been any change in such ownership during such month, a statement of such ownership as of the close of such calendar month and of the changes in such ownership that have occurred during such calendar month.

(b) For the purpose of preventing the unfair use of information which may have been obtained by any such officer, director, or other affiliate by reason of his or its relationship to such registered holding company or any subsidiary company thereof, any profit realized by any such officer, director, or other affiliate from any purchase and sale, or any sale and purchase, of any security of such registered holding company or any subsidiary company thereof within any period of less than 6 months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the holding company or subsidiary company in respect of the security of which such profit was realized, irrespective of any intention on the part of such officer, director, or other affiliate in entering into such transaction to hold the security purchased or not to repurchase the security sold for a period of more than 6 months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the company entitled thereto or by the owner of any security of such company in the name and in the behalf of such company if such company shall fail or refuse to bring such suit within 60 days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought more than 2 years after the date such profit was realized. This subsection shall not cover any transaction where such person was not an officer, director, or other affiliate at the times of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the Commission by rules and regulations may, as neceessary or appropriate in the public interest or for the protection of investors or consumers, exempt as not comprehended within the purpose of this subsection.

(c) No registered holding company or any subsidiary company thereof shall have, as an officer or director thereof, any executive officer, director, partner, appointee, or representative of any bank, trust company, investment banker, or banking association or firm, or any executive officer, director, partner, appointee, or representative of any corporation a majority of whose stock, having the unrestricted right to vote for the election of directors, is owned by any bank, trust company, investment banker, or banking association or firm.

INVESTIGATIONS; INJUNCTIONS AND PROSECUTIONS OF OFFENSES

SEC. 18. (a) The Commission, in its discretion, may investigate any facts, conditions, practices, or matters which it may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this title or any rule or regulation thereunder, or to aid in the enforcement of the provisions of this title in the prescribing of rules and regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this title relates. The Commission may require or permit any person to file with it a statement in writing, under oath or otherwise as it shall determine, as to any or all facts and circumstances concerning a matter which may be the subject of investigation. The Commission, in its discretion, may publish or make available to State commissions or the public information concerning any such subject.

(b) The Commission upon its own motion or at the request of a State commission may investigate, or obtain any information regarding the business, financial condition, or practices of any registered holding company or subsidiary company thereof or facts, conditions, practices, or matters affecting the relations between any such company and any other company or companies in the same holding-company system.

(c) For the purpose of any investigation or any other proceeding under this title, any member of the Commission, or any officer thereof designated by it, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, contracts, agreements, or other records which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in any State or in any Territory or other place subject to the jurisdiction of the United States at any designated place of hearing.

(d) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Commission may invoke the aid of any court of the United States within the jurisdiction in which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, contracts, agreements, and other records. And such court may issue an order requiring such person to appear before the Commission or member or officer designated by the Commission, there to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found or may be doing business. Any person who, without just cause, shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if in his or its power so to do, in obedience to the subpena of the Commission shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.

(e) No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, contracts, agreements, or other records and documents before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(f) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule, regulation, or order thereunder, it may in its discretion bring an action in the proper district court of the United States, the Supreme Court of the District of Columbia, or the United States courts of any Territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices and to enforce compliance with this title or any rule, regulation, or order thereunder, and upon a proper showing a permanent or temporary injunction or decree or restraining order shall be granted without bond. Attorneys employed by the Commission may appear for or represent the Commission in any proceeding in court. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this title.

(g) Upon application of the Commission, the district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this title or any rule, regulation, or order of the Commission thereunder.

HEARINGS BY COMMISSION

SEC. 19. Hearings may be public and may be held before the Commission, any member or members thereof, or any officer or officers of the Commission designated by it, and appropriate records thereof shall be kept. In any proceedings before the Commission, the Commission, in accordance with such rules and regulations as it may prescribe, may admit as a party any interested State, State commission, State securities commission, municipality, or other political subdivision of a State or any representative of interested consumers or security holders, or any other person whose participation in the proceedings may be in the public interest or for the protection of investors or consumers.

RULES AND REGULATIONS

SEC. 20. The Commission shall have authority from time to time to make, issue, amend, and rescind such rules and regulations and such orders as it may deem necessary or appropriate to carry out the provisions of this title, including rules and regulations defining accounting, technical and trade terms used in this title. Among other things, the Commission shall have authority, for the purposes of this title, to prescribe the form or forms in which information required in any statement, declaration, application, report or other document filed with the Commission shall be set forth, the items or details to be shown in balance sheets, profit and loss statements, and surplus accounts, the manner in which the cost of all assets, whenever determinable, shall be shown in regard to such statements, declarations, applications, reports, and other documents filed with the Commission, or accounts required to be kept by the rules, regulations, or orders of the Commission, and the methods to be followed in the keeping of accounts and cost accounting procedures and the preparation of reports, in the segregation and allocation of costs, in the determination of liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the keeping or preparation, where the Commission deems it necessary or appropriate, of separate or consolidated balance sheets or profit and loss statements for any companies in the same holding company system. In the case of the accounts of any company whose methods of accounting are prescribed under the provisions of any law of the United States or of any State, the rules and regulations of the Commission in respect of account shall not be inconsistent with the requirements imposed by such law or any rule or regulation thereunder; nor shall anything in this title relieve any public utility company from the duty to keep the accounts, books, records, or memoranda which may be required to be kept by the law of any State in which it operates or by the State commission of any such State. But this provision shall not prevent the Commission from imposing such additional requirements regarding reports or accounts as it may deems necessary or appropriate in the public interest or for the protection of investors or consumers. The rules and regulations of the Commission shall be effective upon publication in the manner which the Commission shall prescribe. For the purpose of its rules and regulations the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters. The Commission, by such rules and regulations or order as it deems necessary or appropriate in the public interest or for the protection of investors or consumers, may authorize the filing of any information or documents required to be filed with the Commission under this title, or under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, by incorporating by reference any information or documents theretofore or concurrently filed with the Commission under this title or either of such acts. No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or order of the Commission, notwithstanding that such rule, regulation, or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

EFFECT ON EXISTING LAW

SEC. 21. Nothing in this title shall affect the jurisdiction of the Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934 over any person, security, or contract, or the rights, obligations, duties, or liabilities of any person thereunder; nor shall anything in this title affect the jurisdiction of any other commission, board, agency, or officer of the United States or of any State or political subdivision of any State, over any person, security, or contract, insofar as such jurisdiction does not conflict with any provision of this title or any rule, regulation, or order thereunder. Nothing in this title shall exempt any public-utility company from obedience to the law of any State in which it operates.

INFORMATION FILED WITH THE COMMISSION

SEC. 22. (a) Unless in the judgment of the Commission such information is confidential in nature and the disclosure thereof would be not in the public interest or the interest of investors or consumers, the information contained in any statement, application, declaration, report, or other document filed with the Commission shall be available to the public, and copies thereof may be furnished to any person at such reasonable charge and under such reasonable limitations as the Commission may prescribe: *Provided, however,* That nothing in this title shall be construed to require, or to authorize the Commission to require, the revealing of trade secrets or processes in any application, declaration, report, or document filed with the Commission under this title.

(b) Any person filing such application, declaration, report, or document may make written objection to the public disclosure of information contained therein, stating the grounds for such objection, and the Commission is authorized to hear objections in any such case where it finds advisable.

(c) It shall be unlawful for any member, officer, or employee of the Commission to disclose to any person other than a member, officer, or employee of the Commission, or to use for personal benefit, any information contained in any application, declaration, report, or document filed with the Commission which is not made available to the public pursuant to this section.

ANNUAL REPORTS OF COMMISSION

SEC. 23. The Commission shall submit annually a report to the Congress covering the work of the Commission for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this title as it may find advisable.

COURT REVIEW OF ORDERS

SEC. 24. (a) Any person aggrieved by an order issued by the Commission in a proceeding under this title to which such person is a party may obtain a review of such order in the circuit court of appeals of the United States within any circuit wherein such person resides, or has his principal place of business, or in the Court of Appeals of the District of Columbia, by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Commission be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon any member of the Commission, or upon any officer thereof designated by the Commission for that purpose, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order, in whole or in part. No objection to the order of the Commission shall be considered by the court unless such objection shall have been urged before the Commission or unless there were reasonable grounds for failure so to do. The finding of the Commission as to the facts, if supported by substantial evidence, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts by reason of the additional evidence so taken, and it shall file with the court such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court affirming, modifying, or setting aside, in whole or in part, any such order of the Commission shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

JURISDICTION OF OFFENSES

SEC. 25. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have exclusive jurisdiction of violations of this title or the rules, regulations, or orders thereunder and of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decreees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347). No costs shall be assessed for or against the Commission or the Federal Power Commission in any proceeding under this title brought by or against either such Commission in any court.

VALIDITY OF CONTRACTS

SEC. 26. (a) Any condition, stipulation, or provision binding any person to waive compliance with any provisions of this title or with any rule, regulation, or order thereunder shall be void.

(b) Every contract made in violation of any provision of this title or of any rule, regulation, or order thereunder, and every contract heretofore or hereafter made, the performance of which involves the violation of, or the continuance of any relationship or practice in violation of, any provision of this title, or any rule, regulation, or order thereunder, shall be void (1) as regards the rights of any person who, in violation of any such provision, rule, regulation, or order, shall have made or engaged in the performance of any such contract, and (2) as regards the rights of any person who, not being a party to such contract, shall have acquired any right thereunder with actual knowledge of the facts by reason of which the making or performance of such contract was in violation of any such provision, rule, regulation, or order.

LIABILITY OF CONTROLLING PERSONS

SEC. 27. (a) It shall be unlawful for any person, directly or indirectly, to do any act or thing through or by means of any other person which it would be unlawful for such person to do under the provisions of this title or any rule, regulation, or order thereunder.

(b) It shall be unlawful for any person without just cause to hinder, delay, or obstruct the making, filing, or keeping of any information, document, report, record, or account required to be made, filed, or kept under any provision of this title or any rule, regulation, or order thereunder.

UNLAWFUL REPRESENTATIONS

SEC. 28. It shall be unlawful for any person to use the name of the United States or of any agency or officer thereof in issuing, selling, or offering for sale any security of a registered holding company or subsidiary company thereof, or to represent or imply in any manner whatsoever that such security has been guaranteed, sponsored, or recommended for investment by the United States or any agency or officer thereof; except that an advertisement or prospectus published in connection with the sale of any such security may state, if such be the fact, that a declaration regarding the issue or sale of such security has been filed under this title or that the reorganization plan pursuant to which such security is issued has been approved by the Commission and by the court.

PENALTIES

SEC. 29. Any person who willfully violates any provision of this title or any rule, regulation, or order thereunder (other than an order of the Commission under subsection (b), (c), (d), (e), or (f) of section 11), or any person who willfully makes any statement or entry in any application, report, document, account, or record filed or kept or required to be filed or kept under the provisions of this title or any rule, regulation, or order thereunder, knowing such statement or entry to be false or misleading in any material respect, or any person who willfully destroys (except after such time as may be prescribed under any rules or regulations under this title), mutilates, alters, or by any means or device falsifies any account, correspondence, memorandum, book, paper, or other record kept or required to be kept under the provisions of this title, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $10,000 or imprisoned not more than 2 years, or both, except that in the case of a violation of a provision of subsection (a) or (b) of section 4 by a holding company, the fine imposed upon such holding company shall be a fine not exceeding $200,000; but no person shall be convicted under this section for the violation of any rule, regulation, or order if he proves that he had no knowledge of such rule, regulation, or order.

STUDY OF PUBLIC-UTILITY AND INVESTMENT COMPANIES

SEC. 30. The Federal Power Commission is authorized and directed to make studies and investigations of public-utility companies, the territories served or which can be served by public-utility companies, and the manner in which the same are or can be served, to determine the sizes, types, and locations of public-utility companies which do or can operate most economically and efficiently in the public interest, in the interest of investors and consumers, and in furtherance of a wider and more economical use of gas and electric energy; upon the basis of such investigations and studies the Federal Power Commission shall make public from time to time its recommendations as to the type and size of geographically and economically integrated public-utility systems which, having regard for the nature and character of the locality served, can best promote and harmonize the interests of the public, the investor, and the consumer. The Commission is authorized and directed to make a study of the functions and activities of investment trusts and investment companies, the corporate structures and investment policies of such trusts and companies, the influence exerted by such trusts and companies upon companies in which they are interested, and the influence exerted by interests affiliated with the management of such trusts and companies upon their investment policies, and to report the results of its study and its recommendations to the Congress on or before January 4, 1936.

FEDERAL POWER COMMISSION

SEC. 31. The Federal Power Commission, in respect of the matters within its jurisdiction under sections 13, 14, 15, and 30, shall have and exercise the rights, powers, functions, and duties conferred or imposed upon the Commission under sections 18, 19, 20, 22, 23, and 24.

EMPLOYEES OF THE COMMISSION AND FEDERAL POWER COMMISSION

SEC. 32. For the purposes of this title, the Commission and the Federal Power Commission may select, employ, and fix the compensation of such attorneys, examiners, and experts as shall be necessary for the transaction of the business of such commissions in respect of this title without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; and the Commission and the Federal Power Commission may, subject to the civil-service laws, appoint such other officers and employees as are necessary in the

execution of the functions of such Commissions and fix their salaries in accordance with the Classification Act of 1923, as amended.

SEPARABILITY OF PROVISIONS

SEC. 33. If any provision of this title or the application of such provision to any person or circumstances shall be held invalid, the remainder of the title and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SHORT TITLE

SEC. 34. This title may be cited as the "Public Utility Holding Company Act of 1935."

TITLE II. AMENDMENTS TO FEDERAL WATER POWER ACT

SECTION 201. Section 3 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 3. The words defined in this section shall have the following meanings for the purposes of this act, to wit:

"(1) 'public lands' means such lands and interest in lands owned by the United States as are subject to private appropriation and disposal under public land laws. It shall not include 'reservations', as hereinafter defined;

"(2) 'reservations' means national monuments, national parks, national forests, tribal lands embraced within Indian reservations, military reservations, and other lands and interests in lands owned by the United States, and withdrawn, reserved, or withheld from private appropriation and disposal under the public land laws; also lands and interests in lands acquired and held for any public purposes;

"(3) 'corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities' as hereinafter defined;

"(4) 'person' means any individual or a corporation;

"(5) 'licensee' means any person licensed under the provisions of section 4 of this act, and any assignee or successor in interest of such person;

"(6) 'State' means a State admitted to the Union, the District of Columbia, and any organized Territory of the United States;

"(7) 'municipality' means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the laws thereof to carry on the business of developing, transmitting, utilizing, or distributing power;

"(8) 'navigable waters' means those parts of streams or other bodies of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States, and which either in their natural or improved condition, notwithstanding interruptions between the navigable parts of such streams or waters by falls, shallows, or rapids compelling land carriage, are used or suitable for use for the transportation of persons or property in interstate or foreign commerce, including therein all such interrupting falls, shallows, or rapids, together with such other parts of streams as shall have been authorized by Congress for improvement by the United States or shall have been recommended to Congress for such improvement after investigation under its authority;

"(9) 'municipal purposes' means and includes all purposes within municipal powers as defined by the constitution or laws of the State or by the charter of the municipality;

"(10) 'Government dam' means a dam or other work constructed or owned by the United States for Government purposes with or without contribution from others;

"(11) 'project' means complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"(12) 'project works' means the physical structures of a project;

"(13) 'net investment' in a project means the actual legitimate original cost thereof as defined and interpreted in the 'classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission', plus similar costs of additions thereto and betterments thereof, minus the sum of the following items properly allocated thereto, if and to the extent that such items have been accumulated during the period of the license from earnings in excess of a fair return on such investment: (a) Unappropriated surplus, (b) aggregate credit balances of current depreciation accounts, and (c) aggregate appropriations of surplus or income held in amortization, sinking fund, or similar reserves, or expended for additions or betterments or used for the purposes for which such reserves were created. The term 'cost' shall include, insofar as applicable, the elements thereof prescribed in said classification, but shall not include expenditures from funds obtained through donations by States, municipalities, individuals, or others, and said classification of investment of the Interstate Commerce Commission shall insofar as applicable be published and promulgated as a part of the rules and regulations of the Commission.

"(14) 'Commission' and 'Commissioner' means the Federal Power Commission, and a member thereof, respectively;

"(15) 'State commission' means the regulatory body of the State or municipality having jurisdiction to regulate rates and charges for the sale of electric energy to consumers within the State or municipality;

"(16) 'security' means any note, stock, treasury stock, bond, debenture, or other evidence of interest in or indebtedness of a corporation subject to the provisions of this act."

SEC. 202. Section 4 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 4. The Commission is hereby authorized and empowered—

"(a) To make investigations and to collect and record data concerning the utilization of the water resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to markets of power sites, and whether the power from Government dams can be advantageously used by the United States for its public purposes, and what is a fair value of such power, to the extent the Commission may deem necessary or useful for the purposes of this act.

"(b) To determine the actual legitimate original cost of and the net investment in a licensed project, and to aid the Commission in such determinations, each licensee shall, upon oath, within a reasonable period of time to be fixed by the Commission, after the construction of the original project or any addition thereto or betterment thereof, file with the Commission, in such detail as the Commission may require, a statement in duplicate showing the actual legitimate original cost of construction of such project, addition, or betterment, and of the price paid for water rights, rights-of-way, lands, or interest in lands. The licensee shall grant to the Commission or to its duly authorized agent or agents, at all reasonable times, free access to such project, addition, or betterment, and to all maps, profiles, contracts, reports of engineers, accounts, books, records, and all other papers and documents relating thereto. The statement of actual legitimate original cost of said project, and revisions thereof as determined by the Commission, shall be filed with the Secretary of the Treasury.

"(c) To cooperate with the executive departments and other agencies of State or National Governments in such investigations; and for such purpose the several departments and agencies of the National Government are authorized and directed upon the request of the Commission to furnish such records, papers, and information in their possession as may be requested by the Commission, and temporarily to detail to the Commission such officers or experts as may be necessary in such investigations.

"(d) To make public from time to time the information secured hereunder and to provide for the publication of its reports and investigations in such form and manner as may be best adapted for public information and use. The Commission, on or before the 3d day of January of each year, shall submit to Congress for the fiscal year preceding a classified report showing the permits and licenses issued under this part, and in each case the parties thereto, the terms prescribed, and the moneys received, if any, or account thereof. Such report shall contain the names and show the compensation of the persons employed by the Commission.

"(e) To issue licenses to citizens of the United States, or to any association of such citizens, or to any corporation organized under the laws of the United States or any State thereof, or to any State or municipality for the purpose of constructing, operating, and maintaining dams, water conduits, reservoirs, power houses, transmission lines, or other project works necessary or convenient for the development and improvement of navigation and for the development, tranmission, and utilization of power across, along, from, or in any of the streams or other bodies of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States, or upon any part of the public lands and reservations of the United States (including the Territories), or for the purpose of utilizing the surplus water or water power from any Government dam, except as herein provided: *Provided*, That licenses shall be issued within any reservation only after a finding by the Commission that the license will not interfere or be inconsistent with the purpose for which such reservation was created or acquired, and shall be subject to and contain such conditions as the Secretary of the department under whose supervision such reservation falls shall deem necessary for the adequate protection and utilization of such reservation: *Provided further*, That no license affecting the navigable capacity of any navigable waters of the United States shall be issued until the plans of the dam or other structures affecting navigation have been approved by the Chief of Engineers and the Secretary of War. Whenever the contemplated improvement is, in the judgment of the Commission, desirable and justified in the public interest for the purpose of improving or developing a waterway or waterways for the use or benefit of interstate or foreign commerce, a finding to that effect shall be made by the Commission and shall become a part of the records of the Commission: *Provided further*, That in case the Commission shall find that any Government dam may be advantageously used by the United States for public purposes in addition to navigation, no license therefor shall be issued until 2 years after it shall have reported to Congress the facts and conditions relating thereto, except that this provision shall not apply to any Government dam constructed prior to June 10, 1920: *And provided further*, That upon the filing of any application for a license which has not been preceded by a preliminary permit under subsection (f) of this section, notice

shall be given and published as required by the proviso of said subsection.

"(f) To issue preliminary permits for the purpose of enabling applicants for a license hereunder to secure the data and to perform the acts required by section 9 hereof: *Provided, however,* That upon the filing of any application for a preliminary permit by any person, association, or corporation the Commission, before granting such application, shall at once give notice of such application in writing to any State or municipality likely to be interested in or affected by such application; and shall also publish notice of such application once each week for 4 weeks in a daily or weekly newspaper published in the county or counties in which the project or any part thereof or the lands affected thereby are situated.

"(g) Upon its own motion to order an investigation of any occupancy of, or evidenced intention to occupy, for the purpose of developing electric power, public lands, reservations, or streams or other bodies of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States by any person, corporation, State, or municipality and to issue such order as it may find appropriate, expedient, and in the public interest to conserve and utilize the navigation, and water-power resources of the Nation."

SEC. 203. Section 5 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 5. Each preliminary permit issued under this part shall be for the sole purpose of maintaining priority of application for a license under the terms of this act for such period or periods, not exceeding a total of 3 years, as in the discretion of the Commission may be necessary for making examinations and surveys, for preparing maps, plans, specifications, and estimates, and for making financial arrangements. Each such permit shall set forth the conditions under which priority shall be maintained. Such permits shall not be transferable, and may be canceled by order of the Commission upon failure of permittees to comply with the conditions thereof or for other good cause shown after notice and opportunity for hearing."

SEC. 204. Section 6 of the Federal Power Act, as amended, is amended to read as follows:

"SEC. 6. Licenses under this part shall be issued for a period not exceeding 50 years. Each such license shall be conditioned upon acceptance by the licensee of all the terms and conditions of this act and such further conditions, if any (as the Commission shall prescribe in conformity with this act, which said terms and conditions and the acceptance thereof shall be expressed in said license. Licenses may be revoked only for the reasons and in the manner prescribed under the provisions of this act, and may be altered or surrendered only upon mutual agreement between the licensee and the Commission after 30 days' public notice. Copies of all licenses issued under the provisions of this title and calling for the payment of annual charges shall be deposited with the General Accounting Office, in compliance with section 3743, Revised Statutes, as amended (U. S. C., title 41, sec. 20)."

SEC. 205. Section 7 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 7. In issuing preliminary permits hereunder or licenses where no preliminary permit has been issued, and in issuing licenses to new licensees under section 15 hereof, the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission equally well adapted, or shall within a reasonable time to be fixed by the Commission be made equally well adapted, to conserve and utilize in the public interest the water-power resources of the region; and as between other applicants, the Commission may give preference to the applicant the plans of which it finds and determines are best adapted to develop, conserve, and utilize in the public interest the water-power resources of the region, if it be satisfied as to the ability of the applicant to carry out such plans.

"Whenever, in the judgment of the Commission, the development of any water-power resources for public purposes should be undertaken by the United States itself, the Commission shall not approve any application for any project affecting such development, but shall cause to be made such examinations, surveys, reports, plans, and estimates of the cost of the proposed development as it may find necessary, and shall submit its findings to Congress with such recommendations as it may find appropriate concerning such development."

SEC. 206. Section 10 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 10. All licenses issued under this part shall be on the following conditions:

"(a) That the project adopted, including the maps, plans, and specifications, shall be such as in the judgment of the Commission will be best adapted to a comprehensive scheme for improving or developing a waterway or waterways for the use or benefit of interstate or foreign commerce, for the improvement and utilization of water-power development, and for other beneficial public uses, including scenic, recreational, archeological, and wildlife purposes; and if necessary in order to secure such scheme, the Commission shall have authority to require the modification of any project of the plans and specifications of the project works before approval.

"(b) That except when emergency shall require for the protection of navigation, life, health, or property, no substantial alteration or addition not in conformity with the approved plans shall be made to any dam or other project works constructed hereunder of an installed capacity in excess of 100 horsepower without the prior approal of the Commission; and any emergency alteration or addition so made shall thereafter be subject to such modification and change as the Commission may direct.

"(c) That the licensee shall maintain the project works in a condition of repair adequate for the purposes of navigation and for the efficient operation of said works in the development and transmission of power, shall make all necessary renewals and replacements, shall establish and maintain adequate depreciation reserves for such purposes, shall so maintain and operate said works as not to impair navigation, and shall conform to such rules and regulations as the Commission may from time to time prescribe for the protection of life, health, and property. Each licensee hereunder shall be liable for all damages occasioned to the property of others by the construction, maintenance, and operation of the project works or of the works appurtenant or accessory thereto, constructed under the license, and in no event shall the United States be liable therefor.

"(d) That after the first 20 years of operation, out of surplus earned thereafter, if any, accumulated in excess of a specified reasonable rate of return upon the net investment of a licensee in any project or projects under license, the licensee shall establish and maintain amortization reserves, which reserves shall, in the discretion of the Commission, be held until the termination of the license or be applied from time to time in reduction of the net investment. Such specified rate of return and the proportion of such surplus earnings to be paid into and held in such reserves shall be set forth in the license.

"(e) That the licensee shall pay to the United States reasonable annual charges in an amount to be fixed by the Commission for the purpose of reimbursing the United States for the costs of the administration of this part; for recompensing it for the use, occupancy, and enjoyment of its lands or other property; and for the expropriation to the Government of excessive profits until the respective States shall make provisions for preventing excessive profits or for the expropriation thereof to themselves, or until the period of amortization as herein provided is reached, and in fixing such charges the Commission shall seek to avoid increasing the price to the consumers of power by such charges, and any such charges may be adjusted from time to time by the Commission as conditions may require: *Provided,* That when licenses are issued involving the use of Government dams or other structures owned by the United States or tribal lands embraced within Indian reservations the Commission shall, subject to the approval of the Secretary of the Interior in the case of such dams or structures in reclamation projects and, in the case of such tribal lands, subject to the approval of the Indian tribe having jurisdiction of such lands as provided in section 16 of the Act of June 18, 1934 (48 Stat. 984) fix a reasonable annual charge for the use thereof, and such charges may with like approval be readjusted by the Commission at the end of 20 years after the project is available for service and at periods of not less than 10 years thereafter upon notice and opportunity for hearing: *Provided further,* That licenses for the development, transmission, or distribution of power by States or municipalities shall be issued and enjoyed without charge to the extent such power is sold to the public without profit or is used by such State or municipality for State or municipality purposes, except that as to projects constructed or to be constructed by States or municipalities primarily designed to provide or improve navigation, licenses therefor shall be issued without charge; and that licenses for the development, transmission, or distribution of power for domestic, mining, or other beneficial use in projects of not more than 100 horsepower installed capacity may be issued without charge, except on tribal lands within Indian reservations; but in no case shall a license be issued free of charge for the development and utilization of power created by any Government dam and that the amount charged therefor in any license shall be such as determined by the Commission. In the event an overpayment of any charge due under this section shall be made by a licensee, the Commission is authorized to allow a credit for such overpayment when charges are due for any subsequent period.

"(f) That whenever any licensee hereunder is directly benefited by the construction work of another licensee, a permittee, or of the United States of a storage reservoir or other headwater improvement, the Commission shall require as a condition of the license that the licensee so benefited shall reimburse the owner of such reservoir or other improvements for such part of the annual charges for interest, maintenance, and depreciation thereon as the Commission may deem equitable. The proportion of such charges to be paid by any licensee shall be determined by the Commission. The licensees or permittees affected shall pay to the United States the cost of making such determination as fixed by the Commission.

"Whenever such reservoir or other improvement is constructed by the United States the Commission shall assess similar charges against any licensee directly benefited thereby, and any amount so assessed shall be paid into the Treasury of the United States, to be reserved and appropriated as a part of the special fund for headwater improvements as provided in section 17 hereof.

"Whenever any power project not under license is benefited by the construction work of a licensee or permittee, the United States or any agency thereof, the Commission, after notice to the owner or owners of such unlicensed project, shall determine and fix a reasonable and equitable annual charge to be paid to the licensee or permittee on account of such benefits, or to the United States if it be the owner of such headwater improvement.

"(g) Such other conditions not inconsistent with the provisions of this act as the Commission may require.

"(h) That combinations, agreements, arrangements, or understandings, express or implied, to limit the output of electrical energy, to restrain trade, or to fix, maintain, or increase prices for electrical energy or service are hereby prohibited.

"(i) In issuing licenses for a minor part only of a complete project, or for a complete project of not more than 100 horsepower installed capacity, the Commission may in its discretion waive such conditions, provisions, and requirements of this part, except the license period of 50 years, as it may deem to be to the public interest to waive under the circumstances: *Provided*, That the provisions hereof shall not apply to annual charges for use of lands within Indian reservations."

SEC. 207. Section 14 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 14. Upon not less than 2 years' notice in writing from the Commission the United States shall have the right upon or after the expiration of any license to take over and thereafter to maintain and operate any project or projects as defined in section 3 hereof, and covered in whole or in part by the license, or the right to take over upon mutual agreement with the licensee all property owned and held by the licensee then valuable and serviceable in the development, transmission, or distribution of power and which is then dependent for its usefulness upon the continuance of the license, together with any lock or locks or other aids to navigation constructed at the expense of the licensee, upon the condition that before taking possession it shall pay the net investment of the licensee in the project or projects taken, not to exceed the fair value of the property taken, plus such reasonable damages, if any, to property of the licensee valuable, serviceable, and dependent as above set forth but not taken, as may be caused by the severance therefrom of property taken, and shall assume all contracts entered into by the licensee with the approval of the Commission. The net investment of the licensee in the project or projects so taken and the amount of such severance damages, if any, shall be determined by the Commission after notice and opportunity for hearing. Such net investment shall not include or be affected by the value of any lands, rights-of-way, or other property of the United States licensed by the Commission under this act, by the license or by goodwill, going value, or prospective revenues; nor shall the values allowed for water rights, rights-of-way, lands, or interest in lands be in excess of the actual reasonable cost thereof at the time of acquisition by the licensee: *Provided*, That the right of the United States or any State or municipality to take over, maintain, and operate any project licensed under this act at any time by condemnation proceedings upon payment of just compensation is hereby expressly reserved."

SEC. 208. Section 17 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 17. (a) All proceeds from any Indian reservation shall be placed to the credit of the Indians of such reservation. All other charges, except charges fixed by the Commission for the purpose of reimbursing the United States for the costs of administration of this part arising from licenses hereunder shall be paid into the Treasury of the United States, subject to the following distribution: 12½ percent thereof is hereby appropriated to be paid into the Treasury of the United States and credited to 'Miscellaneous receipts'; 50 percent of the charges arising from licenses hereunder for the occupancy and use of public lands, national monuments, national forests, and national parks shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the acts of Congress known as the 'Reclamation Act', approved June 17, 1902; and 37½ percent of the charges arising from licensees hereunder for the occupancy and use of national forests, national parks, public lands, and national monuments, from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such State; and 50 percent of the charges arising from all other licenses hereunder is hereby reserved and appropriated as a special fund in the Treasury to be expended under the direction of the Secretary of War in the maintenance and operation of dams and other navigation structures owned by the United States or in the construction, maintenance, or operation of headwater or other improvements of navigable waters of the United States. The proceeds of charges made by the Commission for the purpose of reimbursing the United States for the costs of the administration of this part shall be paid into the Treasury of the United States and credited to miscellaneous receipts.

"(b) In case of delinquency on the part of any licensee in the payment of annual charges a penalty of 1 percent of the total amount delinquent shall be added to the total charges for each month or part of a month in which the licensee is so delinquent until the total of the charges and penalties are paid or until the license is canceled and the charges and penalties satisfied in accordance with law."

SEC. 209. Section 18 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 18. The Commission shall require the construction, maintenance, and operation by a licensee at its own expense of such lights and signals as may be directed by the Secretary of War, and such fishways as may be prescribed by the Secretary of Commerce. The operation of any navigation facilities which may be constructed as a part of or in connection with any dam or division structure built under the provisions of this act, whether at the expense of a licensee hereunder or of the United States, shall at all times be controlled by such reasonable rules and regulations in the interest of navigation, including the control of the level of the pool caused by such dam or diversion structure as may be made from time to time by the Secretary of War; and for willful failure to comply with any such rule or regulation such licensee shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished as provided in section 313 hereof."

SEC. 210. Section 23 of the Federal Power Act, as amended, is amended to read as follows:

"SEC. 23. (a) The provisions of this part shall not be construed as affecting any permit or valid existing right-of-way heretofore granted or as confirming or otherwise affecting any claim, or as affecting any authority heretofore given pursuant to law, but any person, association, corporation, State, or municipality holding or possessing such permit, right-of-way, or authority may apply for a license hereunder, and upon such application the Commission may issue to any such applicant a license in accordance with the provisions of this title, and in such case the provisions of this act shall apply to such applicant as a licensee hereunder: *Provided*, That when application is made for a license under this section for a project or projects already constructed the fair value of said project or projects determined as provided in this section, shall for the purposes of this title and of said license be deemed to be the amount to be allowed as the net investment of the applicant in such project or projects as of the date of such license, or as of the date of such determination, if license has not been issued. Such fair value shall be determined by the Commission after notice and opportunity for hearing.

"(b) It shall be unlawful for any person, State, or municipality, for the purpose of developing electric power, to construct, operate, or maintain any dam, water conduit, reservoir, powerhouse, or other works across, along, or in any of the navigable waters of the United States, or upon any part of the public lands or reservations of the United States (including the Territories), or utilize the surplus water or water power from any Government dam, except under and in accordance with the terms of a permit or valid existing right-of-way granted prior to June 10, 1920, or a license granted pursuant to this act: *Provided*, That States or other municipalities granted certain rights and privileges under the Boulder Canyon Project Act and contracts executed thereunder relative to the use of water impounded by such project and the generation of hydroelectric power upon such project are hereby granted a license to construct, operate, and maintain any water conduit, reservoir, power lines, or other works across or along the navigable waters of the United States, or upon any part of the public lands or reservations of the United States for the purpose of utilizing said water or water power. A similar license is hereby granted to any State or other municipality with reference to any Government dam heretofore or hereafter constructed under act of Congress where States or other municipalities are granted the right to utilize the waters or water power generated at such dam. This license shall extend to all municipalities, corporations, or individuals acting for, under, and by authority of such State or other municipality in the premises. Any person, association, corporation, State, or municipality intending to construct a dam or other project works across, along, over, or in any stream or part thereof, other than those defined herein as navigable waters, and over which Congress has jurisdiction under its authority to regulate commerce between foreign nations and among the several States shall before such construction file declaration of such intention with the Commission, whereupon the Commission shall cause immediate investigation of such proposed construction to be made, and if upon investigation it shall find that the interests of interstate or foreign commerce would be directly affected or burdened by such proposed construction, such person, association, corporation, State, or municipality shall not construct, maintain, or operate such dam or other project works until it shall have applied for and shall have received a license under the provisions of this act. If the Commission shall not so find, and if no public lands or reservations are injuriously affected, permission is hereby granted to construct such dam or other project works in such stream upon compliance with State laws. If the applicant is a State and the Commission shall not find that such proposed construction does directly affect or burden interstate commerce permission is hereby granted said State to use the public lands and reservations within such State to the extent that may be necessary to such project and in a manner that will not be materially injurious to such public lands and reservations: *Provided*, That nothing in this section shall be construed to apply to the United States or to any agency thereof.

SEC. 211. Section 24 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 24. Any lands of the United States included in any proposed project under the provisions of this part shall from the date of filing of application therefor be reserved from entry, location, or other disposal under the laws of the United States until otherwise directed by the Commission or by Congress. Notice that such application has been made, together with the date of filing thereof and a description of the lands of the United States affected thereby, shall be filed in the local land office for the district in which such lands are located. Whenever the Commission shall determine that the value of any lands of the United States so applied for, or heretofore or hereafter reserved or classified as power sites, will not be injured or destroyed for the purposes of power development by location, entry, or selection under the public-land laws, the Secretary of the Interior, upon notice of such determination, shall declare such lands open to location, entry, or selection, for such purpose or purposes and under such restrictions as the Commission may determine, subject to and with a reservation of the right of the United States or its

permittees or licensees to enter upon, occupy, and use any part or all of said lands necessary, in the judgment of the Commission, for the purposes of this title, which right shall be expressly reserved in every patent issued for such lands hereunder may enter thereupon for the purposes accrue from the occupation or use of any of said lands for said purposes. The United States or any licensee for any such lands; and no claim or right to compensation shall of this part, upon payment of any damages to crops, buildings, or other improvements caused thereby to the owner thereof, or upon giving a good and sufficient bond to the United States for the use and benefit of the owner to secure the payment of such damages as may be determined and fixed in an action brought upon the bond in a court of competent jurisdiction, said bond to be in the form prescribed by the Commission: *Provided*, That locations, entries, selections, or filings heretofore made for lands reserved as water-power sites or in connection with water-power development or electrical transmission may proceed to approval or patent under and subject to the limitations and conditions in this section.

SEC. 212. Sections 1 to 29, inclusive, of the Federal Water Power Act, as amended, shall constitute part I of that act, and sections 25 and 30 of such act as amended, are repealed.

The Federal Water Power Act, as amended, is further amended by adding thereto the following parts:

"PART II. REGULATION OF ELECTRIC UTILITY COMPANIES ENGAGED IN INTERSTATE COMMERCE

"APPLICATION OF PART

"SECTION 201. (a) It is hereby declared that the business of generating, transmitting, and selling electric energy for ultimate distribution to the public is affected with a public interest, and that Federal regulation of that part of said business which consists of the transmission and sale of electric energy in interstate commerce and the generation of electric energy for such transmission and sale is necessary in the public interest. It is further declared to be the policy of Congress to extend Federal regulation to those matters which cannot be regulated by the States, and also to exert Federal authority to strengthen and assist the States in the exercise of their regulatory powers and not to impair or diminish the powers of any State commission.

"(b) The provisions of this part shall apply to the transmission of electric energy in interstate commerce, to the sale of electric energy at wholesale in interstate commerce, and to the production of electric energy for such transmission or sale, but shall not apply to the retail sale of such energy in local distribution. The Commission shall have jurisdiction over all facilities for such production, transmission, or sale of electric energy by any means and over all facilities connected therewith as parts of a system of power transmission situated in more than one State, except facilities used only for the production or transmission of electric energy in intrastate commerce or in local distribution or for the use of the producer or transmitter. Every person who owns or operates facilities subject to the jurisdiction of the Commission under this part shall be subject to the provisions of this part and the part next following.

"(c) Electric energy shall be held to be transmitted in interstate commerce within the meaning of this part if transmitted from a State to any point outside thereof; or from or to any place in the United States to and from a foreign country, but only so far as such transmission takes place within the United States; but electric energy shall not be held to be transmitted in interstate commerce within the meaning of this part if transmitted between points within the same State but through any point outside thereof.

"(d) The term 'public utility' when used in this part or in the part next following means any person who owns or operates facilities subject to the jurisdiction of the Commission under this title.

"(e) No provision in this part shall apply to, or be deemed to include, the United States, a State, or any municipality or other political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned, directly or indirectly, by any one or more of the foregoing, or any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty, unless such provision makes specific reference thereto.

"(f) Electric energy shall be held to be sold at wholesale in interstate commerce within the meaning of this part only when it is sold for resale after its transmission in interstate commerce or before such transmission if the same is thereafter so transmitted.

"(g) The provisions of this part shall apply only to the regulation of the transmission or sale in interstate commerce of electric energy.

"INTERCONNECTION AND COORDINATION OF FACILITIES

"SEC. 202. (a) For the purpose of assuring an abundant supply of electric energy throughout the United States with the greatest possible economy and with regard to the proper utilization and conservation of natural resources, the Commission is empowered and directed to divide the country into regional districts for the interconnection and coordination of electric facilities. Each such district shall embrace an area which, in the judgment of the Commission, can economically be served by such interconnected and coordinated electric facilities. With each such district and between such districts, such interconnection and coordination shall as far as——

Mr. KENNEY (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. RICH. Mr. Chairman, I object.

Mr. TABER (interrupting the reading of the bill). Mr. Chairman, it seems to me that we ought not to spend our time this way. I ask unanimous consent that the further reading of the bill may be dispensed with.

Mr. O'BRIEN. Mr. Chairman, I object.

Mr. HOUSTON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. O'BRIEN. Mr. Chairman, I object.

Mr. EKWALL. Mr. Chairman, I move that the further reading of the bill may be dispensed with.

The CHAIRMAN. The Chair cannot recognize the gentleman for that purpose.

Mr. ANDRESEN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. RICH and Mr. O'BRIEN objected.

Mr. EKWALL (interrupting the reading of the bill). Mr. Chairman, in order to give the reading clerk a breathing spell, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. O'BRIEN and Mr. RICH objected.

Mr. GRAY of Pennsylvania (interrupting the reading of the bill). Mr. Chairman, is it in order for the gentleman from Texas to make a speech on the floor while the Clerk is reading the bill?

Mr. McFARLANE. Is that a parliamentary inquiry or a wise crack?

The regular order was demanded.

Mr. CARPENTER (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of this bill be dispensed with.

The CHAIRMAN (Mr. HOUSTON). Is there objection to the request of the gentleman from Kansas?

Mr. O'BRIEN and Mr. RICH objected.

Mr. McFARLANE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Would it be in order to inform the gentlemen who are objecting that there will be plenty of roll calls over the week end and they should be prepared to stay here?

The CHAIRMAN. I think the Membership understands that thoroughly.

Mr. LUCAS (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. O'BRIEN and Mr. RICH objected.

Mr. RANDOLPH (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. RICH. Mr. Chairman, I object.

Mr. SAUTHOFF (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SIROVICH. Mr. Chairman, I make the point of order that there is no quorum.

The CHAIRMAN (Mr. WARREN). The Chair will count.

Mr. SIROVICH. Is the gentleman willing to talk to so few Members?

Mr. RAYBURN. I am.

Mr. SIROVICH. Mr. Chairman, I withdraw my point of order. Will the gentleman yield for a question before he begins?

Mr. RAYBURN. I would rather not.

Mr. SIROVICH. I think the gentleman has a very informative presentation, and I think we ought to have a quorum present.

BILL CONSIDERED 5 MONTHS

Mr. RAYBURN. Mr. Chairman, I hardly expected that the delay would be caused from some sources, but some people

want to give added evidence to their standing on public questions. We have had this bill in committee for 5 long months. There has never been a bill before the Congress of the United States that had any longer, more conscientious, and, with the ability of the members of the committee, a more real consideration than this bill has had. We have done our work under rather trying circumstances.

MISREPRESENTED THROUGH PROPAGANDA

The bill, from the hour it was introduced until now, from every section of this land, in my opinion, has been more misrepresented through propaganda in the mail, by telegrams, and advertisements in the newspapers than any bill that has had the consideration of this Congress in the last half century. Motives have been impugned. Backstage talk has been indulged in. Advertisements have appeared in newspapers as to what this bill means and what it does not mean. In my own State I know that circulars were put out through the mails and placed in envelops with electric-light bills in which every paragraph of the advertisement or the circular either contained an unknowing or deliberate misrepresentation of the facts with reference to this bill. I shall deal with some of that a little later. I may say, however, that to those of us who are responsible for bringing here this legislation, the Post Office Department, the telephone companies, and the telegraph companies at least should be very grateful.

I am embarrassed by the time I must take. We have only 4 hours to the side. There are 19 members on the majority side of this committee, and all of them know things about this bill. If they had 10 minutes apiece, it would take practically all of the time. In order that I may not ramble in what I am going to say and in order that I may say it in the time that I want to use, I shall speak from a manuscript, because I do not want to get outside the record.

WHAT IS HOLDING COMPANY?

Mr. Chairman, it may not be amiss for a moment to talk about what a holding company is, and then to give some of the background and what they were formed for and what they have been doing. I want to say to the Committee now that so far as I am concerned, after all of the pummeling and the pounding of the last 5 months, I have not changed my position on the essential aspects of the bill as originally introduced. [Applause.]

A holding company is a corporation primarily organized to own securities issued by other corporations. Commissioner Walter M. W. Splawn, one of the ablest and best men who ever served this or any other Government, who was special counsel to the Committee on Interstate and Foreign Commerce during the holding-company inquiries, has defined the holding company as follows:

> The holding company may be defined as any company which, by virtue of its ownership of securities, is in a position to control or substantially influence the management of one or more other companies; that is, a holding company is different from a mere investment company. An investment company buys securities as an investor would do and without any purpose of determining the policy of the management. But when a company by virtue of its ownership of securities is in a position to control or substantially to influence the management of another company it is properly classified as a holding company.

HOLDING COMPANIES EXIST BY REASON OF TECHNICALITIES AND LOOPHOLES IN LAW

Originally a corporation did not have the right to own stock of another company. At common law that was regarded as an unthinkable practice. Courts permitted banks to hold stocks which had been used as collateral only until they could be disposed of in the interest of the stockholders of the bank. Less than 50 years ago legislatures in New Jersey and other States began to authorize by general statutes the creation of corporations which would have the power to own shares in other companies. During the past generation the ablest legal talent in the country has been diligently devising ways and means by which the power of an artificial creature, a corporation, could be extended to control and own and deal in evidences of property rights and certificates of stock of other companies. The results of this ingenuity of able lawyers to persuade legislatures to write cunning statutes and courts to place shrewd constructions on those statutes has given the American people a master in the form of a holding company. This master is soulless, impersonal, intangible, immortal, and wellnigh all-powerful. This creature of our statutes holds under its control billions of dollars' worth of property scattered throughout the country, and sometimes around the world. Its decisions can shut down mills, move factories, reduce employees to a state of serfdom, strip the stockholders of local companies of their equities, siphon off the earnings of profitable companies beyond the reach of their stockholders to the stockholders of other companies. This creature of our imagination is permitted to act as a normal person, to contribute to campaign funds in municipal, State, and National elections; to hire clever writers to carry on campaigns of propaganda; to centralize the control of industry.

BUY AND SELL TO THEMSELVES, FIXING OWN PRICES WHICH CONSUMERS PAY

These creatures of our legal ingenuity are operated by a few clever men. They are used as the agencies for disfranchising stockholders of thousands of necessary and prosperous operating companies. They are used to take the control and direction of these local companies away from those who built them and place it in a city oftentimes far removed. Through the simple device of pyramiding, a small investment by those in control of the top holding company enables them to do as they like with hundreds of millions, and in some instances even billions, of other people's property. In one system the pyramiding goes so far as to pile one company on top of another until there are 10 corporations in the pyramiding, or the local operating company is 9 companies removed from the corporation at the top which controls it, along with hundreds of others. In this particular set-up an investment of $1 at the top enables the managers of the top to control over $30,000 of book value of the operating companies, or with less than $50,000 to control over a billion dollars of book value. In another set-up by an investment of about $23,000 at the top of the pyramid book values of $1,200,000,000 are controlled. This pyramiding, supplemented by the use of service contracts and sometimes other practices, has made for a concentration of management that is staggering to the imagination. In one office building in New York City those in charge of a paper holding company, with a very small investment and scarcely any risk of their own capital, are able to control hundreds of operating companies scattered clear across the United States. They are able to say to those operating companies what they shall buy, from whom they shall buy, at what price, and with whom they shall engage services and contract for supplies. They will appoint someone in the top company or in one of their service subsidiaries to be secretary of many of the important operating companies. We found one case in which a man was secretary or an officer in more than 200 corporations. These paper companies at the top of the pyramid as a rule operate nothing. They claim that they are beyond the control of any State authority because they are not selling transportation or any public-utility service. They hold themselves out as investment companies. They have undertaken to get beyond the reach of Government.

I put into the RECORD here the 17 practices of holding companies which I spoke of last January:

REPREHENSIBLE PRACTICES OF HOLDING COMPANIES

First. They have been used in paper transactions to defeat assessments of income taxes to the Federal Government. The holding company appears to have been quite useful in creating fictions under which technical requirements of the Bureau of Internal Revenue could be circumvented.

Second. The holding company has lent itself to the abuse of paying its officers high salaries and bonuses, sometimes of astonishing magnitude. In 1925 a man by the name of Foshay received $306,000 in salary and bonuses. It turned out that the activities of his company became a national scandal. The ease with which the officers of a holding company, through salaries and bonuses and profits in intercompany trading in securities, are able to appropriate to

themselves the earnings of operating utilities has been surpassed only by the secrecy of such actions. This secrecy was possible by reason of the holding company, and itself was an encouragement to avarice and irresponsible conduct.

Third. Another evil fostered by the holding company is fictitious stock subscriptions. Huge transactions have been effected by mere entries on books without any transfer of money or credit.

Fourth. It is in the power of the controlling holding company to make arbitrary apportionments of expenses to the operating companies. There is evidence that some holding companies apportioned to the operating companies the expenses of rendering services to them and at the same time collected from the companies fees for the services.

Fifth. There have been abuses in the appraisal of properties by the service companies controlled by the holding company at the head of the system. The California commission in one case found appraisals of properties within that State, which had been made under the direction of a holding company, twice as much as the California commission could allow. Again and again there appear in rate cases throughout the different States so-called "expert engineers and accountants" who give testimony as to the value of operating properties. These experts frequently qualify as being in the employ of a corporation skilled in making appraisals. The truth is that the corporation is frequently a subsidiary of a holding company owning the operating company whose rates are in litigation, and these so-called "experts" take their orders from the management of the top holding company. Instead of the appraisals having been made by independent engineers, they merely amount to self-serving declarations.

Sixth. These self-serving appraisals of operating properties by service organizations owned by the holding company have lent themselves to write-ups of assets. These write-ups, through juggling of accounts in response to appraisals under the control and at the direction of the holding company, have contributed to the deception of investors, of State regulatory authorities, and of consumers.

Seventh. The contracts with a service company imposed upon the operating companies by the top holding company have, in turn, been capitalized according to the value which the convenience of the management of the holding company seemed to dictate. Such a capitalization of service contracts is reflected in the accounts and financial structure of the system.

Eighth. A holding company lends itself to an inequitable distribution of securities. The insiders, those who direct the top holding company, are able to benefit at the expense of other stockholders.

Ninth. The abuses in the use of publicity by the direction of managements of the holding companies has become scandalous. Note:

THE MEN BEHIND THE W. B. FOSHAY CO.

An idea always originates with one individual. Every activity, whether in business or in other avenues of experience, had its beginning with a single person. Run down the list of scientists and inventors—there was Newton and the law of gravitation, Watt and the steam engine, Fulton and the steamboat, Marconi's cable, Bell and the telephone. Modern business institutions, such as the W. B. Foshay Co., are no exception. This company began modestly in one small room in the National-Soo Line Building, Minneapolis. That was 10 years ago. Mr. Foshay had the idea; he put it into execution. It came to him after many years of actual experience in the public-utility and financial field. He knew the business of producing gas and electricity from the power plant and gas works up to the executive's duties. * * *

Everyone calls to mind the actor who was hired to impersonate a counselor to investors in a series of radio broadcasts.

Tenth. Investors frequently do not distinguish between the regulated issues of securities by operating companies and the unregulated issues of the holding company at the head of the system. This confusion and the fact that the issues of the holding companies were not regulated resulted in losses to thousands of investors.

Eleventh. Holding companies have inflated their income by taking upon their books the earnings and the donated surplus of their subsidiaries without receiving the amounts in any form. These manipulations resulted in paying dividends out of what technically appeared to be earnings but which was in reality capital.

Twelfth. Manipulations of system securities by the top holding company have involved large purchases of stock by the holding company or its subsidiaries in order to support the market. Such manipulations have for a time resulted in fictitious market values and in a deception of the public. The reports on the top companies in the Insull system reveal a tragic collapse following huge manipulations which were prompted by misguided judgment, false pride, and overreaching personal ambition. The Insull debacle is an example of a successful and trusted management of large affairs having been destroyed through the manipulations and speculations made possible by reason of the existence of the holding company and the temptation to use it.

Thirteenth. The holding company has been able to earn large profits through contracts between a subsidiary service company and the controlled operating companies. There is now a wide-spread movement to render these services at cost, but so long as there is no possible dealing at arm's length, so long as contracts are dictated by the holding company which controls both the service organization and the operating companies served, just that long will the public have reason to fear that the charges to the operating companies for services are unfair.

Fourteenth. A holding company lends itself to imposition upon subsidiary operating companies through contracts for purchases of fuel and other supplies from corporations also controlled by the holding company or in which the holding company or some of its officers and directors have an interest. There are instances of where fuel for the operating company cost the operating company more than twice as much as it could have been had in the open market.

Fifteenth. The holding company, through service contracts, is able to require a local operating company to pay $100 a day for the services of men who receive only $20 a day for the services rendered. Such an imposition is effected by having the operating company actually pay the $100 a day to experts performing the service. These experts, employees of the system holding company or its service subsidiary, turn the cash in to their company and receive their contractual wage of $6,000 or $7,000 a year.

Sixteenth. The holding company encourages financial houses as organizers and promoters to create companies and to encourage transactions profitable enough to the financial institutions but without justification in any resulting benefit to the utility companies involved. There are many instances of such organizers taking stocks at prices far below what they would bring on the market.

Seventeenth. The directing holding company at the head of the system frequently makes improvident purchases of operating companies and carries the excessive price paid for operating properties into the consolidated balance sheet. Such improvidence may be due to misguided zeal in extending the sphere of influence of the system or to manipulations incident to cutting down income taxes, or to the belief that an inflated capitalization can be carried into the valuation used as a rate base or to the desire of insiders to profit through a creation of a supply of securities to be thrust upon the speculative public. A startling instance is that of a holding company exchanging $37,000,000 of its stock for $1,000,000 of the stock of an operating company.

A DEVICE TO CREATE SPECIAL PRIVILEGE

The whole country is aroused by this development of holding companies, and State governments stand helpless in the presence of these supercreatures. Whole States are served with power, with gas, with transportation by operating companies in the charge of employees who have no authority, no independence of judgment. They sometimes get good salaries; frequently they do not; and the rank and file of the employees are oftentimes underpaid. The people who complain of the high rates charged or of the quality of the service have to carry their complaints to the men who have no authority to act, who have to get on the telephone or

write a letter to New York City, who are subject to removal by those in the top companies without notice, and who are frequently transferred from one part of the country to another. While the employees of these operating companies work without hope of promotion in blind alleys, while the users fret in vain over the prices charged or the quality of the service rendered, a few men in the top holding company enrich themselves and their families and favorites, flaunt their extravagance, and make America a byword in the eyes of our neighboring countries by reason of the extravagance and vulgarity of these privileged people, sheltered by the most amazing legal edifice contrived in the history of mankind.

SMALL INVESTMENT, UNLIMITED POWER

The holding company has developed to where control is exercised through a maze of intercorporate relationships, impossible to be understood by the ordinary man. The holding-company device has been pyramided to give a few small but powerful groups control of the billions of dollars of the public's money invested in the utility industry. This has placed the great utility properties of the country in the control of men who themselves have only a small stake in their real ownership and who have shown neither prudence nor capacity in the management of these properties.

Two thousand companies are not so many to own $20,000,000,000 of property. A company with an average of $20,000,000 is itself a big company. But even those 2,000 companies are not independent. It may surprise you, but about 50 holding companies completely control these 2,000 operating companies. One holding company, Electric Bond & Share, controls so many operating companies that the grand total value of the properties of all of the companies in that system amounts to $3,000,000,000. That is, just one holding company dominates one-seventh of all the property operated by electric-light companies.

WALL STREET CONTROL

And then the banking houses control the holding companies which control the operating companies. One big banking house, through a company called "United Corporation", has an arrangement by which 8 or 10 of these big holding companies are tied together, so that more than one-fourth of the electric-light companies in the entire United States are subject to that banking influence.

The manager of the holding company becomes the big boss for all the electric-light companies which are controlled by the holding company. The controlling figure appoints the presidents and managers of each electric-light company and he tells them what to do. They cannot have any money for improvements without getting it through the master in the far-away city. When the manager of your local electric-light company needs a new dynamo in the power plant, or the money to extend cables in a new addition to your town, he has to take the matter up with the supermanager in a holding company in another city.

This big boss tells him whether or not he can have the money to use in your town, how much can be used, what is to be bought with it, and more importantly, from whom he is to make the purchase, and how much he is to pay. Now, if the top man is interested in a factory manufacturing the machinery your electric-light plant needs, he can make the manager of the company in your home town buy the machinery from the factory belonging to the big boss at the price he fixes. If the big boss in the far-away city charges the electric-light company in your home town more for the machinery than it is worth, nobody knows it. Then when your city council fixes the electric-light rates you shall pay, it has to fix them so that your company can pay the high price for the machinery which the chief of the holding company made it buy. If the holding company controls enough electric-light plants in enough towns and cities, it can, in various ways, make them pay millions of dollars into the holding company.

If you look at the financial structure of one of these holding companies, you will find in many instances that the holding company has outstanding issues of bonds. What is behind those bonds? Not physical properties because the holding company holds merely securities. Behind it is some collection of securities—securities of various subsidiary corporations. In many instances the physical assets of these subsidiaries have been written up deliberately. Then there are classes of preferred stock; then there are classes of common stock, and some classes of common stock will have the privilege and the advantage in voting, thus enabling the management to control the whole structure without assuming any financial risk. A holding company will sell its preferred stock to the public and then without any warning to these stockholders, it will put out ahead of their claim an issue of collateral trust bonds or of pure debentures. The preferred stockholders, even though they may have the privilege of voting, are helpless to prevent the management at its will from putting ahead of them an issue of debentures. The management may take the proceeds from the sale of the debentures and use it in any improvident speculation, even by trying to take the market of its own stock in a highly inflated stock market. And yet companies that indulge in these practices insist that they have the right to live, that they are of benefit to the public, that their activities are essential to the public welfare. They are just as necessary to the public welfare as piracy on the high seas or as robbery on the land. Banditry can be checked by police force, the insidious and subtle swindle through localized manipulation permitted through the laxity of charters of holding companies is more devastating to investors and more burdensome to the customers of operating companies than is the hold-up of a bank by the most hardened thug.

PUBLIC SWINDLED THROUGH DECEIT AND FRAUD

These companies say that there are a few minor abuses. Is a write-up of $2,000,000,000 of physical assets a minor abuse? Is the imposition of rates to make good such write-ups a minor abuse? Is the purchase of operating properties at inflated values and the resale of them through securities to the public at those inflated prices a minor abuse? Is the imposition of hundreds of purchase and sale contracts on as many operating companies, diverting their earnings from their stockholders and even their bondholders, to the people who have no interest in the properties, a minor abuse? Is the persuasion of teachers, of clerks, of professional people, of those with small means in thousands of American communities to buy so-called "preferred stock" of these companies at $60 a share when the managements know that its real value is not more than $5 a share a minor abuse? Is the effort through propaganda to deceive a hundred million people a minor abuse? Is the wholesale lobbying before every city council in this country, before every State legislature, and the effort through means of communications to bring pressure to bear upon the Members of Congress a minor abuse? Is the exchange of the worthless securities of a holding company for the sound bonds and stocks of local operating companies through the high-pressure salesmanship and misrepresentation of the promotional staff of the holding company a minor abuse? Is the swindling of millions of investors to the extent of billions of dollars through stock manipulations of these holding companies a minor abuse? These activities loom as the major activities of the holding companies. They seem to be mills for issuing stocks and bonds to sell to the people and the money of the people thus collected is dissipated as far as the people are concerned in most speculative and improvident exchanges.

INVISIBLE CREATURES OF THE LOOPHOLES IN THE LAW

Now, there are gentlemen who honestly believe that all these abuses can be corrected through some form of regulation. Remember that these companies do not operate anything except their devices for dealing in securities. They are invisible creatures of the law, dealing in intangible claims against various other corporate creatures. They exist as a result of legislative permission. They have grown up like mushrooms in the power industry during the hectic days of a most speculative era. An analysis of their performance fails to disclose justification for their existence.

Much has been said about destruction of value, and I want to say this. If the utility stocks of this country can

stand up and be worth anything after 5 months of the people who own them and control them saying they are going to be destroyed, then it appears to me it is idle to say that anybody is going to destroy the value of operating-company stocks.

THE GUILTY OPPOSING THIS BILL

The trouble about this situation is that these holding companies that have fattened off of the investors of this country by the abuses that I have talked to you about are the companies that are fighting this legislation. They are the ones that do not want to die; they are the ones that do not want to be crippled; they are the ones that do not even want to be regulated. [Applause.]

That is what I believe. When they go throughout this land and tell an investor in the securities of a local operating company that this bill or any part of it is going to destroy his value, they are telling him what, in my opinion, is a base falsehood.

BLOODSUCKING HOLDING COMPANIES SHOULD BE DESTROYED

What I want to do is to take from the backs of the clean, honestly operated operating companies of this country these leeches and bloodsucking holding companies, who perform no service, but who are milking to death the local operating companies under their control and are milking to death those who have invested their hard-earned money in the securities of these local operating companies. Do you know this? Over three-fourths of the investor's money in the utility industry is directly invested in securities of the operating companies, not the holding companies. The average investor does not own any stock of a holding company but of an operating company, and a great many investors who bought the stock of a holding company from the agent of the holding company thought they were buying the stock of the operating company in their neighborhood or in a neighboring community or in a neighboring State.

ATTACK ON HOLDING COMPANIES HAS NOT DESTROYED PRICES OF STOCKS

They say that this attack upon utilities has driven stocks down and destroyed their values; that this attack during the Roosevelt administration has robbed the investors of their investments and has brought them to nothing.

Two months ago I asked the Power Commission to give me some figures. I wanted to make a statement about this. I knew that the assertion was not true. I knew that the deflation in these stocks had occurred long before Mr. Roosevelt ever became President of the United States. I formed this into a statement for the newspapers, but I doubt if any of you saw it—I did not.

This is what I said in the statement, and I shall put it all in the RECORD, showing the value of these stocks, how much they have gone down, and when they went down, conclusively demonstrating that the pending holding-company bill did not have this effect, and this was given out more than 2 months ago.

Let me show you what happened:

The tables and charts prepared at my request by the Federal Power Commission and presented at today's hearings conclusively demonstrate that neither the pending holding-company bill nor the policies of the Roosevelt administration are responsible for the losses that have been suffered by the holders of this class of securities. Substantially all the losses in these securities had taken place before Franklin D. Roosevelt was inaugurated and long before the present holding-company bill was drafted.

At my request the Federal Power Commission has computed the market values of all the outstanding securities—bonds, debentures, preferred stocks, and common stocks—of the 25 principal electric-utility holding companies at the height of the market of 1929, at the end of February 1933, just before the present administration came into power, and at the present time. These computations are based upon the actual bid or sales price as published in authoritative financial journals.

They show that in 1929 these 25 holding companies had securities outstanding in the hands of the public with a nominal market value of $19,245,157,757. This enormous volume of securities had been issued by these 25 holding companies alone, although the total claimed fixed capital of the entire electric light and power industry was at that time less than $12,000,000,000. This is an indication of the unconscionable inflation of the holding-company securities during the stock-market boom.

Now, remember these stocks had a nominal market value in 1929 of more than $19,000,000,000. By the end of February 1933, just before the present administration came into office, these securities had declined to a market value of $2,879,000,000.

In other words, for every dollar they went down after March 1933 they went down the preceding 4 years $27, and I am informed from sources that I rely upon that these stocks have regained all that they have lost; and yet this gain has been made in the face of assertion from operating companies, as well as holding companies, that they are going to be destroyed, not only the holding companies, but the operating companies as well.

This represents a shrinkage of more than $16,000,000,000 in the value of the securities of these 25 holding companies before Franklin D. Roosevelt became President. It represented a loss of 85 percent of their market value at the height of the boom period.

Since March 1, 1933, these same securities of the 25 holding companies have suffered a further decline of $594,018,970. This is a large sum, but it pales into insignificance in comparison with the $16,000,000,000 loss during the preceding years of the depression.

Reduced to the simplest terms, these figures demonstrate that for every dollar that has been lost in holding-company securities since Roosevelt became President $27 were lost before he was inaugurated.

The facts become even more significant when we consider separately the debentures and preferred stocks of the holding companies, which have more or less value behind them, and the common stocks, which are largely "water." The bonds and debentures of these 25 holding companies, which had a market value of $726,788,792 in 1929, declined 53 percent by the end of February 1933, but since that time they have increased 23 percent. This represents a gain of more than $77,000,000. The preferred stocks of these holding companies, which had a market value of $1,730,807,818 in 1929, declined 58 percent before the 1st of March 1933, but have increased $9,058,000 in the two succeeding years. Thus the total gain in market value of these holding-company debentures and preferred stocks during the present administration has been more than $86,000,000.

The common stocks of these 25 holding companies had a market value in 1929 of $16,787,563,147. This is an amount practically equal to the public debt of the United States at that time. From this high point the market value of these holding-company common stocks declined 89 percent before the present administration assumed office in March 1933. Since that time, during the period when the Roosevelt policies have been in effect, the decline has been only 4 percent.

These figures are so enormous that they are difficult for the average man to grasp. The point will probably be made clearer if we get down to values that are more nearly within his experience. For example, 10 shares of common stock of the American Gas & Electric Co. at the height of the 1929 boom had a market value on the New York Curb of $2,038.75. On February 28, 1933, just before Roosevelt became President, they had declined to $210. But on April 9, 1935, in the face of all the depressing holding company propaganda against this bill, they had a value of $247.50, a gain of $37.50.

Ten shares of Commonwealth & Southern common, which were run up to a market value of $320 in 1929, were worth only $18.75 when Roosevelt was inaugurated—a loss of more than $300. Since March 1, 1933, they have declined only $5.

Ten shares of the common stock of Middle West Utilities—the Insull empire—were inflated by pool operations to a market price of $500 in 1929. By the 1st of March 1933 this fictitious empire had collapsed and 10 shares were worth $1.25. Now they can be sold at exactly the same price.

Ten shares of the North American Co. common stock had a market price at the height of the 1929 boom of $1,868.75. Before Roosevelt took office and 2 years before the holding

company bill was drafted these shares had declined to $187.50. This represented a loss of $1,681.25 to the "innocent investors" who bought at the top of the market. At this time—April 9, 1935—in spite of the depressing propaganda that has been put out by the North American Co. and others against this bill, the 10 shares have a sale price of $132.50. This represents a decline of only $55 during the present administration.

Ten shares of Stone & Webster common which sold as high as $1,133.75 in 1929 had declined to $62.50 before March 1, 1933. Now they would sell for $40.

These examples could be multiplied indefinitely. They would all tell the same story: That the greater part of the losses which investors and speculators in holding-company securities have suffered occurred before the Roosevelt administration assumed office and long before the present holding-company bill was drafted. The shrinkage in the price of holding-company securities has been due to a recognition by the investing public that they have never had any solid value behind them but were flimsy paper structures built up by promoters and speculators.

Much misleading propaganda regarding the alleged destructive effects of the pending bill upon operating companies has also been distributed since its introduction on February 6. Examination of the stock-market prices of leading operating-company common stocks indicates that this propaganda has failed in its obvious purpose of intimidating investors in these securities. Comparing present prices (Apr. 9, 1935) with the high prices reached during the week before the introduction of the holding-company bill, shows the following advances: Boston Edison $18.25 per share; Cleveland Electric $2.25 per share; Commonwealth Edison $9 per share; Consolidated Gas & Electric of Baltimore $5.62½ per share; Hartford Electric $5.50 per share.

Detroit Edison common has declined $5.62½ per share since the introduction of the bill; but this would appear to be due to anticipation of the normal seasonal decline in the production of automobiles, which is Detroit's chief power consuming industry.

It is obvious, therefore, that the investing public, having recovered from the first shock of the misleading and depressing propaganda circulated by the holding companies after the pending bill was introduced, have regained their confidence and are relying upon the Congress to enact legislation which will protect their interests and remove from this industry the abuses which have hitherto threatened every legitimate investment.

Declines in dollars per share of common stocks of principal electric-utility holding companies

	Top of 1929 market to Mar. 1, 1933	Mar. 1, 1933, to Apr. 10, 1935
American Gas & Electric Co	$203.90	[1]$3.75
American Power & Light Co	171.50	.75
American Super Power Co	68.40	1.65
American Waterworks & Electric Co	186.25	1.35
Associated Gas & Electric Co. "A"	71.15	1.10
Associated Gas & Electric Co	44.40	1.40
Columbia Gas & Electric Corporation	129.00	4.35
Commonwealth & Southern Co	30.15	.50
Consolidated Gas Co. of New York	137.65	25.25
Electric Bond & Share Co	177.50	4.10
Electric Power & Light Corporation	83.15	.85
Middle West Utilities Co	49.90	.00
National Power & Light Co	63.15	.75
Niagara-Hudson Power Corporation	20.90	5.65
North American Co	168.15	5.50
North American Light & Power Co	87.00	2.25
Public Service Corporation of New Jersey	97.25	13.85
Standard Gas & Electric Co	236.00	4.25
Stone & Webster, Inc	107.15	2.25
United Corporation	69.50	3.00
United Gas Improvement Co	43.40	4.00
United Light & Power Co.:		
A	59.40	1.35
B	122.00	1.50
Utilities Power & Light Co.:		
A	56.00	.60
B	85.50	3.00
Common	39.00	.35

[1] Increase.

Change in market value of utility securities—1929, 1933, 1935

PRINCIPAL HOLDING COMPANIES

Number of companies	25
Number of issues	100
Number of shares	219,245,863

Market value	Debentures and bonds	Stock		Total
		Preferred	Common	
1929 (high sale)	$726,788,792	$1,730,807,818	$16,787,563,147	$19,245,157,757
1933 (Feb. 28, bid)	342,584,498	733,622,808	1,802,827,643	2,879,034,949
1935 (Apr. 9, closing)	420,209,986	742,680,983	1,112,125,010	2,285,015,979

PRINCIPAL INDEPENDENT OPERATING COMPANIES

Number of companies	10
Number of issues	55
Number of shares	28,150,477

Market value	Bonds	Stock		Total
		Preferred	Common	
1929 (high sale)	$558,095,189	$281,117,182	$3,040,854,981	$3,880,067,352
1933 (Feb. 28, bid)	533,139,588	186,117,747	579,588,908	1,298,846,243
1935 (Apr. 9, closing)	585,447,715	182,735,000	507,625,091	1,275,807,806

These things, of course, declined 89 percent, because there was not any value behind them then and never was, in most instances, as to these common stocks.

I will say this, if the bill I introduced on the 6th day of February were passed, the exchange of stocks or the value of any stocks would remain for whatever value it had. [Applause.]

THIS BILL FAIR TO SECURITY HOLDERS

I believe any bill which the Congress will pass will provide for equitable arrangements fair to all security owners, even where the company relationships are most mixed, intertwined, and confused. I want to call your attention to the fact that the owners of these stocks of holding companies have not been any too well cared for under our present lack of Federal legislation. For example, the low price for the common stock of American Power & Light Co. in December 1929 was 68⅞, in December 1934 it was 3. Low price for the common stock of Columbia Gas & Electric Corporation in December 1929 was 62¼, in December 1934 it was 6⅝. Low price for common stock of Commonwealth & Southern in December 1929 was 11¾ and in December 1934 it was 1. Low price for the common stock of Stone & Webster, Inc., in December 1929 was 72½ and in December 1934 it was 3⅞. From these quotations from the market you can see that the stocks of power and gas holding companies, as a class, have ceased to be very attractive even to speculators. As you recognize, I have given quotations from some of the holding companies which are among the best managed. Insull has long ago crashed altogether.

Now, these holding companies came before us and had 48 hours in which to testify. They used these 48 hours in giving the committee some information, but the greater part of their time was used up telling how good they were and what great service they had rendered the country through services, but said little about charging fees, and so forth, to the operating companies.

There is a peculiar thing about that. They formed a committee, when we told them they could have ample time to appear before the committee, to distribute that time among the various holding-company groups.

That committee of three, headed by Mr. Gadsden, from whom you have received many gracious letters, refused to allow the Associated Gas & Electric Co. to come in on their time. They refused to allow the Cities Service to come in on their time, because, I presume, they did not want to be seen on the same side of the street with them. [Laughter.]

But after these gentlemen closed their hearing the committee said, "We ought to hear the Associated Gas & Electric Co. and we ought to hear the Cities Service Co."

So they came in. Of course, Mr. Hopson did not come down for the Associated Gas & Electric Co., and neither did Mr. Doherty appear for the Cities Service Co., but they sent some fine-looking, courteous gentlemen, and I am sure they are gentlemen.

When they got through their testimony, having been outlawed by those gentlemen who had refused to associate with them, they told how good they were, and the Cities Service said: "We are this much better than the other fellows, for we are the only company that is not banker-controlled; we are controlled by the public."

I do not know whether they are controlled by the public or not, but the public has been well bitten by them.

Examples of objectionable practices of holding companies were recited in testimony before the committee. The page references contained herein are to the record of the testimony made by witnesses appearing for the Government.

A generalized description of holding-company operations is given somewhat as follows: A holding company acquires a number of operating properties. It then organizes a new company or companies to which the properties are conveyed at a figure far in excess of what the holding company paid. The property accounts of the new operating company reflect the excessive price paid. The new company pays for the properties transferred to it by delivering bonds, preferred stock, and common stock to the holding company. The holding company proceeds to sell the bonds and preferred stock, usually for enough to recover a large part, if not all, of its original investment in the properties. The holding company retains the common stock, and hence the control of the new operating company (p. 173). It may then resort to various devices to exact as much revenue as possible from the operating company for its own profit and to support its own inflated capitalization.

WRITE-UPS

Examples of write-ups are very numerous.

The Electric Power & Light Corporation, organized in 1925 as a subsidiary of the Electric Bond & Share group, acquired properties of operating companies in Louisiana, Arkansas, and Mississippi, which were turned over to three new companies. These properties were bought by the new companies for $70,520,000, which was $27,761,740 more than the recorded valuation on the books of the predecessor companies (pp. 160–161).

Another write-up occurred when the Appalachian Electric Power Co. was organized. This company took over properties which had been acquired prior to 1926 by the American Gas & Electric Co. The properties stood on the books of the predecessor companies at about $72,000,000. When transferred to the Appalachian Electric Power Co., a subsidiary of American Gas & Electric, they were immediately put on the books at $139,039,648, an increase of $66,418,192 (p. 165).

In 1923 and 1924 certain electric utilities in Minnesota owned by the American Power & Light Co. were consolidated and merged into the Minnesota Power & Light Co. The ledger value of these properties, together with the cost of certain new construction, was approximately $17,076,250. This property was entered on the books of the Minnesota Power & Light Corporation at $38,711,179, a write-up of at least $21,634,929, or 126 percent (p. 210).

When the American Power & Light Co. got title to various properties in Florida, their ledger value, together with the cost of additional construction, was $28,231,209. The properties were conveyed to the Florida Power & Light Co. and entered on the books at $58,445,217, a write-up of $30,232,008, or 103 percent (p. 214).

In 1911 Electric Bond & Share Co. purchased the properties of the Waco Electric & Gas Co., Waxahachie Electric & Gas Co., Cleburne Electric & Gas Co., Hillsboro Electric & Gas Co., Sherman Electric & Gas Co., Bonham Electric & Gas Co., and Temple Light & Power Co. for a total consideration of $2,390,000.

On May 25, 1912, these properties were conveyed to the newly organized Texas Power & Light Co. for bonds and stocks with a total par value of $10,500,000. Thus, there was a write-up on the books of that company of $8,160,000, or over 400 percent.

In 1924 Henry L. Doherty & Co. organized the Cities Service Power & Light Co. to take over securities owned by the Cities Service Co. The assets were recorded on the books of the new company at $106,104,403, or 165 percent more than the $40,067,952 at which they were carried on the books of Cities Service Co. This was a write-up of $66,046,551 (p. 260).

Write-ups of operating companies in the Associated Gas & Electric system were $115,000,000. Write-ups of particular companies in the group were as follows:

New York State Electric & Gas Corporation	$10,021,634
Staten Island Edison Corporation	3,222,692
Erie Lighting Co	1,788,735
Johnstown Fuel Supply Co	1,078,707
Pennsylvania Electric Co	17,284,354
Clarion River Power Co	5,136,765
Broad River Power Co	13,238,898
Metropolitan Edison Co	25,857,408

(P. 155.)

The United Gas & Improvement Co. system showed write-ups of $10,290,000 in the operating companies, and $13,900,000 in sub holding companies, but none in the top holding company (p. 301).

Write-ups of operating companies as shown by the Federal Trade Commission were $93,000,000 in the American Power & Light group, $62,000,000 in the Electric Power & Light group, and $47,000,000 in the National Power & Light group (pp. 171 and 227). Write-ups of $134,000,000 were found on the books of operating companies in the Cities Service Co. (p. 240), and not all of the companies were examined (p. 283).

The Federal Trade Commission found the total write-ups in 18 holding company systems to be as follows: $273,000,000 in top holding companies, $350,000,000 in sub holding companies, and $839,000,000 in operating companies, and not all operating companies were examined (p. 250). Total write-ups for 18 holding-company systems were about $1,500,000,000 (p. 285). In 91 operating companies examined by the Federal Trade Commission the write-ups were about 22 percent of the fixed capital (p. 297).

Write-ups were sometimes made on the basis of appraisals, sometimes not. When made on the basis of appraisals they were frequently superficial and often by interested parties. The purpose of the write-ups in most cases was to allow the holding company to get back what it had invested and still control the properties (p. 215). Conservative accounting practice does not favor write-ups even when based on careful and independent appraisals.

CAPITALIZATION OF WRITE-UPS

The write-ups, such as those described, were usually capitalized; that is, they were accompanied by corresponding increases in security issues. In fact, the writing-up of values was usually done for the purpose of enabling a larger volume of securities to be issued in order that the holding company which received the securities might dispose of them and recover a large part of its initial investment.

There are a number of instances, however, in which the write-up in book value was not capitalized but was used to create an artificial surplus, or a depreciation reserve. The Northern States Power Co. about 1924 wrote up the value of its property by $15,000,000. On the liability side of the balance sheet it set up a "capital surplus" of $8,000,000 and a reserve depreciation of $7,000,000. The latter item would lead one to believe that the company had established out of earnings a retirement reserve to take care of property as it went out of service. Against the capital surplus was charged a discount on bonds of over $8,000,000, thereby eliminating the discount and relieving the earnings statement each year of the annual charge normally made to amortize the discount on bonds (pp. 140 and 141). A write-up of $3,000,000 on the books of the Oklahoma Gas & Electric Co. was carried to surplus and then used to get unamortized bond discount off the books (p. 296).

CONTROL WITH BUT LITTLE INVESTMENT

The purpose of write-ups and their capitalization is to enable the holding companies to recover a large part or all of their investment in operating companies—or other holding companies—and still retain control and share in the profits.

When the Nebraska Power Co. took over the properties formerly belonging to the Omaha Electric Light & Power Co. it paid $10,499,500 for properties which had cost the American Power & Light Corporation, a holding company in the Electric Bond & Share group, only $5,800,000. The Nebraska Power Co. issued $1,500,000 of 10-year notes, $3,000,000 of preferred stock, and $4,999,500 of common stock in payment for the properties. The notes and preferred stock were disposed of by the American Power & Light Corporation for $5,112,820, leaving it in control of the new company with a very small investment. If previous profits to Electric Bond & Share from transferring these properties are taken into consideration, the common stock cost the Electric Bond & Share less than nothing (p. 162).

When the American Gas & Electric Co. conveyed properties to its subsidiary, the Appalachian Electric Power Co., in 1926, it received securities in the amount of $112,129,000 for properties which had cost it $62,600,000. The American Gas & Electric sold the bonds and preferred stock and thereby recovered most of its investment, still holding the common stock. If other details of the transaction are taken into consideration, it appears that the American Gas & Electric Co. recovered all of its initial investment and a profit of $1,200,000, and still held the common stock. In other words, the common stock cost it less than nothing (p. 165).

When the Cities Service Co. sold its stock holdings in 1924 to Cities Service Power & Light Co., it received $99,999,000 in securities of the latter for securities which had cost it about $40,000,000. It then disposed of a large part of the securities of the Cities Service Power & Light Co., reducing its investment of $40,000,000 to less than $5,000,000 (p. 260).

In 1924 Cities Service Co. purchased stock of the Colorado Power Co., and later transferred to it a subsidiary, the Public Service Co. of Colorado, for $5,987,051 more than it cost. It received payment in securities of the Public Service Co. of Colorado, and sold part of them for more than it had paid for the stock delivered, retaining $5,500,000 of common stock of the Public Service Co. of Colorado, which cost it less than nothing (p. 240).

The Lakeside Construction Co., which built a plant for the Public Service Co. of Colorado, for which it received $10,000,000 of securities, and it more than defrayed the construction cost from the sale of $6,000,000 in bonds and preferred stock which had been issued to it in payment for the construction. It retained $2,500,000 of common stock which cost it nothing. The construction company and the Public Service Co. of Colorado were both controlled by the Cities Service Co. (p. 174).

"MILKING" THE OPERATING COMPANIES

In order to support their own inflated capitalization and earn profits for themselves and the holding companies higher up in the series, the holding companies have resorted to various devices to extort the largest possible amount of revenue from the operating companies. Sometimes this is merely an attempt to keep the rates of the operating companies high enough to earn a return on their inflated book value, thereby keeping up a flow of earnings to the holding company in the form of dividends on stock held by the holding company. In some cases this has led to carrying on the books of the operating company property that has long since been retired. Property of this sort to the extent of $30,000,000 was found on the books of the Twin State Gas & Electric Co. (p. 220). In other cases depreciation is not provided for as it should be. This was true of operating companies in the Insull system (p. 220).

But holding companies have resorted to other devices to extort large sums from operating companies. Many of these practices justify the charge that the holding-company system "is to a degree more or less of a parasite and excrescence on the actual operating companies of the country" (p. 122). The more common devices may be noted.

MANAGEMENT AND OTHER FEES

A common practice of holding companies is to charge management fees for their services to operating companies. There is little objection to such fees, if they are reasonable in amount and only remunerate the holding companies for actual and necessary expense of managing the properties. These fees are not based on competitive bidding. There is no "arm's length" bargaining, as the holding company which renders the service is in control of the company which pays for the service. These payments are described as "a disguised dividend that comes out ahead of even the interest on the bonds of the corporation" (p. 144).

In 1927 the Electric Bond & Share Co. received from the operating companies supervised by it the sum of $9,373,172.07 as fees for performing services. The total expenses incurred by the Electric Bond & Share Co. in rendering these services was $4,403,722.17. This gave a profit to Electric Bond & Share Co. of $4,969,449.30. The rate of profit was 113 percent.

In the year 1931 Electric Bond & Share Co. received $11,248,273.17 as income for rendering management services to its subsidiary operating companies. This year the rate of profit was 103 percent.

The Associated Gas & Electric Co. charged management fees to its operating companies. Then the actual cost of the management services was carried in a fund known as the "Ithaca working fund", which was apportioned among the operating companies. Thus the operating companies paid the expense of the management services in addition to the management fees (p. 160).

In 1926 the subsidiary companies of the Associated Gas & Electric system were caused to enter into management contracts with the Associated Gas & Electric Co. These contracts were then assigned to another subsidiary called "Utility Management Corporation", in return for securities capitalized with a stated value of $5,200,000. The Utility Management Corporation thereafter received fees at the rate of 2½ percent of the gross revenue of the operating companies. In the year 1927 it received the sum of $420,114.88, and in the year 1928 it received $338,087.89. However, Utility Management Corporation did not itself render any managerial services. After it had received the contracts from the Associated Gas & Electric Co., it in turn employed the J. G. White Management Corporation, not then an affiliated company, to perform the actual services, and paid to the J. G. White Management Corporation the sum of $200,000 a year. Since the White Co. was not an affiliated company, it is to be presumed that it, in turn, made a profit on the managerial services it was paid to perform.

In one instance the sub holding companies in the Central Public Service group received management fees of $1,246,000 for which they rendered no service (p. 231).

Legal fees were sometimes exacted of operating companies which went to swell the earnings of the holding company. Thus the Byllesby Engineering & Management Corporation, controlled by Standard Gas & Electric Co., collected fees for legal services performed by an affiliated legal firm, the profits of which went to the Byllesby Engineering & Management Corporation. The lawyers were paid on a salary or a commission basis. In 11 years, from 1919 to 1929, the management corporation collected from operating subsidiaries in the Standard Gas & Electric Co., for legal services, $3,359,884. After deducting the expenses of the legal department they realized a net profit of $2,078,872 out of the arrangement (pp. 300–301).

Management and other fees are ordinarily charged directly to the operating expenses of the operating companies. In some instances they are charged to property accounts and become an element on which a return is to be allowed. This is particularly true of construction fees. Thus Electric Bond & Share had many contracts for supervising construction activities of subsidiaries, and received 5 percent of the cost of construction. This amount was charged to the property account of the operating company (p. 168). Fees charged by the Northern States Power Co. of Minnesota by the Byllesby Engineering & Management Corpora-

tion were charged, in part, by the Northern States Power Co. of Minnesota to its fixed property account. On August 31, 1934, the amount which had so been charged was $4,600,000 (p. 141).

In some instances the holding companies have not been content with the flow of earnings resulting from the management fees, but have capitalized the management contracts, by carrying them into the asset accounts of the servicing companies. The Associated Gas & Electric Co. did this. It caused the Consumers' Construction Co., one of these servicing companies, to set up its contracts at $5,500,000. It caused the Utilities Purchasing & Supply Corporation to set up on its books the contracts to act as purchasing agent to the operating companies at $3,700,000. The Associated Utilities Merchandising Co. set up the contract by which it had the right to sell appliances at $5,900,000. The total of such contracts carried into the asset accounts by the various servicing companies was about $28,000,000 (pp. 126–127).

HIGH INTEREST ON ADVANCES TO OPERATING COMPANIES

Holding companies frequently charge high rates of interest on advances to operating companies.

PROFITS ON THE SALE OF APPLIANCES

For a great many years the subsidiaries of the Associated Gas & Electric Co. turned all of their money into the Associated Gas & Electric Co., and in general could not draw it out unless the Associated countersigned their checks. The subsidiaries were then charged interest at the rate of 8 percent per annum, compounded monthly, on such advances made by the Associated Gas & Electric (pp. 150–151).

Operating companies in the Associated Gas & Electric system were required to sell electrical appliances. The operating companies provided the bookkeeping, the light, the rent, the clerks, the salesmen, and got absolutely nothing for it, as all the profits were taken by an appliance company controlled by the Associated Gas & Electric Corporation. After the Federal Trade Commission investigation, a change was made so that the operating companies would get something out of it (p. 152).

FICTITIOUS TAXES LEVIED ON OPERATING COMPANIES

The Associated Gas & Electric Co. was permitted for a long time to make consolidated income-tax returns. From 1926 to 1929 it paid no income taxes to the United States Government, but collected for income taxes from its subsidiaries the sum of $2,900,000, which passed into its own income account, although charged by the operating company as taxes (p. 153). These taxes were estimated for each month and were treated as advances to the operating company. The operating companies were charged interest on these amounts at the rate of 8 percent per year, compounded monthly.

The New England Gas & Electric Association, controlled by the same persons who controlled Associated Gas & Electric, used the same device, and in 1927, 1928, and 1929 received $514,000 income from taxes paid by subsidiaries (p. 154).

The Cities Service Co. adopted this device, and from 1922 to 1930 collected $11,611,601.35 from subsidiaries as taxes, paid $1,743,220.98 to the United States Government, and pocketed $9,866,380.87 (p. 154). The right to make consolidated income-tax returns has recently been taken away.

INSIDE CONSTRUCTION COMPANIES

The Colorado Public Service Co. paid $10,000,000 for the construction of an electric station at Valmont, outside of Denver. The construction was done by the Lakeside Construction Co., which, like the Colorado Public Service Co., was controlled by the Cities Service Co. The cost of the station was around $4,400,000. The Lakeside Construction Co. sold part of the $10,000,000 in securities for $6,600,000 and retained the remainder (p. 174).

UPSTREAM LOANS

Operating companies have often been called upon to help the holding companies out of financial difficulties. Loans by operating companies to holding companies are sometimes called "upstream loans."

The Metropolitan Edison Co. bonded itself for an extra $9,000,000 in order to purchase bonds of a holding company in the same group (p. 155). When the depression came along, many of the operating companies in the Insull group were bonded and the money used in an attempt to save the holding companies (p. 315). (No specific instances are cited.)

I want to give you a brief picture of title I of the committee substitute bill—the part known as the Public-Utility Holding Company Act, and regulating holding companies of gas or electric operating utilities. All the regulatory and administrative powers and duties under this title are vested in the Securities and Exchange Commission, and the use of the word "Commission" throughout the title means that Commission.

Title I of this bill, insofar as it is based upon the power of Congress to regulate interstate commerce, reaches only those utility holding companies which are actively interstate holding companies—interstate in their use of the channels of interstate commerce to transmit energy, to transport gas, to carry on their business with subsidiaries in many States, to sell and ship goods, to distribute their securities to the public, and so on. Sometimes several of these interstate activities are being carried on continuously; sometimes all of them. But unless a holding company is thus vitally a part of the great interstate commerce of this country, it is not reached by this bill as a subject of Federal regulation.

At the outset, in section 1, the bill states the basis of Federal jurisdiction over public-utility holding companies which operate in interstate commerce or whose practices directly affect or burden interstate commerce. The section also states the policy of Congress in enacting title I to be that of controlling the abuses and eliminating the evils connected with public-utility holding companies. In a moment I shall discuss certain of those evils and point out how particular provisions of the bill are designed to curb and cure them.

The bill in section 2 defines 27 terms. These definitions are for the sole purpose of clarity and exactness—none of them imposes any duty or liability on any person or company. They are put in the bill merely to make the substantive provisions of the bill easy to understand and do not carry with them any liabilities or restrictions. To be a holding company within the definition means nothing in and of itself; nor does any obligation arise from the definitions of subsidiary company or affiliate, and so forth.

The definition of holding company, which in substance is a company which controls operating gas or electric utilities, becomes important only in light of the provisions in the other sections of the bill; and in section 4 it is expressly provided that if a company is a holding company and if it makes certain specified uses of interstate commerce or of the mails to carry on its business of controlling utilities and to sell and distribute its securities to the public, then it must register with the Securities Commission in order to remain entitled to the privilege of carrying on its business in interstate commerce. From then on each provision of title I applicable to holding companies is directed only to registered holding companies—that is, those that are essentially interstate in their business activities and required by section 4 to register. They become registered companies by filing their registration statements and following the procedure prescribed in section 5.

But even though a company is an interstate holding company and uses the mails to carry on its business, still it may be exempted from any provision of the bill if it falls within one of the five categories of companies which section 3 directs the Commission to exempt, except insofar as the Commission makes a finding that the exemption would be definitely detrimental to the public interest or the interest of investors or consumers. These five classes of holding companies which can qualify for exemption under section 3 are classes of companies which, although actually holding companies by virtue of their having control over operating utilities, are, nevertheless, not the kind of holding company set-up which it is intended to reach in title I. These five exempted classes are:

First. Essentially intrastate systems where both the holding company and its utility subsidiaries are organized in the

same State, and where their business is substantially confined to that State;

Second. Systems in which the holding company is primarily itself an operating company, whose operations do not extend beyond the State where it is organized and contiguous States;

Third. Systems in which the holding company is only incidentally in the utility field, being primarily engaged in nonutility businesses;

Fourth. Systems in which the holding company is temporarily a holding company, being one solely because it holds securities of operating companies in order to liquidate a debt or for underwriting purposes; and

Fifth. Systems in which there are no domestic utilities but rather only utilities outside the United States.

Now, if a company is an interstate holding company with operating utilities in several States, and if it does not fall in one of the five classes of exempted companies which I have listed, it is the sort of national utility-holding company which is of particular concern to the Federal Government and it must register under section 4, and be regulated by the rest of the provisions of title I for the protection of the public, of investors, and of consumers.

The substantive provisions of title I are directed at the regulation and simplification of registered holding companies and their subsidiaries. Unless a holding company is registered neither it nor its subsidiaries are reached under the provisions in the bill. And these provisions of the bill can be divided into six fairly well-defined classes, regulating:

First. Issue and sale of securities (secs. 6 and 7);

Second. Acquisition of securities, utility plants, and interests in other businesses (secs. 8, 9, and 10);

Third. Intercompany transactions (sec. 12);

Fourth. Service contracts (sec. 13);

Fifth. Simplification of holding company systems (sec. 11); and

Sixth. Reports and accounts (secs. 14 and 15).

I would like to explain these six classes of provisions briefly and show how they reach particular evils.

First. Issue of securities: The Securities Commission is directed to examine future issues of securities by registered companies and such of their subsidiary operating companies as do not have their security issues regulated by State commissions. Section 6 requires each new issue of such companies to follow a procedure of a declaration filed with the Commission setting forth the facts in connection with the issue. There are exempted in section 6 certain classes of issues, such as short-term financing and issues pursuant to presently outstanding securities. Section 7 outlines the procedure to be followed, and sets up the requirements which must be met in new security issues. It directs the Commission to stop any issue which fails to meet those requirements. The requirements are directed at such things as overcapitalization, unfair distribution of voting power, unnecessary complexities in financial structure, improper fees and commissions, and so forth.

Probably most important under this regulation of security issues will be the prevention of the issue of securities on the basis of write-ups; securities which in the past have been sold to the public with nothing behind them except fictitious values created out of wind and water. The provisions will also prevent the issue of various kinds and classes of securities with unequal voting power; a device for financial pyramiding so that control could be concentrated in the hands of a few insiders who did not put up money of their own. These sections are also designed to prevent in great measure the sale to the public in the form of gilt edge, senior securities, things that really constitute only an interest in the common stock equities of subsidiary companies, while the prohibitions in this regard are not as carefully safeguarded as the corresponding restrictions in the Senate bill, they do go great lengths in protecting the public against the practice of dressing up common stocks in the form of bonds and debentures. I should like to see these provisions made more adequate and more effective.

Second. Acquisition of securities and utility plants: Section 9 subjects future acquisitions of securities, utility plants, and other interests to the approval by the Securities Exchange Commission. There are exempted from the requirement of Commission approval such transactions as the acquisition of securities for investment, the acquisition of commercial paper and other securities in the usual course of business, and the acquisition by utility companies of the plant or securities of another utility in the same State if approved by a State commission, and so forth. Section 10 outlines the procedure for obtaining Commission approval and sets forth the requirements which must be met before the Commission may approve an acquisition. These requirements are directed toward the prevention of interlocking relationships or the concentration of control of public utilities to an extent detrimental to the public interest, the paying of exorbitant fees and commissions, the creating of undue complexities in capital structure, etc. In the case of acquisitions of utility securities or utility plants, the acquisition must meet the requirement of tending toward the economical and efficient development of an integrated utility system. Section 8 prohibits in the future two types of acquisitions of utility plants and securities. This section prohibits acquisitions bringing foreign utilities into domestic systems unless the foreign properties can be integrated with the domestic properties. It also prohibits acquisitions in contravention of State policy against the common ownership of competing gas and electric utilities.

These provisions will safeguard acquisitions in the future so that unfair prices will not be paid to corporate insiders—with the public furnishing the money and then holding the bag when it is discovered that the properties cannot possibly earn their carrying charges. Taken together with the provisions governing security issues, these sections will curb the practice which holding company financiers have indulged in of burdening the system with such large debts, and such a watered-stock structure that there was an ever-pressing need to exact more and heavier fees from the operating companies and hence to charge as much as, and in many cases more than, the consumer could bear. While these sections are not as specific in their limitations on future acquisitions, particularly in the matter of engaging in speculative, nonutility enterprises, as the provisions of the Senate bill, they should go a long way toward preventing the wanton waste of the investors' and the consumers' money.

Third. Intercompany transactions: Section 12 vests in the Securities and Exchange Commission the power to make rules along certain specified lines governing intercompany transactions in the systems of registered holding companies, such as loans, fees, commissions, and so forth. It also subjects to the control of the Commission's rules and regulations the disposition of assets, the payment of dividends, the redemption or retirement of securities, and the obtaining of proxies. Except for the prohibition in this section against "upstream loans", the regulation is a matter of the exercise of the Commission's discretion through rules setting up safeguards for these transactions by registered companies and their subsidiaries.

These provisions will reach a wide range of practices—all of which have been a frequent source of injury to the public by reason of the fact that the holding company sits on both sides of the transaction and dictates its terms—often with flagrant disregard of the best interests of investors and consumers. Thus it will be possible to prevent the siphoning off of money from operating companies to finance the speculative ventures of the bankers and others in control of the system. The operating companies will be protected against having their reserves depleted whether through loans or excessive dividends. This exaction of excessive dividends has in the past frequently been even more harmful, because more subtle, than the taking of upstream loans. Furthermore, when the operating company borrows funds from the holding company it will be possible to prevent the charging of excessive interest and unearned bonuses. The Commission is given power to prescribe rules which will safeguard against the transfer of assets and securities from one

company to another in the system in such a way as to create paper costs and fictitious gains and losses.

Fourth. Service contracts: Section 13 requires service, sales, and construction contracts, if they are to be performed from inside the system for companies in the system, to be performed in accordance with the rules and regulations of the Securities Commission to provide a certain amount of protection for subsidiary companies which are served by a company controlled by the same holding company. The section prohibits the holding company from performing the services itself, but it may act in the future through a controlled service, management, or construction company, whose transactions will be subject to the Commission's rules under this section. The performance of service contracts by persons whose principal business is the performance of such contracts for utilities, is also subjected in section 13 to the rule-making power of the Commission. Personally, I preferred the original section of the bill.

Fifth. Simplification of holding company systems: Section 11 outlines the duties of the Commission regarding voluntary and compulsory simplification of holding company systems. Under the compulsory feature, the Securities Commission is directed to issue its orders, at any time after January 1, 1938, to registered holding companies and their subsidiaries so as to require the limitation of holding company properties to those comprising one or more integrated public-utility systems. The question of the extent and scope of holding company systems in the future and whether they are to be allowed to retain 1, 2, 4, or more integrated systems is made a matter of the Commission's exercise of its discretion with due regard for the public interest. And the Commission may not require any divestment of nonutility businesses unless it affirmatively finds that such business cannot be retained consistently with the public interest. Nor may the Commission require under section 11 the divestment of any foreign properties now held. The Commission may also issue its orders for simplification upon application by the companies in the system involved whenever they request such an order. There are also provisions in section 11 subjecting to the Commission's rules and regulations the soliciting of proxies in connection with reorganization plans. This will afford a much-needed protection to the investor—he will be able to consider concrete proposals on their merits and receive a full and fair disclosure of all material facts before he is forced to tie himself irrevocably to a plan which might be injurious to his interests and involve great expense on his part.

Sixth. Reports and accounts: Section 14 requires regular reports by registered holding companies to the Commission regarding the financial condition of the company and its subsidiary companies and the transactions and relations between them. Section 15 vests in the Commission power to prescribe methods of accounting for registered holding companies and their subsidiaries. It also gives the Commission power to prescribe the accounts of affiliates and persons whose principal business is the performance of service contracts for utilities, insofar as the transactions of affiliates and such persons are subject to the title. These sections will put an end to the elusive practice indulged in by holding companies, who for years have obstructed effective State regulation of their operating subsidiaries by the simple device of keeping important information and books outside the State, beyond the reach of local regulatory commissions. Such information will now be on file with the Securities Commission or will be available through that Commission. Furthermore, after the Commission has prescribed uniform systems of accounting, the books and accounts when obtained will be in such form as to reveal rather than conceal the true nature and effect of transactions and the exact financial status of the companies.

The remaining provisions of the title are concerned with such matters as the liability for false and misleading statements (section 16), reports by officers and directors of transactions in the securities of their companies (section 17), and the administrative provisions covering such matters as hearings, the rule-making power of the Commission, investigations, enforcement, penalties, and so forth.

I want to say this: I appreciate the candor and cooperation of the 26 other members of this committee who have patriotically, along with the chairman, tried to work out this tremendous problem.

I want to add in closing that today and yesterday we received from Texas a great protest against title II of this bill, which the gentleman from California [Mr. LEA] will discuss with you, because he was chairman of that subcommittee—a protest against title II as taking away from Texas its right to control its own affairs, when there is no utility commission to control. Some of the same gentlemen who do me the honor to listen from the gallery today have been the instrumentalities throughout the years of defeating in the Texas Legislature the passage of any effective utility legislation. They confess to be for utility regulation in Texas but always make proposals that no considerable number of legislators are for, and the final outcome no law. [Applause.] Yet they have their friends in Texas today wiring Members of Congress from Texas that they are, by the passage of this bill, arranging to take away from Texas some of its power and some of its prerogatives.

NO PROPER REGULATIONS OF UTILITIES IN TEXAS

Do you know the only regulation of utilities we have in Texas? The holding companies, the big operating companies, go to the town commission, for instance, in a town, and those great experts argue rates with the mayor and two commissioners.

The CHAIRMAN. The time of the gentleman from Texas [Mr. RAYBURN] has expired.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. RAYBURN. Under Peter Molyneaux in Texas they have been broadcasting against this bill. They called in a man by the name of J. J. Taylor, known as the "State press", an editorial writer on the Dallas News, a man of high character, a man of honor, a man of truthfulness. But the propaganda has gone around in Texas that this committee knew nothing about this bill; that the chairman never saw the bill until it was handed to him. They have gone into my town, the agents of these companies, and asked the people to send letters to me and telegrams and petitions to me and to other Members of the Texas delegation and its Senators, by telling them, "SAM RAYBURN does not care anything about this bill. It does not make any difference with him. Just let him know that you do not want it and perhaps he will kill it."

Mr. MOLYNEAUX. You grant perfect sincerity to the President; therefore I take it that you grant as much to Mr. RAYBURN, one of the authors of the bill?

Mr. TAYLOR. Precisely. Mr. RAYBURN has long served in Congress from Texas. He is chairman of one of the most important committees in the lower House. But my view is that Mr. RAYBURN attached his name to the measure by request, direct or implied, and that he would not be inconsolable if the bill failed of passage.

That statement is not only false, it is infamous. It imputes to me motives that are low. Mr. Taylor is a gentleman and a truthful man, but these utilities have spread this propaganda throughout Texas, and Mr. Taylor is simply echoing it without any information upon it, but I say this to Mr. Taylor, that before he imputes motives to anyone he should investigate the facts if he expects to continue to be classed as an honest and truthful man. In trying to get people to sign letters and telegrams to me and the Senators and other Representatives from Texas, agents of these companies have gone from town to town circulating this and other infamous falsehoods.

Our committee was investigating, under Dr. Splawn, as I stated here, one of the ablest men who has ever served this or any other Government, before any of this "brain trust" was ever heard of. The Federal Trade Commission for 5 years, with an expenditure of $2,000,000, was investigating

this matter. I sat with the President and with representatives of the Government, and with representatives of the Federal Trade Commission and with Dr. Splawn and others, before this bill was ever brought into existence, and I had to do with its writing.

SPRAWLING EMPIRES AND GLORIFIED OFFICE BOYS

Let me say this, and then I am done: These gigantic holding companies spread throughout the land. This Electric Bond & Share is one of the sprawling empires with properties operating in 32 States. Those managers, those directors, those presidents can do nothing unless they get on the phone or by letter ask the head of the Electric Bond & Share Co. in New York. They have a president of the Texas Power & Light Co., John W. Carpenter, known to many Members of Congress; they have a president of the Dallas Power & Light Co., another subsidiary of the Electric Bond & Share Co.; they have another president of the Houston Power & Light Co., another subsidiary of Electric Bond & Share—nice men, I grant; but they are little more in this great set-up, this powerful group, than glorified office boys, because they have little or no authority to act under any circumstances or upon any occasion.

TAKE MANAGEMENT AWAY FROM NEW YORK

What I want to do is to break the hold of these superstructures, to break up these sprawling empires, so wide and so big that the law of diminishing returns begins to operate. Instead of taking power, authority, and management away from the local communities, I want to take it away from New York, from the Insulls in Chicago, and give it back to the communities of this country where it belongs. [Applause.]

There is now on file at the office of the Securities and Exchange Commission one of the best arguments in favor of the passage of the Public Utility Holding Company Act of 1935. I refer to the registration statement filed by the Standard Gas & Electric Co. covering a plan for the extension of two issues of notes due October 1, 1935. This statement, which was carefully prepared by the officers of that company and sworn to by them, is a confession of mismanagement. It shows large profits made by officers and directors at the expense of the investors whose interests they are supposed to protect, incomplete reports to shareholders as to the condition of their company, unwise—to speak charitably—disbursements of the assets of the company in the form of dividends when the directors knew, or should have known, that cash should be conserved to meet, at least partially, the maturity of the notes now sought to be extended.

It is significant that at the head of the balance sheet as of December 31, 1934, of the Standard Gas & Electric Co. filed with this registration statement there is set out that reference is made to a statement relating, among other things—

To transactions of the company in the acquisition of securities involving profits to H. M. Byllesby & Co. and to a syndicate composed principally of officers of the company.

An example of the profit made by Byllesby & Co. is found in connection with the acquisition of the common stock of United Railways Investment Holding Corporation. In this instance the company admits that stock which cost Byllesby & Co. $500 was acquired by it at a cost of $5,500,000.

In the balance sheet of the company, according to its own books and records as of December 31, 1934, total assets of $310,752,452.89 are balanced against liabilities of equal amount. However, when these assets and liabilities are restated to show necessary adjustments caused by the elimination of write-ups, inclusion of intangibles, and so forth, the total assets are reduced to $167,143,582.34. This reduction in the total assets necessarily affects the liability side of the balance sheet, so that instead of there being a surplus of $123,823,063.25, there is a deficit of $29,461,222.98. The effect of this deficit can be readily seen when it is noted that the capital stock of this company is carried at $21,626,070. So, the entire equity of the common shareholders of the Standard Gas & Electric Co. would be wiped out and the preferred stockholders' equity reduced by the amount of $7,835,162.98. Also, the remainder of the equity of the preferred stockholders would be affected by a contingent liability amounting to more than $29,000,000 arising through the claim for income taxes filed by the Internal Revenue Bureau. This additional claim for taxes is caused by the practice of the company in claiming for income-tax purposes a much larger amount for depreciation than was actually charged. In fact, the amounts so claimed have exceeded the amounts charged to income as provisions for retirements and depletion for the 9 years ending with the year 1933 by $75,120,766.94.

It is of further interest to note that the bankers who have for the last several years been in control of the Standard Gas & Electric Co. and who have participated in the profits made in connection with the sale of properties to the company, underwriting contracts and syndicates, desire to profit to a large extent through the proposed reorganization contemplated by this registration statement. The plan of reorganization provides that these bankers, H. M. Byllesby & Co., The First Boston Corporation, W. C. Langley & Co., A. C. Allyn & Co., Emanuel & Co., and Granbury, Safford & Co., are to receive 2½ percent of the principal amount of all notes deposited under the extension and deposit agreement, and in addition are to be paid their actual expenses. According to the statement of the company these bankers will receive $716,000 for acting as depositaries under this plan, the need for which appears to have been caused largely by the acts of some of the members of the syndicate. And it is of particular interest to note that such compensation is to be paid from time to time as the notes are deposited, whether or not the plan becomes operative. In others words, even though the Standard Gas & Electric Co. were to go into the hands of receivers or into bankruptcy, these bankers would receive their commissions out of any funds which might have been due the creditors.

During the 3 years—1932, 1933, and 1934—when the total net income of the Standard Gas & Electric Co. was approximately $13,613,000, dividends amounting to over $15,000,000 were paid, of which $4,700,000 were on common stock in 1932. In view of the fact that the directors knew that there was a maturity of over $25,000,000 worth of securities in October 1935, it seems to me that it is almost criminal negligence for them to have so reduced the reserves of the company by the payment of those large dividends and to thus jeopardize the investment of so many hundreds of security holders.

It is all very well for members to point out that these facts are contained in registration statements filed at the Securities and Exchange Commission pursuant to the Securities Act of 1933, and that the publicity attaching thereto will prevent such happenings in the future, but for the average investor to understand these matters he must read over 20 pages of footnotes to ascertain the meaning of the entries and adjustments in the printed balance sheet. It is to prevent such manipulation of the money of many thousands of investors that this public-utility holding company bill is proposed. This act, through the operation of its provisions, will prevent officers and directors from dealing with the corporation with which they are connected for their own profit. This act will prevent a banking syndicate from acquiring property for $500 and selling this same property to its subsidiary for $5,500,000. This act will prevent bankers from looting a company and then charging a fee for reorganizing it.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2796, the Public Utility Act of 1935, had come to no resolution thereon.

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution

152, to extend to August 31, 1935, the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act as amended.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

Resolved, etc., That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out "July 1, 1935" wherever it appears in subsections (e), (l), and (y), and inserting in lieu thereof "July 1, 1936"; and (2) by striking out "June 30, 1935" where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof "June 30, 1936."

Mr. STEAGALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Strike out all after the resolving clause and insert:

"That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out 'July 1, 1935' wherever it appears in subsections (e), (1), and (y), and inserting in lieu thereof 'August 31, 1935'; and (2) by striking 'June 30, 1935' where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof 'August 31, 1935'; and (3) by adding to subsection (y) the following additional paragraph 'The deposits in banks which are on June 30, 1935, members of the fund or the fund for mutuals shall continue to be insured during such extended period to August 31, 1935, without liability on the part of such banks to further calls or assessment'."

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the joint resolution was passed was, on motion of Mr. STEAGALL, laid on the table.

ALCOHOL BEVERAGE CONTROL, DISTRICT OF COLUMBIA

The SPEAKER. The Chair lays before the House the following request of the Senate.

The Clerk read as follows:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

The SPEAKER. Without objection, the request of the Senate will be granted.

There was no objection.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796, the Public Utility Act of 1935.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The gentleman from Ohio [Mr. COOPER] is recognized for 1 hour.

Mr. COOPER of Ohio. Mr. Chairman, I yield one-half minute to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, I have requested this time that I may ask the distinguished Chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Texas [Mr. RAYBURN], a question.

Mr. RAYBURN. Does the gentleman from Ohio yield for this purpose?

Mr. COOPER of Ohio. Yes; I yield.

Mr. RANDOLPH. I simply want it placed in the RECORD that the chairman of the committee, as I understand it, is in favor of the Senate bill and is in disagreement with the bill reported by his committee.

Mr. RAYBURN. That is not true at all. There are some provisions in the Senate bill which I favor over the House bill, but, on the other hand, there are some provisions of the House bill which I favor over the Senate bill, because I think they are better.

Mr. RANDOLPH. I thank the gentleman.

Mr. COOPER of Ohio. Mr. Chairman, I shall not attempt to discuss this measure this afternoon from a legal standpoint. I am not a lawyer, and have not a legal mind, but as a member of the committee I want to take a layman's view of this great and important legislation and express my thoughts of it.

Mr. Chairman, we have just heard an address delivered by the gentleman from Texas [Mr. RAYBURN], Chairman of the Committee on Interstate and Foreign Commerce, on the utility holding company bill. For more than 4 months the House Committee on Interstate and Foreign Commerce has labored hard on this measure. More than 3,000 pages of printed testimony were taken during the public hearings. The gentleman from Texas has expressed his views on the legislation now before us, and with some of his statements I am in accord. There are, however, many great and vital questions involved in this measure upon which the chairman, the gentleman from Texas [Mr. RAYBURN], and I do not agree. I cannot agree with his position when he states he has not changed his mind on the provisions of the original bill introduced which contained the death sentence which, to my mind, is one of the most vicious and un-American proposals ever submitted to an American Congress. [Applause.]

Then, again, it is manifestly unfair to bring two charts of holding companies on the floor of the House. It leaves the impression that all holding companies are set up like these two. Why not bring in the charts of other holding companies, representatives of which appeared before our committee? These people had their day before our committee; and notwithstanding the report and the charges made by the Federal Trade Commission in their investigation, when the representatives of these holding companies appeared before our committee and made their statements they were not challenged in regard to accuracy when they appeared before our committee, and the hearings show they were not.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. No; I cannot yield for the present.

Mr. Chairman, I want to say in the beginning that I am going to approach this question from a little different viewpoint than that of holding-company legislation. I believe that is a question for lawyers to handle. No one can deny that some of the electric-utility holding companies have carried on practices and abuses that are indefensible and cannot be justified in our national economic life. But why destroy all holding companies because some of them have carried on abuses and unconscionable practices in the past?

In 1928, the Chairman of the House Committee on Interstate and Foreign Commerce, Mr. Parker, of New York, a Republican, presented a resolution to Congress providing for an investigation of railroad holding companies, the resolution was adopted by the House. The Republican chairman of the committee selected that very able scholar, Dr. Splawn, to make the investigation. He made a very thorough investigation, and his report was presented to the committee. What did the committee do? It prepared legislation and brought it into the House, and we passed a law to regulate railroad holding companies, but not destroy them.

There is no doubt in my mind that there does exist some evils in the public-utility holding company operations which I believe can be corrected through Federal regulation without destroying the holding companies entirely. Have we come to the place in this great Government of ours when we say that we are not competent to regulate these great industrial organizations? I do not believe we have, and I think we can regulate these abuses and practices without destroying the industry entirely.

To dissolve and attempt to liquidate utility company control would mean direct loss to millions of citizens who have invested their money in utility securities. Men and women who have scrimped and saved in order to place their

savings in some form of investment that will assure them protection and comfort are in danger of having these savings jeopardized. The individual investors, numbering millions, are the real owners of the holding companies, which the Wheeler bill would destroy. Every owner of an insurance policy, every investor in railroad stock, utilities, industrial, or other kinds of stocks and bonds should be concerned in the destructive provisions of the Wheeler bill. The author of the Senate holding company bill is a strong advocate of Government ownership of utilities. He has introduced in this session of Congress a bill for Government ownership of railroads.

In 1929 there were listed 573 active corporations, whose securities were carried on the recognized stock exchanges of the country. Out of that number 487, or 82 percent, were holding companies or combination holding and operating companies, and of these only 34 were utility holding companies, representing less than 6 percent of the total.

If Congress passes this destructive legislation wiping out utility holding companies, it will be the beginning of other crucifying laws which will apply to holding companies for banks, food production, insurance companies, the steel and coal industries, newspapers, automobile manufacturers, and every other line of large business.

It is a well-known fact that President Roosevelt is responsible for the legislation contained in the drastic provisions of the Wheeler bill and he insists that Congress must pass the death sentence in the House bill, wiping out utility-holding companies. Only a few days ago we heard read from the desk a message from the President of the United States sent to Congress indicating that in the near future he would recommend the passage of legislation which would abolish all holding companies, no matter what business or industry they were engaged in.

May I remind the Congress that the United States Government is the biggest holding company in the world today. It stands in the same position toward the 48 States as does electric holding companies that have an interest in 48 operating companies. It finances its operations through borrowings, bonds, notes, and note issues subscribed to by the taxpayers of the various States, and, in turn, renders service to the States which the States could not provide for themselves. I have in my possession certified copies of the charters of four large holding companies organized under the laws of the State of Delaware. These charters are signed by the secretary of state of Delaware and have attached to them the official seal of that Commonwealth.

Now, Mr. Chairman, each of these large holding companies was organized through an Executive order issued by President Roosevelt, and I doubt if there ever was a certificate of incorporation with such broad, far-reaching powers as those given to the Electric Home and Farm Authority which is a subsidiary of the Tennessee Valley Authority. [Applause.] I wish I had time to read these charters. It would take me a half hour to read the powers granted to this Government holding corporation, the Electric Home and Farm Authority, organized at the request of President Roosevelt himself. Arthur E. Morgan, Harcourt A. Morgan, and David E. Lilienthal are the directors of this holding-company corporation. They are also directors of the Tennessee Valley Authority.

There is no question in my mind but what the provisions of the Wheeler bill, if enacted into law, will mean nationalization of the electric-utility industry. The passage of the Wheeler bill does not mean regulation, but does mean destruction and public ownership will follow. Today we find the Federal Government engaged in spending, and will spend when the program is completed, more than $500,000,000 of the taxpayers' money in the construction of plants for the generation, transmission, and the sale of electric energy in competition with private industry. Oh, yes; I know those who favor the Government entering the electric-utilities field will try to deny that the Government is going into competition with private utilities in the generation and sale of electric energy. What are we spending the money for? Why should we spend $500,000,000 to generate electric energy if we are not going to sell it, and if we sell it we have to go into competition with private industry.

As a matter of fact, the T. V. A. is spending more money on power development than all the rest of its program put together which, when completed, will have capacity to generate more electricity than is now consumed in all of the Southeastern States. In addition to the T. V. A., the Government is spending many millions in other parts of the country constructing power plants for the generation and sale of electric energy.

One of the main objects back of this legislation before us, and I am fully convinced on this point, is to destroy electric utility operations and force Government ownership. It is misleading and untruthful for the directors of the Tennessee Valley Authority to state before committees of Congress that it is not the intention of the Government to go into competition with private electric utilities. Why, a 6-year-old schoolboy would not believe that. As I said a moment ago, what is the Government spending $500,000,000 for if we are not going to go into competition with private utilities? More than $150,000,000 has been appropriated or authorized for the development of the T. V. A., most of which will be used for electric-power development.

As I have previously stated, the T. V. A. today is spending more money on electric-power development than on all the rest of its program, and I am sure no Member of Congress would advocate this large expenditure of public funds in the Tennessee Valley for the generation of electric power if there was no market for the same.

What the T. V. A. contemplates doing—and it is already in the field—is competing with private utilities in the Southeastern States. The administration and the T. V. A. directorate all admit frankly that the T. V. A. and other Government power plants are going to force down electric power rates if they have to put private industry out of business in order to do so. The President has stated that one of the main purposes of the Government in entering the electric-utility field was to establish a fair yardstick for the sale of electric current to the consuming public. The yardstick established by the T. V. A. is not fair, it is misleading, it is untruthful, because it is based upon reduced carrying charges and interest rates and other preferentials and advantages which no private company could meet and still do business.

Let me state a few of the advantages which the T. V. A. enjoys and which the yardstick does not disclose. They are as follows:

No share of overhead and general expense of the Federal Government, no financing expense, no interest charges, except that they may have to pay 3½ percent on moneys while a private utility has to pay 6½ percent for the same, no insurance charges—the Government carries the risk—no State or Federal workmen's compensation to pay, no real-estate taxes to pay, no automobile tax to pay, no gasoline tax to pay, no 3 percent special utility tax to pay, no Federal income tax to pay, no corporation tax to pay—and in the new tax bill we are going to run the corporation tax up to about 17 percent—rebates on railroads on both passenger and freight service, free postage under the Government franking system, free use of other Government departments, free use of office rooms in Federal buildings, immunity from the expense of regulation, keeping its own accounts to suit its own purposes, including the charging off of power costs to social uplift, navigation improvements, and so forth.

Let us take the Wilson Dam, and I think I am correct when I say that it cost $60,000,000 to build Wilson Dam at Muscle Shoals and to install the machinery for the development of electric energy. What did the T. V. A. do? They charged $20,000,000 up to the construction of that dam and then they took the other $40,000,000 and charged it off to soil erosion, flood control, and navigation. So, insofar as Wilson Dam is concerned, the yardstick is not fair, because they are going to base their rates on a $20,000,000 investment when, as a matter of fact, it cost $60,000,000 to construct that dam. [Applause.]

This is the kind of yardstick that the T. V. A. is proposing, and I have just enumerated some of the advantages

T. V. A. enjoys over private industry. This is the yardstick used by the President and the T. V. A. in establishing a fair rate on electric power sold to consumers.

There is not a private utility in operation today that can exist and meet such unfair competition as that set up by the T. V. A.

I will tell you what I think about the T. V. A., and it is just my own personal opinion. I may shock some of you when I say it, but I say to you it is the biggest piece of collectivism, based on the policies of some of the foreign countries, that this Nation of ours has ever undertaken.

Oh, it was brought out in our committee, and I dislike very much to bring this up, when Mr. David E. Lilienthal, the executive assistant and one of the directors of T. V. A., was questioned, that down there where they are building the town of Norris, and they have from 2,000 to 2,500 people employed, they will not allow a church in that community, and the question was asked of Mr. Lilienthal——

Mr. ZIONCHECK. Mr. Chairman, I make the point of order that the gentleman is not speaking on the holding-company bill.

Mr. COOPER of Ohio. Oh, sit down.

Mr. ZIONCHECK. I make that point of order, Mr. Chairman.

The CHAIRMAN (Mr. COOLEY). The gentleman from Ohio will proceed in order.

Mr. COOPER of Ohio. Mr. Chairman, I think the T. V. A. has something to do with the provisions of this bill.

The CHAIRMAN. The Chair is sure the gentleman will proceed in order.

Mr. COOPER of Ohio. When the direct question was put to Mr. Lilienthal, if they would permit a church down there and he said, "No; absolutely not."

Mr. ZIONCHECK. Mr. Chairman, may I have a ruling on my point of order.

Mr. JENKINS of Ohio. Mr. Chairman, we demand a ruling on the point.

The CHAIRMAN. The Chair rules that the gentleman is in order in discussing the matter referred to.

Mr. COOPER of Ohio. Mr. Chairman, I have here in my possession a report reprint of the journal of the National Educational Association, published here at Washington, under date of December 1914.

It is published by the National Education Association, 1201 Sixteenth Street NW., Washington, D. C.

There are 16 pages all devoted to T. V. A. activities. It was written by a man named Walter E. Myer. When I asked Mr. Lilienthal, one of the three directors of the T. V. A., if he knew Mr. Myer, he said, "Yes." I said, "Did you employ him to write the article?" and he said, "Yes." I said, "Did you order 50,000 copies of this publication printed at public expense?" and he said, "Yes." I said, "What did you do this for?" and he said, "To send them out over the country."

Now, I cannot go into all the details regarding this publication, but let me call your attention to what is on the last page.

Some day students of American history will read about the development of the Tennessee Valley as one of the great events in the life of the Republic.

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Why should not the curriculum of the school reach out constantly for new materials that would help young people to understand and take part in matters of national policy which concern them vitally?

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Suggestions for junior and senior high schools—scrapbooks of pictures and newspaper articles, outline and relief maps, imaginary trips to the Tennessee Valley will be enjoyed in many classes. Special T. V. A. assembly programs, in which the topics of this journal feature could be used for subjects of talks by students. T. V. A. activities could be dramatized: GEORGE W. NORRIS and the Senate debates on Muscle Shoals, President Roosevelt signing the T. V. A. Act, etc.

A program for parent-teacher meeting given by students on the educational phases of the T. V. A.

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A T. V. A. commencement program. The Knoxville (Tenn.) High School has already used the T. V. A. as a theme for commencement. Students impersonated the three directors and other T. V. A. workers.

That is the kind of propaganda that the T. V. A. is sending out all over the country under Government franking privilege.

Mr. RANKIN. Will the gentleman yield?

Mr. COOPER of Ohio. No; I refuse to yield until I make my statement. The gentleman will have his opportunity later.

Mr. RANKIN. I hope so.

Mr. COOPER of Ohio. The prime purpose of this legislation is public ownership of utilities. I want to go a little farther and tell you why I think so. The legal counsel of the P. W. A.—I want you Members of Congress to get this—has sent out proposed drafts of bills to every State in this Union, requesting the legislatures they be enacted into law for the purpose of creating power districts in the States. Five of these proposed drafts were introduced into the Legislature of Ohio, my home State, and the representative who introduced them resides in one of the counties in my congressional district. He stood on the floor of the assembly room in the State of Ohio and said that he was introducing these bills at the request of President Roosevelt. The P. W. A. encouraged the passage of power-district legislation in the 48 States by announcing the Public Works Administration was ready to assist in financing the construction of public-owned electric-power plants, by contributing outright 30 percent on the construction cost and loaning 70 percent on long-time loans at low rate of interest.

Again, Mr. Ickes asked the State of Texas to pass enabling legislation creating districts for aiding pipe lines for natural gas from the Panhandle fields of Texas to St. Louis and Chicago and up into the Northwest, and was willing to let them have $60,000,000 to construct that pipe line. I understand that the Texas Legislature has passed enabling legislation, but I do not know whether the $60,000,000 has yet been granted.

If the Congress desires government ownership of electric utilities, let us say so and pass the Wheeler bill. Some foreign countries have passed through the miserable failure and experience of government ownership.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. No; I cannot yield. I have expressly requested not to be interrupted until I finish my statement. Our neighbors in Canada have had state ownership of business enterprises for many years in one form or another, and the result is well described in an editorial which appeared in the Montreal News Herald of December 19, 1934, from which I quote:

State ownership of business enterprises is a Utopian fallacy that, like a will-o'-the-wisp, leads into a bog of endless trouble. Its evils are writ large upon Canada now.

Take the railways. State ownership began with the old Intercolonial which looked like a boon to the Maritime Provinces, but which sapped those Provinces of initiative for generations and did nothing to develop their resources, because there was no incentive to make it pay.

Take the blighting influence of railway ownership and provincial backing of railway finance on the Prairie Provinces and on British Columbia, which Provinces by these means piled up mountainous debts that the Dominion had to assume "to save the credit of Canada."

Take the Dominion's railway and merchant marine ownership policies—classic examples of the blight and burden of "politics in business."

Take the Hydro-Electric Commission in Ontario. Sitting right on the top of Niagara's power it ought to be a marvelous success if there were any virtue in public ownership.

Instead of that its members have been kicked out and a newspaperman, dragged out of retirement to run it, has shocked even its staunchest friends by the revelation he has made of its deficiencies—and worse.

The Canadian National Railway is publicly owned and managed and the Canadian Pacific Railway is privately owned. In the report of the Royal Commission to Inquire Into Railways and Transportation in Canada, issued in September 1932, there appears a statement of comparative earnings which shows that for the 9 years ending with 1931, inclusive, the Canadian National Railway had a deficit of $182,442,533, whereas the Canadian Pacific, privately owned, regulated by the Dominion commerce law, charging the same rates, paying the same wage scale as the Government-owned lines, had during the same period a surplus of $312,879,978. Furthermore, the Dominion Government has an investment in the Canadian National Railway of $2,536,665,000.

I cannot forget the statement made by the greatest engineer and genius of all time, Mr. Thomas Edison, when he said:

> There is far more danger in public monopoly than there is in private monopoly, for when the Government goes into business it can always shift its losses to the taxpayers. If it goes into the power business it can pretend to sell cheap power and then cover up its losses * * *. Certainly it should regulate the rates although in a businesslike fashion. Then the public is protected and at the same time the ingenuity of private enterprise has a chance to function. Any large extension of government into business affairs, no matter what the pretense, and no matter how the extension is labeled, will be bound to promote waste and put a curb on our prosperity and progress.

No Member of Congress had anything to do with the drafting of the original House bill. I do not know who drafted the Wheeler bill, but I know that no Member of Congress had anything to do with the drafting of the House bill when it was presented to our committee. It was written by the smart young men in our Government bureaus. I see some of them here in the gallery today. They helped to put up these charts a while ago.

During the hearings on the measure there were from 10 to 25 of these young "brain trusters" on the Government pay roll in the committee room every day. They occupied one long row which was classified as "intelligentia row." I see several of them in the gallery now. Not one of these experts, who worked on this mesaure and who have never had a practical day's experience in business or industry in their lives, could tell the committee how the dissolution of holding companies could take place without serious loss to millions of American citizens who invested their money in utility stocks. I have high regard for Dr. Splawn. He is a brilliant man. He opened up the hearings in our committee and he closed the hearings. When he began his last statement before the committee he said, "This is the most important piece of legislation that Congress has had to consider for a decade." When the time came around I could question him I said, "Doctor, when you appeared before the committee in the first instance we asked you who was responsible for the drafting of this bill. I believe you stated you had something to do with it, also Ben Cohen, and Mr. Corcoran, as well as the Federal Trade Commission and the Federal Power Commission.

"At that time the committee made a very sincere and earnest request of you or some of the others who are responsible for bringing this legislation to the House to tell the committee how the break-down and the dissolution of the holding companies could take place without serious loss to millions of American citizens who invested their money in utility stocks. That request has not been answered. I believe you must realize the great responsibility resting on the committee in charge of this important measure. Will you please tell the committee now how the break-down of utilities can take place without serious loss to millions of investors?" If my memory serves me right, this was his answer: "That is for the committee to work out, Mr. COOPER."

No representative of the Commerce or Treasury Departments, the Reconstruction Finance Corporation, or the Federal Reserve Board appeared before the committee in favor of this legislation. There were no Government agencies before the committee in favor of this legislation except the Federal Trade Commission, the Federal Power Commission, and Dr. Splawn—not one. No business or industrial leaders appeared for the measure. No representative of labor advocated the passage of this legislation.

Now, it is not my purpose to try to defend utility holding companies. They exist, and they were permitted to organize under the laws of the land. They represent the savings of millions of Americans. Abuses of the past should be corrected, but correction does not mean annihilation.

Mr. RANKIN. Will the gentleman yield?

Mr. COOPER of Ohio. Not now. I told the gentleman I was not going to yield, and I wish he would not insist that I yield now.

Mr. SNELL. Mr. Chairman, I object, and I ask the Chair to protect the gentleman from Ohio.

Mr. RANKIN. I addressed my remarks to the gentleman from Ohio.

Mr. COOPER of Ohio. Mr. Chairman, in closing may I state it is a self-evident proposition that you cannot dissolve or dismember a holding company without injuring the person who owns securities in that company. The distressing effect which the dissolution of holding companies would have upon operating companies has already been eloquently testified to by 560 savings banks in this country with their 14,000,000 depositors; by religious organizations, churches, insurance companies, endowment funds, schools, and colleges who have protested against the destructive features which still remain in the Senate bill.

I believe the Members of the House must have become aware of a certain fear that seems to have crept into the minds of the American people in regard to what Congress is going to do to business. I am not talking now about organized propaganda on the part of business interests, seeking to defend themselves from attack; nor am I referring particularly to the hundreds of thousands of letters which have come to Members of Congress from investors who fear that their investment is threatened; but I am speaking of statements made by nonpartisan business and civic organizations, not engaged in any special campaign for one thing or another. I am speaking of the thousands of editorial opinions that have been appearing with increasing frequency in newspapers. I am speaking of statements by individuals of unquestionable integrity and ability. It seems to me the consensus of those Nation-wide sentiments that we have moved a little forward out of the depression of the past several years, and that we are ready to do better still if we can only be permitted to operate under reasonable laws. There are millions in the bread lines still.

There are millions more on relief, but no one can question the fact that recovery of business will do far more to make it possible for a man to earn his living again, for families to be independent of charity, than all of the $4,880,000,000 which the Government has ready to distribute for relief purposes; but this recovery is hampered today because of fear, and this fear has been particularly promoted by the discussions which have taken place on this public-utility bill, statements made by officials of the Government asserting amazing hatred of the public-utility industry, heaping abuses upon it, declaring that their intention was to eliminate utility holding companies and other companies in other businesses as well. I think that all of us have been made aware of this fear. We must realize the enormous importance as a psychological deterrent to the Nation's progress.

Now, we can do much to allay this fear in our attitude on this bill. We can do much to increase the confidence of the people in their representatives in Congress if we reject the policy of ruthless destruction which to my mind the Senate bill represents, and endorse the policy of regulation, drastic and complete as it may be, which is embodied in this bill now before the House. [Applause.]

The CHAIRMAN. The gentleman from Ohio [Mr. COOPER] yields back 15 minutes.

Mr. COOPER of Ohio. Mr. Chairman, I yield 28 minutes to the gentleman from Pennsylvania [Mr. WILSON].

Mr. WILSON of Pennsylvania. Mr. Chairman, I likewise ask that I be not interrupted until I have concluded my statement. In discussing this proposed legislation, I desire to state that I do not directly or indirectly own or control a single share of stock or a single bond in any company or its subsidiary which might in any way be affected by any of the provisions of the proposed Public Utility Act of 1935. Furthermore, during my 36 years of practice at the bar of Philadelphia, I have never been retained by nor represented a public-utility company, although I have represented thousands of claimants in cases in which public-utility companies have been defendants. I make this statement merely for the purpose of assuring the House that anything I might say concerning the proposed legislation is entirely devoid of self-interest and is the result of a careful consideration of the provisions of the bill and what, in my judgment, will be the disastrous effects of its enactment.

I hold no brief for the alleged iniquitous practices of some unscrupulous utility companies, but I am not one who believes that in order to cure an ill it is necessary to kill the patient.

The reason for the proposed legislation apparently seems to be contained in the bill of particulars wherein there is listed nine separate charges of so-called "evils", supposedly based on the reports of the Federal Trade Commission and otherwise. Even if true, in none of these, can I for the life of me see a single instance in which the evil complained of could not be cured by the enactment of the proper kind of regulatory legislation, either by the individual States or by Congress, without ruthlessly and deliberately destroying the lifetime savings of hundreds of thousands of our citizens. If it is the purpose of Congress to add to the already overburdened relief roll, I can see no surer method than that proposed in this bill.

Either the animus or the ulterior motive which has inspired the drafting of this proposed legislation is made apparent in the language of subsection C on page 158, where it is stated that these evils have become so persistent and wide-spread that they necessitate legislation. To do what? To rectify? No! To cure the so-called "abuses"? No! To regulate? No! But to "eliminate the holding company" with all the dire consequences to follow, by the order of the Commission on or after January 1, 1938, 1 year being allowed for its dissolution with a possible extension of 1 year.

It reminds me very much of the story they tell about the two Englishmen who were engaged in an altercation in the gallery of a theater in London. The fight became quite strenuous when one of the combatants lifted the other over his head and was about to throw him into the pit below, when a voice with a cockney accent cried out, "Heigh, old top! don't woist 'im, kill the fiddler with 'im."

No one can object to a judicious restraint upon holding-company abuses which have been proved or which in the natural course of events can be seen and, therefore, prohibited, but this should be done by corrective measures which do not do more harm than good, and no destruction of thrift and saving in the American people, principles upon which the advancement of this great country and its citizens has always been founded should be permitted in the guise of reform.

In mitigation of the drastic provisions of the bill a great deal of reference has been made publicly to the provision which provides, inter alia, that a holding company may continue upon obtaining from the Commission a certificate that its continuance is necessary, geographically and economically, in serving an economic district extending into two or more contiguous States, and so forth.

The provisions of the bill dealing with this question boiled down means nothing more or less than the life of a holding company is entirely dependent upon the rules and regulations, the whims and fancies of a Commission, the Securities and Exchange Commission, without recourse to any other authority.

It is provided:

> No provisions in this bill shall apply to, or be deemed to include, the United States, a State, or any political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned directly or indirectly thereby by any one or more of the foregoing, or any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty, unless such provision makes specific reference thereto.

This provision can have but one meaning, and the ulterior motive in the minds of the framers of this proposed legislation is made apparent. Under this provision there is permitted the very thing which the bill itself seeks to prevent, namely, the creation of the most gigantic holding company ever conceived—the United States Government with its subsidiaries, the Tennessee Valley Authority, the Electric Home and Farm Authority, and a host of other alphabetical units capable of creation under the reckless delegation of authority by the Seventy-third Congress; the ultimate result can be only one thing, and that Government ownership of industry. A scheme that has been battling for 2 years past, fostered by political and administrative propaganda, misleading the general public into the hope of reduction of rates by the use of a fictitious yardstick which does not truthfully account for total capital outlay and costs chargeable to other departments and bureaus; nor does it take into account vast additional taxes which must be levied and paid for by our citizens to meet the tremendous obligations incurred by our Government in embarking upon this fantastic and questionable enterprise. I care not how well-meaning the intention, it is sure to die of its own weight or be wrecked upon the rocks of political patronage.

Notwithstanding the so-called "evils" of holding companies, they have been instrumental in many ways in developing our country, such as intercity and interstate transmission lines; the common use of technical talent; the establishment of great laboratories and research fields for the use of all and the facilities of industrially backward sections of the country, and have to a large degree been responsible for the extraordinary development of our industrial system as a whole. These good qualities should not be overlooked, and holding companies should not be sacrificed and eliminated because of a scheming desire to saddle Government ownership upon the shoulders of an unsuspecting people.

What would be the disastrous results of the enactment of this bill? As I see them, it would mean:

A serious interference with the Nation's gas and electric service.

The destruction of the value of securities held by millions of innocent investors.

The beginning of Government ownership of gas and electric utilities with all its attendant risk of loss and a heavy burden of taxation added to the already overload, possibly to be followed by the destruction of industrial and commercial enterprises, paving the way for a broadening of Government ownership in all classes of industry.

This is no far-fetched reasoning, because the very attitude of the present administration in advocating the adoption of this its child, born in an obsession and reared upon the milk of destruction, gives force to the conclusion that the present administration is determined to follow a course, un-American in every aspect and a threat to every business, to every industry, and to every investor.

Along that road neither I nor the constituency that I have the honor to represent propose to travel.

In support of this contention, let us look at a few historical facts:

A glance at some of the principal planks of the Socialist Party platform for the Presidential election of 1932 reveals the interesting fact that the main outlines of the new deal, which partisan critics of the Roosevelt administration are unable to locate in the Democratic Party program of that year, were quite definitely indicated by Mr. Norman Thomas and his half-shell Marxists. Among them are the following:

Federal appropriations of $5,000,000,000 for immediate relief and an additional five billions for a public-works program—now expressed in the P. W. A., F. E. R. A., and the current work-relief measure.

Socialization of power, banking, and other industries—approached in T. V. A. yardstick, proposed amendments to Federal Reserve Act, deposit insurance, and so forth.

Establishment of Federal marketing agencies and extension of agricultural cooperatives—approached through A. A. A. marketing agreements.

To this comprehensive program Mr. Thomas added the observation in his campaign pamphlet, The Socialist Cure for a Sick Society, that—

> These things will not take place or will be relatively futile until we press actual change in ownership of land, natural resources, and principal means of production.

That this is the motive of the present administration is borne out by the land policy section of the Department of Agriculture, the Power Commission, utility holding company proposals, the T. V. A., and the program of the National Resources Board.

On July 14, 1924, in the city of Cleveland, there was adopted by the National Convention of the Party for Progressive Political Action a set of resolutions which contained inter alia the following platform planks:

Public ownership of the Nation's water power and creation of a public superpower system. Strict public control and permanent conservation of all natural resources, including coal, iron and other ores, oil, and timber lands.

Reconstruction of the Federal farm-loan systems to provide for direct public control of the Nation's money and credit.

Creation of a Government marketing corporation.

Public ownership of railroads.

Election of all Federal judges without party designation for limited terms.

The Democratic convention of 1932, held at Chicago, Ill., and which nominated Franklin D. Roosevelt for President of the United States, adopted a platform which, inter alia, contained the following:

We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe. We hereby declare this to be the platform of the Democratic Party:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent in the cost of Federal Government.

We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues.

We advocate a sound currency to be preserved at all hazards.

The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

Regulation to the full extent of Federal power of holding companies which sell securities in interstate commerce.

We condemn the extravagance of the Farm Board, its disastrous action which made the Government a speculator of farm products, and the unsound policy of restricting agricultural products to the demands of domestic markets.

On this platform Franklin D. Roosevelt was elected President of the United States, and immediately after his induction into office, under the head of emergency legislation, got the Congress to pass certain laws which delegated to him a power heretofore unheard of in the hands of the Nation's Chief Executive.

Among these laws were:

The Agricultural Adjustment Act, which gave the Secretary of Agriculture the power to provide for reduction in acreage or reduction in the production for market, or both, of any basic agricultural commodity; and to enter into marketing agreements, and so forth.

The National Industrial Recovery Act, which authorized the President to establish agencies and delegate functions and powers relating to trade, industry, and so forth, public works and construction projects and subsistence homesteads.

The Tennessee Valley Authority, with vast power over the natural resources in the Tennessee Valley and the products resulting therefrom, such as fertilizer products and electrical power.

After the grant of these tremendous powers by the Seventy-third Congress the platform of the Democratic Party of 1932, to a great measure, was sidetracked and forgotten and there was then publicly acknowledged as the guiding hands of the administration those who formed the resolutions committee and drafted the platform adopted in Cleveland in 1924 at the national convention of the Party for Progressive Political Action and were given key positions in the present administration.

The members of that resolution committee and the framers of the platform of 1924, with the positions they occupy under the present administration, are: Donald R. Richberg, "Assistant President of the United States"; Basil Manly, member, Federal Power Commission; Sidney Hillman, Consumers' Advisory Board, N. R. A.; Frederick C. Howe, Consumers' Council, A. A. A.; J. A. Franklin, N. R. A. Labor Advisory Board; Rose Schneiderman, N. R. A. Labor Advisory Board; A. A. Berle, Jr., an original "brain truster"; Rexford G. Tugwell, Under Secretary of Agriculture.

What are the past and present affiliations of these powerful factors in the present administration; and I glean this information from the book by Dilling, The Red Network, published in 1934:

Mr. BIERMANN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BIERMANN. Mr. Chairman, I make the point of order the gentleman is not speaking to the bill, as required by the rule adopted.

The CHAIRMAN. The gentleman will proceed in order.

Mr. WILSON of Pennsylvania. If the Chair please, I maintain that I am speaking to the bill. I made the contention that this bill was a plan for Government ownership of all industry. I am backing that statement up by incontrovertible facts.

Donald R. Richberg: Socialist; Chicago lawyer; member of League for Industrial Democracy, which is highly subsidized by Garland Fund, which spreads socialistic Communist propaganda and literature in colleges; prepares and widely distributes thousands of Communist and Socialist pamphlets; agitates for Government ownership of all banking, transportation, insurance, communication, mining, agricultural, and manufacturing enterprises, forest and oil reserves, and for socialization of land and other property; advocates a social order based on production for use and not for profit of the individual; contributes to New Republic, a weekly magazine which advocates revolutionary socialism.

Basil M. Manly: Socialist; member of the Garland Fund Committee; contributing editor to the Intercollegiate Socialist Society Organ; and was member of the defense committee of the Industrial Workers of the World—I. W. W.—which organization was composed of Socialists and anarchists, the underlying principle of which was the organization of industrial workers into unions to war against employers by any and all means, to overthrow the Government, and establish a government by unions.

Sidney Hillman: Was director of the Garland Fund; member of defense committee, I. W. W.; honorary president of the National Religion and Labor Foundation, organized in 1932, which advocates radical social action.

Rose Schneiderman: Communist sympathizer. An organizer of the People's Council, an organization modeled after the Workmen and Soldiers' Council, the sovereign power of Russia today.

Rexford Guy Tugwell: Contributor to New Republic, advocate of revolutionary socialism. Member of technical staff of Communist-organized First American Trade Union delegation to Russia. This was exulted over by the Communist Party and repudiated and denied the sanction of the American Federation of Labor because of its communistic character. Coauthor of the Soviet propaganda book entitled "Soviet Russia in the Second Decade." Professor of economics at Columbia University, who offered Donald Henderson, ousted as a Communist, a research fellowship for 1 year in U. S. S. R. A director of the Socialist People's Lobby. Member of the National Advisory Council on "radio in education", which broadcasts in cooperation with the Socialist League for Industrial Democracy, featuring radical speakers and recommends radical books. Delivered an address before the American Economic Association in 1932 entitled "The Principle of Planning and the Institution of Laissez Faire", which appeared in the January 1933 issue, in which he stated:

"Planning will necessarily become a function of the Federal Government; either that or the planning agency will supersede that Government, which is why, of course, such a scheme will eventually be assimilated to the State rather than possess some of its powers without its responsibilities. Business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant. The essence of business is its free venture for profits in an unregulated economy. Planning implies guidance of capital uses. * * * Adjustment of production to consumption * * * the insurance of adequate buying capacity. * * * New industries will not just happen as the automobile industry did; they will have to be foreseen, to be argued for, or seem probably desirable features of the whole economy before they can be entered upon. * * * There is no denying that the contemporary situation in the United States has explosive possibilities. The future is becoming visible in Russia; the present is bitterly in contrast; politicians, theorists, and vested interests seem to conspire ideally for the provocation to violence of a long-patient people. No one can pretend to know how the

release of this pressure is likely to come. Perhaps our statesmen will give way or be more or less gently removed from duty; perhaps our vested interests will submit to control without too violent resistance. It is difficult to believe that any of these will happen; it seems just as incredible that we may have a revolution. Yet the new kind of economic machinery we have in prospect cannot function in our present economy. The contemporary situation is one in which all the choices are hard; yet one of them has to be made."

Tugwell is now Assistant "Commissar" of Agriculture and leader of Roosevelt's "brain trust."

Shortly after the enactment of this so-called "emergency legislation" and the attachment of the above-mentioned individuals to the public pay roll, with the power granted under these and other emergency laws, there have been created certain private corporations, agencies of the administration, the incorporators of which are members of the so-called "brain trust" and department Secretaries.

On October 17, 1933, there was incorporated in the State of Delaware the Commodity Credit Corporation, the incorporators of which were Henry A. Wallace, Secretary of Agriculture; Oscar Johnson, Agricultural Adjustment Administration; H. Morgenthau, Jr., Secretary of the Treasury.

Under these articles of incorporation they are authorized, inter alia, to do all things necessary to accomplish the purposes of the acts above specified, as—

A–B. To purchase or otherwise acquire, to hold or otherwise to deal in, to sell or otherwise dispose of any or all agricultural or other commodities or products thereof, and to loan or borrow money upon the same.

C. To enter into agreements, to provide for reduction in acreage or reduction in products for market of agricultural commodities.

D. To engage in any activity in connection with production, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of agricultural commodities or products thereof. To borrow money, issue bonds, mortgages, notes, bills of exchange, and all kinds of obligations without limit as to amount.

E. To borrow money for purchasing, storing, handling, or processing of agricultural or other commodities and disposing of the same.

G. To take and hold for any of its purposes any property, real or personal, anywhere in the United States and any foreign countries without limit as to amount or value.

I. To make and carry out contracts of every kind and description, without limit as to amount, with any person, firm, corporation, municipality, county, State, or government.

J. To sell, deal in, store, handle, process, transport agricultural or other commodities or products thereof by itself or through other agencies, and to make contracts for the purchase or sale of the same on behalf of the owner thereof.

K. To acquire by purchase, lease, or construction, or in any other manner storage and other physical facilities for the handling, and so forth, of agricultural or other commodities or products thereof.

L. To establish offices anywhere in the world.

This corporation to have perpetual existence.

Another private corporation is the Federal Surplus Relief Corporation, incorporated in the State of Delaware, October 4, 1933, the incorporators being Henry A. Wallace, Secretary of Agriculture; Harold L. Ickes, Secretary of the Interior; and Harry L. Hopkins, Federal Emergency Relief Administrator.

The purposes of the Corporation are the distribution of agricultural and other commodities and, in general, without restriction or limit, to purchase, sell, mortgage real and personal property of every class, and under the amended articles of incorporation, approved January 11, 1934, to sell and dispose of all agricultural or other commodities and products thereof, and to loan and borrow money on the same and engage in any activity in connection therewith, such as producing, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of all agricultural or other commodities or products thereof; to endorse notes, and so forth, to take and hold for any of its purposes any property without limitation anywhere in the world, to guarantee, purchase, and so forth, capital stock, bond, or securities created by any other corporation; to sell, deal in, and so forth, agricultural or other commodities. The corporation to have perpetual existence.

On November 21, 1933, an amended certificate of incorporation of the Public Works Emergency Housing Corporation was approved, the incorporators being Harold L. Ickes, Secretary of the Interior; Frances Perkins, Secretary of Labor, and Robert D. Kohn.

Under this the corporation is given the power to construct, reconstruct, alter or repair, and financially aid low-cost housing and slum clearance projects of every kind, and buildings and structures of every kind, nature, or description; to acquire real estate and buildings by purchase, exchange, or the exercise of the power of eminent domain; to sell, exchange, or otherwise dispose of such real estate, and so forth, or to lease with, or without, the privilege of purchase; to manufacture, buy, sell, and so forth, building and other material and supplies of every kind, nature, or description; to do and perform the acts customarily done or performed by architects, engineers, and general contractors without limitation; also to supply heat, steam, water, gas and electricity, transportation, telephone and other facilities or utilities, and to carry on its operations in business without restriction or limitation as to amount; to acquire by purchase, exchange, or otherwise all or any part of any business and good-will of any person, firm, association, or corporation engaged in any business for which a corporation may now or hereafter be organized under the laws of the State of Delaware; to borrow money without limit.

The Electric Home and Farm Authority was incorporated in the State of Delaware January 17, 1934, by Arthur E. Morgan, National Emergency Council; Harcourt A. Morgan, Tennessee Valley Authority; David E. Lilienthal, Tennessee Valley Authority; and has the power to manufacture, buy, sell, and so forth, and carry on the business of manufacturing, buying, selling, and so forth, electric appliances and equipment, and to finance the same without limit anywhere in the world, to grant licenses and territorial rights in respect thereto; to purchase, acquire, hold, own, develop, mortgages, lands, and leaseholds and any other interest; to take over the business of any person, firm, association, trust, or corporation engaged in this character of work; the corporation to exist for seven years, and was created under an Executive order of the President of the United States dated December 19, 1933.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated under the laws of the State of Tennessee by Arthur E. Morgan, National Emergency Council; Harcourt A. Morgan, Tennessee Valley Authority; David E. Lilienthal, Tennessee Valley Authority; for the purpose or reorganizing, establishing, managing, financing, and so forth, cooperative enterprises in the Tennessee Valley and contiguous areas, and to set up a chain of cooperative enterprises; to produce, raise, manufacture, buy, sell, and so forth, farm products, livestock, goods, wares, and merchandise of every class and description and to finance the same without limit as to amount; to acquire and hold copyrights, trade marks, trade names, brands, labels, patent rights, and so forth, inventions, improvements, and processes; the business to be financed by grants of money from the Federal Emergency Relief Corporation; the Corporation to have perpetual existence.

It needs no stretch of the imagination to readily see the abandonment of the Democratic platform of 1932 under which the American people were induced to support a Democratic candidate for the office of the President of the United States and the full adoption, after his election and induction into office, by the present administration of the socialistic principles set forth in the platform adopted in Cleveland in 1924 by the national convention of the Party for Progressive Political Action, which was repudiated by the American people in November of that year by the election of a Republican President, as well as the adoption of the principles set forth in the Socialistic platform of 1932, which was likewise repudiated at the polls.

These beginnings are now being followed in natural sequence by the pressure of the Democratic Administration upon the Seventy-fourth Congress to enact so-called "must bills" which further extend the power and control of the National Government over every phase of industry and endeavor in the country.

The Federal Government under its present policies is fast slipping from a mere central agent for the sovereign States to a centralized government dominating economic as well as political affairs of the Nation.

To finance these vast actual and prospective socialistic activities of the administration numerous bills have been presented to this Congress, emanating from its departments and myriad alphabetical bureaus.

Under the recent public-works bill appropriating $4,800,000,000 in one lump sum, there is placed in the hands of the President an unheard-of peace-time appropriation. Over this vast sum he has practically unlimited power to do with as he sees fit.

Under the pending social-security bill an unemployment trust fund is set up in the United States Treasury which is to receive all money deposited therein by a State agency from a State unemployment fund. This fund over a brief period of years is estimated to amount to many billions of dollars. By the same act it is provided that the Secretary of the Treasury is to invest these funds only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. This enables the Government to appropriate the unemployment funds received from the State, collected by the State from its employers and employees, for the financing of the projects of its private as well as its public agencies in competition with private industry.

The pending Banking and Currency Act places the credit and finances of the country in the hands of a Federal Reserve Board, the powers of which are broadened, but which is also subject to the domination both as to policy and politics by the administration.

An analysis of the bill shows that the Federal Reserve banks can purchase obligations of Government corporations. This would include all governmental agencies whose obligations are guaranteed both as to principal and interest and the banks could very readily be forced to finance Government competition with, or Government ownership of private industry.

The enactment of the holding-company bill is but one more step toward the goal set up in the platform of the Party for Progressive Political Action adopted in 1924 and the platform of the Socialist Party of 1932, and both of which have since been appropriated by the Democratic Administration, lock, stock, and barrel.

Let us take time off to consider the cost, and ask ourselves the serious question as to whether the results justify the tremendous outlay of public funds, bearing in mind that the 3 fiscal years of the present administration call for a spending of $24,206,533,000, or, in other words, $13,000 every minute of the day and night, of which $7,000 per minute is being added to the public debt to be paid by future generations.

I do not approach this question from a partisan, political angle, but base my conclusion upon my personal observation of the condition in the district which I represent, which to me is a barometer of conditions generally throughout the country.

My congressional district represents a cross section of one of the Nation's great municipalities, Philadelphia. It has a resident population of over 240,000, which population is in normal times augmented every day by at least 500,000 employed therein, the richest and the poorest, with a great mass of those formerly having moderate means residing within its confines. It contains the headquarters for three large railroads of the country, the Pennsylvania, the Reading, and the Baltimore & Ohio; all large department stores; all large hotels; every skyscraper office building; a great number of retail businesses; many of the large hospitals and charitable institutions in the city, and in normal times was a beehive of industrial activity.

Today there are more people out of work and on the relief rolls than there were a year ago. For-sale and for-rent signs play a prominent part on its structures, both as to business and private homes. Space in its office buildings has gone begging. Most of its hotels are either in the hands of receivers or being operated by bondholders' committees. Millions of dollars in taxes on its real estate are unpaid and cannot be collected.

The so-called "governmental experiments" have proved a rank failure insofar as my people are concerned, and we daily watch and pray for the time to come when business will again be permitted to resume its normal functions, shorn of the shackles of bureaucratic domination.

To all intents and purposes this is an age of experimentation insofar as our administrative affairs are concerned, but it is self-evident that each experiment is leading us farther astray into a realm of uncertainty and failure. If we continue in this unjustified and unwarranted manner in blindly following the lead of bureaucractic government, the time is not far distant when we will be enveloped in chaos and destruction.

The sooner we become self-conscious of the fact that our problems are largely individualistic, that our return to normalcy depends upon individualistic effort, and stop inculcating into the minds of our people the thought that the Government owes each one of them a living without effort, the sooner we shall find a direct and safe road to recovery.

No one objects to a proper, legitimate, safe, and sane safeguarding of the individual from exploitation whether that be from the standpoint of labor or the standpoint of capital, but what we need is a crusade in the interest of a return to the sound fundamentals of government. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. RAYBURN. Mr. Chairman, I move that the Commiteee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2796, the Public Utility Act of 1935, had come to no resolution thereon.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

PERMISSION TO ADDRESS THE HOUSE

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Speaker, I address myself to you today upon the subject of religious persecution in Mexico. In adding my voice to the host of others that have been raised in protest against the lawless and barbarous acts of those that constitute themselves the Government of Mexico, I speak as a Christian woman and as such I like to feel that here, before this great body that is representative of the American people, whatever I may say in defense of Christianity and Judaism, as well as on behalf of all those who believe in God—for that, and that alone is the underlying issue in Mexico today—will fall upon sympathetic ears. I like to feel that here in this hallowed Chamber, dedicated to the noble work of furthering the ends of a democratic form of government, a form of government the very vitals of which are freedom of religious worship, freedom of speech, and freedom of the press. I like to feel that there are those who like myself look with extreme disfavor upon the travesty of government that is masking as democratic below the Rio Grande. It is my purpose to present the case

against the government by evidence that is clear and overwhelming. Evidence, not alone from Christians but from members of other faiths, from history, and from documents and pronouncements of the Mexican Government itself. And in so presenting the case I am content, so far as the people of this Nation are concerned, to let the evidence speak for itself.

Benito Mussolini once said:

All history of western civilization from the Roman Empire to modern times, from Diocletian to Bismarck, teaches that when the state undertakes a fight against religion it is the state which will emerge defeated in the end. A struggle against religion is a struggle against the spirit in its most intimate and profound form.

To the average citizen of the United States, the citizen who keeps abreast of domestic and international developments largely through headlines in the press, the dominant issue in the Mexican situation is the Christian church. Much of this information inspired by the Mexican Embassy here in Washington, by consular agents about the country, by an official Mexican broadcast, by paid propagandists, is deficient not only in fact but in veracity. The Mexican Government has made God, Himself, the dominant issue in this policy of religious persecution.

It has utilized alleged grievances against the Catholic Church some centuries old as a pretext, a convenient mask for the real work of driving Almighty God from Mexican soil. At one time the argument was, "The Catholic Church in Mexico was fabulously rich." The Mexican Government confiscated whatever riches the church possessed, all invested in hospitals, churches, schools, charitable institutions, and other religious works. It destroyed churches, orphanages, schools, colleges, and other institutions of religion. As a result the religious groups were no longer "fabulously rich." It was poverty stricken as far back as the days of Juarez in 1857. That argument, then, so far as the radicals, the Mexican reds, were concerned, was no longer available. But then came another argument, another political slogan for the reds: "Mexico is clergy ridden." And, despite the fact that the total number of ministers of religion and religious in all of Mexico was never more than 9,000 for a population of 7,000,000 souls, ministers of religion were driven out by scores, until in 1850 there were less than 4,000, and today for a population of over 15,000,000 there are less than 300. And I might add that in 14 of 30 Mexican States there are not any priests at all. The contention, then, that the church is the disturbing element in the Mexican domestic situation can no longer be regarded as tenable. The church has been despoiled of its alleged "fabulous riches" and its clergy reduced to a bare minimum so far as numbers are concerned. What occasion, then, for further persecution, for burnings, for pillagings, and for slaughter of humble worshipers of God? The National Revolutionary Party, nominated for a decade by General Calles, so-called "iron man"—but iron only in the sense that he is mechanical in carrying out the dictates of his superiors at Moscow—the party of Mr. Calles, an insignificant minority, backed by bayonets and red money, proclaims to the world, and especially to the American people, that Catholic clergy in Mexico, no longer "fabulously rich", no longer great in numbers, now are fomenting rebellion, plotting the overthrow of Señor Calles, Señor Morones, and others of the same military clique that have made themselves millionaires in the work of "saving Mexico from the clergy." Think of it; Señor Calles, the "iron man", the greatest caballero of all Mexico, trembles in fear of 300 humble, poverty-stricken clergy, some of them in hiding, others eking out a bare existence. Señor Calles, with his modernized army, his airplanes, and his support from red Russia, tells the world that he apprehends grave possibilities from a corporal's guard of poverty-stricken, penniless clergy. Or is it that the clergy gives rise to his apprehension; or the fact that the truth at last is seeping out from Mexico, the truth that Señor Calles knows will bring upon his head the wrath of all Christian, Jewish, and religious peoples?

A GODLESS CONSTITUTION

Present Mexican policies with respect to religion allegedly are based upon the constitution of 1917, promulgated at Queretaro, by a military clique, amid scenes of indescribable revelry and drunkenness. Prior governments functioned—or perhaps "were supposed to function" is the more accurate way of expressing it—under the constitution of 1857. The constitution of 1857 began with the phrase, "In the name of God and by the authority of the Mexican people." That of 1917 makes no mention of God and states in title I, chapter I, article I, "Every person in the United States of Mexico shall enjoy all the guaranties granted by this constitution." The one then, that of 1857, derived its authority from the people, that of 1917 restricted rights of the people of those granted in that instrument. The one expressive of the will of the people, the other, or present, constitutes that of a military clique, headed by Carranza and dominated by the Industrial Workers of the World.

TESTIMONY OF DR. GUTHRIE, AN EMINENT LAWYER

I am not a lawyer and I make no claim to any particular knowledge, beyond that acquired from experience in this Chamber, of constitutional interpretation. But allow me, if you will, to quote a lawyer in connection with the Mexican governmental policy with respect to the constitution of 1917, a lawyer of proven ability and legal acumen, a former president of the American Bar Association, Dr. William Guthrie.

"The Mexican Government", he wrote, "is not attempting in good faith to bring about a separation of church and state, as Americans conceive the substance of such separation, nor is it attempting merely to prevent alleged ecclesiastical intervention or interference in politics or in matters of state. On the contrary, both the Mexican Constitution and the Presidential decrees are calculated and indeed deliberately intended to bring about a more entire domination by the state over the church than has ever existed before, and to place under the absolute control and supervision of the Mexican Federal and State governments every church in Mexico, and preeminently the Catholic Church and her temples, which represents the religious faith of more than nineteen-twentieths of her population. The membership of other churches, it is understood, and counsel has been so instructed, may be reasonably asserted to be comparatively almost negligible so far as numbers are concerned, but they, of course, are equally affected and interested and will inevitably be equally subjugated and oppressed if they ever attempt to free themselves from governmental control and direction.

PROTESTANT GROUPS ARE OPPRESSED

It may be of interest to note at this point what actually has transpired with respect to some Protestant churches and institutions under current Mexican Government policy.

As late as May 15 last a Mexican Government order closed 11 Mennonital schools in the State of Chihuahua because of the refusal of Mennonite authorities to teach in these institutions doctrines of atheism and sex as required by the director of education. The Mennonites have a contract with the Mexican Government containing a guaranty of freedom of religious worship and education.

In 1926 Protestant churches were closed at Tampico, at Juarez, at Chihuahua, and at Saltillo.

In the same year, the Reverend J. D. Dale, a Baptist minister, was arrested at Tampico and deported for performing his offices as a minister of Christ on earth.

TESTIMONY OF DR. GRUENING

Dr. Ernest Gruening, now director of insular possessions and territories, in his book, Mexico and Its Heritage, relates the following from a head of a Methodist girls' school in Pachuca.

The new regulations of article 130 of the constitution mean that we no longer can teach religion in the school. Formerly we had Bible classes and a branch of the Epworth League. We have abolished both. Our boys' school, which is situated next to our church and is in charge of a Mexican teacher, had a door connecting church and school. The authorities requested us to plaster it up, and we did so.

EVIDENCE PUBLISHED BY DR. MACFARLAND

Dr. Charles S. Macfarland, regarded as one of the most influential of American Protestant clergymen, is the general secretary emeritus of the Federal Council of the Churches

of Christ in America. Dr. Macfarland, actuated by a desire to obtain, at first hand, the real truth concerning religious persecution in Mexico, spent considerable time there during the past year. Not content with the few "dressed up" churches in Mexico City permitted to function by governmental authorities for purposes of propaganda and for the purpose of deceiving gullible tourists, refusing to accept as conclusive information furnished by the Mexican Government, Dr. Macfarland made an honest effort to obtain the facts of the matter. The results of his observations appear in the book published June 1, Chaos in Mexico. I quote from some of his observations:

The response of the church is substantially this: The state has taken away from the worshiper the means essential to him by which, through tradition and custom established from childhood, substantiated by the impulsions of conscience, he may express his worship, confess his sins, profess his repentance, and be the recipient of divine grace. His marriage is to him a sacrament, and in the face of death he feels the need of the ministries of the church, as elements in his creed.

Not that that does not mean to me, as a Protestant, or to my Protestant readers, what it does to the plain man and woman in Mexico, and we must try to think of it in their language. I have profound respect for a sincere Catholic, and these things are essential to his religious liberty. He wants liberty to have a priest for his confession, for his sacrament, for the last rites of the dying and dead in his bereaved home. The exercise of his freedom requires the offices of church and priest. This is the "creed" of his church and of his personal religion.

The state, therefore, when it declares that the laws do not interfere with his "creed" is in grievous error.

Señor Portes, at that time President of the Republic, said on one occasion:

"I am glad to take advantage of this opportunity to declare publicly and very clearly that it is not the purpose of the constitution nor of the laws, nor of the government of the Republic, to destroy the identity of the Catholic Church or of any other, or to interfere in any way with its spiritual functions."

IS THERE PERSECUTION?—"THERE CAN BE BUT ONE OPINION"

If that is the question at issue, then there can be but one opinion. There are two matters on which, as an objective and candid narrator, I am obligated to be more than a mere fact-finder, regardless of the consequences. The state is interfering with the spiritual functions of the church and of the Catholic worshiper. The state is suppressing religious liberty when it closes the worshiper's church, when it deprives him of his priest, when it shuts out religion from his home, both as teaching and as ministration. It suppresses religious liberty to the church as an institution, not only by these same restraints but by its destruction of the church's identity and by demolition of its organization.

Article 24 of the constitution reads:

"Everyone is free to embrace the religion of his choice and to practice all ceremonies, devotions, or observances of his respective creed, either in places of public worship or at home, provided they do not constitute an offense punishable by law."

THE SOPHISTRY OF GENERAL CARDENAS

This can hardly be intended as anything but a bill of rights. But the present Government is employing the closing words of this article of the constitution as what is termed a "joker", in such a manner as to completely nullify it. Such use of the last clause as is now being made of it makes the constitution subject to the whim of every succeeding legislature. Thus, when President Cardenas declares that in religious matters the state is carrying out the constitution, all he means is that the one article which guarantees religious liberty nullifies that freedom at the same time. One can hardly conceive of anything more specious than the sophistry of the Mexican Government in this connection.

DOES THE STATE PERSECUTE RELIGION?

The next question is, Does the state persecute the church? The word "persecution", according to the dictionary, means "to pursue in a manner to injure or inflict, to harrow, to inflict cruel or oppressive treatment." Is the state injuring, inflicting, harrowing, or oppressing the church?

Is not that question answered sufficiently when I pass the beautiful cathedral and find flaming posters of the state plastered on its walls attacking it in violent terms as an institution, or when I go into a church and find it filled with cartoons, some of them vile caricatures of religion itself? Is it not answered when the Government goes into the cathedral, makes trash heaps of altars and crucifixes, and pastes seals on its paintings of the Madonnas and in the church offices on the typewriters certifying that they are the property of the Government? Is it not answered when the Red Shirts, even though not authorized, are permitted to invade church property in riotous manner? It is idle to discuss this question. Even a hasty review of this volume makes it perfectly clear that the Mexican state is persecuting the church. For the Foreign Secretary and the Ambassador to the United States to reiterate denials is as disingenuous as it is inept.

AN UNJUST ARREST

The policies of the Government are amateurish and almost childish. They are very frequently carried out with a playful sarcasm or a hilarious insolence which is entirely gratuitous. Archbishop Diaz is in every way as much of a gentleman as Señor Portes Gil, and that is saying a good deal. The archbishop's arrest on a lonely road in the middle of the night, his long detention, and the treatment which accompanied it—on the absurd charge that he was carrying a machine gun in his car—ought to have brought forth, as I expected it would, an apology from some gentleman in the Government. In my opinion, the representatives of the Mexican Government are, to say the least, poor sportsmen. Any honest and courageous referee would rule them off the floor. While there are undoubtedly sincere men in the Cabinet, there is neither sincerity nor sanity in Government procedure.

INDIVIDUAL LIBERTY HAS PERISHED

When, moreover, we come to consider the individual Mexican Catholic he has not, with relatively few exceptions, forfeited his right to liberty. The state, in its institutional attack, has made no effort whatever to preserve his freedom. It has appeared to seek retaliation rather than justice. It has been, to some degree, punishing men, and in too large measure, for the misdeeds of their more or less ancient ancestors or predecessors.

WHY DOES NOT MEXICO PUNISH THE REAL CRIMINALS?

One could also wish that the Mexican Government would express its moral indignation more frequently to those not of the church, but of the state itself, to men whose misdemeanors cry out to heaven.

The Mexican state imperils its efforts for social justice in one realm of the human social order when it does injustice in another. Even when its aims in curtailing the power of the church are right, its measures are often completely wrong on two counts—they are both unjust and unnecessary. It is a contradiction so plain that the most unlearned may see it—to tell a man he may have religious liberty while preventing him from exercising it by his own forms, rites, and ceremonies, providing these injure no one else.

A BLASPHEMOUS PUBLICATION

Cristo Rey, a newspaper previously quoted, which imitates the style of Russian journals, carries alongside its front-page title a caricature of Jesus in an apparently intoxicated condition, wearing a crown at a rakish angle, suggestive of ribaldry. When I told Señor Portes Gil that the government was charged with being responsible for the publication, he answered that the allegation was "absolutely false." I have no doubt that he thought he was telling the truth, for there is a good deal of duplicity inside state circles. The right hand of the government often does not know what the left hand is doing. As a matter of fact, however, I found that the street address named in the headline of the paper was but a sub- or pseudo-office and that the paper was printed in and issued from the official printing office of the department of agriculture. From that same office are issued some of the hideous cartoons to which reference has been made, and on its walls are posters declaring that the oppressed state of the people is due to "belief in God."

THE VOICE OF JACOB AND THE HAND OF ESAU

In his essay printed with the imprint of his Cabinet office, Señor Portes Gil does reverent homage to Jesus, refers to Him as the Master, and capitalizes the pronouns in referring to Him, appeals to the "Gospel" of Jesus, declares that "Mexico applauds" elements of "the doctrine" of the Master, while the printing presses of the department of agriculture continue to turn out another piece of literature weekly carrying a repulsive representation of Jesus on its headline. The voice sounds like that of Jacob, but the hand is that of Esau. Señor Portes Gil had assured me that the Cabinet members shared the same ideologia. Evidently this term has considerable amplitude in its circumferential area.

One can stand much of the contradictoriness of Mexican politics, but not quite to the extent of "collective" (to use the oft-employed term) whether or not the document of the Secretary of Foreign Relations is intended for consumption in the United States, while that issued from the department of agriculture is prepared for the edification of the peasants of Mexico.

Dr. Macfarland is a Protestant clergyman, and as such can be presumed to entertain no bias in favor of any particular religious group in Mexico. His testimony clearly is that of an honest observer, an observer who looked beyond the blandishments of Mexican governmental propagandists, one who pierced the veil of hypocrisy and duplicity that is held before gullible "foreign" investigators. Like all effective witnesses, Dr. Macfarland must be accepted as conclusive, because he is disinterested and honest. His testimony so far as it concerns the character of Mexican governmental religious politics is damning.

THE HABANA CONVENTION

On February 20, 1928, the Mexican Government formally ratified the Habana Convention, drawn at the Pan American Conference held in the Cuban capital. This convention contains, among other things, the following:

States must recognize in domiciled or transient foreigners in their territory all the individual guarantees which they recognize in favor of their own nationals and the enjoyment of the essential civil rights.

The Mexican Government's interpretation of this clause, as indicated by an anterior decree of March 12, 1928, is as follows:

> Aliens are under the protection of the laws and enjoy the civil rights which they (the aliens) grant the Mexicans.

All of this, mind you, is a solemn pact, an agreement between Pan American nations. It is a pledge ratified by the Mexican Nation, a solemn promise, a guaranty to protect the rights of aliens domiciled in Mexico against aggression from Mexican local authorities. And how, I ask, has the Government of Mexico observed the solemn pledges contained in this document? How has it regarded its pledges made in the congress of Pan American nations assembled at Habana in 1928?

If you entertain convictions adverse to any particular religious group or institution in Mexico, dismiss from your minds the fact that many of the clergy or religious driven from Mexico were in the category of "aliens" referred to in the Habana Pact, that many were citizens of our own country, of Spain, and of other nations. Their ouster clearly was a violation of the Habana Convention, but dismiss that phase of the matter from your minds and consider the case of the Mennonites. Consider the recent closing of their 11 schools for refusal to teach socialistic doctrines of atheism and of sex.

The Mennonites not only are "aliens" within the purview of the Habana Pact (being citizens of the United States), but they hold a contract from the Mexican Government guaranteeing them freedom of worship and freedom of educational policies. The closing of their schools is not only flouting the Havana Convention, but a violation of international law as well. The Mexican Government then stands before the bar of public opinion, the tribunal of world opinion, as a Government that regards solemn pledges to other nations as mere scraps of paper. It is a Government that stands convicted by its own acts of international duplicity. It is a Government that signs with its hand a pact of international accord while harboring in its heart the design of disregarding it.

A REGIME OF LAWLESSNESS

There have been 72 so-called "governments" in Mexico since the dawn of what masks as "independence" below the Rio Grande. Seventy-two governments, 55 of which have been headed by military men, and 12 of which only had any semblance of legal origin. The only "honest" election ever held in Mexico was that of Madero, Madero the idealist, the dreamer, who said, "I do not want to kill my people to make them good." He himself was assassinated in the treacherous and cowardly manner characteristic of Mexican political assassinations. Madero was honest and he loved his people, virtues that were out of harmony with the selfish schemes of men like Huerta, Carranza, Obregon, Calles, Morones, and others who have made the term "government by the people" a mockery in Mexico. As one writer has said, Mexico's Judases will be found in a long line of disturbers and thieves, who, for selfish ends, have made a mockery of the ballot while they appealed to the power of the sword.

Even Dr. Gruening in his great apology for Calles and his avaricious pack, Mexico and its Heritage, admits, to quote from his book:

> Effective suffrage is as much a hope deferred as at any time in Mexican history.

And in the same book, Dr. Gruening tells of his investigation to ascertain whether "justice" could be had in Mexico. He interviewed 22 of the most prominent Mexican lawyers whose conclusions were as follows:

One. That Mexico's judicial procedure needs reform.

Two. That the judiciary was not independent of the executives.

Three. That corruption existed among the judiciary.

One attorney he quotes as stating:

> There is not one judge, not one, who is not purchasable.

THE CLIQUE OF "MILLIONAIRE SOCIALISTS"

Señor Luis Morones, fat, flabby, and immensely wealthy, is the leader of the labor movement in Mexico, the man behind Calles, and the liaison man between Calles and Moscow. Comrade Morones is the friend of the workingman, as the old-fashioned politicians would put it in this country.

In his crusading for the betterment of the humble worker Señor Morones has managed to amass considerable wealth for himself, a veritable palace in the suburbs of the capital, a fleet of expensive motor cars, and live off the fleshpots of the land. But let Dr. Gruening tell you of Señor Morones. I quote from his book again:

> The head of the Mexican labor movement, Luis N. Morones, has become the man of wealth. He owns many properties, including a textile factory, though not in his own name. He lives lavishly. He sports not less than a dozen automobiles. His "whoopie" parties staged every week-end in the suburb of Tlalpam are notorious for their orgiastic extravagance. In a retreat, intended not for any considerable group of workers for the inner clique, the "grupo accion" a great steel-girded fronton court, swimming pool, bowling alleys, tennis court, and three dwellings with a retinue of servants, lift this club to a plane of luxury unequaled except by millionaires' country clubs in the United States. Comrade Monores' diamonds have become famous.

Apparently it pays well to be a member of the inner clique of the National Revolutionary Party in Mexico. The peon, the poor laborer, ekes out a bare existence on rice and beans; his savior, the great Señor Morones, who luxuriates in palaces, expensive motor cars, and diamonds. For the church to possess wealth is a crime against the state, but for Comrade Morones, for Calles, and others of the "inner clique" to amass tremendous personal fortunes—ah, that is quite another thing.

THE MIRAGE OF EDUCATIONAL PROGRESS

In his glowing account of the educational effort of the Calles administration Dr. Gruening tells of a large number of new schools that were erected, especially rural schools, and then in the next breath we read—I quote from his book once more:

> It will be noted that statistics are largely absent from this résumé of Mexico's educational endeavors. They are omitted not because of any question of their accuracy or inaccuracy but because of the ephemeral character of much of Mexico's reconstructive effort renders the data of a given moment meaningless. A school open one year may be closed the next even before the ink that described it has dried.

SO-CALLED "EDUCATION"

The Mexican revolutionist, the radical, the red, as typified by men like Calles, Morones, and the present chief executive, Cardenas, have destroyed the private schools of Mexico and that means the educational system of Mexico. What form of education have they established in its place? What is the goal, the objective of education in Mexico today as espoused by the National Revolutionary Party? In a broadcast from Guadalajara on July 19, 1934, Calles, speaking on education as outlined in the so-called "6-year plan", declared:

> It is necessary that we enter a new period of the revolution. I would call this period the psychological period of the revolution. We must enter and take possession of the consciences of the young because they do belong to the revolution.

CALLES—AN ECHO OF LENIN

I seem to recall an utterance similar to that as emanating from Soviet Russia, from Lenin or one of his disciples, in the period when anti-Christ propaganda was rampant among the Soviets.

But to search further, to probe a bit deeper, for the seed of the present Mexican educational program. Senator Padilla, secretary of the National Revolutionary Party, delivered himself of the following on October 20, 1934:

> Religion is something that is in the heart, in the convictions of men. It cannot be destroyed by brute force. It can be destroyed, if at all, only by persuasion. For this reason the Mexican revolution has made a chief instrument of its policy the diffusion of education which is eminently socialistic. Religion is to be combated with the book, by teaching and by persuasion.

Señor Padilla was not speaking alone of one particular faith. He used, you will note, the word religion and that means forms of worship revered by Catholic, Protestant, and Jew alike. It means that the Mexican Government has gone Red, gone anti-God, and is definitely committed to the policy of driving God from Mexican soil. Both of these declarations mean that the Mexican Government intends to "take hold of

the conscience of the young " and instill therein the doctrines of Marx, of Lenin, and of other radicals whose disciples decry the very name of God.

And if further doubt exists, read the report of the special correspondent of the New York World-Telegram of May 6 last, who asked, at the close of a cabinet meeting and in the presence of President Cardenas, " Is Mexico headed for communism?" and received the answer from one of the Chief Executive's advisers:

It decidedly is. We are directing all of our energies toward this end.

And the further declaration of Señor Garcia-Tellez, Minister of Education:

Private property can have no place in the revolutionary scheme.

I wonder if the palatial residences of Luis Morones and the fabulous holdings of Calles and others at the head of the party are included in that category.

And then consider, if you will, the teacher's pledge, now required under the educational program:

I, before the federal board of education, solemnly declare without reservation whatsoever, to accept the program of the socialistic school and to be its propagandist and defender; I declare myself an atheist and irreconcilable enemy of the Roman Apostolic Catholic religion, and that I will exert every effort to destroy it, releasing the conscience from every religious worship, and to be ready to fight against the clergy in whatsoever field it may be necessary; also, I will not permit in my home any religious practices of any kind whatever; lastly, I will not permit any of my household to take part in any religious act whatever.

Hence, when the child enters the classroom in the morning he says: " Good morning, teacher; there is no God." The teacher replies: " Good morning, child; there never was a God."

God cannot remain in Mexico if the country is to be made over according to the plans of the National Revolutionary Party. He does not figure in them. In the schools of the State of Chihuahua are inscriptions on the walls which read, " God does not exist—never has existed."

SCHOLARLY TESTIMONY

Bishop Kelley, of Oklahoma, who spent many years in Mexico, has written a splendid book concerning the Mexican church situation entitled " Blood Drenched Altars." I should like to read an excerpt therefrom, which states the position of the church in unmistakable language:

What the church can neither stand nor tolerate is the subjection of the gospel of Christ to the spirit of the world. She can let her churches go, her schools, her plan of action in places, her very physical existence itself. She cannot let her soul go. She cannot abandon the divine mission confided to her. She neither asks nor wants to force the minds of men. But she both asks and wants the right to speak to them. She neither asks nor wants to condemn any theory unheard, but she insists that it shall not, before it has been tested, masquerade as the truth.

WHAT OF THE BORAH RESOLUTION?

On January 30 of this year Senator BORAH introduced in the Senate Resolution No. 70, which is a protest against religious persecution by the Government of Mexico and authorizes an investigation thereof by the Committee on Foreign Relations. The Borah resolution was referred to the Committee on Foreign Relations and to date has reposed in that committee without action. Why I cannot state. But is it not a matter of serious concern to this great Nation of ours—this Nation that is the champion of liberty and human rights—that a red dictatorship across our southern border masks as a democratic form of government, holds in ruthless subjugation, by armed force, an overwhelming majority of Christian people and ridicules the sacred name of God? Does it not concern the Government of this Nation that an unscrupulous minority below the Rio Grande is flouting the most hallowed principles of our Government, of all democratic government? If not, then the words of the immortal Lincoln—" government of the people, by the people, and for the people ", toward which our governmental strivings are directed—no longer mean anything.

THE UNITED STATES—A DEFENDER OF LIBERTY

This Nation always has been foremost among those to champion the rights of man and quick to protest against infringements thereof. Massacres of Armenians by the Turks, Jewish pogroms in Russia, and other atrocities in various parts of the world have been the subject of governmental protest. Why does the administration hold back now? Why not an official protest concerning Mexico? Is the Mexican situation any different in character than that of Armenia or of Russia?

WHY DO THE MEXICAN MILLIONAIRES FEAR THE TRUTH?

Surely the Mexican Government, with its host of propagandists here and in other parts of the Nation, should not object to an investigation.

No nation need have fear of an investigation if that nation stands on honest ground. The Mexican Government, through its attorney general, Señor Portes Gil, has issued a " white book " attempting to justify its attitude toward the church. Members of Congress, Governors of States, and others received a copy of this publication, which as a brief in support of the National Revolutionary Party was a colossal masterpiece of twisted facts, distorted evidence, and absurd argument. But the point is that in presenting it, in sending it through the mails to Senators and Representatives of the American people, the Mexican Government, in effect, was saying: " Here is our case against the Catholic Church. We are apprehensive lest you misjudge our acts against the church. We desire that you should consider our side of the case and pass it on to your people." By so doing the Mexican Government was inviting investigation by our national legislative body, was requesting the national legislative body to probe into its relations with the church. Can it demur, then, if a committee of the Senate, under authority of the Borah resolution, carries its implied desire into complete reality? Can it object to a show-down before what would prove an investigative body of civilized public opinion?

Surely, if Señor Calles, if Comrade Morones, if Attorney General Portes Gil have acted in good faith they should be happy, yes, eager to have that good faith established by the United States Senate. But have no undue apprehensions, those of you who may entertain doubts concerning the wisdom of such procedure. The National Revolutionary Party of Mexico is a creature of the shadows; of the dark, unholy, loathsome rat holes and recesses where iniquity, injustice, and murder are spawned. Like the foul, slinking, cowardly creatures of the night, it cannot stand a light of unprejudiced, honest public opinion. And because of that, it dare not face an unbiased investigative body.

THIS IS THE CAUSE OF GOD HIMSELF

The cause of God on earth is a glorious institution of yesterday—of today—of tomorrow. It will live on as a glorious institution long after the warped souls of Señor Calles and his precious henchmen have gone to their just reward. It has prevailed against Roman emperors, against the French Revolution, against the barbarous fanaticism of red Russia—and it will prevail in Mexico. For who are Calles, Morones, Cardenas, Portes Gil, and others of their ilk but little men fighting during their brief span of living against an institution whose life is eternal? And, like the revolutionists of France, of Russia, and elsewhere, they may destroy the body of the church, but they know they never can destroy its soul. They know, as does history, that the church eventually rises sphinx-like from the ashes of red conflagrations stronger and more powerful than before.

THE WORDS OF ONE OF OUR NOBLEST PATRIOTS

Mr. Speaker, permit me to conclude my remarks on this subject by a quotation from an eminent citizen, patriot, and prelate, His Eminence Patrick Cardinal Hayes. Every man, woman, and child in this great country of ours loves and respects the " Cardinal of Charity." Let his words ring in our ears this afternoon. Speaking " with charity toward all and personal animosity toward none ", in his recent pastoral

letter to the people of the great archdiocese of New York, he put on record this solemn warning:

The persecution of all faiths in Mexico is "the death struggle of humanity."

EMIGRATION OF CERTAIN FILIPINOS FROM THE UNITED STATES

Mr. WELCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6464) to provide means by which certain Filipinos can emigrate from the United States, with a Senate amendment, and concur in the Senate amendment.

The Clerk read as follows:

"An act to provide means by which certain Filipinos can emigrate from the United States" do pass with the following amendment: Page 3, line 13, after "States", insert "except as a quota immigrant under the provisions of section 8 (a) (1) of the Philippine Independence Act of March 24, 1934, during the period such section 8 (a) (1) is applicable."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

ALCOHOLIC BEVERAGE CONTROL

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5809, to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, with a Senate amendment, and concur in the Senate amendment.

The Clerk read as follows:

An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia" do pass with the following amendment: Strike out all after the enacting clause down to and including "Subsections", in line 9, and insert "That subsections."

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL CIRCUIT JUDGE, NINTH JUDICIAL DISTRICT

Mr. LLOYD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5917) to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MONTAGUE, LLOYD, and GUYER.

HOUR OF MEETING

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order under clause 3 of rule XIII on Monday next; that business in order under clause 6 of rule XXIV on Tuesday next; and that business in order under clause 7 of rule XXIV on Wednesday next, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. RAMSAY, for today, on account of illness.

To Mr. LESINSKI, until Tuesday, July 2, on acount of illness in family.

To Mr. OLIVER, at the request of Mr. HILL of Alabama, for 1 week on account of illness.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 166. An act for the relief of Jack Doyle; to the Committee on Military Affairs.

S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex.; to the Committee on Claims.

S. 501. An act to authorize the establishment of a Coast Guard station on the coast of Oregon at or near Taft, Oreg.; to the Committee on Merchant Marine and Fisheries.

S. 810. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States; to the Committee on Agriculture.

S. 1084. An act for the relief of W. F. Lueders; to the Committee on Claims.

S. 1103. An act for the relief of William K. Beldin; to the Committee on Military Affairs.

S. 1111. An act for the relief of Alfred L. Hudson and Walter K. Jeffers; to the Committee on Claims.

S. 1139. An act for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period; to the Committee on Claims.

S. 1225. An act for the relief of Harry H. A. Ludwig; to the Committee on the Civil Service.

S. 1313. An act providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

S. 1382. An act to provide for the taking of depositions in criminal proceedings, and for other purposes; to the Committee on the Judiciary.

S. 1689. An act for the relief of Frank Fisher; to the Committee on Military Affairs.

S. 1690. An act for the relief of R. G. Andis; to the Committee on Claims.

S. 1832. An act to authorize the Secretary of the Interior to provide, by agreement with Middle Rio Grande Conservancy District, a subdivision of the State of New Mexico, for maintenance and operation on newly reclaimed Pueblo Indian lands in the Rio Grande Valley, N. Mex., reclaimed under previous act of Congress and authorizing an annual appropriation to pay the cost thereof for a period of not to exceed 5 years; to the Committee on Indian Affairs.

S. 1861. An act to incorporate the National Association of State Libraries; to the Committee on the District of Columbia.

S. 1892. An act to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance; to the Committee on World War Veterans' Legislation.

S. 1935. An act for the relief of Marion Shober Phillips; to the Committee on Claims.

S. 2034. An act to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes; to the Committee on the District of Columbia.

S. 2175. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation; to the Committee on Military Affairs.

S. 2253. An act to make better provision for the Government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience; to the Committee on Military Affairs.

S. 2351. An act to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts; to the Committee on the Judiciary.

S. 2369. An act to amend an act entitled "An act to provide for the repatriation of certain insane American citizens", approved March 2, 1929 (45 Stat. 1495); to the Committee on the Judiciary.

S. 2399. An act to permit citizens of the Philippine Islands to receive instruction at the United States Military Academy; to the Committee on Military Affairs.

S. 2434. An act for the relief of George W. Hallowell, Jr.; to the Committee on Claims.

S. 2488. An act for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, and operative in the Secret Service Division, Department of the Treasury, killed in line of duty; to the Committee on Claims.

S. 2496. An act to amend the Railway Labor Act; to the Committee on Interstate and Foreign Commerce.

S. 2510. An act, authorizing the western bands of the Shoshone Tribe of Indians to sue in the Court of Claims; to the Committee on Indian Affairs.

S. 2551. An act to make immediately available the unexpended balances of certain appropriations for the construction or reconstruction of roads and bridges in flood areas of Missouri, Mississippi, Louisiana, Arkansas, Kentucky, and Alabama; to the Committee on Appropriations.

S. 2664. An act to aid in defraying the expenses of the Third Triennial Meeting of the Associated Country Women of the World, to be held in this country in June 1936; to the Committee on Foreign Affairs.

S. 2695. An act to add certain lands to the Medicine Bow National Forest, Wyoming; to the Committee on Public Lands.

S. 2744. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

S. 2799. An act to provide for licensing the taking of water from the Government-owned main at Cascade Locks, Oreg.; to the Committee on Rivers and Harbors.

S. 2806. An act for the relief of William A. Devine; to the Civil Service Committee.

S. 2830. An act to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909; to the Committee on the District of Columbia.

S. 2930. An act to provide a preliminary examination of the Sammamish River, Wash., with a view to control of its floods; to the Committee on Flood Control.

S. 2934. An act to provide a preliminary examination of the Duwamish River, Wash., with a view to control of its floods; to the Committee on Flood Control.

S. 2939. An act to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox; to the Committee on the District of Columbia.

S. 2950. An act granting the consent of Congress to the county of Saline, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Miami, Mo.; to the Committee on Interstate and Foreign Commerce.

S. 2990. An act to preserve from extinction the American eagle, emblem of the sovereignty of the United States of America; to the Committee on Agriculture.

S. 3018. An act to authorize the Secretary of War to acquire by donation land at Valparaiso in Okaloosa County, Fla., for aviation field, military, or other public purposes; to the Committee on Military Affairs.

S. 3038. An act to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La.; to the Committee on Public Buildings and Grounds.

S. 3058. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes; to the Committee on the Judiciary.

S. 3120. An act to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners"; to the Committee on the Judiciary.

S. J. Res. 144. Joint Resolution to provide for the payment of compensation and expenses of the Railroad Retirement Board as established and operated pursuant to section 9 of the Railroad Retirement Act of June 27, 1934, and to provide for the winding up of its affairs and the disposition of its property and records, and to make an appropriation for such purposes; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled, bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

H. R. 7160. An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges.

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 2738. An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree; and

S. 2917. An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 26, 1935, present to the President, for his approval, bills of the House of the following titles:

H. R. 115. An act to amend section 27 of the Merchant Marine Act. 1920;

H. R. 1119. An act for the relief of Joseph W. Harley;

H. R. 1292. An act for the relief of Grace McClure;

H. R. 1438. An act for the relief of Carrie McIntyre;

H. R. 3556. An act for the relief of Sophie Carter;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 4034. An act for the relief of Charles Szymanski;

H. R. 4105. An act for the relief of Julian C. Dorr;

H. R. 4123. An act providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4505. An act granting consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada;

H. R. 4610. An act for the relief of John J. Moran;

H. R. 4651. An act for the relief of the Noble County (Ohio) Agricultural Society;

H. R. 4764. An act for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron*;

H. R. 4808. An act for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.;

H. R. 4811. An act for the relief of George W. Miller;

H. R. 5774. An act to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 5775. An act to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 5776. An act to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 5777. An act to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 6717. An act to amend section 1 of the act of July 8, 1932;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.;

H. R. 7083. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 7235. An act to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes;

H. R. 7254. An act for the relief of Lily M. Miller;

H. R. 7313. An act authorizing a preliminary examination of Gafford Creek, Ark.;

H. R. 7314. An act authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River;

H. R. 7374. An act to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes;

H. R. 7526. An act to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters;

H. R. 7600. An act authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska;

H. R. 7870. An act to provide a preliminary examination of the Purgatorie (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters;

H. R. 3180. An act for the relief of Ruth Nolan and Anna Panozza; and

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.), in accordance with its previous order, the House adjourned until tomorrow, Friday, June 28, 1935, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8199. A bill to provide a preliminary examination of the Huerfano River in Huerfano and Pueblo Counties, and the Cuchara River in Huerfano County, Colo., with a view to the control of their floods and the conservation of their waters; without amendment (Rept. No. 1379). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8300. A bill to authorize a preliminary examination of Suwannee River in the State of Florida, from Florida-Georgia State line to the Gulf of Mexico; without amendment (Rept. No. 1380). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8341. A bill to provide a preliminary examination of Cedar River and its tributaries, in the State of Washington, with a view to the control of its flood waters; without amendment (Rept. No. 1381). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8342. A bill to provide a preliminary examination of Nisqually River and its tributaries, in the State of Washington, with a view to the control of its flood waters; without amendment (Rept. No. 1382). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8378. A bill to authorize a preliminary examination to be made of the Contentnea Creek, in the State of North Carolina, with a view to the control of floods; without amendment (Rept. No. 1383). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURNHAM: Committee on Naval Affairs. H. R. 1381. A bill to amend Public Law No. 249, Seventy-first Congress, entitled "An act to authorize the Secretary of the Navy to dispose of material no longer needed by the Navy"; without amendment (Rept. No. 1384). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H. R. 5729. A bill to amend the act entitled "An act to provide additional pay for personnel of the United States Navy assigned to duty on submarines and to diving duty", to include officers assigned to duty at submarine training tanks and diving units, and for other purposes; with amendment (Rept. No. 1385). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAAS: Committee on Naval Affairs. H. R. 5916. A bill to authorize the conveyance by the United States to the State of Michigan of the former United States lighthouse supply depot, St. Joseph, Mich., for State naval force purposes; without amendment (Rept. No. 1386). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 7486. A bill to authorize the appointment of midshipmen from among honor graduates of "honor schools" and from among members of the Naval Reserve Officers' Training Corps; with amendment (Rept. No. 1387). Referred to the Committee of the Whole House on the state of the Union.

Mr. YOUNG: Committee on Naval Affairs. S. 883. An act directing the retirement of acting assistant surgeons of the United States Navy at the age of 64 years; with amendment (Rept. No. 1388). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCOTT: Committee on Naval Affairs. S. 1206. An act authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes; without amendment (Rept. No. 1389). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURNHAM: Committee on Naval Affairs. S. 2230. An act to authorize the Secretary of the Navy to acquire a suitable site at Pearl Harbor, Territory of Hawaii, for a rear range light; without amendment (Rept. No. 1390). Referred to the Committee of the Whole House on the state of the Union.

Mr. HIGGINS of Connecticut: Committee on Naval Affairs. S. 2378. An act authorizing the Secretary of the Navy to

accept on behalf of the United States a bequest of certain personal property of the late Dr. Malcolm Storer, of Boston, Mass.; without amendment (Rept. No. 1391). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNELL: Committee on Naval Affairs. S. 2846. An act authorizing the Secretary of the Navy to accept on behalf of the United States the devise and bequest of real and personal property of the late Paul E. McDonnold, passed assistant surgeon with the rank of lieutenant commander, Medical Corps, United States Navy, retired; without amendment (Rept. No. 1392). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8301. A bill to authorize a supplemental examination of the Marais des Cygnes River, in the State of Kansas, with a view to the control of their floods; without amendment (Rept. No. 1393). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. Senate Concurrent Resolution 17. Concurrent resolution providing for the disposition of certain obsolete Government publications stored in the folding rooms of Congress; without amendment (Rept. No. 1397). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREGORY: Committee on the Judiciary. H. R. 7955. A bill to establish a new division of the northern district of Georgia with terms of court to be held at Newnan, Ga.; with amendment (Rept. No. 1398). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 6376. A bill to amend section 118 of the Judicial Code to provide for the appointment of law clerks to United States district court judges; with amendment (Rept. No. 1399). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DELANEY: Committee on Naval Affairs. H. R. 2156. A bill for the relief of Cecelia Callahan; without amendment (Rept. No. 1373). Referred to the Committee of the Whole House.

Mr. BURNHAM: Committee on Naval Affairs. H. R. 5864. A bill for the relief of Hallie Coffman; without amendment (Rept. No. 1374). Referred to the Committee of the Whole House.

Mr. MILLARD: Committee on Naval Affairs. H. R. 3856. A bill for the relief of Charles Edward Poole; without amendment (Rept. No. 1375). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on Naval Affairs. H. R. 5405. A bill for the relief of Robert N. Wallace; without amendment (Rept. No. 1376). Referred to the Committee of the Whole House.

Mr. MAAS: Committee on Naval Affairs. H. R. 6205. A bill for the relief of Wiley H. Nanney; without amendment (Rept. No. 1377). Referred to the Committee of the Whole House.

Mr. SMITH: Committee on Military Affairs. H. R. 5768. A bill for the relief of Peter Haan; without amendment (Rept. No. 1394). Referred to the Committee of the Whole House.

Mr. McFARLANE: Committee on Naval Affairs. H. R. 1476. A bill to correct the military record of Casimer F. Brylski; without amendment (Rept. No. 1395). Referred to the Committee of the Whole House.

Mr. DELANEY: Committee on Naval Affairs. H. R. 7030. A bill to place George K. Shuler on the retired list of the United States Marine Corps; without amendment (Rept. No. 1396). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H. R. 8691) pertaining to forfeiture of citizenship of American citizens; to the Committee on Immigration and Naturalization.

By Mr. DEMPSEY: A bill (H. R. 8692) authorizing construction, operation, and maintenance of Rio Grande canalization project and authorizing appropriation for that purpose; to the Committee on Foreign Affairs.

By Mr. DUNN of Mississippi: A bill (H. R. 8693) to provide for the appointment of one additional judge for the State of Mississippi; to the Committee on the Judiciary.

Also, a bill (H. R. 8694) to provide a preliminary examination of Chickasawha River and its tributaries in the State of Mississippi, with a view to the control of their floods; to the Committee on Flood Control.

Also, a bill (H. R. 8695) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory and supplementary thereto; to the Committee on the Judiciary.

By Mr. FISH: A bill (H. R. 8696) to provide funds for acquisition of a site, erection of buildings and furnishing thereof for the use of diplomatic and consular establishments of the United States at Warsaw, Poland; to the Committee on Foreign Affairs.

By Mrs. NORTON: A bill (H. R. 8697) to amend section 13 (c) of the District of Columbia Traffic Acts; to the Committee on the District of Columbia.

Also, a bill (H. R. 8698) to amend subchapter 2 of chapter 19 of the Code of Law for the District of Columbia, relating to offenses against property; to the Committee on the District of Columbia.

Mr. BUCKLEY of New York: A bill (H. R. 8699) to incorporate the United States Life Saving Corps; to the Committee on the District of Columbia.

By Mr. DIMOND: A bill (H. R. 8700) to amend an act entitled "An act extending the time in which to file adverse claims and institute adverse suits against mineral entries in the district of Alaska", approved June 7, 1910 (36 Stat. 459; U. S. C., title 48, sec. 386); to the Committee on the Public Lands.

By Mr. MEAD: A bill (H. R. 8701) to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. BLOOM: Joint resolution (H. J. Res. 338) establishing a commission to be known as the "United States Commission for the Celebration of the One Hundredth Anniversary of the Birth of Mark Twain" (Samuel L. Clemens); to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLTON: A bill (H. R. 8702) granting a pension to Florence I. Steele; to the Committee on Invalid Pensions.

By Mr. BOYLAN: A bill (H. R. 8703) for the relief of Ethelyn Chrane; to the Committee on Claims.

By Mr. COFFEE: A bill (H. R. 8704) granting an increase of pension to Mary M. Livingston; to the Committee on Invalid Pensions.

By Mr. COLLINS: A bill (H. R. 8705) for the relief of Claude Curteman; to the Committee on Claims.

Also, a bill (H. R. 8706) for the relief of Frank Polansky; to the Committee on Claims.

By Mr. McLEOD: A bill (H. R. 8707) for the relief of Philena Roach Thompson and Olive Roach; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 8708) for the relief of J. H. Atkins; to the Committee on Claims.

By Mr. ROMJUE: A bill (H. R. 8709) granting a pension to Mary L. Bruner; to the Committee on Invalid Pensions.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of California, memorializing the President of the United States and the Congress of the United States to cause an invitation to be extended to the people of the world to the Pacific Exposition, to be held in the county of Los Angeles, State of California; to the Committee on Foreign Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9015. By Mr. DARROW: Memorial of the Philadelphia Board of Trade, opposing enactment of bill (H. R. 4550); to the Committee on Merchant Marine and Fisheries.

9016. By Mr. PFEIFER: Telegram from the Chelsea Fiber Mills, Brooklyn, N. Y., concerning section 30 of House bill 8492; to the Committee on Agriculture.

9017. By Mr. REED of Illinois: Petition signed by Fred L. Berst and 572 others, urging passage of legislation (1) to regulate interstate carriers for hire by highway, (2) to regulate interstate commerce for hire by waterway, (3) to change the long- and short-haul clause of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

9018. Also, petition signed by Mary Carpentier and 329 others, urging adoption and passage of Senate bill 1629 and House bill 5262; to the Committee on Interstate and Foreign Commerce.

9019. By Mr. TINKHAM: Resolution of the State officers and delegates to the convention of the Massachusetts State Council, Knights of Columbus, on the Mexican situation; to the Committee on Foreign Affairs.

9020. By Mr. TRUAX: Petition of Local No. 81, United Mine Workers, Corning, Ohio, having a membership of 382, by their president, William Brock; committeeman, John Capcho; and secretary, William Jenkins, urging support of the Guffey coal bill; to the Committee on Interstate and Foreign Commerce.

9021. Also, petition of the Trumbull County Central Labor Union, Niles, Ohio, by their secretary, George H. Gebhard, opposing the Clarke amendment to the social-security bill which allows companies to carry their own pensions and requesting use of influence to have same stricken out in conference; to the Committee on Ways and Means.

9022. Also, petition of Baker Raulang F. L. U., Local 20,012, Cleveland, Ohio, by their president, Elmer Davis, urging support of the Wagner labor-disputes bill and the Black 30-hour-week bill; to the Committee on Labor.

9023. Also, petition of Federal employees, United States Marine Hospital, Stapleton, N. Y., urging support of 30-day annual cumulative leave bill (H. R. 8458) and 15-day cumulative sick leave bill (H. R. 8459) also bill granting optional retirement after 30 years' service; to the Committee on the Civil Service.

9024. Also, petition of Local Union 137, A. F. G. W. U., Columbus, Ohio, by their secretary, W. J. Pringle, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 28, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed be God, the Father of mercies; we come before Thee with thanksgiving. We thank Thee for the amazing providences which crowd our ways. Give us to realize the love tokens which come to us in the multitude of Thy blessings. Let the beauty of the Lord grow upon our vision, disclosing the unsearchable riches of Thy grace. "The Lord is my light and my salvation." Fulfill this blessed promise in us giving us strength of will, strength of affection, and strength of ideals. Be with us when we tread the dead level and when we go through those long reaches which depress the spirit. Each day may we walk in the contemplation of the richer knowledge of God who made us. As we go round about the circuit of our daily lives, in Thy light may we see light. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) entitled "An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes."

The message also announced that the Senate further insists upon its amendments to the foregoing bill numbered 3 to 10, inclusive, and numbered 12 to 32, inclusive, disagreed to by the House; agrees to a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BYRNES, Mr. HAYDEN, Mr. HALE, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to a joint resolution of the following title:

S. J. Res. 152. Joint resolution to extend to August 31, 1935, the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 19. Concurrent resolution to amend the title of the joint resolution (H. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended.

DEATH OF LOUIS B. GOODALL

Mr. HAMLIN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes on a predecessor of mine, Louis B. Goodall.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. HAMLIN. Mr. Speaker, last Wednesday at 3 o'clock p. m. Louis B. Goodall, of Sanford, Maine, departed this life. Born in Winchester, N. H., September 23, 1851, his whole life was a life of helpfulness to his fellow men. His road was the usual road of New England success—poor boy, hard work, mill worker, mill owner, head of business, high State positions, and humanitarian always. He entered this House from the First District of Maine and served two terms from 1917 to 1921, the Sixty-fifth and Sixty-sixth Congresses. Some of you remember him as he was, an honest, helpful, whole-hearted man, who will be missed up in Maine and New England by the many he loved and helped.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I could not have supported the utilities bill as originally introduced or as it passed the Senate, and I am not sure I am going to support the bill now under consideration. It will depend somewhat on what amendments may be added to it; but whatever may be the case, I propose to offer an amendment to title II, on page 293,

after line 6, relating to the jurisdiction of State power commissions.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting the amendment at this point for the information of the House.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The matter referred to is as follows:

PROPOSED AMENDMENT TO TITLE II OF S. 2796

In section 318, page 293, relating to conflict of jurisdiction, there should be an additional subsection providing in effect that if a company is subject to the law or the regulation by a State commission with respect to any matter otherwise within the jurisdiction of the Federal Power Commission it should not be subject to the requirements of parts II or III of title II.

The following amendment would accomplish the purpose:

On page 293, after line 6, insert a new subsection in section 318, reading as follows:

"(b) If, with respect to the issue, sale, or guaranty of a security, the method of keeping accounts, the filing of reports, or the valuation, acquisition, or disposition of any security, capital assets, or facilities, or any other requirement of this part or the next preceding part, or of any rule, regulation, or order thereunder, any person is subject to the law of any State or regulation by a State commission, such person shall not be subject to the requirements of this part or the next preceding part, or of any rule, regulation, or order thereunder with respect to the same subject matter."

EXTENSION OF PLAN FOR DEPOSIT INSURANCE

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of Concurrent Resolution No. 19, which is a resolution amending the title of the resolution which the House, without objection, adopted yesterday.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the immediate consideration of the resolution?

Mr. SNELL. Mr. Speaker, reserving the right to object, this just amends the title?

Mr. STEAGALL. That is correct.

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I ask the distinguished Chairman of the Banking and Currency Committee if this resolution is designed to replace the bill that was passed in the House here a few weeks ago? Will there be any further action taken on that bill?

Mr. STEAGALL. I will say to the gentleman that the resolution passed by the House on yesterday extends the temporary insurance of deposits provided for under the act of 1933, which was extended in 1934 for 1 year, or down to July 1, 1935. This resolution would extend the temporary insurance of deposits up to the 1st day of September this year. The purpose of this action is to preserve the status of this bill until the Senate shall have sufficient time to act on the banking bill passed by the House recently, to which the gentleman refers, and which embodies a plan for permanent insurance of deposits.

Mr. TRUAX. I may say to the gentleman that I think the resolution is a good one, and I have no objection; therefore I withdraw my reservation of objection.

Mr. BLANTON. Mr. Speaker, I reserve the right to object merely to ask a question. I would like to ask the chairman of the committee if it is not a fact that, regardless of the action on this resolution, there is a permanent law which has been passed by Congress which takes effect on July 1 that insures all deposits in banks up to $10,000?

Mr. STEAGALL. The gentleman is correct; but the resolution provides for continuing the temporary plan until the bill now pending in the Senate can be passed establishing a new permanent plan to take the place of that embodied in the act of 1933.

The SPEAKER. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution was read, as follows:

Concurrent Resolution No. 19

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be and he is hereby authorized and directed in the enrollment of the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act as amended, to amend the title thereof by striking out the words "for 1 year" and inserting in lieu thereof "to August 31, 1935."

The resolution was agreed to.

A motion to consider was laid on the table.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. I wish to say to Members of the House who have been besieged with requests and inquiries regarding the matter of extension of the temporary plan for insurance of deposits that the resolution adopted by the House on yesterday and which has passed the Senate, extending the temporary insurance plan for 60 days, has a provision that relieves banks from liability to assessment during that time. The purpose of this is to prevent any lapse of insurance of such banks that do not get their insurance under the automatic provisions of the law. Congress has no jurisdiction over State banks. The State banks get their insurance under a contractual relationship. This resolution will extend that without involving the banks in delay and difficulties which might operate to bring about a lapse of the insurance during the 60 days. Members may assure those from whom they have had inquiries that the matter is now taken care of for 60 days.

GOVERNMENT SERVICE TO RECEIVERSHIP BANKS

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein some remarks made by J. F. T. O'Connor, Comptroller of the Currency.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. RICH. Mr. Speaker, reserving the right to object, who is the gentleman?

Mr. KRAMER. J. F. T. O'Connor, Comptroller of the Currency.

Mr. RICH. What is he talking about? Does it involve data which is interesting to the Members of the House?

Mr. KRAMER. He gives some very important information which will be very valuable to the Members of Congress.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KRAMER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following excerpts from the address of Hon. J. F. T. O'Connor, Comptroller of the Currency, before the Michigan Bankers Association, at Lansing, Mich., on June 26, 1935:

The storm which had been gathering for several years broke in March 1933, and it was the unanimous opinion of the leaders of both political parties, as well as of the foremost men of finance in the country, that all the banks in the Nation should be closed. It will serve no useful purpose to attempt at this time to determine the causes for the catastrophe, whether world-wide, national, or local. During the 9 years prior to 1933 an abnormally large number of banks—National, State, and private—were placed in liquidation. The figures are interesting:

Calendar year	Number of banks closed	Total deposits at closing
1924	775	$210,151,000
1925	618	167,555,000
1926	976	260,378,000
1927	669	199,329,000
1928	499	142,580,000
1929	659	230,643,000
1930	1,352	853,363,000
1931	2,294	1,690,669,000
1932	1,456	715,626,000

The suspensions continued in January and February of 1933. In January 237 banks closed with $133,244,000 in deposits, and in February 150 banks closed with deposits of $63,796,000. In 9 years and 2 months, therefore, 9,685 banks were placed in liquidation with total deposits of $4,667,334,000. The Detroit banks are not included in these figures, as the two large banks in that city were not placed in receivership until May 1933. More State and National banks

closed in 1931 and 1932 than in any other years in the history of banking in this country.

It was the desire of the President that only sound banks should be reopened after the banking holiday. Four thousand five hundred banks, with deposits of about $4,200,000,000, were denied licenses to conduct an unrestricted banking business. The office of the Comptroller of the Currency was charged with the responsibility of working out plans for the reopening or merging of unlicensed national banks, while the various State commissioners were charged with the same responsibility for the State institutions. The small number of bank suspensions in 1934 indicates how well the work was done. Only 57 licensed banks, with deposits of $36,793,000, were suspended. This was the smallest number of failures in 14 years. Only 1 of the 57 was a national bank, which had deposits at the time of closing in the negligible sum of $40,000. Let it be said that this bank was closed not because of poor management or irregularities but because of a drought which continued for several years in the locality.

At the close of the banking holiday in March 1933 there were placed in conservatorship 1,417 unlicensed national banks with deposits of $1,971,960,000. It is a pleasure to report to you today that there is not a national bank in conservatorship in the United States. There were placed in liquidation 290 of the unlicensed banks, with $152,387,000 in deposits. Of this amount, $57,057,121 has been repaid to depositors in these banks. In other words, of the approximately $2,000,000,000 frozen in the 1,417 unlicensed national banks at the conclusion of the banking holiday, less than 5 percent now remain unavailable to depositors, exclusive of "Spokane-plan" reorganizations.

This was the major problem confronting the office of the Comptroller. A second problem was approving the sale of preferred stock by national banks. It is not necessary to indicate to you the great amount of work in connection with this problem—conferences with local interested parties; conferences with the Reconstruction Finance Corporation; preparation of proper resolutions for stockholders and boards of directors; and finally the disbursement of funds. Preferred stock in the amount of $538,378,300 was sold by 2,215 national banks, of which $62,036,970 was purchased by local parties and the balance by the Reconstruction Finance Corporation. In addition to the preferred stock in national banks, the Reconstruction Finance Corporation purchased preferred stock, capital notes, and debentures in State banks in the sum of $499,215,386. Some of the very strongest banks in the Nation took advantage of this plan in order to make more funds available in their communities and to avoid the necessity of calling for payment of obligations which were good but slow.

Another important problem before the Comptroller's office was the distribution of dividends to depositors in closed banks. Since March 16, 1933, the creditors of all insolvent national, District of Columbia, and State banks have received, through dividends and distributions, the aggregate sum of $663,035,985. Creditors of the 1,500 insolvent banks under the Comptroller's jurisdiction which were still in process of liquidation on June 21, 1935, have, however, received since the failures of such banks $1,045,202,977 out of a total deposit liability at closing of $1,860,318,444.

Since the last annual report of the Comptroller of the Currency, covering the year ended October 31, 1934, 76 receiverships have been finally closed. Monthly statements are released to the press giving the names of such banks and the amount distributed to depositors and stockholders. You will be pleased to know that in 10 trusts 100 cents on the dollar was paid to depositors, and in 8 of these there was some money returned to the stockholders. During a period of 70 years, 93 cents out of every dollar collected by receivers in national banks has been returned to the depositors and 7 cents has been retained to cover the entire cost of overhead, including receivers' salaries, attorneys' fees, rent, light, heat, and all other items of expense. In the large Detroit banks a much better showing has been made, and the cost in those institutions has been less than 2 percent of the amount collected.

The disturbed economic condition of the country during recent years is reflected in a study made by the statistical department of the Federal Reserve Board in Washington. The twenty-first annual report of the Federal Reserve Board for the year 1934 contains a table of business conditions for the 7 years from 1928 through 1934. The table indicates that 1932 was the low point of the depression. Using 1923–25 as an index average of 100, industrial production for 1932 was 64 percent, factory employment was 46 percent, and freight-car loadings 56 percent. With the average for 1926 as an index of 100, wholesale commodity prices for 1932 were 65 percent. In each of these categories the figure for 1932 is lower than for any other year between 1928 and 1934. The report further states:

"In 1934 output of industrial products, including both manufactures and minerals, was at 79 percent of the 1923–25 average, as compared with 76 in the preceding year and with the low point of 64 in 1932. At the same time crop production, which had been relatively well maintained throughout the depression, showed a marked reduction as a consequence of a prolonged drought and of acreage reductions in connection with the program of the Agricultural Adjustment Administration. Owing to higher prices received by farmers, increased marketing of livestock, and larger rental and benefit payments by the Agricultural Adjustment Administration, however, total farm income was larger in 1934 than in 1933. Construction work on public projects showed a considerable increase. Profits of industrial corporations, which had recovered considerably in 1933, made further advances in 1934, and were higher than in any year since 1930. Public utility profits, however, were smaller in 1934 than in the previous year, and the deficit of railroads increased. Value of department-store sales in 1934 was 75 percent of the 1923–25 average, as compared with 67 in 1933, and other branches of retail trade also increased, particularly in rural areas."

You will be interested in some statistics pertaining to your own State. At the conclusion of the banking holiday on March 16, 1933, there were in Michigan 54 unlicensed national banks. By October 11, 1934, 44 of these banks had been reopened under old or new charters or absorbed by other banks. In the 54 unlicensed banks there were deposits of $561,521,000 at date of closing, and of this amount 68½ percent has already been returned to creditors. A large part of this release to creditors has been made possible through the use of the facilities of the Reconstruction Finance Corporation. That Corporation, in addition to subscribing liberally to preferred stock in the banks which were newly organized in connection with the rehabilitation program, has granted large loans to conservators and receivers on the assets not acceptable for purchase by newly organized or existing banks. This has made possible prompt and liberal returns to creditors of the banks, and at the same time has provided for the orderly liquidation of these assets.

On December 31, 1932, there were 102 active national banks in Michigan with total deposits of $776,000,000. On March 4, 1935, there were 85 active national banks in Michigan with total deposits of $542,336,000. This is a remarkable showing, particularly in view of the fact that 54 national banks in your State with deposits of $561,521,000 were unlicensed on March 16, 1933. One of the stabilizing influences was the institution of Federal deposit insurance. The records show that on October 1, 1934, 397 banks in Michigan, with total deposits of $823,102,438 were members of the Insurance Fund. The insured deposits in these banks on that date amounted to $424,317,295.

The First National Bank of Detroit is the largest national bank which has failed in the history of the Office of the Comptroller of the Currency. Its deposits at suspension were $373,360,010. The Guardian National Bank of Commerce of Detroit is the second largest national bank ever placed in the hands of a receiver. On the date of suspension, its total deposits were $108,103,045. Because of the magnitude of these two receivership banks and because they are located in your own State, some facts in connection with them will be of particular interest.

These banks closed on February 21, 1933. Conservators were appointed for each institution on March 13, 1933, and receivers were appointed on May 12, 1933. The new National Bank of Detroit was organized on March 24, 1933, and the new Manufacturers Bank of Detroit was organized on July 28, 1933, to assist in rehabilitating Detroit's banking system. Purchases of assets of both receivership banks were made by the new banks, and dividends of 30 percent were paid to the creditors of each old bank as the result of the cooperation of the new institutions. Deposits in the two new national banks had reached the sum of $399,208,381 by May 14, 1935, as compared with the total deposits of $481,463,055 in the two old banks at date of suspension.

General creditors have now been paid 70 percent by the receiver in the First National Bank, and certain secured creditors have been paid in full, making a total sum of $278,657,748 paid to date in the First National Bank. There were 548,000 accounts of $300 or less which aggregated $23,771,000. A public-spirited group of large depositors waived sufficient of their funds to permit the payment of this group in full. The Reconstruction Finance Corporation loaned the receiver $139,940,000 to expedite payments.

A group of 167 large creditors in the Guardian National Bank of Commerce waived a sufficient part of their dividends to enable the receiver to pay in full all accounts up to $1,000. The total dividends paid to the Guardian creditors amounted to 68 percent, and include amounts paid in full to the secured creditors. The sum returned to creditors of this institution is $76,661,617. There was borrowed from the Reconstruction Finance Corporation the sum of $28,891,000. Approximately 130,000 accounts were paid in full, reducing the number of claims to approximately 6,000.

The pay-off of $1,000 accounts in the Guardian National Bank having been successfully consummated, the local people felt inspired to undertake a new program looking to the payment of a final dividend and the termination of the receivership. A depositors' committee, the nucleus of which was composed of those who worked out the $1,000 pay-off, was appointed, consisting of Hugh Ferry, chairman; Meyer L. Prentis, David Widman, Horace A. Davis, and B. J. Craig. At the beginning of this new program dividends had already been paid to the extent of 68 percent, and an assessment of 100 percent had been levied against the shareholders, the receiver having been enabled by a court decision in the meantime to reach the individual shareholders by going through the Guardian group, which was the nominal shareholder. Notwithstanding the magnitude of the task to be accomplished, the committee was not discouraged, but tackled it with vigor and enthusiasm. One of my deputies and two of the key men in my office were assigned to the task of working the matter out in cooperation with the receiver and the committee. It was necessary to obtain a complete and accurate appraisal of the present worth of every individual asset item, based on an estimated 5-year period of liquidation. There were approximately 20,000 of such items to be so appraised. It was also necessary to appraise the collectible value of the stock assessment as distributed through the Guardian group in the hands of between seven and eight thousand individual stockholders in almost every State in the Union and a number of foreign countries. After these appraisals were obtained and after deducting the necessary reserves for undrawn funds by creditors entitled to receive 68 percent in dividends already declared, con-

tingent liabilities, existing obligations to the Reconstruction Finance Corporation, and estimated expenses, a final dividend of 19 percent was indicated. The committee then contacted the owners of the 6,000 remaining claims and obtained assignments of these claims from more than 82 percent. It is the purpose, under the plan adopted, for the receiver to borrow a sufficient additional amount of the $7,000,000 commitment from the Reconstruction Finance Corporation to enable him to pay the nonassenting creditors the final dividend of 19 percent in cash. The Depositors' Corporation will then assume the existing liability to the Reconstruction Finance Corporation and purchase the equity in all the remaining assets.

Another step in the procedure was the settlement of the stock assessment. The Supreme Court of the United States has repeatedly ruled that the collection of that asset cannot be delegated or assigned to others by the Comptroller of the Currency. This asset was carefully appraised and the value of the assessment to the creditors of the Guardian National Bank of Commerce was found to be $4,000,000. A stockholders' committee, of which Mr. Hal H. Smith was chairman, undertook to obtain this amount in cash from the stockholders. It is my understanding that very few stockholders who were able to respond failed or refused to do so in some measure. Some were unable to make cash payments, but did make individual arrangements with the committee by which their deferred payments were underwritten, with the result that the committee obtained the full amount of $4,000,000 to settle the assessment liability in the Guardian National Bank of Commerce. This committee, at the same time, obtained an additional sum of $1,040,000 to be prorated according to capital among the other national banks composing the Guardian group, their stockholders being identical with the stockholders of the Guardian National Bank of Commerce. This total fund of $5,040,000 has been accepted as a cash settlement of the stockholders' liability of all of these banks at the rate of 40 percent.

All preliminary details of the plan were successfully consummated, and on April 19 the receiver filed two petitions with the Federal court in the city of Detroit. One was for authority to settle the stock assessment liability of the Guardian National Bank for the sum of $4,000,000 and the other for authority to sell the remaining assets of his trust to the Depositors' Liquidating Corporation at a price of $28,937,159.48. These petitions were accompanied by a detailed schedule showing the appraisal of all assets to be sold. The court set a date for the final hearing on April 29, and in the 10-day interval the receiver published three notices to creditors in each of the three Detroit papers that such petitions had been filed and a public hearing would be held on April 29. On the date of the hearing, which was held before Justices Tuttle and Moinet, there was no objection offered by any creditor. Two small creditors appeared, one having a claim of $3,714 and the other of $1,900, and stated they wished an explanation from the court of their rights under the plan. The consummation of this plan impressed the court so favorably that in entering the order Justice Moinet commented as follows:

"Upon consultation with my associate, we are satisfied that proofs show and the petition shows that the amount fixed for the sale here is fair and perfectly fair. The appraisal is fair, and there is absolutely no evidence of any fraud whatsoever presented or apparent. Further, that the settlement of the stockholders' liabilities, according to the record, appears to be a fair settlement, a very fair settlement, under the present circumstances and conditions. If it were necessary to bring 7,000 lawsuits against 7,000 stockholders, it would require 4 or 5 years to terminate them, and then you take your chances on whether you would be able to collect the full amount. It would cost an enormous sum of money and it would extend this receivership over a long period of time. Personally I will say that this is a very remarkable settlement; one that is unusual where you find large depositors stepping in here and foregoing their dividends so that all depositors of $1,000 or less in this bank have been paid in full and others paid 68 percent, which, with the 19 percent, is 87 percent to the depositors who do not participate in this corporation. It is very remarkable, as I view it. I think the history of the liquidation of national banks and payments to depositors shows very much less than that, a history of the bank failures in the United States. So far as I am concerned—and I am announcing for Judge Tuttle also, and he may amplify it—it is approved, and the court will sign the order."

Judge Tuttle commented: "It looks to me like a result that is only possible by the combined efforts of very many fair-minded people. You could not get a result like this except with very many people who were very fair and unselfish."

Following the approval of the court, immediate steps were taken with respect to the mechanical details incident to the sale of assets, the procurement of the additional loan from the Reconstruction Finance Corporation, and the payment of the final cash dividend of 19 percent to the nonassenting creditors. The contract between the receiver and the purchasing Corporation has been executed, and the final dividend will be distributed by the receiver at an early date.

In these two large institutions approximately 678,000 accounts have been paid in full. It is not necessary to call your attention to the magnificent work done by the receivers and their assistants, the attorneys, and my assistants in Washington. Ever since the days immediately following the banking holiday we have been deluged with thousands of letters and hundreds of telegrams about these Detroit banks; a number of committees and many individuals came to Washington to discuss with us the problems of these two banks. It required the highest degree of patience and the greatest good nature on the part of all to handle a situation fraught with so many conflicting interests and cross-currents.

The cooperation of the people of Detroit, their forbearance, and the confidence of the great majority of them that somehow the situation would work out all right in the end were a real inspiration to us. The kindly spirit planted in your soil more than 300 years ago by the French missionaries still lives. The lessons taught by Father Marquette have not been forgotten, and his high purposes still influence a great people. No city suffered more than Detroit, no people rose to greater heights than those of Michigan as they passed out of the shadow of the depression into the sunlight of a new day. It has been a privilege and a pleasure to have had a small part in helping to solve some of the problems of your people, and in the fires of conflict, eternal chains of friendship have been forged.

AN APPEAL TO CONGRESS TO SAVE TAXPAYERS FROM A TREASURY RAID

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein a letter I addressed to the President in opposition to a Treasury raid under the name of the so-called "officers-promotion bill" for the Army.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, as I entered the Army at the age of 17 years, and have been actively in the service or interested in the betterment of the service since 1898, I feel that I am qualified to speak in reference to S. 1404, the so-called "officers' promotion bill", which could, more properly, be termed, "A Treasury raid of the first magnitude."

I actively served with many of the officers so generously provided for in the so-called "promotion bill" and as I have the highest regard for them, I am satisfied in my heart that these gentleman are not "pay-triots" and that they themselves would disapprove of legislation of this kind at this time, provided they understood the desperate plight of our citizens, as do the various Representatives. I cannot conceive that any true American, adequately provided for, would ask for more for himself at this time if he knew, from personal experience and from correspondence, the tragic situation of so many of our worthy citizens, many of whom are existing on $20 or less per month of Government relief or dole.

The officers of the Army have not lost a day's pay from the time they were commissioned. The most of them occupy free palatial quarters in modern Army posts, in which light and fuel are furnished them free of charge. Purchasing at the commissary, quartermaster, and post-exchange stores, their living costs are thus further reduced approximately 10 to 40 percent below those of the average civilian. With no rent to pay, with their quarters taken care of by enlisted men, and even house work, in many instances, performed by enlisted men, it is my sincere belief that, with their present pay, they are well provided for and that the so-called "promotion bill", which will entail a potential cost to the taxpayers of $100,000,000 to $300,000,000 during the life of the officers, is unjustified at the present time.

In addition to the benefits of free quarters, free service from enlisted men, and reduced cost of living, they receive free medical and dental care for themselves and their families, including dependents.

The pay and subsistence allowance of an Army captain, with 18 years' service, is $379 per month. We should compare the benefits of free quarters with free upkeep, decided savings in purchasing of subsistence, clothing, and so forth, free medical and dental care, and this high monthly pay of $379 per month, with the approximate pay of $100 per month only which, according to press reports, is the average pay received by at least one-third of the high-school principals of the State of Virginia. From this insignificant pay of $100 per month, these principals of high schools must subsist themselves and their families at regular subsistence charges, and in addition, they must pay for their own quarters and bear the expense of any medical and dental treatment which they and their families may require. Including the allowances to a captain in the Army, with 18 years' service, he receives at least five times more total compensation than do one-third of the high-school principals in the State of Virginia!

Senate bill 1404 would create 1,412 additional officers of field rank. The Army is already top heavy with these higher ranking officers and in many instances known to me personally, apparently because of the fact that there is no adequate command for the surplus of high-ranking officers now in the Army, officers receiving $600 per month are performing duties heretofore performed by second and first lieutenants. Why, then, should 1,412 additional field officers be created?

It should be borne in mind that the maximum pay for these field officers is $534.20 per month, plus free palatial quarters, free fuel and light, free medical and dental service for themselves and families, free service of enlisted men for upkeep of quarters, and, in addition, savings of from 10 to 40 percent to them in the purchase of their necessary supplies. My experience as an enlisted man and as an officer, and my activities in civil life and as a Congressman, warrant the candid assertion (which I will not amplify at this time), that field officers in the Army, in time of peace, hold a sinecure par excellence.

I contend that to increase the rank of these officers (an increase in rank means an increase in pay and allowances), at this time, with so much distress in our Nation is discriminatory in the highest degree and an unjustified raid on the Treasury because these gentlemen are already well provided for and from the standpoint of patriotism, they can well wait for further consideration until the Nation is on the road to recovery. Officers of the Army receive an increase of 5 percent in their pay every 3 years and in addition, many of them have received increases in rank, thus, in some instances, doubling their increase in compensation since they were commissioned. The condition of these officers is no different today than it was in 1926, in the heyday of our prosperity. Why should we now add to the burden of the taxpayers by giving increased rank with higher pay and allowances to these gentlemen while millions of our worthy citizens have been bereft of a job for years and have had no income except such as has been extended to them through governmental relief?

It should be borne in mind that those whom we are seeking to retire after 15 years of service are just now, or should be, at the zenith of their efficiency. To retire an able-bodied individual after 15 years' service just to make promotion and increased pay possible for some others who were commissioned subsequently to him is utterly indefensible, in my opinion, and defeats the very principle of efficiency in the service. Why should able-bodied officers be retired after 15 years of service, at high retired pay for the balance of their lives, many of them to compete with the unemployed in civil life, thus reducing the opportunities of our already-underprivileged class? Such retirement of able-bodied officers with 15 or more years of service at $149 to $362.50 per month for the balance of their lives would be favoritism of the worst type, and I hope that Representatives in the House will not permit S. 1404 to be disposed of under unanimous consent.

I am also appealing to the Speaker not to recognize anyone to consider Senate bill 1404 under suspension of the rules. If this measure—Senate bill 1404—has any merit, it should be presented to the Rules Committee and, if favorably considered, enacted into law under the regular procedure applied to other legislation.

I hope my colleagues will read the following letter which I addressed to the President of the United States on this subject and that they will cooperate with me in requesting that Senate bill 1404 be not favorably reported by the Rules Committee, but that if it is favorably reported, sufficient time for debate and amendment be given to the memberhip:

JUNE 26, 1935.

HIS EXCELLENCY THE PRESIDENT OF THE UNITED STATES,
Washington, D. C.

MY DEAR MR. PRESIDENT: In the interest of the taxpayers and the balancing of the Budget, may I call your attention to Senate 1404, the so-called "officers' promotion bill", which was reported favorably to the House yesterday?

As a retired enlisted man with a background of military experience since 1898, I feel that the enactment of this legislation at this time is absolutely uncalled for.

In the administration of your predecessor, Mr. Hoover, as a matter of economy, it was proposed to discharge 2,000 officers from the service. This proposal was seriously considered and almost approved.

Inasmuch as our Democratic platform urges a reduction of 25 percent in the cost of government, and in view of the fact that the enactment of S. 1404 would mean a potential annual increase in the tax burden of the people in an amount between $9,000,000 and $12,000,000, I am hopeful that you will not approve of the enactment of this legislation at this time.

May I emphasize the fact that millions of families in this country have had no income for the past 5 years and additional millions of families have had only a partial income? The officers who are so munificently provided for in S. 1404 have had a constant, regular income since 1920. In addition, they have received increases in pay due to longevity; and there is no necessity at the present time, in my opinion, to burden the taxpayers with the costs of additional high rank and other benefits to this group.

In the interest of the taxpayers and our unfortunate unemployed, I am opposed to unnecessary expenditures from the Public Treasury for the benefit of individuals already well taken care of; and it is for this basic reason that I especially appeal to you, in the interest of economy, not to approve of this raid on the Treasury.

You are a very busy man and cannot recall every issue, but under the economy act approximately 5,000 emergency officers—with service-connected disabilities—were removed from the retired list because of the "causative factor." Under S. 1404, 4,500 or more officers, in perfect physical condition, will be eligible for retirement at an average pay of approximately $170 to $195 per month for the balance of their lives. This, Mr. President, is also another reason why, in justice to the World War disabled officers, legislation of this type should not be enacted.

The further provision in S. 1404 that approximately 1,500 officers be advanced to field rank, where the maximum pay and allowances amount to $600 per month is also a raid on the Treasury. Many of these officers today, to my personal knowledge, are performing duties which a sergeant could perform with the same degree of efficiency, provided he were authorized to administer oaths and sign official papers.

I reiterate that S. 1404 is nothing other than a Treasury raid, as it will pad the retired list with able-bodied officers to be a drain on the National Treasury for the balance of their lives.

Hoping you will consider this in a spirit of cooperation and for the best interests of our Nation, I am, with best wishes,

Sincerely yours,

J. H. HOEPPEL.

T. V. A. OPPOSED BY REPUBLICANS

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAVERICK. Mr. Speaker, I rise to speak today on the minority report of H. R. 8632, the most recent T. V. A. bill, and the one reported out by the Military Affairs Committee, of which I am a member.

I desire to quote first one sentence of the minority report:

> We do not now, nor have we ever, subscribed to the philosophies of government upon which the act now sought to be amended was based, and, therefore, would be opposed to the passage of the original measure were it before the House of Representatives today.

This is the whole issue; and we are either for or against the T. V. A. Therefore, let us not enact a halfway measure. Let us either let it live or kill it.

Yes; this minority, representing the Republican Party, reports that they are absolutely opposed to the philosophy behind the T. V. A.; they are, therefore, opposed to conservation of water and land resources, the prevention of soil erosion, reforestation, of an investment by the Government paying for itself, and all these activities which are a benefit to the country as a whole.

But let me answer some of the specific statements that the minority report makes. They say that the conclusion is justified—

> That without requisite authority, the Tennessee Valley Authority has exceeded the power delegated to it, and now seeks by this legislative proposal to validate the illegal acts it has committed, the power it has usurped, and at the same time obtain additional powers to extend its activities beyond anything that Congress ever intended or had the power to convey.

Let us see in what specific respects does this minority report charge that T. V. A. has exceeded its authority under the existing law:

They say that T. V. A. was to be financed by $50,000,000 bond issue, authorized under its act. They fail to observe that T. V. A. under this authorization can only issue bonds

for certain limited power purposes. They charge that the corporation has "dipped into very nearly every source of revenue provided for emergency relief"; they refer to $50,000,000 obtained in this fashion under the N. I. R. A. in 1933, and $25,000,000 under the Emergency Appropriation Act in 1934. These funds, however, were directly appropriated for the T. V. A. by specific acts of Congress, mentioning the corporation by name, as the minority Members would have discovered had they referred to the acts of June 16, 1933, and June 19, 1934. Other appropriated sums which they charge the T. V. A. has received were never received by that corporation.

The report charges that "without authorization from Congress" T. V. A. has proceeded, or is about to proceed, with the construction of six dams. T. V. A. is at present constructing only three dams—Norris, Wheeler, and Pickwick Landing. Section 4–J of the act expressly authorizes the T. V. A. dam construction in the following language: "The corporation shall have power to construct dams", and so forth, "in the Tennessee River and its tributaries." Moreover, in the building of its dams, the corporation has always fully disclosed its plans and recommendations for funds for carrying them out to the Appropriations Committee, as reference to the proceedings of that committee would have disclosed. The T. V. A. has never withheld any knowledge from anybody.

They charge that the T. V. A. has failed to make reports to Congress. The true facts are that the T. V. A. has made two formal written reports, one of these being a 60-page document, submitted to the Congress in December of 1934, and the other a progress report transmitted by the President. Each year responsible officers of the corporation have likewise presented detailed reports in appropriation hearings. Hundreds of pages of testimony of the T. V. A. directors before the Military Affairs Committee and Appropriations Committee have given a complete and comprehensive picture of its work.

It is clear from the foregoing that the T. V. A. has in no respect exceeded its authority as charged by the minority report. In this connection, I want to refer to the report of the Committee on Appropriations submitted to the House last week:

> There has been criticism of the (T. V. A.) Board for some of its actions under the Tennessee Valley Authority Act. The law under which T. V. A. is operating is broad and requires the members of the Board to believe in the purposes and policies expressed in it.
>
> The committee believes the Board to be sincere and earnest in endeavoring to carry out the law.

The minority report makes certain other entirely unfair charges. They say that "in spite of constitutional limitations", the T. V. A. "conceived the idea" that it has "been appointed for the primary purpose" of promoting "public ownership" of electric utilities. Nothing could be further from the truth. In its electric operations the corporation is merely carrying out the expressed mandate of the Congress, repeatedly stated in the T. V. A. Act, that in the sale of its power preference should be given to States, counties, municipalities, and nonprofit cooperatives. The report further says that the T. V. A. realizes that there is no market for its power and that it has therefore determined upon a program of destructive competition amounting to confiscation of private utilities. In the first place, in view of the threatened power shortage for the Tennessee Valley, forecast in the recent report of the Federal Power Commission, supported by recent statement of the National Association of Electrical Manufacturers, it is clear that the market for power is more than ample. Indeed, a critical power shortage will develop unless new sources of power are found. A sufficient answer to the charge of confiscation may be found in the fact that T. V. A. operations have not hurt but have helped the private utilities in this region. The greatest increase in business prosperity of private power companies in the entire United States has taken place in the area of the T. V. A. since the Authority began operations.

One other charge requires comment: That T. V. A. has neglected the fertilizer aspects of its program. As to this it suffices to point out that large quantities of an improved fertilizer are being manufactured by the corporation at Muscle Shoals and are being distributed to hundreds of farms.

I should like to add also that during the many weeks of the hearings before the Military Affairs Committee, when the directors were subjected to questioning more appropriate to the police court, or the Inquisition, than to congressional proceedings, we were impressed not only by the three directors' patience and forthrightness but also by the fact that they were conscientiously endeavoring to conform to the letter and spirit of the T. V. A. Act in every particular.

ECONOMIC AND SOCIAL SITUATION IN PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in regard to certain bills which have been introduced in the Congress with respect to Puerto Rico.

The SPEAKER. Is there objection?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, under leave to extend my remarks in the RECORD, I feel that it is my duty to include herewith certain letters and documents for the information of the Members of Congress with respect to the economic and social situation in Puerto Rico, and also to make reference to certain bills which have been introduced in Congress relative thereto.

H. R. 8621, introduced by Mr. KOCIALKOWSKI, entitled, "A bill to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes", presents three distinct aspects:

(a) Establishment of a special revolving fund, including the proceeds of the disposition of property acquired, a fund that will be available without any limitation of time contained in the Emergency Relief Appropriation Act of 1935.

(b) Specific authority to include the acquisition, development, maintenance, and operation of agricultural and industrial properties and enterprises.

(c) Establishment of an insurance fund to insure individual agriculturists in Puerto Rico.

Purpose (a) the establishment of a special revolving fund to be available beyond the time limitations contained in the Emergency Relief Appropriation Act of 1935 will be beneficial to the interests of the island as then sufficient time will be given to properly develop the several reconstruction projects, such as rural electrification, slum clearance, highway construction, and rural rehabilitation. The present time limit will only allow a period of 2 years for carrying into effect this vast program, and considering the fact that a new and complete machinery for its administration has to be set up, and owing to the fact that up to this date, in contrast with rehabilitation projects in continental United States where same have been going on for last 2 years, nothing of this nature has been done in the island, a 2-year period is too limited, and if all the different projects would be crowded in such a short period, there will surely be a great waste of money and effort and probably a grand economic failure.

Purpose (b) gives special authority to include the acquisition, development, maintenance, and operation of agricultural and industrial properties and enterprises. The object of this special authority is obvious; it tries to authorize those clauses or recommendations dealing with the purchase of establishments to be operated by means of a public corporation and used as a possible yardstick in the sugar-production business.

This clause goes way beyond the power vested in the President of the United States by the Emergency Relief Appropriation Act of 1935.

The act, section 5, states:

> In carrying out the provisions of this joint resolution the President is authorized (within the limits of the appropriation made in section 1) to acquire, by purchase or by the power of eminent domain, any real property or any interest therein, and improve, develop, grant, sell, lease (with or without the privilege of purchasing), or otherwise dispose of any such property or interest therein.

As we may clearly see, the Congress of the United States saw fit to authorize the President to "acquire, improve,

develop, grant, sell, lease, or otherwise dispose" of property, but not to operate any such business or enterprises as is requested in this bill.

It is our belief that the organic act, which is the constitution of the island, gives our insular government powers enough to put in operation any and all measures for the reconstruction of the island without placing a supergovernment over and above our regular government institutions.

Our legislature, or executive branch, are in a position, with all recognized authority within the law, to establish and develop and coordinate the work with any measure or plan of rehabilitation, all within the legal prerequisite of an organized community.

[H. R. 8621, 74th Cong., 1st sess.]

A bill to provide that funds allocated to Puerto Rico under the Emergency Relief Appropriation Act of 1935 may be expended for permanent rehabilitation, and for other purposes

Be it enacted, etc., That all sums which the President has segregrated or allotted or shall segregate or allot for projects in Puerto Rico, out of the money appropriated by the Emergency Relief Appropriation Act of 1935, shall constitute a special fund to provide relief and work relief and to increase employment in Puerto Rico. The fund thus established shall continue available for expenditure until June 30, 1940. All income derived from operations financed out of this fund and the proceeds of the disposition of property acquired therewith shall constitute a revolving fund which shall remain available for expenditure for the purposes and in manner authorized herein and in the Emergency Relief Appropriation Act of 1935 until Congress shall provide otherwise, notwithstanding any limitation of time contained in the said Emergency Relief Appropriation Act of 1935. Any agency or agencies lawfully designated or established to administer funds allotted hereunder or the revolving fund herein authorized may be continued so long as the said funds or any of them remain available for expenditure.

Projects for rural rehabilitation in Puerto Rico may include the acquisition, development, maintenance, and operation of agricultural and industrial properties and enterprises. A reasonable charge may be made for materials and services produced or made available by any project: *Provided*, That such materials and services may also be supplied as compensation, in whole or in part, for services rendered by persons employed upon any project.

SEC. 2. Notwithstanding the provisions of section 15 (f) of the Agricultural Adjustment Act as amended by section 8 of the act of May 9, 1934, or any action taken thereunder, all or any part of the unobligated balance of taxes heretofore or hereafter collected from the processing of sugar beets or sugarcane in Puerto Rico and/or upon the processing in continental United States of sugar produced in or coming from Puerto Rico are hereby authorized, in the discretion of the President, to be transferred to the revolving fund authorized by this act. Not exceeding $10,000,000 of this fund may, in the discretion of the President, be set aside in the Treasury for use as an insurance fund to insure individual agriculturists in Puerto Rico, but to the extent only of such insurance fund and its accretions against damage by hurricane to their farm dwellings and farm buildings; growing crops; plants and trees, including trees used as shade for growing crops; warehouses; and produce in barns and warehouses: *Provided*, That said funds may be so employed only during such periods as the Secretary of the Interior shall find and determine that commercial insurance is not available, or, if available, only at rates impractically high, and policies of insurances shall be issued hereunder only pursuant to such terms and premium rates as the Secretary of the Interior shall prescribe by regulations duly promulgated. Until otherwise provided by law all moneys collected as premiums on such insurance or otherwise in connection with the administration of such fund or the operation of such insurance activity shall constitute accretions to the fund and shall be held, together with the original insurance fund and all additions thereto, as a revolving fund for the purposes of such insurance.

The Interdepartmental Committee on Puerto Rico—composed of Messrs. Oscar L. Chapman, Assistant Secretary of the Interior as chairman; W. I. Myers, Governor of the Farm Credit Administration; Rexford G. Tugwell, Under Secretary of Agriculture; and Jacob Baker, assistant administrator, Federal Emergency Relief Administration—has rendered a very voluminous and comprehensive report on the proposals of the Puerto Rico Policy Commission for the economic rehabilitation of the island, commonly called the "Chardon plan."

Representatives of three Federal Departments: Department of Agriculture, Federal Emergency Relief Administration, and Farm Credit Administration were sent to Puerto Rico to make a thorough study of the technical feasibility of the proposed plan and to make substitute proposals where necessary.

The report divides the plans proposed by the Puerto Rico Policy Commission in two groups of projects—a plan for the purchase of sugar lands and sugar mills by the United States Government and their operation by Puerto Ricans by means of a public corporation, project for subsistence homesteads and a hotel.

The report concurs with the assumption that there is need for a unified program for thorough economic rehabilitation on the island but considers that the difficulties of farmers and laborers in competition with the corporation economy is far more complex than is realized by the authors of the proposed plans.

The report is completely at odds with many of the assumptions and recommendations of the proposed plan as follows: That the sugar industry is not a basic difficulty and that on the contrary is the one industry least in need of immediate rehabilitation, that the sugar phases of the plan proposed could not be operated without heavy losses in the net income of the people of the island and that the mass of the people will not be benefited. The conclusions of said report are as follows:

THE INTERDEPARTMENTAL COMMITTEE ON PUERTO RICO

Oscar L. Chapman, Assistant Secretary of the Interior, chairman.
W. I. Myers, Governor, the Farm Credit Administration.
Rexford G. Tugwell, Under Secretary of Agriculture.
Jacob Baker, Assistant Administrator, Federal Emergency Relief Administration.

The Interdepartmental Committee on Puerto Rico in July 1934 assigned representatives of three Federal departments, hereafter referred to as "the technical committee", to go to Puerto Rico and report on the proposals of the Puerto Rico Policy Commission for the Economic Rehabilitation of the Island, commonly called the "Chardon plan."

This committee was asked to study the technical feasibility of the plan, and to make substitute proposals where necessary.

The Chardon plan includes two groups of projects. The first is chiefly a plan for the purchase of sugar lands and sugar mills by the United States Government, and their operation by Puerto Ricans, by means of a public corporation. It also includes a project for subsistence homesteads, and a plan to buy and operate the Condado Hotel.

With the basic assumption of the Chardon plan, that there is need for a unified program for thorough ecnomic rehabilitation on the island, there is no disagreement. The technical committee finds, however, that the central economic problem, the difficulties of farmers and workers in competition with the corporation economy, is far more complex than is realized by the authors of the Chardon plan.

The committee has tried, first, to trace this larger economic problem; second, to indicate which remedies will give farmers and workers lasting aid; and, third, to define the administrative farmers by which these remedies can be put promptly into operation.

Part I of the attached report discusses the operating problem of the Chardon sugar program, and the question whether or not the carrying out of this program as proposed would add to the income of Puerto Rico or benefit the bulk of the population on the island.

Remaining sections of the report present an integrated program for rehabilitation of coffee and other agricultural industries; reemployment, reeducation, and health work for agricultural labor; and improvement of the economic agencies serving agriculture.

The personnel of the technical committee included Julius Matz, plant pathologist and specialist in sugarcane production, Department of Agriculture; T. R. Snyder, industrial engineer, Federal Emergency Relief Administration; and Edna Lonigan, economist, Farm Credit Administration.

GENERAL CONCLUSIONS

1. The sugar industry is not a basic difficulty in the immediate situation.

A. Sugar is the one industry least in need of immediate rehabilitation.

B. The sugar phases of the plan proposed by the Puerto Rico Policy Commission could not be operated without heavy losses in the net income of the islanders.

C. The sugar phases of the plan are humanitarian in origin, not economic. They would benefit the Puerto Rican landholders and the professionals, not the mass of Puerto Rican people.

D. The basic difficulty in Puerto Rico is not the alienation of land and unequal distribution of income, but absolute low income. This is due to:

(1) Continuous removal of surplus income from the island.
(2) Deterioration in quality of land, seeds, and animal stocks.
(3) Decline in health and energy of the people.
(4) Complete absence of a middle class strained in the arts that make labor productive.
(5) Overemphasis on politics.
(6) Increase in population out of all proportion to the increase in economic opportunities.

2. Rehabilitation of the coffee industry is the first essential.

A. To raise the total income of the island.

B. To restore normal employment.

C. To remove people from the cities and reduce the slum population.

D. To aid in conserving the forests and the water supply.

3. Coffee rehabilitation requires the following steps:

A. Improvement of the chemical and mechanical condition of the soil.

B. Replanting of coffee trees, adequately spaced, etc.

C. Replanting of tall trees to provide not shade, but diffused sunlight.

D. Crop diversification, including planting of food crops, and raising of meat animals.

E. Drastic reduction of debts to fit actual income-producing capacity of farms.

4. Other lands also need similar rehabilitation in less degree.

A. Crops, e. g., tobacco, citrus fruits, cotton.

B. One million acres of uncultivated lands.

5. The basic problem is to organize the labor supply in a way which will—

A. Provide the labor needed for rehabilitation of coffee farms, for slum clearance, etc.

B. Provide the supervision which will insure a higher quality of work than the farmers of Puerto Rico can at present provide.

C. Provide training for the workers in the useful arts and trades, through work and habit, not through exhortation.

D. Reduce the financial burden of relief and the danger of loss of self-reliance.

6. It is necessary also greatly to increase the effectiveness of the economic agencies on which agriculture is dependent.

A. Improved marketing and credit facilities.

B. Cooperation.

C. Hurricane insurance.

D. Transportation network to collect farm crops.

7. There are two agencies on the island now operating, which are very well fitted to carry out most of the necessary reforms.

A. The Hurricane Relief Commission, under its present director, Col. F. J. Behr, is the agency most thoroughly familiar with the physical and scientific side of agriculture and especially of coffee farming.

B. The Farm Credit Administration knows thoroughly the economic and credit side.

C. Together they have the knowledge and the operating organization to put farming in Puerto Rico on a paying basis, and at the same time to restore the unemployed slum dwellers of San Juan to a stable economic position in the hills from which they came.

D. There is far less risk in using these two well-organized agencies than in setting up a new and untried system which must lose months before it is ready to go.

8. The changes needed to begin rehabilitation with the use of these two agencies are very few.

A. Their present direction is extraordinarily effective.

B. They need additional personnel and funds which can be supplied from the sugar processing tax, and by allotment of some of the relief funds.

C. The director of hurricane relief may need to be specially designated as director of agricultural relief, pending the more formal change of the hurricane relief commission into the agricultural relief commission.

D. The two agencies can operate under the new corporation or independently, if the chartering of the corporation meets with difficulty.

9. The Administrator for agricultural relief can begin immediately the organization of the unemployed into units on the principle of the Civilian Conservation Corps.

A. With the C. C. C. teams it will be possible to start immediately the physical rehabilitation of coffee farms and idle lands.

B. The C. C. C. program will permit the return of large numbers of workers to agricultural labor in the hills, which have been filling the city slums since the hurricane, and raising the death rate from tuberculosis.

C. The C. C. C. organization will provide the necessary training program for the workers, under the best technical direction.

D. With C. C. C. workers it will be possible to meet the much-reduced problem of slum clearance and rebuilding.

E. With C. C. C. organization it will be possible promptly to set up industrial units to provide supplies for agricultural rehabilitation and the like—all under adequate technical management and control.

Emphasis in developing the industrial program would be on provision of wage work for men, and nonwage work for women, such as animal husbandry, home processing of foods, and the like.

(1) The wage work provided for women on the island tends to draw women into the labor market faster than it supplies them with jobs.

(2) The wage work for men involves more difficult problems of organization and so needs a longer period of incubation.

(3) The women provide a disproportionately large share of the cash income of the family in Puerto Rico.

10. The C. C. C. program provides a new technique for the readjustment of adults in an economic society that is subject to rapid change.

A. Improvement in physical health and morale.

B. Education in farming, finance, marketing, and cooperation, based on habit and practical situations, not on exhortation and intellect, including use of dramatic-picture methods for adult reeducation.

11. With the C. C. C. organization it will be possible to give the workers a stable place in the economic system by developing a subsistence homstead program that has some real hope of success.

A. The C. C. C. furnishes a means to select the men best qualified for success at homesteading, based on a real knowledge of their character and ability.

B. The C. C. C. can train the men and women in good farming methods and care of animals before they are put on the land.

C. The C. C. C. units can put the land into the best possible physical condition, such that it can produce good crops.

D. The Agricultural Relief Commission can organize the village communities for each settlement.

E. It can prepare the workers for the cooperative relationships of such a community by participation, not exhortation.

12. The Farm Credit Administration, given additional funds and personnel, can begin the improvements in the marketing and credit machinery of the island, so that farmers and workers can get a fair return for their labor.

This is equivalent to providing an adequate spread to cover actual costs of credit and marketing in a high-risk area, in place of the arbitrary narrow margin now allowed by law.

13. The insular health department now has agencies which, with some additional funds, can expand the work of race improvement on the island.

A. To improve the feeding of infants, especially through the second year.

B. To give educational advice to mothers so they can continue nursing their infants.

C. To expand the work of providing prenatal examination and treatment of mothers.

14. The Relief Administration can shift entirely to the difficult problems of social work, with no further responsibility for the economic and engineering problems of reemployment or industrial development.

15. Only three new agencies need be set up. They are all fairly simple in structure.

A. Farm debt conciliation committee.

(1) To reduce farm indebtedness.

(2) To develop a permanent land policy.

B. Homestead and land purchase commission—to buy, hold, and distribute homestead sites.

This is really a board assisting the Director of Agricultural Relief.

C. Hurricane insurance commission—to promote nonprofit insurance on the same basis as compensation insurance in New York State.

16. An interdepartmental committee for Federal agencies should be set up to deal with problems concerning more than one Federal department. They can adjust those differences of opinion that should be decided on the island, and not referred to men with heavy responsibilities 1,700 miles away.

August 17, 1934.
Revised October 2, 1934.
Revised October 29, 1934.
November 16, 1934.

EXECUTIVE ORDER

The President signed an Executive order establishing the Puerto Rico Reconstruction Administration to carry out in a coordinate way all reconstruction work in Puerto Rico under the emergency relief appropriation of 1935.

He designated Ernest H. Gruening as administrator. The reconstruction administration approved projects for Puerto Rico on the basis of a program that has been formulated.

To avoid overlapping of activities of the P. R. E. R. A. and the normal duties of the insular government and to coordinate their respective functions, members will form a coordinating committee. This committee will be headed by the Governor of Puerto Rico, and will consist of the Governor, as chairman. Of course, so far the thought contained in the foregoing statement has not been carried out.

There will be members selected by him from the executive and legislative branches of the insular government and an equal number designated by the Reconstruction Administration.

EXECUTIVE ORDER

ESTABLISHMENT OF THE PUERTO RICO RECONSTRUCTION ADMINISTRATION

By virtue of and pursuant to the authority vested in me under the Emergency Relief Appropriation Act of 1935, approved April 8, 1935 (Public Resolution No. 11, 74th Cong.), I hereby establish an agency within the Department of the Interior to be known as the "Puerto Rico Reconstruction Administration", and appoint Ernest E. Gruening as Administrator thereof, to serve without additional compensation.

I hereby prescribe the following functions and duties of the said Puerto Rico Reconstruction Administration to be exercised and performed by the Administrator thereof:

To initiate, formulate, administer, and supervise a program of approved projects for providing relief and work relief and for increasing employment within Puerto Rico.

In the performance of such duties and functions, expenditures are hereby authorized for necessary supplies and equipment; law books and books of reference, directories, periodicals, newspapers,

and press clippings; travel expenses, including the expense of attendance at meetings when specifically authorized by the Administrator; rental at the seat of government and elsewhere, purchase, operation, and maintenance of passenger-carrying vehicles; printing and binding; and incidental expenses; and I hereby authorize the Administrator to accept and utilize such voluntary and uncompensated services, and with the consent of the local government of Puerto Rico, such local officers and employees, and appoint without regard to the civil-service law such officers and employees as may be necessary, to prescribe their duties and responsibilities, and without regard to the Classification Act of 1923, as amended, fix their compensation: *Provided*, That insofar as practicable, the persons employed under the authority of this Executive order shall be selected from those receiving relief.

To that extent necessary to carry out the provisions of this Executive order the Administrator is authorized to acquire by purchase or by the power of eminent domain any real property or any interest therein and improve, develop, grant, sell, lease (with or without the privilege of purchasing) or otherwise dispose of any such property or interest therein.

Allocations will be made hereafter for the administrative expenses of the Puerto Rico Reconstruction Administration and for authorized projects.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 28, 1935.*

FEBRUARY 20, 1935.

Hon. SANTIAGO IGLESIAS,
House Office Building, Washington, D. C.

MY DEAR COMMISSIONER IGLESIAS: I have learned, with interest, of the action of the Puerto Rican Senate in resolving by a unanimous vote to request me to cause quo warranto proceedings against the Eastern Sugar Associates to be instituted, and that this message has been sent to you by the Honorable Rafael Martinez Nadal, president of the Senate of Puerto Rico.

I am happy to inform you that on January 4 instructions were sent to the Governor of Puerto Rico to order the attorney general to proceed to bring a quo warranto against the Eastern Sugar Associates for violation of the joint resolution of May 1, 1900.

I also note the Senate's recommendation that similar proceedings be instituted against other entities which have likewise acted in violation of the act of Congress of May 1, 1900, prohibiting the holding of lands in excess of 500 acres. I think we may safely assume that the Government's action against the Eastern Sugar Associates will aim to establish a precedent to be followed thereafter.

Likewise, I note the request of the Puerto Rican Senate that in these proceedings special attorneys be appointed who are in sympathy with the intent which inspired the Senate of Puerto Rico to approve said resolution. This matter will have my consideration.

Sincerely yours,

HAROLD L. ICKES.

The Secretary of the Interior, the Honorable Harold L. Ickes, issued the following press release which in effect is the following:

As far back as 1900, Congress approved a resolution limiting land ownership by agricultural corporations in Puerto Rico to 500 acres of land. This limitation also is embodied in the present Organic Act of Puerto Rico, enacted by Congress and approved March 2, 1917. The purpose of the resolution is clear in itself, and is rendered clearer by debates it occasioned in Congress in 1900.

Puerto Rico is a small agricultural and overpopulated island. The soil is the basic security of its population. This system of intolerable exploitation, the concentration of land into the hands of limited ownership, must be avoided, especially an absentee ownership. For 35 years this law of Congress has been a dead letter. What Congress in its wisdom wished to avoid is exactly what has happened. Most of the good soil in Puerto Rico today is in the hands of a few large corporations, predominantly absentee owners. Under past administrations, Puerto Rico has become more and more a factory-plantation system, worked by landless peons, consequently taxpayers on the continent are called upon to foot bigger and better bills for unavoidable, yet socially unsound, relief.

The Department of the Interior is whole-heartedly supporting the policy established by Congress 35 years ago to decentralize land holding by huge corporate entities in Puerto Rico. It is to be hoped that, since this policy has the overwhelming approval of the Puerto Rican people, it will speedily be put into effect. The Department of the Interior will vigorously pursue its course on the basis of the congressional enactment, which up to now has been a dead letter, and we are confident that all interests in Puerto Rico will cooperate.

WASHINGTON, D. C., *June 8, 1935.*

STATEMENT OF HON. SANTIAGO IGLESIAS, RESIDENT COMMISSIONER OF PUERTO RICO, ON H. R. 1394

Commissioner IGLESIAS. I know that you have not the time this morning to permit me to take all the time needed to make as important a statement as should be made in view of the declarations just made by Senator Muñoz Marin and the statement of Senator Barceló, and especially that which was made by the representative of the American Legion, Mr. Harry Hall. The impression, it seems to me, is not as accurate as it should be.

The CHAIRMAN. The impression is not accurate?

Commissioner IGLESIAS. Not as accurate as it should be in view of the true conditions of the people of Puerto Rico. In the first place, I want to state here that the social and economic troubles which we have in Puerto Rico are just the same troubles as those you may find in many communities of the States of the Union.

In regard to the problems of the big corporations with their absentee owners, exploiting not only the masses of the workers but the small landowners, it is true that state of affairs exists in the same way as that which you know has existed in many States of the Union. Those particular problems, which are economic in character, are the results of the system that has been going on for years and years, not only in the United States but in Puerto Rico and elsewhere. Of course, the people of Puerto Rico are vitally interested in the solution of these problems. The insular legislature and the people at large have had neither the means nor the opportunity to remedy it.

The Congress of the United States, at the begining of the civil American regime in the island, passed an economic law to prevent the holding of great tracts of land. In connection with our organic act of 1900 the United States Congress passed a resolution prohibiting corporations from holding over 500 acres of land. That act was intended to remedy the then and actually existing situation, but, unfortunately, that act had no "teeth" in it. That is to say, it provided no means for prosecuting those who violate the purpose of that act.

At least that was the answer given by the various attorneys general of the island whenever such a case was brought to their attention, that the law had "false teeth", and a remedy should be found, to prevent large holding of land. The situation was brought about by the substantial change of conditions from the Spanish institutions to the American institutions. However, despite this handicap, the masses of the people have been constantly fighting toward better conditions, and they now do not fear to unite themselves for the purpose of asking for better conditions.

Apropos of the statements just made by the gentlemen who preceded me, to the effect that Puerto Rico would gain no practical advantage from statehood or even from the continuation of a permanent union with the United States, I wish to say to the gentlemen of this committee that the only possible way by which the welfare of the people of Puerto Rico can be guarded and improved, especially the welfare of the masses of the laborers, is to have absolute guaranty of freedom of association, freedom of the press, freedom of speech, and freedom of strike. So far we have been struggling with what means for the working people we have had at our command and have today.

These guarantees should be continued and sustained in the island of Puerto Rico; and the only way, our only hope, is to pray for the continuation of the moral influences of, and association with, the people of the United States, their democratic freedom, and their institutions, that they may supervise those who for years have been opposed to the economic and social demands which have been made by the masses of workers year after year.

I also wish to state that the institutions of the United States are responsible for much of the wonderful progress made in Puerto Rico. When the American Army landed in Puerto Rico the working classes had no personality, no liberty, and no opportunity to extricate themselves from the miserable state in which they were at the time. The Spanish regime controlled the thoughts, the rights, and the moral integrity of the masses. The masses were poverty stricken, downtrodden; they were without recognition and utterly unable to defend and uplift themselves.

At that time there were only 23,000 children attending school, and of those 23,000 children most of them belonged to the privileged classes of Puerto Rico. The poor man, with a few exceptions, was unable to keep his children in school. And now we have over 250,000 children in schools and the schools admit the poor and humble as well as the rich and socially great. Then we had no university. Now a direct assessment is made which costs the people almost $1,000,000 each year. We now spend in the public schools $4,400,000 every year. We have a force of 4,600 teachers of both sexes teaching in our schools.

We had at that time a commerce with Spain that only represented 11,000,000 pesos, and today our commerce of importation and exportation sometimes has reached even $180,000,000 a year, and as an average, $120,000,000 every year.

We had no organization of labor at that time. I, myself, have been incarcerated many times for advancing the philosophy of organized labor. On one occasion, with others, I was sentenced to 4 years and 4 months in the penitentiary because I dared, as they said, to conspire to raise the price of labor, to form illicit societies. The societies were those that represented unions affiliated with the American Federation of Labor, and the conspiracy was to raise the price of labor, representing an increase in the wages for the workers and diminishing the hours of labor. President Roosevelt and the American Federation of Labor were instrumental in freeing me and the workers by their intervention. The old laws of Spanish colonization were repealed and the principles of the Constitution of the United States began to prevail in the island.

We had at that time only 145 kilometers of roads. We have today over 2,000 kilometers of roads, and good roads, plenty of roads. Our government had at that time not one building suitable for a school, and today we have over 2,000 school buildings.

Most of those things, as good as they are, are not so important as the freedom obtained by the people, which is so necessary to

keep our social education advancing, and the freedom for the formulation of every kind of program in every party, in every group, that the people enjoy under our Constitution and laws.

Elections have been going on better, better, and better, and that has been attained from the political and civic education, the influence and the benefits obtained by union of that people and that country to the United States. I guarantee that Puerto Rico is willing and wants to pay every obligation and duty and the cost of the reform of conditions over there, the economic and social conditions. We want to do our duty there, and our legislature has already considered this problem. If President Roosevelt finds difficulties in his way to accomplish the things that he has in mind to rehabilitate the island there, then the Legislature of Puerto Rico, with the cooperation of Congress and the President, will have to do it by itself within the Union. They, our legislators, well-to-do classes, and workers, have their duty to do their part in this recovery program. We have done that, and are beginning to do more and more. Consequently, if we have requested through this bill, H. R. 1394, that is under consideration at this hearing, our statehood and to think over this problem, it is because we understand that Puerto Rico, if it has to be a part of the United States, it is much better to be, with all of the obligations and all of the duties, an integral part and as a member of the Union.

We working classes think in that way, and I speak as such, because I have been working at my trade for years, and I consider myself a part of the organized workingmen of the island, and also it happens that I have been the founder of the Federation of Labor there in 1899, and I have been president since that time after the American occupation, though not before, because a labor federation was impossible to organize.

It happens also that when the workingman could not get recognition in the organizations of the political parties of Puerto Rico we had to organize the Labor Socialist Party, and we had to fight continually for the civil rights of the working masses, regardless of the opposition of the privileged people, and regardless of the reactionary actions of the corporations and government in favor of the political party that has for the last 30 years helped the development of those corporations.

It is very gratifying today to know that, owing to this tremendous social and economic influence and changes that came from the mainland, the ideals and the thoughts of those people who have had the responsibilities in the affairs of Puerto Rico over the masses of the people are changed, and they now are discussing ways and means to get better social and economic conditions and justice, and a better form of organized government within the union.

Mr. Chairman, I request that this matter of statehood be left open, to be given the most capable consideration and examination and discussion in the next session when the meetings of your committee can give more time to it and to the representatives of the people over there. It is true that you have before you Senator Barceló, who was the president of the senate, and is president of the Liberal Party, and also Senator Muñoz Marin. They have their own ideas and their own ideals. Of course, it has not been decided even by them whether or not definite steps will be taken or what will be best for the people of Puerto Rico, but I have stated these facts because I could not let this committee have the impression that the majority of the people of Puerto Rico think in any way but of being sincerely united with the people of the United States. The tremendous majority of the people of Puerto Rico are in favor of a permanent union with the United States. I have been elected on that program which I have carried out all over the island for many, many years.

What I am telling you now at this moment has been expressed continuously all over the island, the country of Puerto Rico, because I think, and I am convinced that it is the only way to have the masses of Puerto Rico, or of placing every class, especially the workers, where they may have a proper guaranty for their development, and they are anxious to get social and economic justice in the end.

Mr. PARSONS. What party were you elected under?

Commissioner IGLESIAS. The party I represent?

Mr. PARSONS. Yes.

Commissioner IGLESIAS. I am the Resident Commissioner elected by the coalition formed by the Union Republican and the Socialist Party. I am also president of the Labor Federation. Of course, the Socialist Party in Puerto Rico cannot yet be considered as Marxian, the membership has not yet obtained knowledge like the American Socialist Party. It has very little of the American socialist philosophy in its actions as the Socialist Party does not have that conception on the part of the majority of the people. As a practical matter for us the Socialist Party of Puerto Rico has been taken up and maintained as an expression of our ideals and principles, the bettering of conditions of the workers, and get justice to all.

The corporations over there have been organized because they have had not only the benefits of the tariff, but they have had also the protection and favors of the party that has been in power, to expand and become as strong and powerful as they are now.

Mr. PARSONS. What party was that?

Commissioner IGLESIAS. It was the Federal Party and the Unionist Party that was in power 29 years. Those things that these gentlemen have mentioned here today are not new to Puerto Rico. We had to come to this country in the past years just to ask for help and assistance against social and economic unjustices and oppressions.

I want to tell you, Mr. Chairman and members of the committee, that these petitions and these declarations made here today by the opposition to statehood, have not in any way anything to do with the sentiments and the union of that people of Puerto Rico with the people of the United States. I believe all of them are good American citizens. We can and should remedy our corporation laws and I am very glad that many of the men of intelligence, position, and character have the opportunity to think today that those conditions and laws should be remedied.

It is wonderful the progress that, in all activities of life, has been made by the people of Puerto Rico, and especially in the minds of its leadership, notwithstanding those corporations and organizations that have been mentioned as being considered to be against the interests of the people. This is the result of the system and the same economic conditions that as such it demands the necessary changes to remedy the situation.

Mr. CROWE. In the elections you have had the united support of the sugar interests, have you?

Commissioner IGLESIAS. Never. We have never had the support of the sugar interests.

Mr. CROWE. I mean in the elections themselves.

Commissioner IGLESIAS. No, sir.

The CHAIRMAN. I am sorry, but the House is now meeting, gentlemen, and we must go. You can extend your remarks; and if you want to add something, you may do so.

Senator MUÑOZ MARIN. If you would permit me I would just like to say this further: I completely agree with Mr. IGLESIAS that political and civic conditions have been very greatly improved under the American regime. Our criticism is not directed to those factors but simply to the economic exploitation. That is all.

Commissioner IGLESIAS. We have been opposed, continually opposed, by the sugar interests from the standpoint of labor as represented by the Labor Federation and the Socialist Party. However, at present we are glad to know that they have begun to understand that the conditions of labor shall be improved.

Whereupon, at 12 o'clock noon, the committee adjourned.

TENNESSEE VALLEY AUTHORITY

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report for printing in the RECORD under the rule:

House Resolution 279

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8632, a bill to amend an act entitled "An act to improve the navigability and to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes", approved May 18, 1933. That after general debate, which shall be confined to the bill and continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796; and pending that, I make the point of order there is no quorum present.

I withdraw the point of no quorum, Mr. Speaker.

Mr. TRUAX. Mr. Speaker, I make the point of no quorum.

The SPEAKER. Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 110]

Bankhead	Cole, N. Y.	Fulmer	Lee, Okla.
Bell	Corning	Gambrill	Lehlbach
Bloom	Culkin	Gassaway	Lesinski
Boileau	Dear	Gearhart	Lucas
Brewster	Dempsey	Goldsborough	Ludlow
Brooks	DeRouen	Granfield	Lundeen
Buckley, N. Y.	Dickstein	Greenway	McGehee
Bulwinkle	Dingell	Greenwood	McLeod
Cannon, Mo.	Dirksen	Greever	Murdock
Cannon, Wis.	Disney	Haines	Oliver
Carter	Dockweiler	Hartley	Perkins
Casey	Duncan	Hill, Knute	Peterson, Ga.
Celler	Ekwall	Kniffin	Peyser
Cochran	Englebright	Kopplemann	Quinn
Cole, Md.	Frey	Lamneck	Richardson

Russell	Sears	Sweeney	White
Ryan	Shannon	Taylor, S. C.	Wigglesworth
Sadowski	Starnes	Tinkham	Wilcox
Schuetz	Sumners, Tex.	Underwood	

The SPEAKER. Three hundred and fifty-four Members have answered to their names; a quorum.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 2796) to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I yield 30 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, we are confronted with an extraordinary parliamentary situation in connection with this bill. It is a committee bill. Fifteen Democrats and one Republican on the committee voted for the bill. One Democrat voted "present." Six Republicans voted in the opposition.

The gentleman from Texas [Mr. RAYBURN], the chairman of the committee, of course presented the report. It recommends that the bill be adopted. But, to my amazement, I was unable to find anything in his splendid speech to indicate that he favored the bill in its present form. To the contrary, the intimation was strong that he would support certain provisions of the Senate bill over the corresponding provisions of the House bill.

When interrogated specifically on the subject, he stated that he was in favor of some provisions of this bill and of others of the Senate bill, but upon which and where and when he did not enlighten us. [Laughter.]

So that it would seem that the committee bill is without a friend, and since the gentleman from Texas [Mr. RAYBURN] will not do so, it appears that nobody will speak for it. It is not my job, but down to me through the generations has come the rash disposition to champion causes when nobody else will defend them.

No man was ever so unworthy that he could not find in those of my blood a friend. If no one else would be his friend, then we would be his friend. It is a family trait. And so, unworthy as is this abandoned child of my friend from Texas, ugly as it may be, out of a spirit of chivalry I am impelled to come to its rescue and to take the hapless waif into my slender bosom. [Laughter and applause.]

Mr. Chairman, I support this bill in toto. [Applause.] It is not my bill—no part of it is my bill. Not one short sentence is mine. Probably scarcely a word in it could be attributed to me. It is not the kind of a bill I should like to have. Its skeleton was so warped that it has been exceedingly difficult to build fair flesh upon it.

I speak only of title I, the holding-company part, as I know but little of the titles which deal with other subjects. At the conclusion of the hearings the bill was referred to a subcommittee of 4 Democrats and 2 Republicans, of which the gentleman from Texas [Mr. RAYBURN] was chairman. We labored long and faithfully on the bill. Weeks were spent reading every line, weighing as far as we could every syllable.

We found the bill as originally introduced utterly impossible. I advocated throwing it in the wastebasket, and that the committee undertake to write a reasonable, sensible bill that would regulate the holding companies and do what any reasonable man should want to do. [Applause.]

But we did not find that practical. What we had to do was to take this impossible bill, which in many respects, as I repeatedly said in the committee, approached the extreme rim of sanity, and try to make something out of it. We discussed it for many days. Of course, I presented my opinions and made my suggestions. In the course of the entire deliberations I made only possibly two motions. Practically everything that was written into the bill and every change made in it was made by the consent of the entire subcommittee, including the chairman. There were only a few exceptions where a vote was taken. I wanted to go along with the chairman. I wanted to accommodate myself to his views wherever it was reasonably possible to do so. I yielded to him in many instances. Upon no occasion did I take any unyielding position or refuse to go along. Such changes as were made in the bill were written under the chairman's direction and drafted by the Drafting Service.

When the bill was completed by the subcommittee we voted it out, and the chairman voted for it as changed. I voted for it. In many respects it did not suit me. There was scarcely a provision in the changed bill that I would have put in had it been left to me. We voted it out, and no reservations were made by the chairman or myself or by any other Democrat, except one, who reserved on a single section of the bill. Then we brought it to the full committee. We considered it there, and I sat by the chairman's side and I counseled him and tried to help to put the bill through exactly as the subcommittee had reported it, though, as I have said, in many respects it did not suit me. It was changed in full committee in only two particulars. Paragraph 1 (b) was stricken out. I did not think it was in proper form or substance, but I voted with the chairman and tried to keep it in. After it was stricken out I exerted myself to see that a new paragraph 1 (b) was written in, because I realized that without it the bill had no aspect of constitutionality and would not stand up in the courts for a moment. When we came to the final vote I voted with the chairman for the bill. Only a single Democrat present did not vote in the affirmative.

I had supposed that the chairman, Mr. RAYBURN, and I were in agreement, and I had hoped that he would defend the bill in the House in his speech upon it. He did not do so. I do not criticize him. No implication of criticism should be drawn from what I say. I say this merely by way of statement of fact, and as a comment upon the parliamentary situation that we are in.

Here is a bill, friendless, an orphan, and yet a bill that represents the will and decision of 15 Democrats upon the committee. It is a committee bill; it is entitled to the support of those who want to be "regular"—of those who want to follow the committee. Those who undertake to change it cannot be of the "regular" Democrats but of those who are "off the reservation."

I was not pleased with the bill, but I felt that we had succeeded in bringing it into such shape that a reasonable and fair man could afford to vote for it. I intend to vote for it. I am going through with it, although it does not well represent my views. Others may do as they choose, but as for me I do not feel that under the circumstances which I have related I am now free to throw the bill down and abandon it and leave it as an orphan and a waif.

What is the issue on this bill? In a few words, the issue is whether we will regulate or whether we will destroy. That is the issue. My position now is, and has been from the inception of this legislation, and may I say for long before it was introduced, that the utility-holding companies should be regulated. They should be rigidly and sharply regulated. The interests of the public, of the investors, and of the consumers should be protected by adequate regulation. That is what I have believed in all the time, what I believe in now, and what I advocate now.

I have some authority for that position. I read from the Democratic platform of 1932:

> We advocate regulation to the full extent of Federal power of holding companies which sell securities in interstate commerce.

Upon that plank I stand. [Applause.] Take note. It says "regulate." It does not say "destroy." Those who advocate destruction cannot quarrel with me for my Democracy. No Democrat can find fault with me for standing upon the Democratic platform of 1932. Socialists, radicals, and what not, of whatever stripe—they have the right to quarrel with me, but no Democrat dare challenge me on that. [Applause.]

The issue is, Shall we "regulate" or shall we "destroy"? That in turn resolves itself into this: Shall we correct the evils of the holding companies or shall we wreak vengeance upon them? Do you come to preserve, to build up, to correct, to improve that which is imperfect, or do you come in a punitive spirit to punish for the misdeeds of the past?

You would take vengeance, you say, by destroying the holding companies. Take vengeance upon whom? On the corporations who, as Mr. RAYBURN has said, are inanimate creatures and without souls? Would you take vengeance upon the corporation officials, who were guilty of the misdeeds and wrongs of which you complain? Some of these you would have to pursue into the Great Beyond, and I would suggest that you clothe yourselves with asbestos before you start on the quest. In very few instances do those individuals who took part in the wild speculation and the high finance of the period ending in 1929 remain in charge of the companies that they directed up to that time.

Who would you go after then? Do you want to "soak" their successors in office? Is that what you want to do? Let me say to you that you cannot strike them without striking the stockholders who stand back of them. What have the hapless investors done that you should take vengeance upon them? What have those who have put their savings of a lifetime into these securities done? What is their offense? What is their crime for which you are seeking to punish them?

Their only crime was that they were too trustful; they accepted too much or they believed, like millions of our people believed, that the orgy of 1926, 1927, and 1928 was a permanent and normal condition. The situation is no different in the utility field than in other fields. The spirit of speculation pervaded the land from end to end. The humblest wheelbarrow roller in our districts would have done the same thing that was done by those whom you now condemn had he only had the opportunity. What is the use of fooling ourselves?

The only crime of these investors is that they were too credulous. Their only crime is that already they have been punished and have lost most they had. For what they paid $100 for the average price is now somewhere between $20 and $30. Now, they look up and see their great Government, led by the gentleman from Texas [Mr. RAYBURN], trying to take away from them the last few remaining pennies left of what they had invested. [Applause.]

Take vengeance upon them? All right, so be it. I care nothing for them, let us say, whether they be widows, orphans, bankers, or millionaires, or whatever they are. They have no right to stand in the way to thwart progress and the general welfare. So let us then dismiss them out of the picture and say we do not care what becomes of the utilities or what misfortunes befall the hapless investors. Then I ask whether, in your desire for vengeance, you are willing to reach over the heads of those who have invested in the companies and to strike the welfare of your country full in the face?

This measure is highly deflationary. It is even now having a bad effect upon business. It halts enterprise. It strikes at confidence. It retards recovery. In no sense of the word can this be called a recovery measure. There is nothing about it to put a single man or woman to work.

To the contrary, it discourages enterprise. It prevents development. It tends toward the time of a collapse in the electrical industry when many, many men now at work will find they have lost their jobs. It strikes a serious blow at heavy industry. It may retard recovery for an indefinite time.

That is the issue. It appears in many sections of this bill. Would that I had time to explain them more fully. The bill is a mystic maze. A man of average intelligence wandering into it will soon find himself hopelessly lost without knowing east from west or top from bottom. After weeks of study the most intelligent man will still remain in doubt as to what this bill means.

This bill was written by Mr. Benjamin Cohen and Mr. Thomas Corcoran, two bright young men brought down from New York to teach Congress "how to shoot." [Laughter and applause.] Some of us were here when both were yet in short pants. But these are days when experience and fidelity in public service or in business life are exceedingly "disqualifying." I pay them a tribute for the exceeding skill which they have shown in weaving in and weaving out, piling words upon words, phrase upon phrase, clause upon clause, until a Philadelphia lawyer would get down on his knees and pray to be delivered from the task of interpretation. [Laughter and applause.]

I hope I misunderstood the gentleman from Texas [Mr. RAYBURN] yesterday in saying that he favored the bill in its original form. I defend him against that statement if he made it. Dozens of changes were made in the bill in the Senate. With perhaps one or two exceptions every one was a marked improvement. Then when it was characteristically "lobbed over" onto the House we took it up. We worked on it. We also made dozens of additional changes in the bill. Every change was an improvement upon the original. Every change was in the interest of clarification and good understanding. Every change was in the interest of fairness and justice and the reasonable regulation of the utilities. Every change strengthened the bill in its constitutional aspects.

Oh, I have quit talking about constitutional questions. I will not talk about any in connection with this bill. I promised the chairman I would hush about them. Many times I called attention to these problems in consideration of the bill and then, seeing it was a hopeless task, gave up all thought of constitutionality, and now I am going to vote for the bill, Constitution or no Constitution. [Laughter.]

I have some little reputation as a lawyer among those who know me. I practiced as a lawyer until I got tired of it; then I quit and walked around awhile, and then I got into this pickle that I am now in. [Laughter and applause.] I have a distinct hunch that there are some men in connection with this Government, and some who are perhaps now present in this Chamber, who are absolutely innocent on constitutional questions. [Laughter.] But I at least cannot plead the "baby act." I am 21 years old. I have to take my responsibility.

Of course, I do not know what was in the minds of those who wrote the bill. You cannot deduce it from the bill. You cannot find out there. I do not know what philosophy they were holding to. "What private griefs they had, alas, I know not, that made them do it." Suffice it to say that the bill was "fearfully and wonderfully made", and that every syllable was loaded with arsenic. The utilities charged, and it was charged again here yesterday, that the bill had an insincere purpose, that it was designed to produce chaos and ruin in the electrical industry so that out of the shipwreck might be salvaged Government and municipal ownership and other kindred spoil.

I decline to entertain any such idea. I refuse to believe that the bill has anything other than the purpose appearing from the face of it. Looked at from its face it would well warrant such a charge as has been made. It seemed to me to be designed to baffle, to harass, to ensnare, to enmesh, to confuse, to produce a situation beyond the wit of anybody to get through with. Our committee have cut some of these webs, we have destroyed some of the snares, we have made this bill into a bill that a reasonable, honest man can afford to vote for, a reasonable and fair-minded man who wants to regulate the utilities, who wants to do justice and who has a due regard for the rights of others and for the welfare of his country.

The bill gives to the Securities Commission powers exceeding any that should have been given; but I conceded them out of deference to my friend, Mr. RAYBURN. The bright spot in this connection is that practically all actions

of the Commission are subject to review by the courts. The original bill did not do that. In some instances it threw those who were committed into their hands upon the mercies of the Commission. Given an honest and an intelligent commission, I do not fear the operation of this bill. If we should have a prejudiced and an unjust commission, then I should be fearful for the interests committed to their mercies. This is the situation which confronts us. We are compelled to assume that honest and intelligent men can be found to run the Government. Otherwise we are lost.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 10 additional minutes to the gentleman from Alabama.

Mr. HUDDLESTON. Mr. Chairman, much has been said about section 11. Attention has been unduly concentrated upon that section. Let me say that in my opinion it is much less important than has been represented. There are other sections of this bill that are of fairly equal importance.

Section 11 of the bill, as passed by the Senate, provided that a holding company should not continue to control more than a single "geographically and economically integrated public-utility system." Who could have lived under those terms? The Consolidated Gas Co. of New York, a $2,000,000,000 concern. Thus, it was not the size of the company nor the amount of capital invested that was being aimed at; there was no purpose in that section to scatter aggregation of capital, because the Consolidated Gas Co., which is an integrated system, would be preserved.

It was not geographical size that was aimed at, for the American Gas Co. would have been preserved under that section. The American Gas Co. is a holding company of a single integrated system which stretches from North Carolina to Michigan, and includes the States of Virginia, West Virginia, Ohio, and parts of several adjoining States—a sprawling empire, to use the pet phrase. Yet that company would have been preserved by section 11. So it was not that kind of situation that was aimed at. If the American Gas Co. had owned a plant in Charleston, W. Va., and another in Columbus, Ohio, just two plants, and they were not connected in any way, then the American Gas Co. would have been put out of business. That is the sense of section 11; that is the sense of the Senate amendment. That is what you are going to be asked to vote for in the effort to substitute section 11 of the Senate bill for the House section.

You are sensible men; I do not need to argue with you about a situation like that. What difference does it make whether the American Gas Co. owns the territory solidly from Newport News to Detroit or whether it owns a few plants between those points? What harm will be done in the one case more than in the other?

What does section 11 of the committee bill do? It provides that if the Commission shall find that the situation of any holding company owning more than one integrated system is detrimental to the public interests the Commission may require the holding company to divest itself of all except a single system. That is the difference between the two sections. The public interest is made the test in the House provision. The public interest is made the guide by which the Commission will know how to proceed. The Senate bill would go after this situation with a meat ax and would destroy good, bad, and all, except those particular companies which happen to be in the peculiar situation to fit in with the arbitrary and capricious provision which was adopted. That is the issue on this provision of the bill. Alice in Wonderland has come to Washington.

"Let the jury consider their verdict," the King said. "No," said the Queen, "sentence first, verdict afterward."

I join with the chairman in deploring the pressure from the outside which has come upon Congress in connection with this legislation. It has tended to disturb and to thwart sound judgment and careful reasoning. It has tended to prevent fair and just decisions in the public interest. It has been generally hurtful. Where and when did this propaganda start? Not yesterday, not with the introduction of this bill, but years ago. It would be hard for me, though a student of this matter as I have been—it would be hard for me to tell which side began it first, because it has been on both sides of the issue. It was first brought to my attention by utility advertisements in the papers 15 years or more ago, and later it was found that the companies had injected into schoolbooks and other school literature statements on the subject which were more or less misleading. That continued to grow, and the condemnation continued until in 1928 the Senate adopted a resolution directing an investigation of utility-company practices by the Federal Trade Commission.

The Commission set some capable gentlemen to work. They began to dig into the utility-company records and papers. They followed the same method as followed by the gentleman from Texas on yesterday. They would dig in, and when they found anything wrong they would rise up and trumpet it to the world. I am reliably informed that the Federal Trade Commission issued during its investigation somewhere near 300 newspaper releases in the form of publicity stuff, telling the people of the country what they had found wrong with the utilities. They spent more than $2,000,000 in getting material to put out, and so forth. They succeeded in building up a strong public sentiment against the utilities. It was like writing the story of a man's life in which you tell every unworthy deed he ever did and every unworthy thought that ever entered his mind and ignoring altogether all the good things that might have been said in his behalf. And which among you gentlemen could stand up with that kind of a biography? [Laughter and applause.]

So they whipped the country into a rage; they formed a public opinion, especially among those who had the least information and hence are most suspicious; they raised this public opinion to a fever heat. Demagogues grasped their opportunity and agitators saw that the time was ripe for them. So, like vultures riding the storm, they mounted upon this wave of ill will and opinion against the utilities. They have continued to ride right down to this time.

This is the finest demagogue bait ever spread. [Applause.]

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield the gentleman from Alabama 10 additional minutes.

Mr. HUDDLESTON. Mr. Chairman, as I said, this is the finest demagogue bait that was ever spread; they not only get a chance to "soak the rich" and to fan the prejudices of the poor against those who happen to have managed to hold on to a stray nickel but they are able to draw around their shoulders the cloak of patriotism—"I am the defender of the people." [Applause.]

I deplore these outside influences. There is the Tennessee Valley Authority, with its program of propaganda slipped into school literature and put out to the people through their publicity agencies. They have a staff set up in my own city with the sole mission of molding public opinion through addressing women's clubs and labor organizations and this, that, and the other organization. [Applause.] At the expense of the taxpayers of the United States they are converting the people to the idea of more power and more influence to the Tennessee Valley Authority; that they should be clothed with the authority not only to save men's bodies but to take care of their souls.

For that matter, public officials here in Washington are not guiltless. They have done their part. I criticize nobody. Please do not think that I have any such thought in mind. [Laughter.] But before we had had the first hearing on this bill the chairman of our committee mounted the radio and "radioed" from one end of the country to the other, telling the people how bad the utilities are and how much this kind of legislation was needed. I say to him that his influence and his word went farther than 10,000,000 letters received from humble constituents who do not know very much about what is going on here. He was not alone in riding this wave. Others have been riding it since. Even the Chief Executive has repeatedly thrown his all-powerful influence into the scale.

Let us have done with this talk of propaganda. Both sides are guilty. Both have interfered with a fair and just decision upon the part of Congress. [Applause.]

Mr. Chairman, I picked up a newspaper this morning published in my own home town, a low type of newspaper [laughter], a chain newspaper, owned by a newspaper-holding company, the most vicious form that a holding company can take. I find here on the front page, under a large heading, they have printed a column written by a pair of Washington back-stairs gossipers, who sneak through governmental alleys and collect for peddling to the provincial press juicy morsels out of the garbage cans of politics. [Laughter and applause.]

Here is what it says. Here is the headline furnished, not by these purveyors of political carrion but by the Post, this low-grade chain newspaper:

DR. HUDDLESTON is charged with pulling the teeth from utility measure.

Then it proceeds to say of four gentlemen of the subcommittee—I will not call their names out of respect for them—

This quartet was chiefly responsible for hamstringing the legislation closest to the President's heart, the holding corporation bill. Members of the roughriding squad are GEORGE HUDDLESTON, Alabama Democrat, who, despite loud protestations of devotion to the cause of liberalism, has waged bitter war, usually behind the scenes, on some of the President's key reforms.

First, may I say that I have never made the slightest pretense to liberalism, or any other kind of "ism", except democracy of the old-fashioned southern type. [Applause.] I have never posed as a liberal, but I have tried to be a Thomas Jefferson Democrat, and of that I am not ashamed. [Applause.] And if in following that star my path should lead away from some of the courses which are now being pursued, then I am content to take the responsibility.

Second, may I ask, since when has liberalism been the synonym for irresponsible experimentation and the reckless disregard of liberty and property rights? Such a false liberalism is a stench in my nostrils.

Mr. Chairman, this publication is a lie, a vicious lie. The four gentlemen named have not tried to hamstring any bill. We have done our best to convert this measure into a reasonable, fair bill. We believe that it is now a reasonable and fair bill and one such as declared for by the Democratic platform, and will regulate but will not destroy. I, for one, am going to "stand hitched." Others may quit whenever they get ready.

I should like to go along with the chairman of the committee. It pains me deeply not to do so for I am greatly attached to him. But before my affection for the chairman must come my duty to my country [applause], and whether it be propaganda from one source or another, whether it be influence brought to bear by officials of the utilities or by their stockholders, or whether, on the other hand, it be the threats of the demagogues and the agitators, or whether it be to oppose the will of the Chief Executive of the Nation, I will do what I think is right. [Applause.]

I will do what I think is right. I will support "regulation" and not "destruction"—correction and not vengeance. I will do justice without fear or favor, and neither the imps of darkness nor those who have seen a new light shall move me the breadth of a hair. Upon this rock I take my stand. "And the gates of hell shall not prevail against it."

Mr. COOPER of Ohio. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, in listening to the debate here yesterday afternoon I, too, commenced to wonder if the substitute bill reported by the Committee on Interstate and Foreign Commerce had become an orphan with "none so poor to do him reverence", and during the afternoon I felt inclined, if necessary in order to give the orphan a home or a place of shelter to go to, to offer to adopt it, but I am glad to know after the speech of the gentleman from Alabama that that is not necessary.

My position on this legislation can be stated in a few words. I find myself in disagreement with the extremes on both sides of it. I do not agree with those who believe in the death sentence; nor do I agree with those who are sled-length opposed to the substitute bill reported by the Committee on Interstate and Foreign Commerce or to the passage of any legislation on the subject.

That abuses have existed in the public-utility holding company field every one, who knows anything about the business, knows. There may be, and are, differences of opinion as to the number and extent of these abuses, but that there have been abuses everyone concedes. Personally, I feel that the abuses have been more general than they should have been and that legislation should be passed to correct existing evils and to prevent, as far as possible, their recurrence in the future.

Further than that, I believe that the very nature and extent of the business justifies Federal legislation to supervise and control its operations. I do not believe, however, that it is necessary to burn down the barn in order to get rid of the rats in it.

I do not know that anyone needs to shed any tears as far as the holding companies themselves as such are concerned, although they are having troubles enough of their own with impractical theorists running around the country with roving commissions and unlimited public funds at their disposal, constructing dams and setting up power plants almost anywhere that they see fit and at costs limited only by the resources of the Government, to compete with them. However, there are some 5,000,000 common everyday American citizens who have put their savings and other moneys into the securities of utility companies, believing that they were making proper and legitimate investments, who will have to bear the brunt of any adverse legislation affecting the industry, and millions of others who will be affected by it, directly or indirectly.

I believe that a proper regulatory bill should and can be passed that will remedy the abuses without doing unnecessary harm to this countless number of innocent people. I believe that the House substitute bill will do the trick. It is not perfect, but, considering the approach, as the gentleman from Alabama has so vividly described it, it, perhaps, is as good as could be expected. As compared with the bill as originally introduced, or as passed by the Senate, it is as different as day is from night. It is the difference between life and death. The House substitute bill differs in many particulars from the Senate bill; in fact, the House committee has practically rewritten all the important provisions of the bill, but the chief controversy arises over section 11, or the so-called "death sentence" section of the Senate bill.

Waiving minor exceptions and fine-spun distinctions and contentions, for all practical purposes it may be said that the Senate bill requires the dissolution of all public-utility holding companies, as such, or as they are now known, at the end of 5 years unless the continued existence of any given company is necessary for the operation of a geographically and economically integrated public-utility system, whatever that may mean, serving an economic region in a single State, or extending into two or more contiguous States.

The House bill does not attempt to destroy or interfere with existing set-ups or with the properties now owned by holding companies, or with future acquisitions, whether they are the securities or properties of utility companies or otherwise, unless the Securities and Exchange Commission finds that it is necessary in the public interest so to do, and, in reaching its conclusions, the Commission must follow certain standards as set forth in the bill.

A great many of the abuses heretofore indulged in, so far as the issuance and sale of securities by public-utility holding companies are concerned, have already been corrected and their repetition made impossible by the passage of the Securities and the Stock Exchange Acts in the last Congress.

I can see no reason why holding companies should be dissolved or executed or required to give up property which they have lawfully acquired, unless it is necessary in the public interest that they should do so.

Under the House bill, as reported by the Committee on Interstate and Foreign Commerce, if the Securities and Exchange Commission finds that it is necessary, in the public

interest, it may limit their operations or holdings as it sees fit, acting according to the standards there laid down.

What more in reason can anyone contend is either necessary or desirable? The death sentence is questionable from the standpoint of constitutionality, and from the standpoint of those who have put their money into the securities of holding companies it is unconscionable and inhuman. It takes property without due process of law. It will further demoralize business and the investing public and retard recovery. It is unnecessary and wrong, and the Congress of the United States has no right to pass it, even if it may have the constitutional power to do so. I am opposed to it. I favor the substitute bill as reported by the Committee on Interstate and Foreign Commerce and I expect to vote for it on its final passage unless it is spoiled by amendments during the consideration of it here in the House. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. COOPER of Ohio. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT of Connecticut. Mr. Chairman, I propose in what I may have to say to show to the House by quotations from the original House bill as presented here and the bill which is now presented as a Senate amendment how the consideration of the question has affected the minds of our committee. The fundamental difficulty with the original bill which was offered was that it was introduced as a punitive measure and not as a regulatory measure.

It began with a long statement of abuses, which I need not read, but I will read the conclusion which was stated in the bill as a result of the consideration of those abuses.

It is the paragraph (13) to section 1:

(13) the abuses above enumerated are so commonly associated with the activities of public-utility holding companies that have been so persistent and so wide-spread that they necessitate legislation to control and eliminate the holding company as an artificial corporate device inherently injurious to investors, consumers, and the general public.

Then follows the policy of the bill, which concludes with a statement providing "at the end of 5 years for the abolition of the public-utility holding company." The original bill made no distinction as to holding companies—any holding company was a menace and would be eliminated in 5 years.

When the committee began to take evidence it was soon shown that while some few utility companies had committed grave offenses, the majority of holding companies had not. It was also shown that a holding utility company was an essential, because in some States in order to have the right of eminent domain for the condemnation of property it was necessary that the corporation should have a charter in that State.

It was further found that the utility company in this particular field had been of inestimable benefit to the country at large.

That was shown from a good source, David Lilienthal, manager of the Tennessee Valley Association, before he got into the Government service, in an article published in the Columbia Law Review in 1929. He said that the public-utility company had served a good purpose in sparsely settled districts, and he wound up with this:

Perhaps the most important of all to the holding company must go the credit for the unprecedented flow of capital into the public-utility industry, making possible extensions and improvements of service. Every phase of public-utility operation—financing, accounting, engineering, management, public relations—has undergone great changes under the new regime.

As a result of that the committee came to the conclusion that the statement that holding companies was an evil was an error.

In examining the House bill I think we are forced to the conclusion that those who had drawn it intended two things.

Their intention was, first, to centralize all the authority over holding companies, in every particular, in the Federal Government. Inasmuch as it was shown by statistics that only 15 percent of the entire electrical power produced in the United States was used in interstate commerce and 85 percent used intrastate, it seemed to many of the committee that that provision was going rather far. To illustrate the original intention of the bill I am going to ask the patience of the Committee while I read the sections in the original bill. Section 201 (a) of title II in the original bill reads as follows:

SEC. 201. (a) The provisions of this title shall apply to the transmission and sale of electric energy in interstate commerce and to the production of energy for such transmission and sale, except where such electric energy is sold for use within the State in which it is generated. The Commission shall have jurisdiction over all facilities for such transmission, sale, and/or production of energy by any means and over all facilities connected therewith as parts of a system of power transmission situated in more than one State, except facilities for the retail distribution of electric energy, or for the production or transmission of energy solely for the use of the producer or transmitter or the use of his tenants on property owned or controlled by him and not for resale. Every person who owns or operates facilities subject to the jurisdiction of the Commission under this title and every person who controls, directly or indirectly, any such person, shall be subject to the provisions of this act. The term "public utility" when used in this act means any person who owns or operates such facilities.

You can see there that if by reason of interstate commerce the Commission got control of any electrical producer, they had control of the whole business, including the plant and all employees. If you think I exaggerate, let me read a further section of the original bill, which goes more into detail:

SEC. 209. Whenever the Commission, after a hearing had upon its own motion or upon complaint, shall find that the rules, regulations, practices, facilities, or service of any public utility, or the method of production, transmission, or supply employed by it, are unjust, unreasonable, unsafe, improper, inadequate, or insufficient, the Commission shall determine the just, reasonable, safe, proper, adequate, or sufficient rules, regulations, practices, equipment, appliances, facilities, service, or methods to be observed, furnished, constructed, enforced, or employed, and shall fix the same by its order, rule, or regulation.

That covers the ground so that if the United States Commission got in at all they had absolute control of the production of electricity, and its distribution from the plant, and also of the power plant and its management. To show what was the effect of the study of our committee on that section I shall read the section which took the place of the original section 201 (a), and it will be seen there is quite a difference. Let me say, to start with, that what we had in view was to protect the rights of the State and the State commissions in the first place, and to protect the public utilities against being compelled by outside influences to build new plants. I read section 201 as now written in the substitute:

SEC. 201. (a) It is hereby declared that the business of transmitting and selling electric energy for ultimate distribution to the public is affected with a public interest and that Federal regulation of that part of such business which consists of the transmission of electric energy in interstate commerce and the sale of such energy at wholesale in interstate commerce is necessary in the public interest, such Federal regulation, however, to extend only to those matters which are not subject to regulation by the States.

Section 209, which I read, and which gave the Federal Commission power over every conceivable activity and also gave it power to act on its own initiative, is now changed to section 207, and reads as follows:

SEC. 207. Whenever the Commission, upon complaint of a State commission, after notice to each State commission and public utility affected and after opportunity for hearing, shall find that any interstate service of any public utility is inadequate or insufficient, the Commission shall determine the proper, adequate, or sufficient service to be furnished, and shall fix the same by its order, rule, or regulation: *Provided*, That the Commission shall have no authority to compel the enlargement of generating facilities for such purposes nor to compel the public utility to sell or exchange energy when to do so would impair its ability to render adequate service to its customers.

Those are the important changes in the regulatory features. As to the "death-penalty" clause, that, of course, has been very much improved. That has been commented upon by former speakers, and I shall not enlarge upon it. I regret to say, however, that in my opinion the penalty clause now is so broad as to be injurious to the public interest. It does give the Commission great latitude, and it does not enact an absolute automatic death penalty; but, on the other hand, it does not give legal sanction to any of the utilities. They are still within the power of this Commission. Mr. Chair-

man, one great difficulty with recent legislation by this Congress has been to center and confer too large power upon the Federal Government in Washington in itself and in the commissions appointed by it; and this bill contains that same fault. It leaves all these public utilities for 5 years up in the air. It will make them all so anxious to know where they stand that they will fear to extend their plants and service. A good many impartial experts think that if the regulatory features in this bill were enacted this regulation in connection with the securities bill and stock-exchange bill is all the protection the public would need. I now say to the committee that, in my opinion, at least no harm would come, as we have made a good start on the regulatory side of the bill, if this legislation should be allowed to wait until the next session of Congress, and give the Congress and the public a chance to study what is really needed and whether this bill fills that need. I agree that there is some unnecessary alarm in the public now, but much of it is justified. I think further time for study and consideration would be in the public interest.

Mr. MOTT. Will the gentleman yield?

Mr. MERRITT of Connecticut. I yield.

Mr. MOTT. I should like to ask the gentleman if it is his opinion that section 11 of the House bill authorizes the Commission to do, in its discretion, what section 11 of the Senate bill requires the Commission to do in the matter of abolishing the holding company?

Mr. MERRITT of Connecticut. I should say substantially, yes. I think the burden of proof perhaps is changed. They cannot abolish unless they think there are certain abuses, but if they do, I think they have just as much power as they had before.

Mr. MOTT. And if the Commission were composed of people whose policy is the same as that expressed in section 11 of the Senate bill and whose policy is that expressed by the President on this subject, then they would no doubt have that discretion to put holding companies all out of business if they wanted to.

Mr. MERRITT of Connecticut. I think that is true.

Mr. MOTT. That is, under section 11 of the House bill.

Mr. MERRITT of Connecticut. It is near enough true so that everybody will be very anxious about it and would not be willing to go ahead and do business.

Mr. CRAWFORD. Will the gentleman yield?

Mr. MERRITT of Connecticut. I yield.

Mr. CRAWFORD. Would the findings of the Commission under those circumstances be the subject of review by the courts?

Mr. MERRITT of Connecticut. I hesitate to express a decided opinion, but I should think so.

The CHAIRMAN. The time of the gentleman from Connecticut [Mr. MERRITT] has expired.

Mr. RAYBURN. Mr. Chairman, I yield 30 minutes to the gentleman from Iowa [Mr. EICHER].

Mr. EICHER. Mr. Chairman, I could wish for a better attendance of the jury, but that is one of the fortunes of debate.

Mr. KVALE. Mr. Chairman, I suggest that a quorum is not present, and I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twelve Members are present, a quorum.

Mr. EICHER. Mr. Chairman, I think I shall follow the example set by my distinguished colleagues yesterday, and in order to conserve my time, will request that I be allowed to proceed without interruption. If any time should remain after I have finished, I shall be very glad to yield for questions.

Also, in order that I may not scatter my shot, I shall confine myself rather closely to my manuscript.

Since the middle of February the major portion of my time has been devoted to a study of the problem of utility holding company regulation. For almost 2 months and a half open hearings were conducted before the full Committee on Interstate and Foreign Commerce, and for over 6 weeks the subcommittee, of which it was my privilege to be a member, met daily in executive session to consider title I of the bill, which had been introduced by Chairman RAYBURN.

May I preface my remarks with a brief digression in appraisal of the public service that is being rendered by our chairman and my associates on the committee? The painstaking and conscientious care with which my associates have carried on their duties is not excelled, I am sure, by any judicial tribunal in the land. Many and serious divergencies of views developed during the consideration of this bill, some of them irreconcilable because involving conflicts of fundamental political thought and philosophy. Our discussions were always on a high plane, never acrimonious, and at all times intellectually inspiring even if not harmonious. Through the trying days and weeks our chairman guided our deliberations with gentle yet steady hand, with never a denial of the fullest opportunity to each member for the most exhaustive presentation of his views. Upon me, as one of the newer members of the committee, Chairman RAYBURN'S unfailing courtesy, his sympathetic forbearance, and his stout defense of what he believes to be right, in the face of powerful opposition, has left a lasting impression. Truly may be applied to him also the words that are inscribed on the memorial to James Buchanan over in Meridian Park:

The incorruptible statesman whose walk is upon the mountain ranges of the law.

Very early in our investigation it became apparent to me that the bill which had been introduced by Chairman RAYBURN sought to meet what is a crying national need. A reading of the findings of the Federal Trade Commission pursuant to the Senate resolution of 1928, and of the report of Dr. Splawn, prepared under the authority of the House, both the result of years of thorough investigation, placed that question beyond the realm of reasonable doubt. Further valuable information on the subject has been supplied by the reports of the Federal Power Commission and of the National Power Policy Committee. And the showing made before our committee by holding-company representatives did not refute but confirmed that conclusion.

The field of study thereupon resolved itself into two parts:

First. The extent of congressional power; and

Second. Methods of effective regulation.

To be still more specific, the lines of battle in this conflict between giants have gradually formed about the questions, first, of the Government's power to regulate at all, and, second, of the Government's power to make that regulation effective by compelling the necessary simplification of the capital structure of the utility industry through reorganization and elimination therefrom of the holding-company device, which is undoubtedly the one element that is directly responsible for all the evils and abuses that it is sought to correct and to prevent. That we are in fact engaged in a battle between giants there can be no doubt. On the one front are arrayed the forces of the Federal Government, without any profit motive and solely in the public interest, seeking to supplement and strengthen efforts of the States to protect the people against exploitation in a public service that is inherently monopolistic and essentially affected with a public interest. On the other front stand the forces of concentrated economic and political power, which, while the people slept, invaded practically every business avenue, and now reach with their tentacles of interrelated and interlocking control into every fiscal activity in the Nation. No reasonable mind that has given sustained thought to the extent and the significance of these developments can deny the serious import of the President's conclusion that there has been built up in the public-utility field a system of private socialism which is inimical to the welfare of a free people. The opportunity for private profit has become so intriguing, the continued exercise of centralized economic power is so appealing that no surprise need be felt, human ambitions being what they are, over the stout resistance the Government is encountering in its endeavor to dislodge the privileged few from the citadel of citadels out of which they manipulate their effective controls, to wit, the holding-company device.

In its very nature and as its name clearly implies, the holding company is an artificial thing, the owner of no physical property in its own right, the contributor of nothing to the support of the Federal and State governments under whose laws it now so vociferously claims the right of equal protection. Under the common law it has no right to exist—it is an outlaw. Under the code of laws that the Congress has enacted for the District of Columbia it likewise has no right to exist; it is an outlaw. Under the laws of various States, by reason of their desire for license fees, its corporate creation has been permitted. It may be remarked in passing that the bill as introduced by Chairman RAYBURN accords, as a matter of national policy, no more drastic treatment to the holding-company device than has long been the declared policy of the Congress toward that device within the jurisdiction of the District of Columbia. So even if it be a "death sentence" that the Rayburn bill and the Senate bill propose, as holding-company opponents of the legislation are continuously pleased to call it with such dramatic emphasis, then it must be conceded that Congress in its wisdom deemed the public welfare of the District to demand the continuance of such provision in its Criminal Code.

But I must not consume any more of my limited time in a discussion of the need for or the mechanics of effective regulation, for my main purpose in the course of this general debate is to give the Membership of the House the benefit of my research and my conclusions, for whatever they may be considered to be worth, as to the constitutional power of Congress to deal effectively with this entire subject that is of such vital national concern. In this research a member of the staff of the Attorney General of the United States has given me valuable assistance of which I make grateful acknowledgment.

My views and conclusions that effective Federal regulation of the utility industry cannot begin until there has first been exercised a compulsory simplification of the complex and intricate holding-company structure, together with a full review of the reasons requiring the substitution of sections 11 and 13 of the Senate bill, are set forth at length in the report accompanying the committee bill that is before us for consideration, and I can only hope that my colleagues may take the time to read them with care.

Before commencing my own formal discussion of the question of constitutional limitations, it may be appropriate for me to make some observations for the benefit of my good friend and fellow subcommittee member, the gentleman from Indiana [Mr. PETTENGILL], whose intellectual attainments and sincerely patriotic impulses command my genuine admiration and highest respect. In the RECORD of June 20 he has contributed an analysis of the legislation and a learned discussion of the law that he considers applicable thereto. He announces the unvarnished conclusion that the Senate bill, and—to follow his logic—our House committee bill also, are beyond the power of Congress, and he attacks even the wisdom of the bill's effort to regulate the utility industry, on the broad ground that it would hamper business recovery.

His latter position depends for its verity upon the kind of recovery that the Nation needs. If we want another wild orgy of stock-market skyrocketing, uncontrolled speculation, market rigging, pool manipulation, watered capitalization, unconscionable write-ups, preferred lists of favored investors, bank presidents on holding-company pay rolls, call-money loans by holding companies to create speculation and exaggerated prices for their own securities—if we want these things, yes. But I cannot agree that a reduction and simplification of the capitalized size of the holding-company systems and the elimination of the intervening layers of nonproductive, excrescent, and exorbitant salaried pay rollers, and unearned, uneconomic, profit collectors can be of anything else but benefit to the investors in the system's securities and the customers of the operating companies at the bottom of the structure whose earnings, after all, must supply the vast sprawling creature's entire sustenance. And certainly that which is of benefit to the legitimate investor and the bill-paying consumer will redound to the greatest good of the general public. No; the recovery that the Nation needs is the kind the President had in mind when he said in his radio address of April 28: "I consider this legislation a positive recovery measure."

The gentleman from Indiana approaches the legal questions by assuming the premise that Congress cannot, merely because one is engaged in interstate commerce, regulate those of his activities that are entirely unrelated to any interstate-commerce activity. That is undoubtedly good law, but it does not hit the holding-company facts, as I believe the later discussion in the more technical portion of my brief will amply demonstrate. He also assumes that the ownership of stock in a corporation chartered in another State does not make the owner one who is engaged in interstate commerce. That also is good law, but it does not hit the holding company facts because to be a holding company there must be ownership of sufficient stock to constitute control, and the very exercise of that control and resulting supervision constitutes interstate commerce in itself. He also reaches the mistaken conclusion that the death sentence may be imposed even upon operating companies as such. He overlooks the fact in his analysis of section 11 that there may be subsidiary companies which are also unregistered holding companies and that unless the law is to fail in its requirement that the operations of the holding company system shall be limited to a single integrated public-utility system, it must be made to apply to a subsidiary to the extent and in the capacity that it may be itself a holding company.

I shall now endeavor to review as succinctly and understandably as I may, the controversial phases of the legislation that is before us in the light of the commerce clause and the due-process clause of the Constitution.

THE COMMERCE CLAUSE

The only companies regulated by the bill are those engaged in interstate commerce. This appears from an analysis of several sections of the statute. Section 11 applies only to registered holding companies. Section 5 allows any holding company to register, and section 4 provides that unless a holding company is registered under section 5 it shall be unlawful for it to transmit through the mail or by any instrumentality of interstate commerce utility assets, sales or service contracts, or securities, or to engage in any business in interstate commerce. Thus, if a company does not engage in any interstate commerce or use the instrumentalities of interstate commerce it need not register and would not come within section 11. Moreover, the Securities and Exchange Commission, which is to administer this portion of the act, is required by section 3 (a) to exempt any holding company from the provisions of title I of the act, if it deems the exemption not detrimental to the public interest when such holding company is "predominantly intrastate in character" and carrying on its business and the business of its subsidiary companies substantially in a single State. The exemptions granted to such companies would, of course, free them from the provisions of section 11. It is clear, therefore, that intrastate transactions are in no wise sought to be affected unless they should be so intertwined with interstate transactions that "the government of the one involves the control of the other", in which event it is for Congress to prescribe the dominant rule under *Houston, etc., Co.* v. *United States* (234 U. S. 342).

It may be well first to dispose of the question as to whether or not holding companies, either directly or through their controlled subsidiaries, engage in interstate commerce, before proceeding to analyze the relationship between section 11 and interstate commerce. First, about 20 percent of the electricity consumed in the United States is transmitted across States lines, and these transmission systems are controlled by the utility holding companies. This interstate transmission is obviously interstate commerce in its narrowest sense (*Public Utilities Commission* v. *Attleboro Steam & Electric Co.*, 273 U. S. 83); second, the holding companies themselves generally engage in the making of contracts for

services, sales of commodities, construction, and supervision with the operating companies. Since the holding companies control operating companies in many States, the making and performing of these contracts are often interstate transactions. The supervision exercised by the holding companies over the operating companies is dependent upon the transmission of information and material over State lines for their very existence. To the extent that the holding companies are engaged in making such interstate contracts and in interstate communication and the transmission of information and commodities across State lines, they are without question engaged in interstate commerce; third, the holding companies are also engaged in the interstate distribution of securities. It is to be remembered that the evils of the holding company system are largely attributable to their financial structure. The securities of the various companies are sold throughout the Nation. The interstate distribution of securities would seem to be interstate commerce, even more clearly than the distribution of lottery tickets (*Champion* v. *Ames*, 188 U. S. 321) or the distribution of correspondence courses (*International Textbook Co.* v. *Pigg*, 217 U. S. 91), regulation of both of which has been upheld by the Supreme Court. Cases such as *Paul* v. *Virginia* (8 Wall. 168) and *New York Life Insurance Co.* v. *Deer Lodge Co.* (231 U. S. 495), which hold that insurance contracts are not the subject of commerce, do not seem applicable to securities which are bought and sold as objects of commerce in the same way as tangible commodities. The pending bill merely follows the Securities Act and the Stock Exchange Act in assuming that the interstate transmission of securities is interstate commerce.

It is certainly immaterial that in many instances subsidiary corporations rather than holding companies themselves carry on interstate commerce, for the power of Congress to regulate all corporations engaged in or controlling interstate movement cannot be diminished by the establishment of separate but completely dominated subsidiary corporate entities. There can remain no doubt, therefore, that in all their activities out of which abuses arise the facilities of interstate commerce are made use of.

Let us now examine the facts and the law that support section 11:

A. The Federal Government has the power to regulate businesses engaged in interstate commerce. It is familiar law that the States have the right to impose certain reasonable conditions even to the extent of prohibition upon the rights of foreign corporations to engage in intrastate commerce within their borders; by the same process of reasoning Congress has the power to impose conditions upon the privilege of engaging in interstate commerce. The pending bill is limited in this respect in the same manner as is the Interstate Commerce Act regulating railroads. The latter act regulates in great detail common carriers engaged in interstate commerce. The regulation covers much more than the interstate movement of goods by the railroads and includes regulation of many activities which are not interstate commerce themselves, but which are closely related to the interstate activities of the roads. In section 5, paragraph 2, of the Interstate Commerce Act, for example, acquisition by one carrier of control of another carrier is made subject to the approval of the Interstate Commerce Commission. This provision has been upheld by the Supreme Court (*New York Central Securities Corporation* v. *United States*, 287 U. S. 12). The pending bill does not raise the problem as to whether Congress can go so far as to attach to the privilege of engaging in interstate commerce any conditions which are reasonable, from the standpoint of the general public well-being, even though not directly related to interstate commerce. It is only necessary in support of this legislation to assume that Congress can impose conditions upon the right to use interstate commerce which do bear a reasonable relationship to the control of the interstate commerce in question. Section 11 regulates the form of organization of companies engaged in interstate commerce. The "form" in this case is really the dominant characteristic of the entire utility industry. It is the reason for being of the holding company and is the cause of the evil practices which the holding company has made possible. The capacity of one company to hold stock in many other companies is in large part responsible for the existing need for regulating interstate distribution of electricity and of utility securities. Thus a change in the form of organization of the utility companies engaged in interstate commerce is definitely and closely related to the method of carrying on the interstate commerce.

Prior statutes afford amply supporting analogies for this type of regulation of companies engaged in interstate commerce. The purpose of the Sherman Act was to break up similar methods of monopolistic control over interstate trade. In *Standard Oil Co.* v. *United States* (221 U. S. 1), the Supreme Court ordered the dissolution of the parent holding company and the distribution of the stocks held by it among the stockholders of the subsidiary corporations. Similarly, in the commodities clause of the Hepburn Act, section 1, paragraph 8, of the Interstate Commerce Act, Congress has forbidden railroads to transport in interstate commerce commodities produced by them or under their authority; under this section railroads have been required to divorce subsidiary coal companies controlled and managed as a part of their organization (*United States* v. *Reading Co.*, 253 U. S. 26; *United States* v. *Lehigh Valley Railroad Co.*, 220 U. S. 257).

The Child Labor case (*Hammer* v. *Dagenhart*, 247 U. S. 251), does not stand in the way of this type of regulation; the Child Labor Act was there held invalid because it was deemed an effort to regulate the business of intrastate manufacturers not directly connected with interstate commerce. The compulsory dissolution of holding companies engaged in interstate commerce, because of the effect of the holding-company structure upon that commerce, is an entirely different thing.

B. No one any longer denies that the holding company device has caused serious injury, both to investors in utility securities and to consumers of electricity. The prices of both the securities and the electricity have been manipulated by means of the holding company, fraudulent and unconscionable contracts are carried out by means of interstate facilities, and the public has been deceived and gouged. If these activities were carried on within a single State they could be regulated by the State government. Obviously they could not injure citizens in other States except through the use of the instrumentalities of interstate commerce—through transmitting property or information across State lines. The States of origin or destination cannot under the commerce clause regulate this use of interstate instrumentalities. If the interstate commerce productive of such harmful results in the States of destination is to be regulated at all, the regulation must be by the Federal Government; otherwise there would be a gap in our constitutional system, clearly unintended by the fathers, which would prevent such commerce from being regulated by any agency. Power over such interstate commerce, previously belonging to the States, would have been destroyed by the Constitution rather than given to the Federal Government. Even the dissenting minority of the Supreme Court in the Northern Securities case admitted that this was not the case, saying:

> The Constitution, whilst distributing the pre-existing authority, preserved it all. (Cf. Story, 2 Commentaries on the Constitution, sec. 1084.)

The Supreme Court has indicated that Congress can regulate interstate commerce in order to prevent harmful results in the State of destination. In *Brooks* v. *United States* (267 U. S. 432, 436) Chief Justice Taft declared:

> Congress can certainly regulate interstate commerce to the extent of forbidding and punishing the use of such commerce as an agency to promote immorality, dishonesty, or the spread of any evil or harm to the people of other States from the State of origin. In doing this it is merely exercising the police power within the field of interstate commerce.

It is true that in the Brooks case the Court was dealing with the Motor Vehicle Theft Act, which forbade the interstate transportation of stolen automobiles, and not with a statute which regulated the intrastate acts of persons engaged

in interstate commerce. But if it is a proper congressional purpose to prohibit the use of interstate commerce for harmful results, and if the harm is caused by the form of organization of the entity engaged in interstate commerce, it surely follows that Congress must likewise have the power to prevent the use of the instrumentalities of interstate commerce by companies adopting such an organization.

In view of the subsequent Brooks decision, Hammer against Dagenhart cannot be said to prevent regulation of interstate commerce in commodities which are not intrinsically harmful themselves when the interstate movement is productive of evil results. Stolen automobiles are obviously not in and of themselves harmful commodities. In Hammer against Dagenhart the Court was concerned with what it deemed to be an attempt by Congress to use its power over interstate commerce to control acts in the State of origin, which bore no relation to interstate commerce. Here Congress is attempting to prevent the use of the instrumentalities of interstate commerce to accomplish harmful results in other States than the State of origin. Furthermore, the goods made by the child labor were conceded to be harmless and useful. This concession cannot be made as to unregulated holding company securities or the performance of non-arms-length contracts.

C. A third basis for Federal regulation and dissolution of utility holding companies is the familiar power of Congress to prevent monopolies or restraints of trade in interstate commerce. This power is not diminished by the fact that in each local community the operating company normally has a monopoly upon the distribution of electricity. The restraints of trade with which the Federal Government is concerned are those which come from the control by holding companies of the operating companies; such control prevents any competition in the purchase of electricity and of other commodities in interstate commerce by the operating company. It is because of this control and the absence of competition between suppliers of materials and services to the operating companies that the holding company is able to require the operating company to enter into contracts for services and goods on outrageous terms. After this has been done the monopolistic position of the operating company in its community enables this item of "cost" to be passed on to the consumer. To the extent that the great holding companies control the facilities for the interstate distribution of electricity they prevent competition in the interstate transmission of electricity just as did the holding company in *Northern Securities Co.* v. *United States* (193 U. S. 197) prevent competition between railroads engaged in interstate commerce. The case just cited made plain the power of Congress to prohibit intrastate corporate devices which served to restrain interstate competition. It appears clear that the power of Congress to dissolve the holding companies has the same constitutional foundation as the anti-trust laws.

D. The arguments set forth above have not been based merely upon the general power of Congress to regulate intrastate acts directly affecting interstate commerce but upon particular kinds of regulation upheld by the Supreme Court. There can be no question, however, that the holding-company device directly affects interstate commerce in electricity, in the securities of the holding company, and in the goods, information, and services sent by the holding companies to their subsidiaries. Almost all of the practices which determine the prices of securities sold in interstate commerce and the persons to whom they are sold are subject to the evils of the holding company system of control and distribution. It is also apparent that the price and destination, as well as competition, in the interstate movement of electrical current is directly affected—in fact, controlled—by the fact of the existence of the holding companies. In the same way, all interstate communication and transmission of property between holding company and operating company is directly affected by the fact that the holding company owns the operating company.

The recent opinion of the Supreme Court in *Schechter Poultry Corporation* v. *United States* does not indicate that the Federal Government is without power to control intrastate acts so intimately connected with interstate commerce as is the form of organization of the holding company with the commerce in which it is engaged. The Court here drew the line between Federal regulation of intrastate acts which affect interstate commerce "directly" and "indirectly", and held that the Federal power did not extend to regulation of the latter. Thus the local acts of a chicken dealer in selling a product after it had come to rest in New York City were held to affect the prior interstate movement of the poultry only indirectly. The effect upon interstate commerce of such acts was, of course, entirely different from and much less than that of a device which permits certain small groups completely to control interstate commerce in utility securities, intercompany services, and electric current. The Northern Securities case is directly precedent for the Federal power to regulate the form of organization of persons in such a position. Section 7 of the Clayton Act, which prohibits a corporation from acquiring stock in competing companies if such acquisition will tend substantially to lessen interstate competition is another example of the exercise of Federal control over such matters.

DUE PROCESS

The only other serious constitutional question would seem to be whether the due-process clause prevents Congress from abolishing holding companies. If such power exists, no complaint can be made that the particular procedure adopted in section 11 is unreasonable.

There can be no question that the required reorganization of holding companies to the extent of surrendering their control over present subsidiaries will affect the technical property rights of the owners of and investors in such holding companies. But this occurred in the Reading case, in the Northern Securities case, and in the Standard Oil case, all of them herein cited. They may be required to submit to a substitution of liens or of voting rights.

As held in *Sanger* v. *Upton* (91 U. S. 56), the stockholder is regarded as an integral part of the corporation and is privy to all proceedings touching the body of which he is a member. And the Northern Securities case clearly recognized the principle that a corporation is not endowed with the inalienable property rights of a natural person.

In no event, however, will the enforcement of the requirement that a holding company cease to be a holding company result in the wiping out of any legitimate property values. It will result merely in the constriction of the present corporate shell without loss or destruction of any of the tangible or earning-power substance that gives it value. Not even any market-flooding or psychological open-market loss need occur, unless temporarily inspired for propaganda purposes by powerful disappointed interests. The essential security readjustments will add nothing to the market volume, inasmuch as the issuance of additional operating-company securities will be balanced by the retirement of an equal volume of holding company securities. The owners of holding company securities, when required to accept substitute securities of operating companies, will continue to have the same ultimate values behind them, whatever those values may be. The reorganization processes will in no sense involve cumbersome or value-destroying marketing operations. In essence they will involve merely the mechanics of appropriate legal administration to the end that equitable redistribution may be made of the evidences of beneficial interest, and all in accordance with the law of the land.

No doubt there are still outstanding many millions of dollars' worth of holding company securities which have no value now and had none when issued, but such unfortunate investors will never get their money back, bill or no bill.

Even in the light of the narrow interpretation of the due-process clause before the case of *Nebbia* v. *New York* (291 U. S. 502), there can be no question that utility holding companies were subject to detailed governmental regulation as business "affected with a public interest", and now in the Nebbia case even milk distribution is so classified. Holding companies have been regulated to a considerable extent, though not effectively, by the States. The power of

government over public utilities has always been deemed supreme, subject to the qualification, of course, that the regulations must not be arbitrary, capricious, or unreasonable. With that qualification, the property of the persons engaged in the public-utility industry may be regulated by the proper Government, Federal or State, in whichever sphere the regulation falls. That regulation of business affected with a public interest may take the shape even of prohibition is manifest from cases dealing with the liquor industry (*Mugler* v. *Kansas* (123 U. S. 623)). In that case the complete value of the investment was destroyed by a straight prohibition law. In the case of the present system of regulation, however, as has been pointed out, the real assets of the industry are unimpaired, and only a corporate shell which has been the cause of many abuses is abolished. In view of the evils caused by the holding company, it cannot be said that the elimination of this form of corporate organization—without depriving investors of the real value of their investments, while at the same time improving the condition of the industry for investors and consumers—is arbitrary, capricious, or unreasonable. The Supreme Court has sanctioned similar methods of regulation requiring changes in the corporate organization of industry. (See *Northern Securities Co.* v. *United States* (193 U. S. 197); *Standard Oil Co.* v. *United States* (221 U. S. 1); *Continental Insurance Co.* v. *United States* (259 U. S. 156).)

I have been unable to devote the necessary time to a thorough review of the authorities upon the question of delegation of power and its application to the provisions of the committee bill. Section 11 of the committee bill lodges discretion in the Securities and Exchange Commission to permit the continuance of more than one integrated public utility system if found consistent with the public interest, and section 13 permits regulation of intercompany contracts instead of requiring the formation of mutual service companies. It is my best judgment that the recital of practices that are considered contrary to the public interest and the interests of investors and consumers as set forth in section 1 of the committee bill constitute a possibly sufficient standard and guide for Commission action to meet the "canalization" requisites of the Supreme Court. However, this much may be said with certainty, namely, that if sections 11 and 13 of the committee bill meet constitutional limitations from the point of view of delegation of power, sections 11 and 13 of the Senate bill stand on a foundation that cannot be successfully challenged. By Senate section 11 there is no discretionary or conditional power whatever conferred upon the Commission, the congressional fiat being mandatory that all holding companies must cease to be holding companies, except the one in the first degree if it can demonstrate necessity for its existence because of State laws.

By Senate section 13, likewise, directory and unconditional provision is made for the formation of nonprofit mutual service companies to handle all intercompany services, sales, construction, and supervision.

The two bills in these respects are upon an equal footing so far as power under the interstate commerce clause is concerned. If there is any doubt about the further question of delegation of power, that doubt casts much the lightest shadow over the Senate bill.

My time is rapidly passing. I hope my colleagues will read the extension of my remarks in the morning on the question of delegation of power.

I may say in passing that in connection with the important question of delegation of legislative power I see the most vital need for the substitution, in the House bill as reported by our committee, of sections 11 and 13 of the Senate bill.

The CHAIRMAN. The time of the gentleman from Iowa [Mr. EICHER] has expired.

Mr. RAYBURN. Mr. Chairman, I yield the gentleman from Iowa 5 additional minutes.

Mr. EICHER. Sections 11 and 13 of the committee bill before the House give discretionary authority to the Commission under section 11, to determine when and under what circumstances, simplification of holding company systems should occur, and under section 13 of the bill as reported to the House the Commission is given supervisory authority over intercompany contracts. I seriously question whether or not that discretionary authority in the case of either of those sections has behind it sufficient standards to meet the "canalization" requisites of the Supreme Court as laid down particularly by Justice Cardozo; but in sections 11 and 13 of the Senate bill Congress has the courage to declare its policy and say to what extent holding company systems shall break themselves down. No discretion is lodged in any commission on that subject.

Likewise in section 13 of the Senate bill the Congress has the courage to declare that intercompany contracts are against public policy and that the rendition of intercompany services must be put in the hands of a mutual service company, operating without profit for the benefit of the operating companies comprising the system.

May I venture a few closing observations that I trust my colleagues will not regard as designedly didactic or dogmatic? Unconstitutionalism has come to be a favorite red herring for special and privileged interests to drag across the trail of their reprehensible business practices whenever the public weal is asserted. Shall Congress, the first of our governmental triumvirate to be established in the Constitution, supinely and entirely cease to function for fear of disapproval by the third? No, my fellow Members; the official duties the people have elected us to perform may not be so easily eluded. The issues involved in the pending legislation are far too important to submit to the arbitrament of legalistic hairsplitting by Members whose opposition goes far deeper than any question of alleged doubtful constitutionality. Which side are we on in this present-day irrepressible conflict that awaits our decision? Of its ultimate outcome there can be no doubt. Either this Congress, of which you and I are Members, will promote the general welfare by reaching the right decision or a later Congress, of which you and I may not be Members, will do it instead. Political liberty without economic liberty is the merest mockery. The curse of concentrated economic and financial power, exerted with other people's money, threatens the existence of our institutions. It must and will be banished from the land! [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 30 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, public-utility holding-company legislation may be either a reform or a menace. The ultimate result depends upon the type of legislation enacted.

The controversy which has developed since the introduction of the Wheeler-Rayburn bill has found expression in two clearly defined viewpoints. The adherents of each acknowledge that certain practices, in the nature of evils or abuses, have in some instances crept into the system. The divergent views result from a difference of opinion as to what should be the manner of treatment.

The Wheeler-Rayburn bill was drawn upon the theory that no essential good could be accomplished by a continuance of the present holding-company set-up, and the public interest required its complete elimination as a part of our economic structure by the so-called "death sentence" provisions of the bill.

The opposing viewpoint, and with which I concur, recognizes the necessity and the propriety of eradicating the evils that have been practiced by "some", and by strict regulation and control prevent the possibility of their recurrence in the future. Those who hold this viewpoint deny that it is necessary to "kill" in order to "cure."

A short time ago I read in the Philadelphia Record an editorial that forcibly, logically, and clearly presents this latter viewpoint. The editorial to which I refer takes on additional importance from the fact that the Philadelphia Record is owned and published by J. David Stern, personal friend of President Roosevelt and stanch supporter of his administration. The editorial was also published in the New York Post and Camden Evening Courier and Morning

Post, all of which are publications of Mr. Stern, and reads as follows:

SINKING THE SHIP TO STOP THE LEAKS

Salutary in its intention is the Federal utility holding-company bill introduced in the Senate by Senator WHEELER and in the House by Representative RAYBURN.

Those intentions are elimination of the evils which have arisen in the system of utility holding companies.

But the act itself would go far beyond those intentions; it would abolish holding companies wholesale during the next 5 years.

The Record has long urged effective regulation of utility holding companies. It has been one of the few newspapers in the country to fight the atrocious abuses to which the holding-company device has been subjected.

But we don't believe in sinking a ship to stop leaks.

We do not believe general abolition of holding companies will benefit the public, the utility consumers, or anybody else.

Such drastic proposals may not be seriously entertained by those who have made them. It is recognized practice in national as well as international bargaining to ask twice what you want so you can cut your demands in half and still win. Indeed, there already is talk of compromise on the Wheeler-Rayburn bill.

But the measure as it stands is an economic paradox.

There should be drastic consolidations of utilities. Where a utility holding company owns 90 percent or more of another utility company, consolidation should be mandatory. Rights of minority stockholders could be safeguarded through legislation.

Further, it is essential that all utilities be compelled to accept uniform accounting.

Again, there is absolutely no excuse for multiple-layer holding companies, some of which have been piled upon each other to a total of eight layers. Reorganization should bring these structures down to three layers immediately, eventually to two layers—that is, with not more than one holding company above the affiliated operating utilities.

Yet, again, it is essential that all intercompany transactions, whether between operating companies or between operating companies and holding companies, should be conducted as though they were transactions between different departments of one business.

But to wipe out the holding companies generally in one fell swoop—even though the process be spread out over 5 years—would be futile, dangerous, and unjust.

Such a process would constitute automatic robbery of thousands of stockholders.

Even though a utility company might have 5 years in which to liquidate, by selling its holdings in operating companies, the immediate effect would be a disastrous drop in the value of both the holding-company and operating-company stock.

Any fair market for utility stock would be destroyed. A fair price is generally regarded as that price agreed upon by a willing seller, not compelled to sell, and a willing buyer, not compelled to buy. In this case the seller would be compelled to sell. And the public knowledge of that compulsion would drive down stock values—with repercussions that would affect banks, insurance companies, and the thousands of individuals who have invested in those stocks.

Passage of the Wheeler-Rayburn bill would thus set in motion a tremendous wave of deflation, which would strike not only at the utility holding companies and their stockholders but at the economic system of the country.

Beyond all this is the simple factor of elementary justice.

Over a period of 50 years the Government permitted the holding company system to develop—and sat by indifferent while abuses sprang up.

In spite of those abuses the holding company served a useful purpose. The present coordinated network of power facilities, which reaches into every corner of the country, could not have been achieved without the holding company. And without that coordination power rates today would be even higher than they are—with less hope of bringing them down.

Because some utility holding companies have been guilty of defrauding the public—often their stockholders as well as consumers—is no reason why all holding companies should be put out of business.

As we have said many times before it would have been far better for the country and for the utilities themselves if they had shown more disposition to clean their own house, if they had used their power to throw out the financial racketeers and stock jobbers who brought so many of them into disrepute.

It is impossible, however, to unscramble an egg.

It is equally impossible to unscramble the entire holding-company system without needless hardship and intolerable injury to the entire country.

Utility reform is necessary. But it need not be either destructive or confiscatory.

If the ship is leaking, plug up the leaks. Let Uncle Sam even take over the helm through regulation. But to sink the vessel, crew and all, is simply suicide.

The issue is not whether there should be effective regulation and control to eliminate evils found to exist in a holding-company structure but whether there should be in addition thereto the power to destroy. Those of us who support the regulatory feature of the proposed legislation and oppose the destructive features do so in the belief, and with the conviction that the right to destroy and confiscate, even in the name of reform, is neither constitutional nor just. Adequate regulation and control, yes. Destruction and confiscation, no.

The bill reported by the House Committee on Interstate and Foreign Commerce as a substitute for the Wheeler-Rayburn measure contains sufficient regulatory provisions to adequately control, eliminate, and prevent any and all of the so-called "evils" with which some holding companies are alleged to have been identified in the past; and this can be accomplished without utilizing the "death" clause. Section 11 of the Wheeler-Rayburn bill as it passed the Senate, or as rewritten in the House bill, could be eliminated entirely without destroying the effectiveness of either bill. Each would continue to be a strong and comprehensive regulatory bill with sufficient teeth to provide every safeguard for the protection of investor and consumer.

The evils which it is the purpose of this legislation to correct are set forth in section 1 of the original bill as follows:

(1) The securities of such public-utility holding companies, subsidiary companies, and affiliates are sold to a large number of investors in different States; (2) such investors cannot obtain the information necessary to appraise the financial position or earning power of such issuers because of the absence of uniform standard accounts; (3) such securities are frequently issued without the approval or consent of the States having jurisdiction over subsidiary public-utility companies; (4) such securities are often issued upon the basis of fictitious asset values and of paper profits from intercompany transactions and hence do not accurately reflect the sums invested in underlying public-utility properties; (5) such securities are often issued in anticipation of excessive revenues from subsidiaries which if realized would burden consumers, and the failure to realize such revenues, because of State regulation of subsidiary public-utility companies, results in loss to investors who have been led to believe that such revenues are a legitimate part of the issuer's income; (6) such securities, when improvidently issued, subject subsidiary public-utility companies to the burden of supporting an overcapitalized superstructure, to the detriment of investors and consumers, and tend to prevent voluntary rate reductions which over a period of time might promote a greater and more economic use of gas and electric energy and thereby strengthen subsidiary public-utility companies; (7) subsidiary public-utility companies are often subjected to excessive charges for services, construction work, equipment, and materials to the detriment of investors and consumers; (8) subsidiary public-utility companies often enter into transactions with affiliates in which the absence of arm's length bargaining operates to the detriment of investors and consumers; (9) control of subsidiary public-utility companies throughout the United States has often been used to secure to holding companies, their affiliates, and subsidiary construction companies construction work for public-utility companies in restraint of free and independent competition in that field; (10) service, management, construction, and other contracts involve the allocation of charges among subsidiary public-utility companies in different States and present problems of regulation which cannot be dealt with effectively by the States; (11) control of subsidiary public-utility companies materially affects the accounting practices and rate, dividend, and other policies of such companies, thereby in many instances complicating and obstructing State regulation of such subsidiary companies; (12) the growth and extension of holding companies in some cases have borne no relation to the economies of management and operation or to the integration and coordination of related properties, but have been influenced by a desire for economic power and security profits and have tended toward the concentration and monopolization in a few holding-company systems of control of gas and electric utility companies to the detriment of investors, consumers, and the general public.

Every alleged evil appearing in this indictment of holding-company practices has been provided against in the revised House bill. A careful reading of the bill will convince any honest mind that no effort has been spared to adequately and completely eradicate the evils and make impossible their recurrence in the future. It is equally plain that this desirable result is fully possible without utilizing the destructive features of section 11 of the Wheeler-Rayburn bill, either as it was originally introduced or as it passed the Senate, or even in the modified form in which it appears in the present bill. Thus there can be no justification for granting powers that would permit arbitrary and capricious action to the detriment of innocent investors and without any resultant benefit to the consuming public.

In this connection, consideration should also be given to the fact that the hearings do not reveal a single instance where any evil practice complained of, and the subject of correction by this legislation, has occurred since the enactment of the Securities Act of 1933 or the Stock Exchange Act of

1934. Every illustration presented to the committee by the proponents of this legislation was prior in point of time to the passage of such acts. This fact indicates that regulatory laws already passed are effective in protecting the public interest, and when further strengthened by the regulatory provisions of this bill, make unnecessary the further grant of confiscatory power.

If further assurance is desired as to the effectiveness of regulatory control of holding-company structures, it is only necessary to study the worth-while results that have been attained by the railroad holding-company legislation enacted in 1933. The evils alleged to be incident to such type of holding company were no different in principle from those now under consideration, yet regulation in such case has been sufficient to control and curb practices not considered to be in the public interest. There is no such confiscatory powers provided in that legislation as is now sought by the advocates of the Wheeler-Rayburn bill. The desired result was obtained by "regulation" without "destruction." Equally desirable results can be obtained by applying the same type of legislation to public-utility holding companies as was applied to railroad holding companies.

Time and again the efficacy of sound regulatory legislation has been demonstrated in dealing with acknowledged wrongful practices in other fields of industrial endeavor. The evils that developed by unrestrained operation of railroads, such as rebating and other practices contrary to the public interest, finally created a necessity for legislation. The legislation that resulted, however, was regulatory and not confiscatory in character. It did not seek to dismember railroad systems to stop the evils. The evils were prohibited and the systems continued intact. What has already been done can be done again by the enactment of similar legislation.

Not only is confiscatory legislation unnecessary but it is unjust to innocent investors who hold the stock of the affected companies. To enact the "death sentence" in any form, and no matter how distant the day, will result in unnecessary destruction of legitimate values and property. Such action will prove highly deflationary and thus add to the heavy losses which the people have already experienced. This is the expectation of all thoughtful persons except the sponsors of the act. Thus, to the losses which have already been suffered as a result of mismanagement or abuse of power by financial interests and from the general decline in values incident to the business depression, there will be added the losses due to the action of the Government itself.

To grant the power sought by the Wheeler-Rayburn bill will place in the hands of a Federal bureau or commission the right to destroy by compulsory liquidation and reorganization, under most unfavorable circumstances, a large part of what little remains to investors in utility holding-company securities.

The destruction of the remaining value of holding-company securities would destroy the last chance to which so many people have hopefully clung, namely, that when general economic conditions improve some measure of their investment values will be restored.

Wholesale reorganization under pressure, threat, and bureaucratic dictation will afford most unusual opportunities for the sharp and the clever. The small investors' chances are substantially less than nothing if such a plan is put into operation.

Throughout the committee hearings it was apparent that the proponents of this legislation, including the power of liquidation or dissolution of existing utility holding companies, did not appreciate the tremendous difficulties that would arise from a general uprooting of long-established utility systems with intricate financial, economic, and operating problems; nor did they give any satisfying assurance as to how such dissolutions or liquidations could be effected without virtual confiscation of the savings of millions of legitimate investors in the securities of those public-utility holding companies which this proposed legislation would order out of existence.

Time and again, from the beginning to the end of the committee hearings, requests were addressed to the proponents of the legislation, who appeared before the committee, that they present for the consideration of the committee a plan by which dissolution or liquidation could be effected without occasioning loss to investors, particularly those holding common stock. In each instance willingness to comply with the request was expressed. I regret, however, that although more than 4 months have elapsed since the first request was made and promise given, there has been no fulfillment. It may be due to lack of serious consideration, a failure to appreciate the importance of the subject, or just plain inability to provide a workable plan. Probably the latter is the real answer.

In the case of farm and home owners, the Federal Government became so concerned over the preservation of their equities and over the effect of forced sales upon the market prices of farm and home property, that it created Federal agencies for Government refinancing of such property, to the end that the owners might not be deprived of the savings represented by their equities. It was recognized that the demoralized market values incident to distress selling were not representative of real or intrinsic values, and the Government even went so far as to countenance the legality of State moratorium laws designed to stay foreclosure proceedings in a period of unparalleled depression in order that owners might not be deprived of their equities in a market characterized by compulsory sales.

In the case of the electric-utility industry over $12,000,000,000 has been invested by thrifty American citizens in order to make electric service available to thousands of communities and millions of customers. But contrast with the Government's policy in the case of farm and home owners, which has been to preserve the owners' equities and to reduce compulsory and sacrifice selling, the Wheeler-Rayburn bill, which, with its dissolution and liquidation features, is apparently predicated on a diametrically opposed policy of compelling the holding companies to throw the stock of public-utility operating companies on the market for whatever they will bring. It is foolish to expect that the resulting sacrifice sale prices will represent intrinsic values. The inevitable result will be the practical confiscation of the savings of millions of honest American investors.

Why should investors in utility securities, many of whom have placed their entire hard-earned life savings in this type of investment, be singled out to suffer from the destructive forces of governmental intervention? The legislation is drawn upon the theory that the holding-company structure is a device adopted by this industry and no other, and with no other thought and purpose than to deceive and take advantage of investor and consumer alike. Those who so claim ignore entirely the fact that the holding company was in existence before the electric industry was born and that no national industry has yet been built, nor does one operate today, without using its counterpart, in one form or another. The Baltimore & Ohio Railroad Co. became a holding company in 1832 and appears to have been the earliest holding company in the United States. Other illustrations are the Pennsylvania Railroad Co., 1853; Chicago & North Western Railway Co., 1864; the Western Union Telegraph Co., 1851; and many others too numerous to mention.

In the gas and electric field a notable example is the charter of the United Gas Improvement Co. in 1885, which had been originally granted to the Union Contract Co. by the Pennsylvania Legislature in 1870. Consolidated Gas Co. of New York was incorporated in 1884. The North American Co. in 1890.

The wide-spread use of the holding company in every line of industrial endeavor clearly indicates that its use is not peculiar to the electric and gas industry. Berle and Means, writing in 1934 on the Modern Corporation and Private Property, are authority for the statement that of 573 active corporations whose securities were listed on the recognized stock exchange, 487 were holding companies, or combination holding and operating companies, divided by type of

holdings as follows: Industrial 407, railroads 46, and utilities 34. Furthermore, it is not a device unknown to the Federal Government itself. The Reconstruction Finance Corporation, the Federal Reserve System, the Tennessee Valley Authority are but illustrations of a much greater number. In fact, high officials of the Government have procured from the State of Delaware and are now utilizing in governmental activities, holding-company charters which exceed the authority and power granted by the charters of many of the utility holding companies which are now and have been the subject of criticism.

I have made this reference to the wide-spread use of the holding-company theory of corporate structure, not only by private industry but also by governmental agencies, in order that it may clearly appear that there is nothing inherently wrong in its underlying principles or theory. If it were otherwise, then there would be no right for its continued existence in any field of endeavor or its use by the Government itself. Therefore, if the thing itself is not necessarily wrong, and as it can be utilized properly and in a way beneficial to the public interest, then there exists no necessity for its abolition in the utility field but only for its proper regulation. Such a method would insure its use as an agency in the public interest.

I have sought to point out in the time allotted to me that there is neither reason nor excuse for Congress to go beyond a strict regulatory bill. I am satisfied that the alleged evils found to exist in some utility companies, but not found in all, can be adequately and fully corrected and eliminated by the regulatory provisions of the pending House bill, without the "death sentence", with its attendant loss to millions of our people, who, by thrift and hard work, have saved and invested in the utility type of security. Otherwise, the innocent will be punished for the acts of the guilty. This is not just. I am as sincere as anyone in this House in my desire to provide legislation that will completely curb and make impossible any unconscionable practices in the future, but I am not willing to confiscate the earnings of innocent investors. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. LEA of California. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield for a question before he begins his statement?

Mr. PETTENGILL. Yes; I am glad to yield to my colleague from West Virginia.

Mr. RANDOLPH. I know the distinguished member of the committee has made a most careful study of this pending legislation. It has been generally understood about Washington that the Department of Justice has given its approval to the constitutionality of the Senate measure. Is this true?

Mr. PETTENGILL. It is not correct.

Mr. RANDOLPH. Has the gentleman any information which would throw light upon it?

Mr. PETTENGILL. I have in my pocket a letter from the Attorney General of the United States to that effect.

Mr. RANDOLPH. Would the gentleman be so good as to read the letter?

Mr. PETTENGILL. I shall be glad to do so. There is nothing confidential about it. It is an official letter from the Attorney General. I may say to my friend from West Virginia that as I have been interested in the constitutionality of the Senate bill from the beginning, I wrote to the Attorney General on May 29, as follows:

Hon. HOMER B. CUMMINGS,
Attorney General of the United States, Washington, D. C.

DEAR MR. CUMMINGS: I am one of six members of a subcommittee considering title I of the public-utility bill.

It has been stated that your office sometime last fall or early winter made a study of the bill as to its constitutionality.

Is this information correct? And if so, will you kindly furnish me for the use of the committee a copy of your conclusions?

As this matter is pressing, I would appreciate a reply at your earliest convenience.

Faithfully yours,

SAMUEL B. PETTENGILL.

MAY 29, 1935.

I received this reply on May 31, 1935:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., May 31, 1935.

Hon. SAMUEL B. PETTENGILL,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN PETTENGILL: I have your letter inquiring whether this Department has made a study of the public-utility bill as to its constitutionality; and if so, requesting a copy of my conclusions.

I have not rendered any opinion on the question to which you refer, and therefore I regret that I am unable to comply with your request.

With kind regards, sincerely yours,

HOMER CUMMINGS,
Attorney General.

I will say to my friend from West Virginia that I have made other inquiries and I can state on the highest authority that nobody in the Department down to the youngest law clerk has ever given either an official or an unofficial approval of the Senate bill.

Mr. RANDOLPH. I thank the gentleman; that was my understanding.

Mr. PETTENGILL. Mr. Chairman, after listening to the brilliant speeches which have been made this afternoon, I am not going to try to make a speech, strictly speaking. I am going to attempt to make a surgical dissection of the body of living death that is found in section 11 of the Senate bill. I shall confine my remarks entirely to section 11 of the Senate bill, and I will say that it will not embarrass me to have a roll-call vote on this matter, because if there were 20 roll calls on it, I would vote against it 20 times. [Applause.]

My time is exceedingly limited and I am obliged to decline to be interrupted. In debate under the 5-minute rule I shall do my best to answer any questions with respect to section 11 of the Senate bill.

My general views on the bill are set forth first in a separate report which you will find at the back of the committee report; second, in a discussion of the constitutional questions involved with respect to the death sentence in the bill, to be found in the CONGRESSIONAL RECORD of last Thursday, June 20, page 9787; and third, in a radio speech given Tuesday night which my friend from Kentucky, Mr. MAY, had inserted in the CONGRESSIONAL RECORD of Wednesday of this week, page 10177.

In my separate report I described the superstructure holding company as a legal monstrosity and a social wrong. I do not defend it nor the evil practices which have grown up under it. The only difference of opinion between myself and some of my colleagues is with respect to the remedy to be applied.

The passion and prejudice which have been aroused on this matter were very largely deserved. I hold no brief for the Power Trust. I never owned a dime's worth of their securities, nor in many years at the bar have I ever represented any of them. The crooks in the industry richly deserve to be hanged. I am certain, however, that the Senate bill will hang the country upon the gallows erected for the crooks. The "death sentence" in the Senate bill will cause great damage to the country but will hang no crooks. I am so clearly convinced the "death sentence" will not endure for a single day in the Supreme Court of the United States that I believe those who vote for it either wittingly or ignorantly will be playing into the hands of the Power Trust. Unconstitutional legislation will not affect it. Meantime, however, the doubt and uncertainty pending a Supreme Court decision will delay national recovery and the reabsorption of our idle men, to the infinite harm of the industry and the Nation as a whole.

I approach this question entirely along the lines laid down by Woodrow Wilson. In an address in 1912 in honor of Andrew Jackson he said:

This man must be a radical, because if he sees the thing that way, what in God's name is he going to do, because if he is going to go to work to thoroughly change those facts there is no telling where he will stop. Now, it is just there that he ought to stop being radical. If the prudent surgeon wants to save the patient, he has got absolutely to know the naked anatomy of the man. He has got to know what is under his skin and in his intestines; he has got to be absolutely indecent in his scrutiny. And then

he has got to say to himself: "I know where the seat of life is; I know where my knife should penetrate; I dare not go too far for fear it should touch the fountain of vitality. In order to save this beautiful thing I must cut deep, but I must cut carefully; I must cut out the things that are decayed and rotten; the things that manifest disease; and I must leave every honest, wholesome tissue absolutely untouched.

What does the "death sentence" in the Senate bill do? It does three things:

First. After January 1, 1938, it makes it the duty of the Commission to require each registered holding company and each subsidiary company, which means other holding and all operating companies in the system, to divest itself of any interest in any of its properties to the extent that the Commission finds necessary to limit the operations of the holding-company system of which such company is a part, to a single geographically and economically integrated public-utility system.

Second. After January 1, 1938, to require each registered holding company and each subsidiary company to be reorganized or dissolved whenever the Commission finds that the corporate structure or continued existence of any such company unduly complicates the structure of the holding company of which it is a part, or unfairly or inequitably distributes voting power among the holders of its securities, or is detrimental to the functioning of a single geographically and economically integrated public-utility system.

Third. After January 1, 1940, to require each registered holding company to cease to be a holding company either by divesting itself of its securities, or by dissolution or otherwise. It is provided that the Commission, upon such terms and conditions as it may find necessary, shall permit a registered holding company in the first degree to continue to be such, if such company obtains from the Federal Power Commission a commutation of the "death sentence." The "death sentence", however, is mandatory and compulsory on all holding companies beyond the first degree.

All holding companies and their subsidiaries, which include operating companies whether solvent or not, in compliance with any orders issued, can be thrown into receivership.

Any and all plans for reorganization must be approved by the Commission rather than by the court.

Section 3 permits the Commission to exempt certain holding companies and their subsidiaries if predominantly intrastate, and so forth, from the provisions of the bill. All such exemptions, however, are subject to revocation at any time by the Commission in its sole judgment and discretion.

It has been said that the "death sentence" will not affect operating companies. This is not the fact. The "death sentence" affects them both directly and indirectly. As I have just stated, every operating company in the United States, if a subsidiary of a holding company, under the bill may be compulsory reorganized or dissolved if the Commission in its sole discretion finds that such operating company unduly complicates the holding-company system of which it is a part or is detrimental to the functioning of a single integrated system, or has what the Commission considers an unfair distribution of its voting power. If the Commission thinks that the preferred stock of the operating company should be given the power to vote, the company may be reorganized. If the Commission thinks that the operating company's bond or debenture holders should be given the power to vote, such company may be reorganized or dissolved. Voting power enjoyed by common stock may be taken away from such stockholders and given to preferred-stock holders or bond holders.

Despite the fact that preferred stock and bonds were purchased without the power to vote and in strict accordance with the charter of the company and the fundamental law of the State of its creation, this section would take from common-stock holders at the whim of the Commission the property right enjoyed, and I think protected by the fifth amendment to the Constitution. The Commission therefore may rewrite the stock and bond contracts of the operating company security holders.

Whether a preferred stock issued at $100 or a bond issued at $100 should have 20 votes or 1 vote as against common stock issued at $5 is not stated. That is left entirely to the Commission.

It seems obvious that whatever decision the Commission arrives at with respect to what is a fair and equitable distribution of voting power between common, preferred, and bond holders would have to be applied uniformly throughout the United States with respect to all operating companies.

If one system for the distribution of voting power in operating companies is adopted for some companies and another system is adopted for other companies, how can both be fair or equitable? Each will brand the other as "unfair."

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, if not applied uniformly, what the Commission decides would be fair in one State would not be fair in another State or with another company. The Commission cannot have two or more rules of thumb with respect to what is a fair distribution of voting power; otherwise the whole thing lacks uniformity and becomes capricious and arbitrary. If the Commission decides to give the preferred-stock and bond holders voting power it is obvious that in many cases the control of the company will pass from the common-stock holders to the senior security holders, because bonds and preferred stock are nearly always much greater in amount than common stock. This would give the senior security holders, with a new voting power vested in them, the power, if they saw fit, to wind up or sell the company at a price which might pay them off in full because they have the senior position and leave the common-stock holders occupying the junior position, with nothing whatever for their investment.

In the Old Testament a mark of blood was left on the lintel of the door so that the Angel of Death might pass by and leave that household unharmed. This bill exempts no operating company which is a subsidiary of a holding company, under the bill, from being marked for dissolution or reorganization.

Dissolved or reorganized, not knowing where the voting power in operating companies is finally to rest, how can any operating company in the United States secure money for its extensions, its improvements, the purchase of heavy machinery, in which the great amount of our unemployment exists, and the reabsorption of millions now on the dole? In the next few years what man will buy common stocks of operating companies, not knowing whether the contract under which he buys and invests his savings will be worth a tinker's darn 3 or 5 years from now? What man will buy operating-company common stocks or even continue to hold the common stocks he already possesses with this uncertainty whether he will have a voice in the election of the managers and directors of the business in which his investment is made? If any bill could be written which would more completely hamstring and retard the development and growth of the operating companies of this Nation, than the present bill, it is altogether beyond my imagination.

Let us next consider the indirect effect of this bill upon the operating companies of the Nation and their securities. Contrary to the opinion entertained by some that it will not affect the underlying bonds and preferred and common stocks of operating companies, I believe the opposite can be demonstrated like a proposition in geometry.

There are about $12,000,000,000 of actual investments in the light and power utilities of the country. On the blackboard I have a simple diagram showing the situation—not accurately, but roughly. There are about $6,000,000,000 of the underlying bonds of operating companies, about $3,000,000,000 of preferred stock of operating companies, and about three billion of the common stocks of operating companies. Generally speaking, the bonds and preferred stock are in the hands of the public, although some of each are held by holding companies. The three billion of common stock of the operating companies is largely held by the holding companies and constitutes the chief asset of the holding companies. Against this common-stock asset the holding company in turn issues its bonds and debentures, its preferred stock, and its common stock, all of which, in the main, are in the hands of the public.

With an absolute "death sentence" lying over the heads of all holding companies beyond the first degree, and a discretionary "death sentence" lying over holding companies in the first degree, what is the result? Let us take up a number of different situations. I do not say that all or even any of the anticipated results will follow in any one particular case. Some of them, however, in my judgment, are bound to follow, and in that event the doubt and uncertainty lying over the future relations between operating and holding companies will tend to put an end to investment in operating and holding companies, will tend to impair still further the values of holding-company bonds, preferred stock, and common stock, and, reaching from them, it will tend to further depreciate the values of the common and preferred stocks and bonds of operating companies.

Situation no. 1: The holding company owns bonds of operating companies or has advanced its funds on open account to the operating company. The holding company, however, is now facing dissolution, reorganization, or conversion into an investment trust. Heretofore the operating company has looked in large part to the holding company as a market for its common stocks as well as general financing, and could expect in most instances that its bonds or accounts owing to the holding company would not be called for payment or would be extended and renewed at maturity to meet the convenience of the operating company and its need to use its funds in further extensions to its plant rather than in the liquidation of its debts. The holding company, however, facing dissolution, will almost inevitably require payment of the bonds and obligations owing it by the operating company. In such case how will the operating company provide the funds to meet its obligations? It will conserve its cash for that purpose. It will maintain a liquid position for that purpose. It will probably pass its dividends on its preferred stock in order to have cash to meet its maturing obligations. The passing of its dividends on its preferred and common stock will tend, of course, to drive their values still further down. Conserving its cash, the operating company will curtail extensions and improvements as much as possible. To the extent that it does so it will fail to employ labor, pay for machinery and equipment, and contribute to national recovery.

Situation no. 2: The holding company has outstanding its own bonds and debentures and preferred stock, possibly callable at a premium of $105. The holding company, to obtain cash to retire its own bonds and preferred stock, would, of course, sell the only asset it has, which is the common stock of the operating companies. None of its preferred-stock holders or bond holders could be compelled to take operating company stocks in payment. They are in a position to demand cash. The sale by the holding company of its operating-company common stocks would depress their value on the market, especially because they would be sold, first, under time pressure; second, in a period of possible continuing depression; third, to buyers who know nothing of the value of the individual operating-company common stocks, which heretofore have not been listed on an exchange and do not have investment standing because unknown in the money markets, and without the advantage of diversification; fourth, because sold to a comparatively limited field of buyers, due to the fact that if any buyer acquired as much as 10 percent of the common stock of the operating company he himself, although an individual, becomes a holding company under the definition in the bill; fifth, because the stocks that will be sold will be the operating company's common stock, which will now be subject to divorcement of voting power and in some instances to new and drastic regulation provided by the bill; sixth, because the sale would take place in a stagnant market, with possible buyers frightened with respect to the whole future of the industry, and to buyers who, as stated above, did not know whether the voting control incident to the common stock of the operating company may be taken from such buyers and transferred to the preferred stock and bond holders of the operating company.

If the operating-company common stocks are sold on the market by holding companies to make funds with which to meet their own bonds and preferred stocks it would tend to depress still further the market value of the operating-company's preferred stock and bonds. This would in turn make it still more difficult to find buyers for new issues of bonds or preferred stock for plant extension, again retarding the reemployment of our idle men.

This liquidation and dumping overboard by holding companies of their operating-company stocks would take place when all other holding companies are facing either the certainty or the likelihood of reorganization or dissolution.

Situation no. 3: In some cases the operating company's bonds or preferred stock are guaranteed by the holding company. The dissolution of the holding company would, of course, wipe out the guaranty. Its conversion into an investment trust would impair the value of the guaranty because the holding company is no longer a going concern. The destruction or impairment of the value of the guaranty of the holding company would further tend to depress the market value of the operating company bonds or preferred stock so guaranteed. This would tend to increase to the operating company the financing cost and interest rate of refunding operating-company bond issues and thus increase the difficulty of the operating company in getting money for its plant extensions.

Situation no. 4: Heretofore the holding company in many instances has furnished the market and the only market for many operating companies for their common stock. The operating company's common stock is a cushion underneath its bonds and preferred stock so long as the operating company has a market for its common stock and with this cushion under its bonds and preferred, the latter tend to be sold at a lower dividend and interest rate. The lower because the operating company is able to sell its senior securities, the less are its fixed charges, and the less, of course, it can sell its power and light, the less are its rates to its customers. If the holding-company market for operating-company common is destroyed or impaired the cushion behind operating preferred stock and bonds is impaired and the cost of its senior money will rise with adverse effect on its power and light rates to its customers. It should be pointed out that while the operating company may be able to sell its bonds and preferred stock to residents of its own territory, in many cases it is not able to sell its common stock which is the less desirable because in a junior position, and, further, because the operating company common, say in a town in Kansas or Texas, has never been listed on a stock exchange, does not have a quick cash market, is not known to investors, and does not enjoy a diversification of risk.

Situation no. 5: The holding company has its own bonds and preferred stock in the hands of the public. Facing dissolution or reorganization or conversion into an investment trust in a situation where such bondholders and stockholders may demand cash, the holding company, of course, will conserve its cash to retire, first, its bonds, and, second, its preferred stock. The holding company will tend to stop paying dividends on its preferred and common to make assets to meet its bonds. Its directors in effect become trustees in liquidation and cannot personally afford to take the chance of continuing dividends on preferred and common for fear that its assets will not be sufficient to pay its bonds and preferred stock in full.

The same result will tend to be true with respect to the operating company which owes the holding company either on open account or bonds. The operating company will also tend to conserve its cash and to do so will pass dividends on its common and preferred because the operating company knows that it has heavy obligations maturing to the holding company which it cannot expect to be renewed.

The operating company conserving its cash to meet its obligations to the holding company will tend to drop some of its employees or reduce their wages, thus adding to the national problem of unemployment. With the future fate of the holding company uncertain, or if permitted to live after 1940 with the question uncertain how much of its property it may continue to own and how much it may be required to divest itself of, it will add to the sum total of national uncertainty. The tendency to pass dividends on

both holding preferred and common and operating preferred and common will further frighten investors, present and prospective, with a tendency to further depreciate all stock and all bonds of all companies whether in the light and power industry or not.

When investors become frightened, they become frightened, and do not in many instances stop to analyze situations exactly. If a horse thinks that a stump is a bear it is almost as hard to get the horse to go around the stump as if it were a bear. If the effect of the "death sentence" in the Senate bill should increase uncertainty and fear, banks and bank examiners will call loans collateralized by operating- and holding-company securities, which would tend to further depress their value and further shrink bank credit.

As large insurance companies have 9 percent of their assets in utility securities, with this uncertainty over the future of their securities, they will be less apt to continue dividends against insurance premiums. There are about 65,000,000 separate individuals whose lives are insured in ordinary, fraternal, industrial, or group insurance, and the uncertainty created by the "death sentence" in the Senate bill will thus tend to affect adversely the savings of 65,000,000 Americans, or an average of 150,000 persons in each congressional district.

To the extent that holding-company management has been honest and efficient the loss of economies of mass buying, legal, engineering, construction, and tax services, due to the dissolution, reorganization or conversion into an investment trust of holding companies will tend to increase the operating costs of the operating companies, decrease the value of their securities, and tend to increase rates to their consumers.

"Milking" should be eliminated by strict regulation rather than destruction.

The holding company has, we will say, three integrated systems not connected. It knows it can only hope to own one of these systems and does not know which one it will be permitted to own. In this case is it likely that it will continue in the next few years to advance money for extension of the physical properties of its operating companies in one or more of its systems, not knowing whether 5 years from now it can get back such new investment. This is like a farmer owning three farms in three different States, all of which need new fences, draining, paint, and so forth. Will the farmer willingly add to his investment in any one of these farms knowing that a few years from now he must sell one or more of the farms and not knowing which one he must sell? I leave to your imagination the effect of this on national recovery.

It is argued that the holding company can distribute to its common-stock holders the common stock of the operating companies in its portfolios. Let us assume that the holding company has 100,000 shares of its common stock in the hands of the public; that it has in its portfolio 50,000 shares of operating company no. 1, 5,000 shares of operating company no. 2, 7,000 shares of operating company no. 3, and so forth. Assume that these operating-company common stocks are distributed to the common-stock holders of the holding company. In that case for each share of holding-company common stock the holders will get one-half of a share of operating company no. 1, one-twentieth of a share of operating company no. 2, seven one-hundredths of a share of operating company no. 3 as his pro rata distribution. This is really a simple case. In some instances the fraction would be as small as one-millionth of a share. Such distribution would, therefore scatter infinitesimally small fractions of shares which do not have investment status, which are unknown to buyers and unregistered on the stock exchange. There will be heavy brokerage fees to convert these fractional shares into full shares. The holding-company common-stock holder will be apt to sell all fractional shares in one operating company in order to convert his investment into the shares of another operating company, and thus would lose diversification of risk and actually the holding-company common-stock holders would be no nearer to the operating company's physical properties than they were before. Unless converted into whole shares the large number of outstanding fractional shares would increase the expense of operating companies in distributing their reports and paying their dividends, if any are paid, and the adverse effect of all this upon the value of operating-company securities may be imagined.

It should not be overlooked that this distribution or sale by holding companies of operating-company common stocks would be on a market frightened in advance by the uncertainty existing as to the further extension of competing properties financed out of the United States Treasury, such as the T. V. A. and Boulder Dam and other huge plants, as well as the advance of P. W. A. funds for municipal plants.

It should not be overlooked that no possible buyer of operating-company common stocks could afford to buy as much as 10 percent without himself becoming a holding company subject to all the provisions and penalties of the act.

The diffusion by holding companies of operating-company common stock into unidentifiable ownership without common direction or management would make operating-company senior securities more difficult to sell except at prohibitive interest and dividend rates or discounts. The result would tend to be that operating companies would have to look to the United States Treasury for their financing, with the further trend toward the nationalization of the industry.

It is for these reasons, among others, that I am convinced the drastic treatment of holding companies would tend to impair the value of operating-company securities and tend in these critical years to make more difficult and expensive the further growth and extension of the physical properties of operating companies, and thus be so harmful to national recovery, and what is most important, the reabsorption of our unemployed.

This one industry, if it knew its future, is capable in the next 5 years of spending as much money on plant extensions, and so forth, as the total gigantic $4,000,000,000 Public Works program, and in so doing would create no debt for future generations of taxpayers to pay.

As I have tried to make perfectly clear, I do not defend the evil practices which have grown up under the holding-company system, nor do I defend the holding-company structure. I think, however, that on account of legislation already passed the evils are on their way out and that the holding-company superstructure itself will be gradually simplified without the drastic provisions of the Senate bill. All of this I have set out in the brief supplemental report which I have filed and which I ask leave to be incorporated as part of my remarks.

Mr. FORD of California. What are the assets of the holding company?

Mr. PETTENGILL. The assets of the holding company are the common stocks of the operating companies.

Mr. FORD of California. That guarantees those bonds, and that is a good guaranty?

Mr. PETTENGILL. I will answer the question, because I see what is in the gentleman's mind. The operating company may be an operating company in Marion, Ind., but the holding company will have the assets not only of that operating company but will own the common stock of many other operating companies, and will have pooled behind the guaranty of the bonds of one company the common stocks of many operating companies. It is like a life-insurance company which has the pooled assets of many to meet the liability of one.

Mr. Chairman, I do not wish to take any more time, because I know there are many others who wish to speak. I thank you, and I am going to ask the privilege of extending my remarks. My whole point, if I may say so, is that I am trying to demonstrate that this bill, if it is enacted into law with section 11 of the Senate bill in it, will affect the bonds and the preferred and common stocks of the operating companies as well as the holding companies of the United States; and if the gentleman wants to know my general views on the situation as to what I think ought to be done, I hope he will read my separate report.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. I yield to my friend from Oregon.

Mr. MOTT. I want to ask the gentleman this question on account of his knowledge and extensive study of section 11. In the gentleman's opinion, does section 11 of the House bill give the Commission authority in its discretion to do the same thing which section 11 of the Senate bill would require the Commission to do in regard to the virtual elimination or liquidation of holding companies?

Mr. PETTENGILL. No; it does not—not to the same extent.

Mr. MOTT. Now, may I ask the gentleman this question: If the Commission carries out its authority to require a holding company to divest itself of whatever properties and securities may be necessary to confine its operations to a single region or area, will not that also impair the value of the securities of the holding company held by the general public?

Mr. PETTENGILL. There is no question about that, I will say to my friend from Oregon. The situation is the same as a farmer who owns two or three farms in two or three counties and he knows that 5 years from now he has got to sell two of these farms and he does not know which ones he will be told to sell. Do you suppose that the owner of one of those farms is going to put any money into those properties in the next 3 or 5 years, not knowing whether he is going to be able to own them in the future or not? [Applause.]

I attach as a part of my remarks the separate report to which I have referred.

[H. Rept. 1318, pt. 2, 74th Cong., 1st sess.]

PUBLIC UTILITY ACT OF 1935

Mr. PETTENGILL, from the Committee on Interstate and Foreign Commerce, submitted the following additional views (to accompany S. 2796):

In some respects this bill does not go as far as I would wish. I have favored the use of a small tax, the effect of which would be a constant pressure toward the gradual simplification of the holding-company superstructure. This has been voted against by the committee. The President, however, in his recent tax message expressed his approval of the principle for which I have contended and I trust the Ways and Means Committee will now study the matter carefully with a view to its general adoption.

During the Wilson administration there was such a tax on intercorporate dividends. After the World War it was repealed. It is my judgment that such repeal made it easy to and therefore encouraged the development of one holding company on top of another.

I believe that such a tax, together with the elimination of stamp and other taxes which now operate as a penalty on reorganization and simplification, would in a few years accomplish the objectives the President has in mind and yet do so without drastic liquidation, without unnecessary harm to innocent investors, and without creating a situation of doubt and uncertainty under which business and reemployment of our idle men cannot go forward.

The holding company in the first degree in many instances performs a useful function and under divers State law, in some cases is a legal necessity. This is attested to by no less an authority than David E. Lilienthal, now a member of the Board of the Tennessee Valley Authority. In an article in the Columbia Law Review in 1929 he wrote—

"Since the pioneer public-utility acts of New York and Wisconsin were enacted 2 decades ago a new figure, the holding and management company, has come upon the field, demonstrated its prowess, and in a relatively few years changed the entire economic nature of the public-utility industry. Isolated plants have given way to great systems whose lines span several States and serve hundreds of communities, all operated under unified managerial and financial supervision. The spread of rural electrification, the amazing advances in telephony, the rise of superpower systems—these and many other technological developments so intimately related to the public welfare are directly attributable to the efforts of the holding company. Perhaps most important of all, to the holding company must go the credit for the unprecedented flow of capital into the public-utility industry making possible extensions and improvements of service. Every phase of public-utility operation—financing, accounting, engineering, management, public relations—have undergone great changes under the new regime."

The pyramiding of holding companies, however—in some instances as much as 10 stories—is a legal monstrosity, an economic dinosaur, and a social wrong. Nevertheless, both State and National Governments have permitted, even encouraged them. In the meantime, and on the faith of what their own governments have created, thousands of innocent people have invested the savings of a lifetime. Government itself is partly at fault in the matter and because this is so the remedy for the evils which have grown up should take the equities of investors into consideration.

These evils, in my judgment, are on their way out and drastic remedies are neither necessary nor just. To begin with many of these financial structures have fallen of their own weight—such as Insull, Foshay, and Clark. In addition the following forces have entered the field since 1929, and are now at work. They are:

1. The recent elimination of consolidated tax returns which also encouraged the development of corporate superstructure and for which the Federal Government, like the repeal of the intercorporate dividend tax, must accept its share of the responsibility for the situation which we now seek to cure.
2. The Federal Securities Act of 1933, as amended.
3. The Federal Stock Exchange Act of 1934.
4. The Federal Power Commission Act.
5. Closer regulation of utility securities and operations by various State commissions, some 32 in number.
6. As a pertinent example we now have statutes in many States which require the filing of all management, construction and engineering, and other contracts made with an affiliate, and providing that no such contract shall be effective unless so filed. The Commission, after a hearing, may hold the contract in whole or in part as against the public interest. Statutes of this character are now in force in New York, Kansas, Virginia, North Carolina, New Hampshire, New Jersey, Illinois, Indiana, Oregon, Maine, and Wisconsin.
7. Last but not least, even in the absence of State statutes, we have the powerful effect of recent decisions of the United States Supreme Court such as *Smith* v. *Illinois Bell Telephone Co.* (282 U. S. 133), and *Dayton Power & Light Co.* v. *Public Utility Commission* (292 U. S. 297), holding that State Commissions may inquire into and disallow excessive charges made for services, etc., by holding companies to their subsidiaries.

The focusing of these forces, and others which might be mentioned, have changed the picture very greatly over that of 10 years ago and in my judgment will operate not only to prevent future abuses but also tend to weed out the rank growths and unfair practices which grew up in the past.

This brings us to the "death sentence" as it appeared in the original bill and as now appears in the Senate bill (S. 2796, sec. 11). It may be pointed out that this was not advocated:

1. By the Federal Trade Commission in its utility company report;
2. By the Federal Power Commission;
3. By the Securities Exchange Commission;
4. By the Business Advisory Council for the Department of Commerce;
5. By any group of consumers;
6. By any group of investors;
7. By the State public utility commissions; or
8. By the party platforms of the Democratic or Republican Parties.

In the hearings none of the Government witnesses gave the "death sentence" a clear-cut endorsement.

The "death sentence" as it now appears in the Senate bill, in my judgment, will crack like an eggshell in the United States Supreme Court for reasons which I have stated at length in the CONGRESSIONAL RECORD for Thursday, June 20, page 9787. If this is so, why pass it?

The substitute provision in the House bill may also not withstand legal attack. It is difficult for me to find constitutional power in Congress to require a solvent State corporation to dispose of property rights in operating utilities merely because they may not all be within an integrated system. I cannot believe that ownership, even management, of separate utility properties constitutes such a direct effect on interstate commerce as to come within congressional power as recently defined by the Supreme Court.

Nevertheless the House substitute is infinitely better than the Senate bill from a constitutional standpoint, and if legal, holding companies have their day in court to justify their continued existence and ownership of properties upon the merits of the particular case.

I believe the bill should be amended to further guarantee the States and State utility commissions from unnecessary and duplicating Federal control and interference. Despite the expansion of economic areas which transcend State lines, I still believe the cause of good government is served by following the historic principles of Thomas Jefferson except where deviation or modification is imperatively necessary. Jefferson is right in all cases except where Hamilton is inevitable.

In closing I wish to express my appreciation to Chairman RAYBURN and my colleagues on the committee and subcommittee for his and their constant courtesies and fairness during the painstaking consideration which we have given to this bill. Whenever we have differed we have done so as friends.

SAMUEL B. PETTENGILL.

Mr. COOPER of Ohio. Mr. Chairman, I yield 40 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, this subject is so large one scarcely knows where to start in a discussion of it, and if one were not limited by the time assigned, it might be impossible to find any terminal facilities at all.

I am going to deviate a little bit from the topic of discussion thus far held and say something about the electrical utility industry as a whole and its present position in this country, but before doing so I want to supplement, in my feeble way, the discussion indulged in by the gentleman from Indiana [Mr. PETTENGILL] with respect to the proposal for the forced dissolution of a holding company. It is true, as

has been stated to you, that more than one member of the Committee on Interstate and Foreign Commerce inquired of the proponents of that particular provision if they would submit to us a typical break-down of a holding company going through dissolution. Unfortunately, none of them ever returned to us with any outlined suggestions, but one of the companies, anticipating, perhaps, that such a question would be asked, did insert into our record a graphic table showing what would happen to its stockholders in relation to their rights in the stocks or securities of its subsidiaries. The company that offered this table was the United Gas Improvement Co. of Pennsylvania, and I call your attention to it not to strengthen the argument of the gentleman from Indiana, for it needs no strengthening whatsoever; he has demonstrated beyond all doubt that utter chaos would prevail all through the electrical utility field.

Here we have the case of the company generally known in the field as "U. G. I." It has invested in subsidiary companies $209,000,000. It owns the shares of the subsidiary companies. Thus the shareholders of U. G. I. are the owners, indirect, of the subsidiary companies.

There are a number of subsidiary companies, each of whose shares is held by U. G. I. If U. G. I. is compelled to dissolve, then, unless U. G. I.'s stockholders can sell their stock on the open market, which, of course, they could not do under any such order of dissolution, the shareholders of U. G. I. will have to accept in satisfaction of their rights a proportionate number of shares of the subsidiary companies. In other words, one common share in U. G. I. would entitle its holder to a certain number of shares in each of the subsidiary companies. I hope I make this clear.

Now, let us see how this works out. It were ludicrous if it were not tragic. For example, each shareholder in U. G. I. would take for his share in that company twenty-six ten-thousandths of a share in the Allentown-Bethlehem Gas Co. Each shareholder in U. G. I. would take six hundred and three one-hundred-thousandths of a share in the American Gas Co. Each shareholder in U. G. I. would take twenty-five one-hundred-thousandths of a share in the Chester County Light & Power Co.

So the list goes on in equally absurd fractions. The largest fraction of a share in a subsidiary company that a U. G. I. shareholder would receive would be two-fifths of a share in the Philadelphia Electric Co.

The smallest fraction which a shareholder in U. G. I. would take for his share would be three one-millionths of a share in the New Haven Gas Light Co.

I shall not take your time in reading the rest of this table, but, taken as a whole, this table recites exactly what would happen, Mr. PETTENGILL, to the shareholders of U. G. I., innocent parties to this whole transaction.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. Yes.

Mr. PETTENGILL. And if you divide the U. G. I. into those small fractions, what is going to happen to the value of all of that operating stock?

Mr. WADSWORTH. It is gone.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I must decline to yield, as I have only a limited time. Mr. Chairman, I do not know whether it is possible for this table to be printed in the CONGRESSIONAL RECORD. It seems to be of a size within the RECORD page. If it is possible, within the rules, I ask that the table be printed.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The table referred to is as follows:

The United Gas Improvement Co., Dec. 31, 1934

CAPITAL STOCK ENTITLED TO SHARE IN NET ASSETS

Preferred, 765,216 shares (no par), entitled to receive in dissolution	$76,521,600
Common, 23,251,750 shares (no par)	(1)

NET ASSETS AVAILABLE FOR DISTRIBUTION

		Stated value
Cash and current items		$1,783,930.00
Advances and other accounts not currently receivable		9,202,570.58
Subsidiary companies:		
Utilities Realty Co., The	$4,515,000.00	
Philadelphia Gas Works Co., The	2,150,000.00	
Welsbach Co.	766,500.00	
Nashville Gas & Heating Co.	432,225.00	
Commonwealth Utilities Corporation	368,400.00	
Miscellaneous	89,000.00	
Total	8,321,125.00	
Other:		
United Engineers & Constructors, Inc.	864,148.25	
Miscellaneous	17,297.33	
Total	881,445.58	
Grand total	9,202,570.58	
Great difficulty would be experienced in realizing the face amount of the above advances, other than over a long period of time.		
Capital stocks of other corporations:		
Subsidiary companies		209,600,529.42

STOCKS OF SUBSIDIARY COMPANIES

	Class of stock	Shares held by the U. G. I. Co.	Each share of U. G. I. entitled to—
			Shares
Utility companies:			
Allentown-Bethlehem Gas Co.	Common	60,375	26/10,000
American Gas Co., The	Capital	140,122	603/100,000
Chester County Light & Power Co.	Common	5,850	25/100,000
Commonwealth Utilities Corporation	Class A common	3,133	13/100,000
	Class B common	288,767	1/80
Concord Gas Co.	Common	1,321	6/100,000
Connecticut Electric Service Co., The	do	701,253	1/33
Connecticut Gas & Coke Securities Co., The	do	210,617	906/100,000
Consumers Gas Co.	Capital	140,085	602/100,000
Delaware Electric Power Co.	Common	900,000	1/26
Erie County Electric Co.	Capital	39,375	169/100,000
Harrisburg Gas Co., The	Common	18,085	78/100,000
Lebanon Valley Gas Co.	do	19,747	85/100,000
Nashville Gas & Heating Co.	6-percent preferred	8,000	34/100,000
	Common	15,834	68/100,000
New Haven Gas Light Co.	Capital	64	3/1,000,000
Philadelphia Electric Co.	Common	9,580,929	2/5
Philadelphia Gas Works Co., The	Capital	50	2/1,000,000
Nonutility companies:			
Fuel Supply Co., The	do	2,000	9/100,000
Ugite Sales Corporation	do	2,500	11/100,000
Utilities Realty Co., The	do	102,846	442/100,000
Welsbach Co.	7-percent preferred	11,738	5/10,000
	Common	24,480	105/100,000
Other			122,244,767.6

[1] Not specified. Balance after payment of preferred stock and expenses incidental to dissolution.

The United Gas Improvement Co., Dec. 31, 1934—Continued

STOCKS OF OTHER COMPANIES

	Class of stock	Shares held by the U. G. I. Co.	Each share of U. G. I. entitled to—
Utility companies:			*Shares*
American Superpower Corporation (of Delaware), The	$6 preference	4,080	18/100,000
American Water Works & Electric Co., Inc	Common	63,000	271/100,000
Bridgeport Gas Light Co., The	Capital	21,380	92/100,000
Commonwealth & Southern Corporation, The	$6 preferred	43,808	188/100,000
	Common	940,246	1/25
Connecticut Railway & Lighting Co	4½-percent preferred	71,805	309/100,000
	Common	39,046	168/100,000
Consolidated Gas Electric Light & Power Co. of Baltimore	do	30,775	132/100,000
Hartford Gas Co., The	do	18,565	80/100,000
Illuminating Shares Co., The	Class A capital	52	2/1,000,000
Kansas City Gas Co	6-percent first preferred	33,401	144/100,000
	6-percent second preferred	15,527	67/100,000
Manchester Gas Co	7-percent preferred	840	4/100,000
	Common	4,200	18/100,000
Mohawk Hudson Power Corporation	$7 preferred	40,420	174/100,000
	$7 second preferred	75,437	324/100,000
Nevada-California Electric Corporation, The	7-percent preferred	1,188	5/100,000
	Common	13,925	6/10,000
New Britain Gas Light Co., The	Capital	1,655	7/100,000
Niagara Hudson Power Corporation	Common	643,441	1/36
Northern Liberties Gas Co	do	617	3/100,000
Public Service Corporation of New Jersey	8-percent preferred	10,000	43/100,000
	Common	2,017,490	1/12
Sierra Pacific Electric Co	$6 preferred	497	2/100,000
Torrington Electric Light Co., The	Capital	1,844	8/100,000
United Illuminating Co., The	do	35,310	152/100,000
Wyandotte County Gas Co., The	6-percent first preferred	1,000	4/100,000
	6-percent second preferred	4,000	17/100,000
Nonutility companies: United Engineers & Constructors, Inc	Capital	250,000	1/93

Not including companies in receivership. 331,845,297.14

Total net assets 342,831,797.72

NOTE.—The company is guarantor of $1,954,000 principal amount and interest thereon of Nashville (Tenn.) Gas & Heating Co. first-mortgage 5-percent bonds due May 1, 1937.

The company is also guarantor of interest only on $12,153,000 principal amount of Connecticut Railway & Lighting Co. first and refunding mortgage 4½-percent bonds due Jan. 1, 1951.

The company is obligated to indemnify the Koppers Co. of Delaware on account of that company's guaranty of the payment of dividends at the rate of $3 per share per annum on 198,997 shares of preferred stock of the Connecticut Gas & Coke Securities Co. for 25 years from Oct. 1, 1926.

Mr. WADSWORTH. I do not know how other members of the Interstate and Foreign Commerce Committee look back on their experience during the 8 weeks of those hearings. I say without any hesitation whatsoever that it was the most informing experience I have ever encountered as a Member of Congress. At the start of the hearings I knew nothing whatsoever about holding companies and nothing whatsoever about the electrical industry. The proponents of this bill came before us and with great zeal proposed the drastic treatment which the Senate bill provides and which the original Wheeler-Rayburn bill provided. They made a deep impression by their zeal, if for no other reason, and they seemed to speak with considerable authority and knowledge of the facts. When they had finished their support of the bill at the hearings the companies themselves were then given opportunity to reply, and as those men came before us representing company after company, the thought dawned upon me, which finally became a conviction, and I know it dawned upon many of my fellow members of that committee in like fashion, that the proponents of the bill, perhaps without intention, had not told us the whole truth about the situation. Many and many a charge which has been leveled against the companies, giving the impression or seeking to give the impression that all companies were guilty of these abuses, proved not to be true, and as time went on in the hearings it became increasingly apparent that only a minority of the holding companies or the operating companies, if they were under any charge at all, were guilty of these abuses. Moreover, it became increasingly apparent that scarcely any of those abuses had occurred subsequent to the passage of the Securities Act of 1933 and the Stock Exchange Act of 1934. Most of the abuses with which the holding companies are charged have to do with what might be termed " high finance ", the issuance of securities in an improper manner and the deception of buyers.

The gentleman from Texas [Mr. RAYBURN], chairman of the committee, while he was speaking here yesterday, brought in and set up a great chart at a point on the floor approximately where I am standing now. It set forth the corporate set-up of one of the holding companies. His selection of that chart was skillful from his standpoint, because that is the company that is alleged to be the black sheep of the whole outfit, not with respect to the efficiency of its operating companies down at the bottom but with respect to the juggling and manipulation of its finances up at the top and down through some of its subsidiary holding companies.

Mr. KELLER. What is the name of it?

Mr. WADSWORTH. The Associated Gas & Electric. That is the company which, according to my best information, is not a member of the Association of Companies, and I submit that it is not fair on the part of the chairman of the committee, or on the part of any proponents of this drastic legislation, to use that company as an example and give the impression that all of the companies are similarly tainted.

Mr. RAYBURN. Does not the gentleman think that he ought to yield at this point?

Mr. WADSWORTH. I do.

Mr. RAYBURN. The chairman of the committee hung that chart up there in order to show what could be done by an unregulated holding company, and there is nothing in the charter or the law of many of the others to keep them from doing the same thing. [Applause.]

Mr. WADSWORTH. Mr. Chairman, I am only human and subject to impressions, and I have the deep impression that from the very beginning of all this discussion an attempt has been made to show that all companies are guilty. [Applause.] I do know that over and over again the worst companies have been lifted up to the public gaze in order to prove that proposition, and it is against that that I protest.

As to the condition of the electrical industry, I think there are some facts that are very interesting. I hope not to deluge the committee with figures, but I think we ought to have a better conception of what is going on. If you go into the living costs of the average American family, that is, the cost of those articles which are the more important items in the family budget, you will find that the residential electric-light bill is the lowest of them all. The average residential electric-light bill in the homes of the United States is $2.75 per month.

Mr. RANKIN. For how much electricity?

Mr. WADSWORTH. That is the average of the residential light bills.

Mr. RANKIN. In New York?

Mr. WADSWORTH. The country over.

Mr. RANKIN. But that is for only a few kilowatt-hours.

Mr. WADSWORTH. The average of all homes, the residences, lumped in together, is $2.75 per month. Some pay a little less, and some pay more.

Mr. RANKIN. It averages less than 40 kilowatt-hours a month.

Mr. WADSWORTH. I am speaking of the average of the bills.

Mr. KELLER rose.

Mr. WADSWORTH. I cannot yield; I want to complete my statement.

It is interesting to note that since 1913 the cost of living in the United States up to 1934 has risen 39 percent. The cost of residential electricity has dropped 29 percent. So while it is costing the average family more to live today than in 1913, for food, clothing, rent, housing, and fuel by 39 percent, the average residential cost of electricity has gone down 29 percent. This electric-utility picture is not quite as dark as some people would give you to understand.

Now, if we want to come closer to the current period and look into the matter in the last 2 years, the figures from March 1933 to March 1935 show that in that period the cost of clothing in the United States has risen 25 percent; the cost of furniture has risen 33 percent. Perhaps N. R. A. has had something to do with this, but nevertheless these are the facts. The cost of food has increased 35 percent in the last 2 years, in the midst of this depression, whereas the cost of residential electricity has dropped 6 percent. Not quite so dark a picture, Mr. Chairman, of the electrical industry of the United States as managed and supervised by these "wicked" companies which are to be put out of business entirely if the Senate bill should pass; not quite so dark a picture!

Now, let us see what this industry does with respect to labor. If you start back in 1929, which was the peak year, the year when the boom was most fantastic, and set the figure of that year as 100 and say that $100 in the aggregate was spent for labor that year in the iron and steel industry, you will find that that $100 expenditure for labor has been reduced in 1934 to $46. In other metal mills the reduction is from $100 down to $49; in bituminous-coal mining it is down to $54; in the crude-petroleum industry it is down to $57; in the paper and printing industry it is down to $67; in the lumber industry it is down to $33.50. Those are drastic reductions in the number of dollars expended for labor in those typical industries.

What is the story in the electrical industry? Starting at $100 the electrical industry today has been reduced only to $85.20. It shows by far the best record with respect to the amount of money it has expended proportionately during this depression; better than steel, better than coal, better than lumber, better than oil.

Mr. ZIONCHECK. It is an absolute necessity, though, is it not?

Mr. WADSWORTH. Never mind. The industry has done it, necessity or not; and they should have some little credit for it.

Now, let us see about the number of people employed and the average wages. We can learn something about this. If you start again in 1929 and put the figure 100 as the standard of that year, as indicating the number of men employed, the iron and steel industry has been reduced to 68; other metals down to 70; bituminous coal down to 77; crude petroleum down to 78; other metal mining down to 41; paper and printing down to 86; the lumber industry down to 51; the electrical power industry down only to 91. In other words, the electric light and power industry is employing today 91 percent of the men it employed before the depression started. In that respect it is at the top of the whole heap. [Applause.] Is that an indictment against its management? If so, how do you proceed to draw such an indictment?

Now, as to the average wages, I cannot make comparisons for the other industries, but the average wage today in the electric light and power industry is $30 a week—$120 a month—double the minimum wage of N. R. A., and no code brought that about. That wage has not varied before or since N. R. A. appeared and disappeared from the scene.

Now, Mr. Chairman, something about the holding company and its functions.

The chairman of the committee [Mr. RAYBURN] had upon this side of the well yesterday a very, very large, and if I do say so, a very unwieldy chart, depicting the corporate structure or set-up of Electric Bond & Share. That corporate set-up has been used before our committee in various arguments as illustrative of the worst kind of sprawling corporate structure. The chairman of the committee used that same word, "sprawling." We have heard it before. I was not surprised to hear it again. Geographically considered, it is a sprawling structure, but nevertheless it affords an opportunity for me to take the worst kind of sprawling and describe the functions of an organization of that kind.

Electric Bond & Share was organized something like 20 years ago. I know nothing about its original incorporators or organizers. It is the small-town holding company. It owns or controls subordinate operating companies in 32 States, in 3,200 communities.

The story of how it started may not be lacking in interest. Years ago, long before the World War, the General Electric Co., a manufacturing concern, having sold generators and other electrical appliances to large numbers of small companies scattered all over the Union, found that a considerable number of those companies could not pay their accounts with General Electric. General Electric had taken notes in part payment, and had secured the unpaid accounts as best it could, but as the years went along General Electric, to its regret, found itself finally the owner of a considerable number of little bankrupt companies, operating companies scattered all over the Union. It did not want to go into the utility field. It was utterly against its policy. It wanted to remain purely a manufacturing concern.

So a group of people was organized—who they were I do not know—to take off the hands of the General Electric Co. these little bankrupt companies; and that concern was called Electric Bond & Share. Electric Bond & Share ever since that time has been in the business of taking care of small operating companies that have gone broke or have been in serious difficulty financially, with the result that they own or control companies in 32 States.

It is an interesting thing—and the testimony before our committee proves it—that in every instance that Electric Bond & Share has picked up a little bankrupt company the rates charged by that company to the consumers have gone down. Incidentally Electric Bond & Share, or its intermediate holding company, has put the little operating company on its feet financially; it has enabled it to extend its service. As indicating how the service is extended through the help of proper financing by the holding company, let me say that these little companies acquired from time to time by Electric Bond & Share have reached 1,830 additional communities in the last 10 years; and those communities in population averaged from 100 to 800—little country hamlets, a perfect example of rural electrification. I want to refer for just a moment to the testimony. I shall not deluge you with figures, but this indicates what can be done with this kind of management.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I would rather not.

There were 1,833 new communities, none of which ever had any electric service, or if they did, had it only at nighttime and then not upon moonlight nights. Forty-seven percent of these communities had populations ranging from 100 to 500; 40 percent had populations under 100; and 10 percent had populations ranging between 500 and 1,000. Only two had a population of 3,000.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from New York was yielded 40 minutes. Upon the request of the gentleman from Ohio the Chair has called time at the end of 30 minutes.

Mr. COOPER of Ohio. Mr. Chairman, may I say to my colleague on the committee that I made a mistake in my assignment of time. I can give the gentleman 5 additional minutes. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York.

Mr. WADSWORTH. In this sprawling system 89 percent of the communities served have populations of less than 3,000, 8 percent have populations ranging from 3,000 to 10,000, and the remaining very small percentage have populations of 10,000 or more.

This sprawling system is the small-town system of the United States; it is not an integrated system. Under the House bill, may I suggest to the gentleman from Indiana, it could be dissolved over night in the discretion of the Commission, because these little communities scattered in 32 States cannot be considered as belonging to an integrated system. Still, if you tear that great organization to pieces and endeavor to redistribute the stock of the 143,000 stockholders of Electric Bond & Share amongst the shareholders of the tiny little operating companies in 3,200 little bits of towns all over the United States, what good have you done to anybody?

Something has been said as to the cost of service performed by the holding company. I am using this company as an example because it was paraded before us as one of the worst. The testimony before our committee shows that Electric Bond & Share Co., in providing engineering service, legal advice, service in the purchase of supplies, and kindred subjects, charges a fee against the operating company amounting to one-fortieth of 1 cent per kilowatt-hour delivered by the operating company. In other words, if the fee were withdrawn the rate to the consumer would be reduced only one-fortieth of 1 cent per kilowatt-hour; and based upon the gross receipts of all these little operating companies who have been put upon their feet, whose rates have been reduced, all the fees charged by Electric Bond & Share would amount to just 1 percent. Is this milking anybody? Could these little companies go out and get this service so cheaply anywhere else? Why, you know they could not; they would not have a chance.

If you smash this organization to pieces, what do you do? The chief injury is to the little operating company, not to the president of Electric Bond & Share, not to its directors, but the injury would be done the little company. How could it ever finance an extension? How could a little company in a town of 1,000 borrow money at any favorable rate to finance an extension out into the country for 10, 15, or 20 miles? You know it could not do it. It is the holding company performing its proper, honest function which, pooling the assets of 3,200 little bits of jerk-water companies, makes it possible for all of them to be kept expanding, their rates to be constantly reduced, and all of them kept on their feet. Tear it to pieces, and you injure the consumers. The Senate bill would tear Electric Bond & Share to smithereens; and even the House bill, if the Commission were made up of persons with a deep and persistent prejudice against holding companies not integrated—even the House bill permits the Commission to tear that organization to pieces. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, in reply to what the gentleman from New York says about the Electric Bond & Share—and I name that company because he did—permit me to point out that this company over and above all expenses on their services to operating companies made in 1 year $4,969,449.40, or a profit above the expense of performing that service of 113 percent.

I say that there are but two classes of people entitled to this amount of almost $5,000,000. Either it should have gone in dividends to stockholders in the operating companies or in reduced rates to the consumers, but not to Electric Bond & Share.

Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, on yesterday the gentleman from Ohio [Mr. COOPER] in his vicious attack on President Roosevelt and the Democratic administration, went out of his way to make an attack on the Tennessee Valley Authority, and went to a length that I never expected to see reached by a Member of this House. The insinuation was that the people in the town of Norris were denied the right to worship God as they pleased. Behind that was the insinuation that the Power Trust has continuously hurled, namely, that the Tennessee Valley Authority is communistic.

Let us consider his words:

> Mr. COOPER of Ohio. It was brought out in our committee, and I dislike very much to bring this up, when Mr. David Lilienthal, one of the directors of T. V. A., was questioned, that down there where they are building the town of Norris, and they have from 2,000 to 2,500 people employed, they will not allow a church in that community.

Mr. COOPER said that in his own time. He was interrupted. After the interruption he stated:

> When the direct question was put to Mr. Lilienthal if they would permit a church down there, he said no, absolutely not.

Let us read the record. Let us see what the record shows. On page 2045, part 3, of the hearings before the Interstate and Foreign Commerce Committee the gentleman from New Jersey [Mr. WOLVERTON] asked this question:

> What about this charge that no man may worship in a church or build a church to worship in in accordance with his own conscience?
>
> Mr. LILIENTHAL. That is poppycock. From the first there has been a community hall available for use of any group or denomination who desires to worship there. Recently with the completion of a school building, a dignified and appropriate auditorium has been made available. Religious activities are carried on there by the people themselves regularly.

Why this insinuation and against the directors of the T. V. A.? Who is Chairman of the Tennessee Valley Authority? Dr. Arthur E. Morgan, of Ohio, and, I repeat, that he is one of the great men not only of this country but of this time and generation. Go to the people in the State of Ohio and to those communities on the Miami River where 20 years ago men, women, and children were being drowned by the thousands.

When the State of Ohio sent out a plea for somebody to come and solve the great question of controlling that stream and protecting the people up there, why did they not send for the gentleman from Ohio [Mr. COOPER], who hurls this insinuation against Dr. Morgan and the T. V. A.? They sent for Dr. Morgan, who at that time constructed dams on the Miami River and protected those people ever after from those disastrous floods. I could not let this opportunity go by without answering that charge which has been made by the power interests ever since this fight began. The directors of the T. V. A. are men of character. They are rendering great services, and I resent such an insinuation.

Only on yesterday the gentleman from Pennsylvania [Mr. WILSON] made a vicious attack on Mr. Basil Manly, of the Federal Power Commission. Mr. Manly wrote Mr. WILSON a letter today, and to that letter there is attached copy of a letter from the Honorable William Howard Taft, former President of the United States, and former Chief Justice of the United States Supreme Court, who was associated with Mr. Manly during the World War.

Mr. Chairman, I ask unanimous consent that those two letters may be inserted in the RECORD as a part of my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The letters referred to are as follows:

JUNE 28, 1935.

Hon. WILLIAM HENRY WILSON,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: My attention has just been directed to your remarks in the House on June 27, 1935, in which you are quoted as follows with reference to my alleged connections:

"Basil M. Manly, Socialist; member of the Garland Fund Committee; contributing editor to the Intercollegiate Socialist Society Organ; and was member of the defense committee of the Industrial Workers of the World—I. W. W.—which organization was composed of Socialists and anarchists, the underlying principle of which was the organization of industrial workers into unions to war against

employers by any and all means, to overthrow the Government and establish government by unions."

This statement, which is evidently based upon information handed you by someone and not upon your own personal investigation, is remarkable in that it does not contain one correct statement.

I am not a Socialist and have never been affiliated with the Socialist Party in any way, shape, or form.

I was never a member of the Garland Fund Committee.

I was never a contributing editor or a contributor to the "Intercollegiate Socialist Society Organ", whatever that may be.

I was never a member of the defense committee of the Industrial Workers of the World, nor did I ever at any time have any connection with that organization of any kind whatever. On the contrary, I was of material assistance on more than one occasion in assisting the regular organizations of the American Federation of Labor in resisting the attempts of the I. W. W. to gain control of bona fide labor organizations.

In view of the fact that you are a Republican and a member of the bar, perhaps the best evidence that you have been misled is to be found in a letter which former President and Chief Justice William Howard Taft wrote me at the conclusion of our association as Joint Chairmen of the National War Labor Board. I am therefore enclosing a copy.

May I suggest that you make such inquiries as you may consider advisable to establish the fact, and in due course make the corrections to which I believe that I am clearly entitled?

Very truly yours,

———— ————.

NEW HAVEN, CONN., *August 15, 1919.*

BASIL M. MANLY, Esq.

DEAR MANLY: As the War Labor Board breaks up, I wish to write you and say how much I appreciate the spirit of fairness and cooperation with which you have discharged your share of the joint duty imposed on us as chairmen. It is pleasant to be able to say that in the many controversies referred to us two, either as a section or as sole arbitrators, we have always reached an agreement except in the case of a rehearing in respect to which we really agreed to disagree.

You and I doubtless differ on many economic issues, but it is a great satisfaction to me—as I hope it is to you—to know that when we met in a quasi-judicial capacity, as man to man, we found each other reasonable, fair, and square in dealing with our fellow men whose cases we had to consider and decide.

I wish for you every success in your future career. It will always be a pleasure to me when our paths cross and to recall the interesting experiences we have had.

With warm personal regard, believe me,

Sincerely yours,

(Signed) WM. H. TAFT.

Mr. RANKIN. That is a complete answer to the slanderous charge of the gentleman from Pennsylvania [Mr. WILSON].

Now, let us get down to the Power Trust, this great sprawling octopus, which the gentleman from New York has referred to so often, that now reaches into every State in the Union, and whose tentacles reach into every home. Where do they get their money to operate? Remember that the man you are going to have to answer when you go home is the man who pays the light and power bill. Every cent, every dime, every dollar that goes to maintain this gigantic Power Trust, this overcapitalized trust, these pyramided corporations, if you please, must come from the man who pays the electric light and power bill. Into your home, into the homes of your neighbor, the home of every laboring man, every merchant, and even the man who runs a filling station, it reaches and exacts a toll.

Mr. Chairman, probably it is in order at this time for me to refer briefly to the gentleman from Alabama [Mr. HUDDLESTON], who so attacked the Democratic administration, as well as the chairman of the committee, the gentleman from Texas [Mr. RAYBURN], because, forsooth, the gentleman from Texas, after months of struggle with all these Power Trust lobbyists that have been down here in Washington for the last 5 months with all the propaganda that could be poured in here, and all of the other influence that they could bring to bear, has been forced to bring in from his committee a bill to this House, this monstrosity that we hope to amend before we get through. Yet the gentleman from Alabama attacks the gentleman from Texas, Chairman of the Interstate and Foreign Commerce Committee, because now he will not agree to defend and support this monstrosity against all comers.

I say this Congress and the American people owe the gentleman from Texas a debt of gratitude for the labor he has spent in this matter and for his courage in coming out here and saying, "I am going to help amend this bill and make it what it should be before it leaves this House."

The gentleman from Alabama also in a round-about way attacks the administration. I have before me a speech he made on this very subject in which he pointed out the iniquities to which I have referred.

Now, let us see about this holding company proposition, and then I am going to get down to the rates. The gentleman from Alabama lives in Birmingham. The Alabama Power Co. supplies light and power for Birmingham. It is owned by the Commonwealth & Southern, a holding company, or I possibly should say a bleeding company, just as it owns the Mississippi Power Co., and it is sapping the economic vitality of all of them.

In 1929 the Commonwealth & Southern was organized. At that time we thought we were prosperous. They paid the president of that company $43,790 a year. The panic broke that same year, almost by the time they got it organized. Everything else went down. Cotton dropped to 5 cents a pound and wheat to 30 cents a bushel. Factories closed down. Men, women, and children were tramping the streets and begging for the bread of life. Soup kitchens were established all over the city and bread lines stretched down the streets of Birmingham from one end to the other, a thing I never heard of in that city before, although I live within 125 miles of it. At that time the salary of the president of the Commonwealth & Southern had risen from $43,700 in 1929 to $130,000 in 1932, at a time, as I said to you, when we were in the very depths of the depression.

Let us see about the stocks, and I hope the gentleman from New York [Mr. WADSWORTH], who has just spoken, will pay attention to this, because you need not deceive yourselves, this is the campaign issue from now on—the power fight in America. [Applause.] We are going to do one of two things. We are going to wring this octopus loose from the consumers of electric light and power, or you Republicans will take over the country and turn the country over to them.

Mr. CLAIBORNE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. No; I cannot yield right now; I am sorry.

Mr. CLAIBORNE. I thought maybe you were speaking for the President on that.

Mr. RANKIN. I come as near as any man in the House here speaking for the President on this question.

Mr. CLAIBORNE. On the next campaign issue?

Mr. RANKIN. Yes; it is the campaign issue from now on, and I think I am justified in saying that is the President's view. It is the issue from now until we protect the American people from this thieving that has been going on.

But let us see about these stocks that my friend, Mr. HUDDLESTON, shed all those tears about. Let us see what those stockholders suffered. You gentlemen on the Republican side, because your States are worse than Alabama, and if you will just give me time I will go through every one of them.

In 1930 the preferred stock in the Commonwealth-Southern was selling for 104, but by the time the president's salary reached $130,000, in 1932, this stock had dropped from 104 down to 27⅜. In 1929 the common stock was selling for 32, but in 1932, when the president's salary had risen to $130,000, this stock had dropped from 32 down to 1⅝; and the stock in the operating companies, the Alabama Power Co. and the Mississippi Power Co., is today scarcely worth the paper it is written on; yet they come in here and appeal to you to sanctify this enormous racket, this power racket, this holding-company racket, and give it the sanction of law, and slap the President of the United States in the face under the pretense that you are helping these stockholders. If you know a God's thing on earth about these operating companies, you know that they will be better off when you abolish these holding companies. [Applause.]

They say, "Let us regulate them." Oh, where have I heard that word? During all the time that Insull was plundering the people of Illinois and the rest of the country, I never heard the words "regulate Insull" come from that side of the House.

Take this home with you: There is going to be a collapse in the near future, whether you pass this bill or not, that is going to equal, if it does not surpass, the Insull collapse. Remember I told you that in these few remarks.

Regulate! How are you going to regulate these gigantic companies that reach from coast to coast? One Senator said the other day—and I agree with him thoroughly—you might as well attempt to regulate the moon. Straddling from California to New York and from Florida to Maine, bleeding all kinds of little companies in between—how are you going to regulate them? Down in my State they have become so strong with their lobby that they will not let us pass a law to even regulate rates. They have kept the legislature from giving our railroad commission any jurisdiction whatever. I appealed to the Federal Government, and there was no power of regulation there. The only power we could find was in the municipalities.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. RANKIN. The Board attempted to regulate them and were enjoined in the Federal courts.

Let me give you some figures on their overcharges. I am going to the State of New York. I am not taking the T. V. A. figures, either, because they are too high. I hope they will be lowered later; but in the State of New York the people of that State are overcharged for electric lights and power to the amount of $127,618,000 a year. For what? That much more than they should be charged to maintain operating expenses—and for what? To support that great octopus, that great power far-reaching ramification of economic cancer, that is literally sapping the lifeblood from the American people.

Take the State of Ohio, represented by the gentleman from Ohio [Mr. COOPER]. They are overcharged $47,529,000 a year. Every man who turns on an electric light, every laboring man, everyone that comes home at night and switches on the light to see how to change his clothes, is paying tribute to this gigantic monster that these gentlemen are trying to protect on this floor. Every man who runs a filling station or store, everyone who runs any kind of a little establishment is paying his tribute to keep this gigantic monster going, and to pay these enormous salaries. That is not all. I am going to put in every State in the Union at this point. I have a right to extend my remarks. I call the attention of my friend from Indiana [Mr. PETTENGILL] to the condition in the State of Indiana. Of course, the people of Indiana may be more able to pay this than I think they are, but they are overcharged $19,189,000 a year. I wonder if the people of Indiana are able to pay such an overcharge every year.

The people of the State of New York are overcharged $127,618,000 every year.

The people of the State of Ohio are overcharged $47,529,000 every year.

The people of the State of Oregon are overcharged $6,510,000 every year.

The people of the State of Maine are overcharged $5,229,000 every year.

The people of the State of New Hampshire are overcharged $3,459,000 every year.

The people of the States of Vermont and Rhode Island together are overcharged $8,367,000 a year.

The people of the State of Massachusetts are overcharged $37,557,000 every year.

The people of the State of Connecticut are overcharged $14,397,000 every year.

The people of the State of New Jersey are overcharged $39,563,000 every year.

The people of the State of Pennsylvania are overcharged $74,907,000 every year.

The people of the State of Indiana are overcharged $19,189,000 every year.

The people of the State of Illinois are overcharged $59,261,000 every year.

The people of the State of Michigan are overcharged $33,768,000 every year.

The people of the State of Wisconsin are overcharged $17,787,000 every year.

The people of the State of Minnesota are overcharged $13,911,000 every year.

The people of the State of Iowa are overcharged $11,808,000 every year.

The people of the State of Missouri are overcharged $20,249,000 every year.

The people of the State of North Dakota are overcharged $1,860,000 every year.

The people of the State of South Dakota are overcharged $2,345,000 every year.

The people of the State of Nebraska are overcharged $6,770,000 every year.

The people of the State of Kansas are overcharged $8,954,000 every year.

The people of the States of Delaware, Maryland, and West Virginia, together with the District of Columbia, are overcharged $24,762,000 every year.

The people of the State of Virginia are overcharged $9,698,000 every year.

The people of the State of North Carolina are overcharged $11,653,000 every year.

The people of the State of South Carolina are overcharged $6,292,000 every year.

The people of the State of Georgia are overcharged $9,900,000 every year.

The people of the State of Florida are overcharged $8,465,000 every year.

The people of the State of Kentucky are overcharged $8,398,000 every year.

The people of the State of Tennessee are overcharged $10,201,000 every year.

The people of the State of Alabama are overcharged $6,344,000 every year.

The people of the State of Mississippi are overcharged $4,117,000 every year.

The people of the State of Arkansas are overcharged $4,211,000 every year.

The people of the State of Louisiana are overcharged $7,477,000 every year.

The people of the State of Oklahoma are overcharged $8,946,000 every year.

The people of the State of Texas are overcharged $24,922,000 every year.

The people of the States of Montana and Utah together are overcharged $6,589,000 every year.

The people of the State of Idaho are overcharged $2,789,000 every year.

The people of the State of Wyoming are overcharged $1,323,000 every year.

The people of the State of Colorado are overcharged $6,461,000 every year.

The people of the States of Arizona and New Mexico are together overcharged $4,344,000 every year.

The people of the State of Nevada are overcharged $1,046,000 every year.

The people of the State of Washington are overcharged $11,661,000 every year.

The gentleman from New York [Mr. WADSWORTH] says there have been rate reductions since 1933. Those reductions were made after we passed the T. V. A. bill and the T. V. A. yardstick was adopted, showing what electricity is worth. At that time in Birmingham, after the depression had gone on for 5 years, they were charging those people more than three times as much on an average for light and power as they were charging in Tacoma, Wash.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I am sorry, but I cannot yield.

Mr. MOTT. I just wanted to make a suggestion.

The CHAIRMAN. The gentleman from Mississippi declines to yield.

Mr. MOTT. Will the gentleman yield for a suggestion? I hoped the gentleman would spend just a moment or two talking about rates in States which have proper regulation.

Mr. RANKIN. I have put the Oregon overcharges in already. It amounts to $6,510,000 a year.

This is a gigantic struggle. You may attack the President of the United States if you want to, you may undermine him. These Democrats may betray him and join you Republicans in your support of the Power Trust against this administration, but I for one am going to continue the fight.

Long after we pass from the stage of action here the American people will raise up their voices in gratitude to Franklin D. Roosevelt for having the courage, the manhood, and the common honesty to battle with this great problem and try to protect the American people from the greatest menace of this day and generation. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I yield myself some time. I knew when I took the floor yesterday and criticized the T. V. A. that I was going to get under the skin of my friend JOHN RANKIN, from Mississippi. Every time that anyone on this floor attempts to criticize the T. V. A. he starts his gymnastics and dances around here as if the T. V. A. was a sacred thing that nobody could touch or speak about. I cannot let the statement of the gentleman from Mississippi [Mr. RANKIN] which he made a few moments ago go unchallenged. When Mr. Lilienthal was before our committee and the question asked him if they allowed a church in the town of Norris, Tenn., where they had 2,500 people working, he said "no." He was asked why, and he said because it is a Government reservation and they do not allow churches on a Government reservation. Later on—and I read from the record—the following occurred:

Mr. WOLVERTON. You are building a permanent town there, are you not? Is it not to be an ideal town, according to your press releases?

Mr. LILIENTHAL. Well, when the town ceases to be a construction camp and becomes a municipality, then the people themselves will decide again what kind of churches they want.

Mr. WOLVERTON. You are building today permanent homes there, are you not?

Mr. LILIENTHAL. Yes, sir; they are built.

Mr. WOLVERTON. Whether they are occupied or not now, you expect that they will be occupied?

Mr. LILIENTHAL. Yes, sir.

Mr. WOLVERTON. Is not that true?

Mr. LILIENTHAL. Yes, sir.

Mr. WOLVERTON. You are building for the future, are you not?

Mr. LILIENTHAL. Yes, sir.

Mr. WOLVERTON. It will be a permanent town?

Mr. LILIENTHAL. Yes, sir.

Mr. WOLVERTON. Under those circumstances, if a religious organization, regardless of what its creed may be, wishes to come in there now and build a permanent church, alongside of the permanent gasoline station, or a permanent home, that you have built there, would you give it the privilege of doing so?

Mr. LILIENTHAL. No one has ever asked for it, and it is incredible that they would. What we would do if such a situation arose I cannot say.

Mr. WOLVERTON. What do you mean that it is incredible? What would you do if they made an application? Is there any doubt in your mind as to whether you would grant it?

Mr. LILIENTHAL. Yes, sir; there is.

Then a little later on, when the question was asked him if they would allow a church there, he said "absolutely no." But I will tell you why this is not in the record. Mr. WOLVERTON called him to task before our committee. He deliberately changed the record as it was given in the committee, and he apologized to Mr. WOLVERTON later on in the committee for doing so. It is a known fact to the members of the committee that Mr. Lilienthal, in reply to a question, stated that they would not allow a church to be constructed in the town of Norris, Tenn.

That is all I have to say. How much time have I consumed, Mr. Chairman?

The CHAIRMAN. The gentleman has consumed 4 minutes.

Mr. COOPER of Ohio. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. DARROW].

Mr. DARROW. I am very pleased, Mr. Chairman, that the gentleman from New York [Mr. WADSWORTH], in his remarks, referred to the United Gas Improvement Co. of Philadelphia as a typical illustration of what the "death sentence" in the Wheeler-Rayburn bill would mean to our holding-company utilities. Mr. Chairman, we in Philadelphia know of the efficient and businesslike methods of this great corporation. It has, without request, on numerous occasions, reduced its rates. When we think that corporations of this kind will receive their death knell in this bill, such a thing seems unthinkable, at least to me. What will happen to the many, many thousands of investors who have put their life savings in what were supposed to be gilt-edge securities?

It is my desire to register a vigorous protest against the adoption of legislation as proposed in the utilities holding-company bill, commonly known as the "Wheeler-Rayburn bill", which is now before the House for action. In so doing I am not only expressing my views, after a careful study of the problem, but also voicing the earnest and vigorous protest of my constituency, which is aroused to an extent I have never heretofore witnessed concerning any subject before Congress for action.

It is my contention that this proposed legislation is the first step toward Government control or ownership of public utilities; and if the President succeeds in his efforts and the Democratic-controlled Congress eventually abides by his expressed wishes there will be no question as to the destruction of holding companies.

Usually, when it has been considered necessary or advisable for Congress to initiate a new legislative policy in respect to some major national problem, there has been a demand from the people of the country in such loud tone that it had to be recognized. I have heard no such demand from our section of the country—in which many large and responsible utility and holding companies operate. Even since this proposed legislation has been pending I have not had a half dozen requests to support it; but, on the contrary, have had many thousands of letters of protest.

Surely whatever hope a great mass of our people placed in new-deal policies as a means of recovery from an existing depression has, I believe, been destroyed by the sponsorship of this pernicious legislation by the new-deal Democratic administration. You will find voters by the thousands who in 1932 supported Democratic candidates on a basis that a change in party control of the National Government could not result in worse conditions will admit their error of judgment and give their future support to the Republican Party, realizing that its representatives have always legislated for the benefit of the public and that they have stood by their enunciated principles of safe and sound form of government.

Certainly all of us would willingly approve necessary and proper regulation—for no investor, large or small, and no public-spirited citizen would approve the conduct of any business excepting in a law-abiding and upright manner. If an honest attempt was to be made for such regulatory legislation, I believe it would meet little, if any, real opposition. While it may be said that this is what the House is trying to do, the great fear is clearly evident that in the end the President will have sufficient power to force Congress to meet his decided wishes, which, of course, means absolute destruction of holding companies.

Numerous appropriate phrases have been used to describe this campaign of ruin, such as, "It would burn down the barn to roast the pig", "Kill the patient to cure the disease", "Sinking the ship to stop leaks", and so forth. If a horse is bad, one trains him or has him trained, and does not have the animal killed. If some public-utility holding companies have been bad, why kill all of them?

Public-utility organizations are practically public institutions. The gas and electric service which they have developed in the past 50 years has brought us out of the kerosene and candlelight age at such a reasonable cost to permit its use in practically every American home. The holding companies have been the means of enabling the development of utilities by furnishing capital and credit and managerial skill. The new deal has recognized the worth of holding companies, for the T. V. A. Authority, created by the present administration, is a holding company incorporated in the State of Delaware.

Capital for the successful operation and conduct of our utility and holding companies has been secured by investments readily made by thousands upon thousands of our thrifty citizens, who had every reason to believe this was an appropriate and safe place in which to invest their hard-earned savings for their future protection. The same confidence was placed in these organizations by great numbers of insurance companies, savings banks, and other institutions, as well as executors of estates.

The question naturally arises: What will happen to these thrifty people, small investors, widows, elderly folk, and institutions by the destruction of holding companies? Chaos and ruin to a great number of our people will be a natural result. Ten millions of stockholders, the majority of whom own from 5 to 50 shares of stock—most of which is common stock—will have their savings destroyed, and in many cases the sole source of income of needy individuals will be taken from them.

In the forced liquidation of these corporations bonded indebtedness and preferred stocks have prior claim on the assets. Since the assets of these corporations must be disposed of on a declining and overburdened market, it is most probable nothing will be left for the common-stock holders, who would thus suffer a total loss.

Most of our utility and holding companies have proved to be well managed, and this has been evident to our great mass of investors. They have been working for the benefit of the public, and are willing to abide by reasonable regulation to further establish their responsibility.

I plead for a sane and sound consideration of this subject. If there is sufficient reason to believe that practices of some of these corporations need correction for the protection of the public, let us fairly and in a temperate manner seek to correct any such evils by proper regulation or supervision. Let us consider this problem judiciously and not be swayed by radical or socialistic tendencies. Too much is at stake to ruthlessly destroy institutions and organizations in which so many millions of our people, of all classes, have expressed their confidence.

In my opinion the passage of this bill will do more to retard recovery, and destroy public confidence, than any proposal heretofore pending in Congress. I therefore urge you, my colleagues, to vote against the passage of this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. DARROW] has expired.

Mr. RAYBURN. Mr. Chairman, I yield 30 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Chairman, among the verbal brickbats that have been flying in the House over title I, parts 2 and 3 of this bill relating to operating companies are comparatively innocent bystanders. It has been my judgment that the hearings on this bill, as well as the argument, have been lop-sided. Attention has been centralized on some features of the bill far beyond their relative importance, and other features of perhaps equal importance neglected.

If I can be helpful to the House this afternoon, it is to discuss with you the features of this bill as to operating companies. I will attempt to give an outline of some of the main provisions covering those companies.

Much feeling and personalities have developed. The Congress is confronted with serious problems. Personalities and bitterness can contribute nothing to the solution of these problems.

We have this background as to the field of regulation now proposed by the Federal Government.

Companies producing over 90 percent of the electrical energy in the United States transmit energy in interstate lines. Over 17 percent of that electrical energy passes over State lines. A little over 82 percent is entirely intrastate. The energy now going across State lines is greater than the total production of energy 20 years ago. The volume of interstate transmission is constantly growing and will increase indefinitely in time and amount.

Here it is proposed that the Federal Government shall step in to regulate that interstate transmission of electrical energy. It is into that unregulated field, where the States have little or no control, that this bill, as far as operating concerns are affected, places the Federal Government in control.

These operating companies are the base of the whole utility industry of the United States. They are the producers and service operators. They represent an investment of $12,000,000,000. We go into this plan of regulation for the purpose of protecting the people of our country, and those people may be divided into two classes, the consumers of electrical energy and the holders of investments in these regulated companies. Needless to say, in a plan of this kind a desire to punish has no place. Just treatment to the consumers and to the investors is the necessary and only justification.

The Federal Government has no business to put its hands in this matter except to do a helpful and constructive thing. There is no other legitimate motive for going into this sort of thing. I stand here to support the provisions of parts 2 and 3 of this bill, believing that what is proposed to be done in those two parts will be helpful and constructive.

The bill, as you have observed, is divided into two titles. Title I is the holding company part. Title II includes amendments to the Water Power Act, and parts 2 and 3 refer to the public utilities and to those holding licenses under the Federal Power Commission.

SCOPE OF BILL

Beginning with part II, page 253, which refers to operating companies, the first two sections, in effect, define the general scope of the bill as to these matters. It is declared that the Federal Government is to have jurisdiction over the regulation of transmission of electricity in interstate commerce, and sales at wholesale in interstate commerce. Then it is further declared that this jurisdiction is to extend only to matters not subject to State regulation.

If you will pay attention to the provisions of this bill, you will find the greatest regard is shown throughout for the powers now exercised by the States.

Part II applies to the transmission in interstate commerce and for the sale at wholesale. "Wholesale" is declared to be a sale for the purpose of resale. That term does not apply to the transmitter who transmits his own "juice" for his own use.

Part 2 does not apply to any other kind of sales. All facilities so used for transmission and sale are within the jurisdiction of the bill. Certain exceptions are made. One exception is that control shall not apply to facilities used for generation. That presents one of the problems of this bill as contrasted with the Senate bill. The House committee, after careful consideration, reached the conclusion that we should not include in this bill the facilities used for the generation of electric energy, for two reasons. The first is that such a provision would be of doubtful constitutionality. The Federal Government may not have the power to exercise regulation over the generating facilities of these plants, even though they produce energy to be transmitted over State lines.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield?

Mr. LEA of California. I am sorry; I cannot yield.

Mr. ROBERTSON. Before he leaves the subject, will not the gentleman discuss paragraph 13 (b) of section 204, the power of the Federal Government to regulate some 10,000 independent companies?

Mr. LEA of California. Yes; I hope to reach that.

The Utah case, which was a tax case, laid down the principle that the generation of electric energy is manufacturing and that interstate transmission does not begin until the electricity has entered into the transmission lines. That decision, however, may not be controlling as to this question. We did not think it desirable to inject the doubt into this bill.

There is another reason, however, going to the merits of this proposition as to why the House committee concluded to leave out generation. That reason is that over 82 percent of the electric energy manufactured in the United States is consumed within the States of production. Therefore we

felt that control over generating facilities better be left to the States with certain exceptions, to which I shall later call attention.

Local distribution, even though it is over State lines, is not included in the bill; and, of course, transmission that is purely intrastate in character is not included, nor is transmission for the purpose of use by the transmitter.

States and public agencies, that is, agencies of the United States and of the States, are exempted from the terms of this bill unless specifically included. There are specific inclusions of the agencies of the United States and of the States for certain accounting purposes, for depreciation accounts in particular, and for the general powers of investigation, which are given to the Commission.

REGIONAL DISTRICTS

Provision is made for the division of the country into regional districts by the Commission, but after these districts are created the question of intercommunication and coordination within the district or of one district with another is left entirely to voluntary agreements between the utilities. There is a provision, however, that under certain conditions a physical connection can be compelled between one utility and another, but this can be accomplished only under certain strict limitations. One is that the application must be made either by a State commission or a utility, either an interstate or intrastate utility.

After hearing the Commission is authorize to require the connection, but subject to limitations, one of which is that the Commission shall not require the connection if it necessitates the enlargement of the generating facilities of the public utility. The other limitation is that it shall not be required if it would impair the service to the customers of the public utility which is thus required to make a connection.

Permission is given for emergency connections, without subjecting the companies to interstate regulation. With the consent of the Commission, permanent connections may be made with a public utility for emergency purposes without subjecting the utility to the jurisdiction of the Federal Power Commission.

The bill includes provision in reference to the disposition of property and the consolidation of public utilities. The public utility is required to get consent of the Commission if it disposes of facilities exceeding $100,000 in value. In case of consolidation with any other utility it must secure the consent of the Commission.

SECURITIES

An important feature of this bill deals with the issuance of securities. The bill starts out with a declaration that no issue of securities is to be made without the approval of the Commission. An application must be made to the Commission for the issuance of securities, and will be granted if asked for a lawful purpose and one which is compatible with the public interest. No such application to the Federal Power Commission is necessary by a public utility organized and operating in a State under the laws of which security issues are regulated by a State commission. This does not accept approval by a State in which the company is organized, but does not operate, or in which it operates but is not organized. Thirty-two States of the Union exercise control over the issuance of securities by utility companies. There are 16 States which have no such requirements. The utility companies in these 16 States would be required to go to the Federal Power Commission for consent to issue their securities.

Then there is a further provision to the effect that if an application is made and approved by the Federal Power Commission it will not be necessary for the utility to make a separate application under the Securities Act of 1933. By filing a copy of the application and proof that was offered to the Federal Power Commission the Securities Exchange Act is complied with, and without any further application.

The committee was confronted with three alternatives as to the control of the issuance of securities. One was to require all applicants go directly under the Securities Act. The second was to require all applicants to come to the Federal Power Commission. The third, and the policy adopted by the committee, was to require application to the Federal Power Commission only in those cases in which the State commissions do not have that authority as above indicated. But in those cases in which the States do exercise that authority it is necessary also to qualify under the Securities Act before the security may issue.

It is provided that in determining the cost of production and transmission the Commission shall act on its own motion or on the request of a State to provide information for the benefit of the State. At first reading this may seem like a strange section, but what it actually covers is the case where a public utility generates its power in one State and transmits it to another State for its own distribution. In this case the Federal Power Commission does not fix the rate of the delivery but does give to the State commission the information on which the State commission can fix its rates. This covers the inability of a State to go into another State and determine the value of a generation plant or the cost of such production.

Another section which has excited considerable controversy is 207, in reference to requiring adequate service in interstate transmission.

This section provides that on complaint of a State commission, and only on complaint of a State commission and after proper hearing, adequate service may be required; but, again, there are two limitations to this requirement. One is that the company shall not be required to enlarge its generating facilities in order to furnish adequate service over State lines. The other limitation is that the public utility shall not be required to furnish such service if to do so would impair the service to its customers.

RATES

This bill also involves the question as to the rate base that should apply in governing the rates for public utilities. The bill contains the general rule that rates must be just and reasonable. The committee would like to have been able to provide a better standard of valuation as a rate-making base, but after considering the question fully we determined it would be a futile thing to do. After the recent decision of the Supreme Court in a Maryland telephone case it is practically a futile thing, in my judgment, for any legislative body to try to write a rate-making base.

The Constitution has established a rate-making base that cannot be decreased or minimized; so when a legislative body attempts to write a rate-making base, we may add to the burden that may be placed upon the consumers of electricity, but we cannot subtract from their burden on account of anything that we may write in the way of a rate base. So without attempting to go any further, we have provided that rates shall be reasonable and just, and under the Supreme Court decision that means that the valuation must be based upon the current value of the property.

Cost is an element of the rate base, but only an element. The cost of reproduction might be an element, but only an element. The one question is the current value of the property, and the Supreme Court will permit no deviation from this principle.

In further reference to the deference that has been shown to the States in connection with the provisions of this bill, I call attention to the fact that provision is made for joint boards to conduct hearings where controversies exist over State lines. Every interested State may be represented on that board. The decision is advisory or as controlling as the Commission is authorized to provide by rules and regulations. In addition to that the Federal Power Commission itself may sit in joint hearing with a State commission to determine a controversy affecting any State in the country.

ACCOUNTS

When we come to part 3, which embodies the procedural provisions, we find that licensees under the Federal Power Commission are included. One of the first provisions is with reference to accounts. One of the most important features in this measure, as I view it, is that referring to accounts. The theory of this bill is to provide a unified accounting system for the public utilities of the United States. It would provide a common language for accounting methods and meanings. It would help to standardize accounting methods and give stability and certainty to utility

values. The commission of every State is to be invited into conference on accounting matters before the rules are to be adopted.

A system of depreciation accounting is to be established for every public utility in the United States. Each public utility is to be given a right to a hearing as to the depreciation of its own property. The Federal Power Commission will not make one sweeping order which shall control the depreciation account of every utility in the country regardless of the substantial values that are affected. There will be no such thing as a uniform depreciation. For instance, out at Boulder Dam the high silt deposit means a shorter life to a turbine as compared to one situated in a clear stream up in New England. Therefore every company will be given the privilege of being heard in fixing its rate of depreciation. The important feature in connection with this section is that a depreciation rule is to be established by the Federal Power Commission that will be binding upon every other public utility subject to control under this bill.

The depreciation account has been one of the most common means for the concealment of profits, concealment of losses, and the concealment of illegitimate transactions. The uncontrolled depreciation account has been a common means of concealing or misrepresenting the true conditions of a company. A fight may be made in committee when this section is reached to try to destroy this feature of the bill. However, it is one of the most essential features if we want honest regulation.

The plan this bill proposes for accounting contemplates an accounting system that in every respect shall be faithful to the facts and one which shall prevent concealment and deception through the manipulation of accounts.

There is provision in this bill in reference to United States agencies, providing that the accounting and depreciation rules of this bill may be applied to the agencies of the United States and of the States. This applies to generation as well as to sales.

PUBLICLY OWNED AGENCIES

The Federal Power Commission is given the broadest authority to investigate and report upon every phase of the production, transmission, and sale of electric energy in the United States, not only affecting the utilities that are immediately under the control of the Federal Power Commission, but also agencies engaged in interstate commerce under the Federal Government, the States, municipalities, and other agencies of the States of the United States. We recognize the many municipally owned and federally owned production plants in the United States. This country doubtless for years to come will face a controversy, a competition between the privately and publicly owned utilities. It is the right of the municipalities of the United States to establish municipally owned plants if they want them. It is to the interest of the American people to have an accounting and reporting system that will give a just basis for comparison as between these two methods of production and sale of electricity.

So from the standpoint of the friends of public ownership as well as from the standpoint of the friends of private ownership this section guarantees authentic reports and investigations. This will afford a just basis of comparison of the two systems. In my opinion, that is a good feature of this bill. No one is going to be unjustly injured by a full revelation of the facts.

We have provisions here against interlocking directorates. This is a provision that to a degree will tend to break up the overwhelming organizations and the centralization of control that have been disclosed. There is a provision against dual directorships without approval of the Commission, or a banker acting as an officer or director, if he is a director or an officer of a bank that is engaged in underwriting or marketing public-utility securities.

With the approval of the Commission he may be permitted to retain his place upon the Board, but not otherwise. The same rule applies to an officer or director of an electrical equipment or supply company.

This is what may be called an open bill. Everywhere it provides for notice, for all interested parties to be represented, for hearings, the right to apply for rehearing, the right of appeal to the court, and so forth. A transcript of the testimony is furnished to the court. When a case goes to court, however, the presumption is in favor of the finding of the Commission.

If there is substantial evidence in support of the finding made by the Commission, then that finding controls the determination of the court.

Another provision that might be pertinent to the controversies of the last few months is that all rules and regulations made by the Commission shall be in convenient form and accessible to the public in the office of the secretary of the Commission.

The Commission is given broad power of investigation. Its general investigation section is similar to that of the Interstate Commerce Commission. It has ample authority to investigate for the purpose of recommending legislation and for the purpose of conducting the business of the regulatory body. Information—correct and current information—is the foundation upon which a regulatory body must, of necessity, depend for the practical and successful administration of its affairs.

General penalties are provided in line with those already provided by the Congress in the Communications Act and in the Interstate Commerce Commission Act.

Without taking any more of your time, I may say I am in favor of these provisions in parts 2 and 3. I support them without any apology. I believe they would, if enacted into law, provide a helpful and a constructive service for the benefit of this country.

Referring to the operating companies, if this act is sensibly and sanely administered, it will be a benefit to the operating companies. The value of any regulatory body must largely depend upon the good sense, fairness, and loyalty to duty of its members. These provisions, if rightly and sanely administered, will give greater credence to what public utilities do; it will make their reports and their accounts reliable; it will add to the value of their stocks and their securities; such stocks and securities will be founded more certainly and more securely on real values and freer from the suspicion of manipulation, deception, and watered values. [Applause.]

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 25 minutes to the gentleman from Massachusetts [Mr. HOLMES].

Mr. HOLMES. Mr. Chairman, as a member of the committee of this House which for the past 5 months has had to grapple with the so-called "public utility holding company bill", I rise now to register my opposition to the measure which the committee has reported and which is now before the House.

Though this bill has been rewritten by our committee, and though some of the particularly vicious features contained in the bill as originally presented to us, with a White House must-pass tag attached, have been substantially modified, it still remains a bad bill, a pediculous bill, and a bill which ought not to pass this House.

The redraft of the bill by our committee has added some sugar-coating to make it a little easier to swallow by such Members of the House as are constrained to swallow it.

The proponents of the bill make no concealment of their real intent—and their real intent is to go as far as possible in the annihilation of utility holding companies, and to go as far as possible in imposing Federal regulation upon the utility operating companies, to a further centralization of bureaucratic power in Washington, to a further obliteration of State power and authority, and to ultimate socialization of one of our major private industries.

The measure offers a striking example of the complexities and perplexities of legislation, under the new deal, which Congress is asked to enact.

The bill as presented to our committee, with Presidential endorsement and White House orders to railroad it through, comprised 178 pages of text, with many long and complex provisions, every one of which raises innumerable questions of public policy, of governmental authority, and of constitutional power.

To many members of the committee it has seemed that the more we studied the various provisions of the bill and the

prospective consequences of it, if it were to be enacted, the worse it appeared.

Even the popular tag for this measure, "public utility holding company bill", is misleading and deceptive.

The outlawing of many holding companies, and regulation of what is left, is only one section of the bill. Title II of the measure rewrites the Federal Water Power Act and vests in the Federal Power Commission very large regulatory control over electric operating companies. This Federal regulation plan is but an entering wedge. The ultimate objective is to supplant the State utility commissions with Federal dictatorship.

The administration's position has been that the holding companies, with rare exception, were without justification, and served no good purpose; that regulation of the operating companies by State commissions has been a failure, and that the Federal Government would have to take over the business of electric rate making.

I see no valid reason or excuse for attempting to take out of the hands of the State utility commissions the regulation of utility operating companies and to transfer such regulation to Washington, except the greed and zeal of the present administration for power and authority over every kind of private business.

I see no valid reason or excuse for attempting by act of Congress to crucify the public-utility holding companies except to gratify the peculiarly vindictive hostility of the present administration to the utility industry.

No one would undertake to defend the Insulls nor some of the high finance which marked not only the public utilities but almost all other industries in the speculative orgy which preceded the stock-market crash in 1929.

On the other hand, to pillory the entire public-utilities industry as this bill does, and to undertake to wipe out a large part of the investment in that industry, is utterly ruthless and unwarranted reprisal.

As matters now stand, and if Congress gives the President his way in this matter, the entire utility industry is to be crucified, and the millions of investors are to be ravaged in retaliation for the misconduct and rascality of some utility operators and utility financiers, and under the specious claim that a benevolent Government is undertaking to safeguard its citizens from future exploitation.

Who are to be the victims if Congress consents to the bill and it becomes law? Not the gamblers and speculators who precipitated the stock-market debacle in 1929; not a few unscrupulous promoters and managers. The victims will be the investors in the industry. And who are they? They are millions of our fellow citizens—thrifty, honorable, and upright—whose slender savings have been invested in what has been supposed to be the safest possible investment, in an enterprise engaged in supplying an indispensable necessity of our present-day civilization, under municipal charter and State regulation.

In reality it is against these people that the administration is conducting its utility holding company warfare, all the ballyhoo to the contrary notwithstanding.

I am convinced that if honestly managed and properly supervised there is nothing inherently wrong or vicious in a holding company, and that in many situations a holding company has real justification. Whatever the individual opinion may be regarding the necessity for holding companies, it is perfectly evident that we cannot dissolve them without tremendous business upheaval and stupendous loss to the investors. The proponents of this bill are undertaking to unscramble an omelet.

Were it not for President Roosevelt's insistence and dictation I doubt if this bill could command a handful of votes in either House. This legislation is not related to business recovery. It is reform, and reform conceived in prejudice. It is comparable to a policy or killing all Christians because some of them are hypocrites. There is no substantial public demand for this bill.

On the contrary, there is opposition and protest from one end of the country to the other. It is charged that all of this protest is propaganda inspired by the Power Trust. I know personally many of the men and women in my district who have written to me in protest against this bill. I do not for 1 minute believe they are voicing any opinions but their own.

I am not going to take the time to read to the House any of these letters. Every Member of Congress, if he reads the letters from his own constituents, knows how many of them are opposed to the bill and fearful of its consequences.

I have here, however, a letter from the president of a public-utility company from which I wish to read a few paragraphs. The writer of this letter is not a constituent of mine. His company is nearly 2,000 miles from Massachusetts—it is on the tip end of Florida—the Tampa Electric Co. Some will say that since the writer of the letter is in the Power Trust his statements are unworthy of belief. Let his statement speak for itself. Let every Member here judge for himself the truth of this man's statements and the logic of his argument. The letter from which I am quoting was addressed to Chairman RAYBURN, and copies went to the members of our committee. It is signed by Peter O. Knight, president Tampa Electric Co. He writes:

I am amazed that anyone, Democrat or Republican, should seriously consider this sort of legislation in this country. I had always supposed that the Democratic Party stood for the protection of individual rights and of private property; that it was opposed to competition by the Government with private business; that it stood for the abolition of useless and unnecessary bureaus and commissions and against the establishment of any new ones; that it vigorously opposed the encroachment of the Federal Government upon the rights of the State and the interference by the Federal Government in local and State affairs.

I do not own a single share of stock in any public-utility holding company. The only electric-light stock that I own is in the Tampa Electric Co., a company organized under the laws of the State of Florida, doing solely an intrastate business, and not controlled or owned by any public-utility holding company, or any man or set of men.

I want this company to continue to be under the jurisdiction of commissions, municipalities, and bureaus in this State, where I am known and supposed to be an honorable citizen, instead of under the jurisdiction of some Federal agency, where everything I say and do is looked upon with suspicion and everyone connected with a public-utility company as a public enemy.

My grandfather and great-grandfather spent the winter at Valley Forge with Washington. If they should come to life now, they would wonder what sort of liberty and fredom they fought for.

We must have a return to normal times in this country. If things go on as they are, matters will be worse a year from now. How do you expect those who have anything to have any confidence in the situation with the administration advocating this sort of legislation? If the administration deems it wise to regulate public-utility holding companies, why does it not introduce a proper measure with that end in view and not undertake to destroy them or to regulate domestic companies that ought to be regulated exclusively by the respective States?

This bill will affect, directly or indirectly, fully half the people of the United States. Why destroy and affect the interests of so many innocent people because of the alleged misdemeanors and crimes of a few?

Frankly, I hope the measure will fail of passage. It ought to.

The strange thing to me is that officeholders in Washington should think they are honest and that the people are dishonest, and that there should be all sorts of legislation to protect the Government of the United States against its citizens.

Thomas Jefferson always maintained that the best governed country was the least governed country. And such is my thought.

After contemplating the activities of the present administration in the establishment of the T. V. A., which I consider a crime; and the lending of money to municipalities to establish electric companies in competition with existing private ones, which is likewise a crime; the imposition of a tax of 3 percent upon the gross receipts of electric light and power companies and upon no other business; the continued expressed hostility of the Federal Government toward utilities; and after reading carefully all the provisions of the pending public-utility holding bill, I have come to the conclusion that the purpose of the measure is not only to annihilate and destroy existing public-utility holding companies, but that the real purpose of the measure and its enactment into law is to strangle and annihilate in its entirety the electric industry in the United States and to substitute in its place a Government-owned and controlled electric industry. Everything the administration has done and is doing satisfies me of that.

If the enactment of such a measure and the carrying out of such a course amounts to integrity and honesty, then I do not know what integrity and honesty is.

Statistics show that the country's bill for domestic residence consumption amounts to less than 10 cents per capita per day for the families who use it. It is evident that we must look for the war motive elsewhere than in the pressure of "economic necessity."

I judge that the writer of the foregoing letter is a Democrat. I commend it to my Democratic colleagues. I am a Republican, but I subscribe to every word he has said.

Let us look for a moment at some figures. Let us see if there is any basis for the contention that the public is being bled white by exorbitant rates for electricity. Let us look at some of the other items in the household budget. Let us see whether it is electric rates or food prices under the new deal which require congressional intervention. Here are some facts and figures as reported in Barron's Financial Weekly of May 18 of this year:

The Nation's bill for residential electric lighting in 1934 was $677,000,000. Impressive as this figure is, it is approximately one-twenty-fourth as large as the total cost of government in America for the same year, namely $16,500,000,000. It is only about one-fifth as large as the increase in the cost of food in 1935 as compared with 1933. According to estimates by the American Institute of Food Distribution, the country will pay $3,350,000,000 more for its food this year than in 1933.

Furthermore, the cost of electricity to the domestic consumer has actually been declining—quite in contrast to the trend of the cost of living. The average charge for residential electricity has fallen by 6 percent since 1933; whereas food has risen, on the average by 35 percent, clothing by 25 percent, coal 5 percent, and housing 4 percent. Such important items as eggs and flour have risen 77 and 67 percent, respectively.

Supposedly to help consumers to save part of the $677,000,000 paid for home electricity in 1934, governmental attacks upon public-utility companies have been instrumental, if not solely responsible, for reducing the value of investment holdings in listed public-utility stocks by more than $2,900,000,000 since March 1, 1933, a decline of 40 percent. In the same period the value of listed industrial stocks has risen by 97½ percent, and of railroads by 19 percent. Most important of all from the standpoint of reemployment and recovery, the threats to the electric industry have almost stopped construction of new facilities.

There are so many other impelling reasons for rejecting this bill that I am not addressing myself to the constitutional questions involved in this legislation, but it is obvious that this bill raises very serious legal questions and very serious legal doubts.

Time does not permit me to discuss the intricate details of this bill. If, as I believe, the bill is wrong in principle—is unnecessary, is unwarranted, is destined to work incalculable injury—then it becomes not a question of perfecting it but of rejecting it in its entirety.

I intend to vote my convictions on this bill. I commend such a course to my colleagues. I urge them to vote as I intend to do—against the bill—and if this House votes according to its convictions this bill will be rejected. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. COLE].

Mr. COLE of Maryland. Mr. Chairman, I ask unanimous consent to extend my remarks and to insert therein some extracts from various legal opinions and other references to testimony and documents referred to.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. COLE of Maryland. Mr. Chairman, S. 2796, as reported to the House on June 24, 1935, is the result of consideration for many weeks by the Committee on Interstate and Foreign Commerce of H. R. 5423, a companion bill to the one on the same subject introduced in the Senate. After the Senate bill had passed and was referred to the House committee, the action of the House committee resulted in substitution for the Senate bill, as an amendment thereto, of an entirely new bill, reflecting the views of the majority of the committee in some instances, and the unanimous decision of the committee in many others.

One of the principal attractions service in Congress presents to me is the privilege I have enjoyed for two sessions of being a member of the Committee on Interstate and Foreign Commerce. This committee, presided over by an able, industrious, and conscientious chairman, the Honorable SAM RAYBURN, of Texas, has in its membership, representing both sides of the aisle, a group of real men, solid in their convictions, firm in their decisions, conscientious and sincere in their deliberations, and above all willing to approach great problems of government in a nonpartisan and noble way. It is true that partisan questions at times become injected into the sessions of the committee, and that is not only to be expected but is a healthy and helpful occurrence. When it comes, however, to the decisions upon those questions, which are admittedly to the best interest of the country, the Members of this House have seldom found a division in the ranks of this committee. I have enjoyed this association and benefited tremendously as a result of it, and I wish all Members of this House could have the same experience, but such is not possible. It is my purpose briefly, because of the limited time I have, to convey in as fair a way as I can my impression of this very important bill, why I view the measure in some respects as I do, and why I think the Members of this House should sustain the report of this committee as you now have it before you.

In order for the Federal Government to control and eliminate public-utility holding companies, as defined in this bill, I think all will agree, from a legal standpoint, we must look mainly to the interstate clause of the Constitution for such authority. This bill is drafted on the theory that the power of the Federal Government granted by the States to regulate interstate and foreign commerce, is broad enough to embody all the ramifying provisions of the bill as having a direct bearing or effect upon the main subject which the Federal Government admittedly can regulate; that is, the interstate transmission and sale of electric energy and natural gas.

There is, of course, no definite decision of the Supreme Court of the United States which can be given as authority for a situation parallel in every respect to that which is embodied in this measure. Such is not expected for the Congress prior to the enactment of legislation, because in this progressive and rapidly growing age we must meet new problems and new conditions with new legislation which gives voice to our conception of the progressive application of precedents of the courts which can fairly be interpreted as applying to this or that new condition. In our desire to meet these new and changing conditions the Congress must not conclude that there is at the hands of the Federal Government a cure-all remedy for any and every situation that arises. In recent months we have had sufficient reprimand and warning to check ourselves in the course we have heretofore pursued, as though we had a cure-all for everything, and I hope Congress is going to take that admonition seriously. It is peculiarly appropriate that we have some discussion along this line at a time when a bill known to so many of our people is on the floor, sponsored as it is by a committee of the House which was established and exists primarily to deal with legislation affecting commerce between the States and foreign countries. Too much legislation which we have considered in the last few years, having as almost its sole basis to withstand attack in the courts the fact that it regulated interstate commerce, has been reported to the House by committees thoroughly competent but not established to deal with that subject. From a parliamentary standpoint it is easy to appreciate why this should be, as much of the legislation embodies many subjects, and more than one committee can, therefore, have jurisdiction. The point I am trying to make is that the Committee on Interstate and Foreign Commerce has before it at all times, blazoned in a most warning fashion, the challenge that what we deal with is by virtue of specific provisions of the Constitution, and the limitations imposed thereon by the courts must guide us in our deliberations. Starting with this limitation or definition of power, the Interstate Committee of the House, until the last two sessions, reported over a period of many years practically all important legislation dealing with interstate commerce, or having the regulation thereof as a basis for the constitutionality of the measure dealing with subjects beyond the everyday conception of what interstate activities really are. Railroads, telegraph, telephone, radio, and activities closely associated therewith—such as stock exchanges, railroad labor, and others too numerous to mention—have been the everyday consideration, in one form or another, of the members of the Interstate Committee through correspondence, conference, or in committee sessions.

The members of the Interstate Committee, familiar as they are with the jurisdiction the committee enjoys, is cognizant of the fact that commerce and trade, and the regulation thereof or the lack of regulation thereof, between

the Colonies and the mother country, was the controlling factor in bringing about the independence of this country and later the Constitution of the United States. Following the Revolution, the Colonies attempted to go along without a strong Federal Government, but the expected difficulties which arose as to imports and exports and trade and commerce in general caused an intolerable condition, and one that many prophesied would defeat, as the British tried to encourage, the ability of the 13 separate Colonies to function as such. The meetings at Annapolis and later in Philadelphia were called primarily to deal with this subject, and in doing so there developed an obvious necessity for some governing body to control certain phases and activities of government essential to assure a unity among the Colonies. This resulted in the United States and a Constitution, wherein the States surrendered certain powers they enjoyed to the exclusion of any other government, and retained to themselves everything not specifically delegated to the National Government. One of these powers granted the National Government was the familiar article I, section 8, clause 3 of the Constitution; that is—

To regulate commerce with foreign nations and among the several States and with the Indian tribes.

The courts have been liberal in their interpretation of this language of the Constitution; and, as I read the trend of the decisions, I think it is most apparent that with the proper factual basis for enactment of legislation by Congress dealing with interstate commerce, all the Federal regulation thereof that is necessary or expedient can be supplied. While the courts have construed this provision liberally, at the same time they have said that the privilege or right given to the Federal Government must not be exceeded or abused.

It is not difficult in these times to interpret liberally the provisions of the National Constitution and find support therefor. The trouble is, however, that many untrained and impractical theorists, lacking the conception of government which not only study but association with the fundamentals and ideals of the Government engender, inject the entirely too radical and all-inclusive idea that the Federal Government can usurp many, yes, major functions of the States.

I say it should not be difficult because our oldest precedents defined the flexibility and liberality of the aforegoing provision of the Constitution and at the same time read into it those limitations we should recognize. Mr. Chief Justice Marshall in *McCulloch* v. *Maryland et al.* (4 Wheat. 579 (1819) 601), said:

Although, among the enumerated powers of government, we do not find the word "bank" or "incorporation", we find the great powers to lay and collect taxes; to borrow money; to regulate commerce; to declare and conduct a war; and to raise and support armies and navies. The sword and the purse, all the external relations, and no inconsiderable portion of the industry of the Nation, are intrusted to its Government. It can never be pretended that these vast powers draw after them others of inferior importance merely because they are inferior. Such an idea can never be advanced. But it may with great reason be contended that a government intrusted with such ample powers, on the due execution of which the happiness and prosperity of the Nation so vitally depend, must also be intrusted with ample means for their execution. The power being given, it is the interest of the Nation to facilitate its execution.

As to the nature and extent of the grant of power to the Congress on this subject, also of the relations expressed and implied, let me quote again Mr. Chief Justice Marshall in the case of *Gibbon* v. *Ogden* (9 Wheat. 1), wherein he said:

The genius and character of the whole Government seem to be that its action is to be applied to all the external concerns of the Nation, and to those internal concerns which affect the States generally; but not to those which are completely within a particular State, which do not affect other States, and with which it is not necessary to interfere for the purpose of executing some of the general powers of the Government. The completely internal commerce of a State, then, may be considered as reserved for the State itself (p. 195).

The theory of that great opinion is discussed at length in the important case of *Kidd* v. *Pearson* (128 U. S. 1 (1888)). For the information of the House I quote at length from that decision:

The questions, then, for this Court to determine are: (1) Does the statute as thus construed conflict with section 8, article 1, of the Constitution of the United States by undertaking to regulate commerce between the States; and (2) does it conflict with the fourteenth amendment of that Constitution by depriving the owners of the distillery of their property therein without "due process of law"? All of the assignments of error offered are but variant statements of one or the other of these two propositions.

* * * *The only question before us, therefore, is as to the relation of the Iowa statutes to the regulation of commerce among the States.* (Italics are mine.)

The line which separates the province of Federal authority over the regulation of commerce, from the powers reserved to the States, has engaged the attention of this Court in a great number and variety of cases. The decisions in these cases, though they do not in a single instance assume to trace that line throughout its entire extent, or to state any rule further than to locate the line in each particular case as it arises, have almost uniformly adhered to the fundamental principles which Chief Justice Marshall, in the case of *Gibbons* v. *Ogden* (9 Wheat. 1), laid down as to the nature and extent of the grant of power to Congress on this subject, and also of the limitations, expressed and implied, which it imposes upon State legislation with regard to taxation, to the control of domestic commerce, and to all persons and things within its limits, of purely internal concern.

According to the theory of that great opinion, the supreme authority in this country is divided between the Government of the United States, whose action extends over the whole Union, but which possesses only certain powers enumerated in its written Constitution, and the separate governments of the several States, which retain all powers not delegated to the Union. The power expressly conferred upon Congress to regulate commerce is absolute and complete in itself, with no limitations other than are prescribed in the Constitution; is to a certain extent exclusively vested in Congress, so far free from State action; is coextensive with the subject on which it acts, and cannot stop at the external boundary of a State, but must enter into the interior of every State whenever required by the interests of commerce with foreign nations or among the several States. This power, however, does not comprehend the purely internal domestic commerce of a State which is carried on between man and man within a State or between different parts of the same State.

Referring to certain laws of State legislatures which had a remote and considerable influence on commerce, the Court said that the acknowledged power of the State to regulate its police, its domestic trade, and to govern its own people may enable it to legislate over this subject to a great extent; but these and other State laws of the same kind are not considered as an exercise of the power to regulate commerce with foreign nations and among the several States, or enacted with a view to it; but, on the contrary, are considered as flowing from the acknowledged power of a State to provide for the safety and welfare of its people, and form a part of that legislation which embraces everything within the territory of a State not surrendered to the general Government. Sacred, however, as these reserved powers are regarded, the Court is particular to declare with emphasis the supreme and paramount authority of the Constitution and laws of the United States, relating to the regulation of commerce with foreign nations, and among the several States; and that whenever these reserved powers, or any of them, are so exercised as to come in conflict with the free course of the powers vested in Congress, the law of the State must yield to the supremacy of the Federal authority, though such law may have been enacted in the exercise of a power undelegated and indisputably reserved to the States.

In the light of these principles, and those which this Court in its numerous decisions has added in illustration and more explicit development, it will not be difficult to determine whether the law of Iowa under consideration invades, either in purpose or effect, the domain of Federal authority.

With equal force and clarity I might cite many decisions of the Supreme Court, but for the sake of brevity let me conclude with the last word on the subject found in the case of Schechter Poultry Corporation against United States, decided by the Supreme Court May 27, 1935, wherein Mr. Chief Justice Hughes said:

In determining how far the Federal Government may go in controlling intrastate transactions upon the ground that they "affect" interstate commerce, there is a necessary and well-established distinction between direct and indirect effects. The precise line can be drawn only as individual cases arise, but the distinction is clear in principle. Direct effects are illustrated by the railroad cases we have cited, as e. g., the effect of failure to use prescribed safety appliances on railroads which are the highways of both interstate and intrastate commerce, injury to an employee engaged in interstate transportation by the negligence of an employee engaged in an intrastate movement, the fixing of rates for intrastate transportation which unjustly discriminate against interstate commerce. But where the effect of intrastate transactions upon interstate commerce is merely indirect, such transactions remain within the domain of State power. If the commerce clause were construed to reach all enterprises and transactions which could be said to have an indirect effect upon interstate commerce, the Federal authority would embrace practically all the activities of the people and the authority of the State over its domestic concerns would exist only by sufferance of the Federal Government. Indeed, on such a theory, even the development of the State's commercial facilities would be subject to Federal control. As we

said in the *Minnesota Rate Cases* (230 U. S. 352, 410): "In the intimacy of commercial relations, much that is done in the superintendence of local matters may have an indirect bearing upon interstate commerce. The development of local resources and the extension of local facilities may have a very important effect upon communities less favored and to an appreciable degree alter the course of trade. The freedom of local trade may stimulate interstate commerce, while restrictive measures within the police power of the State enacted exclusively with respect to internal business, as distinguished from interstate traffic, may in their reflex or indirect influence diminish the latter and reduce the volume of articles transported into or out of the State." (See also, *Kidd* v. *Pearson* (128 U. S. 1, 21), *Heisler* v. *Thomas Colliery Co.* (260 U. S. 245, 259, 260).)

The distinction between direct and indirect effects has been clearly recognized in the application of the Antitrust Act. Where a combination or conspiracy is formed, with the intent to restrain interstate commerce or to monopolize any part of it, the violation of the statute is clear (*Coronado Coal Co.* v. *United Mine Workers*, 268 U. S. 295, 310). But where that intent is absent, and the objectives are limited to intrastate activities, the fact that there may be an indirect effect upon interstate commerce does not subject the parties to the Federal statute, notwithstanding its broad provisions. This principle has frequently been applied in litigation growing out of labor disputes (*United Mine Workers* v. *Coronado Coal Co.*, 259 U. S. 344, 410 411; *United Leather Workers* v. *Herkert*, 265 U. S. 457, 464–467; *Industrial Association* v. *United States*, 268 U. S. 64, 82; *Levering & Garrigues Co.* v. *Morrin*, 289 U. S. 103, 107, 108). In the case last cited we quoted with approval the rule that had been stated and applied in *Industrial Association* v. *United States*, supra, after review of the decisions, as follows: "The alleged conspiracy and the acts here complained of, spent their intended and direct force upon a local situation—for building is as essentially local as mining, manufacturing, or growing crops—and if, by resulting diminution of the commercial demand, interstate trade was curtailed either generally or in specific instances, that was a fortuitous consequence so remote and indirect as plainly to cause it to fall outside the reach of the Sherman Act."

While these decisions related to the application of the Federal statute, and not to its constitutional validity, the distinction between direct and indirect effects of intrastate transactions upon interstate commerce must be recognized as a fundamental one, essential to the maintenance of our constitutional system. Otherwise, as we have said, there would be virtually no limit to the Federal power and for all practical purposes we should have a completely centralized government. We must consider the provisions here in question in the light of this distinction.

* * * * * * *

If the Federal Government may determine the wages and hours of employees in the internal commerce of a State, because of their relation to cost and prices and their indirect effect upon interstate commerce, it would seem that a similar control might be exerted over other elements of cost, also affecting prices, such as the number of employees, rents, advertising, methods of doing business, etc. All the processes of production and distribution that enter into cost could likewise be controlled. If the cost of doing an intrastate business is in itself the permitted object of Federal control, the extent of the regulation of cost would be a question of discretion and not of power.

* * * * * * *

It is not the province of the Court to consider the economic advantages or disadvantages of such a centralized system. It is sufficient to say that the Federal Constitution does not provide for it. Our growth and development have called for wide use of the commerce power of the Federal Government in its control over the expanded activities of interstate commerce, and in protecting that commerce from burdens, interferences, and conspiracies to restrain and monopolize it. But the authority of the Federal Government may not be pushed to such an extreme as to destroy the distinction, which the commerce clause itself establishes, between commerce "among the several States" and the internal concerns of a State.

In a concurring opinion in the foregoing Schechter case, Mr. Justice Cardozo made the following statement:

I find no authority in that grant for the regulation of wages and hours of labor in the intrastate transactions that make up the defendants' business. As to this feature of the case little can be added to the opinions of the court. There is a view of causation that would obliterate the distinction between what is national and what is local in the activities of commerce. Motion at the outer rim is communicated perceptibly, though minutely, to recording instruments at the center. A society such as ours "is an elastic medium which transmits all tremors through its territory; the only question is of their size." Per Learned Hand, judge, in the court below. The law is not indifferent to considerations of degree. Activities local in their immediacy do not become interstate and national because of distant repercussions. What is near and what is distant may at times be uncertain. Cf. *Board of Trade* v. *Olsen* (262 U. S. 1). There is no penumbra of uncertainty obscuring judgment here. To find immediacy or directness here is to find it almost everywhere. If centripetal forces are to be isolated to the exclusion of the forces that oppose and counteract them, there will be an end to our Federal system.

I commend to the members of this Committee, and especially to those Members who are lawyers, not only the aforegoing facts and recitals of existing law, but the study of the legal application of the commerce clause of the Constitution. You will find it interesting, consoling, and illuminating. Interesting, because of the firmness with which the courts have adhered to what I believe to be the meaning and intent of the framers of our Constitution; consoling, because it destroys totally the cry of many at this time who would amend, yes wreck, our Constitution in order to set up a Government of men in place of a Government of laws; illuminating, because in the busy rush and hubbub of everyday life of a Member of Congress, not having the time to divorce himself from the many troublesome problems of Government and of constituents, to do so, with this subject as your companion, during a period of seclusion with your own thought and conscience, you will find a reaffirmance of that confidence in the basic law of the Government under which we live as instilled into you during the days as a law student. It will recall those solid and sound arguments advanced by you in the defense of the rights of your clients during the days at the trial table, which many of us have been forced to lay aside. In the end I predict you will find yourself, if not now, then rejoicing, in the satisfaction you will receive in saying that the trouble with unconstitutional legislation, embarrassing, of course, to a Congressman who has voted for it, is not the fault of the basic law under which we operate, or the interpretation of the courts thereof, but with the overzealous desire and ambition of some who, without mature judgment and thought, have tried through the instrumentalities of the Government to cure with one sweep the effects, known and unknown, of a great debacle which came upon us partly because we had failed in our duty in the past to provide in a constitutional way against some of the causes thereof.

As was recently said by a great jurist of my own State, Judge T. Scott Offutt:

The plan of empowering a court to nullify all legislative and executive acts which violate rights expressly guaranteed by a written constitution was a unique discovery in political science, the peculiar precedent of the genius of the American people. It established for the first time in the history of organized government, a government of law.

* * * So long as the Constitution endures and the powers of the Supreme Court remain unimpaired, it will continue a Government of law, and the customary rights of the people will be protected.

* * * Obviously a despotism, whether of a mob, a dictator, or a group where freedom of conscience, or thought, and of act comes as a matter of grace and not of right affords no such protection.

* * * In this land the only barrier against such tyranny is the Supreme Court, the watchman and the guardian of the Constitution. Throughout its history it has been the object of virulent and venomous attacks by powerful and influential interests who sought to sell the Constitution to serve their ends. But throughout its history it has stood steadfast, courageous, and unmovable, the greatest of American institutions, which has preserved inviolate America's ideal of a government of law.

The bill before us, as I see it, has a twofold objective: First, the control and, under certain conditions, the elimination of public utility holding companies in the electric and gas fields. Second, to vest in the Federal Power Commission powers over electric-utility companies engaged in interstate commerce comparable to the powers now vested in the Interstate Commerce Commission with respect to railroads. After many weeks of hearings on the entire bill subcommittees were appointed, and I was assigned to the committee dealing with titles II and III or title II—which contained the second point as outlined—and also title III of the original bill dealing with natural gas, which title was eliminated by the House committee in its report to the House.

While I have very definite views as to some sections of title I, especially section 11 thereof, to which I shall briefly refer later, I want to discuss at some length that part of the bill with which I have been most intimately associated in its preparation and final draft as you now find it.

Title II, as it passed the Senate, applied to not only the transmission and sale of electric energy in interstate commerce but to the production and generation thereof. The bill, furthermore, ignored in many ways not only the prerogatives but the existing regulatory provisions by the States of certain activities covered therein. Having in mind that

these public-utilities companies, by virtue of the regulation imposed in title I and of the existing regulations thereunder in the States, title II further imposed the burden of another commission being over them.

In the original bill there was broad power given to the Commission to establish zones throughout the country and to force interconnections and coordination of facilities and service so as to subject the utilities in a mandatory fashion to those so-called "integrated and geographically established areas" as determined by the Commission.

The original bill, in its effort to establish rates and make valuations on a basis therefor, contained language which has since been conceded by those drafting the bill to be unconstitutional. As now recommended by the committee, the bill is limited in its provisions to the transmission and sale of electric energy in interstate commerce and the facilities connected therewith and excludes generation and production therefrom.

As to the jurisdiction of the States and State commissions, I doubt if any State commission or State officials familiar with the bill as it is now before you will say that the jurisdiction of the States has not been safeguarded and protected in a fair and lawful way. In doing so we have tried—and I think successfully—to avoid the injection into the Federal control, which this title confers, the extension thereof into intrastate activities in the way that the Shreveport case might permit. Seeing the wisdom of dividing the country into regular districts for the interconnection and coordination of facilities for the generation, transmission, and sale of electric energy, the bill now provides for the Commission to make a study and findings to that end. It shall be the duty of the Commission thereafter to promote and encourage such interconnection and coordination with the districts or areas deemed advisable, but such interconnection and coordination shall be imposed only by voluntary action on the part of the public utilities affected. Having in mind that such areas or districts will be established and much of the recommendations connected therewith will be adopted through voluntary action, we have vested the Commission with the power to compel physical connections and to sell energy or exchange energy with other utilities, all of which is to be done, following application therefor by any State commission or person engaged in the transmission or sale of electric energy, under certain limits set forth in the bill.

Of real importance, the Commission has very definite jurisdiction over the sale, lease, or other disposition of facilities subject to the jurisdiction of the Commission. Securities bought and sold by utilities under this title are regulated and controlled in a very definite way. When, however, a security issue is approved by the Federal Power Commission, then, as in the case of railroad securities approved by the Interstate Commerce Commission, copies of the reports filed with the Federal Power Commission are to be accepted by the Securities and Exchange Commission in lieu of reports, information, and documents required under sections 12 and 13 of the Securities and Exchange Act of 1934. This we have felt to be fair because of much duplication of the many and voluminous reports which the public utilities are required to make to any commission exercising jurisdiction over them, which is not only burdensome and expensive on the utilities but unnecessary as we see it and also expensive to the Federal Government. The Commission is empowered to determine the value of properties used in production and transmission of electric energy and to fix the rates and charges therefor. This is confined, naturally, to such part of the business as the Commission controls, leaving to the States that which is of intrastate character. The recent decision of the Supreme Court in the case of West and others against Chesapeake & Potomac Telephone Co. of Baltimore City, delivered June 3, 1935, has been most helpful in connection with framing this important section. There is nothing more important, in our judgment, when we come to deal with this entire subject than the setting up of necessary machinery whereby the Federal Government can appraise and value, for rate-making purposes, that part of the electric-utility business which is interstate in character and beyond the jurisdiction of the State regulatory agencies. Much of the delay and expense incident to rate cases conducted by the States has been directly attributable to the technicalities raised and the expense necessary for the State commission to properly cope with the matter.

The bill was originally drawn on the theory that for the purpose of just and reasonable rates the Commission should determine the actual and prudent cost of the property less accrued depreciation thereon. Mr. Justice Roberts, in delivering the opinion of the Court in the Telephone case, supra, made it very clear that such a provision would be unconstitutional and it was therefore stricken out. In lieu thereof there is new language and while that may not be entirely clear, it was inconceivable to those of us serving on the subcommittee that any State or National commission establishing valuation of a public utility for rate purposes should do other than follow the very clear formula or standard now established by the Court. No one consideration alone as to value, such as legitimate cost or prudent cost, is sufficient; but all elements must be taken into account, such as reproduction value, actual cost, going value, proper depreciation allowance, so that in the end, after considering the aforegoing and such other elements of value as are essential, leave a figure upon which the rate established thereon will not be confiscatory. The dissenting opinion by Mr. Justice Stone on this case was also most helpful in clearing up the difficulties the commissions and courts have had in stating with definiteness that the theory of rate making outlined in Smith and Ames is still the rule, and if not, how it has been changed, by later decisions.

A provision for the establishment of joint boards between the Federal commissions and the States is contained. A uniform system of accounting is established, and because of the demand therefor and the admission on the part of most everyone that such is advisable, the provisions therefor will very likely be required of companies now subject to State regulation because of a small fraction of their business being under the Federal Commission. We have thought this advisable because it is most necessary to have uniformity in accounting as well as depreciation instead of 48 different methods. This provision will be followed, in my judgment, by the adoption by the State commission of such uniform method as the Federal Power Commission will prescribe. Agencies of the United States are subject to the uniform accounting and depreciation rule established by the Federal Power Commission. The Commission is invested with broad investigating powers to investigate any phase of the industry with which they are dealing and report back its findings to the Congress. Where there is a conflict of jurisdiction between titles I and II, the jurisdiction under title I prevails.

There was considerable debate in the Senate during consideration of this bill as to the inclusion of generation under title II. The subcommittee gave this question a great deal of consideration, both as to the necessity therefor and the legality thereof. We concluded that generation was beyond the jurisdiction of the Federal Government and therefore excluded it. The decision in the Schechter case was considered as to its applicability to the language in the Senate bill, and some felt it would sustain the inclusion of generation while others thought otherwise. The test seems to be, as the proponents for inclusion of generation view it, whether or not generation has such a direct effect upon transmission and sale, and therefore upon the interstate-commerce activities to be regulated, as to bring it within the purview of such regulations. The decision in *U. S.* v. *N. Y. Central* (272 U. S. 457, 464) has been cited as authority for the inclusion of generation, and the language of the Court in upholding the power of interstate commerce to compel the interconnection, which is the subject in that case, has been cited to us as authority therefor. To give both sides of the picture, I quote from that case as it has been cited to me:

> The Commission having jurisdiction over the carriers and the facilities by which the transportation is carried on, the question is narrowed to whether its jurisdiction extends to the entire current of commerce flowing through this terminal although intrastate in part. When we consider the nature and extent of the commingling of interstate and intrastate commerce, and the difficulty of segregating the freight passing through the terminal, we think it clear that Congress in employing such broad language as "the Commission shall have full authority to determine and prescribe

the terms and conditions upon which these connecting tracts shall be operated" intended to confer upon the Commission power to regulate the entire stream of commerce. Where, as here, interstate and intrastate transactions are interwoven, the regulation of the latter is so incidental to and inseparable from the regulation of the former as properly to be deemed included in the authority over interstate commerce conferred by statute. This was the view of the State court (*People ex rel. New York Central R. R.* v. *Public Service Commission*, supra. *Cf. State of Colorado* v. *United States*, 271 U. S. 153; *Interstate Commerce Commission* v. *Goodrich Transit Co.*, 224 U. S. 194; *Dayton-Goose Creek Ry.* v. *United States*, 263 U. S. 456, 485; *Texas & Pac. Ry.* v. *Gulf, etc., Ry.*, 270 U. S. 266). An interpretation of the statute which would in practice require the segregation of all shipments in interstate commerce would make compliance with the Commission's orders impossible and defeat the purpose of the act.

The same gentlemen quote also the decision of the Supreme Court in *Federal Radio* v. *Nelson Bros. B. and M. Co.* (289 U. S. 266), wherein the Court said:

That the Congress had the power to give this authority to delete stations, in view of the limited radio facilities available and the confusion that would result from interferences, is not open to question. Those who operated broadcasting stations had no right superior to the exercise of this power of regulation. They necessarily made their investments and their contracts in the light of, and subject to, this paramount authority. This Court has had frequent occasion to observe that the power of Congress in the regulation of interstate commerce is not fettered by the necessity of maintaining existing agreements which would conflict with the execution of its policy, as such a restriction would place the regulation in the hands of private individuals and withdraw from the control of Congress so much of the field as they might choose by prophetic discernment to bring within the range of their enterprises.

In support of the decision of the committee striking out generation and production from the regulatory control of the Federal Power Commission I present the following brief as supporting the view that Congress cannot regulate the manufacture, generation, or production, or whatever term you might use, of electric energy for transmission in interstate commerce:

The power of Congress to regulate commerce is granted by the United States Constitution in article I, section 8, which provides that "The Congress shall have power * * * to regulate commerce with foreign nations and among the several States and with the Indian tribes."

This power, along with others enjoyed by the Federal legislative body, must be construed in connection with article X of the amendments to the United States Constitution, which provides that "The powers not delegated to the United States by the Constitution nor prohibited by it to the States are reserved to the States, respectively, or to the people."

In accordance with this provision, it has long been settled as a fundamental part of our American system of government that the Congress has only those powers which have been expressly delegated to it by the States. This principle was most recently reaffirmed by the United States Supreme Court in the case of *Joseph Schechter et al.* v. *United States of America*, decided by a unanimous Court on May 27, 1935.

As the result of litigation in comparatively recent times it has become firmly established that the generation of electric energy constitutes manufacturing and not commerce, and this even though the power generated is at once transmitted across State boundaries and consumed almost simultaneously with its generation in another State. (See *South Carolina Power Co.* v. *South Carolina Tax Commission; Broad River Power Co.* v. *Query; Lexington Water Power Co.* v. *Query* (52 F. (2d) 515), affirmed April 18, 1932 (286 U. S. 525), per curiam; *Utah Power & Light Co.* v. *Pfost* (May 16, 1932; 286 U. S. 165, 76 L. Ed. 1038).)

In both of the above cases the contention was made and supported by the testimony of the ablest and most distinguished physicists of the country that the generation, transmission, and consumption of electrical energy was of such a nature that where there was generation in one State accompanied by transmission to and consumption in another State, an interstate system was set up, of which the generation was such an integral part as not to be subject to taxation by the State in which the electrical energy was generated.

This contention was stated by Circuit Judge Parker in the South Carolina cases, supra, in the following language:

"The principal questions under the commerce clause of the Constitution (Const. U. S., art. I, sec. 8, cl. 3) are based upon what is said to be the inherent nature of the generation and transmission of electric power. It is said that only so much power is generated as is needed to supply the user; that the whole system is so connected and regulated that, whether produced by water power or by steam, the generators produce only so much current as is called for at any given time by the use made of the current by the customer; that electricity travels at the rate of 186,000 miles per second, with the result that current is generated and transmitted instantaneously to the customer when he signifies his need of it by turning on his light, motor, or other device using current; and that the transmission of current to the customer in interstate commerce must be treated, therefore, as generation and transmission in response to order, which the State cannot burden by taxation * * *."

Similarly in *Utah Power & Light Co.* v. *Pfost, supra*, Mr. Justice Sutherland summarized the same contention in the following language:

"First. Appellant contends that the tax is not one on manufacture or production or on the extraction of a product of nature, but on the transfer or conveyance of energy in nature from its source to its place of use; that, in part, appellant's system consists of generating stations in Idaho and transmission lines across the boundary into Utah, and thence to various consumers, the combined action of which constitutes an operation in interstate commerce; that the energy is brought to the consumers in Utah directly from its source in the water fall; that thus the generator is an instrumentality of interstate commerce; that the process of generation is simultaneous and interdependent with that of transmission and use, and because of their inseparability the whole is interstate commerce; that since the intent of the act is to tax the whole business, and no provision is made for the separate determination of interstate and intrastate business, the act, in burdening interstate commerce, is void in its entirety."

In the first case this contention was analyzed and rejected in an able opinion by Circuit Judge Parker, who said in regard to it in part as follows:

"We think, however, that the argument of complainants ignores, at or least does not accord sufficient importance to, the part played by the transformer in the system of electrical transmission. Electricity is produced at a low voltage. For transmission over long distances it is 'stepped up' by a transformer to a very high voltage; and all of the current transmitted in interstate commerce by complainants is thus 'stepped up' before transmission in such commerce. Before it can be used by the consumer it must be 'stepped down' again to a low voltage; and all of the current received by complainants in interstate commerce is thus stepped down before being sold or used by the consumer. * * *

"Now, as far as the production or generation tax on current is concerned, there can be no question as to its validity as applied to current transmitted in interstate commerce, we think, even though the current transmitted be conceived of as the identical current produced. The production of an article for transmission in interstate commerce is not in itself such commerce (*United Leather Workers' International Union, Local Lodge or Union No. 66* v. *Herkert*, 265 U. S. 457, 45 S. Ct. 623, 68 L. Ed. 1104, 33 A. L. R. 566; *United Mine Workers* v. *Coronado Coal Co.*, 259 U. S. 344, 42 S. Ct. 570, 66 L. Ed. 975, 27 A. L. R. 762; *Delaware L. & W. R. R.* v. *Yurkonis*, 238 U. S. 439, 35 S. Ct. 902, 59 L. Ed. 1397). And there can be no question but that such production is taxable by the State.

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"* * * Even if the current sold be considered as the current which is brought in, it has gone through a process in which it has been 'broken up' or changed from one current of high voltage to many currents of low voltage; and it is these many currents of low voltage sold within the State upon the sale of which the tax is levied. While electric current can hardly be said to 'come to rest' within a State, its interstate journey ends at the transformer which uses it for the production of low-voltage currents for use within the State. The situation is the same in principle as the breaking up of an original package after shipment in interstate commerce (cf. *Brown* v. *Maryland*, 12 Wheat. 419, 443; 6 L. Ed. 678), or the breaking up of a cargo of oil after its interstate journey and the sending of it in tank cars to the points where needed within the State (*Atlantic C. L. R. Co.* v. *Bell*, 275 U. S. 257, 48 S. Ct. 107, 72 L. Ed. 270; *Atlantic C. L. R. Co.* v. *Standard Oil Co.* (C. C. A. 4th) 12 F. (2d) 541, 60 A. L. R. 1456), or the distribution of gas in low-pressure pipes after it has been brought into the State in high-pressure pipes in interstate commerce (*East Ohio Gas Co.* v. *Tax Commission of Ohio*, 283 U. S. 465, 51 S. Ct. 499, 500, 75 L. Ed. 1171)."

To the same effect, see also the later opinion of Judge Parker in dismissing the bills of complaint in the same cases on subsequent hearings, reported in Sixtieth Federal (2d), 528.

And see *Broad River Power Co.* v. *Query* (288 U. S. 178, 181; 77 L. Ed. 685, 687); *Mill Creek Coal & Coke Co.* v. *Public Service Commission* (84 W. Va. 662, 669; 100 S. E. 557; 7 A. L. R. 1081).

The same conclusion was reached a few months later by the United States Supreme Court in *Utah Power & Light Co.* v. *Pfost*, in a unanimous decision, in which Mr. Justice Sutherland said in this regard in part as follows:

"The various specific objections to the findings made below and the failure to adopt others suggested by appellant become immaterial in view of our conclusions. We are satisfied, upon consideration of the whole case, that the process of generation is as essentially local as though electrical energy were a physical thing, and to that situation we must apply, as controlling the general rule that commerce does not begin until manufacture is finished, and hence the commerce clause of the Constitution does not prevent the State from exercising exclusive control over the manufacturer" (*Cornell* v. *Coyne* (192 U. S. 418, 428, 429; 48 L. Ed. 504, 508, 509; 24 S. Ct. 393)). "Commerce succeeds manufacture, and is not a part of it" (*United States* v. *E. C. Knight Co.* (156 U. S. 1, 12; 39 L. Ed. 325, 329; 15 S. Ct. 249)).

"Without regard to the apparent continuity of the movement, appellant, in effect, is engaged in two activities, not in one only. So far as it produces electrical energy in Idaho, its business is purely intrastate, subject to State taxation and control. * * *" (Citing *Oliver Iron Mining Co.* v. *Lord* (262 U. S. 172; 67 L. Ed. 929); *Hope Natural Gas Co.* v. *Hall* (274 U. S. 284; 71 L. Ed. 1049).)

The same line of reasoning has been adopted by the Supreme Court in holding the local distribution of interstate gas to be intra-

state commerce (*East Ohio Gas Co.* v. *Tax Commission* (283 U. S. 465; 75 L. Ed. 1171)). And see also *Eastern Air Transport* v. *South Carolina Tax Commission* (285 U. S. 147; 67 L. Ed. 673); *West Virginia & Maryland Gas Co.* v. *Public Service Commission* (134 Md. 137).

The contention has been made that the above authorities concern only the validity of State taxes, which the Supreme Court will sustain, if at all possible, but are not controlling on the question of Federal control over the same subject matter.

It may truthfully be said that no decision of the United States Supreme Court can be cited making any such distinction between such classes of cases. Indeed, this contention would seem to have been finally and definitely answered by the United States Supreme Court in the very recent Schechter case, where it was decided by a unanimous Court that Congress had no power to exercise Federal control over intrastate business indirectly affecting or affected by interstate commerce.

As the result of the decision by the Supreme Court in *Utah Light & Power Co.* v. *Pfost*, supra, it is now settled that the generation of electric energy for transmission in interstate commerce is not itself interstate commerce but manufacture. And it has long been established that manufacturing not only is not interstate commerce, but does not even constitute commerce.

A leading authority on this point is *Kidd* v. *Pearson* (128 U. S. 1, 32 L. Ed. 346). In that case the facts disclosed that the plaintiff was a manufacturer of intoxicating liquor, none of which was sold within the State and all of which was exported in interstate commerce. It was held by the Supreme Court that the manufacturing question did not constitute commerce and a fortiori; it did not constitute interstate commerce. In that regard, Mr. Justice Lamar said on behalf of a unanimous Court, in part, as follows:

"No distinction is more popular to the common mind, or more clearly expressed in economic and political literature, than that between manufactures and commerce. Manufacture is transformation—the fashioning of raw materials into a change of form for use. The functions of commerce are different. The buying and selling and the transportation incidental thereto constitute commerce; and the regulation of commerce in the constitutional sense embraces the regulation at least of such transportation. The legal definition of the term as given by this court in *County of Mobile* v. *Kimball* (102 U. S. 691, 702 (26:238, 241)), is as follows: 'Commerce with foreign nations and among the States, strictly considered, consists in intercourse and traffic, including in these terms navigation and the transportation and transit of persons and property, as well as the purchase, sale, and exchange of commodities.' If it be held that the term includes the regulation of all such manufactures as are intended to be the subject of commercial transactions in the future, it is impossible to deny that it would also include all productive industries that contemplate the same thing. The result would be that Congress would be invested to the exclusion of the States, with the power to regulate, not only manufacture, but also agriculture, horticulture, stock raising, domestic fisheries, mining—in short, every branch of human industry. For is there one of them that does not contemplate, more or less clearly, an interstate or foreign market? Does not the wheat grower of the Northwest, and the cotton planter of the South, plant, cultivate, and harvest his crop with an eye on the prices at Liverpool, New York, and Chicago? The power being vested in Congress and denied to the States, it would follow as an inevitable result that the duty would devolve on Congress to regulate all of these delicate, multiform, and vital interests—interests which in their nature are, and must be, local in all the details of their successful management.

"It is not necessary to enlarge on, but only to suggest, the impracticability of such a scheme, when we regard the multitudinous affairs involved, and the almost infinite variety of their minute details."

* * * * * * *

"This being true, how can it further that object so to interpret the constitutional provision as to place upon Congress the obligation to exercise the supervisory powers just indicated? The demands of such a supervision would require, not uniform legislation generally applicable throughout the United States, but a swarm of statutes only locally applicable and utterly inconsistent. Any movement toward the establishment of rules of production in this vast country, with its many different climates and opportunities, could only be at the sacrifice of the peculiar advantages of a large part of the localities in it, if not of every one of them. On the other hand, any movement toward the local, detailed, and incongruous legislation required by such an interpretation would be about the widest possible departure from the declared object of the clause in question. Nor this alone. Even in the exercise of the power contended for, Congress would be confined to the regulation, not of certain branches of industry, however numerous, but to those instances in each and every branch where the producer contemplated an interstate market. These instances would be almost infinite, as we have seen; but still there would always remain the possibility, and often it would be the case that the producer contemplated a domestic market. In that case the supervisory power must be executed by the State; and the interminable trouble would be presented, that whether the one power or the other should exercise the authority in question would be determined, not by any general or intelligible rule, but by the secret and changeable intention of the producer in each and every act of production. A situation more paralyzing to the State governments, and more provocative of conflicts between the General Government and the States, and less likely to have been what the framers of the Constitution intended, it would be difficult to imagine."

In *Oliver Iron Mining Co.* v. *Lord* (262 U. S. 172, 67 L. Ed. 929), cited with approval by the United States Supreme Court in the case of *Utah Power & Light Co.* v. *Pfost*, supra, it was held that the mining of iron ore did not constitute interstate commerce even though practically all of the production of the mines was immediately shipped out of the State on cars which were run to the mines and loaded from pockets to which the underground ore had been elevated, or even by steam shovels directly from the open pits. In that case Mr. Justice Van Devanter said on this point as follows:

"Plainly the facts do not support the contention. Mining is not interstate commerce, but like manufacturing is a local business subject to local regulation and taxation (citing many cases). Its character in this regard is intrinsic, is not affected by the intended use or disposal of the product, is not controlled by contractual engagements, and persists even though the business be conducted in close connection with interstate commerce (citing many cases)."

It would unduly lengthen the scope of this memorandum to abstract and quote, or even to cite, all of the scores of cases in which the Supreme Court has said that manufacturing is a local matter subject to the taxing and police powers of the State, but subject to no regulation on the part of Congress. One of the strongest opinions on this point, and one of the most pertinent, because most recent, is that delivered by Mr. Chief Justice Hughes on behalf of a unanimous Court in the case of *Joseph Schechter et al.* v. *United States of America*, decided May 27, 1935. There it was held that the business of selling at wholesale poultry almost in its entirety obtained in interstate commerce was intrastate in character and affected interstate commerce so remotely and indirectly that Congress could not prescribe regulations as to hours and wages of labor employed in the business. Mr. Chief Justice Hughes, in holding invalid an act which imposed not a State tax but regulation by Congress, said in part as follows:

"Direct effects are illustrated by the railroad cases we have cited, as e. g., the effect of failure to use prescribed safety appliances on railroads which are the highways of both interstate and intrastate commerce, injury to an employee engaged in interstate transportation by the negligence of an employee engaged in intrastate movement, the fixing of rates for intrastate transportation which unjustly discriminate against interstate commerce. But where the effect of intrastate transactions upon interstate commerce is merely indirect such transactions remain within the domain of State power.

"If the commerce clause were construed to reach all enterprises and transactions which could be said to have an indirect effect upon interstate commerce, the Federal authority would embrace practically all the activities of the people and the authority of the State over its domestic concerns would exist only by sufferance of the Federal Government. Indeed, on such a theory, even the development of the State's commercial facilities would be subject to Federal control.

"As we said in the *Minnesota Rate cases* (230 U. S. 352, 410): 'In the intimacy of commercial relations, much that is done in the superintendence of local matters may have an indirect bearing upon interstate commerce. The development of local resources and the extension of local facilities may have a very important effect upon communities less favored and to an appreciable degree alter the course of trade. The freedom of local trade may stimulate interstate commerce, while restrictive measures within the police power of the State enacted exclusively with respect to internal business, as distinguished from interstate traffic, may in their reflex or indirect influence diminish the latter and reduce the volume of articles transported into or out of the State.' See also *Kidd* v. *Pearson* (128 U. S. 1, 21); *Heisler* v. *Thomas Colliery Co.* (260 U. S. 245, 259, 260)."

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"While these decisions related to the application of the Federal statute, and not to its constitutional validity, the distinction between direct and indirect effects of intrastate transactions upon interstate commerce must be recognized as a fundamental one, essential to the maintenance of our constitutional system. Otherwise, as we have said, there would be virtually no limit to the Federal power and for all practical purposes we should have a completely centralized Government. We must consider the provisions here in question in the light of this distinction.

"The question of chief importance relates to the provisions of the code as to the hours and wages of those employed in defendants' slaughterhouse markets. It is plain that these requirements are imposed in order to govern the details of defendants' management of their local business. The persons employed in slaughtering and selling in local trade are not employed in interstate commerce. Their hours and wages have no direct relation to interstate commerce. The question of how many hours these employees should work and what they should be paid differs in no essential respect from similar questions in other local businesses which handle commodities brought into a State and there dealt in as a part of its internal commerce. This appears from an examination of the considerations urged by the Government with respect to conditions in the poultry trade."

Nor does the fact that a person makes a wide use of the mails incidental to a business intrastate in character render such business interstate and subject to Federal as distinguished from State control (*New York Life Insurance Co.* v. *Cravens*, 178 U. S. 389, 44 L. Ed. 1116; *New York Life Insurance Co.* v. *Deer Lodge County*, 231 U. S. 495, 58 L. Ed. 332).

In the case last cited such a contention by an insurance company doing a Nation-wide business between citizens of a great many States was denied by Mr. Justice McKenna (at p. 509 of 231 U. S., p. 338 of 58 L. Ed.) in the following language:

"* * * Nor does the character of the contracts change by their numbers or the residence of the parties. The latter is made much of in this case. It was made much of in the Cravens case. The effort has been to give a special locality to the contracts and determine their applicatory law, and, indeed, to a centralization of control, to employ local agents, but to limit their power and judgment. To accomplish the purpose there is necessarily a great and frequent use of the mails, and this is elaborately dwelt on by the insurance company in its pleading and argument, it being contended that this and the transmission of premiums and the amounts of the policies constitute a 'current of commerce among the States.' This use of the mails is necessary, it may be, to the centralization of the control and supervision of the details of the business; it is not essential to its character. And we may say, in passing, that such effort has led to regulating legislation, but that it cannot determine its validity was decided in the Cravens case. (See also *Equitable Life Assur. Soc.* v. *Clements* (*Equitable Life Assur. Soc.* v. *Pettus*), 140 U. S. 226, 35 L. Ed. 497, 11 Sup. Ct. Rep. 822.)

"This legislation is in effect attacked by the contention of the insurance company. We have already pointed out that if insurance is commerce and becomes interstate commerce whenever it is between citizens of different States, then all control over it is taken from the States, and the legislative regulations which this Court has heretofore sustained must be declared invalid.

"The number of transactions does not give the business any other character than magnitude. If it did, the department store which deals with every article which covers or adorns the human body, or, it may be, nourishes it, would have one character, while its neighbor, humble in the variety and extent of its stock, would have another. Nor, again, does the use of the mails determine anything. Certainly not that which takes place before and after the transaction between the plaintiff and its agents in secret or in regulation of their relations. But put agents to one side and suppose the insurance company and the applicant negotiating or consummating a contract. That they may live in different States and hence use the mails for their communications does not give character to what they do; cannot make a personal contract the transportation of commodities from one State to another, to paraphrase *Paul* v. *Virginia*. Such might be incidents of a sale of real estate (certainly nothing can be more immobile). Its transfer may be negotiated through the mails and completed by the transmission of the consideration and the instrument of transfer also through the mails."

Many other cases to the same effect might be cited and quoted at length. See, however, especially *Coe* v. *Errol* (116 U. S. 517, 29 L. Ed. 715), *Mobile County* v. *Kimball* (102 U. S. 691, 26 L. Ed. 238), *United States* v. *E. C. Knight Co.* (156 U. S. 1, 39 L. Ed. 325), *Hammer* v. *Dagenhart* (247 U. S. 251, 62 L. Ed. 1101), *Heisler* v. *Thomas Colliery* (260 U. S. 245, 67 L. Ed. 237), *Bailey* v. *Drexel Furniture Co.* (259 U. S. 20, 66 L. Ed. 817).

CONCLUSION

In view of the above authorities, it would now seem to be clearly established that the generation of electricity in one State for transmission to and consumption in another is not interstate commerce, but constitutes intrastate business which Congress has no constitutional power to regulate or control.

Title I, section 11, of the Senate bill is known as the "death sentence", while in the House bill it is more of a regulatory provision.

The basis for legislation of this magnitude, as in the case of legislation of comparable importance, generally follows factual findings which results from study made by Congress, or some agency of the Federal Government, at the suggestion or request of Congress. It does not, it should not, be initiated solely to satisfy the whim of this or that individual, whether he be a Member of Congress or not, until very convincing proof in support thereof has been submitted. In the case of our electric utilities, fortunately we have the benefit of many complete and highly instructive investigations. At the suggestion of Congress, acting under resolutions sponsored by the late Senator Walsh, the Federal Trade Commission started years ago to investigate public utilities in order to determine many things, but primarily the necessity for more satisfactory and effective regulation. We have in seventy-odd volumes the report of the Federal Trade Commission, and it would tax the patience of any man to attempt to even read, let alone absorb, all of the great mass of material contained therein. As a result of that study it was not recommended that holding companies be eliminated arbitrarily on some specific date, but that their activities be curtailed through drastic regulatory measures. I am not quoting the exact language, but, in substance, I think this is about the meat of the recommendation. At the time this investigation was started by the Federal Trade Commission in 1928, the Honorable Robert E. Healy, a member of the Securities and Exchange Commission since July 1934, was chief counsel of the Federal Trade Commission and, as he stated to the committee, he cooperated closely with the chief economist, Dr. Walker, and his assistant, Colonel England, who had primarily charge of and responsibility for gathering the facts as to the financial and economical aspects of the industry. Let us see what Commissioner Healy, whose judgment in this matter certainly cannot be challenged by anyone with superior knowledge, has to say about the so-called "death sentence" as imposed in the Senate bill and the bill as originally introduced in the House. In the testimony of Commissioner Healy before the committee, page 148, part 1, he made this statement:

I should think that good regulation would promote the final elimination of the companies.

Commissioner Healy recommended changes in the bill as introduced and as to section 11 and made the following statement as part of his testimony:

Now, at that point, I suggest that there are three courses appropriate to consider. One is to limit the time, as the bill does now, for which that action may be deferred to the 1st of January 1940; the other is to slightly increase the term beyond 1940; and still the third is to say that the Commission may defer action in such cases for such period, but only such period, as the circumstances make necessary.

My own preference is for the third course. My reasons are principally that I think the objective stated is a good one, one that we ought to move toward, but it seems to me that it is wise to leave to the Commission that administers this act a good deal of discretion as to the time and circumstances under which it shall be done.

Other extracts from evidence of Commissioner Healy are:

This is the section where elimination is provided for, and it is in connection with this section or it is about that section that the debate here before the committee has revolved.

The plan, as I see it, still holds out to the holding companies the inducement that is found in the subdivision (A) at page 38, beginning with line 3, to try to build up these geographically and economically integrated systems through the country. If the company wishes to continue under those conditions, there is an incentive to accomplish that particular objective which the policy of this act seeks to promote. The desire to continue should promote the establishment of such systems.

At the same time, if the holding company shows under this new proposed subsection (C) that the dissolution will work substantial injury to the investors and that it is really against the public interest, then it gives the Commission a discretion not to put it through. The bill, in addition, gives the courts the right to review the Commission's findings and orders on this point as well as on others in the bill.

* * * * * * *

Mr. MAPES. You think it would be more desirable to have an arbitrary provision in than it would be to leave it entirely to the discretion of the Commission; is that right?

Commissioner HEALY. What you have under my suggestion is a combination of the two. It is an arbitrary provision, but the companies can escape it if they make a certain showing to the Commission. One is that the compliance with the arbitrary provision will work substantial injury to the investors; second, that the compliance is against the public interest.

* * * * * * *

The CHAIRMAN. Do you think that it will work great hardship between now and 1940 for these people to be organized into regional operating companies? That certainly seems to me to be one of the very vital things in this bill; that is, this remote control that Mr. HUDDLESTON has been talking about here this morning, not only in the layers of sub holding companies, but in their operations.

Commissioner HEALY. If this suggested amendment works the way I think it will, or the way it is intended to, they will still be under the obligation to do that unless they can make this showing to the satisfaction of the Commission.

The CHAIRMAN. On the ground of public policy, what do you think about it?

Commissioner HEALY. I think that we should look to the eventual elimination of the holding company.

The CHAIRMAN. But I am talking about this regional business of operations.

Commissioner HEALY. I think that is very desirable. I think it is a good national ideal to work toward. I would not be surprised if such a movement would get considerable cooperation from some of the operating companies, but I think we ought to move into it carefully and gradually. I think that stating the objectives of the bill and then giving the Commission some tolerance, some room in which to exercise wise discretion, will get the desired result, doing at the same time the least amount of harm.

I commend to you the reading of Commissioner Healy's testimony to a greater extent than I have set forth herein. My reason for quoting Commissioner Healy at such length is not only because I have respect for his ability and because he was so intimately associated with the investigation conducted by the Federal Trade Commission, but because he

is now a member of the Securities and Exchange Commission, which Commission administers title I of this bill.

In compliance with House Joint Resolution 572 of the Seventy-second Congress, second session, the House Committee on Interstate and Foreign Commerce conducted an investigation of certain public-utility corporations engaged in interstate commerce. This was a continuance of a previous investigation under the same resolution of natural gas and electric utility companies in great detail. Dr. Splawn, now a member of the Interstate Commerce Commission, was employed by the committee to conduct this investigation, and he has submitted a detailed summary thereof with many recommendations. While Dr. Splawn approved in substance provisions of the bill as originally introduced, I think it fair to say that in advocating the elimination of useless and unnecessary holding companies—which I personally favor—it should be done by a thorough method of taxation. To sustain this impression of Dr. Splawn's study, you will find very elaborate briefs as to the law prepared by eminent attorneys, in which the tax features are discussed at great length, but no place do we find where Dr. Splawn presented, as a result of the work of the attorneys associated with him, any legal support for the bill as it was introduced. I think it safe to say—and I would ask for this statement to be contradicted if it is not true—that not a single attorney associated with Dr. Splawn in the very wonderful work he did for this committee in response to a House resolution, assisted in the drafting of the House bill introduced in February 1935, or has given sanction since its introduction to the legal philosophy it embodies. The National Power Policy Committee on Public Utility Holding Companies, appointed by the President of the United States in 1934, made up of men associated with various departments of the Government, and the National Power Survey, made by the Federal Power Commission upon the direction of the President of the United States under Executive order August 1933, are also available. The President in his message to Congress on this subject, dated May 12, 1935, transmitted therewith the report of the National Power Policy Company aforesaid. This report made to the President by a committee consisting of the Honorable Harold L. Ickes, Secretary of the Interior, chairman; Frank R. McNinch, member of the Federal Power Commission; Elwood Mead; T. W. Norcross; Morris L. Cooke, now in charge of the rural electrification program for the Government; Hon. Robert E. Healy, former counsel to the Federal Trade Commission and now a member of the Securities and Exchange Commission; David E. Lilienthal, of the Tennessee Valley Corporation; and Edward M. Markham, did not recommend the complete elimination of holding companies within any definite time. What that committee did in the report upon which President Roosevelt places so much reliance, and which I am willing to concede very accurately pictures many of the past and present abuses of the holding company system, was more in agreement with the bill now before the House, as reported by our committee, than it is with the Senate bill or the bill as originally introduced in the House. I say this particularly as to section 11 thereof.

In brief, this committee recommended Federal legislation regarding public-utility holding companies, so that disclosed abuses would be eliminated, the use of holding companies and affiliated interests to obstruct State regulation of operating companies be abolished, and the elimination of holding companies where they serve no demonstrable use and necessary purpose without undue dislocation of investment or the loss of operating economies which flow from economically and geographically integrating public-utility systems. On that part of their recommendations dealing with the company so prominently in this discussion the committee had this to say:

> The ultimate purpose of the legislation should be the practical elimination within a reasonable time of the holding company where it serves no demonstrably useful and necessary purpose. But the amount of reorganization, transfers of assets, and distributions in dissolution required for the dismantling of our huge holding company systems is so great that the task of elimination cannot be accomplished in a year or two without possibly too great sacrifice of apparent values. Furthermore, it seems administratively advisable that every opportunity be offered the owners of holding company securities to work out their own processes of dismantling. That opportunity should, of course, be vigilantly guarded to protect the average investor from the exploitation threatening him almost as a matter of course under our usual methods or modes of corporate reorganization.

After recommending in a concrete way devices to effect corrections in the existing system and elimination when finally necessary, the committee makes this statement:

> The Commission should study existing systems so that they may be simplified by the elimination of unnecessary corporate complexities and of properties which do not fit into an economically and geographically integrated whole. Simplification and reorganization of holding company structures, making possible within a reasonable period the practical elimination of the holding company, should be conducted under the Commission's supervision over a period of time to prevent undue losses to security holders from investment dislocations.

I am in total agreement with those who advocate the ultimate elimination of certain holding companies; but, in my opinion, the provisions of the bill now before us, as reported from the committee, accomplish that in a far more sane, judicious, and practical way than the 5-year limitation as provided in the Senate bill. When I say this, I challenge, I know, the better judgment of the President of the United States; but the President, in his message of March 13, 1935, in referring to the so-called "death sentence", made the following statement:

> The disappearance at the end of 5 years of those utility holding companies which cannot justify themselves as necessary for the functioning of the operating utility companies of the country is an objective which *congressional leaders I have consulted deem essential* to a realistic and farsighted treatment of the evils of public-utility holding companies. (Italic is mine.)

What congressional leaders he had reference to I do not know; but when it comes to a matter of this extreme importance, I must reserve the right to match my own judgment with that of other Members of Congress, and this I have done, resulting in a disagreement with some members of the committee in the minority on this question as to the propriety of the original section 11. I am willing to go down the line, and I am hopeful that the President will eventually see the wisdom of doing so in adopting a standard as to what is detrimental to the public interest, so far as utility holding companies are concerned; to require all utility holding companies to register, giving complete exposure to the Federal Commission of every activity thereof; and if they cannot meet the test laid down by Congress, that then they shall dissolve. That gives these companies their day in court and removes from the picture failure, with which I believe many of them would meet in an effort to reorganize and come down to such a system as reason and common sense will countenance should a definite date ahead be set by law as to when they must bring about such a reorganization. Many thousands of people in this country have bought stock in these holding companies of doubtful, maybe of no value, but they are hopeful that something is coming back to them with the return of better days. I look for disappointment to many of them in this thought, and yet I am unwilling, because I see absolutely no necessity therefor, to take upon myself as a Member of Congress the burden of defending to my constituents who are fortunately, or unfortunately, investors in the holding companies of this country, the present low value of their holdings, and the failure of such values to enhance. Some have said that if the Senate bill is adopted it is an easy matter to break down the holdings of those companies which would be eliminated and to show in concrete form what the owners of those investments would receive in lieu thereof; but we asked for such a break-down during the weeks at the hearings on this bill, and not a single individual connected with the Federal Government, either in the capacity of drafters of this bill or in the commissions which will ultimately administer, have been willing to assume that task. In other words, the practical effect of section 11 of the Senate bill is not known, except that it will entail great losses and confusion; and a clear and intelligent summary as to what it will accomplish in the case of any company, I care not which one you might choose, has not been presented for our information, although it has been repeatedly requested.

In the case of section 11 of the bill before you, an investor will know that the company in which he is interested cannot continue to function because of certain specified facts and if that company cannot meet the test laid down by Congress, which is a reasonable one, I expect to find my constituents, who are such investors, conceding that the company in which they are interested is one that has deceived them and the fault of their losses is not directly or indirectly attributable to any mandatory requirement of a congressional act, but because of the structure of the company short of fraudulent, which has been brought into the open for their own information and satisfaction.

The law applicable to regulation of public utilities necessarily informs one as to the ability of Congress to approach control of holding companies and decree the elimination thereof by a definite date. I have read the law on this subject, which has been presented in the able briefs of the young gentlemen who drafted this legislation, or at least had a large part in doing so, and also the discussion of the bills before the Senate and the excellent papers of members of our committee heretofore printed in the RECORD and in the committee's report, especially to my distinguished colleagues Mr. PETTENGILL, of Indiana, and Mr. EICHER, of Iowa. It is unnecessary for me to say that the legal phases of this subject have been discussed at great length during the hearings and in the sessions of the committee. I commend all of it to the Members of the House, and satisfying me as it does, that section 11, as contained in the Senate bill, is unconstitutional I cannot vote for it, and hope that the more practical plan as recommended by the committee in the bill now pending before you will be adopted.

In closing this discussion I cannot refrain from commenting briefly upon the situation in my own State of Maryland, as to the regulation and control of public utility companies and holding companies. Our public service commission is one of the outstanding regulatory agencies in all the States, and such is frankly admitted by those who know it. So far as strictly intrastate activities are concerned, the Public Service Commission of Maryland has splendid laws to administer. As far back as 1929, when a holding company applied to the Maryland commission for approval of a large stock issue by an operating company in the State of Maryland which it controlled the Honorable William Cabell Bruce, former distinguished Senator from my State, and then general counsel of the public service commission wrote an opinion, the following extracts from which I believe are of interest:

The applicant is a Maryland corporation and, in addition to its character as a holding corporation and otherwise, is expressly authorized by its charter to perform the corporate functions of a gas corporation; and owns all, or the majority, of the common stock of the Central Gas & Electric Co., a foreign corporation, which, in turn, owns all, or the majority, of the common stock of the Hagerstown Light & Heat Co. of Washington County, a Maryland corporation which operates a gas plant in Washington County, in the State of Maryland.

Under these circumstances the applicant, in my opinion, is a "gas corporation", and, as such, subject to the jurisdiction of the Public Service Commission of Maryland, because, by section 346 of article 23 of the Annotated Code of Maryland, the term "gas corporation" is made to include not only any corporation owning, operating, or managing but also any corporation "controlling" any plant, or property, for manufacturing, distributing, and selling for distribution, and selling or distributing, illuminating gas (natural or artificial or manufactured, and wheresoever and howsoever derived and obtained), for light, heat, fuel, or power, or for any public use whatsoever; and because, by section 350 of the same article, it is provided that the jurisdiction, supervision, powers, and duties of the public service commission shall extend to the manufacture, sale, or distribution of gas, natural and artificial, within the State of Maryland, and to the persons, or corporation, owning, leasing, operating, or "controlling" the same, and to gas plants, and to persons or corporations, owning, operating, leasing, or "controlling" the same.

In my judgment, a gas corporation which owns all, or the majority, of the capital stock of another gas corporation, which owns a gas plant, "controls" the plant, in the sense of sections 346 and 350 of article 23 of the Annotated Code of Maryland. It is true that the Central Public Service Corporation does not control the plant of the Hagerstown Light & Heat Co. immediately, but only mediately through its ownership of all, or the majority, of the common stock of the Central Gas & Electric Co.; but this, in my judgment, also constitutes "control", within the intent of sections 346 and 350 of article 23 of the Annotated Code of Maryland. The ownership by corporation A of all, or the majority, of the capital stock of corporation B, and the ownership by corporation B of all, or the majority, of the capital stock of corporation C, a gas corporation, which owns a plant in the State of Maryland, gives, as I see it, to both corporation A and corporation B, a share in the control of the plant of corporation C; that brings each of them under the jurisdiction of the commission. They are links in a chain of common control, though only corporation C actually operates the plant; otherwise corporation A, by merely interposing an intermediate corporation between itself and corporation C, could wholly escape the authority of the commission, no matter to what extent it might be the real moving impulse back of the plant of corporation C, and no matter to what degree its corporate acts might tend to inflate the rates, or impair the service, charged or rendered, to the general public by corporation C.

Further quote:

Before, then, the commission gives its sanction in any form, or to any extent, to the proposed sale of stock, in this case to the Central Public Service Co., it would be well for it, as a matter of proper procedure, to require that company to make a formal application to it for leave to buy the stock, and its application should comply with all provisions of rule XI of the commission relating to application for authority to acquire shares of stock, which are germane to the circumstances surrounding the application of the applicant in this case. Or, if the commission does not do this, it should, at least, require the applicant in this case to lay some authentic evidence, in the form of a written contract or otherwise, before it, showing that the Central Public Service Co. has actually agreed to buy the stock. Authority from the commission to the Central Public Service Corporation to sell to the Central Public Service Co. necessarily involves authority from the commission to the Central Public Service Co. to buy the stock from the Central Public Service Corporation (P. S. C., vol. XIII, 287); but as, unlike in the case just cited, no order has yet been passed by the commission in this case, there is no reason why the agreement of the Central Public Service Co. to buy the stock in question should not, as a matter of regular procedure, be evidence by its own application as well as that of the Central Public Service Corporation, or in some other adequately authentic form as by the production of a copy of the written contract of sale and purchase relating to the stock or otherwise.

The aforegoing merely emphasizes what has become so clearly a fact during these hearings, that government now seeks to cure in a drastic way that which not the offenders are solely responsible for, but which government, State and National, derelict in its constitutional duties permitted to be done. It has been a costly experience, costly to the unfortunate investors, but I believe they are willing to have those losses registered as sufficient consideration to the enactment of legislation dealing with the future. I do not believe they should be treated in an arbitrary and dictatorial manner, and in a way that will cause harassment, worry, and in many cases disgust, ending finally in a declaration by the Supreme Court that their rights were destroyed, or controlled in a way that was never contemplated by the Constitution of this country and which cannot be tolerated. They will find in the end, if the more drastic legislation proposed is enacted, that there is an effort, as I have said at the outset, to drift toward a government of men rather than a government of law. I conceive it my duty, as a Member of Congress from a great State, representing nearly one-third of its population, presenting as fair a cross-section of the country as can be found, to raise my voice in opposition to such legislation and to encourage and support the defeat thereof. The bill before us, as reported by the committee, is not perfect, but it is a far-reaching step in the right direction and will accomplish in the end all of those necessary and essential things said to be, and found to be, advisable to eliminate the abuses of the past and assure, so far as this industry is concerned, and the many ramifications of its activities, a certain security for the future. [Applause.]

Mr. COOPER of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I realize when one rises in opposition to this measure he subjects himself to the criticism that he is the mouthpiece of the utility interests of the country. I also realize that sometimes it becomes one's duty to rise in opposition to legislation that is so unnecessary, so vindictive, so destructive as this legislation is. In my opinion no legislation as destructive as this has ever before received the serious consideration of this Congress.

I am another one of those who can discuss this measure from an absolutely unbiased point of view. I have no con-

nection whatever with the utility interests in any way, shape, manner, or form. In fact, I am anxious to get back home now to assist in trying a case against one of the biggest utility companies in my district. I am not thinking of the officials of utility companies when I rise in opposition to this measure, but I am thinking about the thousands of investors who are going to be sacrificed if this measure becomes a law.

I wish I had time to read just a few of the letters that I have received, and I know that you have received similar ones. These letters are not propaganda letters. I have dozens of letters that I can bring here from intelligent people in my district who know what is going to happen to them. Some of them are outstanding Democrats who express surprise that their great President of the United States, whom they voted for, has seen fit to espouse the cause of this legislation. I think we can sometimes judge proposed legislation by looking for a moment at the sponsors of the legislation and also at those who are opposed to it. I have no knowledge of any investors or any consumers of electricity who have been here in advocacy of this bill. The newspapers are fairly good judges of the attitude of the people of the country, and I have it on good information that a survey of that field shows that 83 percent of the newspapers of the country that have editorially commented in regard to the legislation are in opposition to it.

What is the justification for the legislation? If there is any justification at all for this legislation it would have to be the assumption at least that it would result in reduced cost to the consumers of electricity. I make the statement here now that in my opinion, instead of resulting in a reduction in the cost of electricity to the consumer the result will be an increased cost after a brief time to the consumers of electricity.

It has been claimed by the advocates of the so-called "public-utilities bill" that the passage of the bill should speedily accomplish a reduction in the rates paid by consumers for electric service. An understanding of the controlling factors in determining the rates for service and an appreciation of existing conditions would clearly show that the above claim is entirely fallacious and that if the passage of this legislation has any effect on the future rates for service, such effect cannot fail to be to increase rates rather than reduce same.

The fallacious claim that rates can be reduced is based substantially upon two false premises—first, that the existing capitalization of companies is a basic and controlling factor in the fixing of rates and that therefore any simplification of capital structure leading to a reduction of outstanding capital should automatically serve to reduce rates; second, that holding companies have through the intermediary of construction and management contracts, been able to obtain excessive income from the operating companies and through such charges to the operating companies impose unreasonable expenses and correspondingly higher rates. The fallacy underlying these claims results from the fact that the State or other regulatory bodies in approving the rates for service do not take into consideration, as a factor in rate making, the question of capitalization but such rates are invariably fixed so as to yield to the companies only a fair return upon the value of the property devoted to the public service. Such value is arrived at by appraisal of the property, in which appraisal the capitalization of the company is totally ignored. If there is an excessive capitalization in the form of bonds or stocks and if the physical property employed by the company has not sufficient real value to enable the company to earn interest on its bonds and dividends on its stocks, the full disadvantage of such fact is borne by the bondholders or stockholders of the company and not by its consumers. This has been the procedure universally followed for many years under the mandate of the Supreme Court of the United States and the passage of the proposed bill will have absolutely no effect upon same.

Also, with respect to the expenses of the operating company, the controlling State commission or other regulatory authority is obligated to pass upon the reasonableness of all expenses incurred by the company and deny to the company any charges which are unreasonable or improper. No construction or management contract is binding upon any such commission if it is unreasonable and against the interests of the company's consumers. The passage of the proposed bill would not in any way alter or increase the powers of the regulatory authorities.

In determining or approving rates for electric service, regulatory authorities must give consideration to both the income and expenses of the company affected. The income is, of course, determined by the volume of business and the rates to be charged. The income of the company must be sufficient to cover all operating expenses, including allowance for depreciation or amortization of plant and property and in addition such sum as will represent a fair return upon the fair value of the property devoted to the public service.

In the item of operating expenses the major items are: First, fuel; second, labor; third, general expenses.

In respect to fuel and labor, large increases in expenses have been enforced upon the companies during the past 2 years through the operations of N. R. A. There are indications that such increases are likely to continue in effect and that they will be largely beyond the control of the managements of the companies.

The major items of general expenses are taxes and the cost of compliance with regulatory administrations. Taxes now imposed upon electric-power companies approximate 15 percent of the gross revenue, and in no other industry has the Federal Government imposed an excise tax which is not passed on to the ultimate consumer. It must be clear, therefore, that there are no provisions in the proposed bill which could be expected to result in reducing any of the operating expenses of the companies; but in respect to the last remaining item of general expense—that is, the cost of compliance with regulatory authorities—the bill can only result in a very large increase in expense without any corresponding advantage to the public.

It is proposed in the bill that every element of regulatory supervision now imposed upon the companies through State or other regulatory authorities shall continue, and that in addition both the holding companies and the operating companies shall be subject to a very drastic supervision by both the Federal Securities Commission and the Federal Power Commission. Every operating company in the country as well as the holding companies, excepting the relatively few operating companies which can qualify as strictly intrastate under the terms of the bill, will have to maintain contact with these two Federal commissions in Washington, which will not only involve large expense but impose constant restrictions and delays in operating procedure to the disadvantage of promptness and efficiency in the rendering of service and meeting of the demands of the public. While it is not possible to accurately estimate the amount of the added expense involved, there is no question but that it will be substantial.

A fair statement, therefore, as to the effect of the proposed bill upon the rates for electric service must admit that there is no provision in the entire bill that can reasonably tend to a reduction in rates, whereas the increased Federal regulatory provisions of the bill represent increased obligations and work, all of which will mean additional expense to the companies with no offsetting items.

Mr. Chairman, who will be injured by the passage of this bill? I think it is admitted by everybody that the investors will be injured very seriously, and second to them the general economic situation in the country will become chaotic, and the rank and file of the people of America will suffer. There is no question but that the passage of this measure will retard recovery. What utility company today, headed by officials with common horse sense, with their business to be taken away from them within 5 years, will expend money of their stockholders in betterments or extension? At a time when this Government should be encouraging investment in private industry, to the end that the unemployed may be employed, we find legislation that has the contrary effect.

Only a brief time ago I had occasion to go down into the region of the Tennessee Valley Authority and there I learned

this to be true. It was almost unbelievable, but it has been verified since that time by testimony before the Committee on Military Affairs of this House.

The Aluminum Co. of America has made quite an extensive development in the little Tennessee River Valley. They have already expended $40,000,000 in building dams, to say nothing of the amount expended in building their plants along this river. There are other projects there under immediate anticipation that would involve the expenditure of $60,000,000 more. What happened? There is one project there that requires 10,000 acres in the basin. This company has acquired the title to practically all of the 10,000 acres, but, lo and behold, just last August it was discovered that some agent of the Tennessee Valley Authority had slipped over there into the very heart of the 10,000 acres and found a little tract of ground, 30 feet by 50, 1,500 square feet, and had bought it at a rate of $5,000 an acre, and took title in the name of the United States Government, and then retired from the scene, and no one since has been able to contact anyone in respect to it or even discuss the situation.

Now, what is the result of that? The result of it is that it absolutely stops any further development of that territory, because they cannot build a dam and flood that 10,000 acres if there is as much as 1 square foot that they do not own. I say that things have come to a sorry pass in this Nation when the taxpayers of the Nation are taxed and the money used in such a manner as that, at a time when industry should be receiving some encouragement, instead of continuing to pass legislation so much of it having the effect of unsettling business conditions and continuing unemployment in this Nation. This agency of our Government is guilty of practices in this case that, if resorted to by a utility company, would be severely and justly condemned. The greatest service this administration could render the country would be to change its attitude toward private industry. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. COOPER of Ohio. Mr. Chairman, I yield the balance of my time, 13 minutes, to the gentleman from Oregon [Mr. EKWALL].

Mr. EKWALL. Mr. Chairman, you all remember the famous lines of Mark Antony, "I come not to praise Caesar, but to bury him." Paraphrasing those lines, I want to say, "I come not to praise any holding company, nor do I come to bury them."

I am not for the decapitation bill under any circumstances. I am for strict regulation of holding companies. It seems to me that the important thing before the country today is the question of economic recovery. We have been engaged in a battle against the depression, which has already continued much longer than the World War. We have had a grim struggle and the ultimate outcome is still in the balance. Business has been on its knees for many years and, if conditions obtain much longer as they have in the last few years, there is a question as to what the result will be. One thing that business has been waiting for these many years is some indication that a holiday would be declared on legislative voyages in weird ships into uncharted seas. We have been experimenting so long that business does not know what to expect next. For months business enterprises have been waiting in the trenches with fixed bayonets, ready to go over the top at the zero hour to fight the depression, but the zero hour has not arrived, and there may not be a zero hour if we are asked to pass legislation such as this indefinitely—legislation which proceeds upon the premise that all business is crooked and that those engaged in business are public enemies and should be put away.

Now comes the order from the Chief Executive of our country to the effect that all utility holding companies must be decapitated. The guillotine has been rolled out and the blade sharpened, and there are those who are waiting to see the heads fall. I am of the opinion, if this comes to pass, they will find, as did the mobs at the time of the French Revolution, that in ridding the country of some bad ones they also killed off many good ones, whom they could ill afford to lose.

I am sure this legislation did not emanate from the brain of SAM RAYBURN. I doubt if it emanated from the mind of Senator WHEELER. I am just as morally certain it did come from that group of smart young men who have been advising the Chief Executive in his efforts to get together a group of political panaceas. I am speaking now to you gentlemen. Ours is the group which was elected to pass laws, and those who elected us did not mean, did not presuppose, that those laws should be handed to us written by young, inexperienced "brain trusters", whose political philosophies and theories, I feel sure, are not those of the great majority of the Members of this House or the American people. Are we still a body of statesmen and legislators, or are we just obeisant automatons? It is about time that we are reasserting our rights in this body and reestablishing ourselves as thinking men. In other words, the people who elected us, elected us with the idea that we would come here from the far corners of the country with the viewpoint of the people of our districts, and that we would attempt to find out the legislation which would be in the best interests of all of the people of the country. We were expected to legislate in favor not of a particular few but of the country generally.

If this bill, as has been said from time to time, is a forerunner of Government ownership of utilities, then why in the name of common sense are we not fair enough to approach this problem in the American way, in a decent, respectable way, and give to the people who have been led to believe that their investments in these companies were safe and sound the fair value of their investments? Why do we not appraise the properties fairly and justly, and appropriate enough money to buy up those companies at a fair valuation—not at forced sale, not knocked down under the hammer to the highest bidder? Why do we not buy those utilities and give the people who have their life savings invested a run for their money? If we are going to have Government ownership, let us have Government ownership; but let us not have the stigma of having taken the property away from the people of this country unjustly and unfairly and, I think, illegally.

I am not speaking for Wall Street now. I am speaking for Main Street. I am speaking for the main street of every little town and hamlet in the United States. I am talking for the ordinary garden variety of American citizen who has been frugal and who has saved a few dollars for his or her old age, who has been led to believe, by the action of this Government in allowing this type of corporate organization to thrive, that their investments were safe.

A man or a woman who raises his voice on the floor of the House in the interest of the hundreds of thousands, yes, the millions of the people of this country who stand to lose, in many instances, everything they have ever saved by reason of ruthless legislation such as is contemplated in this bill, will in all probability be the target for demagogic attack by the sponsors of the bill.

Members talk about holding companies. Why, the most powerful holding company I know of in this country is the company of young "brain trusters" who are holding the future of America in the palms of their hands.

I read a story the other day of some little children in Russia who had become diseased. The Russians, in order to get rid of the situation easily, took the children out ostensibly to administer a cure, and, so the story goes, when they got them beyond the walls of the city, beyond where the people of the city would know what was happening, they took machine guns and mowed them down. That was the easiest way of getting rid of what they considered a bad situation. It seems to me this bill contemplates just about such ruthless action on the part of the Government.

The House bill is better than the Senate bill, but it seems to me the House bill simply substitutes a slow death for a quick one. In either event it is equally fatal whether one dies slowly or quickly. It reminds me of the story of a man who had passed away and someone in talking with a relative of his afterward asked what caused his death. "Well," said the relative, "I do not know exactly, but I don't think it was anything serious." [Laughter.] And that is just the situation here; when these holding companies are dead they will be just as dead whether they were

killed under the Senate bill or under the House bill. The pending bill allows the Securities and Exchange Commission, at their option, to take off the heads of holding companies; and I submit to you that a holding company, no matter how good or how bad, will have just about as much chance with the Securities Commission as a nice little wooly lamb would have if dropped at evening into a corral of hungry coyotes.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. EKWALL. I yield.

Mr. COOPER of Ohio. It has been very prominently mentioned in the newspapers the last week or two that Mr. Ben Cohen was to be appointed a member of the Securities Commission. I think Mr. Cohen had more to do with writing the death sentence into the Senate bill than any other man.

What chance will the utilities have with such men on the Commission?

Mr. EKWALL. Just as much chance as the little woolly lamb would have of which I spoke a moment ago.

I hold no brief for holding companies as such; some of them are good and some of them are bad; but I submit that with honest utility-commission officials and efficient corporation commissioners, who will fulfill their oaths of office, who will conduct themselves properly in the various States, you can correct the abuses charged against holding companies or, for that matter, any abuses on the part of any corporation. In this body my colleague the gentleman from Oregon [Mr. MOTT], who represents the First District of Oregon, was corporation commissioner of the State of Oregon for several years; and I want to tell you that there were no abuses in the State of Oregon while Mr. MOTT was corporation commissioner such as have been charged against holding companies during this debate, because he was a real corporation commissioner and conducted his work in such manner that there were no similar abuses. A like condition can obtain in every other section of the country if the officials will do their part. There are plenty of laws now on the statute books; there are plenty of regulations. The trouble with business today is that it has been regulated to death; and I want to tell you right here and now, I want to sound this warning, that if we do not quit unreasonable regulation pretty soon and give business a chance to rise from its knees to its feet, we shall have no business in this country, and the Government will have to take it all over, as apparently some of the people of this country are hoping at the present time. What we need is work to start, and industries to take heart again, to put back men and women on the pay rolls, to create a buying power in this country, so that the products of industry can find a ready market once again.

I do not believe we have any moral right or any constitutional right to decapitate these companies, to take their heads off, as has been suggested in the Senate bill. I am against both bills as they are now written. I am for strong regulation; yes. I will vote for a very strict regulatory bill, but I am not for a bill that will arbitrarily take away from millions of people their property rights. I think it is unconstitutional, I think it is unfair, and I think it is un-American.

I understand there is a movement on foot to pass this bill here in its present form and then in conference to substitute the original section 11 of the Senate bill. I make the prediction that if such a thing takes place you will see one of the greatest fights on the floor of the House that you ever have seen.

It is my opinion that those who want to have this bill passed in its drastic form would do better to accept the bill in the manner in which it finally passes the House; and I do not believe it is going to be passed with any "death sentence" clause in it such as was placed in the Senate bill. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Chairman, this bill is apparently not welcomed by the utility holding companies, but if I read the signs correctly, they are not greatly disturbed. They are going to be irritated about the matter, but not very much. It perhaps will be a little more effective than firing a charge of birdshot into the dragon, instead of confining him so that he can no longer prey upon the innocent. But, in my opinion, it will not render the dragon entirely helpless.

The gentleman from Alabama [Mr. HUDDLESTON] this morning made a very skillful, clever, and, I think, a rather effective speech. I could not quite concede that the gentleman from Alabama was entirely fair, however, in some of the criticisms which he made of the able Chairman of the Interstate and Foreign Commerce Committee. I have a great deal of sympathy with the position taken by the gentleman from Texas [Mr. RAYBURN], and a good deal of sympathy with the position in which he was placed by means beyond his control. The gentleman from Alabama had a great deal to say about the abandonment by the chairman and others of this waif of a bill, and he almost intimated that the Chairman of the Interstate and Foreign Commerce Committee [Mr. RAYBURN] had been guilty of some serious offense in leaving this helpless and unprotected infant in this condition.

I thought that the gentleman from Texas [Mr. RAYBURN] displayed admirable restraint and used excellent judgment in apparently taking the position, as I understood him to take, that he was going to salvage as much as possible that was good in this bill and, if possible, put something more vitally effective into the bill. [Applause.]

I thought the gentleman from Texas [Mr. RAYBURN] showed some restraint in not disclaiming the paternity of his offspring. In his very able speech yesterday he gave you the legal statutory definition of a holding company—and I think correctly—but I am going to give you a practical definition.

The holding company in the beginning was a device originated by a small group of men, who were not pioneers in the electrical industry or any other industry, who were not the men who went out there and tamed the flood, harnessed the waters, and brought about the electric-power industry; they were not the men who took their chance in creating wealth and furnishing employment to make our country alive with industry. Those men were not the ones who wanted to reach out for control. The holding company was a device whereby a little group of men sought to avail themselves of the fruits of the toil of other men and to reap the profits of others. A holding company has never had any excuse for existence in our economic life and has no excuse for existence now.

I am not a member of this committee. Frankly, I have not analyzed the bill nor the difference between the House bill and the Senate bill so that I could discuss it in detail if I had the time to do so. I have read various parts of these hearings, and particularly I have read the very able report of a member of the committee, the gentleman from Iowa [Mr. EICHER]. I was greatly impressed. I hope every Member of the House will read the supplemental views of the gentleman from Iowa [Mr. EICHER] as a guide to his action upon this legislation. I think that the position taken by the chairman of the committee, the gentleman from Texas [Mr. RAYBURN], and the position taken by the gentleman from Iowa [Mr. EICHER], and the position taken by our leader, the President of the United States, can be rested upon these figures alone, and at the risk of repeating what I think the chairman gave you yesterday, but with a little different conclusion, I point your attention to the fact that in 1929, before the crash, the total market value as shown upon the exchanges of this country of all the outstanding securities of the holding companies was about $29,000,000,000.

The fair approximate value, then, of all the properties of the operating utility companies was about $12,000,000,000. Fasten upon that. These holding companies, with their $29,000,000,000 of market value of securities outstanding, still did not own the operating companies, although they controlled them by various devices with which many of you are familiar. They controlled them by virtue of an ownership of less than 25 percent of the stock of operating utility companies, or about $3,000,000,000. By a strange coincidence, if it be a coincidence, in March 1933, before the Roosevelt administration came in, incidentally, the same $29,000,000,000 of securities, which these innocent holding companies had

sold to the American public before this legislation was proposed, had shrunk, and the shrinkage had been going on in 1929, 1930, 1931, and 1932, to about $3,000,000,000, or to just about the amount of their holdings of the stock of the operating companies. In other words, they had gotten down to somewhere near actual value.

When I get these letters and telegrams, with which some Members of the House, I am sorry to say, seem to be buffaloed, which I know is nothing but a skillful, insidious propaganda from people who say that in the twilight of their lives they are about to suffer the loss of their savings, my answer is—and I want this to go back home to my constituents—if they own the stock of the operating companies they are not going to lose one nickel by this legislation, but, on the contrary, they will be protected against loss and will be benefited, because the management of the operating companies when returned to a more immediate local control, removed from the burden of the racket of the overhead charges which the holding companies are fastening upon them in the form of engineering charges, service charges, and all those things, will be able to lessen the operating expenses.

But if, unfortunately, they be the holders of the securities of holding companies, then my answer to them is that whatever loss they are going to suffer, they have already suffered, because the stock went down to the bottom before the Roosevelt administration came in and before this legislation was proposed.

Now, the issue is bigger than anything I have mentioned. It is the issue of whether we are going to have representative government or whether we are going to have a government controlled here by 25 holding companies. I am not going to be buffaloed by this kind of propaganda, because in each and every instance if my constituents will tell me what securities they hold, I think I can point out to them who got their money and how and when it was done, and it was not done by the Roosevelt administration. [Applause.]

Inevitably the purchasers of the securities of Cities Service, Electric Bond & Share, the Associated Gas outfit, and the other pirates in the field who had bought at the top, lost an amount proportionate to the shrinkage from twenty-nine billions to three billions. Fasten upon that! It is an old ruse of the thief who has gotten the loot and hidden it to divert the hue and cry and "stop thief" to another direction than his own; and so now the utility holding companies—organized as they are, munitioned with moneys which they have stolen from the public as they are—have the means to persuade the holders of their securities that the losses which they have already lost and which they lost prior to the time when the Roosevelt administration came in were caused by the Roosevelt administration and by the legislation.

If any other argument were needed to convince any Member of this House of the lack of justice, the lack of defense, of the holding companies, it is the fact that they are again deceiving—or attempting to deceive—the investors whom they have already robbed. And I want to say, for the benefit of my constituents who have been sending me letters, and many of whom probably own stock in operating companies, that they will not lose one nickel by this legislation, because this legislation will lessen the expense of the management of the companies, the securities of which they hold, and will protect them as against dishonest operation.

The issue today in this legislation is bigger than anything I have yet mentioned. The question here is whether we, the Congress, are going to legislate to protect our people, to govern them so that economic freedom and economic liberty will prevail in the land, or whether this control of government—of legislation—this poisoning of the very sources and fountains of information by the great utility holding companies is going to continue, so that we may not have a government of the people by their representatives, nor economic freedom and economic liberty in the life of the Nation.

This House bill contains in my opinion not only an unconstitutional but an unreasonable and unworkable delegation of power. The power is placed in the Commission to determine whether a utility holding company be allowed to continue as such—we do not declare a policy or set up a standard by which the Commission is to determine that question. If the Congress in such a manner shirks its responsibilities and "passes the buck" to the Commission, what can we expect the Commission to do? I am in favor of going down the line with the President of the United States, my leader, and in going down the line in this case with the chairman of the committee and, in general, the Senate bill. I am in favor of going down the line with the men who have fought the Power Trust for years, like, for example, JOHN RANKIN, of Mississippi, who has so valiantly fought the Power Trust, and others whom I could mention in this House. I am not in favor of surrendering in this cowardly manner to the 25 great utility holding companies in the United States.

The CHAIRMAN. The Clerk will read the committee substitute for the Senate bill for amendment.

The Clerk read the first section of the committee substitute.

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2796, had come to no resolution thereon.

STATUE OF HANNIBAL HAMLIN

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I send to the desk a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 27

Resolved by the House of Representatives (the Senate concurring), That there be printed with illustrations, and bound, in such form and style as may be directed by the Joint Committee on Printing, the proceedings at the unveiling in Statuary Hall, upon the acceptance of the statue of Hannibal Hamlin, presented by the State of Maine, 1,000 copies, of which 200 shall be for the use of the Senate and 500 for the use of the House of Representatives, and the remaining 300 copies shall be for the use and distribution of the Senators and Representatives in Congress from the State of Maine.

SEC. 2. The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer, who shall provide suitable illustrations to be bound with these proceedings.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

HOUR OF MEETING TOMORROW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BACON, for 3 days, on account of illness in his family; and

To Mr. CARTER (at the request of Mr. SNELL), indefinitely, on account of sickness in his family.

THE PUBLIC DOMAIN GRAZING LAW

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, 1 year ago today President Roosevelt signed an act which I am honored to have bear my name. It is entitled "An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry dependent upon the public range; and for other purposes"—Forty-eighth Statutes, page 1269.

When the act was presented to the President for signature tremendous pressure was exerted by self-styled conservationists to secure a veto of it on the ground that the proposed law was unconstitutional and implying it was a betrayal of the public interest. After careful deliberation and the

receipt of an opinion from the Attorney General that the bill was entirely constitutional, the President approved the law and issued the following:

STATEMENT OF THE PRESIDENT ON APPROVAL OF THE TAYLOR GRAZING ACT

The passage of this act marks the culmination of years of effort to obtain from Congress express authority for Federal regulation of grazing on the public domain in the interests of national conservation and of the livestock industry.

It authorizes the Secretary of the Interior to provide for the protection, orderly use, and regulation of the public ranges, and to create grazing districts with an aggregate area of not more than 80,000,000 acres. It confers broad powers on the Secretary of the Interior to do all things necessary for the preservation of these ranges, including, among other powers, the right to specify from time to time the number of livestock which may graze within such districts and the seasons when they shall be permitted to do so. The authority to exercise these powers is carefully safeguarded against impairment by State or local action. Creation of a grazing district by the Secretary of the Interior and promulgation of rules and regulations respecting it will supersede State regulation of grazing on that part of the public domain included within such district.

Water development, soil-erosion work, and the general improvement of such lands are provided for in the act.

Local residents, settlers, and owners of land and water who have been using the public range in the past are given a preference by the terms of the act to the use of lands within such districts when placed under Federal regulation so long as they comply with the rules and regulations of the Secretary of the Interior. The act permits private persons owning lands within a district to make exchanges for Federally owned lands outside a grazing district if and when the Secretary of the Interior finds it to be in the best public interests.

The Federal Government by enacting this law has taken a great forward step in the interests of conservation, which will prove of benefit not only to those engaged in the livestock industry but also to the Nation as a whole.

On this first anniversary of that law it would seem appropriate for me to make a report to Congress and to the country on the progress that has been made during the past year toward carrying out the objects and purposes of that law. I am genuinely gratified to say that the law is apparently being looked upon throughout the country as one of the greatest attempts at real, constructive, and far-reaching conservation ever enacted by Congress. It is publicly stated that there is no human possibility of estimating the value of stabilizing its use and preserving our remaining 165,000,000 acres of public domain and saving the forage on it for the future prosperity of the livestock industry and growth of the West.

For over 25 years those of us who have been actively engaged in public-land legislation and who live in that part of the West where the public domain still remains in large areas have realized that the existing land laws were totally inadequate to either properly dispose of or to bring about any orderly use of, or to preserve, the remaining public lands. In other words, all of the land, and much more than all of the lands, on which a person could make a living and maintain a home, in tracts of 640 acres or less, have been disposed of long ago. The remaining acreage of public domain situated in the 10 Western States is now as follows:

	Acres
Arizona	13,203,600
California	16,576,463
Colorado	7,545,773
Idaho	10,510,421
Montana	6,176,931
Nevada	51,270,277
New Mexico	13,078,285
Oregon	13,012,158
Utah	25,011,021
Wyoming	14,327,024

These lands are mostly rough, broken, or rocky and very poorly watered grazing lands and cannot be converted into anything else except by artificial irrigation, which is, generally speaking, impossible. Congress has never been willing to recognize this condition, and for years has allowed and encouraged ill-advised people to homestead in these arid areas with a resulting tragic loss of their time, labor, money, and appalling hardships and heartbreaking disappointments, and thousands of them being compelled to abandon their claims, and the lands have gone to tax sale or returned to the public domain.

No method of either leasing these lands or of regulating the grazing thereon has ever been provided for prior to the passage of this so-called "Taylor Grazing Act" of June 28, 1934. As a result of this situation a very large part of the public lands had become badly overgrazed, eroded, and entirely barren; and a large class of stockmen had come legitimately into the business of maintaining many millions of sheep almost exclusively upon public lands. These roving itinerant sheepmen came into competition with the many thousands of resident ranchmen throughout the West who owned their lands and homes near the public domain. Because of the mobility of their flocks and their economic advantage of not having heavy real-estate taxes, upkeep, and other burdens to assume, the nonresident migratory sheepmen were able to monopolize a large share of the public domain to the ruinous injury of the small local farmers and stockmen. The resulting conflict of interests between the resident land-owning stockmen and these migratory owners has been very bitter, often resulting in bloodshed and strife of various kinds. In the absence of Federal legislation many of the States were compelled to assume jurisdiction over the public domain to keep the peace and prevent bloodshed and ruthless destruction of property. My own State of Colorado passed a law whereby these public ranges could be adjudicated by the State courts for exclusive or mixed use by cattle or sheep.

In Nevada individual priorities to ranges were recognized by the courts. In New Mexico exclusive right to public ranges adjoining developed stock water was provided for. In Idaho sheep were denied the right to graze within 3 miles of a residence or town, and in nearly all the other States the same or similar measures were resorted to.

That was the situation when this grazing law was signed a year ago today. Practices built up over 50 years of free and unrestricted use were suddenly to be systematized and in many cases curtailed. A complicated system of customs and State legislation were as suddenly made void, because their validity on public lands was admittedly only good in the absence of Federal legislation.

This law provided for the disposition of the remaining 165,000,000 acres of public lands in five ways:

First. By sale.

Second. By lease.

Third. By exchange.

Fourth. By homestead, where of the proper type.

Fifth. By inclusion in grazing districts of not to exceed 80,000,000 acres.

The act did not go into elaborate details, but gave a wide discretion to the Secretary of the Interior in carrying out its provisions.

Since the first four methods of disposition would obviously affect only the isolated and smaller tracts, the natural procedure was to first find out what lands should be included in grazing districts and how and where they should be established.

This new change in policy was the cause of great interest and tenseness on the part of the western ranchmen, and particularly of the stockmen using the public domain. The task of the Secretary was a most difficult and indescribably complicated one, in view of the vast existing industry affecting probably several million people owning farms and many millions of cattle and sheep totally or partially dependent on public-domain vegetation, and the mass of uses, customs, local regulations, and State laws to be superseded.

The Forest Service under the Agricultural Department has been actively engaged for some 30 years in working out suitable rules and regulations for grazing upon about 130,000,000 acres of public domain of the United States within the forest reserves. In the main, they have finally worked out an efficient system, and they are preserving the range and rendering a great service to the stockmen and to the country, notwithstanding there has been a large amount of criticism and many hardships complained of, especially by the little fellows; and there always has been and still is wide-spread complaint that the local ranchmen and small stockmen have very little or no voice in determining who shall use the range or where or to what extent. But bureaucratic regulation is the law of the forest reserves. That is not the law under this Grazing Act.

Now, when it is considered that upon the shoulders of the Secretary of the Interior a year ago today was suddenly placed the herculean task of systematizing and regulating the use of 80,000,000 acres of the remaining public domain that had for all times been open common, subject to free and unrestricted exploitation and destruction with no law but force and with customs long followed and with enormous amounts of capital invested upon the basis of a continuation of such conditions, anyone can readily visualize the gigantic responsibility and the most complex and difficult problems and complicated matters that he was confronted with and compelled to handle and work out.

No fair-minded person can expect the Secretary of the Interior to accomplish anything like as much in 1 year as the Forest Service has done in 30 years.

I do not want to be understood as criticizing the Agricultural Department or the Forest Service, and I have no brief whatever for the Interior Department, and I do not want to get into any controversy between them, but I cannot resist feeling that it comes with ill grace for the friends of the Forest Service to be keeping up this unwarranted fusillade attack on the Interior Department. It is not serving any good purpose.

Being the ranking member on the Appropriations Committee, which apportions practically all the money Uncle Sam has, and being the chairman of the Interior Department subcommittee that handles the funds of that Department, I naturally look at Government affairs largely from a financial standpoint. While I have not had time to check up the figures, my off-hand guess is that there are a thousand employees in the Forest Service for every dozen that there are in the Grazing Division of the Interior Department, outside of its regular departmental employees, and that the expenditures of the Forest Service for the fiscal year 1935 will be fully 20 times as much, both per acre and in aggregate amount, as the Interior Department will expend on the grazing administration of the public domain, and 40 percent of what it does expend will go to the local advisers in each grazing district for their actual necessary expenses in holding meetings to determine for themselves the many complicated questions that will arise in each grazing district as to who is entitled to permits to put on stock, and how many he may rightfully range and where his range will be. In other words, for the fair, just, orderly, and peaceable use and local self-control of the grazing on the public domain without force or favoritism, there is no such service as that in the Forest Service and no appropriations that go to them are expended in that way.

I confidently predict that this Grazing Act will become a universally popular law throughout the West because it is right, and fair, and necessary, and also because of the fact that for the first time in our history the people directly affected by it; that is, the cattlemen, sheepmen, and local ranchmen will be governed by definite provisions of a Federal law that they can readily have access to and always enabled to learn if they do not know what it is and know that it is not going to be changed overnight, and more important than all that, because they have a controlling voice in its administration.

THE INTERIOR DEPARTMENT

On last Monday I and the other Members of Congress received a lengthy mimeographed circular issued by the Society of American Foresters, which, I understand, is officered largely by employees of the Forest Service, Department of Agriculture, renewing the absolutely unwarranted attack made on this law prior to its final approval, alleging that no evidence has yet been forthcoming that the Interior Department is competent either to solve the problems of the public domain or to conserve its resources. The newspapers also published a synopsis of it.

The Interior Department needs no defense from me or anybody else, and neither the Secretary nor anyone else is responsible for what I may say. But in my active practice of the law during 20 years before coming to Congress, and all during my service in Congress, I have been in constant and close contact with the officials of the Interior Department and its various bureaus both as a member of the Public Lands Committee for 12 years and as a member of the Appropriations Committee for the past 14 years. The record of that Department during the 86 years of its existence furnishes overwhelming evidence of the outrageous injustice of such charges. I have also read the history of that Department, and its record of handling the public lands and all its vast other activities is one of the most glorious chapters of our history. All departments have had a few black sheep, but none of them has ever had a more difficult task or measured up higher than that Department.

I have watched the activities of the Secretary and his assistants during the past year with intense interest, because this matter is of such vital importance to the West, and also because of the fact that I have lived among those stockmen practically all my life, and among them I am held somewhat responsible for this law, and I am most exceedingly gratified at the progress that has been made in the administration of it. The Secretary has gone about it in a very fair, frank, thorough, and businesslike way. He and his assistants have during the entire year been constantly consulting the wishes of the local stockmen and ranchmen in every Western State, and trying to cooperate with them in working out a system which would practically put the control of the range into the hands of the local people themselves and stabilize the range stock business and treat both the cattlemen, sheepmen, and local ranchmen fairly, and properly respect the rights of the local settlers and the little fellow with his milk cows, work horses, and few head of stock.

My father was a cattleman all his life, and during my whole life I have been primarily interested in the welfare of the tens of thousands of small local stockmen and ranchmen generally throughout the West. And those people were the ones that I was most concerned about in the enactment of this Grazing Act, and they are the ones that I am now primarily concerned about in helping as much as I can toward bring about the honest and practical administration of this law.

A set of rules has been drawn up which has received practically the unanimous endorsement of the users of the public range themselves. Not only that but also a new, and it seems to me an epoch-making, experiment in integrating Federal and local control has been inaugurated. No Federal bureau has to my knowledge ever so completely decentralized itself, and I look forward to the time in the very near future when the local people will control their own grazing on the public domain. Just a few words about the Interior Department. It was first established as the Home Department in 1849, and through the 86 years that have since elapsed that Department has been the custodian and conservator of the national domain, with the exception of 28 percent of the area now in national forests and which have been under the jurisdiction of the Department of Agriculture since 1905, together with game refuges, which are also within the jurisdiction of that Department insofar as such refuges are not within national parks or monuments.

At one time the public-domain area embraced a total of nearly a billion and a half acres, exclusive of Alaska and other territorial possessions. A billion acres have been disposed of, 69 percent to individuals, mainly for settlement and home building; 9 percent to corporations in aid of pioneer transportation systems; and 22 percent to the public-land States in aid of education, transportation, and reclamation.

The general leasing law, which reserves our basic minerals and provides for the proper development, was sponsored by the Department of the Interior, as was the reclamation of swamp lands; the classification of public lands; the creation and administration of forest reserves; the reclamation of arid lands; the regulation of grazing on the public domain; the generation and distribution of electrical power; the preservation of American antiquities; the reservation of coal deposits, water-power sites, and mineral deposits; the leasing of coal lands in Alaska; the creation and administration of national parks; the leasing of public lands for potash, coal, phosphate, sodium, oil, fur farming, and grazing; and the unit operation of oil and gas lands. The charge has been made repeatedly that the Department of the Interior has dissipated the public

domain through grants. The fact is that the public-land policy of the Government has always been exclusively the responsibility of Congress, and that it has resulted in the development of the great western empire, without which our eastern markets would be very much curtailed. In disposing of the public domain various laws reserving the natural resources have been enacted beginning with the year 1785, when the first law relating to the disposal of lands in the western territory reserved one-third of the gold, silver, lead, and copper to the United States. The leasing of mineral lands was inaugurated in 1807 and the reservation of timber commenced in 1817. The remaining Federal landed estate is somewhat less than a half billion acres, and includes a great variety of natural resources of inestimable value in the economic life of the Nation. With the enactment of the Taylor grazing law practically all of these natural resources are now under some form of Federal administration.

During the year which has elapsed since the enactment of the Taylor Grazing Act of June 28, 1934, the Department of the Interior has been very actively engaged in preliminary steps toward carrying out the terms and provisions of the law. A review of its activities will indicate whether that Department is fulfilling the trust imposed upon it by the Congress.

The initial step by the Interior Department in the administration of the Taylor Law was a series of public meetings held in the 10 principal public-land States for the purpose of explaining the law to the stockmen and seeking cooperation from local interests to the end that all the natural resources involved might be properly conserved with a minimum of disturbance to the local industrial activities. That Department, through its long experience, has learned that the sturdy pioneer people capable of developing the resources of this Nation and surviving the vicissitudes of a sparsely peopled country should be encouraged and not subjected to harsh or poorly informed bureaucratic action. The Department has proceeded with commendable caution in the administration of the Taylor law and with almost unbelievable results. It has taken its problems to the people most vitally concerned and with the cooperation and aid of a class of American citizens of unsurpassed intelligence and loyalty to the national welfare has attained in the short space of 1 year an objective that could have been attained by a bureaucratic organization only through several decades of painful and disturbing activities.

Following the general meetings, hearings were held in each State at points convenient for the attendance of State officials, settlers, residents, and livestock owners, in accordance with the requirement in section 1 of the law. At these hearings, State committees were organized to consult with representatives of the Interior Department in subdividing the public domain areas into grazing districts suitable for administration. As a result of their deliberations, the establishment of 50 grazing districts was recommended, embracing in the aggregate about 143,000,000 acres of vacant, unreserved, unappropriated public land.

The bill as I originally introduced it in the House applied to all the unreserved remaining public domain, estimated at about 170,000,000 acres, and the bill passed the House in that form. The Senate reduced the amount to 80,000,000 acres that might be put into grazing districts, and it became a law in that form. Within this first year there are now formal applications to create grazing districts amounting to 63,000,000 acres more than the law authorizes. A bill has passed the House and is now pending in the Senate amending the law to cover the remaining public domain, as was originally intended, and should be promptly authorized.

When the people of the West themselves request the creation of these districts for the protection and orderly use of the range, they ought to be given that permission. I hope that bill will be speedily approved by the Senate, because if it is not, the lands that remain outside of grazing districts will very soon be completely ruined by overgrazing and erosion.

The action of the State committees involved an acreage far in excess of a limitation of 80,000,000 acres fixed by the law on the establishment of grazing districts. Furthermore, it was urged upon the Department that unless the entire area involved in the recommendation of the State committees was placed under administration, all of the evils of the unregulated public grazing which have heretofore existed on the entire public-land region would be concentrated on the lands left unregulated. Then, too, throughout the Nation protests were submitted indicating that wildlife, which constitutes an important natural resource in the public-domain region, should be given consideration. State and railway land agents also desired special consideration. The complexity of the problems in the administration of the law are not limited to the livestock industry, but are of vital concern to a region comprising nearly one-third of the United States.

Pending completion of detailed plans involving equitable consideration of all interests, an Executive order was issued under date of November 26, 1934, withdrawing from all forms of entry all of the vacant, unreserved, unappropriated public lands in the 10 States which will be mainly affected by the law.

In conformity with the 80,000,000-acre limitation, 32 grazing districts have been established in the areas most urgently in need of range regulation. In eight of these districts special plans for wildlife later will be adopted as a result of conferences between game interests and western stockmen. Action on 18 other districts will be delayed pending decision by the Congress on legislation to lift the 80,000,000-acre limitation.

In 22 of the established districts there have been elected advisory boards, composed of selected representatives from among the stockmen, to furnish the Interior Department with information concerning local range users as well as methods and practices of range operations adaptable to the conditions prevailing in their respective grazing districts. Applications for range privileges are in process of adjudication in these districts and limitations on grazing are now or will be effective in these 22 districts during the next 60 to 90 days.

The issuance of permits within grazing districts under the law must be limited to the extent necessary for the "proper use of the land." Fulfillment of this requirement necessitates an expert knowledge not only of the carrying capacity and proper use of the public domain but also the extent to which the land can and should be utilized to supplement the feed resources of the privately owned land to the end that a well-balanced land-use program may be devised for each grazing district. Therefore it has been determined that, pending technical studies to obtain the necessary information, only temporary licenses will be issued and such licenses will be subject to revocation at any time after completion of range studies have indicated a proper procedure for the conservation of range resources. A total of 500 of these temporary licenses has been issued for three districts, involving an aggregate use of the public lands in the district within a reasonably safe limit for proper range practice.

The personnel engaged in the administration of the law is almost exclusively composed of technicians of long training in public domain studies in the Geological Survey and other bureaus of the Interior Department. By reason of their knowledge of the public domain they are far more competent to inaugurate immediate range administration than the employees available in any other Federal organization. Their records include determinations of range-carrying capacities over an extensive part of the public domain as well as information concerning improvements needed for the efficient utilization of range resources.

The basic system for land classification studies utilized in securing this information has been developed in the Interior Department for every type of land, even including timbered areas. It is of interest to note that the system for such work now used in the Forest Service was originated in the Interior Department, though both agencies have contributed to the undoubted improvements that have occurred during the past 30 years.

From the standpoint of conservation of natural resources the Federal Government retains and will exercise under the Taylor Act complete jurisdiction. From the standpoint of the affairs of the local people, the advisory boards of local

stockmen determine the local individuals who are entitled to range privileges under the preferences defined in the act, and the Government contemplates that exercise of supervisory jurisdiction only will be necessary.

There has already been a very active local and State cooperation in this new method of administration by the Department of the Interior, and I understand that in one State alone, Oregon, six State laws were passed at the last session of the legislature to help effectuate cooperation of State, county, and Federal lands and controlling bodies. Montana, California, Nevada, and North Dakota have also passed similar laws at the last sessions of their legislatures.

As a special feature in the public-domain administration, the Interior Department has been allocated 50 C. C. C. camps which will be distributed over the public domain area in an approximate ratio of one camp to each grazing district. The work projects for these camps will include a wide field of range development activities. Watering places will be developed, poison plants eradicated, predatory animals and rodents exterminated, trails developed, drift fences constructed, and any other activities undertaken that may be necessary for a rational grazing system and land-improvement program. Included in this program will be an expansion of range research activities which have heretofore been undertaken by various agencies. I understand it will be the purpose of the Interior Department to utilize the results of range research work to furnish the stockmen actual demonstrations of the benefits that they may obtain from proper range practice. It is anticipated that by following such procedure necessary range conservation will be obtained with enthusiastic support.

I had the pleasure of attending several of the public meetings in Colorado, where the administrative policies of this act were discussed, and especially the first one in my home city of Glenwood Springs, at which the first grazing district in the United States was formed. I sincerely believe that in those meetings, with their spirit of enthusiastic cooperation, there is the promise of a wise use of our national resources far exceeding anything ever witnessed before. I have within the past few days heard with pride that that first district has complied with all the requirements of the law and the regulations and that the complete organization of grazing district no. 1, including some 5,000,000 acres of land adjacent to my home, began active operations on the 19th day of this month.

In conclusion I am glad to pay a tribute to Secretary Ickes. Confronted with many almost insurmountable obstacles, he and his assistants have made a splendid record in the inauguration of this great conservation measure, and in the years to come I know the West will be genuinely grateful to him for his honest, persistent, and courageous services in their behalf.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. J. Res. 72. Joint resolution authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President; to the Committee on War Claims.

SENATE JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S. J. Res. 152. Joint resolution to extend to August 31, 1935, the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint joint resolution of the House of the following titles:

H. R. 7160. An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges;

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia"; and

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned to meet, in accordance with its previous order, tomorrow, Saturday, June 29, 1935, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

398. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated June 24, 1935, submitting a report, together with accompanying papers and illustrations, on studies of beach conditions at Compo Beach, Conn., made by the Beach Erosion Board, in cooperation with the State of Connecticut acting through the selectmen of the town of Westport, Conn., as authorized by the River and Harbor Act approved July 3, 1930 (H. Doc. No. 239); to the Committee on Rivers and Harbors and ordered to be printed, with six illustrations.

399. A letter from the vice chairman, national legislative committee, the American Legion, transmitting statement covering the financial operation of the national organization for the period ending December 31, 1934; to the Committee on World War Veterans' Legislation.

400. A letter from the Chairman of the Federal Power Commission, transmitting pursuant to Public Resolution No. 18, Seventy-third Congress (S. J. Res. 74), three copies of the domestic and residential electric energy rates in the State of Maryland on January 1, 1935; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. O'CONNOR: Committee on Rules. House Resolution 279. A resolution for the consideration of H. R. 8632; without amendment (Rept. No. 1400). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. S. 2865. An act to amend the joint resolution establishing the George Rogers Clark Sesquicentennial Commission, approved May 23, 1928; without amendment (Rept. No. 1401). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 3565. A bill to authorize the Secretary of War to effect exchange of certain rights-of-way in Hawaii; with amendment (Rept. No. 1404). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H. R. 5442. A bill authorizing an appropriation to carry out the provisions of section 26 of the agreement with the Muskogee or Creek Tribe of Indians, approved March 1, 1901; with amendment (Rept. No. 1405). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. H. R. 4339. A bill to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah; with amendment (Rept. No. 1407). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. House Concurrent Resolution 27. Concurrent resolution to print and bind the proceedings in Congress and in Statuary Hall upon the acceptance in the Capitol of the statue of Hannibal Hamlin,

presented by the State of Maine; without amendment (Rept. No. 1408). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROGERS of New Hampshire: Committee on Military Affairs. H. R. 5648. A bill for the relief of Maj. Wilbur Rogers; without amendment (Rept. No. 1402). Referred to the Committee of the Whole House.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 2388. An act authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge; without amendment (Rept. No. 1403). Referred to the Committee of the Whole House.

Mr. CARTWRIGHT: Committee on Indian Affairs. H. R. 8032. A bill for the relief of the Ward Funeral Home; with amendment (Rept. No. 1406). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H. R. 8710) to authorize the Secretary of War to lend to the reunion committee of the United Confederate Veterans, to be delivered to a United States property and disbursing officer, 3,000 blankets, olive drab, no. 4, and 3,000 canvas cots, to be used at their annual encampment to be held at Amarillo, Tex., in September 1935; to the Committee on Military Affairs.

By Mr. PETERSON of Florida: A bill (H. R. 8711) to authorize the Secretary of the Navy to acquire a tract or tracts of land in the vicinity of Tampa, Fla., as a site or sites for a naval air station or Naval Reserve air station and to authorize the construction and installation of such station or stations thereon; to the Committee on Naval Affairs.

By Mr. REECE: House resolution (H. Res. 280) favoring action by the Philippine Legislature for the effective protection of American textiles in the Philippine market; to the Committee on Insular Affairs.

By Mr. STEAGALL: Joint resolution (H. J. Res. 339) authorizing the exchange of certain securities, coins, and currencies of the United States; withdrawing the right to sue the United States on its bonds and other similar obligations; limiting the use of certain appropriations; and for other purposes; to the Committee on Banking and Currency.

By Mr. PETERSON of Florida: Joint resolution (H. J. Res. 340) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay, and to permit articles imported from foreign countries for the purpose of exhibition at such exposition to be admitted without payment of tariff, and for other purposes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER (by request): A bill (H. R. 8712) to restore Joseph Theodore Kingsley to the emergency officers' retirement list; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN: A bill (H. R. 8713) granting a pension to Paul J. Wichman; to the Committee on Pensions.

By Mr. EDMISTON: A bill (H. R. 8714) for the relief of the Zoar Baptist Church, of Kesslers Cross Lanes, Nicholas County, W. Va.; to the Committee on War Claims.

By Mr. JACOBSEN: A bill (H. R. 8715) granting a pension to Charles French; to the Committee on Pensions.

By Mr. KENNEDY of Maryland: A bill (H. R. 8716) exempting from taxation the National Rifle Association of America, Inc.; to the Committee on the District of Columbia.

By Mr. LEE of Oklahoma: A bill (H. R. 8717) for the relief of Pauline McKinney; to the Committee on Claims.

By Mr. McGROARTY: A bill (H. R. 8718) for the relief of William Blakely; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H. R. 8719) granting a pension to Beatrice Ophelia Simmons; to the Committee on Invalid Pensions.

By Mr. SABATH: A bill (H. R. 8720) for the relief of Louis Manzumin; to the Committee on Claims.

By Mr. SANDERS of Louisiana: A bill (H. R. 8721) for the relief of Cario Levy McDaniel; to the Committee on War Claims.

Also, a bill (H. R. 8722) for the relief of Annie Moore Holder, widow of Charles A. Holder; to the Committee on Claims.

By Mr. VINSON of Kentucky: A bill (H. R. 8723) granting a pension to Walter D. Cropper; to the Committee on Invalid Pensions.

By Mr. GRAY of Pennsylvania: A bill (H. R. 8724) granting a pension to Margaret J. Wilson; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9025. By Mr. TRUAX: Petition of the Construction League of the United States, by their general chairman, John P. Hogan, condemning any attempt under inexperienced direction and supervision to construct buildings, highways, and other permanent improvements at inordinately high costs and with questionable results as mediums for providing employment for unqualified and incompetent persons; to the Committee on Agriculture.

9026. Also, petition of United Rubber Workers Federal Labor Union, Local 18319, Akron, Ohio, by their recording secretary, H. C. Anthony, urging support of the bills providing for a graduated tax on cigarettes; to the Committee on Ways and Means.

9027. Also, petition of John J. Schweitzer, justice of the peace, Delaware, Ohio, in behalf of citizens living in that district who have experienced loss of property by floods, lack of fire protection, low water for commercial, health, and sanitation purposes, urging furtherance of the Scioto-Sandusky conservancy project; to the Committee on Appropriations.

9028. Also, petition of employees of the Federal Glass Co., of Columbus, Ohio, headed by George D. Dunbar and signed by numerous others, urging that, in view of the decision of the Supreme Court on the National Recovery Act, a committee be appointed to inquire as to what action can be taken to protect industry from ruinously low-priced competition from Japan and other countries; that the scope of the inquiry on Japanese cotton-goods imports now being undertaken by the United States Tariff Commission be enlarged so as to cover glassware, and that the United States Tariff Commission be directed by resolution to make an investigation as to the effects of Japanese competition and recommend suitable action; to the Committee on Interstate and Foreign Commerce.

9029. Also, petition of the International Association of Machinists, Lake Coma Lodge, No. 1024, Lorain, Ohio, by their recording secretary, William C. McGuane, urging that the $1,400 ruling of the Federal highway and grade crossing elimination program be changed so that every $1,400 should provide equivalent of work for one man for 1 year, regardless of whether this work is directly on the highway project or in the factories or plants producing and transporting materials and equipment for the jobs; to the Committee on Labor.

9030. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Wisconsin Members of the Congress of the United States to increase the tariff on foreign fats and oils used in the manufacture of oleomargarine; to the Committee on Ways and Means.

9031. By the SPEAKER: Petition of the New Jersey Pharmaceutical Association, urging the passage of Senate bill 5 before the end of the present session of Congress; to the Committee on Interstate and Foreign Commerce.